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Intellectual Property Investment Functions and the Legal Characteristics of Privatization

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INTELLECTUAL PROPERTY INVESTMENT FUNCTIONS AND THE LEGAL CHARACTERISTICS OF PRIVATIZATION

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This paper develops and presents the idea of intellectual property investment functions as part of a broader narrative on the privatization of international law. Using jurisprudence and private law arguments the paper charts how early investment treaties and ICSID cases interacts with intellectual property investments and then go on to show the rise of contemporary Free Trade Agreements provisions that upend the understanding of intellectual property as an investment function. The advocates of the investment principles clearly sees no objection on the application of customary international law to investment, and by extent, the investment function of intellectual property. It must also be borne in mind, that, at the same time, those who are also advocating for more clarity and legal certainty in the international legal order, envisage a world where private rights and other factors of globalization see the application of international legal principles to intellectual property investments. Such application, they believe, can help to add legitimacy and give justification of global legal relations based on economic principles. The arguments in this article goes beyond merely theoretical musings or methods. They can also significantly impact the outcome of cases that have to consider the interaction of public international law and private law norms in relation to intellectual property, or other cases, under considerations at international tribunals. Hence, to offer an impartial assessment of such interaction, and to find answers to the privatization issue, it is imperative to fully understand the context and content of private law rights in international law, and what are some of the recourse options available to public international law. Moreover, it is equally fitting to develop and argue a new account of private rights to help explain the occurrence of the privatization of international law. Naturally, it is not possible to pursue all the arguments that may explain the privatization of international law, and as such, pursuing a specific line of argument under intellectual property can open up discourses for other questions that can be explained within the boundaries of private rights in international law. For instance, it is quite possible to ask: what

can best explain the rise of globalization from an international law point of view? What are the conditions that can permit the application of international law in the transposition of private law rights in intellectual property at the global level? What is the investment function of intellectual property, and how is it justified under international law? But more specifically, what is the connection, if any, of HLA Hart's jurisprudence and intellectual property within an international law context? This article takes on some of these difficult questions against the backdrop of the privatization of international law from an intellectual property perspective.

I. INTRODUCTION

The international intellectual property rights system and international investment law are without a doubt one of the most significant developments, where these regimes collide with (public) international law and the network of tribunals adjudicating disputes on, or, relating to intellectual property as investments.

It is true that other regimes in the international legal system, such as WTO/trade law,[1] investment arbitration,[2] product standards,[3] and others, have questioned or sought to place their proper role within the context of public international law. The purpose of this Article is to follow these established traditions by demonstrating how the legal content and process that contributes to the evolution of the international intellectual property legal system *evolved* as a result of legal and epistemic functions.[4] In doing we it will be possible to show how the regulatory process emerges as a result

1. *See generally* JOOST PAUWELYN, CONFLICT OF NORMS IN PUBLIC INTERNATIONAL LAW: HOW WTO LAW RELATES TO OTHER RULES OF INTERNATIONAL LAW (2003) (setting out how conflict rules occur in international trade regimes).

2. *See generally* GUS VAN HARTEN, INVESTMENT TREATY ARBITRATION AND PUBLIC LAW (2007) (providing an overview of the development of international arbitration law and the development of the international investment treaty regime).

3. *See generally* HARM SCHEPEL, THE CONSTITUTION OF PRIVATE GOVERNANCE: PRODUCT STANDARDS IN THE REGULATION OF INTEGRATING MARKETS (2005) (providing an overview of the development of private standards over public governance in product standards).

4. *See generally* P. Sean Morris, *From Territorial to Universal — The Extraterritoriality of Trademark Law and the Privatizing of International Law*, 37 CARDOZO ARTS & ENT. L.J. 33, 77–81 (2019) [hereinafter Morris, *From Territorial to Universal*]; *see also* P. Sean Morris, *The Private Foundations of International Law*, 5 JUS GENTIUM : J. OF INT'L LEGAL HIST. 37 (2020); P. Sean Morris, *The Practices of Private Global Norm Production and Intellectual Property Epistemic Communities*, 48 SYRACUSE J. OF INT'L L. & COM. 153 (2020).

of the needs of the community of mostly private rights holders, and to some extent how states and other players in the international intellectual property system acquiesce to private norm generation.

By way of summary, the privatization of international law does not mean that the state has retreated from its primary obligation of international law-making,[5] rather, the state has been ever present, but mostly as a tool of epistemic communities to carry out international law-making obligations. Rather than side-lining the role of the state, this Article takes the view that states are still essential in how law at the global level is made, complied with, enforced and monitored. However, the privatization approach that this Article expounded on is that the global providence and structure of modern rule of law — whether the public international legal structures, or the international private legal structures — functions in a dynamic way that opens new realms of interpretation. Such new realms are not the familiar "transnational law," "constitutionalization of international law," "fragmentation of international law" or "pluralization." Rather, the new realm is the privatization process where law-making and regulatory needs forms part of how changes to the making and function of international law occurs, and the complex global regime of intellectual property rights is the ideal candidate to frame that narrative.[6] Furthermore, situating the emerging narratives on international investment in the intellectual property domain will further strengthen the argument in this Article. For instance, questions relating to fair and equitable treatment (FET), the attempts to regulate tobacco advertising and its impact on the function of trademarks, the role of case law in the World Trade Organization ("WTO") and their relevance for intellectual property investment function will be of utmost importance. But perhaps the novelty of this Article lies in how a reading of HLA Hart[7] and private adjudication helps to steer the narrative into an out-of-box direction so that theory and practice can offer new perspectives on the investment function of intellectual property.

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5. For arguments suggesting that despite the emergence of private transnational regulatory regimes the state is still capable of performing its function, see Klaus Dieter Wolf, *The Non-Existence of Private Self-Regulation in the Transnational Sphere and its Implications for the Responsibility to Procure Legitimacy: The Case of the Lex Sportiv*, 3 GLOB. CONSTITUTIONALISM 275 (2014).

6. *See* Christoph Beat Graber & Gunther Teubner, *Art and Money: Constitutional Rights in the Private Sphere?*, 18 OXFORD J. LEGAL STUD. 61 (1998) (arguing that constitutional rights need to be extended into the regimes of private governance); *see also* Gillian K. Hadfield, *Privatizing Commercial Law: Lessons from ICANN*, 6 J. SMALL & EMERGING BUS. L. 257, 267 (2002) (discussing public choice and law and economic approaches).

7. H.L.A. HART, THE CONCEPT OF LAW (1961).

Some scholars have argued over the years that the commercial nexus and international law as such are creating multiple legalities in the international system, but most of them have set their arguments against the backdrop of one-size fits all descriptions (or criticisms).[8] But, more significantly what has been missing was a detailed break-down of the emergence of the new international legal order as a result of the interference of "domestic law like" situations in public international law, or as I frame it in this article, the investment function of intellectual property rights against public international law. I do not exclude theory from my arguments in this Article; however, I am keener to show how different encumbrances have contributed to the need to look at new ways of how private adjudication is changing the way in which international law and sub-fields as such is changing the image of the international legal order.

Because international law has long been "confronted with a serious process of privatization"[9] then, how we approach such privatization really matters, especially if the approach to "[p]rivatization, also on the international level, must not undermine the rule of law."[10] Because intellectual property rights are governed by strong private rules, both in the domestic and the global system, it is difficult to see how the regulation of intellectual property rights can undermine the rule of law. Although, an argument can be made that stringent intellectual property rules can impede the economic growth of societies, this still does not meet any criteria of undermining the rule of law.

II. THE RULE OF LAW AND THE PRIVATIZATION NEXUS

The starting point for framing privatization as the rule of law is to come to terms with the two notions. On the one hand, privatization captures how epistemic communities exercise some form of *state-like authority* in international law-making, and on the other, the rule of law,[11] among other

8. *See, e.g.,* THE CONSTITUTIONALIZATION OF INTERNATIONAL LAW (Jan Klabbers, Anne Peters & Geir Ulfstein eds., 2009).

9. Jan Klabbers, *Setting the Scene*, *in* CONSTITUTIONALIZATION OF INTERNATIONAL LAW, *supra* note 8, at 1, 16–17.

10. Anne Peters, *Membership in the Global Constitutional Community*, *in* THE CONSTITUTIONALIZATION OF INTERNATIONAL LAW, *supra* note 8, at 154, 248.

11. *See* LON L. FULLER, THE MORALITY OF LAW, 41–90 (Yale Univ. Press, revised ed. 1969) (setting out eight principles of legality). These principles have been traditionally identified as: generality, publicity, nonretroactivity, clarity, noncontradiction, possibility of compliance, stability, and congruence between official and declared action. See also Lisa M. Austin, *Property and the Rule of Law*, 20 LEGAL THEORY 79 (2014) (discussing these forms of legality in the context of the rule of law).

things, suggest that authority derives from law.[12] Of course, the *vague* idea of the rule of law cannot be explained away as a mere linkage to "authority",[13] but nevertheless, as it is not my intention to engage in an analysis of the rule of law, that linkage will suffice.

The broader purpose here is to demonstrate privatization as a *form* of the rule of law and this is quite possible given the *impreciseness* in the concept of the rule of law.[14] Hence, in the same fashion that privatization captures the legal process and interactions of epistemic communities in international law-making, the notion of rule of law also can capture the intersection and expansion of different legal regimes.[15] But irrespective of the *validity* that rule of law takes, a fundamental question is whether the rule of law contains any formal and procedural aspects that supports the participation of epistemic communities in international law-making.[16]

A related question is then to what extent does the rule of law embrace the system of international private law that relies much on the *privateness* in the international economic sphere.[17] These questions are significant for the fact

12. *See* A.V. DICEY, INTRODUCTION TO THE STUDY OF THE LAW OF THE CONSTITUTION, 110 (8th ed. 1915) (noting that the rule of law encompass "the exercise by persons in authority of wide, arbitrary, or discretionary powers of constraint").

13. *See, e.g.*, Timothy A. O. Endicott, *The Impossibility of the Rule of Law*, 19 OXFORD J. LEGAL STUD. 1 (1999); JOSEPH RAZ, THE AUTHORITY OF LAW, 153 (Oxford Univ. Press 1979) ("A rule of law is valid if and only if it has the normative consequences it purports to have. It is legally valid if and only if it is valid because it belongs to a legal system in force in a certain country or is enforceable in it, i.e. if it is systematically valid.") *But see* Adam Shinar, *One Rule to Rule Them All? Rules of Law Against the Rule of Law*, 5 THEORY & PRACT. LEGIS. 149 (2017) (discussing the tension within the rule of law).

14. For debates, see, for example, Frank Lovett, Article, *A Positivist Account of the Rule of Law*, 27 L. & SOC. INQUIRY 41 (2002).

15. *See, e.g.*, Sergio M. Carbone, *Rule of Law and Non-State Actors in the International Community: Are Uniform Law Conventions Still a Useful Tool in International Commercial Law*, 21 UNIF. L. REV. 177 (2016); Peter-Tobias Stoll, *International Investment Law and the Rule of Law*, 9 GOETTINGEN J. INT'L L. 267 (2018); STEPHEN HUMPHREYS, THEATRE OF THE RULE OF LAW: TRANSNATIONAL LEGAL INTERVENTION IN THEORY AND PRACTICE (2010).

16. *Cf.* Austin, *supra* note 11, at 79–80 (questioning whether the rule of law is one of form or substance in the context of property law); RICHARD EPSTEIN, DESIGN FOR LIBERTY: PRIVATE PROPERTY, PUBLIC ADMINISTRATION, AND THE RULE OF LAW, 30, 43–65 (2011) (discussing "the limitations in natural law theory that point to adopting an explicit utilitarian approach that evaluates all laws in the light of their systematic consequences for society as a whole").

17. I use the term "international private law" as reference to non-international law instruments that apply in the private sphere at the international level, which may include those on intellectual property and investment law related activities. In one way the term as used in this Article is also synonymous with private international law, however, I am

that they include, and/or make, the connection to the system of *private law rules* — such as those found in intellectual property rights or investment law both at the domestic and international level. In addition, privatization takes into account a form of legal ordering, in other words, when the process of rulemaking in international law is seen as driven by a common framework of international intellectual property economic governance.

For epistemic communities, the rule of law operates or is fully functional when their objectives are met when treaties are adopted that provide for the protection of intellectual property and recourse to adjudication. This is often evident in investor-state dispute settlement cases where tribunals often attempts to frame issues in a rule of law context. For instance, in the ICSID arbitration Tecnicas Medioambientales,[18] the tribunal notes that "the foreign investor expects the host State to act in a manner, free from ambiguity and totally transparently in its relations with foreign investor."[19] This language by the tribunal may be equated to the generality of the principle of the rule of law that Fuller described in his work.[20] But more significantly, for my purpose, this example connects the rule of law to the system of international adjudication in investor-state dispute settlement where the systems of international private law and its legal ordering are essential to privatization as a form of the rule of law.

We have seen how it is not difficult to understand *how* and *why* investment arbitration decisions such as the *Tecmed* example (although there are numerous other examples) elucidates an epistemic conception of the rule of law.[21] The private actor, i.e., the private investor, expects the host state to uphold to the basic conventions of law, that is, the rule of law, in a manner that is free from ambiguity. In other words, the law must have clarity when considering Fuller's principle of *clarity* regarding the rule of law — and therefore, the expectation from the private investor is that any form of non-compliance may suggest that there are defects in the host state *rule of law* system.[22]

If one considers the amount of investor-state dispute settlement awards

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avoiding that term as such, given that a slew of other issues such as contracts or applicable law will need an explnation, but see my own discussions in P. Sean Morris, *To What Extent Do Intellectual Property Rights Drive the Nature of Private International Law in the Era of Globalism?* 28 TRANSNAT'L L. & CONTEMP. PROBS. 455 (2019) (where I have attempted to set out some of the private international law matters such as applicable law to the debate on the nexus of international law and intellectual property).

18. ICSID Case No. ARB (AF)/00/2, Award (May 29, 2003).
19. *Id.* ¶ 154.
20. *See* FULLER, *supra* note 11 at 39.
21. *See Tecmed*, ICSID Case No. ARB (AF)/00/2, Award, ¶ 154.
22. See FULLER, *supra* note 11, at 39.

over the years, then my previous claim has merits given that those awards are often against states which are generally perceived to have a system of *weak* rule of law. But, as tempting as this claim is, my point of highlighting it is to make the connection of the rule of law from a privatization perspective. Of course, the *positive* effect of this claim is that it serves as good news for the conception of privatization. It partly captures the participation of private actors in international adjudication, and any efforts to globalize their rulemaking and adjudicatory activities as standard or norms in international legal discourse is good news.

Hence, from this perspective, privatization as a form of rule of law serves as a powerful element in legality. This is especially the situation when Fuller's approach is factored into the debate. Other considerations are also important such as seeing the entire corpus of global economic governance as anchored on the private governance aims of private actors and the institutional support of the public international law system through international private law norms and legal content.

The public international law system for the most part is built upon the rule of law where international treaties, institutions and tribunals serve an interconnected *value* system based on commitments to uphold (the international) rule of law.[23] And despite the lack of an international legislature — the rule of law flourishes in international legal relations[24] especially on matters relating to economic governance.[25] Private investors have long seen the rule of law as central to investment law and its *ad hoc* system of investor-state dispute settlement that are provided for.[26] Whether they can rely on consistency, certainty or stability the rule of law continues to guide investment law and other regimes in global economic governance

23. *See, e.g*, Convention on the Settlement of Investment Disputes Between States and Nationals of Other States, *opened for signature* Mar. 18, 1965, 17 U.S.T. 1270, 575 U.N.T.S. 159 (entered into force Oct. 14, 1966) [hereinafter ICSID Convention] (noting that "[t]he tribunal shall decide a dispute in accordance with such rules of law as may be agreed by the parties" including the rules of international law).

24. *See, e.g.*, Consistency of Certain Danzig Legislative Decrees with the Constitution of Free City, Advisory Opinion, 1935 P.C.I.J. (ser. A/B) No. 65, ¶ 54 (Dec. 4) (holding that certain decrees implemented by Danzig amending its criminal code violated its Constitution as guaranteed by the League of Nations under the Treaty of Versailles).

25. *See* Kenneth J. Keith, *John Dugard Lecture – 2015: The International Rule of Law*, 28 Leiden J. Int'l L. 403, 406 (2015) (discussing the 2005 World Summit Outcome).

26. *See* Stoll, *supra* note 15; *see also* Ernst-Ulrich Petersmann, *International Rule of Law and Constitutional Justice in International Investment Law and Arbitration*, 16 IND. J. GLOB. LEGAL STUD. 513 (2009).

such as trade.[27]

As part of the move towards the capture of the rule of law in an international (agenda) and institutional context, the UN proposed a definition of the rule of law that includes a reference "to a principle of governance in which all persons, institutions and entities, public and private, including the State itself, are accountable to laws . . . ."[28] This is clearly a welcome attempt to refine and define the rule of law for an international context. The UN conception of the rule of law takes into account how the numerous actors in (global) governance can be accountable.

Privatization also captures the idea of accountability as part of the economic governance structure in which state-like entities behave like states. The idea and account of privatization in this Article and the international efforts, such as the UN Report of 2004, provide ways of approaching the idea of the rule of law where multiple actors are accountable to law.[29] The approach and development of privatization in this Article, therefore, captures private actors and epistemic communities in (global) governance as accountable to the (rules of international) law, i.e., the principle of legality.[30]

The international legal system consists of diverse actors and normative eco-systems in which competition for dialogue is often focused on the more *exotic* or the *popular*. Privatization and the rule of law fall into these two categories and their dynamics can only survive where there is a convergence of their internal message and practical application (or perhaps appreciation). Naturally, those versed in the debate on global legal norms will favour the popular — the rule of law, while those with a sense of curiosity might pose further questions on the exotic — privatization. Naturally, there are distinctions to be made between the two, but at the same time, there are some concrete questions that must be asked to determine their legal worth for the international legal system. Given that a debate on the rule of law can be as exhaustive as trying to negotiate if the egg or the chicken came first in the UNGA, we must focus our attention to understand the concept of privatization in broader context of the narratives below and how the concept fits into the dialogue on the rule of law. So, in a Hartian sense, we can

27. *See* Petersmann, *supra* note 26.

28. U.N. Secretary General, *The Rule of Law and Transitional Justice in Conflict and Post-Conflict Societies: Report to the Security Council*, ¶ 6, U.N. Doc. S/2004/616 (Aug. 23, 2004); *accord.* G.A. Res. 61/39, The Rule of Law at the National and International Level (Dec. 18, 2006).

29. *The Rule of Law and Transitional Justice in Conflict and Post-Conflict Societies: Report to the Security Council*, *supra* note 28, ¶ 6.

30. *See generally* Morris, *supra* note 17 (developing and discussing the idea and notion of privatization more broadly).

explore further privatization as part of the normative standards in the international legal system where the notion of *rule* requires how much we also are able to view the international legal system from the "governance of rules" when considering the meaning of *the rule of law*.[31]

A. The Extraterritorial Jurisdiction of Private Trademark Law

The link between trademark law and extraterritoriality, has been and remains a complex issue. At its heart, is the question of jurisdiction, or, to put it another way, to what extent can the trademark law of a nation state be applied to the private activities conducted in another nation for alleged trademark infringement? Can the nation of United Apologia assert jurisdiction over the Republic of Utopia in private regulatory matters, and what is the role of international law in such circumstances?

The issue of the extraterritoriality of trademark law often arises in U.S. trademark infringement cases, and recently, a federal court found that a Canadian grocery store that operated under the name Pirate Joe infringed the eponymous U.S. supermarket chain Trader Joe's trademark and goods.[32] That court, with a degree of caution, observed that there was a need "to avoid unreasonable interference with other nations' sovereign authority where possible[,]"[33] but also affirmed the extraterritorial reach of the Lanham Act.[34] It was not the first time the courts in the United States have affirmed the extraterritorial reach of the Lanham Act, as the Supreme Court has done so in *Steele v. Bulova Watch Co.*[35]

The extraterritorial doctrine has fascinated legal scholars over the decades and continues to perplex the mind.[36] One can reasonably argue that the extraterritorial application of US trademark law supports the claim that the privatization of international law is a natural occurrence. This is because the

31. Sean Coyle, *Positivism, Idealism and the Rule of Law*, 26 OXFORD J. L. STUD. 257, 259 (2009).

32. Trader Joe's Co. v. Hallatt, 835 F. 3d 960, 977–78 (9th Cir. 2016).

33. *Id.* at 972 (quoting RJR Nabisco, Inc. v. Eur. Comm., 136 S. Ct. 2090, 2106–07 (2016)).

34. *Id.*

35. 344 U.S. 280 (1952).

36. *See, e.g.*, William Luney, *Trademarks — Extraterritorial Application of the Lanham Act*, 55 MICH. L. REV. 887 (1957); Paul Garner, *Extraterritorial Application of the Trademark Laws of the United States*, 4 HARV. INTERNAL L. CLUB J. 48 (1962); Joshua Clowers, *On International Trademark and the Internet: The Lanham Act's Long Arm*, 13 RICH. J.L. & TECH. 1 (2006); Dariush Keyhani, Bulova *Wrongly Decided: A Case Against Extraterritoriality of Trademark Law*, 7 CHI.-KENT J. INTELL. PROP. 33 (2007); Xuan-Thao N. Ngyuyen, *The Digital Trademark Right: A Troubling New Extraterritorial Reach of United States Law*, 81 N.C. L. REV. 483 (2003).

extraterritorial reach relates to private conduct and questions on the interaction of public international law and international private law *vis-à-vis* trademark law. In addition, the new system of global law where private economic actors are more aggressive in terms of regulatory expansion have pursued the *rule of law* to the full extent to protect their private rights — and the state has been the major toolkit in that endeavour to reflect globalization, extraterritoriality, and international trademark norms.[37]

But, despite how perplexing it might be, whether a nation state can apply its laws extraterritorially, for intellectual property rights matters a lot, and the *Trader Joe's* court said that the Lanham Act applied to the infringer's extraterritorial conduct in Canada:

> We resolve two questions to decide whether the Lanham Act reaches Hallatt's allegedly infringing conduct, much of which occurred in Canada: First, is the extraterritorial application of the Lanham Act an issue that implicates federal courts' subject-matter jurisdiction? Second, did Trader Joe's allege that Hallatt's conduct impacted American commerce in a manner sufficient to invoke the Lanham Act's protections? Because we answer "no" to the first question but "yes" to the second, we reverse the district court's dismissal of the federal claims and remand for further proceedings.[38]

Although on the one hand, the court applied U.S. law extraterritorially, on the other hand, the court said that reasonable steps should be taken as to not interfere in the sovereign authority of Canada.[39] It is this duelling approach that further complicates what was already an *invalid question* under the realm of international law. However, U.S. trademark law has provisions that

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37. *See, e.g.*, Curtis A. Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 VA. J. INT'L L. 505 (1997); Morris, *From Territorial to Universal*, *supra* note 4; Graeme Dinwoodie, *Trademarks and Territory: Detaching Trademark Law from the Nation-State*, 41 HOUS. L. REV. 885 (2004); Dan Burk, *Trademark Doctrines for Global Electronic Commerce*, 49 S.C. L. REV. 695 (1998); Marshall Leaffer, *The New World of International Trademark Law*, 2 MARQ. INTELL. PROP. L. REV. 1 (1998); Paul Berman, *From International Law to Globalization*, 43 COLUM. J. TRANSNAT'L L. 485 (2005); Graeme Dinwoodie, *Developing a Private International Intellectual Property Law: The Demise of Territoriality*, 51 WM. & MARY L. REV. 711 (2009); Shontavia Johnson, *Trademark Territoriality in Cyberspace: An Internet Framework for Common-Law Trademarks*, 29 BERKELEY TECH. L.J. 1253 (2014); James Darnton, *The Coming of Age of the Global Trademark: The Effect of TRIPS on the Well-Know Marks Exception to the Principle of Territoriality*, 20 MICH. STATE INT'L L. REV. 11 (2011).

38. *Trader Joe's Co.*, 835 F.3d at 966.

39. *Id.* at 972–73 (describing the factors used in evaluating whether to apply U.S. law extraterritorially).

broadly cover *commerce* and that have in the past been applied extraterritorially, thus, the *Trader Joe's* court rationalized:

> We determine whether any statute, including the Lanham Act, reaches foreign conduct by applying a two-step framework. At step one we ask "whether the statute gives a clear, affirmative indication that it applies extraterritorially." The Supreme Court settled this question with regard to the Lanham Act when it held that the Act's "use in commerce" element and broad definition of "commerce" clearly indicate Congress's intent that the Act should apply extraterritorially. Where, as here, Congress intended a statute to apply extraterritorially, we proceed to step two and consider "the limits Congress has (or has not) imposed on the statute's foreign application."[40]

One of the court's most interesting reasonings, for my purposes, has to do with the doctrine of international comity, and how the court construed its reasoning as to whether alleged infringing activities in Canada had any impact of *commerce* in the United States that warranted the application of the Lanham Act.[41]

Thus, after a lengthy analysis of the *Timberlane* doctrine (where the Federal court set out three steps to fulfill in order to warrant the application of the Lanham Act as either a merits question or jurisdictional one)[42] — the court stated that Trader Joe's, met "*Timberlane* prongs one and two, at least at this early stage of the proceedings."[43] However, it was the third criteria of *Timberlane* that the court would use to assess international comity[44] and cautiously explain that due to the doctrine of international comity, unreasonable interference in other nations' sovereignty must be avoided as much as possible. But, it was only a cautious statement, as the *Trader Joe's* court then set out seven factors that should also be taken into consideration

40. *Id.* at 966 (internal citations omitted).

41. *Id.* at 972–74.

42. *Id.* at 969; *see also Timberlane Lumber Co. v. Bank of America National Trust & Savings Association*, 549 F.2d 597 (9th Cir. 1976). The Timberlane test provides for the extraterritoriality of the Lanham Act providing that: "(1) the alleged violations . . . create some effect on American foreign commerce; (2) the effect [is] sufficiently great to present a cognizable injury to the plaintiffs under the Lanham Act; and (3) the interests of and links to American foreign commerce [are] sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority." *Trader Joe's Co.*, 835 F.3d at 969 (citing Love v. Associated Newspapers, Ltd., 611 F.3d, 613 (9th Cir. 2010)).

43. *Id.* at 972.

44. *Id.*

when applying the third test of *Timberlane*.[45] The court then ruled that, the third test of *Timberlane* was also met, and therefore, justified the extraterritoriality of the Lanham Act.

