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# **Retroactive Protection and Shame Diplomacy in the US-Japan Sound Recordings Dispute, or, How Japan Got Berne-d**

*Stephen Obenski*\*

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## SIDE ONE: SETTING THE STAGE

## "TAKE ME ON A TRIP"

*Hey! Mr. Tambourine Man, play a song for me,  
In the jingle-jangle morning I'll come followin' you.  
Take me on a trip upon your magic swirling ship. . .*<sup>1</sup>

This story may not have a "magic swirling ship" or references to mind altering substances, but the legal oddities alone will do plenty to boggle the mind. When, in 1996, the U.S. decided to take Japan to the World Trade Organization (WTO) over perceived deficiencies in its sound recordings law, the announcement was made in the straightforward, familiar rhetoric of U.S.-Japan trade disputes. Thus, to uncover the true motives and arguments requires sifting through the political posturing and analyzing the history of the dispute in light of the evolving law. There might even be more subtext to unpack in this story than in the Bob Dylan song.

At the time the dispute arose, Japan's laws only protected foreign sound recordings first made in 1971 or later. Earlier recordings were being freely copied and distributed on cheap compilation CDs. The U.S. Trade Representative (USTR) estimated that millions of pre-1971 recordings were sold in Japan annually and that Japan's lack of intellectual property protection for these recordings resulted in losses of as much as \$500 million per year to rights holders in the U.S.<sup>2</sup> Although this number was probably somewhat inflated,<sup>3</sup> the potential

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1. Bob Dylan, *Mr. Tambourine Man*, on BRINGING IT ALL BACK HOME (Columbia Records 1965). Lyrics available at <http://www.bobdylan.com/songs/tambourine.html> (last visited Oct. 17, 2002).

2. See Press Release, Office of the United States Trade Representative, USTR Kantor Initiates WTO Dispute Settlement Proceedings Against Japan for its Sound Recording Copyright Practices (Feb. 9, 1996), at <http://www.ustr.gov/releases/1996/02/96-15.html> (last visited Oct. 17, 2002) [hereinafter, USTR, Kantor Initiates Dispute].

3. See *Japan extends copyright protection 50 years*, MUSIC & COPYRIGHT, Jan. 29, 1997 (citing Recording Industry Association of Japan (RIAJ) estimate of 6 million pre-1971 compilation recordings sold in 1995, and an International Federation of the Phonographic Industry (IFPI) estimate of 12 million recordings, resulting loss of 240 million British pounds to rights holders, and explaining that the Recording Industry Association of America (RIAA) arrived at its figure by adding in potential loss of licensed albums containing songs that were frequently placed in compilations); see also Bill Holland, *Japan*

revenue to U.S. interests was certainly significant. The affected recordings included an entire era of artists who achieved worldwide fame, including, along with Bob Dylan, most of Elvis Presley's recordings, some of the jazz of Duke Ellington, the rock 'n' roll of Chuck Berry and Little Richard, and Motown greats like Smokey Robinson. Other affected recordings included Johnny Cash, Patsy Cline, the Beach Boys and the Doors.<sup>4</sup>

On January 1, 1996, Washington finally felt it had the ace it needed to persuade Tokyo to change its law. That was the date that the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) came into effect, backed by the enforcement provisions of the WTO.<sup>5</sup> During the Uruguay Round negotiations that culminated in the creation of the WTO, the Recording Industry Association of America (RIAA) had lobbied hard to get 50-year sound recordings protection included in the TRIPS agreement—now, it saw Japan as the perfect test case to find out if the treaty commitments were worth the paper they were written on.<sup>6</sup> Thus, it prodded USTR to take action by filing the first-ever dispute under TRIPS with the WTO on February 14, 1996.<sup>7</sup> The European Commission, representing the interest in protection of recordings ranging from the Beatles to the Berlin Philharmonic,<sup>8</sup> joined in the dispute shortly thereafter.<sup>9</sup> The

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*Extends C'Right Protection to 50 Years, New Law in Line with Global Standards for Catalog*, BILLBOARD, Dec. 28, 1996 (noting the Japanese government believed the actual loss was closer to \$100 million).

4. See USTR, Kantor Initiates Dispute, *supra* note 2; Mickey Kantor, U.S. Trade Representative, Jay Berman, CEO, Recording Industry Association of America, Ray Manzerak, Former Keyboardist, the Doors, Press Conference, FEDERAL NEWS SERVICE (Federal Information Systems Corporation) (Feb. 9, 1996) [hereinafter USTR Press Conference].

5. See World Trade Organization, *Overview: the TRIPS Agreement*, at [http://www.wto.org/english/tratop\\_e/trips\\_e/intel2\\_e.htm](http://www.wto.org/english/tratop_e/trips_e/intel2_e.htm) (last visited Oct. 17, 2002).

6. Telephone Interview with Neil Turkewitz, Executive Vice President, International Division, Recording Industry Association of America (Mar. 21, 2002) [hereinafter Turkewitz Interview].

7. World Trade Organization, *Japan—Measures Concerning Sound Recordings, Request for Consultations by the United States*, WTO Doc. WT/DS28/1 (Feb. 14, 1996).

8. See *Fighting Japanese Law, ONE TO ONE*, Apr. 1, 1996, available at 1996 WL 9244113.

9. See World Trade Organization, *Japan—Measures Concerning Sound Recordings, Request for Consultations from the European Communities*, WTO Doc. WT/DS42/1 (Feb. 28, 1996).

specific provision at issue was the interpretation of the rule of retroactivity in Article 18 of the Berne Convention for the Protection of Literary and Artistic Works<sup>10</sup> as applied to sound recordings through Article 14.6 of TRIPS. The U.S. argued the rule was basically a rigid one, requiring all countries to provide full 50-year protection retroactively, while Japan argued countries were permitted discretion in interpreting their obligations.<sup>11</sup>

The above description oversimplifies the tale; the parties were not always clearly adverse, nor was the treaty unambiguous. Thus, it is best to analyze this dispute as but one movement in a concert of efforts by the RIAA to move towards harmonizing sound recordings laws worldwide. The result, however, may have been only more dissonance—now, both the U.S. and Japan provide more protection for foreign recordings than they do their own.

What follows is an “album” of short pieces—each slices the dispute from a different angle while contributing to the story as a whole. The tracks on “side one” provide the backdrop to the dispute: an explanation of the Japanese domestic market for sound recordings and the evolution of Japanese copyright laws, intermixed with a few notes on the evolution of Federal protection of sound recordings in the U.S. The second “side” covers the crescendo of the dispute, and recites a few verses on the legal arguments that were made (or could have been made), including an interlude on the theoretical role of U.S. state law protection in interpreting the legal dispute. Finally, this experiment comes to an end with a coda on the political undertones that resulted in Japan’s eventual capitulation and the bizarre state of sound recordings law today. Like any “music,” this album revolves around the repetition and variation of a theme: when political concerns drive efforts for legal change, we should not be surprised to find the resulting law rife with anomalies.

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10. Berne Convention for the Protection of Literary and Artistic Works, Paris Act, July 24, 1971, (as amended on September 28, 1979), art. 18, 102 Stat. 2853, 1161 U.N.T.S. 3, *available at* <http://www.wipo.int/treaties/ip/index.html> [hereinafter Berne Convention].

11. *See* the discussion in the section entitled, “Yesterday Came Suddenly,” *infra* p.200.

