

BERNE'S VANISHING BAN ON FORMALITIES

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I. INTRODUCTION

Not too long ago, conventional wisdom in the copyright field condemned copyright formalities as unnecessary and pernicious, and celebrated their removal from American law. Recently, however, an increasingly prominent strand of copyright scholarship has begun to rue the death of mandatory formalities and to note the many possible benefits of reinstating them.¹ But now that the prospect of "reformatization" has been

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1. LAWRENCE LESSIG, *FREE CULTURE: THE NATURE AND FUTURE OF CREATIVITY* 287–91 (2004); STEF VAN GOMPEL, *FORMALITIES IN COPYRIGHT LAW: AN ANALYSIS OF THEIR HISTORY, RATIONALES, AND POSSIBLE FUTURE* 285–96 (2011); James Gibson, *Once*

raised, the opponents of formalities have laid on the table what seems (at least to them) to be a trump card. Whatever the virtues of formalities, opponents claim that they are banned by article 5(2) of the Berne Convention for the Protection of Literary and Artistic Works (“Berne”),² which prohibits signatory states from imposing, for the works of foreign nationals, formalities that affect “the enjoyment and the exercise” of rights in protected works. Furthermore, opponents invoke derivative protection through the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”),³ which adopts the Berne standards and makes them enforceable via the World Trade Organization (“WTO”) dispute resolution process.

Opponents of reformalization readily acknowledge that Berne leaves signatory nations free to impose formalities on their own nationals, so long as they do not tread on the narrow set of substantive minimum rights provided for in Berne. But imposition of the proscribed formalities on the works of foreign nationals is prohibited. Given that national governments tend not to promote the rights of foreigners over their own citizens, the practical effect is to ban formalities across the board.⁴

The view that article 5(2) of Berne creates a complete ban on formalities is deeply and honestly held. It is nonetheless almost wholly irrelevant to the current debate about reformalization. The reason for that is straightforward. Recapturing many of the benefits of formalities does not require, and perhaps is not even best pursued by, reinstating the sort of formalities that article 5(2) bans—that is, those that affect “the enjoyment and the exercise” of exclusive rights in copyrighted works.⁵ Rather, the sorts of formalities that occupy the center of the current debate, the so-called “new-style” formalities, are subtler. Unlike traditional formalities, noncompliance with new-style formalities does not prevent copyright from arising, cause existing copyrights to terminate, or make existing copyrights unenforceable in court. Rather, the various varieties of new-style formalities that have been proposed to date

and Future Copyright, 81 NOTRE DAME L. REV. 167, 169–71, 212–43 (2005); Christopher Sprigman, *Reform(aliz)ing Copyright*, 57 STAN. L. REV. 485 (2004).

2. Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, as revised at Paris on July 24, 1971 and amended in 1979, S. Treaty Doc. No. 99-27 (1986) [hereinafter Berne Convention].

3. Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299 [hereinafter TRIPS].

4. See, e.g., Jane C. Ginsburg, *The U.S. Experience with Mandatory Copyright Formalities: A Love/Hate Relationship*, 33 COLUM. J. L. & ARTS 311, 313–14 (2010).

5. Berne Convention, *supra* note 2, art. 5(2).

would work mostly by contracting the scope of infringement *remedies* available to a rightsholder who has failed to provide the ownership information required to comply with the formality. Traditional formalities work as bludgeons. New-style formalities work as nudges.

This Article will focus on one of the many new-style formalities that has been proposed—one that would condition the availability of preliminary and permanent injunctions, as well as “disgorgement” money remedies (i.e., remedies requiring that the defendant not only pay the value of a reasonable license, but also turn over to the plaintiff any profits linked to the infringement), on compliance with a convenient, low-cost registration formality. Under a new-style formality of this type, owners of unregistered works would continue to recover actual damages as measured by the reasonable value of a license, but they would be ineligible to receive either disgorgement or preliminary or permanent injunctive relief.

A formality of this sort would apply a liability rule rather than a property rule to unregistered works—that is, by limiting remedies for unauthorized use to actual damages, and eliminating the prospect both of injunctive relief and the award of the defendant’s profits, the formality would effectively permit use of a work without authorization, in return for a payment that would be measured by the value of a license had one been negotiated *ex ante* the use.