What we've seen from the *Trader Joe's* court is that the court is comfortable "wearing two hats"[46] — one, as the guardian of American domestic law, that is the Lanham Act, and the other hat, as the "peacemaker," relating to how far it can stretch the boundaries of international law in relation to the extraterritorial application of the Lanham Act in a sovereign country.

The court's particular ease, albeit cautious, discussion on the exercise of jurisdiction of the Lanham Act, that is to apply it extraterritorially, comes from both previous applications of international private law instruments such as the Sherman Antitrust Act and the Lanham Act.[47] It is through the application of international private law instruments in which extraterritorially raises more questions as to how public international law *should* or *can* respond. For scholars such as Kratochwil, there is no reason why public international law should not permit extraterritorial application of domestic law:

> As public international law permits concurrent jurisdiction (e.g., over nationals abroad) and also, according to the "protective principle," the exercise of jurisdictional power whenever conduct abroad has foreseeable and direct effects on the domestic order, courts must utilize "conflict-of-law" rules. The principle of international "comity" is likewise often invoked in order to reach a decision as to which of the (conflicting) national norms shall be the governing one.[48]

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45. *Id.* at 972–73 ("(1) the degree of conflict with foreign law or policy, (2) the nationality or allegiance of the parties and the locations or principal places of business of corporations, (3) the extent to which enforcement by either state can be expected to achieve compliance, (3) the relative significance of effects on the United States as compared with those elsewhere, (5) the extent to which there is explicit purpose to harm or affect American commerce, (6) the foreseeability of such effect, and (7) the relative importance to the violations charged of conduct within the United States as compared with conduct abroad.").

46. *See* Friedrich Kratochwil, *The Role of Domestic Courts as Agencies of the International Legal Order*, in INTERNATIONAL LAW: A CONTEMPORARY PERSPECTIVE 247 (Richard Falk, Friedrich Kratochwil & Saul Mendlovitz eds., 1985) (explaining that the duality of "wearing two-hats" refers to "institutions of the domestic as well as the international order").

47. *Cf. id.* at 248 (quoting Judge Learned Hand's holding in *United States v. Aluminum Co. of America*, 148 F.2d 416, 433 (2d Cir. 1945), that "any state may impose liabilities, even upon persons not within its allegiance, for conduct outside its borders that has consequences within its borders which the state reprehends").

48. *Id.* at 247–48.

If the *Trader Joe's* decision is an indication that *territorial trademark law* has extraterritorial effect, then it is clear that the *winners* are private rights holders, who can invoke domestic trademark law for infringing activities in a globalized world.

But the broader picture is that there is an emerging pattern on how the private rights of economic actors, backed by the rules of international private law, are diluting the operations of public international law. The private regulatory laws on trademarks enforce legal relationships within territorial borders, and their ability to also enforce private conduct in a sovereign state reclassify how to deal with public international law on the relations of states when they are somehow in conflict.

But such a reclassification may be too optimistic at this stage, and what is actually taking place during convergence in a conflict situation is that both international private law and the public international law systems are one and the same — and no proper distinction can be made. Yet, clearly in contemporary times, where extraterritoriality of domestic laws represents acceptable behavior, "the concerns, the actors, and the process of 'public' international law have been expanded — 'privatized'"[49] and it is this privatization, that represents a new convergence of epistemic communities and investor-state disputes reality of what is *international law*.

B. Intellectual Property Investment Function

Some of the major investment decisions in recent years such as, *Philip Morris v. Australia*[50], *Phillip Morris v. Uruguay*[51], and *Eli Lilly v. Canada*[52] involve the investment function of intellectual property rights such as trademark protection and patent rights. The WTO Panel ruling in the Australia plain packaging dispute, suggest that there is a construction or emergence of a new global judicial order that takes into account the

49. Ralph G. Steinhardt, *The Privatization of Public Law*, 25 GEO. WASH. J. INT'L L. & ECON. Econ 523, 544 (1991); *see* Morris, *From Territorial to Universal*, *supra* note 4, at 77–81 (discussing extraterritoriality and trademark law as part of the privatization of international law). *See generally* GUNTHER HANDL ET AL., BEYOND TERRITORIALITY: TRANSNATIONAL LEGAL AUTHORITY IN AN AGE OF GLOBALIZATION (2012).

[50] *See* Philip Morris Asia Ltd. v. Commonwealth of Australia, PCA Case Repository No. 2012-12 (Perm. Ct. Arb. 2012)

[51] *See* Philip Morris Brand Sàrl v. Republic of Uruguay, ICSID Case No. ARB/10/7 (2010).

[52] *See* Eli Lilly & Co. v. Government of Canada, ICSID Case No. UNCT/14/2 (2012).

international legalization of intellectual property rights.[53]

One of the questions that arise from these judicial developments of intellectual property rights in global tribunals is how to frame the correlation between intellectual property rights and investment. In this Section, I argue that such correlation fits into the narrative on the privatization of international law, or, to put it another way, the essence of global intellectual property rights is to function as an investment under international law. For the purposes of such investment, international investment agreements and other *like treaties* are one limb of the international legal structure in which the investment function can be deduced.

Another limb is, how such agreements are interpreted in international tribunals, such as ISDS tribunals, the WTO Dispute Settlement Body ("DSB"), or the International Court of Justice ("ICJ"). These limbs or different structures of the international legal system serve as the ultimate determinants on the investment function of intellectual property rights. Not only do intellectual property rights and investment protection overlap at the international level,[54] they also both seek to enhance how private economic rights are *distributed* on a global reach and for the *rule* of international law to provide protection for *such* distribution. But despite the existence of an investment function of intellectual property in the international legal system — its justification can be compared to that of the *social function of law*[55] —

53. *See* Panel Report, *Australia—Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging*, WTO Doc. WT/DS467/1/R (June 28, 28 June 2018) [hereinafter Plain Packaging Panel Report]; Tania Voon, *Acquisition of Intellectual Property Rights: Australia's Plain Tobacco Packaging Dispute*, 35 EUR. INTELL. PROP. REV. 113 (2013); Jonathan Griffiths, *"On the Back of a Cigarette Packet": Standardised Packaging Legislation and the Tobacco Industry's Fundamental Right to (Intellectual) Property*, 2015 INTELL. PROP. Q. 343;. *But see* Andrew Lang, *The Role of the International Court of Justice in a Context of Fragmentation*, 62 INT'L & COMPAR. L.Q. 777, 806 (discussing how the ICJ could develop a "toolbox" to intervene in the maize on plain-packing and international legal contestations).

54. *See* Susy Frankel, *Interpreting the Overlap of International Investment and Intellectual Property Law*, 19 J. INT'L ECON. L. 121 (2016) (analyzing how to address intellectual property and investment at the international level).

55. The literature on jurisprudence extrapolates the social function of law; however, some of the works consulted during the writing of this section — or rather, to emphasise the point on the social function of law, see Roscoe Pound, *Legislation as a Social Function*, 18 AM. J. SOCIO. 755 (1913); Hans Kelsen, *The Law as a Specific Social Technique*, 9 U. CHI. L. REV. 75 (1941); Edward Rogers, *The Lanham Act and the Social Function of Trademarks*, 14 L. & CONTEMP. PROB. 173 (1949); Glanville Williams, *The Aims of the Law of Tort*, 4 CURRENT LEGAL PROBS. 137 (1951); David Funk, *Major Functions of Law in Modern Society*, 23 CASE W.L. REV. 257 (1972); D. J. GALLIGAN, LAW IN MODERN SOCIETY (2007).

or the Hartian[56] use of *function* in relation to legal rules.[57]

What makes the proposition of intellectual property investment function attractive is that the modern protection of intellectual property rights and the rise of international investment agreements and *like-treaties* in the global legal system has created both "law-making operations"[58] of epistemic communities in unison with the state. The law-making operations are, in turn, interpreted by private-like judicial bodies under a system of investor-state dispute settlement. The result of these judicial activities in the global system is that they've become the center of the international legal system and thereby creates a *social function* in addition to their *legal functions*.

Thus, both the mixture of social and legal functions of the law-making operations of epistemic communities and interpretation of intellectual property provisions under international investment treaties reflects rules as both having a social function and "rules of adjudication".[59] Moreover, a social function approach to develop the investment function of intellectual property may absolves the state of any responsibilities for private actors' activities in international legal relations, where there exists "primary and secondary rules."[60] Therefore, in the context where law-making operations of international treaties involves private actors, their existence, and interpreting such treaties via *quasi* private tribunals such as *ad hoc* investor-state dispute settlement elevates the social and legal functions. Moreover, the emerging functional standards would suggest that states have no responsibility of private activities within international law.

The best, although not conclusive definition of social function that I can propose — so that it fits my broader approach to *investment function* — is that a social function arises as a result of societal advancement and other social goals in the aims of innovation and the realization of rules for intellectual property rights. This is a flexible description that can allow various maneuvers at interpretation and analysis of the international legal structure of intellectual property and investment.

Although this definition of social function is a narrow one — to be applied

56. HART, *supra* note 7 (discussing function per legal rules are tools to help achieve social goods including the protection of property). *See generally* GALLIGAN, *supra* 53, at 68–80.

57. HART, *supra* note 7; GALLIGAN, *supra* 53, at 68–80.

58. *See* HART, *supra* note 7, at 99 (deploying this terminology).

59. *See* Note, *The Distinction Between the Normative and Formal Functions of Law in H.L.A. Hart's the Concept of Law* 65 VA. L. REV. 1359, 1379 (1979).

60. HART, *supra* note 7, at 86 (discussing the union of primary and secondary rules and that social pressure helps to bring conformity to rules but also notes "no centrally organized system of punishments for breach of the rules . . . .").

to intellectual property rights,[61] it can also be used to examine law as a social phenomenon. Furthermore, in my example, of *social*, it can be used to determine a wide array of instrumental means and activities that are relevant to different actors in the international system. For instance, the social aims of the state can be associated with my use of *social*, as, the social activities and aims of the private entities active in the international economic system. Thus, whether my definition of social function is appropriate or not, it helps to determine how to accurately portray *function* as a form of *utilitarian activity* where the merchants of global commerce seek the rule of law within a public choice space.[62]

In explaining the meaning of certain expressions, an abundance of caution is always necessary, in order not to fall into automatically pinned down static interpretations that may prove difficult to abandon in light of new developments or alternative views. It is that same caution that I am using, in framing what *function* actually means in my quest to paint a picture of the investment function of intellectual property.

The global community of intellectual property players include the coalition of epistemic communities, the state and occasionally tribunals. All the actors have different functions to perform, and thus, a conception of *function* that includes all their activities would not be ideal. Nor, would a conception of function that ultimately relies only on *all* international legal rules that coordinates the scope and protection of economic activities. Thus, I am therefore left to frame *function* in a different paradigm.

Therefore, to construe a conception of function, we must see intellectual property rights as, to quote Dworkin, "sufficiently complex and structured"[63] utilitarian activities exercised by private rights owners, or, what I prefer to

61. What I have in mind here, is that the treatment of social function should be seen in the light of how intellectual property rights are used as, what Pound refers to in a different context, the "preservation of the rights of private property" as a fundamental object of the law. Pound, *supra* note 55, at 760; *see also* Rogers *supra* note 54; CATERINA SGANGA, PROPERTIZING EUROPEAN COPYRIGHT: HISTORY, CHALLENGES AND OPPORTUNITIES 191–232 (2018); Christophe Geiger, *The Social Function of Intellectual Property Rights, Or How Ethics Can Influence the Shape and Use of IP Law*, *in* INTELLECTUAL PROPERTY LAW: METHODS AND PERSPECTIVES (Graeme B. Dinwoodie ed., 2013).

62. My usage of utilitarian *activities* in this section mainly alludes to the utilitarian theory on the justifications of intellectual property rights as a form of social good. For general readings on the utilitarian doctrine, see, for example, Russel Hardin, *The Utilitarian Logic of Liberalism,* 97 ETHICS 47 (1986); JAMES WOOD BAILEY, UTILITARIANISM, INSTITUTIONS, AND JUSTICE (1997); FREDERIK ROSEN, CLASSICAL UTILITARIANISM FROM HUME TO MILL (2003).

63. Ronald Dworkin, *My Reply to Stanley Fish: Please Don't Talk About Objectivity Any More*, *in* THE POLITICS OF INTERPRETATION 287, 293 (W.J.T. Mitchell ed., 1983).

call the merchants of global commerce. To pursue their global utilitarian activities, the merchants of global commerce are also active norm makers in the international legal system that regulates their utilitarian activities. In other words, there is a "functional essence"[64] of normative rules that emerges from the utilitarian activities in intellectual property. And, in this regard, a part of utilitarian activities give rise to norms, and where such norms lead to the global rule of law — then *law* as such, must be seen, as serving "the goals of liberty . . ., equality . . ., substantive fairness . . ., procedural fairness . . ., [and] utility . . . ."[65] It is difficult to deny that the global system of intellectual property rights doesn't reflect economic activities in a liberal fashion, and at the same time endorses the utilitarian approach of economic rights. Hence, the prototype of the culture of privatization of international law can also be found in these global economic situations.

But, by keeping in mind these definitions of social function and the idea of *utilitarian conception of function*, further discussions should help to illuminate the issues raised in this Article, rather than providing a complete satisfactory result. In order to ascertain the proper intellectual property investment function, I examine two types of relationships: the first being the union of *rights* and *property* (to include intellectual property rights) by examining how HLA Hart developed his own arguments. Secondly, I am concerned with what the tribunals can tell us about the concept of *investment function* proposed in this Article. And in this latter, I am interested in the interaction of both intellectual property rights and the concept of investment as a function that privatize international law by keeping stability and legal certainty in the global economic order. These arguments are explored in the next sections below and then linking the explosion of intellectual property investments in international treaties. This latter, being the *lex cosmopolis* paradigm.

III. HART: (INTELLECTUAL) PROPERTY FUNCTIONS AND THE GLOBALIZING OF "RIGHTS"

I want to turn to Hart and his *Concept of Law* to support my proposition on intellectual property investment function as constituting part of the culture of privatization of international law.[66] It might be somehow safe to turn to established legal thought to aid and abet such a proposition and to help situate the arguments and complexities that I discuss throughout the Article.

64. Michael S. Moore, *The Interpretive Turn in Modern Theory: A Turn for the Worse?,* 41 STAN. L. REV. 871, 887 (1989).

65. *Id.*; *see also* ANDREI MARMOR, INTERPRETATION AND LEGAL THEORY 74 (2d ed. 2005) (discussing Dworkin and Moore's take on the law).

66. *See* HART, *supra* note 7.

I should also point out, that another reason for selecting Hart, to support my arguments, is that Hart, when read in its proper context, is also about private law ("property"). In this regard, Hart provides a good point of departure *back to basics* and contextualizes, what I hope, is a compelling argument, on the private economic *property* function in intellectual property. Moreover, one can further argue that the globalization of rights when seen as part of the privatization culture of international law allows additional insights into the nexus between private property rights and rules of international law.

Hart, in his now classic work, has argued, among other things, that primary and secondary rules have both distinctive elements and can be unified.[67] For Hart, the existence of "primary rules of obligations" can be supplanted "by further secondary rules."[68] Although, there are endless interpretations of Hart's primary and secondary rules *vis-a-vis* obligations, let me quote him directly, to offer my own contextual view. Hart writes:

> Under the simple regime of primary rules the internal point of view is manifested in its simplest form, in the use of those rules as the basis of criticism, and as the justification of demands for conformity, social pressure, and punishment. . . . With the addition to the system of secondary rules, the range of what is said and done from the internal point of view is much extended and diversified. With this extension comes a whole set of new concepts and they demand a reference to the internal point of view for their analysis.[69]

Now, there is a lot to be taken in from the above passage alone, and this brings me to my main question — as per this section — *what does Hart have to do with intellectual property rights*?

Indirectly, Hart's connection to intellectual property rights can be determined in part, firstly, by his treatment of "property" and "rights," and secondly, an "internal" point of view for global intellectual property rights. I am more concerned with the "internal point of view"[70] argument, the broad

67. *Id.* at 99 (noting "the union of primary and secondary rules is at the centre of a legal system)."

68. *Id.* at 97.

69. *Id*. at 98.

70. This has been eloquently explained by one academic in the following: "The internal point of view is the practical attitude of rule acceptance — it does not imply that people who accept the rules accept their moral legitimacy, only that that there are disposed to guide and evaluate conduct in accordance with the rules." Scott Shapiro, *What is the Internal Point of View?*, 75 FORDHAM L. REV. 1157, 1157 (2006).

arguments of "property", and I want to link, the *internalization* argument to intellectual property rights. There are few literature resources that I came across during the writing of this Section that explicitly connects Hart to intellectual property rights.[71]

Given that Hart also explains his primary and secondary rules as "the justification of demands for conformity," this argument can be applied to intellectual property rights as investments, or at least to justify intellectual property investments.[72] Given that Hart actively promoted the idea that "obligations" derive as a result of the laws' ability to influence behaviour (in individuals) — one can deduce that different *rule systems* such as trademark law, patent laws, or copyright laws — comprise an internal viewpoint (*internalization*)[73] as obligations given that they are seen as *law*.

Intellectual property rules impose obligations (on individuals): an obligation not to infringe, counterfeit, etc., and the obligation that an investment under treaties is also of an intellectual property nature. The consequences of breaking these obligations are sanctions (such as heavy financial fines) such as when a U.S. court awarded Apple a substantial sum due to patent infringement by rival Samsung Electronics.[74] The other, in the context of the investment function of intellectual property, is a financial award through an ISDS tribunal.

But for Hart, the internal point of view of the law should not merely be seen from sanctions[75] only, but rather from *the internal point of view*. Let's, for the sake of illustration, go back to the *Apple Inc. v. Samsung Electronics Co.*[76] case to look at the significant players and extrapolate the Hartian internal point of view.

Both Apple and Samsung are major global players in the electronics industry and both firms are the owners of thousands of intellectual property rights such as patents and trademarks. Equally, given that both firms pass on their products to consumers — who, for my purposes, comprise a social group — naturally, it is quite possible that this social group may either be

71. *But see* XAVIER SEUBA, THE GLOBAL REGIME FOR THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS 16 (2017).

72. HART, *supra* note 57, at 98.

73. *See id.*

74. Apple Inc. v. Samsung Electronics Co., 888 F. Supp. 2d 976 (N.D. Cal. 2012).

75. For a rebuttal to Hart's view that legal obligations can exist even without sanctions through the "gunman situation," see Danny Priel, *Sanction and Obligation in Hart's Theory of Law*, 21 RATIO JURIS 404 (2008). For a general analysis of Hart, of which there are many, see, e.g., Mehrdad Payandeh, *The Concept of International Law in the Jurisprudence of H.L.A. Hart*, 21 EUR, J. INT'L L. 967 (2011).

76. 888 F. Supp. 2d 976 (N.D. Cal. 2012).

confused by the "similarity," "design," "functional elements," and/or aspects of a Samsung product, to an Apple product — which intellectual property laws exists to protect.[77]

At the same time, there is also an obligation on Samsung not to infringe the patents of its rivals as guaranteed under the rules of patent protection. Thus, if infringement on the part of Samsung forms a pattern, then inevitably, (1) consumers as a social group will come to realize that Samsung often employs a particular conduct, and (2) Samsung does not accept the patent rules as they are, therefore finding it acceptable to engage in infringing behavior.[78] The point of this argument (hopefully clear) is that from a Hartian perspective — an internal point of view signifies certain normative conduct (the consumers who accept the patent rules) and the infringers who also accept the rules (after a judicially imposed duty to do so).

But Hart is perhaps better equipped to explain what he actually meant by internal point of view:

> When a social group has certain rules of conduct, this fact affords an opportunity for many closely related yet different kinds of assertion; for it is possible to be concerned with the rules, either merely as an observer who does not himself accept them, or as a member of the group which accepts them and uses them as guides to conduct. We may call these respectively the "external" and the "internal points of view."[79]

Hart further explains that the acceptance of rules also depends on multiple factors such as "the calculations of long-term self-interest"[80] and therefore, can be influenced by standard of conduct.[81] Of course, standard of conduct varies from social groups or individuals — and what the actual determinants of their conduct are cannot be explained only from legal theory. A good example is perhaps the widespread use of intellectual property infringement mechanisms over the internet by various "social groups," i.e., individuals of different calibers or organizations and states that engage in intellectual property theft.[82] But that argument is not for here.

But let me ask, given that we are talking about intellectual property as an investment function, or at least, I am trying to make that argument: is there

77. *Id*.

78. *Id*. (claiming that Samsung infringed Apple's patents).

79. *See* HART, *supra* note 55, at 89.

80. *Id.* at 203; *see also* Shapiro, *supra* note 72, at 1162.

81. Shapiro, *supra* note 72, at 1162.

82. As a social group — the partially defunct piraratebay.com comes to mind, but classic case include, A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004 (2001).

a possible unison between intellectual property rules and investment rules and how are they distinguished, when confronted as "investments" in international tribunals? Again, where does Hart come in?

Here we must look at the private legal structure of international investment agreements. By private legal structure I am referring to the fact that (1) intellectual property imply private rights regulated by private law, (2) international investments are carried out by private economic entities under international treaties, and (3) disputes are adjudicated by "hybrid" tribunals for private investors against the state.

What is at the center of private legal structure are "rules," and as Hart develops, "whatever the rules are"[83] they impose obligations and confer some form of "power-sharing." And in the context of primary and secondary rules, Hart notes: "Rules of the first type impose duties; rules of the second type *confer powers, public or private* . . . [and lead] to the creation or variation of duties or obligations."[84] Hart's style of argumentation is simple, often non-technical, and can also be misunderstood.

Assuming that I am correctly interpreting Hart, arguably then, Hart's variations of duties or obligations that emanate from the law also point to a concept of *function* (as I framed it earlier) and hence, intellectual property law and investment law functions in a general way that Hart sees as obligation-imposing. Moreover, given Hart's description of "power-conferring" as a form of public-private hybrid legal system where private actors benefits from "the course of the law within the sphere of his contracts" there is some comfort in the notion of intellectual property investment as a form of dynamic legal structure.[85]

The point is, as Hart argues, law functions in "society as the invention of the wheel"[86] and to exclude intellectual property law or investment law from this invention would be counterintuitive. Given that for Hart, rules operate with "purposive activities"[87] and hence contain different functions, whether normative, social, coercive or obligations-imposing,[88] then the hybridity of private-public law is no different.

From this perspective then, we have to (1) look at intellectual property investments and their treatment by *hybrid* tribunals as some form of power-

83. HART, *supra* note 57, at 89.

84. *Id*. at 81 (emphasis added).

85. *Id*. at 41.

86. *Id.* at 42.

87. *Id.* at 41.

88. *See also* John Finnis & H.L.A. Hart, *A Twentieth-Century Oxford Political Philosopher*, 54 AM. J. JURIS. 161, 165–66 (2009).

sharing for dissecting international rules between the state and private actors, and (2) the broader implications on the globalization of "rights" to include those of intellectual property. The first I will examine in more detail in the next sub-section, but now, I want to examine globalization of rights in the Hartian context. These two observations are one way of interpreting what Hart meant by conferring "powers, public or private."[89]

The significance of Hart's analysis of "rights" is also important as it also directly relates to another diagnosis by Hart — *international law* — and as such, I can now attempt to frame Hart from the context of intellectual property to the globalization of rights in the rest of the discussion here.

Let me be subjective, and illustrate from a single quotation from Hart, to capture his meaning of "rights" in the context of the private rules, as I understand it. Hart's treatment of rights is complex and varied, so there is no point in trying to elucidate "rights" in its entirety from the Hartian perspective. Hart develops a theory of legal rights that emanates from how the legislator-imposed rights: "Legislation is an exercise of legal powers 'operative' or effective in creating legal rights and duties," Hart writes.[90] Now, we must interpret this Hartian conception of legal rights as having a legislative imposing (obligatory) function where it concerns law.

Hart, again, in simple and clear language explains the purpose of the law as to exclude optional human conduct: "The most prominent general feature of law at all times and places is that its existence means that certain kinds of human conduct are no longer optional, but in *some* sense obligatory."[91]

What Hart is really aiming for is that law, in particular, private law, is separate from any form of morality, and no better place can this separation be found than in the all-imposing ways of private law. Thus, Hart observes of contracts, wills, and property:

> Without such private power-conferring rules society would lack some of the chief amenities which law confers upon it. For the operations which these rules make possible are the making of wills, contracts, transfers of property, and many other voluntarily created structures of rights and duties

89. HART, *supra* note 7, at 81. For a similar view in relation to copyrights, see Shyamkrishna Balganesh, *The Obligatory Structure of Copyright Law: Unbundling the Wrong of Copying*, 125 HARV. L. REV. 1664, 1671 (2012); *see also* Jeremy Waldron, *From Authors to Copiers: Individual Rights and Social Values in Intellectual Property*, 68 CHI.-KENT L. REV. 841, 843 n.5 (1992) (quoting Hart, on "liberty-rights and their protective perimeter[,]" an argument that I believe firmly captures the utilitarian justification of intellectual property rights).

90. HART, *supra* note 7, at 31.

91. *Id.* at 6 (emphasis added).

which typify life under law.[92]

Hart argues, in essence, that legal rights, in property for example, are legally significant and the law provides for a relationship that is a form of legal right-duty.[93] In other words, rights and duties are similar to conjoined twins and in international intellectual property and the investment rule system — a *legal-duty right* exists to be exercised as an obligation.

Thus, in a sense, the Hartian conception of rights, or at least how I tried to interpret it in this Section of this Article, is that it allows for a utilitarian justification of intellectual property rights to flourish. When this interpretation is viewed from a utilitarianism perspective, such as, in the Bentham tradition, as the law creating legal relations (granting) of private property rights to economic actors and individuals with the aim of promoting welfare in society (and the global economy), the *legal-right duties* in international private law provide for the other laws to flourish, where such laws can aid global economic commerce.[94]

The last point to consider is Hart's approach to international law and how it relates to the global system of rules in intellectual property and investments. Hart famously asked whether "international law is really law" and posited that in "the absence of an international legislature, courts with compulsory jurisdiction, and centrally organized sanctions have inspired misgivings . . . ."[95] The modern international intellectual property rights system and of the international investment agreements are without a doubt a legal system. However, given that their origins lie with private epistemic forces, from a theoretical point of view, then, whether they are really "law" is always up for debate.[96] I use a rules-based system here to conjecture the thought that the form and content of law is better explained from international private laws. Certainly, the international intellectual property rights system via the TRIPs Agreement enjoys the WTO DSB as a court that can enforce its rules, and similarly, the rise of arbitral tribunals in

92. *Id.* at 96.