“ROCK ‘N’ ROLL MUSIC, ANY OLD WAY YOU CHOOSE IT”—THE  
JAPANESE DOMESTIC MARKET

Japan has always been a country of contradictions. Pop out of the train station in the Shinjuku or Shibuya districts of Tokyo and one can't miss the proliferation of Japanese CD shops existing side-by-side with a few large foreign record chains such as HMV and Tower. The first-time visitor to these shops might notice an apparent anomaly in pricing. Japanese-artist CDs and foreign-artist CDs pressed in Japan cost around ¥3500 (about \$32 at early 1996 exchange rates)<sup>12</sup> and the price is pre-printed on the back CD cover next to the bar code. Meanwhile, the typical imported CD sold at HMV sells for ¥2500 (\$23) or less. In short, imports are much cheaper than domestic products—even for identical music (in the case of foreign artist music pressed onto CDs in Japan). Finally, down in the subway malls and on the street corners, one will encounter countless small CD stands selling various compilations of older music for about ¥980 (\$9).

This tripartite pricing is a result not of market forces, but rather of two peculiarities of Japanese sound recordings law. The first pricing gap—the spread of about ¥1000 between Japanese-pressed CDs and imports—has little to do with copyright laws, although it is sometimes misunderstood as such. Rather, it is the result of the interaction of Japan's fixed price system with the reality of parallel imports of sound recordings.<sup>13</sup> Prices of CDs, like many other products, are set by the government in coordination with industry groups.<sup>14</sup> Foreign companies are permitted to import CDs pressed overseas while masters of the same music may also be imported for CDs pressed in Japan.<sup>15</sup> Because the price of Japan-pressed CDs is fixed higher than abroad, the result is that imports are often cheaper. Thus, consumers comfortable with the foreign version of a CD (without Japanese translation of song titles)

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12. The prices in this paragraph were those prevailing in 1996. On my most recent trip to Japan in August 2002, I noticed the price of domestic CDs had come down to about ¥3000, and the price of imported CDs had come down to just under ¥2000. See Phil Hardy, *Japanese record companies fight parallel imports as CD market continues to decline*, MUSIC & COPYRIGHT, May 8, 2002.

13. See, e.g., *id.* Parallel imports of CDs have once again become the subject of controversy. *Id.*

14. See, e.g., *Record, Tape, CD Resale Price Control to Be Relaxed*, JAPAN ECON. NEWSWIRE (Kyodo News Service), Oct. 28, 1992.

15. See Steve McClure, *HMV, Tower Expand Presence in Tokyo, Outlets to Open in City's Busiest Shopping Districts*, BILLBOARD, Nov. 16, 1996, at 10.

can save a bundle.<sup>16</sup>

By contrast, the small shops selling the ¥980 compilations generally can afford to do so by selling public domain recordings. Small companies had routinely sold compilations including recordings of everything from Elvis to the Beach Boys—recordings that used to be in the Japanese public domain but are now the subject of this dispute. But one should not be under the impression that whole albums were being ripped off. In fact, the Recording Industry Association of Japan (RIAJ) paid to license full single-artist albums sold through more traditional Japanese music shops.<sup>17</sup> It was mainly this particularly narrow—but cheap and popular—category of compilation CDs that raised the ire of the RIAA.<sup>18</sup>

As a result of Japan's 1997 extension of retroactive protection to these older recordings, consumers now have no choice but to buy licensed versions. This was a great opportunity for foreign retail music chains to profitably fill the void left by the death of the compilations. Indeed, at the same time as the WTO dispute, HMV and Tower Records were aggressively expanding in Japan.<sup>19</sup> Interviews with store managers revealed that one impetus for this expansion strategy was the anticipated extension of retroactive protection to older recordings.<sup>20</sup> As for the U.S. and E.U. recording industries, whether a Japanese consumer bought the Japanese version or the U.S. version was irrelevant — more money was flowing back to artists at home.

#### "I HEARD IT THROUGH THE GRAPEVINE"—EVOLUTION OF JAPANESE DOMESTIC LAW

Japan's sound recordings laws underwent numerous twists and turns.<sup>21</sup> Legal protection of domestic musical works dates back to 1899 when the first *chosakuken* (authorship right)<sup>22</sup> law

16. "Bonus tracks" are common on Japanese versions of Western artists' recordings to give Japanese collectors an additional reason to buy the more expensive version.

17. See, e.g., Holland, *supra* note 3.

18. See Turkewitz Interview, *supra* note 6.

19. See McClure, *supra* note 15, at 10.

20. *Id.* A new law on record rental rights was also implemented and encouraged foreign record chains that the market for sales would expand. *Id.*

21. Teruo Doi, *Japan*, in 2 INT'L COPYRIGHT L. AND PRAC. Jap-§ 1[1] (Paul Edward Geller, ed., 2001).

22. *Id.* Rentarō Mizuno, councilor of the Ministry of Interior, "introduced the word *chosakuken*, which literally means "authorship right," when he

was promulgated and included literary, scientific, or artistic works.<sup>23</sup> Protection for sound recordings was added in a 1930 amendment prohibiting unauthorized reproduction.<sup>24</sup> In 1934, a major amendment expanded copyright law by giving record producers the exclusive right to make and perform a recording (by playing back the recording)<sup>25</sup> just as if they were the authors.<sup>26</sup> These “authors” rights have been described as “neighboring rights.”<sup>27</sup> The term of protection was the life of this “author” plus 30 years.<sup>28</sup> This blurred line between original author copyrights and neighboring rights was cleared up in 1971 when, as one of many provisions in an omnibus 1970 Copyright Act, performers, producers of sound recordings, and broadcast organizations were given neighboring rights protection, including the right to authorize reproductions.<sup>29</sup> At the same time, the term of protection was shortened to 20 years<sup>30</sup> while original authors retained the 30-year term of protection.<sup>31</sup> The neighboring rights protection term was then re-extended to 30 years in 1988,<sup>32</sup> and then finally, in 1992, the term was extended to 50 years,<sup>33</sup> but the extension applied only to works still protected at that time.<sup>34</sup> Thus pre-1962 Japanese recordings remained in the public domain.<sup>35</sup>

Foreign sound recordings were not protected at all until

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drafted the 1899 Copyright Act (*Chosakuken Hō*). *Id.*

23. Doi, *supra* note 21, at Jap-§ 1[1].

24. *Id.*

25. *Id.*

26. *Id.*

27. *See id.* at Jap-§ 3[2][c] (“In Japan, neighboring rights protect performances, sound recordings, and broadcasts and cablecasts.”).

28. *Id.* at Jap-§ 9[1][a][i].

29. Christopher Heath, *All Her Trouble Seemed so Far Away: EU v Japan before the WTO*, 18 EUR. INTELL. PROP. REV. 677, 678 (Dec. 1996), available in a slightly different version at <http://www.capi.uvic.ca/jplawconf/chrisrepwk.htm> (last visited Oct. 25, 2002).

30. *See id.*; Doi, *supra* note 21, at Jap-§ 9[1].

31. *See Doi, supra* note 21, at Jap-§ 9[1] (noting that the new neighboring rights holder status superseded the previous copyright protection for sound recordings).

32. *Id.* at Jap-§ 9[1][a][i].

33. *Id.*

34. *See Heath, supra* note 29, at 678 (observing that “[o]nly the latest revision of copyright law, in force since 1 January 1996, has [introduced retroactive protection]”).

35. Lionel S. Sobel, *Retroactive Copyright Protection for Recordings, Japanese Style: An American Diplomatic Triumph . . . Complete with Anomalies and Ironies*, 18 ENT. L. REP. 4, 6 (Feb. 1997).



October 14, 1978 when Japan signed and ratified the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms.<sup>36</sup> In 1989, Japan joined the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (1961 Rome Convention).<sup>37</sup> However, Japan's implementing legislation in both cases explicitly excluded *retroactive* application<sup>38</sup> and thus the vast majority of foreign recordings were not protected.<sup>39</sup> In contrast, the composer-author's copyright continued to be protected by Japan's ratification of (1) the Universal Copyright Convention of 1952 (Japan ratification in 1956), and (2) the Paris Act of 1971 of the Berne Convention (Japan ratification in 1975).<sup>40</sup>

In 1995, anticipating the TRIPS Agreement, Japan repealed all provisions denying retroactive protection and granted neighboring-rights protection for recordings of sounds first fixed after the January 1, 1971 implementation of the new Copyright Act.<sup>41</sup> As a result, while composer-authors of pre-1971 recordings were being paid via a collecting society, performers and producers were uncompensated for reproductions of their recordings fixed before 1971.<sup>42</sup> Although not made explicit, the justification for choosing the 1971 date seems to have been a sense that Japan should not have to provide more protection for foreign works than domestic ones.<sup>43</sup>

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36. Heath, *supra* note 29, at 678.