Exposing unregistered works to a liability rule would create significant benefits. Most straightforwardly, such a rule would encourage registration; registration produces information about ownership, which helps to lower the cost of licensing. Additionally, a registration formality of the sort discussed here could also help reduce the problem of orphan works. The growth of the Internet and, more broadly, of digital technologies has opened up new possibilities for public access to and use of creative works that did not exist when Congress was removing formalities from copyright law in the process of gaining U.S. entry to Berne. Before the digital age, the cost of copying and distribution had more effect on the ability of most people to access, use, and transform creative works than did the copyright laws. But now digital distribution is cheap and digital copying is essentially free. Today copyright law has emerged as the principal barrier to both use and creative reuse of a large amount of material that under the pre-Berne formalized U.S. copyright regime would not have been subject to copyright in the first place. The majority of creative works have little or no commercial value, and the value of many initially successful works is quickly exhausted. For works that are not producing revenues, continued copyright protection serves no economic interest of the author. But in a deformalized copyright system, commercially “dead” works that are still subject to copyright are nonetheless locked up.

This is especially true if their owners are difficult to find—the so-called “orphan works.” They cannot be used as building blocks for (potentially valuable) new works without permission, and the cost of obtaining permission will often prevent use. In such instances copyright is radically unbalanced: its potential benefits are depleted, and it therefore imposes only social costs. Exposing unregistered works to a liability rule would reduce these costs by encouraging reuse, while preserving authors’ right to some payment.

The remainder of this Article considers each of the provisions in both Berne and TRIPS that are conceivably relevant to the permissibility of a “no-injunctions” registration formality. As will become apparent, there is no provision in either Berne or TRIPS that bans this type of formality, either explicitly or implicitly.

II. THE BERNE CONVENTION’S SILENCE ON INJUNCTIONS

Berne says nothing directly about injunctions, the measure of damages available in copyright infringement cases, or, indeed, the entire subject of remedies. Nor does it say much by implication. A close reading of the Convention reveals nothing that would ban a no-injunctions formality.

A. ARTICLE 5(2): THE DISTINCTION BETWEEN RIGHT AND REMEDY

Article 5(2) of the Berne Convention proscribes formalities that affect “the enjoyment and the exercise” of rights in protected works. As stated in article 5(2):

The enjoyment and the exercise of these rights shall not be subject to any formality; such enjoyment and such exercise shall be independent of the existence of protection in the country of origin of the work. Consequently, apart from the provisions of this Convention, the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed.⁶

I previously wrote on the meaning of this provision.⁷ The text distinguishes sharply between “rights” on the one hand and “means of redress” on the other. This is a classic distinction between rights and

6. *Id.* Berne applies the same principle of redress governed by domestic law to moral rights. *Id.*, art. 6(3) (“The means of redress for safeguarding the rights granted by this Article shall be governed by the legislation of the country where protection is claimed.”).

7. Sprigman, *supra* note 1, at 541.

remedies.⁸ Article 5(2) makes this separation clear by providing that, “apart from the provisions of this Convention, the extent of protection, as well as the means of redress afforded to the author to protect his rights shall be governed exclusively by the law of the country where protection is claimed.” The upshot of this separation between rights and means of redress is clear and foundational. The formalities that article 5(2) purports to govern are only those that affect the rights that attend copyright. Article 5(2) does not purport to govern formalities that touch only upon the means of redress—that is, the remedies—that signatories’ domestic laws prescribe for copyright infringement. In fact, article 5(2) of the Berne Convention implicitly disclaims any intent to ban formalities that regulate only copyright infringement remedies, at least so long as these remedies-focused formalities do not tread upon specific minimum guarantees found in the treaty. Additionally, article 5(2)’s partition of rights and remedies has a rather obvious import regarding how the meaning of the Berne Convention should be interpreted. Berne does not purport as a general matter to regulate remedies. Therefore, unless a particular Berne provision explicitly touches the question of infringement remedies, it should not be read to do so. There should be no such thing as an implied regulation of remedies in the Berne Convention.

There is nothing strange about Berne’s separation of right and remedy. Indeed, it reflects a venerable feature of property law: one who holds an “exclusive right” does not necessarily possess a “right to exclude”—especially not an unqualified right to exclude. One may hold a property right, and yet be limited to monetary remedies for trespass on that right, either across the board or in particular cases. We recognize property rights of this sort as being subject to a “liability rule.”⁹ But the limitation of remedies to money damages does not gainsay the existence of an underlying property right. The shorthand is worth repeating: *one who possesses an exclusive right does not necessarily possess a right to exclude*. Trespass on the exclusive right may trigger payment rather than exclusion.