93. For a similar argument, but in a different context, not relating to Hart, see R.B. Grantham & C.E.F. Rickett, *Property Rights as a Legally Significant Event*, 62 CAMBRIDGE L.J. 717, 719 (2003).

94. For corresponding views, see Waldron, *supra* note 87; Richard Armitage, *Globalizing Jeremy Bentham*, 32 HIST. POL. THOUGHT 63 (2011); Jennifer Pitts, *Legislator of the World? A Rereading of Bentham on Colonies*, 31 POL. THEORY 200 (2003); Philip Schofield, *Jeremy Bentham and HLA Hart's Utilitarian Tradition in Jurisprudence*, 1 JURIS. 147 (2010).

95. HART, *supra* note 7, at 214.

96. The international intellectual property system in this context originated from the Vienna Patent Congress of 1873. *See* EDITH TILTON PENROSE, THE ECONOMICS OF THE INTERNATIONAL PATENT SYSTEM 46 (1951).

international investment agreements have also contributed to a growing sense that some form of "enforceability" of the international law of intellectual property rights and investments have reduced the misgivings about international law.

Given that it is rather difficult to interpret which side of the fence Hart is on regarding the existence of international law, or more correctly, is it *really* law, let me propose that, for the purposes of the modern international intellectual property system and the new wave development in international investment law, that a combination of these two fields *makes* them *international law*. For the sake of brevity let's call that combination *regulatory international law*.

By moving away from Hart's misgivings on international law to that of regulatory international law that concerns private actions in the global economy, then, similar to say, *sovereignty* — regulatory international law is a system of construction of rules necessary for the globalizing nature of private rights.[97] Thus, unlike Hart, who is rather ambiguous on sovereignty, regulatory international law takes the form of both the normative rules and the rules for private rights that are specifically set out in treaties relating to intellectual property and/or investment. Those treaties acknowledge the importance of private rights not as municipal related issues only (domestic private law), but also their significance beyond the State to that of the global economy.

In this regard, regulatory international law also leads to conformity in the international system so that "private interests" can realize their "obligations or duties" within the rules-based system of regulatory international law. This is a point that Hart seems to appreciate.[98] Thus, the point of my proposition on the *existence* of regulatory international law is that (as combined) (1) regulatory international law demonstrates how changes in legal relations at the global level have occurred as a result of economic activities driven by private rights holders, and (2) the target of regulation — intellectual property rights and (contractual rights) in international investment agreements are two important mechanisms of the international order that necessarily provide part of the answer that international law *is* really law. In other words, regulatory international law is unique, as it forms part of the "needs" of the international

97. For Hart's depiction of sovereignty, see *id*. at 223–24 (noting, for instance, that there is "no way of knowing what sovereignty states have, till we know what the forms of international law are . . . .").

98. HART, *supra* note 7, at 218 ("It is true that not all rules give rise to obligations or duties; and it is also true that the rules which do so generally call for some sacrifice of private interests, and are generally supported by serious demands for conformity and insistent criticism of deviations.").

system (a society), where it at least, goes beyond "minimum forms" to actual "indispensable features" of law in the global society.[99]

Thus, the real value of regulatory international law from the Hartian perspective for globalizing of private property rights is that it provides the legal "minimum forms of protection for . . . property [rights]"[100] as a need of the international community (or society) to say "[i]f you wish to do this, this is the way to do it . . . ."[101] As such, we must view the system of "public international law" as lacking the uniformity to regulate private rights. On the other hand, we must also view "international private law" as a system that contains the principles for private rights in the global economic system, and its *validity* to determine how public international law is privatized.[102]

This exercise, into the Hartian conception of functions, primary and secondary rules, internal point of view (of the law), power-sharing nature of (private rules) — and the linkage to intellectual property law, rights, and international law, is all but to affirm that modern intellectual property and investment rules in the global system are *positivist* law and therefore, have many facets including how to reinvent the wheel. Moreover, for the privatization thesis that this Article advances — the modern system of international intellectual property rules and investment rules must be seen in light of the rulemaking and norm-making capacity of private rights holders and actors (epistemic communities) of these systems; they are the ones who exercise *private power* through possession.[103]

A. "Fair and Equitable Treatment" and Plain Packaging of Intellectual

99. *Id.* at 199 (arguing that some form of description "is needed" to reflect the minimum form of international law as a rule of law system; "to convey the status of the minimum forms of protection for persons, property, and promises which are similarly indispensable features of municipal law").

100. *Id.*

101. *Id.* at 28.

102. Here I am paraphrasing an interpretation of Hart, as developed by Kingsbury and Donaldson, see Benedict Kingsbury & Megan Donaldson, *From Bilateralism to Publicness in International Law*, *in* FROM BILATERALISM TO COMMUNITY INTEREST: ESSAYS IN HONOUR OF BRUNO SIMMA 88 (Ulrich Fastenrath et al. eds., 2011) ("Hart had envisaged that, in any legal system, the rule of recognition may become a technical instrument used primarily or exclusively by the elite of officials within the system . . . ."). Thus, international private law can be seen as a technical instrument, whilst being used by those designated with private rights — private rights holders.

103. *See* HART, *supra* note 7, at 41 ("Rules conferring private powers must, if they are to be understood, be looked at from the point of view of those who exercise them. . . . [P]ossession of these legal powers makes of the private citizen, who, if there no such rules, would be a mere duty-bearer, a private legislator.").

Property Investments

Where intellectual property, and specifically trademarks have been successful, as private rights for over a century beginning with the Paris/Bern System, they have shaped the trajectory of international intellectual property law so much so that success is also leading to the demise of trademarks in the global economic system. At least, that is one way of looking at the global movement for the regulation of tobacco and plain packaging in cigarettes where trademarks are the hallmarks of identification and market niche.

In the context of international law, the plain packaging disputes decided by the WTO are important to gain further insight on how private rights collide in international law.[104] The initial complaints concerned primarily the *Tobacco Plain Packaging Act 2011* in Australia that is designed to limit the use and visibility of trademarks on tobacco products.[105] In order to do this, the Australian Plain Packaging law regulates "the retail packaging and appearance of tobacco products in order to: (a) reduce the appeal of tobacco products to consumers . . . ."[106] Those measures were challenged at the WTO, and in addition to the WTO challenge, the Permanent Court of Arbitration ("PCA") also looked into a claim that the plain packaging law in Australia constituted an expropriation of investments[107] under the *Australia*

104. *See* Panel Report, *Australia—Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging*, WTO Doc. WT/DS435/AB/R; WT/DS441/R; WT/DS458/R; WT/DS467/R (adopted June 28, 2018) [hereinafter Panel Rulings of 2018]. A series of other complaints had also been initiated at the WTO, and for context, they are also important, given that in some instances, the Panel lapsed. *See* Request for Consultations by Ukraine, *Australia—Certain Measures Concerning Trademarks and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging*, WTO Doc. WT/DS434/1 (Mar. 15, 2012). After this complaint by Ukraine, a Panel was composed on March 15, 2012 and lapsed on May 30, 2016, with a mutually agreed solution on the same day. In the Cuba complaint, the Panel circulated its report in 2018. *See* Complaint by Cuba, *Australia—Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging*, WTO Doc. WT/DS458/R (June 28, 2018). In the Indonesia complaint, the Panel also circulated its report in 2018. Panel Report, *Australia—Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging*, WTO Doc. WT/DS467/R (June 28, 2018).

105. *Tobacco Plain Packaging Act 2011* (Cth) s 3(2)(a)(i) (Austl.). ("The objects of this act are: (a) to improve public health by: (i) discouraging people from taking up smoking, or using tobacco products.") In addition to the Act, Regulations have been implemented entitled the Tobacco Plain Packaging Regulations 2011.

106. *Id.* s 3(2)(a).

107. Philip Morris Asia Ltd. (Hong Kong) v. Australia, PCA Case No. 2012-12,

— *Hong Kong BIT*.[108] In the Panel Rulings of 2018, Australia was able to demonstrate that its plain packaging laws did not breach international law.[109]

These litigations in plain packaging are important, as they can give insights into both domestic and international approaches to intellectual property regulations. At the national level, various laws regulating tobacco were enacted in countries such as Australia, Canada, Peru, Indonesia and others.[110] As a reaction to those laws, tobacco manufacturers challenged those laws in courts as well as the effect of those laws on the *dilution* of their trademarks.[111] At the international level, several arbitrations occurred regarding the investments by multinational cigarette manufacturers.[112] All these developments regarding tobacco regulation touch upon a number of issues from public health, politics, intellectual property, trademarks, investments, and international law.

One of the most important questions regarding the global regulation of tobacco, is whether this regulatory trend is one form of halting the expansion and power of private rights that are represented in intellectual property. Conversely, one may also inquire whether such development is to stop the influence and expansion of international intellectual property law. In this Section of this Article, this and other questions are examined against the backdrop of a culture of privatization that has been developed in previous papers,[113] and inquires about the extent intellectual property (trademarks) influence or shape international law as private actors.

There are three main questions addressed in this Part of this Article. The first, is to ascertain the current state of intellectual property in international investment law. The second, should intellectual property investments be assessed as fair and equitable. In that regard, parts of this section of the paper critically examine the nature of fair and equitable treatment in international

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Award on Jurisdiction and Admissibility (Dec. 17, 2015).

108. Agreement between the Government of Hong Kong and the Government of Australia for the Promotion and Protection of Investments, H.K.-Austl., Sept. 15, 1993, 1748 U.N.T.S. 385 (entered into force Oct. 15, 1993) [hereinafter H.K.-Austl. BIT].

109. Panel Rulings of 2018, *supra* note 103, at 271.

110. *See, e.g.*, *Tobacco Plain Packaging Act 2011* (Cth) (Austl.); An Act to Amend the Tobacco Act and Non-Smokers Health Act to Make Consequential Amendments to Other Acts, S.C. 2018, c 9 (Can.).

111. *See, e.g.*, British Am. Tobacco UK Ltd. v. Secretary of State for Health [2016] EWHC (Admin) 1169 (Eng.); JTI Ir. Ltd. v. Minister for Health [2015] IEHC 481 (Eng.).

112. *See, e.g.*, Philip Morris Asia Ltd. (Hong Kong) v. Austl., PCA Case No. 2012-12, Award on Jurisdiction and Admissibility (Dec. 17, 2015).

113. *See, e.g.*, Morris, *supra* note 4; P. Sean Morris, *To What Extent Do Intellectual Property Rights Drive the Nature of Private Law in the Era of Globalism?,* 28 TRANSNAT'L L. & CONTEMP. PROBS. 455 (2019).

investment law and its implication for international intellectual property law. The third question is considering plain packaging laws enacted on national levels and their impact on international law, and how to find solutions to such an impact. Thus, the primary goal in this Section of this Article is to demonstrate the culture of privatization by examining the impact of tobacco regulation on international law from the perspective of trademark law, investment, and the TRIPs Agreement.

B. On the Nature of International Investment Law in the System of Public International Law

The collision of the private nature of international law is also reflected heavily in current international investment law. International investment law,[114] like international intellectual property law, is part of the corpus of international economic law, which in turn drives public international law outside of the more *vocal realms* such as international human rights law or the law of war and peace.

In the last five decades or so, international investment law has become a significant regime in international law. The global economic and investment climate has elevated legal issues pertaining to investments deeper into the core of public international law. And in doing so, international investment law, or, broadly, international economic law, has risen to the glass ceiling of the international legal system. In that ascent, international investment law and international intellectual property law forms two of the main pillars that holds the foundation of the current system of international law. Nowadays international financial law is also rising to the upper echelons of the ceiling, but that argument is for elsewhere.

Generally, international investment law has been able to support the rise of international intellectual property law through the various intellectual property clauses and provisions that are found in investments agreements

114. While it is not prudent to go into the semantics and scope of international investment law, there is plenty of academic literature that have covered this discipline. My concern is rather one of the principle that has been at the heart of international investment law — fair and equitable treatment. For general reading on international investment law, see, e.g., IOANA TUDOR, THE FAIR AND EQUITABLE TREATMENT STANDARD IN THE INTERNATIONAL LAW OF FOREIGN INVESTMENT (2008); RAINER HOFFMAN & CHRISTIAN TAMMS, INTERNATIONAL INVESTMENT LAW AND GENERAL INTERNATIONAL LAW: FROM CLINICAL ISOLATION TO SYSTEMATIC INTEGRATION? (2011); ANDREW NEWCOMBE & LLUÍS PARADELL, LAW AND PRACTICE OF INVESTMENT TREATIES: STANDARDS OF TREATMENT (2009); ROLAND KLÄGER, 'FAIR AND EQUITABLE TREATMENT' IN INTERNATIONAL INVESTMENT LAW (2011); MARTINS PAPARINSKIS, THE INTERNATIONAL MINIMUM STANDARD AND FAIR AND EQUITABLE TREATMENT (2013).

that are governed under international investment law.[115] For one academic scholar — intellectual property issues in international investments were, at one point, likened to a sleeping giant.[116] I, however, submit that this is no longer the case, given the *Eli Lilly*[117] decision has changed the dynamics regarding the issue of intellectual property as investments.

One crucial element (or principle) of international investment law that has an impact on international intellectual property law is the notion of "fair and equitable treatment" ("FET") — a doctrine that the United States actively promoted from 1949.[118] This ubiquitous doctrine in international investment law not only presents a paradox for both international intellectual property law and international investment law, but also goes to the heart of the relationship between international private law and public international law. For private economic operators, the primary vehicle in the international legal system that is advantageous to their "investments" is international economic law as broadly defined. Yet, at the same time, international economic law is part of the state's arsenal of public international law. Hence, the paradox lies in part between the normative conflicts for both sets of laws — as they, technically address, different regulatory aims.

The rise of international investment law as a discipline is largely a result of the proliferation of global *ad hoc* investor state dispute settlement (ISDS) tribunals, which give private parties a means of recourse to litigation in disputes that normally involve private and government parties.[119] The most

115. This argument is explored in more detail below where I discuss "Lex Cosmopolis." *See infra* Section 5.D.

116. *See* Bryan Mercurio, *Awakening the Sleeping Giant: Intellectual Property Rights in International Investment Agreements*, 15 J. INT'L ECON. L. 871 (2012).

117. Eli Lilly v. Gov't of Can., ICSID Case No. UNCT/14/2, Final Award (Mar. 16, 2017). See also, postscript to this text.

118. Through United States' initiatives in the 1940s and 1950s, the principle of fair and equitable treatment began as part of the International Code of Fair Treatment for Foreign Investors, through the International Chamber of Commerce, targeting private investments per se, but as part of public international law. *See* Mona Pinchis-Paulsen, *The Ancestry of Equitable Treatment in Trade: Lessons from the League of Nations During the Inter-War Period*, 15 J. WORLD INV. & TRADE 13 (2014).

119. *E.g.*, Alpha Projektholding GmbH v. Ukraine, ICSID Case No. ARB/07/16, Award (Nov. 8, 2010). The first known arbitration case is the Alabama Claims concerning the U.S. and the UK, see Tom Bingham, *The Alabama Claims Arbitration*, 54 INT'L & COMP. L.Q. 1 (2005) (describing the award rendered in 1872 by the Tribunal of Arbitration established by the Treaty of Washington); O. Thomas Johnson Jr. & Jonathan Gimblett, *From Gunboats to BITs: The Evolution of Modern International Investment Law*, *in* YEARBOOK ON INTERNATIONAL INVESTMENT LAW AND POLICY 649 (Karl P. Sauvant ed. 2012) (giving a general account of the history of international investment law); *see also* SURYA P. SUBEDI, INTERNATIONAL INVESTMENT LAW: RECONCILING POLICY AND PRINCIPLE (2008); KATE MILES, THE ORIGINS OF

prominent of these tribunals — the International Centre for the Settlement of Investment Disputes ("ICSID") — has seen plenty a many investment disputes settled via arbitration awards. These investment arbitrations, in general, often refer to public international law; however, the impact they have on the nature of international law itself is another matter.

The fair and equitable treatment principle has been of great concern to both the legal scholarly debate[120] and arbitral tribunals.[121] It is a doctrine that since the 1920s has been controversial, even though its origins, lie in "international criminal law,"[122] for a better sense of the term, and not international economic law. The FET principle is seen as part of the core minimum international protection afforded to investments. This doctrine of international investment law does not stop there.[123] It creeps, or rather, it has a strong foothold on anything that can be deemed as "investments," even intellectual property rights, which are heavily reflected in a number of bilateral treaties or mega-bilateral treaties such as the CETA[124] or the U.S. — Australia FTA.[125]

There is no doubt the FET principle has been more exposed in international investment law as opposed to say, international intellectual property law, where since the 1960s, it has taken up a prominent part of the academic debate in international economic law. Moreover, given that the

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INTERNATIONAL INVESTMENT LAW: EMPIRE, ENVIRONMENT AND THE SAFEGUARDING OF CAPITAL 2015); INTERNATIONAL INVESTMENT LAW AND COMPARATIVE PUBLIC LAW (Stephan W. Schill ed., 2010).

120. *See supra* note 115 and accompanying text.

121. *E.g.*, PSEG Global Inc. v. Republic of Turk., ICSID Case No. ARB/02/5, Award, ¶ 238–39 (Jan. 19, 2007) ("The standard of fair and equitable treatment has acquired prominence in investment arbitration as a consequence of the fact that other standards traditionally provided by international law might not in the circumstances of each case be entirely appropriate. This is particularly the case when the facts of the dispute do not clearly support the claim for direct expropriation, but even there are notwithstanding events that need to be assessed under a different standard to provide redress in the event that the rights of the investor have been breached. Because the role of fair and equitable treatment changes from case to case, it is sometimes not as precise as would be desirable. Yet, it clearly does allow for justice to be done in the absence of the more traditional breaches of international law standards. This role has resulted in the concept of fair and equitable treatment acquiring a standing on its own, separate and distinct from that of other standards, albeit many times closely related to them, and thus ensuring that the protection granted to the investment is fully safeguarded.").

122. *See* L. F. H. Neer (U.S. v Mex.), 4 R.I.A.A. 60 (Gen. Claims Comm'n 1926).

123. *See* discussion *infra* Section .B.

124. Comprehensive Economic and Trade Agreement Between Canada of the One Part, and the European Union and its Member States, of the Other Part, Can.-E.U., Oct. 30, 2016, http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc_152806.pdf .

125. Free Trade Agreement, U.S.-Austl., May 18, 2004, 118 Stat. 919 These are discussed in more detail in the paper below. *See infra* Section IV.B.

WTO has changed the nature of public international law to a more purely economic driven one as opposed to the pre-WTO conception of public international law — an instrument of war and peace in broad terms — the FET principle must also be examined in the context of international intellectual property law and the international legal implications for the relationship between international private law and public international law.

The FET umbrella of ensuring private economic operators can manuever public international law without too much entanglement with the state, reflecting the paradox of the relationship of international private law and public international law. In whose interest must these laws operate? The state or the private investor? How is FET determined, and what does FET really entail? How does FET as a principle *fare* when it comes to trademarks and international intellectual property law, especially, if such trademarks concern cigarettes and the public health effects of branded cigarette advertising? At the international level, do such questions affect the relationship between different international law regimes?

In this vein, the next section offers a critical examination of the FET principle with the intention of identifying its impact on the relationship of international private law and public intentional law in light of tobacco regulation with its broader implication of intellectual property as investments. Moreover, the discussions also frame the FET principle as part of a culture of privatization that punctuates the discussion in this paper. The discussion in the next section focuses on international investment rules that governs FET and how those rules cross over to international intellectual property.

The FET principle in general, creates the roadmap of determining how it is also seen within the context of international intellectual property law, and subsequently, shapes investment arbitration and disputes settlement at the international level. Thus, the significance of the FET principle in both international investment law and international intellectual property law gives a clearer picture of rules in public international law that are of an economic nature. But more importantly, one will be able to ascertain if such rules create tension or allow public and international private law to operate in harmony.

A subsequent discussion in the following sections is the use of trademarks and plain packaging regulations, where trademarks are seen as intellectual property investments for the purposes of international investment law. This controversial issue raises significant questions on the use of trademarks by private economic operators and the efforts of states to prevent such use of trademarks against public health grounds. This discussion will serve as the main basis to determine the paradox in the relationship between public and international private law and also the legal intricacies that the policy

objectives of those laws must address.

C. "Fair and Equitable Treatment" in International Investment Law

i. Legal Characteristics of Fair and Equitable Treatment

Although the principle of fair and equitable treatment is synonymous with international investment law and arbitration, its origins are more copious — a sort of off-the cut claim, when one believes that justice is not being served. And it was in this manner, when an American widow in the 1920s sneered at the Mexican legal system for not affording her "fair and equitable treatment" in the judicial system.[126] For the widow, the Mexican justice system failed to properly investigate the wrongful death of her husband and bring those responsible to justice in which the FET principle emerged.[127] According to the *Neer Claims Commission*, customary international law provides for minimum standards for the treatment of foreign nationals if there had been a denial of justice.[128]

This approach to the denial of justice by the Neer Commission, as a form of unfair treatment, has since been seen in international investment law as "a high threshold for government treatment of foreign investors".[129] What the *Neer Claims Commission* effectively did was to acknowledge the *minimum standards requirement* as a broad principle within customary international law, anchoring the FET principle as well.

As part of customary international law, international economic lawyers and scholars were able to rely on the anchorage of the international minimum standard principle to transpose it to other areas, such as the protection of investments. I am also guilty in this approach. Because, in this Article, I am also making an attempt to make a similar or at least confirm that that approach is right — at least in part to prove my privatization thesis. In any case, the trouble with the *Neer* minimum standards is that it is rather broad, and requires a number of criteria to be met, including those unexpected or

126. *See Neer*, 4 R.I.A.A. at 61 (mentioning how the Mexican authorities might have "acted in a more vigorous and effective way than they did").

127. *See id.*

128. *Id.* at 61–62.("[I]t is in the opinion of the Commission . . . that the treatment of an alien, in order to constitute an international delinquency, should amount to an outrage, to bad faith, to wilful neglect of duty, or to an insufficiency of governmental action so far short of international standards that every reasonable and impartial man would readily recognise its insufficiency. Whether the insufficiency proceeds from deficient execution to an intelligent law or from the fact that the laws of the country do not empower the authorities to measure up to international standards is immaterial.").

129. *See* Subedi, *supra* note 120, at 63.

unwarranted.[130] This broad approach, has also, left some roadblocks along the way — including a precise understanding of what FET actually entails.[131]

For international investment treaties (including multilateral, regional and bilateral), they have adopted or made reference to customary international law in their provisions. The Havana Charter[132] for instance, in Article 11(2)(a)(i), incorporates FET into its provisions, similar to many predecessors of contemporary BITs — Freedom, Commerce and Navigation ("FCNs") treaties. Contemporary treaties such as NAFTA expressly refer to "fair and equitable treatment" in accordance with international law[133] — echoing the *Neer Claims* Commission minimum standards test.

Similarly, in the Canada-Peru BIT,[134] Article 5(1) is also a direct recognition of customary international law as the applicable law, even though such reference alone cannot determine the outcome of cases under those BITs.[135] There is no doubt, that the FET principle, is, nowadays, seen as the *language* of promoting and protecting investments[136] — as opposed to foreign nationals, according to the *Neer Claims* Commission. In any event, the FET principle reflects the protection of foreigners in customary international law, and also a sense of *fairness* in the distribution and administration of justice.[137]

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130. *See, e.g.*, Pope & Talbot, Inc. v. Gov't of Can., NAFTA Ch. 11 Arb. Trib., Interim Award (2000); *see also infra* note 138 and accompanying discussion.

131. *See* MTD Equity v. Chile, ICSID ARB/01/07, Award, ¶ 109 (May 25, 2004) ("[T]he meaning of what fair and equitable is defined when that standard is applied to a specific set of facts . . . .").

132. Havana Charter for an International Trade Organisation art. 11(2)(a)(i), March 24, 1948, 62 U.N.T.S. 26 (calling for assurance that "just and equitable treatment for the enterprise, skills, capital, arts and technology brought from one Member country to another").

133. *See* North American Free Trade Agreement art. 1105, Dec. 8, 1993, 32 I.L.M. 670 ("Each Party shall accord to investments of investors of another Party treatment in accordance with international law, including fair and equitable treatment and full protection and security.")

134. Agreement between Canada and the Republic of Peru for the Promotion and Protection of Investments, Can.-Peru, November 14, 2006.

135. *See, e.g.*, Glamis Gold, Ltd. v. United States, Award (NAFTA Arb. Trib. June 8, 2009) (devoting a substantial amount of analysis on the nature and scope of FET in customary international law and finding that expropriation did not occur and dismissed the claims of the investor).

136. *See MTD Equity*, ICSID ARB/01/07, ¶ 113 ("[F]air and equitable treatment should be understood to be treatment in an even-handed and just manner, conducive to fostering the promotion of foreign investment. Its terms are framed as a proactive statement — 'to promote,' 'to create,' and 'to stimulate' — rather than prescriptions for a passive behaviour of the State or avoidance of prejudicial conduct to the investors.").

137. *See* Elihu Root, *The Basis of Protection to Citizens Residing Abroad*, 4 AM. J.

ii. Fair and Equitable Normative Standards: Thou Shalt Not Alter Thy (Intellectual Property) Investments

The FET principle has given rise to a number of standards[138] including unexpected and unwarranted legislations that may jeopardize investments.[139] These standards, including those mentioned here,[140] are still evolving, but for the purposes of the discussions here I am concerned with how states alter investments through legislative actions that can be deemed as unexpected or unwarranted. The classic example is tobacco legislations affecting trademarks[141] with some of those cases arbitrated in ICSID tribunals and at the dispute settlement body of the WTO.

The ICSID, one could argue, is by far the most important international tribunal, that, in principle, is responsible for the evolution and interpretation of fair and equitable standards. Thus, it is not surprising that it is those ICSID cases that are responsible for these standards when confronted with the

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INT'L L. 517, 521–22 (1910) ("There is a standard of justice, very simple, very fundamental, and of such general acceptance by all civilised countries as to form a part of the international law of the world. The condition upon which any country is entitled to measure the justice due from it to an alien by the justice which it accords to its own citizens is that its system of law and administration shall conform to this general standard. If any country's system of law and administration does not conform to that standard, although the people of the country may be content or compelled to live under it, no other country can be compelled to accept it as furnishing a satisfactory measure of treatment of its citizens."); *see also* Rudolf Dolzer, *Fair and Equitable Treatment: Today's Contours*, 12 SANTA CLARA J. INT'L L. 7 (2014).