37. Doi, *supra* note 21, at Jap-§ 1[2].

38. See *id.* at Jap-§ 9[1][a][ii] at n.6 (explaining that the 1994 and 1996 revisions to the 1970 Copyright Act repealed Japan's prior non-retroactivity provisions); see generally, Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms, Oct. 29, 1971, art. 7(3), 25 U.S.T. 309, 328 (providing that states are not bound to apply the treaty retroactively); accord Rome International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, Oct. 26, 1961, art. 20(1), 496 U.N.T.S. 43. Both treaty texts are available at <http://www.wipo.int/treaties/ip/index.html>.

39. Cf. Heath, *supra* note 29, at 678.

40. See Doi, *supra* note 21, at Jap-§ 1[2].

41. Mihály Ficsor, The TRIPS Agreement and the Application of the Dispute Settlement Mechanism for IP Cases: Seen by an Outsider from Inside, Outline of Contribution to AIPPI Congress in Melbourne 3 (Mar. 25-30, 2001) (document as provided by Mr. Ficsor on file with author) [hereinafter Ficsor Contribution]. See also Heath, *supra* note 29, at 678.

42. Heath, *supra* note 29, at 678.

43. Jon Choy, *Washington Blows WTO Whistle on Japanese Music Copyrights*, JEI REPORT (Japan Econ. Inst. of Am.), Feb 23, 1996, available at 1996 WL 8315881. However, the 1971 date appears to be rather arbitrary,

An argument that it chose this date because it was near to the start date of U.S. Federal protection for those sound recordings is plausible, but not compelling, because it arbitrarily chose a date that was a year earlier than the start of that protection.

Japan felt it had a legally defensible position. Although Article 18 of the Berne Convention, as applied through Article 14.6 of the TRIPS Agreement, requires countries to provide retroactive protection, it does not require countries to provide longer protection than the same recording would receive in its country of origin.<sup>44</sup> Japan believed that Article 18(3) allowed considerable discretion in choosing how to apply this “rule of the shorter term” in its own implementing legislation.<sup>45</sup> Furthermore, Japanese officials insisted that during the TRIPS negotiations they had received various assurances from the U.S., the World Intellectual Property Organization (WIPO), and other signatories that retroactive protection to 1971 would be sufficient to meet its treaty obligations.<sup>46</sup> Japan’s reliance argument was somewhat supported by practice under the Berne Convention, as we will see in a later section.<sup>47</sup>

#### “BACK IN THE USA”—RESTORATION AND THE URAA

By comparison, the history of U.S. treatment of domestic sound recordings looks deceptively tame. Many states have criminal penalties for record piracy and protect against unauthorized reproduction on a misappropriation or conversion theory.<sup>48</sup> Federal protection of sound recordings began on February 15, 1972 with the implementation of the Sound Recordings Act of 1971. When the 1976 Copyright Act was drafted, a Congressional misunderstanding of a Supreme Court precedent<sup>49</sup> apparently led to a specific exception of pre-1972

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because domestic recordings were protected back to 1962. See Sobel, *supra* note 35, at 6.

44. Berne Convention, *supra* note 10, at 11.

45. See the discussion in the section entitled, “Yesterday Came Suddenly,” *infra* p.200.

46. *E.g.*, Bhushan Bahree, *U.S., European Union Turn to WTO to Make Japan Extend Music Protection*, WALL ST. J., Feb 12, 1996, at A10; Choy, *supra* note 43; Michiyo Nakamoto, *US Threatens Japan over Music Rights*, FIN. TIMES, Jan. 26, 1996, at 3.

47. See the discussion in the section entitled, “Yesterday Came Suddenly,” *infra* p.200.

48. 2 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT, § 8C.03 (2001) [hereinafter NIMMER ON COPYRIGHT].

49. *Goldstein v. California*, 412 U.S. 546 (1973).

sound recordings from the Section 301 provisions that preempted state copyright laws.<sup>50</sup> Such exception will last until February 15, 2067, when preemption will take effect.<sup>51</sup> Thus, sound recordings fixed after February 15, 1972 receive federal statutory protection<sup>52</sup> while those fixed before that date are left to the protection of state law.

Federal protection of foreign sound recordings was recent and sudden. The TRIPS implementation legislation—a portion of the Uruguay Round Agreements Act (URAA)—restored protection to a large category of foreign works. The relevant provisions appeared as amendments to section 104A of the Copyright Act.<sup>53</sup> The U.S. decided to interpret Berne Article 18 retroactivity requirements favorably with the hope that giving sweeping protection to foreign works in the U.S. would encourage other countries to return the favor.<sup>54</sup> Section 104A(h)(6)(C)(ii) of the Copyright Act explicitly restored federal protection to foreign sound recordings that were in the public domain due to Section 301 preemption.<sup>55</sup> Meanwhile Section 104A(h)(6)(B) limited that restoration to works whose protection had not yet expired in its source country.<sup>56</sup>

The result? Under the new provisions, the U.S. had extended copyright protection to all post-1962 Japanese recordings, that is, all Japanese sound recordings that were not in the public domain as of the coming into force of the TRIPS agreement.<sup>57</sup> This is true despite the fact that federal protection of domestic sound recordings only begins with recordings first fixed after February 15, 1972,<sup>58</sup> while the

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50. See 1 NIMMER ON COPYRIGHT, *supra* note 48, § 2.10[B][1][a].

51. 17 U.S.C. § 301(c) (2000).

52. Duration of such protection is the same as other federal copyrights and is governed by 17 U.S.C. §§ 302, 304 (2000).

53. 17 U.S.C. § 104A (2000).

54. See 3 NIMMER ON COPYRIGHT, *supra* note 48, at 9A-76. See also, *infra* note 108 and accompanying text.

55. 17 U.S.C. 104A(h)(6)(C)(ii) explicitly includes in the definition of a “restored work” those in the public domain due to the “lack of subject matter protection in the case of sound recordings fixed before February 15, 1972.”

56. 17 U.S.C. §§ 104A(h)(6)(C)(ii), (h)(6)(B). See also Sobel, *supra* note 35, at 5-6.

57. See the section entitled, “I Heard It Through the Grapevine,” *supra* p.188.

58. 17 U.S.C. 104A(h)(8)(A) denies retroactivity to domestic works by defining the source country of a “restored work” as “a nation other than the United States.” Thus, Section 301 preemption still applies to domestic sound recordings fixed before Feb. 15, 1972.

neighboring rights law in Japan protected U.S. sound recordings only back to 1971.<sup>59</sup>

Analyzing the plain language of the Berne Convention retroactivity provisions in the most favorable way, the RIAA determined<sup>60</sup> that Japan was required to provide retroactive protection to all U.S. sound recordings that met the criteria of Article 18(1)—that is, recordings that had not entered into the public domain in the U.S. through the “expiry of the term of protection.”<sup>61</sup> Apparently arguing that pre-1972 U.S. works had not “expired” because they never received any protection at all,<sup>62</sup> RIAA and USTR counted back the TRIPS-mandated minimum 50-year term from January 1, 1996, the date TRIPS compliance became mandatory for developed country WTO members.<sup>63</sup> RIAA and USTR argued that, as of the start of 1996, Japan was in violation of its TRIPS obligations for not protecting U.S. sound recordings back to January 1, 1946—sixteen years earlier than the date at which the U.S. was required by TRIPS to protect Japanese works.<sup>64</sup> This broad reading of the rule of retroactivity advocated by the U.S. had even broader consequences for Japan than it did at home.