This basic division between right and remedy is reflected with relative clarity throughout U.S. intellectual property law. As the Supreme Court noted

8. Article 5(2) also suggests that, apart from the other provisions of Berne, the “extent of protection” (i.e., the scope of copyright rights) is a matter of domestic law. *See* Berne Convention, *supra* note 2, art. 5(2). This means that so long as signatories follow the minimum substantive standards set out in Berne, they are free to alter the scope of copyright protection as they see fit.

9. *See* Guido Calabresi & A. Douglas Melamed, *Property Rules, Liability Rules, and Inalienability: One View of the Cathedral*, 85 HARV. L. REV. 1089, 1092 (1972).

in *eBay Inc. v. MercExchange, L.L.C.*, a copyright owner, like a patent owner, possesses “the right to exclude others from using his property.”¹⁰ But the Court noted, “the creation of a right is distinct from the provision of remedies for violations of that right.”¹¹ Both U.S. patent and copyright law give courts discretion to order injunctions or withhold such relief. For example, the U.S. Copyright Act provides that a court “may . . . grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.”¹² The *eBay* Court emphasized its longstanding fidelity to this discretionary standard: “[The] Court has consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows a determination that a copyright has been infringed.”¹³

With this in mind, it should now be plain that a formality that limits injunctions to registered works would affect neither the “enjoyment” nor the “exercise” of “these rights” (that is, the exclusive rights granted to the copyright owner). The no-injunction formality would not affect “enjoyment” because noncompliance would not eliminate *substantive rights* in the way that traditional formalities did, or even limit the substantive rights that make up copyright. Limiting the remedy does not limit the right, at least not in instances where access to some substantial remedy, like money damages, remains.

Nor would such a no-injunction formality affect the “exercise” of the right. Noncompliance would not prevent the institution of a lawsuit, preempt a finding of liability, or affect the standards by which liability would be judged. This is what exercise of the right means. We know this because article 5(2) makes clear that the consequence of a successful exercise of the right (i.e., the remedies flowing from a finding of infringement) are a separate matter controlled by domestic law. Therefore, “exercise” must refer to the process by which a liability finding is made, and not to what follows from

10. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 392 (2006) (quoting *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932)) (internal quotation marks omitted).

11. *Id.*

12. 17 U.S.C. § 502(a) (2012).

13. *eBay*, 547 U.S. at 392–93 (citing *New York Times Co. v. Tasini*, 533 U.S. 483, 505 (2001); *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 n.10 (1994); *Dun v. Lumbermen’s Credit Ass’n*, 209 U.S. 20, 23–24 (1908) (affirming, before the 1909 Copyright Act, the “tersely stated . . . opinion of the court of appeals,” which held that “the proportion [of copied material] is so insignificant compared with the injury from stopping appellees’ use of their enormous volume of independently acquired information, that an injunction would be unconscionable. In such cases the copyright owner should be remitted to his remedy at law.”)).

such a finding.¹⁴ Giving the concept of “exercise” any broader meaning would directly contravene a structural principle of Berne that is apparent not only in the text of article 5(2), but throughout the document. Namely, the Convention sets forth certain minimum rights that must be respected by signatories, but does not purport to regulate remedies available for infringement of those rights.

In short, the text of the very Berne provision that the opponents of formalities would identify as banning the imposition of a no-injunctions formality actually does the opposite. Article 5(2) permits a no-injunctions formality. As a general matter, formalities that operate by expanding or contracting access to remedies based on compliance with some prerequisite are precisely the type of arrangement that article 5(2) permits. Formalities that affect substantive rights or eligibility to file an infringement lawsuit are banned under article 5(2), but formalities that focus on “means of redress” are permitted.

Some suggest that a no-injunctions formality is nonetheless proscribed by Berne because at the time article 5(2) was drafted at the 1908 Berlin revision conference, the automatic availability of injunctions was taken for granted, and therefore the “exercise” of copyright must include the availability of injunctive relief.¹⁵ The argument, which is originalist in nature, has very little force, as it is undermined by two substantial defects.