138. The standards that states must ensure to the investor include the unnecessary revocation of investment permit; the state must not renege on representations made to the investor; ensuring all legal requirements for the operation of the investment are accessible to the investor; freedom from bias in conduct towards an investor by the administrative apparatus of the state; ensuring that administrative requirements placed at the state of the investment project are not made more onerous during its operation; freedom from unexpected and unwarranted conduct by the host state; application of strands of public law liability to courts; and freedom from discriminatory conduct by the host state or state bodies. *See, e.g.*, Metaclad Corp. v. United Mexican States, ICSID Case No. ARB/(AF)/97/1, Award (Aug. 30, 2000); Incesya Vallisoletana S.L. v. Republic of El Sal., ICSID Case No. ARB/03/26, Award (Aug. 2, 2006); Champion Trading Co. v. Arab Republic of Egypt, ICSID Case No. ARB/02/9, Award (Oct. 27, 2006); Waste Mgmt. Inc. v. United Mexican States, ICSID Case No. ARB(AF)/98/2, Award (Apr. 30, 2004). For a discussion on these standards, see Abhijit P.G. Pandya, INTERPRETATIONS AND COHERENCE OF THE FAIR AND EQUITABLE TREATMENT STANDARD IN INVESTMENT TREATY ARBITRATION (2011). *See also* Kenneth J. Vandevelde, *A Unified Theory of Fair and Equitable Treatment*, 43 N.Y.U. J. INT'L L. & POL. 43 (2010); Stephen Vasciannie, *The Fair and Equitable Treatment in International Investment Law and Practice*, 1999 BRIT. Y.B. INT'L L. 99 (2000).

139. Pope & Talbot, Inc. v. Gov't of Can., Interim Award (NAFTA Arb. Trib. 2000).

140. *See supra* note 138.

141. *E.g. Tobacco Plain Packaging Act 2011* (Cth) (Austl.).

interpretation of fair equitable treatment. One such standard — an obligation by the state to protect investments through domestic legislations without altering the regulatory regime to negatively affect the investor — has been addressed in *Tecmed,*[142] where that tribunal noted that it was the onus of the host state to protect investments through legal means.[143] One of the principal issues in *Tecmed* was whether Mexico violated Tecmed's right to receive fair and equitable treatment, and the tribunal held that *Tecmed* did not get such fair and equitable treatment from Mexico.[144]

Arguably, investment agreements are contracts in the broad sense of the term, and litigations often arise due to breach of contract. Taking this same argument to investment agreements, if a host-state breaches its obligations under an investment agreement, or fail to provide adequate legal protection for the investor, the host state can be deemed to have acted in bad faith. A legislation that expropriate investor's property is an example where a state can act in bad faith. States, however, often enact legislation or engage in other arbitrary conduct that unexpectedly affect the investments.[145] The negative effects of such legislation that affects investments gives rise to breach of contract, or the investment agreement, in this instance. Furthermore, such actions signal to other investors that the business environment in the host state is not stable.

This was the view taken in *PSEG v. Turkey*, where that tribunal explained that it was "not only the law that kept changing but notably the attitudes and

142. Tecnicas Medioambientales Tecmed S.A. *v.* United Mexican States, ICSID Case No. ARB(AF)/00/2, Award, (May 29, 2003), 10 ICSID Rep. 130 (2004).

143. *Id.* ¶ 154 ("The foreign investor expects the host State to act in a consistent manner, free from ambiguity and totally transparently in its relations with the foreign investor, so that it may know beforehand any and all rules and regulations that will govern its investments . . . . The foreign investor also expects the host State to act consistently, i.e.[,] without arbitrarily revoking any preexisting decisions or permits issued by the State that were relied upon by the investor to assume its commitments as well as to plan and launch its commercial and business activities. The investor also expects the State to use the legal instruments that govern the actions of the investor or the investment in conformity with the function usually assigned to such instruments, and not to deprive the investor of its investment without the required compensation.").

144. *Id.* ¶¶ 60, 152–60, 198.

145. *See* Metalclad Corp. v. United Mexican States, ICSID Case No. ARB/(AF)/97/1, Award, ¶¶ 74–76 (Aug. 30, 2000) (noting that that arbitrary conducts may lead to a breach of fair and equitable treatment); *see also Tecmed*, ICSID Case No. ARB(AF)/00/2, ¶ 154; Waste Mgmt., Inc v. United Mexican States, ICSID Case No. ARB(AF)/00/3, Award, ¶ 98 (Apr. 30, 2004); Pope & Talbot, Inc. v. Government of Canada, Interim Award (NAFTA Arb. Trib. 2000) (noting conduct that interferes with the investment is unexpected and unwarranted).

polices of the administration."[146] As laws keep changing based on government policies, the fair and equitable treatment of the investor are contractually interfered with. In order to prevent such scenarios, domestic laws must be enacted to give adequate level of protection to investors, in the event that unexpected and unwarranted legislations are introduced by the host state.[147]

When States fail to enact legislation to protect investors or enact legislation that interferes with the fair and equitable treatment of foreign investors, such legislations are often aimed at "expropriating" the property of foreign investors. Although such actions are sometimes unwarranted or arbitrary, the property focus has always been on real (physical) property. What often goes unnoticed is the concern for intellectual property. Any interference with the intellectual property rights of the investor by the host state can lead to the loss of economic benefits to the investor, and such interference can come in the form of taking of contract rights or the imposition of unreasonable regulatory measures. Such actions are in essence, the expropriation of intellectual property rights.

Intellectual property rights form a significant part of the investor's contractual rights, and therefore, are factored into the equation when compensations are being sought for expropriation of investments. Article I(1)(c)(iv) of the BIT in *PSEG v. Turkey* defines investment to include "intellectual and industrial property, including rights with respect to copyrights, patents, trademark, trade names, industrial designs, trade secrets and know-how, and goodwill."[148] With this definition, all assets including industrial property rights are covered under the BIT,[149] and unexpected or unwarranted regulatory measures, that favor only the host state, can be seen as expropriation[150] of the investor's intellectual property rights or breaching the investor's fair and equitable treatment.

From this account, intellectual property investments fall within the public/private international law divide and are essential to the economic

146. PSEG Global Inc. v. Republic of Turk., ICSID Case No. ARB/02/05, Award, ¶ 254 (Jan. 19, 2007).

147. *See* Enron Corp. v. Arg. Republic, ICSID Case No. ARB/01/3 (July 30, 2010), ¶¶ 236, 268–69, 286 (noting that regulatory measures taken by the state were unreasonably interfering with the investor's property rights, and as such, breached the fair and equitable treatment of the investor).

148. *PSEG Glob. Inc.*, ICSID Case No. ARB/02/05, Award, ¶ 66.

149. Treaty between the United States of America and the Republic of Turkey Concerning Reciprocal Encouragement and Protection of Investments, U.S.-Turk., Dec. 3, 1985, T.I.A.S. No. 90-518 (entered into force May 18, 1990).

150. Expropriation in this context, also means the same as when describing expropriation for other forms of property, such as physical property.

benefits of nation states. But because intellectual property rules are propelled from the domestic law of the nation state to the international paradigm, and in particular here, where intellectual property is seen as investments under international investment law, the global rule-making content of public and private international law are expanding in which it is hard to make a distinction.

iii. Intellectual Property Investments as Sources of Fair and Equitable Treatment

Are intellectual property investments sources of fair and equitable treatment? Given that in some bilateral investment treaties an investment is defined as including intellectual property, then it is safe to argue that intellectual property rights are in fact sources of fair and equitable treatment.[151] We can gain further insight into this question apart from the *PSEG v. Turkey* decision by taking a further look at other ISDS decisions where the object of intellectual property was mentioned in the decision as per the BIT.

Using the ICSID database, forty-six cases (46) were selected from a total of 176 that were based on the search criteria: where the case has been (1) concluded; and (2) published materials, (a) award and (b) decision.[152] The

151. *See, e.g.*, PSEG Glob. Inc. v. Republic of Turk., ICSID Case No. ARB/02/05, Decision on Jurisdiction (June 4, 2004).

152. The cases points mostly to the BIT provision where intellectual property forms part of the definition of an investment: El Paso Energy Int'l. v. Argentine Republic, ICSID Case No. ARB/03/15, Award, ¶ 143 (Oct. 31, 2011); ADC Affiliate v. Hung., ICSID Case No. ARB/04/16, Award of the Tribunal, ¶ 295 (Oct. 2, 2006); SGS Société Générale de Surveillance S.A. v. Republic of the Phil., ICSID Case No. ARB/02/6, Decision of the Tribunal on Objections to Jurisdiction, ¶ 62 (Jan. 29, 2004); *PSEG Glob. Inc.,* ICSID Case No. ARB/02/05, Award, ¶ 292; Tradex Hellas S.A. v. Republic of Alb., ICSID Case No. ARB/94/2, Award, ¶ 105 (Apr. 29, 1999); Fireman's Fund Ins. v. United Mexican States, ICSID Case No. ARB(AF)/02/1, Award, ¶ 170 (July 17, 2006); Karpa v. United Mexican States, ICSID Case No. ARB(AF)/99/1, Award, ¶ 170 (Dec. 16, 2002); Cont'l Cas. Co. v. Argentine Republic, ICSID Case No. ARB/03/9, Award, ¶ 240 (Sept. 5, 2008); MCI Power v. Republic of Ecuador, ICSID Case No. ARB/03/6, Decision on Annulments, ¶ 72 (Oct. 19, 2009); Siemens v. Argentine Republic, ICSID Case No. ARB/02/8, Decision on Jurisdiction, ¶ 150 (Aug. 3, 2004); Bureau Veritas , Inspection, Valuation, Assessment & Control, BIVAC B.V. v. Republic of Para., ICSID Case No. ARB/07/9, Decision of the Tribunal on Objections to Jurisdiction, ¶¶ 15, 80 (May 29, 2009); Minnotte v. Republic of Pol., ICSID Case No. ARB(AF)/10/1, Award, (May 16, 2014); Swisslon DOO Skopje v Former Yugoslav Republic of Macedonia, ICSID Case No. ARB/09/16, Award, ¶ 104 (July 6, 2012); Alpha Projektholding GmbH v. Ukr., ICSID Case No. ARB/07/16, Award, ¶¶ 255, 304–06 (Nov. 8, 2010); Burimi SRL v. Republic of Alb., ICSID Case No. ARB/11/18, Award, ¶¶ 94–95 (May 3, 2012); Aguaytia Energy, LLC, v. Republic of Peru, ICSID Case No. ARB/06/13, Award, ¶ 44 (Dec. 11, 2008); Malaysian Hist. Salvors , SDN, BHD v. Gov't of Malay., ICSID Case

sample cases were then searched using the separate keywords "property" and "intellectual" and concerned or contained references to "intellectual property" are discussed.[153] The search was carried out May 10 2016. Nine of those cases are also significant and the relevant BIT they correspond to.[154] Only the English language cases were selected for this sample.

"Property" as a term turned up in almost all the searches, and variably referred to immovable/intangible/physical property. However, where "intellectual property" was referred to, was mostly in relation to a provision in the BIT. The result is that the intellectual property provisions are modelled off "Model BIT" agreements.

No. ARB/05/10, Award on Jurisdiction, ¶ 139 (May 17, 2007); Phoenix Action Ltd. v. Czech Republic, ICSID Case No. ARB/06/5, Award, ¶ 56 (Apr. 15, 2009); Bayview Irrigation v. United Mexican States, ICSID Case No. ARB/(AF)/05/1, Award, ¶ 50 (June 19, 2007); Desert Line Projects LLC v. Republic of Yemen, ICSID Case No. ARB/05/17, Award, ¶ 92 (Feb. 6, 2008); Daimler Fin. Servs. AG v. Argentine Republic, ICSID Case No. ARB/05/1, Award, ¶ 82 (Aug. 22, 2012); Glob. Trading Res. Corp. v. Ukr., ICSID Case No. ARB/07/11, Award, ¶ 47 (Dec. 1, 2010); Rompetrol Grp. N.V. v. Rom., ICSID Case No. ARB/06/3, Award, ¶ 106 (May 6, 2013); Occidental Petroleum v. Ecuador, ICSID Case No. ARB/06/11, Award, ¶ 867 (Oct. 5, 2012); Electrabel S.A. v. Republic of Hung., ICSID Case No. ARB/07/19, Award, (Nov. 25, 2015); Biwater Gauff Ltd. v. Un. Repuiblic of Tanz., ICSID Case No. ARB/05/22, Award, ¶ 242 (July 24, 2008); AES Summit v. Republic of Hung., ICSID Case No. ARB/07/22, Award, ¶ 6.2.5 (Sept. 23, 2010); Pantechniki v. Republic of Alb., ICSID, Case No. ARB/07/21, Award, ¶ 33 (July 30, 2009); GEA Grp. v. Ukr., ICSID Case No. ARB/08/16, Award, ¶ 138 (Mar. 31, 2011); KT Asia Inv. Grp. v. Republic of Kaz., ICSID Case No. ARB/09/8, Award, ¶ 89 (Oct. 17, 2013); CEMEX Caracas Invs. B.V. v. Bolivarian Republic of Venez., ICSID Case No. ARB/08/15, Decision on Jurisdiction, ¶ 150 (Dec. 30, 2010); Levy v. Republic of Peru, ICSID Case No. ARB/10/17, Award, ¶ 62 (Feb. 26, 2014); Arif v. Republic of Mold., ICSID Case No. ARB/11/23, Award, ¶¶ 326, 361 (Apr. 8, 2013); Tamimi v. Sultanate of Oman, ICSID, Case No. ARB/11/33, Award, ¶ 277 (Nov. 3, 2015); Malicorp Ltd. v. Arab Republic of Egypt*,* ICSID Case No. ARB/08/18, Award, ¶ 108 (Feb. 7, 2011); Rafat v. Republic of Indon., ICSID Case No. ARB/11/13, Award on Jurisdiction, ¶ 43 (July 16, 2013); Caratube v. Republic of Kaz*.,* ICSID Case No. ARB/08/12, Decision on the Annulment Application of *Caratube Int'l Oil Co.*, ¶ 56 (Feb. 21, 2014).

153. *See supra* note 153.

154. These are: Emmis et Al v Hungary, ICSID Case No. ARB/12/2 (16 April 2014), ¶¶ 135, 178; Accession Mezzanine Capital L.P et al v Hungary, ICSID Case No. ARB/12/3 (Jurisdiction) (17 April 2015), ¶ 24; ATA Construction, et al v Jordon, ICSID Case No. ARB/08/2) 18 May 2010, ¶ ¶, 59, 96; Ambiente Ufficio S.p.A and others v Argentine Republic, ICSID Case No. ARB/08/9 (Jurisdiction) 8 February 2013), ¶ 418; Bosh International, et al v Ukraine, ICSID Case No. ARB/08/11 (25 October 2012), ¶ 102; OKO Pankki Oyj and Others v Republic of Estonia, ICSID Case No. ARB/04/6 (17 November 2007), ¶ 178; OKO Pankki Oyj and Others v Republic of Estonia, ICSID Case No. ARB/04/6 (17 November 2007); Corn Products International, Inc., v United Mexican States, ICSID Case No. ARB(AF)/04/1 (Decision on Responsibility) (15 January 2008), ¶ 113; Plama Consortium Limited v Republic of Bulgaria, ICSID Case No. ARB/03/24 (27 August 2008); Industria Nacional de Alimentos, S.A et al v Republic of Peru, ICSID Case No. ARB/03/4 (7 February 2005), ¶ 25.

The survey and cases classify intellectual property as "investments." Furthermore, such classification follows a standard definition in all the BITs, with only a few definitions of intellectual property as investments went beyond the standard definition to include explicit categories.

In *El Paso Energy* for instance, the Tribunal notes that the type of investments that the BIT defines concern those "having economic value," and in the case of intellectual property this is important, given that "any right conferred by law or contract, and any licenses and permits pursuant to law" amount to investment.[155] In other words, investments under BITs cover any economic input, and intellectual property is significant economic input in any investment.[156]

Thus, in *SGS v. Philippines*, one of the core claims in relation to intellectual property was the transfer of knowledge (know-how), which was considered as an investment: "The said activities are considered by SGS as 'an investment within the definitions of Article I(2)(d) of the BIT: 'copyrights, industrial property rights, know-how and goodwill,' as well as within the BIT's general catch-all definition of investments as every kind of asset.' "[157]

The Tribunal did not consider further this claim; however, it is important because within the paradigm of international law, property can be construed broadly[158] even if "property" also involves intellectual property, and such interpretation does not explicitly refer to international or national intellectual property instruments.

States that resort to discrimination in terms of intellectual property investments, such as protection of the intellectual property rights in relationships between producer and reseller, violate international law.[159] Thus, under such circumstances, intellectual property investments are not accorded fair and equitable treatment within the meaning and purpose of investments under international investment law and broader protection of

155. *El Paso Energy Int'l Co.*, ICSID Case No. ARB/03/15, Award, ¶ 201; *see also* El Paso Energy Int'l Co. v. Argentine Republic, ICSID Case No. ARB/03/15, Decision on Jurisdiction, ¶ 50 (Apr. 27, 2006).

156. *See Swisslon DOO Skopje*, ICSID Case No. ARB/09/16, Award., ¶¶ 104, 284; *see also Aguaytia Energy*, *LLC*, ICSID Case No. ARB/06/13, Award, ¶ 44 (citing a stabilization clause that lists the right to repatriate earnings as a result of an intellectual property, such as transfer of technology, licensing, and trademarks).

157. *See SGS*, ICSID Case No. ARB/02/6, Decision of the Tribunal on Objections to Jurisdiction, ¶ 62.

158. *See Tradex Hellas S.A.*, ICSID Case No. ARB/94/2, Award, ¶ 106.

159. *See* Karpa v. United Mexican States, ICSID Case No. ARB(AF)/99/1, Award, ¶ 170 (Dec. 16, 2002).

aliens under international law. The *Draft Convention on the International Responsibility of States for Injuries to Aliens* refers to the "unreasonable interference with the use . . . of property" — and this also includes intellectual property.[160]

The linkage and inclusion of intellectual property as part of the definition of investments in the BITs, as seen through the cases in this section, confirms that within the broader context of international law, any deprivation of property, broadly construed to include intellectual property, violates international law and the obligation of states to "foreign investors."[161]

The fair and equitable treatment of intellectual property investments in BITs forms part of the broader non-discriminatory obligations of national treatment and MFN principles under international law. The ICSID cases such as *Tecmed*, *EDF*,[162] and *Waste Management*,[163] have confirmed that, in light of the good faith principle established by international law, fair and equitable treatment requires the State to "provide to international investments treatment that does not affect the basic expectations that were taken into account by the foreign investor to make the investment."[164] Furthermore, in *Saluka*,[165] the fair and equitable treatment have also been elaborated on as to include "an assessment of the state of the law,"[166] and as such, the investments also include intellectual property laws.

Although majority of the cases reveal that intellectual property was merely included in the BITs as a general clause, as part of the definition of investments, the survey shows that that has been the trend in most of the older BITs. However, newer BITs, in particular, the post-1990 BITs, tend to go beyond the general intellectual property model clause and include full provisions on the protection of intellectual property. Thus, for instance, the *US — Poland Treaty* contains a full provision on the protection of

160. Louis B. Sohn & R. R. Baxter, *Responsibility of States for Injuries to the Economic Interests of Aliens: II. Draft Convention on the International Responsibility of States for Injuries to Aliens*, 55 AM. J. INT'L L. 548, 553 (1961).

161. Tokelés v. Ukr., ICSID Case No. ARB/02/18, Award, ¶ 111 (Jul. 26, 2007); *see also* Genin v. Republic of Est., ICSID Case No. ARB/99/2, Award, ¶ 368 (June 25, 2001).

162. EDF (Servs.) Ltd. v. Rom., ICSID Case No. ARB/05/13, Award, ¶ 216 (Oct. 8 2009).

163. Waste Mgmt., Inc. v. United Mexican States, ICSID Case No. ARB(AF)/00/3, Award, ¶ 98 (Apr. 30, 2004).

164. Tecnicas Medioambientales Tecmed S.A. v. United Mexican States, ICSID Case No. ARB(AF)/00/2, Award, ¶ 154 (May 29, 2003).

165. Saluka Invs. B.V. v. Czech Republic, Partial Award, ¶ 301 (Perm. Ct. Arb. Mar. 17, 2006), available at http://ita.law.uvic.ca/documents/Saluka-PartialawardFinal.pdf.

166. *Id*.

intellectual property.[167] And as will be seen later in the Article, the emergence of super-BITS, such as the *US — Australia FTA* have substantial intellectual property provisions that provide more clarity on the meaning and texture of intellectual property as investments.[168]

An interesting observation from the survey findings above is that outside of NAFTA members, almost all the other disputes involved states that are outside of Western Europe, that is, mostly former Eastern Bloc European states, South American states and occasionally an African or Asian state. The involvement of these states often relies on the invocation of international law for fair and equitable treatment by the investor where the outcome was always a violation of international law and/or, the host state did not provide fair and equitable treatment to the investor.[169] In other words, traditional capitalist states often triumphed over emerging capitalist states.

Although the ICSID case law has not convincingly developed international normative standards on intellectual property, they have, however, shown that the linkage between fair and equitable treatment and intellectual property investments are emerging global norms. Taken in this light, then, arguably intellectual property investments are sources of fair and equitable treatment under international law.

The practice of the ICSID in one breadth embodies the sources of public international law,[170] as the tribunal interprets international conventions in as much as they relate to international investments.

The ICSID tribunals also recognizes customary international law and the general principles of international law. Moreover, the ICSID tribunal engages and recognizes judicial decisions and teachings of qualified publicists, and in this way, the ICSID is quicker to respond to the changing dynamics of contemporary international law, which is increasingly shaped by investments. Taking into account Article 38(1)(d) of the ICJ Statute, ICSID tribunals generate sources of international law as it refers to "judicial

167. *Treaty between the United States of America and the Republic of Poland concerning Business and Economic Relations*, art. IV, U.S.-Pol. Mar. 21, 1990, T.I.A.S. No. 94-806 (entered into force Aug. 6, 1994).

168. Free Trade Agreement, U.S.-Austl., May 18, 2004, U.S.T.R., ch. 17 (entered into force Jan.1, 2005).

169. *See, e.g.*, Occidental Petroleum Corp. v. Republic of Ecuador, ICSID Case No. ARB/06/11, Award, ¶ 876 (Oct. 5, 2012) (finding that Ecuador breached the investment treaty by failing to provide fair and equitable treatment and national treatment as per required under intentional law).

170. *See* Statute of the International Court of Justice art. 38, June 26, 1945, 59 Stat. 1031, 33 U.N.T.S. 993.

decisions" as "subsidiary means for the determination of rules of law."[171] Furthermore, Article 42(1) of the ICSID Convention, in the same vein, acknowledges ICSID international law making as sources of international law. That provision reads:

> The Tribunal shall decide in accordance with such rules of law as may be agreed by the parties. In the absence of such agreement, the Tribunal shall apply the law of the Contracting State party to the dispute (including its rules on the conflict of laws) and *such rules of international law as may be applicable*.[172]

The reference to international law in the ICSID Convention, and ICSID tribunals as sources of international law, has to some extent been clarified by ICSID's own case law, such as *Liman Caspian Oil*[173] and an early report by the ICSID Directors in 1965.[174] This is not an explicit reference of the existence of sources of ICSID as sources of international law per se, yet there is no contention that this is not the case, and as the ICSID acknowledges in *AWG v Argentina*,[175] like cases that determines the outcome and process of international law, should be decided alike.

D. Tobacco Regulation: Fair and Equitable Treatment

i. Legislative Development Regarding Tobacco Regulation

The rise in the consumption of cigarettes and attempts to regulate tobacco have been more than a hundred years in the making according to one observer.[176] Questions regarding tobacco regulation are always controversial

171. *See id.* art. 38(1)(d).

172. ICSID Convention, *supra* note 24, art. 42 (emphasis added).

173. Liman Caspian Oil BV v. Republic of Kaz., ICSID Case No. ARB/07/14, Award, ¶ 172 (June 22, 2010); *see also* Alian Pellet, *The Case Law of the ICJ in Investment Arbitration*, 28 ICSID REV. 223 (2013).

174. Pellet, *supra* note 173, at 227 n.21 (citing Report of the Executive Directors on the Convention on the Settlement of Investment Disputes between States and Nationals of Other States ¶ 40 (Mar. 18, 1965), compiled in ICSID CONVENTION, RULES AND REGULATIONS, at 47, ICSID/15 (Apr. 2006), available at http://icsid.worldbank.org/ICSID/StaticFiles/basicdoc/CRR_English-final.pdf) ("The term 'international law' as used in this context should be understood in the sense given to it by Article 38(1) of the Statute of the International Court of Justice, allowance being made for the fact that Article 38 was designed to apply to inter-State disputes.").

175. *See* AWG Grp. Ltd. v. Argentine Republic, ICSID Case No. ARB/03/19, Decision on Liability, ¶ 189 (July 30, 2010).

176. *See generally* Heather Wipfli & Jonathan M. Samet, *One Hundred Years in the Making: The Global Tobacco Epidemic*, 37 ANN. REV. PUB. HEALTH 149 (2016)

because they touch all sides of society, including policy and politics at the domestic and international level, health and safety, and naturally legal regulation.[177] The most divisive aspect of tobacco regulation concerns plain packaging — that is, legislation enacted requiring manufacturers to conceal or minimize their trademarks on cigarette packs.[178]

There are two primary reasons why tobacco regulations have been enacted. The first is that early tobacco legislation was concerned about fire hazards, and such legislation was prevalent in the nineteenth and early twentieth century (mostly in the developed world).[179] Some countries also had legislation that made it illegal to sell cigarettes to minors.[180] The second reason is that of health. The year 1964 marked a pivotal role in the efforts to regulate tobacco, because it was in that year that the Surgeon General of the United States issued a report detailing with the adverse health consequences of smoking.[181] As a result of that report, various efforts to regulate the tobacco industry were launched in a number of U.S. states.[182] However, it is Canada and Uruguay that hold the record for introducing the first tobacco control regulations via plain packaging laws in their domestic legal setting.[183]

But with the Australia Plain Packaging Act of 2011, several other countries followed suit and implemented plain packaging legislation. These include Indonesia, Chile, and Ireland.[184] In the EU, a Directive has also been enacted.[185]

(describing how the tobacco epidemic began in latter half of the nineteenth century while efforts at regulation did not begin until the latter half of the twentieth century).