The few analyses of the case that exist in the literature<sup>65</sup> only hint at the actual arguments on the U.S. and Japanese sides. Although some of these allude to the political subtext that ultimately drove the Japanese to change their law, none analyze whether the continuing protection of sound recordings through state law in the U.S. should have affected the legal arguments.<sup>66</sup> The research revealed below suggests some answers, but also suggests more oddities in the international law of sound recordings protection. Ultimately, the only sure thing illustrated by the dispute is that when political means are used to reach legal ends, it should not be surprising that the results are full of anomalies.

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59. See *supra* notes 41-43 and accompanying text.

60. Turkewitz Interview, *supra* note 6.

61. Berne Convention, *supra* note 10, art. 18(1).

62. Later sections will analyze whether this was an accurate basis for argument. See the section entitled “Too Much Monkey Business,” *infra* p.204.

63. Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, LEGAL INSTRUMENTS—RESULTS OF THE URUGUAY ROUND vol. 31, art. 65, para. 1, 33 I.L.M. 1197 (1994) [hereinafter TRIPS].

64. Sobel, *supra* note 35, at 5, 6.

65. Choy, *supra* note 43; Sobel, *supra* note 35; Heath, *supra* note 29.

66. Choy, *supra* note 43; Sobel, *supra* note 35; Heath, *supra* note 29.

## SIDE TWO: THE SHOW MUST GO ON

It might come as a surprise that the Japanese government was probably already planning to change its law *before* the U.S. filed its complaint with the WTO.<sup>67</sup> In fact there was even speculation that major constituencies in Japan wanted the law amended.<sup>68</sup> Knowing that the result was almost assured, the actions taken by the U.S. and the RIAA must be placed in that context in order to be properly understood. In many ways the whole case was but a show with four intended audiences: Americans skeptical about the benefits of WTO membership, a Japanese bureaucracy known for dragging its feet, Japanese consumers who would have to pay higher prices for oldies, and the governments of developing countries, which were understandably nervous about the power of the new TRIPS agreement.

## “LIGHT MY FIRE”—THE HISTORY OF SHAME DIPLOMACY

Despite other possible options,<sup>69</sup> the RIAA’s best strategy was to work with USTR to resolve the dispute in the WTO context. A WTO panel ruling would resolve the issue worldwide and set an example<sup>70</sup> for other WTO members. When the TRIPS Agreement became effective in 1996, USTR was poised to light a fire under the traditionally slow-moving officials at the Japanese Ministry of Trade and Industry (MITI). On September 8, 1995, U.S. administration officials announced that, because crucial negotiations in other areas had wrapped up, USTR would return its attention to the sound recordings dispute currently on the back burner.<sup>71</sup>

Japan had been the target of RIAA lobbying efforts for decades.<sup>72</sup> The U.S. position (that Japan’s protection was inadequate) provided a major impetus for TRIPS.<sup>73</sup> Indeed, at

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67. Bill Holland & Steve McClure, *U.S., EU charge Japan with not amending copyright laws*, BILLBOARD, Feb. 24, 1996.

68. Choy, *supra* note 43.

69. For example, the RIAA never explored a suit by the record companies in Japan, even though it seems that it probably could have done so because the TRIPS agreement may have been self-executing in Japan. Turkewitz Interview, *supra* note 6.

70. Turkewitz Interview, *supra* note 6.

71. *U.S. to Pressure Japan on Sound-Recording Copyrights*, JAPAN ECON. NEWSWIRE (Kyodo News Service), Sept. 9, 1995.

72. Turkewitz Interview, *supra* note 6.

73. *Id.*

various times during the TRIPS agreement negotiations, the U.S. raised specific issues regarding Japan's sound recordings protection laws, short protection period and permissive record rentals laws.<sup>74</sup> The U.S. wanted to effectively reform Japanese law through TRIPS and provide a model for reform in other countries.<sup>75</sup> In contrast, the Berne Convention had been notoriously ineffective, illustrated by the remarkable fact that, despite an apparent treaty right,<sup>76</sup> no cases had ever been brought to the International Court of Justice in The Hague.<sup>77</sup> The Berne Convention's ineffectiveness was further illustrated by U.S. actions after its accession in 1989: USTR did not abandon its preferred method of motivating countries to improve IP protection through the "Special 301" watch lists.<sup>78</sup> These "Special 301" countries have intellectual property policies and practices which USTR finds inadequate and are subject to unilateral trade sanctions.<sup>79</sup> In fact, in February

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74. *Id.*

75. The RIAA discussions with Japan occurred independently of the USTR's negotiations and continued throughout the TRIPS negotiation. Turkewitz Interview, *supra* note 6.

76. Berne Convention, *supra* note 10, art. 33(1). Countries acceding to Berne were permitted, upon ratification, to take a reservation on the International Court of Justice's jurisdiction. *Id.* at art. 33(2). Surprisingly, the U.S. did not take this reservation. The list of contracting parties, including a designation of which countries took this reservation, is available at <http://www.wipo.int/treaties/ip/berne/index.html>.

77. *Cf. Bahree, supra* note 46, at A10. Bahree notes that "until recently [international copyright protection] was the subject of international treaties . . . written more than a century ago" and that "trade officials . . . expect much stricter enforcement . . . now that disputes can be taken to the WTO." *Id.* Furthermore, Bahree notes that Japanese officials said that the Berne Convention "allows [Japan] leeway because of its ambiguity on key issues." *Id.*

78. *See generally* USTR Ann. Special 301 Rep. *available at* <http://www.ustr.gov/sectors/intellectual.shtml> (follow "Our Top Priorities (Annual Special 301 Announcement)" to a specific year's report).

79. USTR is required, under Section 301 of the Trade Act of 1974 (as amended) (codified at 19 U.S.C. § 2411 (2000)), to create a watch list of foreign countries that "deny adequate and effective protection of intellectual property rights, or . . . deny fair and equitable market access to United States persons that rely upon intellectual property protection." 19 U.S.C. § 2242(a) (2000). Countries with the "most onerous or egregious" practices and that are not negotiating with the U.S. in good faith to improve the situation are placed on a priority watch list. 19 U.S.C. § 2242(b) (2000). Countries on this list will be investigated by USTR, it is required to impose sanctions if the "act, policy, or practice" is "unjustifiable and burdens or restricts United States commerce." 19 U.S.C. § 2411(a)(1); *see generally* USTR Ann. Special 301 Rep. *available at* <http://www.ustr.gov/sectors/intellectual.shtml> (follow "Our Top Priorities (Annual Special 301 Announcement)" to reports explaining USTR's mandate

1996, USTR announced that Japan would remain on the priority watch list despite improvements to its intellectual property laws (recently enacted under Japan's TRIPS-enabling legislation).<sup>80</sup> Although Section 301 implicated only unilateral means (of questionable legality<sup>81</sup>) to spur listed countries to reform, many observers believe it has been effective.<sup>82</sup> Perhaps the most powerful aspect of putting Japan on the "Special 301" watch list was that this allowed USTR to brand Japan as backward-looking in its intellectual property policy—a continuing negative image would have hurt Japan's efforts to be a role model for developing countries that were grappling with implementing new intellectual property laws.<sup>83</sup> Implicit in this "shame" approach to trade politics is the view that all forward-looking countries *should* want strong intellectual property protection.