First, it flies in the face of the plain language of article 5(2), which states explicitly that signatories retain authority to determine the “means of redress” available in cases of infringement. Injunctive relief is a “means of redress” like any other, and given Berne’s deep structural commitment to leave remedial policy to the domestic law of signatories, it is not much of an argument to insist that the general availability of injunctions in 1908 means that their availability cannot be limited now. The general availability of injunctions in copyright infringement cases at the turn of the twentieth

14. Article 9(1) of the Berne Convention provides that “[a]uthors of literary and artistic works protected by this Convention shall have the exclusive right of authorizing the reproduction of these works, in any manner or form.” Berne Convention, *supra* note 2, art. 9(1). Some have taken this to make injunctions mandatory, but such a view conflates right with remedy. Berne itself separates right and remedy, as has been noted directly above. Additionally, as has been previously noted in this Article, the “exclusive right of authorizing” is not equivalent to a “right to exclude.” Limiting remedies to money damages is perfectly consistent with an author possessing an exclusive right to authorize use of his copyrighted work.

15. See, e.g., Jane C. Ginsburg, “With Untired Spirits and Formal Constancy”: Berne-Compatibility of Formal Declaratory Measures to Enhance Copyright Title-Searching, 28 BERKELEY TECH. L.J. 1583, 1589 (2013).

century does not tell us much about the drafters' intent. Perhaps the Berne signatories did not consider the possibility that infringement may not result in an injunction, and therefore had no specific intent regarding injunctions one way or the other. Alternatively, they did consider such a possibility, but decided in any event to leave the matter to signatories' domestic law. Absent some particularly powerful evidence that one particular means of redress (injunctions) was classed by the Berlin conferees as definitionally, inherently, and forever an element of the exercise of the substantive rights of copyright, there is no reason to override Berne's fundamental disposition to have signatories' domestic law control on the question of remedies.

Second, the originalist argument conflicts with subsequent state practice regarding the granting of injunctions. The Supreme Court's holding in *eBay* highlights the fact that U.S. law does not conform to any reading of Berne (or, for that matter, TRIPS) that holds that injunctions must be available in all cases. Under the Court's *eBay* rule, the availability of injunctions is conditioned on the plaintiff's showing that an injunction is necessary, and that money damages will not suffice.¹⁶ Furthermore, it is not just the United States that conditions the availability of injunctions. U.K. courts enforce a standard that is somewhat less demanding of plaintiffs than we have seen in some of the post-*eBay* U.S. cases, but that is nonetheless discretionary. In its recent decision in *Virgin Atlantic v. Premium Aircraft*, a patent case, the Court of Appeal of England and Wales stated that "English law does not take an absolutist view" regarding the availability of permanent injunctive relief, and that "[a]n injunction is always a discretionary remedy."¹⁷ The *Premium Aircraft* court held that a preliminary injunction would be granted or withheld according to a balancing of the interests on both sides, and a permanent injunction would be denied if enforcement would be "oppressive" (i.e., if it would impose a "grossly disproportionate" hardship on the defendant). This is almost certainly not as searching a standard—at least as far as permanent injunctions are concerned—as seen in *eBay*, but it is, nonetheless, a discretionary standard that conditions the availability of injunctive relief in intellectual property litigation.¹⁸

State practice matters because, under the treaty interpretation provisions of the Vienna Convention, what treaty signatories provide in their domestic

16. *eBay*, 547 U.S. 388.

17. *Virgin Atlantic v. Premium Aircraft*, [2009] EWCA (Civ) 1513, [23] (Eng.).

18. *See also* *Banks v. EMI Songs Ltd.* (formerly *CBS Songs Ltd.*) (No. 2), [1996] E.M.L.R. 452 (EWHC (Ch)) (refusing an injunction where lyrics subject to copyright had been infringed over a period of eleven years, and plaintiff had made clear she was seeking a licensing fee).

law can be treated as state practice that may, if it can be construed as evidence that limns the parties' agreement, be employed in the interpretation of ambiguous treaty text.¹⁹ The Berne provisions detailed above are not ambiguous. For the aforementioned reasons, they do not mandate injunctions. But, in response to those who argue that injunctions are mandated in successful copyright infringement actions, state practice in the United States and the United Kingdom is in tension with a maximalist reading of Berne—that is, one holding that the availability of injunctions cannot be conditioned. And if injunctions can be conditioned on the sort of showing mandated in *eBay*, the opponents of a no-injunction formality must explain why the availability of injunctive relief cannot be conditioned in some other way; for example, on compliance with a low-cost registration formality.