177. See HOLLY JARMAN, THE POLITICS OF TRADE AND TOBACCO CONTROL (2015) (giving a concise and practical discussion on tobacco regulation in a global context). Other notable works include, PUBLIC HEALTH AND PLAIN PACKAGING OF CIGARETTES: LEGAL ISSUES (Tania Voon et al. eds., 2012); LAWRENCE O. GOSTIN, GLOBAL HEALTH LAW (2014); THE GLOBAL TOBACCO EPIDEMIC AND THE LAW (Andrew D. Mitchell & Tania Voon eds., 2014); and LUKAS VANHONNAEKER, INTELLECTUAL PROPERTY RIGHTS AS FOREIGN DIRECT INVESTMENTS: FROM COLLISION TO COLLABORATION (2015).

178. *See* Mark Davison, *Plain Packaging of Tobacco and the "Right" to Use a Trade Mark*, 34 EUR. INTELL. PROP. REV. 498, 498 (2012) (noting Australia's controversial plain packaging legislation).

179. Wipfli & Samet, *supra* note 176, at 150–51.

180. *See, e.g.,* Tobacco Restraint Act, S.C. 1908, c. 73 (repealed 1994).

181. Wipfli & Samet, *supra* note 176, at 150.

182. *See id.*

183. *See* JARMAN, *supra* note 177, at 31.

184. *Id.*

185. Directive 2014/40, of the European Parliament and of the Council of 3 April 2014 on the approximation of the laws, regulation and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco and related products and repealing Directive 2001/37/EC, 2014 O.J. (L 127) [hereinafter Directive

Since the 1960s in Australia, several attempts have been made to restrict tobacco advertising, and it was in 1992 that Australia began serious efforts through the passage of the *Tobacco Advertising Prohibition Act*[186] concerning the restrictions on tobacco advertising or use of tobacco products.

The Tobacco Plain Packaging Act of 2011 crystallized the previous efforts on the restriction and use of tobacco.[187] Part 2 of the Act set out the various restrictions that are placed on the retail packaging of the tobacco products and the products contained within that packaging.[188] These allow for the restricted use of trademarks when placing on the tobacco product package and to place health warnings on the product, which are designed to affect the appeal of the product, and in doing so, limit the use of trademarks on the product. In other words, the Act prohibits the use of non-word signs with some exceptions to certain prescribed signs,[189] and the size, font and shape of the mark is also regulated.

From an economic investment point of view, a negative effect of the Tobacco Plain Packaging Act is that it diminishes the use of trademarks and the ability of those trademarks to distinguish goods or services that are dealt within the course of trade by the trademark owner.[190]

The EU's Tobacco Products Directive has also been subjected to court action regarding its legality because of its restrictions on intellectual property in particular trademarks, but the CJEU has found that it to be valid.[191] One of the main points in the Tobacco Products Directive is that it mandates member states to offer "standardization of the packaging of tobacco products" providing there are sufficient justifications, such as on public health.[192]

There are slightly different approaches by the EU and Australia to plain packaging despite pursuing the same policy objectives: the legal instruments use different language between "standardisation" and "restrictions" (or

2014/40].

186. *Tobacco Advertising Prohibition Act 1992* (Cth) (Austl.).

187. *Tobacco Plain Packaging Act of 2011* (Cth) (Austl.).

188. *See id.* ch 2 pt 2 div 1 s 20.

189. *See id.* ch 2 pt 2 div 1 ss 19(2)(ii), 20(2).

190. *See generally* Voon, *supra* note 53 (offering context and overview of the developments in Australia); Davison, *supra* note 179 178 (situating the debate and impact on trademark ownership).

191. *See, e.g.*, Case C-547/14, Philip Morris Brands SARL v. Sec'y of State for Health, ECLI:EU:C:2016:325 (May 4, 2016); Case C-358/14, Poland v. European Parliament, ECLI:EU:2016:323 (4 May 2016); Case C-477/14, Pillbox 38 (UK) Ltd. v. Sec'y of State for Health, ECLI:EU:C:2016:324 (May 4, 2016).

192. Directive 2014/40, *supra* note 185, arts. 1, 24(2).

"requirements" as used by the Act) that ought to be met.[193] In any event, despite varying degree of approaches, the ultimate impact is on trademarks for cigarettes, and plain packaging clearly risks obscuring or eliminating trademarks on cigarettes packages. This in turn can affect one of the central function of trademarks — an indication of origin.[194]

At the international level, the treaties and WTO disputes have had an impact on the trajectory of plain packaging laws. For instance, are treaties such as the Framework Convention on Tobacco Control ("FCTC") the main reason why countries are implementing plain packaging laws?

Countries that enacted plain packaging legislations cannot be entirely to blame for the regulated demise of cigarettes trademarks. In fact, most of the blame, if there is to be any, lie with the Framework Convention on Tobacco Control administer by the World Health Organization (WHO).[195] Countries that signed on to the convention, including Australia, are obliged under Articles 11 & 13 to take legislative measures designed to minimize the appeal of tobacco products.[196]

In this regard, international treaties, such as the Tobacco Convention, have a direct hand in how trademarks are used — even if such treaties do not concern intellectual property rights as a subject matter. What this demonstrates is that international treaties often do not seek a unified or harmonised system of norms. This is because on the one hand, investment, trade or intellectual property treaties, promote the use and innovation of intellectual property rights due to their economic value, while on the hand, treaties such as the Tobacco Convention interfere with such objectives by limiting intellectual property use.

These conflicting treaty norms at the international level are not new; however, they could be minimised with special provisions that allows for conflict diffusion. Furthermore, when the terms or obligations in a treaty are ambiguous, states are able to exercise their sovereignty in interpreting treaty

193. *Compare id.* art. 24(2), *with Tobacco Plain Packaging Act of 2011* (Cth) ch 2 pt 2 div 1 s 20 (Austl.), *and* Voon, *supra* note 53.

194. Although these are fundamental arguments, they are not addressed fully here. For further analysis of the EU tobacco products directive through discussion of a number of critical questions, see generally Christian Pitschas, *The New EU Tobacco Products Directive in the Light of TRIPS: Trademarks and the Protection of Public Health*, 9 GLOB. TRADE & CUST. J. 356 (2014).

195. WHO Framework Convention on Tobacco Control, June 29, 2004, 2303 U.N.T.S. 166 (entered into force Feb. 27, 2005).

196. *E.g.*, *id.* art. 11(1)(a) (noting that countries must adopt measures to ensure that "tobacco product packaging and labelling do not promote a tobacco product . . . to create an erroneous impression about its . . . health effects").

ambiguities.[197]

Although plain packaging laws are depicted as a form of victory for public health advocates, it is detrimental for cigarette manufacturers. The objective of plain packaging laws is forcing the removal of trademarks from the products they are meant to identify the source and origin. Furthermore, plain packaging laws are in effect, mandating that trademarks are to be avoided from use during the course of trade or commerce. Where a compromise is found in plain packaging laws to allow the trademark to remain on the cigarette products — such trademark is watered down to block letters without any graphical appeal.[198] In one sense, plain packaging laws allows for the whittling away of trademarks and trademark investments.

Advocates of plain packaging laws also have pointed to the TRIPs Agreement Article 2.1 as a legal basis for the compatibility of such laws. Article 2.1 provides that trademarks can be denied registration if they are contrary to morality, public order, or deceive the public.[199] That provision however refers to registration and not use. The difference cannot be clearer. Plain packaging laws are not seeking to deny registration, rather their purpose is to restrict the use of trademark during the course of trade. As such, Article 2.1 of TRIPs does not relate to use of trademark in the course of trade and cannot be the sound legal reasoning for the justification of plain packaging laws.

ii. Trademarks as Intellectual Property Investments

How does one consider trademarks as investments and especially for the purposes of international treaties that governs investments? Going by any example of the intellectual property provisions in some of the bilateral

197. *See, e.g.*, Appellate Body Report, *European Community — Measures Concerning Meat and Meat Products (Hormones),* ¶ 165, n.154, WTO Doc. WT/DS26/AB/R (adopted Feb. 13, 1998) (quoting OPPENHEIM'S INTERNATIONAL LAW 1278 (9th ed. 1992) ("The interpretative principle of *in dubio mitius*, widely recognised in international law as a 'supplementary means of interpretation,' has been expressed in the following terms: 'The principle of *in dubio mitius* in interpreting treaties, in deference to the sovereignty of the states. If the meaning of a term is ambiguous, that meaning is to be preferred which is less onerous to the part assuming an obligation, or which interferes less with the territorial and personal supremacy of a party, or involves less general restrictions upon the parties.' "); *see also* Nuclear Tests (Austl. v. Fr.), Judgment, 1974 I.C.J. 267, ¶ 44 (Dec. 20).

198. *See, e.g.*, *Tobacco Plain Packaging Act 2011* (Cth) ss 20-25 (Austl.) (restricting the appearance of trademarks and brand names on the outer packaging of tobacco products to specifications designed to mitigate marketing appeal).

199. Agreement on Trade-Related Aspects of Intellectual Property Rights art. 2.1, Apr. 15, 1994, 1869 U.N.T.S. 299, 33 I.L.M. 1197 [hereinafter TRIPS Agreement] (incorporating Article 6 *quinquies* (b) of the Paris Convention).

investment treaties mentioned in the previous section,[200] and elsewhere in this paper, intellectual property, including trademarks forms part of the definition of investments, and as such, the matter is crystal clear. But, for example, in *Alpha Projektholding v. Ukraine*, the Tribunal only mentioned that under the *Austria-Ukraine BIT* (UABIT), certain types of "know-how" or assistance, does not meet the criteria of "intellectual or industrial property rights that qualify as investments under the UABIT."[201]

The intellectual property provision of the UABIT in Article 1(1)(d) defines investment to include "intellectual and industrial property rights, in particular but not exclusively: copyrights, trademarks, patents for inventions, industrial designs and models, technical processes, know-how, trade secrets, trade names and goodwill."[202] Here, again, we can see that concerning the BIT, this is a generic definition. However, the reference to trademarks is thin, and forms part of the meaning of intellectual property for the purposes of the definition of an investment. Therefore, trademarks as mentioned in the UABIT (and most other BITs provisions on intellectual property follow this standard definition) does not leave much for interpretation in the broadest sense.

Apart from WTO disputes regarding plain packaging, especially the June 2018 Panel report, along with *Eli Lily*, some other cases have emerged that touches upon intellectual property investments.[203] In the past, to adequately address the low level of disputes that specifically addressed intellectual property as investments, tribunals were faced with two options. The first was to define investments that include intellectual property within terms of the investment treaty; the second, turned to the tenets of treaty interpretation in international law to ascertain the purpose of treaties that are both related to investments and intellectual property. This latter approach represents a seamless overlap of both areas of law, that is, international intellectual property law and international investment law.[204]

Furthermore, tribunals have engaged in several exercises on defining

200. See treaties cited *supra* note 152.

201. Alpha Projektholding GmbH v. Ukr., ICSID Case No. ARB/07/16, *Agreement for the Promotion and Reciprocal Protection of Investments between the Republic of Austria and Ukraine* (UABIT), Award, ¶ 306 (Nov. 8, 2010).

202. *Id.* ¶ 255.

203. *But see* Malaysian Hist. Salvors, SDN, BHD v. Malay., ICSID Case No. ARB/05/10, Investment-An Objective Criterion Under the ICSID Convention, Award, ¶ 54–56 (May 17, 2007); Eli Lilly v. Can., ICSID Case No. UNCT/14/2, Final Award, ¶ 105 (Mar. 16, 2017). See also, postscript.

204. *But see* Susy Frankel, *Interpreting the Overlap of International Investment and Intellectual Property Law*, 19 J. INT'L ECON. L. 121, 122 (2016).

various terms, and the word investment, is no different, in going through such polemic (dictionary) exercise. For the ICSID, it generally turns to the bilateral treaty for a definition of an investment in relation to the dispute under consideration.[205] This approach is more practical and allows for flexibilities when addressing the question of investment for the purposes of international investment norms. This was explicitly acknowledged by the ICSID in *Biwater v. Tanzania*[206] where it noted that "'over the years, many tribunals have approached the issue of the meaning of 'investment' by reference to the parties' agreement, rather than imposing a strict autonomous definition . . . ."[207]

Although, through the ICSID cases, a rigid definition of investments has been avoided, this does not mean that this has always been the case. In fact, various ICSID decisions have revealed a sort of fragmented approach to the definition of investments.[208] For example, the *Salini* test[209] for investments sets five criteria that must be met,[210] and other ICISID decisions, have noted the inflexibilities[211] that a rigid definition of investments, such as in the *Salini*

205. *See, e.g.*, Malaysian Hist. Salvors SDN, BHD v. Malay., ICSID Case No. ARB/05/10, Annulment, ¶ 61 (Apr. 16, 2009) (stating that an investment is as defined in the agreement, and as such, the claim did not relate to an investment within the meaning of Article 25(1)).

206. Biwater Gauff (Tanz.) Ltd. v. United Republic of Tanz., ICSID Case No. ARB/05/22, Award (July 24, 2008).

207. *Id.* ¶ 313, 317 ("[I]t is doubtful that arbitral tribunals sitting in individual cases should impose one such definition which would be applicable in all cases and for all purposes.").

208. *See, e.g.*, Phoenix Action, Ltd. v. Czech Republic, ICSID Case No. ARB/06/5, Award (Apr. 15, 2009) (building slightly on the *Salini* test); *Malaysian Hist. Salvors*, ICSID Case No. ARB/05/10, Annulment, ¶ 16. What is responsible for part of the fragmentary approach to investment in the ICSID Tribunals, is in large part, due to the fact that, there is a lack of precedent, and as such, different tribunals enjoy a level of flexibility to apply tests or investment criteria specific to their case. *See* Cristoph Schreur & Matthew Weiniger, *Conversations Across Cases – Is There a Doctrine of Precedent in Investment Arbitration?*, 3 TRANSNATIONAL DISPUTE MGMT (2008).

209. Salini Construttori S.P.A. v. Morocco, ICSID Case No. ARB/00/4, Decision on Jurisdiction (July 23, 2001) (finding that an international construction contract qualified as an investment for the purposes of the ICSID Convention); *see also* Alex Grabowski, *The Definition of Investment under the ICSID Convention: A Defense of Salini*, 15 CHI. J. INT'L L. 287 (2014).

210. These are (1) duration; (2) regularity of profit and return; (3) assumption of risk; (4) substantial commitment; and (5) significance for the host State's development. *See Salini Construttori*, ICSID Case No. ARB 00/4, Decision on Jurisdiction, ¶ 52; Grabowski, *supra* note 209, at 290

211. *Biwater Gauff Ltd.*, ICSID Case No. ARB/05/22, Award, ¶ 314 ("[T]he Salini test itself is problematic, if as some tribunals have found, the 'typical characteristics' of an investment as identified in that decision are elevated into a fixed and inflexible

test, requires. Moreover, the ICSID Convention itself is silent on the meaning of investment.[212] The Convention avoided giving a definition of the term, despite various attempts during the negotiating process.[213]

Outside of bilateral investment treaties, the definition of investments has also been a source of debate from the perspective of the law of treaties. But such an examination first requires examining the ICSID Convention and in particular Article 25, which states that the Convention is only applicable to "any legal dispute arising directly out of an investment . . . ."[214] This broad term that the Convention simply refers to allows for any commercial activities with economic value to be deemed as investments (and this is certainly true for intellectual property in general), but also opens the definition to be subjected to scholarly ruminations[215] in addition to fragmentary definitions in ICSID decisions.

There is however another silver lining for interpreting the term "investment" that Article 25(1) left hanging in the air: that is, it should be interpreted within its ordinary meaning. The term "investment" is, for all purposes, an economic term, hence, an ordinary meaning should be applied.

According to the Vienna Convention on the Law of Treaties,[216] Article 31, treaties are to be interpreted within their ordinary meaning. This position was endorsed by *Ambiente*, where that Tribunal noted that the:

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test . . . .").

212. *See* ICSID Convention, *supra* note 24, art. 25(1).

213. Report of the Executive Directors on the Convention on the Settlement of Investment Disputes between States and Nationals of Other States ¶ 27 (Mar. 18, 1965), compiled in ICSID CONVENTION, RULES AND REGULATIONS, at 47, ICSID/15 (Apr. 2006), available at http://icsid.worldbank.org/ICSID/StaticFiles/basicdoc/CRR_English-final.pdf ("No attempt was made to define the term 'investment' given the essential requirement of consent by the parties, and the mechanism through which Contracting States can make known in advance, if they so desire, the classes of disputes which they would or would not consider submitting to the Centre (Article 25(4))."); *see also Biwater Gauff Ltd.*, ICSID Case No. ARB/05/22, Award, ¶ 312.

214. ICSID Convention, *supra* note 24, art. 25(1).

215. The academic literature is full of various strands, theories, and definitions of investments for the purposes of international law. *See, e.g.*, Julian Davis Mortenson, *The Meaning of Investment: ICSID's Travaux and the Domain of International Investment Law*, 51 HARV. INT'L L.J. 257 (2010); Mavluda Sattorova, *Defining Investment under the ICSID Convention and BITs: Of Ordinary Meaning, Telos, and Beyond*, 2 ASIAN J. INT'L L. 267 (2012); Pia Acconici, *Unexpected Development-Friendly Definition of Investment in the 2013 Resolution of the Institut de Droit International*, 23 ITALIAN Y.B. INT'L L. 69 (2013).

216. Vienna Convention on the Law of Treaties art. 31(1), *opened for signature* May 23, 1969, art. 60, 1155 U.N.T.S. 331 [hereinafter Vienna Convention].

> [R]eliance on the *travaux preparatoires* and the intentions of the parties must not lead to an outcome deviating from the interpretation of Article 25 "in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose."[217]

The ordinary meaning approach that *Ambiente* acknowledges, is only one part of a three-part approach to treaty interpretation that the VCLT endorses. Two being the *object* and *purpose* of the treaty, and the third, a contextual approach.

The treaty approach to the definition of investment was the preferred approach in *Malaysian Historical Salvors* by confirming that the meaning of investment emanates from the ordinary meaning given in the treaty,[218] and that, the sole arbitrator did not take into consideration, among other things that the definition of an investment also involves interpreting the *travaux* of the ICSID Convention where the drafters intended to allow investment under Article 25(1) to be defined.[219] For all intents and purposes, the dispute in *Malaysian Historical Salvors* was about intellectual property rights and other non-traditional investments. The company in the dispute signed a contract with the Malaysian government to salvage a shipwreck, and one sticking point was whether the contract and the *process of salvaging* — "know-how" in the language of intellectual property — constituted an investment.[220]

Although the company is registered under Malaysian laws, it is owned by a British national — and hence, the UK-Malaysia BIT ("UKMAB")[221] was invoked. Under the contract — the findings of the shipwreck would constitute historical heritage, and for the purposes of intellectual property, cultural heritage, is to an extent, an allied property right.[222] In any event, the contract states that "[t]he Government and the Salvor 'shall have ownerships of publications and intellectual rights . . . . However the GOVERNMENT

217. Ambiente Ufficio S.p.A v. Argentine Republic, ICSID Case No. ARB/08/9, Decision on Jurisdiction and Admissibility, ¶ 455 (Feb. 8, 2013) (quoting Vienna Convention, *supra* note 216, art. 31(1)).

218. Malay. Hist. Salvors SDN BHD v. Gov't of Malay., ICSID Case No. ARB/05/10, Decision on the Application for Annulment, ¶ 14 (Apr. 16, 2009).

219. *Id.* ¶ 69

220. *See id.*

221. Agreement for the Promotion and Protection of Investments, U.K.-Malay., May 21, 1981, 1579 U.N.T.S. 11 [hereinafter UK-Malaysia BIT].

222. *See* Justin S. Stern, *Smart Salvage: Extending Traditional Maritime Law to Include Intellectual Property Rights in Historic Shipwrecks*, 68 FORDHAM L. REV. 2489 (2000); Valentina S. Vadi, The *Challenge of Reconciling Underwater Cultural Heritage and Foreign Direct Investment: A Case Study,* 17 ITALIAN Y.B. INT'L L. 143 (2007).

shall not commercially exploit such rights except in so far as to propagate education, tourism, museums, culture and history.' "[223]

Article 59 of the UK-Malaysia BIT defines investments to include "intellectual property rights" without any elaboration.[224] According to the Tribunal, the right granted to salvage can be treated as a business concession under the contract that also involve intellectual property rights: "what is precisely at issue between the Government and the Salvor is a claim to money and to performance under a contract having financial value; the contract involves intellectual property rights . . . ."[225] In other words, the Tribunal in its annulment decision, made it clear that the salvaging contract was an investment, for the purposes of the BIT, and it constituted an economic activity.[226] The sole arbitrator originally found that the salvaging contract was not an investment contract.[227] In light of this, the Tribunal concluded that the contract was an investment — and there can be hardly any room for a different conclusion.[228] Thus, in *Malaysia Historical Salvors*, it has been demonstrated that intellectual property are investments.

Although intellectual property rights are investments, BITs traditionally do not effectively represent intellectual property as investments *per se* in detail. Rather, intellectual property constitutes part of the broad notion of investments; and in some cases, intellectual property too — as a term, is also left undefined, or in-adequate explanation of what it entails. Nevertheless, contemporary super BITs such as the *US — Australia FTA*, have substantive provisions on intellectual property rights, and thereby, change the dynamics on the question of intellectual property as investments when compared to the older type BITS discussed above.[229]

In any event, to adequately address some of the issues raised regarding

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223. *Malaysian Hist. Salvors*, , ICSID Case No. ARB/05/10, Decision on the Application for Annulment, ¶ 2 (quoting the salvage contract).

224. UK-Malaysia BIT, *supra* note 221, art. 1, ¶ (1)(iv).

225. *Malaysian Hist. Salvors*, ICSID Case No. ARB/05/10, Decision on the Application for Annulment, ¶ 60; Malaysian Hist. Salvors SDN, BHD v. Gov't of Malay., ICSID Case No. ARB/05/10, Award on Jurisdiction, ¶ 139 (May. 17, 2007) (noting that intellectual properties are investments).

226. *See Malaysian Hist. Salvors*, Decision on the Application for Annulment, ICSID Case No. ARB/05/10, ¶ 61.

227. *Id.*

228. *Id.* ¶¶ 60–61.

229. *See* United States – Australia Free Trade Agreement art. 17.1–17.12, U.S.-Austl., May 18, 2004, 43 I.L.M. 1248 (including provisions regarding remedies to intellectual property right violations, increasing the duration of copyright protection, and establishing the protection of encrypted program-carrying satellite signals under intellectual property rights).

intellectual property investments in the older type BITS, one solution is to go narrower into the specific elements of intellectual property and what they entail especially for investments. Take the case of trademarks for example, which are seen as sign and symbols representing the origin of goods and the economic reach of manufacturers (investors): trademarks, as one court argues, perform an investment function, as the CJEU acknowledges in *Interflora v. Marks and Spencer*,[230] noting that the investment function of trademarks is essential to the economic operator.

According to the CJEU, in order for an infringement to take place, the investment function — one of several functions of trademarks — must be compromised.[231] That investment function the court said, entails the use of the trademark by its economic operator "to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty."[232] Although the CJEU was dealing with specific regional trademark law, the implication of this finding on a global scale is undeniable. This is even more so for investment contracts that can potentially define in broader terms the meaning of intellectual property as investments and how trademarks form part of the core investment.

Another implication of this definition of investment function of trademarks relates to questions of jurisdiction and applicable law, and contracts, involving European companies may potentially refer to the applicable law for intellectual property disputes as that of the national's law home state. But, when the investment function of trademarks is interpreted in the broad economic term associated with investments, it is clear that if trademarks as defined as investments in contracts, then international law has an important role to play by interpreting such contracts in accordance with their meaning.

Furthermore, BITs in general allow the owners of trademarks access to international arbitral tribunals in the event any adverse effect on the investment of trademarks may occur such as expropriation.[233] Given the global nature of goods and services, the functions of trademarks cannot be separated from the protection of trademarks, and BITs often emphasize the need for protection and enforcement of intellectual property rights. The

230. Case C-323/09, Interflora v. Marks & Spencer Plc, ECLI:EU:C:2011:604, ¶ 60–61 (Sep. 22, 2011).

231. *See id*.

232. *Id*. ¶ 60.

233. *See generally* Valentina S. Vadi, *Trade Mark Protection, Public Health and International Investment Law: Strains and Paradoxes*, 20 EUR. J. INT'L L. 773 (2009) (analyzing the protection of trademarks in international investment law).

TRIPs for instance sets out the international legal norms for the protection of trademarks and investors are generally confident that they can rely on international law in this instance to protect their investment rights.[234]

But there are also drawbacks which the investment function of a trademark can lead to. How to reconcile the promotion of investments through intellectual property rights while regulating products such as tobacco that may cause adverse health reactions.

iii. Trademark Use, Plain Packaging Encumbrances and the Law of International Investment

The protection of trademarks under the TRIPs Agreement has afforded trademarks a coveted spot in international law — elevating trademark protection to greater legal certainty. And although TRIPs protection of trademarks are minimum standards — the TRIPs provisions represent established laws that offer protection of trademarks on a regional or national level. Furthermore, the existence of intellectual property provisions in investment treaties also ensures that trademark protection or recourse to arbitral tribunals is available in the event of a breach of treaty terms highlights how significant trademark protection have become in international law.

But despite the importance of trademarks in international law — some states have enacted legislations that affect the very existence of trademarks in global commerce — albeit in relation to certain products that may affect public health. The problem with such regulations is that they go against the very obligation of states in international law in relation to treaties governing investments and intellectual property.

Take Article 20[235] of the TRIPs Agreement as an example. According to this provision, the use of a trademark in the course of trade should not be interfered with.[236] This provision in the TRIPs Agreement imposes an obligation on states not to unnecessarily or unjustifiably encumbered trademarks that forms part of an economic activity.[237] In other words, Article

234. *Id*. at 776–77; TRIPS Agreement, *supra* note 199.

235. TRIPS Agreement, *supra* note 199, art. 20 ("The use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, use in a special form or use in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings. This will not preclude a requirement prescribing the use of the trademark identifying the undertaking producing the goods or services along with, but without linking it to, the trademark distinguishing the specific goods or services in question of that undertaking.").