Until TRIPS, shame was the only effective weapon in the U.S. arsenal against Japan. Despite Japan's placement on the "Special 301" watch list and USTR consultations with Japanese officials on at least thirteen occasions in 1995 and 1996, the

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and policy regarding intellectual property matters); Judith H. Bello & Alan F. Holmer, *U.S. Trade Law and Policy Series No. 21: GATT Dispute Settlement Agreement: Internationalization or Elimination of Section 301?*, 26 INT'L LAW. 795, 798-99 (1992) (explaining that Section 301 was a Congressional response to inadequate GATT policies and a method to enforce U.S. interests and reforms not required under GATT).

80. *Kantor Slaps Japan with WTO Case on Music Copyrights*, JAPAN ECON. NEWSWIRE (Kyodo News Service), Feb. 9, 1996 [hereinafter *Kantor Slaps Japan*].

81. Unilateral trade sanctions without approval from an adopted WTO panel report are a violation of WTO rules. See, e.g., C. O'Neal Taylor, *The Limits of Economic Power: Section 301 and the World Trade Organization Dispute Settlement System*, 30 VAND. J. TRANSNAT'L L. 209, 293-94 (1997). U.S. Section 301 sanctions, therefore, are probably inconsistent with U.S. WTO obligations. See *id.*

82. See, e.g., GREG MASEL & RACHEL HINES, SECTION 301: A CATALYST FOR FREE TRADE (Economic Strategy Inst. 1995). But see generally Taylor, *supra* note 81 (arguing that Section 301 unilateralism has limited effectiveness); Myles Getlan, Comment, *TRIPs and the Future of Section 301: A Comparative Study in Trade Dispute Resolution*, 34 COLUM. J. TRANSNAT'L L. 173 (1995) (arguing that Section 301 failed to provide an effective means of protecting U.S. intellectual property rights abroad and concluding that the GATT's dispute resolution process is more appropriate and effective).

83. See Heath, *supra* note 29, at 679 (discussing Japan's position on retroactivity and noting that Japan would not like to be "hailed as the champion in how to cleverly flout international obligations"); Choy, *supra* note 43 (noting that Japan's defense of limiting copyright protection could undercut its own efforts "to encourage developing countries to implement strong intellectual property laws").

Japanese government made no discernible movement towards a resolution of the sound recordings protection dispute.<sup>84</sup> But after January 1, 1996, WTO dispute settlement procedures were added to USTR's arsenal. USTR could now threaten Japan with a binding panel decision and legal retaliatory sanctions.<sup>85</sup> Even though USTR brandished the new WTO dispute settlement threat effectively, the U.S. continued employing the "shame" tactic.

"A WHOLE LOT OF SHAKING GOING ON"—USING SHAME TO RATTLE JAPAN

On February 5, 1996, barely a month after the TRIPS provisions became enforceable, and days before the U.S. even announced its intent to file a dispute with the WTO, the *Nikkei*<sup>86</sup> revealed that the government was already preparing to change its law.<sup>87</sup> The U.S. negotiators were probably aware of this development but the stage was already set and the show had to go on. The audience was, after all, not just the Japanese government, but included the Japanese and the American public as well. The Japanese people would have to be convinced to accept higher prices for music. As for the American electorate, the *Washington Post* reported that the Clinton administration hoped the sound recordings case would be a compelling and accessible way to show that the WTO could be used to the U.S.'s advantage, thereby deflecting criticism that submission to the WTO's dispute settlement procedures would offend U.S. sovereignty.<sup>88</sup>

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84. See USTR Press Conference, *supra* note 4.

85. Provisions of the TRIPS agreement are enforced by the WTO Dispute Settlement Understanding. TRIPS, *supra* note 63, art. 64(1).

86. The *Nikkei* is Japan's leading business newspaper. See, <http://www.nni.nikkei.co.jp/FR/SERV/help/hlpninfo.html>.

87. Holland & McClure, *supra* note 67. The *Nikkei* article, according to Holland & McClure, stated that:

[T]he Japanese government has informally decided to extend the protection period in what insiders call "a trial balloon" floated by the Cultural Affairs Agency to gauge public reaction. . . . [The *Nikkei*] quoted unnamed government sources as saying that Japan would roll back its neighboring rights protection period to 50 years. The source reportedly said that although the existing 25-year period does not violate WTO regulations, it is "desirable" to integrate Japan's protection-period standards with those of the U.S. and Europe. There was no mention of when such a change would take place.

*Id.*

88. Paul Blustein, *U.S. Says Japan Violates Copyright Rules: Jazz, Rock-and-Roll Oldies Not Being Protected, Kantor Tells WTO*, WASH. POST, Feb. 10,



On February 9, 1996, against the backdrop of these political considerations, Mickey Kantor, U.S. Trade Representative, held a press conference to announce that the U.S. was officially filing a dispute with the WTO.<sup>89</sup> Appearing at that press conference were Jay Berman, CEO of RIAA, and several other recording industry executives.<sup>90</sup> Furthermore, to heighten the emotional appeal, USTR specifically requested that the RIAA bring an artist affected by the lack of Japanese protection.<sup>91</sup> As a result, former Doors keyboardist, Ray Manzerak, was invited and asked to speak on behalf of similarly affected artists.<sup>92</sup>

MR. BERMAN: . . .

Would you like to say something on your own behalf?

MR. MANZERAK:

(Laughs.) Thanks, Jay.

Good morning. I'm going to just say a few words about the rights of the artist.

We all know about the economic situation, but from the artist's perspective, what the Japanese are doing and—it's my favorite country, you know. . . . I love Japan; my wife is . . . American Japanese, and we have a 22-year-old son. Nothing that I have done as an artist in Japan comes back to them.

I'm still alive. Don't I deserve to receive what is my just deserts after these recordings have been made? We made these recordings in '67, -8, -9. . . . I received no royalties from any of these bootlegs. Quite simply, that's what we call them. These are bootlegs. These are bootlegs. These are pirate versions of the real thing. And this is a criminal act.

This is, more importantly for the Japanese, a shameful act. Not to respect the rights of the artist before 1971 is a shameful thing for the Japanese to do because they're the most intellectual people I've ever met, extremely artistic. They love art. And not to respect the right of the artist, of the performer, in their—one of their favorite areas, American music—Elvis Presley, Little Richard, Fats Domino, Chuck Berry—into the '60s—the Beach Boys, the Doors, Jimi Hendrix, Simon and Garfunkel, all of Motown. Let's just take all of Motown and make compilations of Diana Ross and the Temptations and Stevie Wonder, et cetera, et cetera. All of—and jazz! My God, the Japanese love jazz. How about compilation albums of John Coltrane, Miles

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1996, at D2.

89. USTR Press Conference, *supra* note 4.

90. *Id.*

91. Telephone Interview with Joe Papovich, Assistant U.S. Trade Representative for Intellectual Property (Apr. 4, 2002) [hereinafter Papovich Interview].

92. *Id.*

Davis, Thelonious Monk? You can't do this. Those are artists, those are creators.

They're the same as literary artists who retain the rights to their works for 50 years after their death, continues to go—the rights continue to belong to the estate. That's what should happen in the case of my son, my wife. If I'm gone, those rights should—to my recordings should retain, should stay in my domain. Fifty years after my death if it goes public domain, well, that's a different story. But what the Japanese are doing now is shameful in regards to the artists, and I can only say to them, my friends, please join the World Trade Organization, 1946, honor the treaty, honor the TRIPS agreement. 1946 on, the rights belong to the artist.<sup>93</sup>

If Manzerak's statement shows anything, it is that the emotional and moral appeal to the Japanese was apparently much more important to the U.S. case than was presenting a consistent legal argument.<sup>94</sup> These statements were directed toward the Japanese reporters<sup>95</sup> specifically to help bolster Japanese domestic support for changing the law.