B. THE INAPPLICABILITY OF ARTICLE 9(2)

We should also consider article 9(2) of Berne, the provision that permits exceptions “in certain special cases” to the author's exclusive right to authorize reproductions.²⁰ Article 9(2) is implicated when government makes rules that limit or remove the author's right to authorize reproduction, and replace it with some form of government-granted permission to reproduce (i.e., some form of compulsory license). But article 9(2) does not apply to a formality for which noncompliance limits access to injunctions. In such an instance, the author's exclusive right to authorize reproductions remains intact. Such a formality would not “permit” reproduction of the work, as the sole authority to grant permission to reproduce remains with the rightsholder. What shifts is only the means of redress when unauthorized reproduction occurs.

As has been stated above, violation of an exclusive right may be redressed with a property remedy (that is, a remedy that includes the right to an injunction), or a liability remedy (that is, a remedy that is limited to monetary compensation and which does not include the right to an injunction). As U.S. state practice recognizes, both types of remedy are fully consistent with the concept of the rightsholder retaining an exclusive right to

19. See Vienna Convention on the Law of Treaties arts. 31–32, May 23, 1969, 1155 U.N.T.S. 331. The Vienna rules expressly provide in article 31(3)(b) for interpretation on the basis of subsequent practice. Julian Arato, *Subsequent Practice and Evolutive Interpretation: Techniques of Treaty Interpretation over Time and Their Diverse Consequences*, 9 LAW & PRAC. INT'L CTS. & TRIBUNALS 443, 445–46 (2010).

20. Berne Convention, *supra* note 2, art. 9(2) (“It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.”).

authorize reproduction.²¹ In sum, no provision of the Berne Convention rules out, either explicitly or by implication, a no-injunctions formality of the sort considered by this Article.

III. TRIPS AND THE WIDE PERMISSIBILITY OF FORMALITIES THAT LIMIT REMEDIES

In contrast with Berne, TRIPS does provide explicit rules regarding the availability of remedies. These rules, however, do not prohibit a formality for which noncompliance limits the availability of injunctions.

A. ARTICLE 44(1): PERMISSIBLE, NOT MANDATORY, INJUNCTIONS

The most relevant part of TRIPS is article 44(1), which provides as follows:

The judicial authorities shall have the authority to order a party to desist from an infringement, inter alia to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods. Members are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of an intellectual property right.²²

First, note that article 44(1) provides only that judges shall “have the authority” to impose injunctions. The provision does not in any way suggest that injunctions are mandatory in all cases of infringement, or even that they must be available in all cases. It is phrased in a way that suggests that the authority to impose injunctions may be conditioned. And this flexibility is consonant with the entire structure of the TRIPS enforcement section, which, as Daniel Gervais notes, “does not mandate specific remedies in particular cases . . . [but rather] contains mostly ‘empowerment norms’ that require that authorities have the authority to order certain remedies”²³

Nothing in article 44(1), or elsewhere in TRIPS, requires that any particular form of remedy must be available in all cases, or that the availability of a particular remedy cannot be conditioned on some action to be taken by the rightsholder. If that were the case, then, for example, the requirements in some jurisdictions that a plaintiff seeking a preliminary

21. *See supra* Section II.A.

22. TRIPS, *supra* note 3, art. 44(1).

23. DANIEL J. GERVAIS, *THE TRIPS AGREEMENT: DRAFTING HISTORY AND ANALYSIS* 564 (4th ed. 2012).

injunction must post a bond adequate to compensate the defendant if the latter ultimately prevails in the litigation would, if applied in an intellectual property infringement action, violate TRIPS.

It is, of course, possible that a systematic refusal to provide certain remedies, including injunctions, would violate at least the spirit of article 44(1). But a formality limiting injunctions to registered works would not be a systematic refusal, especially if compliance were cheap and easy. It would be a condition precedent to the availability of injunctions, in much the same way that registration currently serves as a condition precedent to the availability of statutory damages and attorneys' fees.

B. ARTICLES 45(2) AND 43(1): OTHER TRIPS PROVISIONS THAT PERMIT SIGNATORIES TO CONDITION THE AVAILABILITY OF REMEDIES

A particularly strong argument for the TRIPS-compatibility of the no-injunction formality involves the same sort of TRIPS language that authorizes the registration prerequisites already written into U.S. copyright law. That parallel language can be found in article 45(2):

The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. In appropriate cases, Members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity.²⁴