236. *Id*.

237. *See id.*

20 is about government regulation and its limits[238] in investments that concern intellectual property.

The language is strong, clear and blunt, yet states do not appear perturbed by this provision of the TRIPs. Article 20 of the TRIPs Agreement incorporates the language of investment by providing a legal channel of certainty to investors that their intellectual property investment in a host country will not encounter any roadblocks.

Article 20 of the TRIPs Agreement therefore acts like a stabilization clause in investment contracts, and as such, legislations that requires investors to *obscure* their trademarks on cigarettes breaches this obligation of the TRIPs. This is because plain packaging laws are generally justified as special requirements for the purposes of public health, and hence, in principle, are not compatible with Article 20 of the TRIPs Agreement. Plain packaging legislation, in effect unjustifiably encumbered the use of trademarks.

The main concern of Article 20 TRIPs Agreement in relation to trademarks is use — and not the actual protection. A trademark is used in the *course of commerce* when it is able to distinguish the origin of goods and services by a visible affixed sign. Thus, it is vital that trademarks are displayed visibly in order to fulfil the use requirement.

Between the two most powerful trading nations, the United States and the European Union (counted as a nation for the sake of argument), the difference in their trademark laws on trademark use appears only during litigation,[239] despite the similar language. Under U.S. trademark law — the semantics of trademark use is described as "use in [the course of] commerce"[240] whilst in the EU, it is a matter of "trademark use" or "using in the course of trade."[241] For the purposes of trademark use in the course of

238. *See* NUNO PIRES DE CARVALHO, THE TRIPS REGIME OF TRADEMARKS AND DESIGNS 417–18 (2d ed. 2011) (describing Article 20 as the most controversial provision of the TRIPs Agreement as regards to trademarks). For Carvalho, the prohibition of use of trademarks via national legislations is in fact "the ultimate encumbrance." *Id.* at 418.

239. The CJEU has, for instance, addressed use in the course of trade as being used in the course of a commercial activity. Case C-17/06, Celine SARL v Celine SA, ECLI:EU:C:2007:39 (2007), ¶ 17. For cases that have different approaches to "use" in both the EU and the United States, the Google AdWord litigations demonstrate this well. *See* Joined Cases C-236/08, C-237-08, C-238/08, Google France, ECLI:EU:C:2009:569, ¶ 57; Rescuecom Corp. v Google Inc., 562 F.3d 123 (2d Cir. 2009) (holding that Google fulfilled the requirement of use in commerce but not the use of in the course of trade).

240. Lanham Act § 1, 15 U.S.C. § 1051(a).

241. This was the language that previous versions of the Trademark Directives in Europe applied. *See e.g.*, Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to Trade Marks, 2008 O.J. (L 299/25), art. 5(1), 6(1). The trade mark directives have gone through several modifications, but with little or no changes, the latest being, Directive

trade under EU law, such use is also applicable to external countries which the EU trades with, and where EU law is applicable.

The situation is clearer in the United States, in terms of international trade, and the "use in commerce" provision of the Lanham Act, in the sense that the meaning of "commerce" also involves trade between the United States and another country.[242]

The provisions of the TRIPs Agreement adopt the same language as EU trademark law — "use of a trademark in the course of trade," as set out in Article 20 and Article 16 of the TRIPs Agreement.[243] What is interesting is that Article 20 of the TRIPs Agreement is further supported by several provisions dealing with legitimate interests, such as Articles 13 and 17 on copyright and trademarks respectively.[244]

Article 17 for instance,[245] technically says that laws, such as plain packaging, are not compatible with the TRIPs. Furthermore, according to Article 13 (dealing with copyright in general) limitations and exceptions to exclusive rights of intellectual property (trademarks for the purposes of this section), although allowed, should "not conflict with a normal exploitation" nor "unreasonably prejudice the legitimate interests of the right holder."[246] This powerful reference to legitimate interests acts as a defensive mechanism in treaty conflicts within the international economic and legal treaty system.

As early as in 2000, a WTO Panel endorsed the notation of legitimate interests as a normative claim.[247] Taking this reasoning of *Canada — Patents* — that legitimate interests are normative claims, then, when Article 17 of the TRIPs covering trademarks is factored into the equation, any claims concerning trademarks are also a reflection of the legitimate interests of the trademark owners.[248]

(EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks, 2015 O.J. (L 336).

242. Lanham Act § 1, 15 U.S.C. § 1051(a); *see also* Trader Joe's Co. v. Hallatt, 835 F. 3d 960, 972 (9th Cir. 2016).

243. TRIPS Agreement, *supra* note 199, arts. 16, 20.

244. *Id.* arts. 13, 17.

245. *Id.* art. 17 ("Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.").

246. *Id.* art. 13.

247. Panel Report, *Canada – Patent Protection of Pharmaceutical Products*, WTO Doc. WT/DS114/R (adopted Mar. 17, 200) (explaining that the term "legitimate interests . . . must be defined in the way it is often used in legal discourse — as a normative claim calling for protection of interests that are 'justifiable' . . . .").

248. TRIPS Agreement, *supra* note 199, art. 17.

Article 17 is even more important than the other provisions given that Article 17 provides for exceptions (as what public health tobacco regulations general based their premise) and as such, ought to be seen in a different context.[249] Under no circumstances are trademarks rights (and use) to be compromised. The case for a special circumstance to compromise the rights in trademarks and their use during the course of trade has not been envisaged.

From a purely doctrinal perspective — trademark laws in a domestic context do prescribe that certain trademarks cannot be registered or registration for previously registered marks may be revoked if such marks are offensive among other things. For instance, REDSKINS — formerly used by a U.S. football (not soccer) team is one such mark.[250] But this example does not link with the use in the course of trade requirement in the TRIPs or for that matter, the Plain Packaging Act.[251]

In the Panel Report of June 2018 on the Australian Plain Packaging requirements — the WTO endorsed the notion that it was the prerogative of a nation to enact legislations that intend, as a matter of public policy, to protect public health.[252] At the heart of the dispute, as the claimants maintained, was whether Australia breached international law obligations under the WTO treaty, specifically, the TBT Agreement and TRIPs Agreement.[253] Thus, in relation, to the claims under the TBT Agreement, the Panel agreed that Australia's Plain Packaging law constituted a "technical regulation" and hence, did not breach the TBT Agreement.[254] This *positive* assessment was also upheld in relation to the TRIPs Agreement, as the Panel opined that the plain packaging laws were within the boundaries of the TRIPs

249. *See id.* For an analysis of Article 17, see Katja Weckstrom, *When Two Giants Collide: Article 17 and the Scope of Trademark Protection Afforded under the TRIPs Agreement*, 29 Loy. L.A. Int'l & Comp. L. Rev. 167 (2007); Haochen Sun, *The Road to Doha and Beyond: Some Reflections on the TRIPS Agreement and Public Health*, 15 EUR. J. INT'L L. 123 (2004).

250. After decades of use, the mark was abandoned due to concerns over race. But for some of the legal discussions leading up to the cancellation of the mark see, e.g., Victoria F. Phillips, *Beyond Trademark: The Washington Redskins Case and the Search for Dignity*, 92 CHI. KENT L. REV. 1061 (2017); Jeffrey Lefstin, *Does the First Amendment Bar Cancellation of REDSKINS*, 52 STAN. L. REV. 665 (2000).

251. *Tobacco Plain Packaging Act 2011* (Cth) (Austl.).

252. *See* Panel Rulings of 2018, *supra* note 103, at 162.

253. Agreement on Technical Barriers to Trade, Apr. 15, 1994, 1868 U.N.T.S. 120 [hereinafter TBT Agreement].

254. Panel Rulings of 2018, *supra* note 103, at 162. It should be noted that Article 1 of the TBT Agreement stipulates that technical regulations including packaging "do not create unnecessary obstacles to international trade." TBT Agreement, *supra* note 253, rec. 5.

Agreement.[255] This, "in combination with other tobacco-control measures maintained by Australia, are capable of contributing, and do in fact contribute, to Australia's objective of improving public health by reducing the use of, and exposure to, tobacco products . . . ."[256] For the complainants, Australia, could have in principle adopted different measures to the plain packaging legislations, such as higher taxes or social marketing campaigns to get its message across. The Panel however, disagreed, and made the following observation especially relating to the question of encumbrance:

> [W]e conclude for the purposes of our analysis under Article 20 of the TRIPS Agreement that the complainants have not shown that any of the proposed alternative measures alone or in combination would be manifestly better in contributing towards Australia's public health objective, operating in a manner comparable to the TPP [Tobacco Plain Packaging] measures as an integral part of Australia's comprehensive tobacco control polices and at the level desired by Australia. In light of our analysis under Article 2.2 of the TBT Agreement, we are not persuaded that the proposed alternatives call into question the sufficiency of the reasons Australia has given to the TPP trademark restrictions, bearing in mind the contribution that the TPP measures, including their trademark-related requirements, make, as part of its comprehensive tobacco control polices, to Australia's objective of improving public health.[257]

Thus, with this argument and its lengthy analysis of Article 20 of the TRIPs Agreement, the Panel concluded that the TPP did not violate the TRIPs Agreement, as was raised by the claimants.[258] The Panel, established three criteria, to make its assessment: (a) "the existences of 'special requirements'" that "encumber" the use of trademarks; [259] (b) and, if such "requirements 'encumber' '[t]he use of a trademark in the course of trade,'"[260] and, (c), "whether the TPP measures 'unjustifiably' encumber the use of trademarks . . . ."[261] The panel's finding was succinct, in relation to

255. Panel Rulings of 2018, *supra* note 103, at 229 ("We conclude that the complainants have not demonstrated that the TPP measures are inconsistent with Australia's obligations under Article 20 of the TRIPS Agreement.").

256. *Id.* (addressing in particular the question of encumbrance).

257. *Id.* ¶ 7.2601

258. *Id*.

259. *Id.* ¶ 7.3.5.3.

260. *Id.* ¶ 7.3.5.4.

261. *Id*. ¶ 7.3.5.5.

"special requirements" and "encumber":

> T[]he term "special requirements" refers to a condition that must be complied with, has a close connection with or specifically address the "use of a trademark in the course of trade", and is limited in application. This may include a requirement not to do something, in particular a prohibition on using a trademark.[262]

In relation to the question of "unjustifiably," the Panel set out a series of determinants that would provide some insights but decided against examining those determinants.[263]

There is no novelty in the application of the arguments that the Panel used in its analysis of *Australia Plain Packaging*. Rather the dispute must be looked at from a different lens: whether it was a challenge to the fabric of international law in that an international tribunal would be responsible or have a say in domestic sovereign right of a state to enact legislations for public policy. In this context, the WTO could not challenge legislation that invokes the protection of public health on public policy grounds, as this is a tenet in part of the GATT exceptions.

Crucially, however, the Panel report is an indication that the WTO endorses the continuity of international law, where states are the primary actors, and that despite the existence of epistemic and private economic forces objections to such restrictive statist legislations, it is states that are the main actors in international law. Hence, from this perspective, the panel of *Australia — Plain Packaging* was not a ruling that private economic actors can count on as part of their power-function in international law. Yet, the Panel report reveals one thing — that regardless of being a *negative* rule, it shows the extent the privatizing culture of international law has permeated the judicial halls of tribunals, and specifically, does provide some important questions for the development of international legal scholarship.

iv. The Public and Private International Law Dimension: an Analytical Discussion

At the turn of the twenty-first century when legal scholars began to *return* to the public and private international law divide, one argument was that the distinction has blurred given that both fields of law cross-integrate.[264] The

262. *Id.* ¶¶ 7.2231, 7.2236 (discussing the panel's finding on encumbering).

263. *Id.* ¶¶ 7.2430–7.2431.

264. *See* Edith Brown Weiss, *The Rise of the Fall of International Law?*, 69 FORDHAM

return[265] to the private and public international law dimension in the twenty-first century academic literature has been, as a result of globalization – the common vehicle of capitalism that drives trade and global commerce — and hence, that vehicle is equipped with a hybrid engine in which legal norms are somewhat difficult to distinguish.

The result of this legal hybridization of globalization is that international law is further *commodified*[266] — in which intellectual property rights play a significant role in the commodification process of international law.[267] The subject matter of intellectual property is universal or global, and this is especially noticeable given that nation states regulate intellectual property through domestic international private law (intellectual property law). The universalist nature of intellectual property also includes public international law, and as such, this hybridization contributes to a culture of privatization.

Apart from *hard* international intellectual property laws such as the TRIPs Agreement, other public international law instruments that cover the private nature of intellectual property subject matter include the Universal Declaration of Human Rights[268] and several external regimes ranging from climate change/environmental law to mega-regional and bilateral treaties.[269] However, in terms of the human rights regime and intellectual property, the former has in a sense a strong presence in intellectual property law, even if it means private rights holders relying on human rights norms to protect their (intellectual) property. The broader significance is that human rights as a regime has fortified the pillars of international law so much so that it is inescapable of not linking human rights to any area of international law.

L. REV. 345, 352–53 (2000) ("Public international law has become increasingly concerned with areas that used to be viewed as entirely within the purview of private international law, just as private international law is more often addressing issues that used to be viewed as the primary province of governments.").

265. *See, e.g.*, Carla Hesse, *The Rise of Intellectual Property, 700 B.C. – A.D. 2000: An Idea in the Balance*, 131 DAEDALUS 26 (2002).

266. *See, e.g.*, Jan Klabbers, *The Commodification of International Law*, *in* 1 SELECT PROCEEDINGS OF THE EUROPEAN SOCIETY OF INTERNATIONAL LAW 341 (Hélène Ruiz-Fabri et al. eds., 2006).

267. *See* Rochelle Dreyfuss & Susy Frankel, *From Incentive to Commodity to Asset: How International Law is Reconceptualising Intellectual Property*, 36 MICH. J. INT'L L. 557 (2015).

268. *See* G.A. Res. 217 (III) A, Universal Declaration of Human Rights, art. 27(2) (Dec. 10, 1948) (noting that everyone is entitled "to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author."); *see also* G.A. Res. 2200A (XXI), International Covenant on Economic, Social and Cultural Rights, art. 15(1), (Dec. 16, 1966).

269. *See generally* HENNING GROSS RUSE-KHAN, THE PROTECTION OF INTELLECTUAL PROPERTY IN INTERNATIONAL LAW (2016) (exploring different agreements, treaties, and regimes related to international intellectual property).

Within the domain of private international law, as it relates to intellectual property, it has become increasingly evident that the norms of global intellectual property rules originated from the domestic sphere and created a global system of rules which relies on both domestic norms and global norms.

This inter-reliance of norms does not necessarily pose regulatory challenges for intellectual property, or the development of either private or public international law, but rather how to enable a more intensive system of norm-generation to accurately reflect the role of intellectual property within a system that has become less one-sided. The challenge is to reflect a global system of rules in which heterogeneous law is more flexible and eliminating homogeneity of either international private law or public international law.

Naturally, to add a label such as "the culture of privatization" to the hybridization of international private law and public international law, only creates one more layer to the existence of other systems of law that operate at the international level such as "global law," "transnational law," or even "economic constitutionalism." In any event, we need to legitimize the new function of intellectual property norms at the international level beyond the legal schisms. One of way doing so is appreciating the norm generating and rule-content shaping function of intellectual property rights at the global level from international private law and public international law perspectives.

It is in that spirit that this Article so far explored the meaning and context of fair and equitable treatment in international law and how it is linked to intellectual property rights. This Article so far has discussed how recent developments in international tribunals interpreted BITs and made attempts to offer some form of discussions relating to intellectual property investments. Moreover, this Article explored other developments in international dispute settlements, such as the context of plain packaging and how these developments help to create or contribute to the aura of a culture of privatization in international law. Thus, this Article has provided evidentiary material as how the culture of privatization in international law emerges as a result of private rights in international intellectual property and investment adjudication. There is, however, the need to recalibrate the Hartian approach to private adjudication and its linkage to public international as established in earlier parts of this Article, and the next Section does that.

IV. THE AUTHORITY-RIGHTS NEED OF ADJUDICATING PRIVATE RIGHTS IN

PUBLIC INTERNATIONAL LAW

For holders of intellectual property rights, who are also actively engaged in investments in a second country where investment agreements provide legal protection, both their "property rights" and "investment rights" have created legal relations that gives them some of form authority over states. At the heart of these authority-rights is how to effectively, in the event of a dispute, adjudicate their private rights under the rules of public international law. This complicated trifecta of "authority-rights," "adjudication," and "private-rights" culminates in the privatization culture of international law as developed in this paper and my previous iterations elsewhere.

There is no hierarchal difference among authority-rights, adjudication, and private-rights: they all accomplish the same goal of privatizing international law. In short, the adjudication narrative represents a positivist engagement with international law (when the Hartian view primary and secondary rules are considered). For authority-rights, it presents me with an opportunity to infuse the debate with how the authority of creating international rules by epistemic communities are significant, given that, those epistemic communities represent private rights holders. And the third, the concept of private rights, can best be explained from how the WTO DSB interprets the concept when faced with the role of intellectual property rights in international law. All three components will have to be explained separately in order demonstrate the continued occurrence of the privatization culture of international law, before showing how new "super-BITS" are slowly manifesting the privatization narrative as *lex-cosmopolis*.

A. Adjudication – A Hartian View in Light of the Australia - Certain Measures and Trademark Basic Treaty Function

One of Hart's arguments in the *Concept of Law* is that law should be seen within the context of "adjudication" — that is, the power "to make authoritative determinations of the question whether, on a particular occasion, a primary rule has been broken."[270] In essence, Hart is speaking about how rules and procedures are applied in front of a judicial body such as courts or tribunals when such rules are violated. As Hart posited, a legal system comprises of rules where the players of that system, *private citizens* and *officials* accepts the "legal validity" of rules and as "common

270. HART, *supra* note 57, at 94. For theoretical arguments on adjudication in general, see Timothy Endicott, *Adjudication and the Law* 27 OXFORD J. LEGAL STUD. 311 (2007); Ralf Poscher, *The Common Error in Theories of Adjudication: An Inferentialist Argument for a Doctrinal Conception, in* THE PRAGMATIC TURN IN LAW. INFERENCE AND INTERPRETATION IN LEGAL DISCOURSE 307 (Janet Giltrow & Dieter Stein eds., 2017).

standards."[271] Perhaps, it is best, to let Hart, explain this, in his own words:

> There are therefore two minimum conditions necessary and sufficient for the existence of a legal system. On the one hand, those rules of behaviour which are valid according to the system's ultimate criteria of validity must be generally obeyed, and, on the other hand, its rules of recognition specifying the criteria of legal validity and its rules of change and adjudication must be effectively accepted as common public standards of official behaviour by its officials. The first condition is the only one which private citizens *need* satisfy: they may obey each "for his part only" and from any motive whatever; though is a healthy society they will in fact often accept these rules as common standards of behaviour and acknowledge an obligation to obey them, or even trace this obligation to a more general obligation to respect the constitution. The second condition must also be satisfied by the officials of the system. They must regard these as common standards of official behaviour and appraise critically their own and each other's deviations as lapses.[272]

It is possible to interpret from this extract that intellectual property rights and their protection at the international level impose duties and obligations as a matter of *law.* Such duties and obligations, along with developments in international investment protection (for intellectual property investments), creates a legal system that requires the *authority* of adjudication. In this context, *regulatory international law*, when being adjudicated by an international tribunal, will allow for "discretion" when interpreting, or at least consideration of the "standards" of regulatory international law, should conflict arise. Again, it is best to quote Hart in his own words in order to avoid any distortion of his views:

> In every legal system a large and important field is left open for the exercise of discretion by courts and other officials in rendering initially vague standards determinate, in resolving the uncertainties of statutes, or in developing and qualifying rules only broadly communicated by authoritative precedents.[273]

The above quoted passage contains a lot that only be best unpacked in its own article. However, in summary, from my point of view, what Hart is telling us is that no matter the condition, existence or language of the law —

271. HART, *supra* note 57, at 113.
272. *Id.*
273. *Id.* at 132.

the adjudicators (judges) can interpret the law as they see fit to match reality (current standards) and remove any cloud of uncertainty. A court may not necessarily revise[274] a treaty — but it can interpret a treaty in accordance with international law standards.[275]

This begs the question: how does an international tribunal interpret general terms such as "use of a trademark," "trademark basic treaty function,", or "investment" when confronted in light of conflicts arising from an international investment agreement in general or one relating to intellectual property rights? In *Australia — Plain Packaging* the WTO Panel was also faced with similar questions, and for example, explains that the use of a trademark is essential to its basic treaty function of distinguishing goods:

> [T]he treaty text shows that "[t]he use of a trademark" is a *protected interest* under Article 20 that must be considered in assessing justifiability. As a result, the legal standard for "justifiability" must be developed in light of the role and importance of "[t]he use of a trademark," as the interest protected by the provision. "The use of a trademark" is essential to a trademark's ability to fulfil its basic treaty function of distinguishing goods or services in commerce in terms of their quality, characteristics, and reputation. Against that background, the object and purpose of Article 20 in protecting "[t]he use of a trademark" is to safeguard the ability of a trademark to full its basic treaty function of distinguishing a good or service as far as possible, while permitting a Member to achieve other legitimate objectives. It adds that "[t]he object and purpose of safeguarding the ability of a trademark to fulfil its basic treaty function as far as possible unquestionably furthers the object and purpose of the TRIPs Agreement as a whole." There is no parallel to Article 20 to protect the use of other forms of IP covered by the TRIPS Agreement.[276]

From the above passage, we could for example, deduce that the Panel's reference to "legitimate objectives" could also mean that of intellectual property as investments, as set out in international investment treaties.

The Panel's treatment of "use of a trademark" is interesting for the fact that, this is a doctrine, that, primarily relates to private law — that is the

274. *See* Rights of Nationals of the United States of America in Morocco (Fr. v. U.S.), Judgment, 1952 I.C.J. 176, 196 (noting that "the Court can not adopt a construction by implication . . . . It is the duty of the Court to interpret the Treaties, not to revise them").

275. *See* Understanding on Rules and Procedures Governing the Settlement of Disputes art. 3.2, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 2, 1869 U.N.T.S. 401.

276. Panel Rulings of 2018, *supra* note 106, ¶ 7.2314.

domestic trademark law of states, and the elevation of this doctrine, in international law goes to show how important private rights are at the global level (or at the domestic level in relation to its immersion as part of "public rights"[277]).

Another deduction that one can draw from the Panel's treatment of "basic function" is that other forms of treaty interpretation, for example, the principles set out under Articles 31 and 32 VCLT are necessary for the interpretation of "basic function of a trademark" in treaties.[278]

Yet, it is how, what is arguably, a direct reference to private rights holders — "protected interest," that is most notable, of the Panel's treatment of trademarks, significant for the all-important element in the privatization[279] of international law. After all, it is Australia that made the first move to regulate how international corporations *should* represent their goods on the Australian market, where the use of a trademark was no longer able to distinguish tobacco goods due to "plain packaging."[280] Thus, from the point of view of Australia, tobacco products were a public health issue that requires the state to take action, even if such actions would be deemed as the expropriation of intellectual property rights and WTO members can, as a matter of legitimate policy, expropriate private trademarks as a public health concern.

If we invoke the Hartian approach to adjudication as earlier discussed there are two important takeaways from the above assessment. First, international tribunals adjudicate domestic laws that seemingly expropriate intellectual property rights as a matter of interpreting those provisions within the international treaties they are part of. In other words, a WTO Panel discussing TRIPs will only refer to domestic laws if they form part of the litigation. Secondly, international tribunals will attempt to offer some legitimate interpretation on the authority of states to regulate matters such public health grounds as legally valid. The point is, from the Hartian perspective, as set out in this section of the Article, it is the existence of *law*

277. *See, e.g.*, Oil States Energy Servs. v. Green's Energy Grp., 138 S. Ct. 1365 (2018) (showing how the Supreme Court decided after *inter partes* review that patents are public rights in that they do not violate the U.S. Constitution).

278. Vienna Convention, *supra* note 216, arts. 12–13.

279. *See Oil States Energy Servs.*, 138 S. Ct. at 1365–86 (showing how the Supreme Court examined the concept of public rights and private rights and found that *inter partes* patents are public rights). The Court acknowledges that patents are private property rights but "the decision to grant a patent is a matter involving public rights —specifically, the grant of a public franchise." *Id.* at 1373. Hence, this is also one form of privatization I develop in this work, albeit at the domestic level.

280. *Tobacco Plain Packaging Act of 2011* (Cth) ss 18–26 (Austl.).

and its interpretation within cases such as *Australia — Plain Packaging* that represents the importance of adjudication.

Law, in this situation, was the international law of intellectual property protection, as per the TRIPs Agreement. But, nevertheless, *that* law, also states that "[m]embers may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health . . . ."[281] Thus, adjudication should be seen as interpreting and applying the law and finding the right answers to questions posed. And decisions such as *Australia — Plain packaging* show how adjudication is critical to determining international law in light of how private rights are protected (or expropriated) under international law.[282]

Nevertheless, when Hart on a general level is factored into the assessment of the *obligation* that Australia has under international law (under Article 8(1) of the TRIPs Agreement), and the obligations of other complainants under international law, the adjudication process can further reveal different *conflicts of norms* and the tools to resolve them.[283]

B. Authority-Rights: The Meaning of "Authority" in China – Enforcement

In *China — Enforcement*, the Panel in part of its analysis of the term "shall have the authority"[284] also linked the meaning of "authority" to private rights holders.[285] The Panel construed "authority" to mean the "power or right to enforce obedience; moral or legal supremacy; right to command or give a final decision"[286] and it is from this meaning that the Panel explained that sections of the TRIPs Agreement also include the authority of private rights holders.

The Panel was particularly concerned about Part III of the TRIPs Agreement and its relation to private rights holders "given the potential importance"[287] of interpreting authority beyond state or other designated officials. Thus, for the Panel, private rights holders "shall have the authority" to initiate procedures under the TRIPs Agreement.[288] The

281. TRIPS Agreement, *supra* note 199, art. 8(1).

282. Panel Reports of 2018, *supra* note 119, ¶7.2314.

283. *See* TRIPs Agreement, *supra* note 199, art. 8(1)–(2); *see also* Pauwelyn, *supra* note 1 (developing and setting out conflict of norms tools in international law).

284. Panel Report, *Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, ¶ 7.234-7.254, WTO Doc. WT/DS362/R (adopted Apr. 13, 2010).

285. *Id.* ¶ 7.247.

286. *Id.* ¶ 7.236.

287. *Id.*¶¶ 7.238–7.241.