The moral tone of Manzerak's speech highlights an additional oddity of the whole debate. USTR and RIAA's attempts to appeal to the Japanese public's sense that it is morally wrong to make unauthorized copies of recordings sounds like an endorsement of a moral justification for copyright protection. Nonetheless, U.S. legal circles have been adamant in not recognizing "moral rights" in the legal sense because that would require extension of, *inter alia*, a right to object to mutilation of a work, under Article 6bis of the Berne Convention.<sup>96</sup> Although "moral rights" is a term of art now somewhat divorced from a moral theory for protection, the dialectical inconsistency here only further proves the point: that political means to achieve legal ends often result in anomalous results.

The press conference did at least give a nod to the legal arguments. In the questioning from reporters, Berman frankly acknowledged the discrepancies in amount of protection for

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93. USTR Press Conference, *supra* note 4.

94. I leave it to the reader to note the legal oversimplifications in Manzerak's statement. My purpose is to show that the diplomatic effort was clearly emotional and political rather than legal, and not to point out Manzerak's errors.

95. Papovich Interview, *supra* note 91.

96. See, generally, 3 NIMMER ON COPYRIGHT, *supra* note 48, §§ 8D.01, 8D.02 (noting the consistent failure of U.S. courts to find for plaintiffs in moral rights cases).

foreign and domestic recordings in both countries.<sup>97</sup> However, he countered

[t]hey're obligated to do so by TRIPS, as we were obligated to give the Japanese better protection retroactively than we give to our own artists. This is what you undertook when you signed the agreement. . . . This was one of the victories, and now it turns out to be—it's not there.<sup>98</sup>

But Berman was not always so confident in the meaning of the TRIPS obligations. In fact, the whole dispute was part of a long-term and highly orchestrated effort to encourage countries to interpret their TRIPS obligations as strictly as possible. Given the apparent inevitability of reaching a successful diplomatic conclusion with Japan, the negotiations partially glossed over a number of potentially rocky legal points. To address those, we have to backtrack once more.

#### "YESTERDAY CAME SUDDENLY"—THE ARGUMENTS FOR RETROACTIVE APPLICATION

Under the Berne Convention, many countries had the practice of interpreting the retroactivity requirement quite loosely. Some European countries did not provide retroactive protection<sup>99</sup> and many former Soviet republics had refused to grant retroactive protection when they acceded.<sup>100</sup> Their authority came from a broad reading of Berne Article 18(3), which provides, "respective countries shall determine, each in so far as it is concerned, the conditions of application of this principle [the retroactivity provisions]."<sup>101</sup> This appears to be a signal that domestic law on the issue of retroactivity will control.<sup>102</sup> This provision is not as bizarre as it may seem. One must realize that in countries where a treaty can be self-executing, like Japan,<sup>103</sup> an escape clause like the one in Article

97. USTR Press Conference, *supra* note 4.

98. *Id.*

99. Japan cited the Netherlands, Finland, and Denmark as countries that did not provide 50-year retroactive protection for sound recordings. Peter Chapman, *EU to Address Japan's Lacking Right Reform*, BILLBOARD, Jun. 29, 1996.

100. Ficsor Contribution, *supra* note 41, at 3.

101. Berne Convention, *supra* note 10, art. 18(3).

102. Heath, *supra* note 29, at 679.

103. The Japanese Constitution at Article 98(2) provides that "[t]he treaties concluded by Japan and established laws of nations shall be faithfully observed." For an English translation, see Doi, *supra* note 21, at Jap-§ 6[2]. Copyright-related treaties are explicitly self-executing in Japan under Article 5 of the 1970 Copyright Act, which is meant to clarify that if there is a conflict

18(3) might have been a crucial bargaining point. Japanese officials, taking a cue from the old practice of flexibility under the Berne Convention, insisted that retroactivity under TRIPS was also flexible.<sup>104</sup> This argument was reasonable because the TRIPS agreement, in Article 14(6), incorporates retroactivity for sound recordings merely by providing that Berne Article 18 applies “mutatis mutandis.”<sup>105</sup> Therefore, they argued that Japanese law need not provide greater retroactive protection for foreign recordings than for domestic ones. Japan never conceded the point even after changing their law.<sup>106</sup> Furthermore, at least one outside scholar appears to have believed Japan’s legal analysis was right.<sup>107</sup>

The RIAA was indeed concerned that Article 18(3) could be interpreted too broadly. Although at the 1996 press conference CEO Jay Berman asserted that the article mandated a narrow interpretation, he displayed a marked lack of confidence before Congress just two years earlier. In 1994, at the Congressional hearings on the URAA, Berman warned:

If [Berne Article 18(3)] permits a great deal of latitude, including a decision to not apply retroactivity at all, then the U.S. victory embodied in [TRIPS] Article 14[(6)] will be hollow indeed. It will be much like the myth of Sisyphus. We will have labored long and hard only to see the ball come down again.

....

Unless we are successful now in *introducing* a narrow interpretation of Article 18(3) of Berne, we run the risk of leaving unprotected all U.S. sound recordings produced prior to [the year 2000, when TRIPS becomes effective for developing country WTO members].<sup>108</sup>

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between Japanese law and its treaty obligations, the treaty should govern. *Id.*

104. *Kantor Slaps Japan*, *supra* note 80. See also *U.S. Files Petition with WTO Against Japan on Copyrights*, JAPAN WEEKLY MONITOR (Kyodo News Service Int’l), Feb. 12, 1996; Choy, *supra* note 43.

105. TRIPS, *supra* note 63, art. 14(6) (“[T]he provisions of Article 18 of the Berne Convention (1971) shall also apply, mutatis mutandis, to the rights of performers and producers of phonograms in phonograms.”).

106. Papovich Interview, *supra* note 91.

107. Heath, *supra* note 29, at 679 (“Japan *seems to be correct* in its interpretation of the law...”) (emphasis added). Interestingly, a slightly different and more recent version of Heath’s article, at <http://www.capi.uvic.ca/jplawconf/chrisrepwk.htm> (last visited Oct 12, 2002), reads “Japan *may be correct* in its interpretation of the law” (emphasis added).

108. *GATT Intellectual Property Provisions: Joint Hearing on H.R. 4894 and S. 2368 Before the Senate Subcommittee on Patents, Copyrights and Trademarks of the Senate Judiciary Comm. and House Subcommittee on Intellectual Property and Judicial Admin. of the House Judiciary Comm.*, 103d Cong. 258 (1994) (statement of Jason S. Berman, CEO, RIAA) (emphasis added) [hereinafter Berman Hearing Statement].

Berman realized that the U.S. would have a stronger bargaining position with the Japanese if its own position that retroactivity was mandatory was implemented by changing U.S. law to provide maximum retroactive protection to foreign recordings.<sup>109</sup> The RIAA helped its cause by citing the lack of any significant domestic opposition,<sup>110</sup> and the provision was enacted as a result of this lobbying effort. This practice of arguing one thing to Congress and another thing to the Japanese only further serves to highlight the primacy of political concerns over legal consistency.

With the domestic element in place, the RIAA turned to making its case to the Japanese. RIAA and USTR sought out various expert opinions they hoped would bolster their cause.<sup>111</sup> USTR consulted with several copyright experts in the U.S. Patent and Trademark Office who, in turn, asked the World Intellectual Property Organization (WIPO) for its opinion on the correct interpretation of Article 18.<sup>112</sup> The move turned out to be brilliant. Mihály Ficsor, then the Assistant Director General of WIPO, researched the negotiating history of the Berne Convention and wrote the response to the U.S. request.<sup>113</sup> Ficsor came to the conclusion that Article 18(3) was intended to apply only to transitional measures relating to the protection of the “legitimate interests of those who have relied on the previous legal situation” in investing in the exploitation of public domain works, and further, that such measures were only intended to subsist for an “extreme maximum” of two years, so as to be consistent with the transition period for musical works outlined in Article 13(2) of the Berne Convention.<sup>114</sup> The opinion was published at the very end of 1995, just as TRIPS was about to become effective and the U.S. was preparing to file its formal complaint with the WTO. The opinion appeared in the *Journal of the Copyright Society of the*

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109. See 3 NIMMER ON COPYRIGHT, *supra* note 48, at 9A-75 and accompanying text.