The first sentence of article 45(2) applies the same formula found in 44(1) to the availability of attorneys' fees. Under TRIPS, the particular remedy must be one that judges "have the authority" to order. For copyright infringement cases in the United States, judges have the authority to order payment of attorneys' fees and expenses, but it is limited to cases in which the plaintiff has registered his or her work prior to the commencement of infringement.²⁵ This is precisely the same condition that a no-injunction formality would apply to injunctions. That is, the availability of injunctions and disgorgement remedies would be limited to cases in which the plaintiff has registered his or her work prior to the commencement of infringement. For that reason, a formality limiting the availability of injunctive relief is authorized by the same TRIPS formula that authorizes the limitation on the availability of attorneys' fees. To argue otherwise is tantamount to a claim that, by conditioning the availability of attorneys' fees and expenses on

24. TRIPS, *supra* note 3, art. 45(2).

25. See 17 U.S.C. §§ 412, 505 (2012).

registration, the United States is, and long has been, out of compliance with its TRIPS obligations. That is an argument that even TRIPS ultras have thus far not dared to push.

It is also worth mentioning that the same construction of requiring that judges “have the authority” is used in article 43(1), which deals with the introduction of evidence in infringement cases:

The judicial authorities shall have the authority, where a party has presented reasonably available evidence sufficient to support its claims and has specified evidence relevant to substantiation of its claims which lies in the control of the opposing party, to order that this evidence be produced by the opposing party, subject in appropriate cases to conditions which ensure the protection of confidential information.²⁶

Article 43(1) has been interpreted to require Member States to give judges the power to order the production of evidence, but not to require its production in all cases in which the predicates listed have been met.²⁷ That is, members are not obliged by article 43(1) to direct judges to order the production of evidence in all eligible cases. If the same language in article 44(1) is interpreted consistently, and there is no reason to think that it should not be, then Member States are likewise directed to provide their judges with the authority to order injunctions where they are appropriate, but Member States are not obliged by article 44(1) to make injunctions available in all cases of infringement.²⁸

To complete this point, a momentary return to article 45(2) is helpful.²⁹ The second sentence of that provision is also important, for it authorizes the second element of the no-injunction formality proposed here: the elimination of “disgorgement” money remedies for infringement cases involving unregistered works, and the consequent limitation of money damages in such cases to actual damages as measured by the reasonable value of a license. The second sentence of article 45(2) makes clear that signatories may provide for disgorgement remedies in “appropriate cases.” That formulation signifies that disgorgement need not be available in all cases. Indeed, the language

26. TRIPS, *supra* note 3, art. 43(1).

27. GERVAIS, *supra* note 23, at 573.

28. TRIPS, *supra* note 3, art. 41(1). All of the arguments against a maximalist interpretation of article 44(1) of TRIPS apply also to article 50, which provides that “[t]he judicial authorities shall have the authority to order prompt and effective provisional measures,” including preliminary injunctions. TRIPS, *supra* note 3, art. 50. Again, article 50 of TRIPS directs that judges shall have the authority to order this sort of preliminary relief, but does not direct that the authority must extend to all cases.

29. TRIPS, *supra* note 3, art. 45(2).

providing that signatories “may authorize” disgorgement suggests that it is not mandatory in *any* case.

C. ARTICLE 41(1): MANDATORY “EFFECTIVE ACTION”

The opponents of an no-injunction formality have, at best, a faint argument based on article 41(1) of TRIPS, which provides as follows:

Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.³⁰

The requirement that signatories make available remedies that “permit effective action against any act of infringement” does not prohibit a formality that limits injunctions or disgorgement damages as a consequence of noncompliance. TRIPS does not define “effective action,” and, in the absence of a TRIPS standard for all of the aspects of an enforcement system that contribute to “effectiveness” (accessibility of courts and legal counsel, professionalism of judges, rules for production and admission of evidence, rules for proving damages, etc.), “effective action” functions more as a principle than as a specific test. In the instances in which WTO panels have interpreted “effective action”, they have made clear that complete denial of access to courts (and hence to remedies) offends the provision.³¹ Beyond that narrow prohibition, however, the WTO has said nothing that suggests a greater constraint; nor does the text of TRIPS suggest one.