288. *Id.* ¶ 7.247

incursion by the Panel into the notion of "authority" is significant as it recognizes intellectual property as private rights but authorizes the private rights holders to take initiatives under international law (the TRIPS Agreement) to enforce the rights. It is akin to the recognition that individuals have standing in international law similar to states and non-state actors, such as international institutions.

Beyond, the legal semantics in the Panel, it would be hard to argue whether, if there was an appeal, that argument would have been discarded. Thus, in principle, the mere "fact that intellectual property rights are private rights"[289] gives credence that private rights holders enjoy the authority to the right to enforce and create a space to advance the debate on how privatization of international law occurs. This is a result of intellectual property rights in the international system. But beyond *China — Enforcement*,[290] there is also a lesson in domestic case law to also support this thesis due to the public rights and private rights debate within international law and intellectual property rights.

C. Private-Rights in Privatizing Public Law – The Lesson from Oil States Energy

We have seen that, at the domestic level, courts have confirmed that intellectual property are private rights (and can also be public rights),[291] but what about the concept of private rights in international tribunals? Do tribunals believe that private rights are also a matter of public rights under international law, and if they do, does this mean the privatization of international law has come full circle? In *Australia — Plain Packaging*, the Panel also confirmed that intellectual property are private rights[292] and indeed, as also stated in the preamble of the TRIPs Agreement. The majority of the DSBs cases on intellectual property rights have confirmed that the TRIPs Agreement recognizes the private rights of intellectual property.[293]

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289. *Id.*¶ 7.530.

290. Panel Report, *China – Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, WTO Doc. WT/DS362/R (adopted Jan. 26, 2009).

291. *See, e.g.*, Oil States Energy Servs., L.L.C. v. Greene's Energy Grp., 138 S. Ct. 1365 (2018).

292. *See* Panel Report, *Australia – Plain Packaging*, ¶ 7.1924, 7.1966, 7.1971, 7.2000 n.4472, WT/DS435/R (June 28, 2018) ("Article 16 imposes an obligation on Members to guarantee a minimum level of private rights to trademark owners that allows them to successful protect the distinctiveness and source-indicating function of their marks . . . .").

293. *See, e.g.*, *Canada — Patent Protection of Pharmaceutical Products*, ¶ 5.18, WTO Doc. WT/DS114/R (Mar. 17, 2000); *EC — Protection of Trademarks and*

However, it is not only as enumerated in the preamble of the TRIPs Agreement, but the DSB has made it clear that private rights exist in intellectual property.

The enforcement of intellectual property rights is also clearly linked to the authority of private rights holders. It is a point that the Panel in *China — Enforcement* would explain in great detail:

> The Panel also observes that a common feature of Sections 2, 3 and 4 of Part III of the TRIPS Agreement is that the initiation of procedures under these Sections is generally the responsibility of private rights holders. [A] condition that authority shall only be available upon application or request seems to be assumed in much of Sections 2, 3 and 4 of Part III. This is consistent with the nature of intellectual property rights as private rights, as recognised in the fourth recital of the preamble of the TRIPS Agreement. Acquisition procedures for substantive rights and civil enforcement procedures generally have to be initiated by the right holder and not *ex officio*.[294]

This passage emphasized the notion of private rights in intellectual property, not merely as those set out in the substantive text of the TRIPs Agreement, but also the enforcement procedures are, as a matter of point, the responsibility of "private rights holders." In a Hartian context, then, the enforcement of intellectual property rights as private rights in international law subscribe to adjudication[295] where the authority of the private rights holders helps to determine how infringement (or rules violation) occur, and where the correct remedies in the law are (the TRIPs Agreement and WTO Covered Agreement).

Thus, what should be emphasized is that the adjudication of intellectual property rights under public international law manifests both private rights as the centre of action for interpreting the public nature of international law. This process helps to form a culture of privatization that emanates from the publicness of international law. This observation is similar to what the *Oil States Energy* court said of the process of reviewing patents *inter partes*:

Geographical Indicators for Agricultural Products and Foodstuffs, ¶ 7.742, WT/DS174/R (Mar. 15, 2005); *China — Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, ¶ 7.247, WT/DS362/R (Jan 26, 2009); *India — Patent Protection for Pharmaceutical and Agricultural Chemical Products*, ¶ 48, WT/DS50/AB/R (Dec. 19, 1997).

294. *China – Enforcement*, WTO Doc. WT/DS362/R, ¶ 7.257.

295. *See* Seuba, *supra* note 72, at 16–17.

public rights is "between the government and others"[296] and hence, the privatization of international law is similarly between private rights holders of intellectual property rights in the international system and the states that enforce international law.

D. Lex Cosmopolis: Private Hard Law Beyond TRIPS?

The move towards superBITs or other types of FTAs with strong intellectual property rights provisions have to some extent, represented a form of convergence of strong private rights rules, or hard law beyond TRIPs. Let me briefly outline some of those developments to show how private rights and the regulatory needs of private actors converges as part of a cosmopolitan system of rules (*lex cosmopolis*) that contributes to the privatisation of international law.

In essence, *lex cosmopolis* represents the universality of international legal norms and the rule of law for the functioning of intellectual property rights in the global economic system due to the extent strong intellectual property rules are influenced by private actors and or reflects private law norms.

One way of illustrating the idea of *lex cosmopolis* is through the proliferation of "TRIPs-plus" (sometimes referred to as "superBITS) type free trade agreements[297] between the United States and partner States, where such agreements, contain substantial intellectual property provisions. I should also, point out, that the idea of *lex cosmopolis* is also evident in the mega-regional trade agreements such as TPP or CETA, European Partnership Agreements (EPAs) or BITS with intellectual property chapters, some of which has been discussed in previous parts of this work. Hence, my arguments here, is limited to early FTAs that have been signed between the United States and partner countries, as they can/have *globalize* intellectual property rules. Samples of these FTAs are illustrated below.

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296. *See Oil States Energy*, 137 S. Ct. at 1378 (highlighting other implications of different aspects of privatization). For other implications of different aspects of privatization, see, e.g., Laura Dickinson, *Public Law Values in a Privatized World*, 31 YALE J. INT'L L. 383 (2006).

297. For an overview of TRIPs-plus agreements, see Bryan Mercurio, *TRIPs-Plus Provisions in FTAs: Recent Trends, in* REGIONAL TRADE AGREEMENTS AND THE WTO LEGAL SYSTEM (Lorand Bartels & Federico Ortino, eds., 2006); Pedro Roffe, Christoph Spennermann & Johanna von Braun, *Intellectual Property Rights in Free Trade Agreements: Moving Beyond TRIPS Minimum Standards*, *in* RESEARCH HANDBOOK ON THE PROTECTION OF INTELLECTUAL PROPERTY UNDER WTO RULES (Carlos M. Correa, ed., 2010); Thomas Cottier et al., *The Prospects of TRIPs-Plus Protection in Future Mega-Regionals, in* MEGA-REGIONAL TRADE AGREEMENTS (Thilo Rensmann, ed., 2017).

- U.S. — Australia Free Trade Agreement (entered into force on 1 January 2005);[298]
- U.S. — Bahrain Free Trade Agreement (entered into force on 1 January 2006;[299]
- U.S. — Dominican Republic/Central America Free Trade Agreement (entered into force on 1 January 2005);[300]
- U.S. — Chile Free Trade Agreement (entered into force on 1 January 2004);[301]
- U.S. — Colombia Trade Promotion Agreement (entered into force on 15 March 2012);[302]
- U.S. — Jordan Free Trade Agreement (entered into force on 17 December 2001);[303]
- U.S. — Korea Free Trade Agreement (entered into force on 15 March 2012);[304]
- U.S. — Morocco Free Trade Agreement (entered into force on 1 January 2006);[305]
- U.S. — North American Free Trade Agreement (entered into force on 1 January 1994);[306]
- U.S. — Oman Free Trade Agreement (entered into force on 1 January 2009);[307]
- U.S. — Panama Trade Promotion Agreement (entered into force on 31 October 2012);[308]

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298. United States – Australia Free Trade Agreement, May 18, 2004, 43 I.L.M. 1248.

299. United States – Bahrain Free Trade Agreement, Sept. 14, 2004, 44 I.L.M. 544

300. Dominican Republic – Central America – United States Free Trade Agreement (CAFTA-DR)..

301. United States – Chile Free Trade Agreement, June 6, 2003, 42 I.L.M. 1026.

302. United States – Colombia Trade Promotion Agreement, Pub. L. No 112-42 (2011)

303. *Agreement Between the United States of America and the Hashemite Kingdom of Jordan on the Establishment of a Free Trade Area*, Jordan-U.S., Oct. 24, 2000, 41 I.L.M. 63.

304. Free Trade Agreement Between the United States of America and the Republic of Korea, Korea-U.S., June 30, 2007,49 I.L.M. 642.

305. *United States – Morocco Free Trade Agreement* art. 15.9(2), Morocco-U.S., June 15, 2004, 44 I.L.M. 544 (providing patent protection for "new uses of a known product . . . for the treatment of humans and animals"). Prior to this, Morocco did not provide for such protection under its intellectual property laws or international obligations.

306. The North American Trade Agreement, Dec.17, 1992, 32 I.L.M. 605 (entered into force Jan. 1, 1994).

307. Office of the United States Trade Representative, *Oman Free Trade Agreement* (Feb. 6, 2022, 5:00 pm)

308. Office of the United States Trade Representative, *U.S.-Panama Trade Promotion Agreement* (Feb. 6, 2022, 5:02 pm)

- U.S. — Peru Trade Promotion Agreement (entered into force on 1 February 2009);[309]
- U.S. — Singapore Free Trade Agreement (entered into force 1 January 2004).[310]

The above examples of U.S. — FTAs, were mostly negotiated and signed in around the same time frame of the TRIPs Agreement or, after the TRIPs Agreement came into force. One of the commonalities about these FTAs, is that they have identical intellectual property provisions that follow a particular template, and the intellectual property provisions are generally set out in chapters fourteen through to eighteen.[311] However, when compared to the protection of intellectual property under the TRIPs Agreement, it is evident that the minimum standards under the TRIPs are surpassed by the provisions in these FTAs. Thus, as "TRIPs-plus" agreements, they establish higher standards for intellectual property protection than the TRIPs Agreement, and they extend protection to more categories of "intellectual property rights"[312] (such as pharmaceutical data, test data protection, or the extension of patent terms).[313] A selective examination of the scope of some

309. Office of the United States Trade Representative, *The Peru Trade Agreement* (Feb. 6, 2022, 5:04 pm),

310. *United States – Singapore Free Trade Agreement,* May 6, 2003, 42 I.L.M. 1026 (2003).

311. While most of the intellectual property chapters are lengthy, normally 30 to 40 pages, the *US — Israel FTA* of 1985 contains only a single general provision, in Article 14, providing MFN and the need to uphold obligations under bilateral and multilateral agreements on intellectual property rights. However, this was a pre-TRIPS Agreement. *See US – Israel Free Trade Agreement* art. 14, Apr. 22, 1985, 24 I.L.M. 657 (1985). Also, the *US – Jordan FTA* intellectual property provisions are set out in Article 4 and do not command the same number of pages compare to the other FTAs mentioned above. *See Agreement Between the United States of America and the Hashemite Kingdom of Jordan on the Establishment of a Free Trade Area*, Jordan-U.S., Oct. 24, 2000, 41 ILM 63.

312. *See, e.g.*, Henning Grosse Ruse-Khan, *The International Law Relation Between TRIPs and Subsequent TRIPs-Plus Free Trade Agreements: Towards Safeguarding TRIPS Flexibilities?*, 18 J. INTELL. PROP. L. 325 (2011); Susy Frankel, *Challenging TRIPs-Plus Agreements: The Potential Utility of Non-Violation Disputes*, 12 J. INT. ECON. L. 1023 (2009); Beatrice Lindstrom, Note, *Scaling Back TRIP-Plus: An Analysis of Intellectual Property Provisions in Trade Agreements and Implications for Asia and the Pacific*, 42 N.Y.U. J. INT'L L. & POL. 917 (2010); Sandeep Mittal, *Effects of TRIPs Plus Provisions in International Trade Agreements upon Access to Medicines in Developing Countries*, 22 J. INTELL. PROP. RTS. 295 (2018).

313. *See* Wael Armouti & Mohammad Nsour, *Data Exclusivity for Pharmaceuticals in Free Trade Arrangements: Models in Selected United States Free Trade Agreements*, 40 HOUS. J. INTL. L. 106, 107 (describing patent linkage as "a decision by regulatory authorities to grant marketing approval for drugs that enjoy patent protection" based on

of the FTAs, and their "TRIPs-plus" standards, as a matter of illustrative purposes only, shows that such higher standards were purely to assist other norms in building a relationship for the advancement of international intellectual property law.

The *US — Singapore FTA*, for example, as well as the TRIPs Agreement, provides for the opposition of a trademark during registration: "Each party shall afford an opportunity for the registration of a trademark to be opposed."[314] The TRIPs Agreement, for its part, provides that "members may afford an opportunity for the registration of a trademark to be opposed."[315] To the untrained eye, the subtle difference in language does not appear immediately; however, the semantics of the wording of each provision clearly highlights a difference: "shall" versus "may." Thus, in this regard, one must see this subtle difference as mandatory.[316]

In the *US — Chile FTA*, the bar was raised for the protection of undisclosed information.[317] Whereas the TRIPs Agreement provides measures to be taken to protect undisclosed information "against unfair commercial use,"[318] in the *US — Chile FTA* it appears to prohibit third parties in a broad sense, as it states that "the party shall not permit third parties not having the consent of the person providing the information . . . ."[319] What this seems to suggest is that third parties should look elsewhere should they require access to undisclosed information and not the public authorities where such information is being held.[320]

Furthermore, the issue of compulsory licensing seems to be one of the most restrictive, which is common in most of the FTAs that goes beyond what the TRIPS provides. For instance, the *US — Australia FTA*[321] provides that compulsory licensing is prohibited, but can be granted in exceptional

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the consent of the patent holder).

314. *US – Singapore FTA*, *supra* note 310, art. 16.2(1).

315. TRIPS Agreement, *supra* note 199, art. 15(5).

316. *See* Wee Loon Ng-Loy, *IP and FTAs of Singapore: Ten Years On*, *in* INTELLECTUAL PROPERTY AND FREE TRADE AGREEMENTS IN THE ASIA-PACIFIC REGION 342 (Christoph Antons & Reto Hilty eds., 2015).

317. *See* Free Trade Agreement, Chile-U.S., *supra* note 306, art. 17.10(1) ("[T]he Party shall not permit third parties not having the consent of the person providing the information to market a product based on this new chemical entity, on the basis of the approval granted to the party submitting such information.").

318. *See* TRIPS Agreement, *supra* note 199, art. 39(3).

319. Free Trade Agreement, Chile-U.S., *supra* note 306, art. 17.10(1).

320. *See* Elisa Walker Echenique, *Implementing the IP Chapter of the FTA Between Chile and the USA: Criticisms and Realities from a Developing Country Perspective*, 9 SCRIPTED 234, 239 (2012).

321. United States – Australia Free Trade Agreement, 18 May 2004, 43 I.L.M. 1248.

circumstances that haveto do with "anticompetitive," "public non-commercial use," or "national emergency."[322] Similar provisions can be found in the *US — Singapore FTA*[323] and the *US — Jordan FTA*.[324] There are certain conditions for a compulsory licence under the TRIPs Agreement, but no "restrictions on the circumstances in which a compulsory license may be issued"[325] hence, the FTAs' restrictions on compulsory licensing can create difficulties for governments and third parties to gain access to the commercial data of pharmaceutical companies.[326] Thus, based on the restrictions on compulsory licensing in FTAs, the real reasons for TRIPs-plus agreements emerges: to circumvent how governments were *appropriating* the intellectual assets of private rights holders.

What some of the academic papers on TRIPs-Plus agreements have found is that they promote the interests of private rights holders at a greater rate than the TRIPs Agreement.[327] This finding should not be surprising, given that international intellectual property negotiations have always been driven by private interests.[328] But the proliferation of TRIPs-plus agreements helps to shape the *lex cosmopolis* by mandating compliance to other intellectual property treaties that are not within the confines of the TRIPs. For example, under the *US — Australia FTA*, Australia was required to accede to the WCT, WPPT before the entry into date of the agreement.[329] And similarly, under the *US — Singapore FTA*, Singapore was required to ratify a number of treaties such as the International Convention for the Protection of New Varieties of Plants (1991) UPOV Convention,[330] the Patent Cooperation Treaty (PCT), WIPO Copyright Treaty (WCT), which offers protection for works in the digital world, and WIPO Performances and Phonograms Treaty (WPPT), giving public performers protection for works and producers of

322. *Id.* art. 17.9(7)(a)–(b).

323. Free Trade Agreement, Singapore-U.S., supra note 310, at art. 16.7(6)(b).

324. Agreement Between the United States of America and the Hashemite Kingdom of Jordan on the Establishment of a Free Trade Area, Jordan-U.S, art. 4(20).

325. Peter Drahos et al., *Pharmaceuticals, Intellectual Property and Free Trade: The Case of the US-Australia Free Trade Agreement,* 22 PROMETHEUS 244, 249 (2004).

326. *Id.*

327. *See, e.g.*, Lindstrom, *supra* note 312.

328. *See* SUSAN SELL, PRIVATE POWER, PUBLIC LAW: THE GLOBALIZATION OF INTELLECTUAL PROPERTY RIGHTS 7 (2003); Peter Drahos, et. al, *supra* note 325, at 249 (suggesting that multinationals have coordinated intellectual property rights in international treaties).

329. Free Trade Agreement, Austl-U.S., *supra* note 303, art. 17.1.

330. International Convention for the Protection of New Varieties of Plants, Dec. 2, 1961 (as it relates to the patenting of plants); *see also* TRIPS Agreement, *supra* note 199, art. 27(3)(b) (providing for the protection of plant varieties through patents).

those works especially for the fixation of sounds.[331]

Other FTAs require the accession to similar treaties, such as the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (1977),[332] the Trademark Law Treaty (1994), the Patent Law Treaty (2000), the Hague Agreement Concerning the International Registrations of Industrial Designs (1999), the Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite (1974), and the Madrid Protocol Relating to the Madid Agreement Concerning the International Registrations of Marks (1989).[333] This route, to further universalise intellectual property rights treaties (and other treaties that have implications for aspects of intellectual property rights) constitute how the interaction or accession to treaties form part of a cosmopolitan network of treaties driven by private rights.

One of the explicit differences between the TRIPs Agreement and FTAs such as the *US — Morocco FTA* is the circumvention of TRIPs flexibilities to provide patent protection for example "new uses of using a known product . . . [for] the treatment of humans and animals."[334] TRIPs flexibilities provide for socio-economic development of some countries including transition periods (Articles 65–66) and the criteria for patentability in Article 27.[335] Prior to the *US — Morocco FTA*,[336] TRIPs flexibilities provided for countries such as Morocco, to determine patentability for

331. Free Trade Agreement, Singapore-U.S., *supra* note 315, art. 16.1(2). For discussions on these treaties, see generally Rebecca Martin, *The WIPO Performances Treaty and Phonograms Treaty: Will the U.S. Whistle a New Tune?*, 44 J. COPYRIGHT SOC'Y 157 (1997); Julie Sheinblatt, *The WIPO Copyright Treaty*, 13 BERKELEY TECH. L.J. 535 (1998).

332. Free Trade Agreement, Peru-U.S., *supra* note 314, art. 16.1(2)(b).

333. *See, e.g.*, Free Trade Agreement, Peru-U.S., *supra* note 314, art. 16.1(1)–(4); Trade Promotion Agreement, Pan.-U.S., *supra* note 313, art. 15.1(1)–(4); Free Trade Agreement, Oman-U.S., *supra* note 312, art. 15.1(1)–(3); Free Trade Agreement, Morocco-U.S., *supra* note 310, art. 15.1(1)–(3); Free Trade Agreement, Chile-U.S., *supra* note 306, art. 17.1(1)–(4); Free Trade Agreement, Colom.-U.S., *supra* note 307, art. 16.1(1)–(4); Dominican Republican-Central America Free Trade Agreement, Dom. Rep.-U.S., *supra* note 305, art. 15.1 (2)(6); Between the United States of America and the Hashemite Kingdom of Jordan on the Establishment of a Free Trade Area, Jordan-U.S., *supra* note 308, arts. 4(1)(a)–(d), 4(2); Free Trade Agreement, S. Kor-U.S., *supra* note 309, art. 18.1(3)–(4); Free Trade Agreement, Bahr.-U.S., *supra* note 304, art. 14.1(2)–(3); Free Trade Agreement, Austl-U.S., *supra* note 303, art. 17.1(2)–(5).

334. Free Trade Agreement, Morocco-U.S., *supra* note 310, art. 15.9(2).

335. *See* TRIPS Agreement, *supra* note 199, arts. 27, 65, 66.

336. *See* Omar Aloui, *Intellectual Property Rights,* in CAPITALIZING ON THE MOROCCO-US FREE TRADE AGREEMENT: A ROAD MAP FOR SUCCESS 151 (Gary Hufbauer & Claire Brunel eds. 2009).

known products. For example, Article 27(3)(a) - (b) TRIPs allows members to "exclude from patentability: diagnostic, therapeutic and surgical methods for the treatment of humans or animals."[337] However, Article 15.9(2) of the *US — Morocco FTA* changes that dynamic and provides for patentability of known products that include "for the treatment of humans and animals."[338] Similarly, the *US — Australia FTA* requires that patents must be available for "new uses or methods of using a known product."[339] In this regard, the *US — Australia FTA* "globalizes" the criteria for patentable products with other nations. But what these examples demonstrate is that a standard provision in an FTA can increase the global reach of an intellectual property norm through treaties.

The cosmopolitan network of treaties is more synonymous with intellectual property and related rights. This includes, from a historical perspective, the Paris and Berne Conventions,[340] the numerous WIPO administered treaties, the TRIPs Agreement (and the expansive intellectual property provisions in FTAs and recent mega-regional treaties such as the TPP). Thus, the intellectual property cosmopolitan treaty network propagates an interdependency of obligations that are increasingly subject to compliance and enforcement.

Another impact of the cosmopolitan network of treaties in the intellectual property realm is that they provide for an aura of *pluralistic rights* — whereas, various forms of rights that are subject to protection, from traditional knowledge, geographical indications to test data in the pharmaceutical industry – can shape how global rules are in sync with the notion of *rights*. It is along these lines, taking into account the proliferation of TRIPs-plus agreements, that *lex cosmopolis* fits into the narrative as part of the social regulatory needs of the community of intellectual property actors and contributes to the paradigms and frames of privatisation in international law.

Critics of intellectual property provisions in FTAs such as Susy Frankel, have argued that "the proliferation of TRIPS-plus standards may

337. TRIPS Agreement, *supra* note 199, art. 27(3)(a)–(b).

338. Free Trade Agreement, Morocco-U.S., *supra* note 310, art. 15.9(2).

339. United States – Australia Free Trade Agreement, *supra* note 229, art. 17.9.1; *see also* Ping Xiong, *Patents in TRIPs-Plus Provisions and the Approaches to Interpretation of Free Trade Agreements and TRIPs: Do They Affect Public Health?*, 46 J. WORLD TRADE 155 (2012).

340. Paris Convention for the Protection of Industrial Property (as amended on Sept. 28, 1979), Mar. 20, 1883, 828 U.N.T.S. 305 [hereinafter Paris Convention]; Berne Convention for the Protection of Literary and Artistic Works (as amended on Sept. 28, 1979, July 24, 1971, 828 U.N.T.S. 221 [hereinafter Berne Convention].

cumulatively amount to a systemic violation of the TRIPS Agreement structure and purpose."[341] I, however, do take a different view on the matter. Rather than deeper harmonization resulting in new norms that violates the TRIPs — other international law instruments, such as FTAs, indicate how norms can contribute to the evolution of other norms. It is such contributions or social regulatory needs for the community of States and intellectual property actors that I tried to outline within the framework of the cosmopolitan network of treaties (*lex cosmopolis*). Moreover, the International Law Commission's Fragmentation Report[342] has suggested a similar line of argument, where it underscores how norms interact as *relationships of interpretation*.[343]

> (1) As a legal system, international law is not a random collection of such norms. There are meaningful relationships between them. Norms may thus exist at higher and lower hierarchical levels, their foundation may involve greater or lesser generality and specificity and their validity may date back to earlier or later moments in time.
> (2) In applying international law, it is often necessary to determine the precise relationship between two or more rules and principles that are both valid and applicable in respect of a situation. For that purpose the relevant relationships fall into two general types:
>
> - *Relationships of interpretation.* This is the case where one norm assists in the interpretation of another. A norm may assist in the interpretation of another norm for example as an application, clarification, updating, or modification of the later. In such a situation, both norms are applied in conjunction.[344]

Based on this prognosis from the ILC, and the arguments I set out above, *lex cosmopolis* represents a system of relationships that universalizes how intellectual property norms travel the cosmopolitan network of treaties such as FTAs as part of the social regulatory standards that generate the needs of the community in international law. The result is that this new evolutionary norm is all but one part of the cell that contributes to the privatisation of international law.

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341. Susy Frankel, *supra* note 312, at 1041 ("The violation occurs when multiple FTAs have [a deeper harmonization] and new norms develop without consensus.")

342. CONCLUSIONS OF THE WORK OF THE STUDY GROUP ON THE FRAGMENTATION OF INTERNATIONAL LAW: DIFFICULTIES ARISING FROM THE DIVERSIFICATION AND EXPANSION OF INTERNATIONAL LAW, INT'L L. COMM'N (July, 18, 2006), available at https://legal.un.org/ilc/documentation/english/a_cn4_l702.pdf.

343. *Id*. at 7.

344. *Id. Id.*

V. FRAMING A THEORETICAL PERSPECTIVE: NETWORK OF OBLIGATIONS

The different private actors in the global economic system have different regulatory needs. I am proposing that the requirement of network of obligations fit the plethora of dispute settlement mechanisms under international law. As, I shall argue in this section, it includes how to interpret and assert jurisdiction in international intellectual property disputes. Anne Peters has identified network of obligations as "a mixture of vertical and horizontal relationships, a criss-cross of relationships."[345] However, I am constructing the concept of network of obligations differently, albeit with a subtle reference to hierarchical relationships, to consider how different tribunals and alternative dispute settlements for intellectual property disputes operate in the international legal system. For instance, the WTO DSB is the main tribunal for TRIPs disputes, but the various *ad hoc* tribunals under investment treaties and FTAs have competence for intellectual property disputes. And there is also the WIPO Mediation and Arbitration centre, which concerns private law on cross-border issues, among others. What these tribunals have in common is that they apply international intellectual property law as part of the system of international law.