110. Berman Hearing Statement, *supra* note 108.

111. Papovich Interview, *supra* note 91.

112. *Id.*; Email from Mihály Ficsor, President, Hungarian Copyright Council and former Assistant Director General, WIPO to Stephen Obenski (April 11, 2002) (on file with author).

113. Email from Mihály Ficsor, *supra* note 112.

114. Letter from Arpad Bogsch, WIPO Director General, to Bruce Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks (Oct. 10, 1995), *published in* 43 J. OF THE COPYRIGHT SOC'Y U.S. 180, 189-92 (1995) [hereinafter Bogsch Letter].

U.S. in the form of a letter from Arpad Bogsch, the WIPO Director General, to Bruce Lehman, the Assistant Secretary of Commerce and Commissioner of Patents and Trademarks of the U.S.<sup>115</sup>

Under the Berne Convention alone, countries might have been able to shrug off such an opinion.<sup>116</sup> Under the TRIPS agreement, however, any dispute would go to a WTO panel, and there was every reason to believe that the panel would indeed look to materials such as the Ficsor opinion as a factor in treaty interpretation.<sup>117</sup> The possibility that Japan could actually lose in front of a panel suddenly became very real.<sup>118</sup> An official from the Japanese copyright office quietly admitted to USTR that he believed the U.S. interpretation was probably correct.<sup>119</sup> It is not clear how much impact the opinion actually had on the Japanese government, and, as we will later see, political concerns probably dominated their decision to change their law.

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115. *Id.*

116. As mentioned elsewhere in this Note, the Berne Convention enforcement provisions had never been exercised. *See supra* note 77.

117. In contrast to the Berne Convention, the TRIPS agreement affords countries recourse to the formal WTO dispute settlement procedures that have been refined and developed through decades of precedent panel decisions under the General Agreement on Tariffs and Trade (GATT). *See* TRIPS, *supra* note 63, art. 64(1) and *see generally* *Dispute Settlement, available at* [http://www.wto.org/english/tratop\\_e/dispu\\_e/dispu\\_e.htm](http://www.wto.org/english/tratop_e/dispu_e/dispu_e.htm) (describing history and recent developments in the dispute settlement process). Commentators analyzing panel decisions over the years have observed a trend towards strengthening the rule of law in WTO dispute resolution. *See generally* Kim Rubenstein and Jenny Schultz, *Bringing Law And Order To International Trade: Administrative Law Principles and the GATT/WTO*, 11 ST. JOHN'S J.L. COMM. 271 (1996) (describing panel trends and likening them to administrative law practices). The Uruguay Round negotiations that created the WTO and TRIPS also established an Appellate Body which functions like a high court reviewing panel decisions. In the years since the dispute that is the subject of this paper, the Appellate Body's approach to interpretation of the WTO treaties has been to emphasize formal rules of treaty interpretation, including uncovering the common intent of the signatories. *See* World Trade Organization, *European Communities—Customs Classification of Some Computer Equipment, Report of the Appellate Body*, WTO Doc. WT/DS62/AB/R, para. 90-95 (June 5, 1998) (holding that common intentions of signatories can never be ascertained by the subjective expectations of one party, and one should look to outside practices to determine objective manifestations of intent). Japan's negotiators in 1996 could not have known that the Appellate Body's jurisprudence would develop in this direction, but it can be assumed that they and all parties to the Uruguay Round negotiations were aware that the force of panel decisions would be strengthened under the new procedures.

118. Ficsor Contribution, *supra* note 41, at 3. *See also* Choy, *supra* note 43.

119. Papovich Interview, *supra* note 91.

BONUS TRACK! “TOO MUCH MONKEY BUSINESS”—THE LOST  
ROLE OF STATE LAW

None of the published debate or analysis of this case mentions a particular wrinkle to the application of retroactivity to U.S. sound recordings. Article 18(1) requires that retroactive protection only be extended to works that “have not yet fallen into the public domain *in the country of origin* through the expiry of the term of protection.”<sup>120</sup> The U.S. argued that retroactivity must be extended to its pre-1972 sound recordings because those recordings were never protected by *Federal law* in the U.S. and thus, though they are in the public domain, it is not “through the expiry of the term of protection.” This logic seems to have been assumed by every writer on the sound recordings case as well as the negotiators at the time.<sup>121</sup> But this reasoning fails to take into account that protection of pre-1972 sound recordings is expressly left to *state*, not Federal law, by the preemption exception in the U.S. Copyright Act at section 301(c).<sup>122</sup>

Because pre-1972 sound recordings are protected in the U.S. by state law, the correct basis for the requirement of retroactive protection should have been to argue not that the recordings were never protected in the U.S., but that the recordings *were* protected in the U.S. (under state law) *and* that their term had not expired. Pre-1972 U.S. recordings whose state law protection had expired would not need to be protected in Japan. But is it true that state law protection never expired? Have any such recordings fallen into the public domain? The short answer seems to be that such recordings were continuously protected, but the basis for state law protection is sometimes unclear, coming under so-called common law copyright, or on a misappropriation or conversion

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120. Berne Convention, *supra* note 10, art. 18(1) (emphasis added). Rephrased, “the starting position is that all the works in respect of which the term or [sic] protection has not expired yet, on the day of the entry into force of the Convention for the country concerned must be protected until the [generally 50-year] term provided in Article 7 expires.” Bogsch Letter, *supra* note 114, at 183.

121. See, e.g., Sobel, *supra* note 35, at 5, 6; Heath, *supra* note 29, 678; Turkewitz Interview, *supra* note 6; Papovich Interview, *supra* note 91; see also Email from Mihály Ficsor, President, Hungarian Copyright Council and former Assistant Director General, WIPO (April 23, 2002) (on file with author).

122. David Nimmer, Statements in Class at UCLA (Feb 4, 2002). See also 2 NIMMER ON COPYRIGHT, *supra* note 48, § 8C.03.

theory.<sup>123</sup> Frequently, the only state statutory protection for sound recordings is criminal law imposing fines and jail terms for record piracy.<sup>124</sup> Under this patchwork of protection, how does one know if a work has fallen into the public domain “through the expiry of the term of protection?”

In the most common case, where state law protection is durationless (subject to the end of the preemption exception in 2067), the answer does not matter much from a practical perspective. In such cases, the work was clearly protected on the enforcement date of the TRIPS Agreement and, since it has not fallen into the public domain, satisfies the requirements of Article 18(1). But at least one state’s law imposes a duration: a Colorado statute expressly limits the duration of “common law copyright” of sound recordings to 56 years.<sup>125</sup> Because the duration of protection in Colorado is greater than the TRIPS 50-year minimum, the statute has no practical effect on Japan’s obligations, but it nonetheless illustrates that such a possibility might have been researched. For example, if another TRIPS-adhering country chooses to provide a term of greater than 56 years to foreign sound recordings and to apply the rule of the shorter term on a work-by-work basis, one must wonder whether a recording fixed in Colorado more than 56 years ago is protected there or not.

It seems that no other state expressly limits the duration of sound recordings protection to a certain period of years.<sup>126</sup> California Civil Code Section 980 ends state protection of sound recordings in 2047, twenty years before the imposition of Federal preemption.<sup>127</sup> Nevertheless, this statute would have no practical effect on TRIPS obligations. However, California law has another drafting anomaly that is interesting to explore

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123. 2 NIMMER ON COPYRIGHT, *supra* note 48, § 8C.03 nn.6-8 and accompanying text.

124. *Id.* at 8C.03 n.9 and accompanying text.