In particular, nowhere does TRIPS explicitly prohibit the use of liability rules (i.e., remedies limited to compensation) for certain types of infringement. Article 41(1) of TRIPS would prohibit an intellectual property system that relied *solely* on money damages, but that is a far cry from any proposal to limit injunctions according to compliance with a formality. In any event, article 41(1) contains the same key phrasing that we see elsewhere in the TRIPS remedies provisions. Signatory Member States must make effective remedies “available,” a formulation that suggests that access to

30. TRIPS, *supra* note 3, art. 41(1).

31. WTO Dispute Resolution Action: China — Measures Affecting the Protection and Enforcement of Intellectual Property Rights, WT/DS362 (Jan. 26, 2009); WTO Dispute Resolution Action: United States — Section 211, Omnibus Appropriations Act of 1998, WT/DS176/AB/R (Jan. 2, 2002).

particular remedies may be conditioned, as indeed already occurs in U.S. law with respect to attorneys' fees and statutory damages.³²

Additionally, article 41(1) allows signatories to provide "safeguards" against the abuse of certain remedies. Subjecting the availability of injunctions to a registration formality is readily justified under this part of article 41(1). Compliance with a registration prerequisite to the availability of injunctions is a means by which a rightsholder is permitted to signal that, at least as far as he or she is concerned, money damages are not sufficient compensation for infringement of his or her particular copyright. Inversely, a rightsholder who fails to comply with such a formality signals that money damages are sufficient. Eliciting this sort of information helps courts to filter out those copyright infringement plaintiffs who are using the threat of an injunction strategically (e.g., to hold up a defendant who has invested substantial resources in a derivative work, in order to leverage a license payment in excess of what an *ex ante* arm's length transaction would have yielded).

Of course, the signal sent by a no-injunction formality about the adequacy of money damages is not perfect. There are some plaintiffs who will fail to comply but later believe that money damages would not compensate them adequately. Nothing in TRIPS or anywhere else, however, requires that such a formality be a perfect proxy for the adequacy of money damages. Even an imperfect signal can be valuable. In any event, TRIPS signatories remain perfectly free to decide that using the power of an injunction to engage in hold-ups is an abuse, and to curb that sort of conduct with a formality limiting the availability of injunctions (and, as discussed earlier, disgorgement damages) to registered works.

D. ARTICLE 13: REVISITING THE DIFFERENCE BETWEEN RIGHT AND REMEDY

Finally, although it is not a part of the TRIPS remedies provisions, TRIPS maximalists are likely to point to article 13, which sets forth permissible "Limitations and Exceptions," as a provision prohibiting any formality that limits the availability of injunctions as a consequence of noncompliance. Article 13 provides as follows:

Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal

32. *See supra* Section III.B.

exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.³³

The reason article 13 does not prohibit limitations on injunctions has been stated before with respect to article 5(2) of the Berne Convention. Article 13 of TRIPS is relevant to limitations and exceptions to “exclusive rights” (i.e., to the *substantive* rights of intellectual property owners). It does not, either explicitly or by implication, purport to regulate signatories’ choice of remedy for violation of those exclusive rights. Right and remedy are separate issues, and nothing in TRIPS suggests that they should be conflated. Indeed, the opposite is true—TRIPS has a separate section containing articles that explicitly regulate remedies. As explained above, these provisions do not require availability of injunctions in all cases, or prohibit a formality limiting them. But the separate regulation of remedies reflects the fact that the parts of TRIPS, including article 13, that regulate the “exclusive rights” of intellectual property owners, do *not* regulate remedies.

IV. CONCLUSION

There is nothing in Berne or TRIPS that prohibits conditioning the availability of injunctive relief and disgorgement damages on compliance with an inexpensive, convenient registration formality. The argument that Berne and TRIPS prohibit such a no-injunction formality is based on confusion between substantive rights, which Berne and TRIPS regulate, and remedies, which Berne says nothing about and TRIPS regulates only very lightly. In general, Berne and TRIPS signatories retain wide freedom to institute new-style formalities that condition the availability of remedies.

This last observation leads to a broader one about the inconsistency of current U.S. practice with a maximalist view holding that Berne and TRIPS require that injunctions be available in all cases. If Berne or TRIPS required an automatic award of injunctions to all prevailing intellectual property plaintiffs, then the United States has not been in compliance for some time—a fact which the Supreme Court’s decision in *eBay* did not establish but did bring to the surface. There is nothing in either Berne or TRIPS that suggests that the availability of injunctions may not be conditioned on satisfaction of a formality.