There are two particular arguments which Peters articulates in her article that is linked to my own arguments in this Article. The first is that there is an inherent "duty to cooperate in dispute settlement"[346] that invariably involves "customary law" and "conventional law."[347] This formulation of cooperation in the international law of dispute settlement invokes the idea that dispute settlements are of legal characteristics and different, or a hierarchy of tribunals are tasked with settling disputes via customary and conventional law.

From my perspective, an example of a conventional law instrument is the *US — Korea FTA* that provides for the settlement of disputes via (a) state-

345. Anne Peters, *International Dispute Settlement: A Network of Cooperational Duties*, 14 EUR. J. INT'L L. 1, 32–33 (2003) ("The international law of dispute settlement, which is becoming increasingly institutionalized, may be imagined as a *network of obligations*. The network idea builds on, and intensifies, the concept of cooperation. While inter-state cooperation still presupposes horizontal relationships between sovereign actors, the network idea allows for hierarchy in the international system. A network is . . . a mixture of vertical and horizontal relationships, a criss-cross of relationships. It is partly rigid, partly flexible. The network embodies not only different types of cooperational duties, but also duties with different degrees of bindingness, depending, inter alia, on the different actors involved.").

346. *Id.* at 9.

347. *Id.*

to-state and (b) investor-state.[348] These two formal mechanisms in the *US — Korea FTA* call for "cooperation" "to agree on the interpretation and application of this Agreement . . . ."[349] Of course, what is fascinating about the "legal characteristics" of dispute settlements under treaties such as the *US — Korea FTA* is that, on the one hand, there is an *obligation* to settle dispute and on the other, there is a need for *cooperation*. This seemingly integrated situation raises the bar in terms of how to effectively enforce and assert jurisdiction.

Another important argument of Peters is the role of private investors (and to an extent international private law) in the international law system of dispute settlement via mechanisms such as adjudication. Peters, eloquently, makes the point the following way:

> Although states are certainly still the primary actors — think of access to the ICJ or to the WTO Dispute Settlement Body — this primacy of states is eroding. Some of the most interesting duties of cooperation involve private-law corporations or individuals . . . .[350]

This argument reinforces my own claim regarding the occurrence of the culture of privatization, and also the private law obligations of intellectual property rights in the privatization of international law. Therefore, through these two observations on (a) the duty to cooperate to settle international disputes and (b) the active role of private actors in the international dispute settlement systems are elements of a broader network of obligations pertaining to the enforcement and *ascertainment* of jurisdiction in international intellectual property disputes via various tribunals.

Although there is an evolving debate on the concept of jurisdiction in international law,[351] that debate often leaves out the "private law" or

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348. U.S. – Korea Free Trade Agreement, *supra* note 310, art. 22(setting out investor-state dispute settlement).

349. *Id.* art. 22.3.

350. Peters, *supra* note 345, at 31. Peters also made the following observation:

"The 'privatization' of international disputes effected by the integration of non-state actors has the positive effects of avoiding inter-state conflicts and of improving the protection of material rights because the states' discretion (and reluctance) to exercise diplomatic protection is foreclosed. It also increases the effectiveness of adjudication because the strong self-interests of the private stakeholders contribute to promoting legal security." *Id.*

351. *See, e.g.*, CEDRIC RYNGAERT, JURISDICTION IN INTERNATIONAL LAW (2d ed. 2008); Alex Mills, *Rethinking Jurisdiction in International Law*, 84 BRITISH YB. INT'L L. 187 (2014); Michael Akehurst, *Jurisdiction in international Law*, 46 BRITISH YB. INT'L L. 145 (1973); Abhimanyu Jain, Universal Jurisdiction in International Law 55

"international private law" aspect of global dispute settlement or transnational private litigation.

Jurisdiction in international law is, in my view, primarily a matter and concern of "international private law," as the issues that are the subject of jurisdiction are increasingly of an economic nature that draw upon private law norms.[352] For intellectual property rights, the issue of jurisdiction is interwoven through questions on cyberspace, copyrights, trademarks, patent litigations, intellectual property as investments, and other economic rights, which by and large makes the issue of jurisdiction a matter of public international law and international private law. Thus, as jurisdiction is raised in different intellectual property disputes at the international level, the way how the tribunals handling those disputes is essential to how the concept of jurisdiction is interpreted, but more importantly, how it is asserted.

As indicated earlier, my concern is the multiplicity of those tribunals, and to view them as part of the network of obligations to interpret, enforce, and assert jurisdiction in international intellectual property disputes.[353] It is through this prism of tribunals, which I view as a network of obligations for the purposes of the privatization of regulatory needs, where "international private law" is used to resolve matters that are of a public international law nature through the assertion of jurisdiction and or applying doctrinal interpretation.

An illustration of network of obligations as I construe it (asserting jurisdiction and interpreting treaties by tribunals) can be seen through how tribunals interpret intellectual property doctrines and international law obligations under the TRIPs Agreement or a BIT/FTA. The other issue is the actual assertion of jurisdiction over an intellectual property law matter by a tribunal where domestic laws are seen as breaching international law obligations under the TRIPs Agreement. Two cases can illustrate these two points. The first is *Australia — Plain Packaging*[354] WTO decision of June

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Indian J. INT'L L. 20 (2015); Devika Hovell, *The Authority of Universal Jurisdiction*, 29 EURO. J. INT'L L. 427 (2018).

352. E.g. Club Resorts Ltd. v. Van Breda, [2012] S.C.R. 572 (Can.) (involving private international law claims around operations in Cuba, which by nature ought to be also public international law). Cases in other international tribunals such as the PCIJ and ICJ also feature a "international private law" nature. E.g. Mavrommatis Palestine Concessions (Greece v. U.K.), Judgment, 1924 P.C.I.J. (ser. B) No. 3 (Aug. 30*)*; Barcelona Traction, Light, & Power Co. (Belg. v. Spain), [1970] ICJ 1 (Feb. 5).

353. *See* Cedric Ryngaert & Mark Zoetekouw, *The End of Territory? The Re-Emergence of Community as a Principle of Jurisdictional Order in the Internet Era*, *in* THE NET AND THE NATION STATE: MULTIDISCIPLINARY PERSPECTIVES ON INTERNET GOVERNANCE (Uta Kohl ed. 2017).

354. Panel Reports of 2018, *supra* note 105.

28, 2018, where regulatory measures in domestic law were challenged.[355] The other is a 2015 ICSID decision on jurisdiction, *Philip Morris v. Australia*,[356] as to whether the tribunal had jurisdiction. Thus, two issues are important for the network of obligations argument. The first is the international obligation of protecting trademark registration under Article 6 (6*quinquies*) of the Paris Convention[357] and the interpretation of trademark obligations in the WTO decision. And second, how the ICSID tribunal asserted jurisdiction through the interpretation of a bilateral investment treaty and its intellectual provisions regarding trademarks.

The international intellectual property law regime provides for the protection of trademarks, which are set out in Article 15 of the TRIPs Agreement. Specifically, Article 15(1) provides for protection for trademarks that are "capable of distinguishing the goods or services . . . from those of other undertakings . . . ."[358] Article 15(2) provides that members can deny trademark registration "on other grounds, provided that they do not derogate from the provisions of the Paris Convention (1967)."[359] Furthermore, Article 20 provides that "[t]he use of a trademark in the course of trade shall not be unjustifiably encumbered . . . ."[360]

In addition to the TRIPs provisions, the provisions under Article 6 of the Paris Convention (1967) are also to be taken into consideration when interpreting the TRIPs Agreement.[361] Thus, for instance, Article 6*bis*[362] and

355. *Id.* ¶ 7.1453.

356. Philip Morris Asia Ltd. (Hong Kong) v. Australia, PCA Case No. 2012-12, Award on Jurisdiction and Admissibility (Dec. 17, 2015).

357. Paris Convention, *supra* note 340, art. 6(A)(1). Article 6*s* provides for the protection of marks registered in one country of the Union in the countries of the Union. Thus, Article 6(a)(1) states: "Every trademark duly registered in the country of the origin shall be accepted for filing and protected as in the other countries of the Union." For further discussion, see, e.g., Ng-Loy Wee Loon, *Absolute Bans on the Registration of Product Shape Marks: A Breach of International Law*, *in* THE PROTECTION OF NON-TRADITIONAL TRADEMARKS: CRITICAL PERSPECTIVES 147 (Irene Calboli & Martin Senftleben eds., 2018); Andrew Mitchell, *Australia's Move to Plain Packaging of Cigarettes and its WTO Compatibility*, 5 ASIAN J. WTO & INT'L HEALTH L. & POL'Y 399 (2010); Appellate Body Report, *United States — Section 211 Omnibus Appropriations Act of 1998*, ¶ 148, WTO Doc. WT/DS176/AB/R (adopted Jan. 2, 2002) (finding that parts of US law was not inconsistent with the TRIPS Agreement).

358. TRIPS Agreement, *supra* note 199, art. 15(1).

359. *Id.* art. 15(2).

360. *Id.* art. 20.

361. Paris Convention, *supra* note 340, art. 6.

362. *Id.* art. 6(B)(3) (providing that registration may be denied if the trademark is "contrary to morality or public order and, in particular, of such a nature as to deceive the public").

6*quinquies* are important. In terms of Article 6*quinquies* of the Paris Convention, it provides that (a) trademarks registered in one state "shall be accepted for filing and protected as in the other countries of the Union" and (b) trademarks can be denied registration or invalidation only under certain conditions.[363] These minimum standards on the registration and invalidation of trademarks were incorporated into the TRIPs Agreement.[364] The Paris Agreement, therefore, as default via the TRIPs Agreement, is part of the broader international law system and dispute settlement mechanism where states have a legal responsibility to comply with their international legal obligations. The TRIPs Agreement is the more "mature" treaty than the Paris Convention, in that the TRIPs takes the protection of trademarks beyond the minimum standards of the Paris Convention to a higher level that include recourse to an international dispute settlement system in the event there is a breach of treaty obligations.

When Australia introduced its plain packaging legislation and regulations[365] it was allegedly seen as a breach of the international obligations under the Paris Convention. The legislation was challenged in domestic courts by some companies such as Japan Tobacco[366] and furthermore, Phillip Morris also sought arbitration under the Hong Kong Australia BIT[367] for its alleged expropriation of intellectual property rights in Australia including its registered and unregistered trademarks. Philip Morris alleged that its intellectual property investments were expropriated given that "[t]he plain packaging legislation bars the use of intellectual property on tobacco products and packaging"[368] and sought compensation for financial loss under the treaty and also the suspension of the legislation.[369] Australia countered and argued that because Philip Morris used corporate restructuring to make the BIT claims it was an "abuse of right" in order to gain treaty protection.[370] The tribunal did not find Philip Morris's arguments convincing that its restructuring came about as a result of taxes and other

363. *Id.* art. 6(A)–(B).

364. TRIPS Agreement, *supra* note 199, art. 2(1).

365. *Tobacco Plain Packaging Act 2011* (Cth) (Austl.); *Tobacco Plain Pancaking Regulations 2011* (Cth) (Austl.).

366. *JT International SA v Australia* (2012) HCA 30 (Austl.) (holding that the Act was not in contravention of Section 51(xxxi) of the Australian constitution which grants the Parliament to make laws for "the acquisition of property on just terms.")

367. H.K.-Austl. BIT, *supra* note 109.

368. Philip Morris Asia Ltd. (Hong Kong) v. Australia, PCA Case No. 2012-12, Award on Jurisdiction and Admissibility, ¶ 7 (Dec. 17, 2015).

369. *Id.* ¶ 8.

370. *Id.* ¶ 546.

financial concerns[371] and ultimately declined jurisdiction.[372]

> [T]he initiation of this arbitration constitutes an abuse of rights, as the corporate restructuring by which the Claimant acquired the Australian subsidiaries occurred at a time when there was a reasonable prospect that the dispute would materialise and as it was carried out for the principal, if not sole, purpose of gaining Treaty protection. Accordingly, the claims raised in this arbitration are inadmissible and the Tribunal is precluded from exercising jurisdiction over this dispute.[373]

Based on this ruling, the Tribunal was more concerned about how corporate restructuring constituted an abuse of rights, as opposed to whether Australia's international obligations were being met. In fact, the tribunal only on one occasion directly raised concerns about international treaties such as the TRIPs Agreement by noting that "intellectual property or *like treaties* (such as the WTO TRIPs Agreement) and international investment treaties (i.e. BITS or FTAs)" are part of the sequence in how the dispute arose.[374] The lack of examination by the tribunal on the international intellectual property treaties or, what it called on two occasions, "like treaties"[375] is difficult to fathom. Thus, by averting the substantial claims on the expropriation of intellectual property rights and instead, turning to whether the jurisdictional challenge was more important,[376] the tribunal effectively side-lined the relevance of international intellectual property obligations under international law.

If the tribunals had offered more discussions on some of the specifics on "use of trademarks," or "international obligations" under intellectual property treaties, for example, this would in my view, make the *Plain Packaging Act* (2011) more palatable to digest. In other words, it would have been easier to argue that Australia "expropriated the intellectual property investments" of Philip Morris Asia Ltd.[377] In this regard, the

371. *Id.* ¶ 582.

372. *Id.* ¶ 588. The Tribunals' lengthy discussions on the scope of jurisdiction are set out in paragraphs 524 through 534. For an analysis, see Ulf Linderfalk, *Philip Morris Asia Ltd v. Australia – Abuse of Rights in Investor-State Arbitration* 86 NORDIC J. of INT'L Law 404 (2017).

373. *Philip Morris*, PCA Case No. 2012-12, Award on Jurisdiction and Admissibility, ¶ 588.

374. *Id.* ¶ 392.

375. *Id.* ¶¶ 392, 446.

376. *Id.* ¶¶ 524–34.

377. *Id.* ¶¶ 559–68.

meaning of trademark "use" is relevant to the dynamics of how investments are expropriated. Furthermore, the issue of international registration of trademarks had also been under looked. The TRIPs provide for registration under Article 15 and "use" under Article 20, and equally, the Paris Convention (1967) provides for trademark registration under Article 6*quinquies*, and Article 6*bis* provides, among other things, to prohibit the "use" of a mark under certain circumstances. Thus, the "use" test is important in light of international intellectual property obligations. This leads me to the 2018 decision of the WTO regarding the Plain Packaging legislation.[378] My discussion in the next few paragraphs relates to the issue of jurisdiction in international private law as part of the network of obligations argument vis-à-vis trademark use.

In *Australia — Certain Measures*, the Panel effectively sided with Australia and upheld Australia's plain packaging legislations. There are many issues that the Panel addressed in the lengthy report that spanned more than eight hundred pages. I have discussed parts of it earlier, and in order to be succinct for the purposes of the rest of the discussion, I am concerned mostly with how the Panel dealt with the issue of "trademark use" in TRIPs Article 20. The main part of this provision states:

> The use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, use in a special form or use in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings.[379]

The Panel examined in detail a number of key concepts from TRIPS Article 20, such as "use," "in the course of trade," and "unjustifiably encumbered," and ultimately viewed Australia's measures as "far-reaching" regarding the economic effects on private rights holders.[380] Nevertheless, the Panel observed that even though the "use of trademarks" to "distinguish products in the marketplace" is important[381] there was no need to "conflate actual trademark use with different functions served by such use."[382] The introduction by the Panel of the trademark use versus trademark functions, was in my view, the opportunity for the Panel to rule that Australia did not

378. Panel Reports of 2018, *supra* note 54.
379. TRIPS Agreement, *supra* note 199, art. 20.
380. Panel Reports of 2018, *supra* note 54,¶ 7.2569.
381. *Id.*¶ 7.2561.
382. *Id.* ¶ 7.2563.

breach its commitments under Article 20 in order to "improve public health."[383] Thus, in the end, it was Article 8.1 of the TRIPs Agreement permitting members to adopt measures to protect public health and was therefore justifiable that swayed the Panel.[384] These developments, where an international tribunal effectively asserted jurisdiction and interpreted an international treaty (the network of obligation effect as I construe it) are important for the culture of privatization thesis that run throughout this Article.

What we have seen, for the purposes of the network of obligations arguments in this section, is that although the hierarchy of tribunals vary in the international system, they all conform and apply the *rule* of international law to disputes that are the domain of private rights nature. The *Philip Morris v. Australia* arbitration was about how private trademark rights were expropriated and equally, the *Australia — Certain Measures* was about how states breach their international obligations to protect private trademark rights.

The hierarchy of tribunals, in turn, either assess if they can assert jurisdiction to arbitrate when private rights holders alleged expropriation of intellectual property rights under treaties, or a tribunal such as the WTO DSB turns to interpreting international treaties to which states are committed to protecting private intellectual property rights. This "criss-cross" approach to private rights in the international adjudicatory system reflects the duty to cooperate in dispute settlement and how private rights holders such as Philip Morris Asia Ltd can invoke the rule of international law for its own economic purpose.

These dynamic relationships build up a system of network of obligations that meets the needs of the two major constituents in international intellectual property governance: private rights holders, and states as both the originator and enforcer of intellectual property rules. It is this dynamic relationship that international tribunals then respond to whenever an alleged breach of obligations occur.

VI. CONCLUSION: MORE QUESTIONS

This Article sought to clarify the needs of the community — generally discussed as the community of global intellectual property players — through different stages of privatization regulatory process that leads to the

383. *See id.* ¶¶ 7.2586, 7.2753 (analyzing Article 20 of the TRIPS Agreement from the perspective of Article 10*bis*(3) of the Paris Convention).

384. *See id.* ¶¶ 7.2399–7.2577

privatization of international law. I tried to explain in particular how certain interpretative tribunals "succeed in *making* legal authority"[385] in the international legal system. Moreover, the early linkage of intellectual property with the concept of investment in BITs and ICSID cases that were not of an intellectual property nature were excavated to show the relation on emerging narratives on international investment and intellectual property. Additionally, the article invoked arguments from HLA Hart's *Concept of Law* to provide a theoretical foundation on the privatization of international law through intellectual property norms in the global system.

Nowadays, the international legal system is being expanded upon with the emergence of (or negotiations) of various super trading and investment agreements such as CETA, the TPP, the Regional Comprehensive Economic Partnership (RCEP) or other super-BITS such as the *US — Australia FTA* that have intellectual property provisions that "have been defined and driven by specific sectoral demands of the industries concerned, as they were translated in negotiating positions of industrialized country governments."[386]

Naturally, one cannot discount the influence of different sub-sectors of intellectual property rights and their epistemic representatives for not being influential in international intellectual property rulemaking. On the contrary, all epistemic forces in intellectual property rights are influential, and in the case of *brail epistemic forces*, have influenced the negotiations and conclusions of treaties for copyrights and brail.[387]

The influence arises because intellectual property rights are private rights and rights holders use a variety of networks (epistemic systems) to lobby governments in setting negotiating agendas and formally adopting international legal instruments.[388] From this perspective, the privatization of

385. NILS JANSEN, THE MAKING OF LEGAL AUTHORITY: NON-LEGISLATIVE CODIFICATIONS IN HISTORICAL CONTEXTS AND COMPARATIVE PERSPECTIVE 77 (2010).

386. Thomas Cottier, *Intellectual Property and Mega-Regional Trade Agreements: Progress and Missed Opportunities*, *in* MEGA-REGIONAL TRADE AGREEMENTS: CETA, TTIP, AND TISA – NEW ORIENTATIONS FOR EU EXTERNAL ECONOMIC RELATIONS 156 (Stefan Griller et al. eds. 2017); *see also* Peter Yu, *The RCEP and Trans-Pacific Intellectual Property Norms*, 50 VAND. J. TRANSNAT'L L. 673 (2017).

387. *See* Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled, June 27, 2013, available at http://www.wipo.int/meetings/en/doc_details.jspPdoc_id=24l683. *But see* Margot Kaminski & Shlomit Yanisky-Ravid, *The Marrakesh Treaty for Visually Impaired Persons: Why a Treaty was Preferable to Soft Law*, 75 U. PITT. L. REV. 255 (2014).

388. *See* Katrina Moberg, *Private Industry's Impact on U.S. Trade Law and International Intellectual Property Law: A Study of Post-TRIPs U.S. Bilateral Agreements and the Capture of the USTR*, 96 J. PAT. & TRADEMARK OFF. SOC'Y 228 (2014).

international law occurs not only because of private actor's ability to concern themselves with the needs of the community through a privatization vision, but because the needs of the community also demand the recognition of global legal regulations by international law. In other words, as Philip Allot has argued, "international law, as properly conceived, must therefore control all the property-power which is exercised internationally in the form of legal relations."[389]

It is clear that legal relations in today's globalized world are still a matter of the state. Yet the evidence (as gathered in this work, and elsewhere[390]) has shown that states are nudged to perform legal relations on behalf of private actors and epistemic communities. More widely, the specific sectors of the intellectual property regimes have been actively engaged in diplomatic conferences or global agenda setting for the governance of intellectual property.

Furthermore, the concept of intellectual property must be seen more than just what is limited to narrow regulated rules such as trademarks, patents or copyrights. Intellectual property and allied rights are also part of a social fabric of global society that has relations to both artificial intelligence, biomedical modifications, technological innovations, and other social patterns of society. In other words, intellectual property and allied rights are entrenched in the evolutions and revolutions of global society. Such entrenchment, in turn give rise to new regulatory norms including the need for a way of describing the law-making process from the domestic to the global of modern intellectual property and allied rights.

Thus, in a similar way that nations are forced to work together in world crises — the evolutions and revolutions of intellectual property and allied rights have also coerced nations and other intellectual property players to engage in a normative and law-making process to respond to changes in the world order generated by intellectual property and allied rights.

We have seen how the allied rights of intellectual property have shaped the conversation about law and cyberspace,[391] and yet, there are bound to be more evolutions and revolutions that will challenge the concept of law

389. PHILIP ALLOT, EUNOMIA: NEW ORDER FOR A NEW WORLD 372 (2001).

390. *See* Terrence Halliday & Gregory Shaffer, *Transnational Legal Orders*, *in* TRANSNATIONAL LEGAL ORDERS 5 (2015) (developing a theory of transnational legal order which they defined as "a collection of formalized legal norms and associated organizations and actors that authoritatively order the understanding and practice of law across national jurisdictions"); *see also* YVES DEZALAY & BRYAN GARTH, DEALING IN VIRTUE: INTERNATIONAL COMMERCIAL ARBITRATION AND THE CONSTRUCTION OF A TRANSNATIONAL LEGAL ORDER (2010).

391. CHRIS REED & ANDREW MURRAY, RETHINKING THE JURISPRUDENCE OF CYBERSPACE (2018); CHRIS REED, MAKING LAWS FOR CYBERSPACE (2012).

relating to different aspects of intellectual property. Naturally, the formal requisites of law will remain as the baseline to develop how new challenges *qualify* as law. But the normative process that involves the different actors has already been a game of high stakes and power play as new normative dynamics attempt to shift the old guard and processes of law and regulatory change.

Thus, what the new modalities of evolution and revolution in global society represents, are either specific communities of knowledge, or how the interests of private rights holders' shapes changes in global society. As Slouka argues "the technological phenomenon tends to push normative issues not into one particular arena but into many of them simultaneously"[392] and for me, some of those normative issues create a culture of privatization in international law that is based on the needs of the community of players in the global regulatory system of intellectual property governance.

In this context, then international intellectual property law has come to symbolize the "legitimate expectations of members and private rights holders concerning conditions of competition."[393] But this does not mean that new modalities of intellectual property and allied rights developments in the global community is driving towards the end of the state as a global law-making entity. Rather, we need to better understand the rapid formation of normative orders and how the normative process works. Who are the participants, what motivates them, what are their goals and intentions, and at the very least, what is the legal structure that helps to explain new developments in international law and can that structure be described in a new language? Part of that new language maybe a theoretical framework of intellectual property investments. The evidence in this article on the legal characteristics of intellectual property investments and the changing dynamics in the adjudication disputes in tribunals suggests that the culture of privatization in international law is part of the new realms of relationship interpretations.

392. Zdenek Slouka, *International Law-Making: A View from Technology*, *in* LAW-MAKING IN THE GLOBAL COMMUNITY 163 (Nicholas Greenwood ed., 1982).

393. Report of the Appellate Body, *India – Patent Protection for Pharmaceutical and Agricultural Chemical Products*, ¶ 48, WTO Doc. WT/DS50/AB/R (adopted Dec. 7, 1997). *But see* Heinz Klug, *Campaigning for Life: Building a New Transnational Solidarity in the Face of HIV/AIDS and TRIPs*, *in* LAW AND GLOBALIZATION FROM BELOW: TOWARDS A COSMOPOLITAN LEGALITY (Boaventura de Sousa Santos and Cesar Rodriguez-Geravito eds., 2005).

POSTSCRIPT

Since I completed this Article (2016 - 2018)[394] along with a series of published and unpublished papers on intellectual property and investment using "heterodox legal argumentations", a number of articles and books by other scholars have since been published. Most of the narratives are similar and the few instances of hard-core cases are relied upon for support. My approach has always been "heterodox" and that is what separates my arguments from the various publications so far.[395] And in this Article, the emphasis has been on injecting HLA Hart in the narrative to paint a picture of the culture of privatization in international intellectual property and investment where adjudication has a practical meaning and also a jurisprudential one by looking beyond the texts of treaties with provisos on intellectual property and investment.

394. Parts of the paper have been updated to reflect developments in the law as opposed to style and narrative, or other editorial duties by members of this journal.

395. At the time of revision in 2021 some of the published papers including my own are: Mary Zhao, *Investor-State Dispute Settlement Reform: Reconsidering the Multilateral Investment Court in the Context of Disputes Involving Intellectual Property Law*, 44 COLUM. J.L. & ARTS 545 (2021); Pratyush Nath Upreti, *The Role of National and International Intellectual Property Law and Policy in Reconceptualising the Definition of Investment*, 52 INT'L REV. INTELL. PROP. & COMPETITION L. 103 (2021); RESEARCH HANDBOOK ON INTELLECTUAL PROPERTY AND INVESTMENT LAW (Christophe Geiger ed., 2020); EMMANUEL KOLAWOLE OKE, THE INTERFACE BETWEEN INTELLECTUAL PROPERTY AND INVESTMENT LAW: AN INTERTEXTUAL ANALYSIS (2021).