125. COLO. REV. STAT. § 18-4-601(1) (2001). The statute was enacted in 1963 and revised in 1971. *Id.* at Editor’s Note. One might presume the inclusion of the time limitation was motivated by a desire to harmonize the term of protection with that of Federal copyright law under the 1909 Copyright Act, which was 28 years plus a 28 year renewal term.

126. Concerted effort searching state statutes on Westlaw and Lexis did not reveal any other state sound recording duration statutes. The current versions of the Copyright Law Reporter (CCH) no longer carry a section surveying state laws on sound recordings.

127. CAL. CIV. CODE § 980 (a)(2) (2001). The discrepancy is the result of the 1998 Sonny Bono Copyright Term Extension Act, which added 20 years to Federal copyright duration.



in this context. California law appeared to have barred transferability of rights in fixed works such as sound recordings.<sup>128</sup> The result might have been that once a performer dies, his or her right in the fixed recording would no longer be exercisable.<sup>129</sup> Although California almost certainly could not have intended this result,<sup>130</sup> it is at least entertaining to trace the effects on the present debate. If one accepts that the inability to exercise a right “expires” the term of protection, then because Japanese law implements the rule of the shorter term on a rolling work-by-work basis,<sup>131</sup> one could at least put together an argument that sound recordings of works by deceased California authors are actually not protected in Japan today.

Such arguments are weak, though entertaining. We are thus left with the uneasy result that U.S. sound recordings must be protected in Japan for one reason or another, but we can't be sure why. In any case, after Japan agreed to change its law, all this monkeying around became quite irrelevant to the dispute at hand.

“HUNK O’ BERNE-ING LOVE”—POLITICAL CONCERNS TRUMP  
LEGAL CONSISTENCY

The only issue left to explore is what finally led Japan to make a concrete commitment to amend its law. The answer is probably that an Elvis look-alike happened to become Prime Minister of Japan on January 11, 1996.<sup>132</sup> Ryutaro Hashimoto, widely rumored to be a fan of Western music,<sup>133</sup> was also

128. 2 NIMMER ON COPYRIGHT, *supra* note 48, § 8C.03 at the text accompanying n.18-20.

129. *Id.*

130. *Id.*

131. See Doi, *supra* note 21, at Jap-§3[3][a].

[W]hen the country of origin of a work is a member adhering to the Berne Convention, to the WIPO Copyright Treaty once this treaty goes into effect, or to the W.T.O., and the term of protection fixed for that work in the country of origin has lapsed before the expiration of its protection in Japan under Articles 51 to 54 of the Act, that work is no longer protected in Japan.

*Id.* (emphasis added).

132. Reports around the world referred to Hashimoto's style and looks as reminiscent of Elvis Presley. See, e.g., Gwen Robinson, 'Elvis' looks enhance image of dynamic new leadership, THE TIMES (LONDON), Jan. 6, 1996, at 8; Break the Vicious Cycle with Japan, BUSINESS WEEK, Jan. 22, 1996, at 106 (describing Hashimoto's "Elvis-like sideburns").

133. See Papovich Interview, *supra* note 91 (stating the rumors). It is not

determined to improve trade relations with the U.S.<sup>134</sup>

Japan had a long list of reasons to let the U.S. win. First, Japan has always wanted to be a role model for developing countries and did not want to appear soft on enforcement of intellectual property rights.<sup>135</sup> Such a position would undoubtedly backfire on Japan when it later attempted to enforce its high-tech patents abroad.<sup>136</sup> Second, Japan had already been in several related copyright disputes and was hoping to get off the hot seat for a while.<sup>137</sup> Third, there was solid support from Japan's major music companies,<sup>138</sup> who presumably believed they would sell more RIAJ-licensed copies if the cheap compilations were banned.<sup>139</sup>

Between the February 9, 1996 announcement of filing the dispute with the WTO and a February 23, 1996 "mini-summit" held between Hashimoto and President Clinton in Santa Monica, California, reports began to leak out that Japan was making preparations to change its law.<sup>140</sup> Then, at a press conference following the mini-summit, Hashimoto was asked about the sound recordings dispute. He told Japanese and American reporters:

Various arguments will be made if the matter is discussed from legal viewpoints. Other developed countries decided on the 50-year period after Japan set up its rule. I think Japan may follow in their footsteps. I do not mean that Japan will follow their logic. . . . But at the same time, it should follow other developed countries' moves to respect the Beatles, Presley and other splendid musicians from the fifties and sixties.<sup>141</sup>

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clear whether the rumors Hashimoto was an Elvis fan were grounded in anything other than that his sideburns and appearance had been likened to Elvis Presley.

134. See *Clinton Heaps Praise on Japanese Trade Efforts*, Agence France Presse, Feb. 24, 1996, LEXIS, News library, News Group File All (quoting President Clinton as calling Hashimoto instrumental in improving trade relations during his tenure as trade minister).

135. See Heath, *supra* note 29, at 679.

136. Choy, *supra* note 43.

137. See Heath, *supra* note 29, at 679.

138. See Choy, *supra* note 43.

139. See *supra* notes 12-20 and accompanying text (detailing the structure of the Japanese market).

140. Naoko Ichiyama, an official at the copyright division of *Monbusho* (Agency for Cultural Affairs), was apparently quoted on or before Feb 15, 1996, in the *Wall Street Journal* as saying that legislation would be submitted in the fall of that year. Anne Phelan, *Japan Faces TRIPS Test*, E. ASIAN EXECUTIVE REPS., Feb. 15, 1996, at 5.

141. Translation of Hashimoto Press Conference, in *Hashimoto Gives Press*

This announcement took USTR by surprise, and was perhaps the first time that MITI officials had even heard Hashimoto's view on the matter.<sup>142</sup> The next day, Japan's Ministry of Education and Cultural Affairs said that legislation to increase protection to 50 years would be introduced.<sup>143</sup> The pace of implementation was somewhat slow, consultations were supposedly ongoing.<sup>144</sup> The legislation was finally enacted on December 18, 1996,<sup>145</sup> and the U.S. notified the WTO of the mutually agreed solution on January 24, 1997.<sup>146</sup>

With the dispute settled concordantly, the conflict of interpretation rapidly disappeared from public controversy. Japan's amended law now provided protection to U.S. sound recordings retroactively for 50 years, back to 1947. The final result is that pre-1972 U.S. sound recordings receive varying and somewhat uncertain protection under state law in the U.S., but clear 50-year protection in Japan. No public controversy appears to have arisen over the possible inequity of this result, but this should come as no surprise. In an age where countries seem to be burning with desire to protect their information industries, no one wants to be on the wrong side of the debate.

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*Conference After Clinton Talks*, (BBC Summary of World Broadcasts, February 26, 1996) (Original source: NHK TV, Tokyo, in Japanese), available at LEXIS, News library, News Group File All.

142. See Papovich Interview, *supra* note 91.

143. See *EC takes Japan to the WTO*, BUSINESS LAW EUROPE (Informa Pub. Group), May 31, 1996, LEXIS, News library, News Group File All.

144. The EC filed its own dispute months later as a means of keeping some pressure on Japan. See World Trade Organization, *Japan—Measures Concerning Sound Recordings, Request for Consultations by the European Communities*, WTO Doc. WT/DS42/1 (June 4, 1996).

145. See Holland, *supra* note 3.

146. See World Trade Organization, *Japan—Measures Concerning Sound Recordings, Notification of Mutually Agreed Solution*, WTO Doc. WT/DS28/41 (Jan. 24, 1997); *Japan, US resolve Music Copyright Dispute*, JAPAN ECON. NEWSWIRE (Kyodo News Service), Jan. 25, 1997. The EC finally notified the WTO of a mutually agreed solution on November 7, 1997. See World Trade Organization, *Japan—Measures Concerning Sound Recordings, Notification of a Mutually-Agreed Solution*, WTO Doc. WT/DS42/4 (Nov. 17, 1997).