As discussed, Berne leaves remedies to Member States, and TRIPS, while requiring that certain forms of remedy be made “available,” does not require that any form of remedy be made available in all cases. Moreover, the United

33. TRIPS, *supra* note 3, art. 13.

States already conditions provision of certain forms of remedy (attorneys' fees and costs) on compliance with a formality, and the same TRIPS language that authorizes such remedies also permits a formality conditioning the availability of injunctions. In light of all this, TRIPS maximalists might argue that there is a difference between conditioning the availability of injunctions on the satisfaction of an equitable test, as the Supreme Court's decision in *eBay* commands must be done, and conditioning the availability of injunctions on satisfaction of a registration prerequisite. But the relevant difference is not particularly clear. It is not as if TRIPS permits the first and bans the second. In fact, TRIPS says nothing that bears on either form of conditioning. Most importantly, both forms of conditioning are aimed at the same things—producing some information regarding whether injunctions are necessary, or whether money damages will be adequate compensation. The *eBay* test does so ex post infringement, and the no-injunction formality does so ex ante. There is nothing in TRIPS that forces signatories to pursue the first strategy and not the second.

The difficulty with a maximalist reading of Berne and TRIPS is even deeper than the apparent absence of textual foundation, not to mention the fact of its being at odds with U.S. practice. A maximalist reading of Berne and TRIPS (i.e., one which would require injunctions to be available without condition) would wreak havoc across the entire field of intellectual property. The TRIPS standards apply to all forms of intellectual property rights, and not just copyrights. If they were to be read to require an award of injunctions in all cases, then the United States would be out of compliance with respect to its patent and perhaps even trademark law. *eBay* was itself a patent case, and some courts have begun to apply *eBay*'s directive against pro-injunction presumptions in trademark cases.³⁴ Although the McCarthy treatise disagrees,³⁵ the Supreme Court's *eBay* opinion is written in a way that suggests that its enforcement of the traditional test for equitable relief, and its hostility

34. See, e.g., *N. Am. Med. Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1227 (11th Cir. 2008) (“[*eBay*] calls into question whether courts may presume irreparable harm merely because a plaintiff in an intellectual property case has demonstrated a likelihood of success on the merits.”); *Pretty Girl, Inc. v. Pretty Girl Fashions, Inc.*, 778 F. Supp. 2d 261, 265 (E.D.N.Y. 2011); *In-N-Out Burgers v. Chadders Rest.*, No. 2:07-CV-394 TS, 2007 WL 1983813, at *3 (D. Utah June 29, 2007) (“The parties agree that after the Supreme Court’s decision in *eBay Inc. v. MercExchange, L.L.C.*, irreparable injury is no longer presumed from a finding of likelihood of success on the merits of a claim of infringement of trademark or trade dress claim.”).

35. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 30:47 (4th ed. 2006).

to presumptions, applies across the board, and not just to patent or copyright cases.³⁶

In sum, there is simply no purchase in either Berne or TRIPS for the notion that the availability of injunctions cannot be made subject to a formality. The same is true of disgorgement damages; Berne does not purport to regulate them, and TRIPS provides clearly that they need be made available only in “appropriate cases”—which, if a signatory chooses, might be those cases where a rightsholder has indicated his or her desire to access that form of remedy in future infringement suits by complying with a registration formality.

Finally, there is a wider lesson here. A no-injunctions formality is permissible under Berne and TRIPS but it is far from the only new-style formality that would be permissible. In general, any formality that focuses on varying available remedies can be defended as Berne- and TRIPS-compliant. This includes a formality that remits the owner of an unregistered work to some sort of fixed payment. In a previous article, I suggested a “default license” scheme.³⁷ The scheme would limit rightsholders in unregistered works to recovery of a sum pegged to approximate the cost of complying with the registration formality.³⁸ If the rightsholder chooses not to comply, this is a strong signal that he or she expects that the value of a license, whether calculated *ex ante* or *ex post* infringement, would be worth less than the cost of complying with the formality. Exposing presumptively low-value works to a liability rule of this sort, I argued, would be a powerful inducement to the owners of works with potential commercial value to register and provide ownership information.³⁹

Compared with a default license scheme, it is possible that a no-injunctions formality may be considered less objectionable by opponents of formalities. In contrast to the default license, which sets damages equal to the (very low) cost of complying with the registration formality, the no-injunctions rule does retain some flexibility in terms of the amount of actual damages that may be awarded to plaintiffs in infringement cases—but of course this flexibility comes only in exchange for the higher cost of operating a rule that allows recovery of damages in amounts that a court must

36. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 394 (2006) (“We hold only that the decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts, and that such discretion must be exercised consistent with traditional principles of equity, in patent disputes *no less than in other cases governed by such standards.*” (emphasis added)).

37. Sprigman, *supra* note 1, at 554.

38. *Id.* at 555.

39. *Id.*

determine in individual cases. Either way, a Member State that wishes to implement a new-style formalities scheme that operates by varying available remedies faces little real concern from either Berne or TRIPS.