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# Intellectual Property Laws in Harmony with NAFTA: The Courts as Mediators Between the Global and the Local

Myra J. Tawfik†

Free trade is not a principle; it is an expedient.<sup>1</sup>

Legal diversity is . . . an inherent element, and even an inherent good, within the free trade structure.<sup>2</sup>

On January 1, 1994, the *North American Free Trade Agreement*<sup>3</sup> (NAFTA) came into force. NAFTA was significant for a number of reasons, not the least of which was that it was the first regional trade agreement to expressly entrench intellectual property (IP) standards. The treaty's stated objective in relation to IP was to "provide adequate and effective protection and enforcement of intellectual property rights" in each NAFTA country.<sup>4</sup> This objective manifested itself in the series of provisions that comprise Chapter 17 of NAFTA.

These obligations became binding law in Canada by virtue of the *North American Free Trade Agreement Implementation Act*<sup>5</sup> (NIA) resulting in amendments to Canada's IP statutes, including the *Copyright Act*, the *Trade-marks Act* and the *Patent Act*.<sup>6</sup>

The Preamble to the NIA demonstrates the way in which Canada internalized its NAFTA commitments:

Whereas the Government of Canada, the Government of the United Mexican States and the Government of the United States of America have entered into the North American Free Trade Agreement having resolved to

. . . foster creativity and innovation, and promote trade in goods and services that are the subject of intellectual property rights . . .

Whereas the Government of Canada has entered into the Agreement having further resolved to strengthen Canada's national identity while at the same time protecting vital national characteristics and qualities . . .

Thus, the Federal Government had as its objectives the desire, on the one hand, to provide for "adequate and effective" protection and enforcement of IP rights within the NAFTA region and, on the other hand, the goal of strengthening Canada's national identity and its national characteristics and qualities. However, these objectives

are not necessarily complementary and may, in fact, conflict.

It is no secret that the rules in NAFTA that constituted "adequate and effective protection and enforcement of intellectual property rights" were those that were defined by the policy of the United States. These rules reflected the perspective of the most prodigious global exporter of IP products and services. Not surprisingly then, the agreement sought to maximize the protection and enforcement of IP rights throughout the region and to eliminate the barriers to the free flow of IP products.

All things being equal, the principles of free trade in IP products could result in the salutary outcomes suggested by Parliament in the NIA. However, it is equally possible that, in the asymmetric power structure that inheres within the partnership, Canadian creativity and innovation and, indeed, Canada's very national identity would be progressively stifled or even extinguished. Thus, while NAFTA is still generally regarded favourably by a majority of Canadians,<sup>7</sup> its potential to negatively impact on the preservation of core societal values and traditions remains of concern.<sup>8</sup>

NAFTA represents one piece of a much larger and ever-increasing network of treaties and international agreements in the progressive push towards the harmonization of IP rights at the international level.<sup>9</sup> For Canada, the challenge is to reconcile its rejection of regional and global isolation (i.e., its desire to belong to a regional and, indeed a multilateral world order) with its rejection of assimilation (i.e., its desire to retain a certain degree of sovereignty and national identity). Thus, an acceptable balance must be found so that Canada can reap the benefits of globalization while at the same time successfully minimize the detrimental impact that international integration can have on national identity.

This paper will argue that domestic courts can provide a forum within which to mediate between these

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two extremes, to reconcile the “global” and the “local” — but that the courts themselves must adapt to meet the challenges that globalization places upon them. More specifically, the paper begins by setting out a framework for understanding harmonization of laws under NAFTA as one that encourages rather than eliminates diversity of law. The paper then studies the prevailing approaches to statutory interpretation that Canadian courts, most especially the Supreme Court of Canada and the Federal Court of Appeal, have been employing in deciding IP cases in a post-NAFTA environment to determine whether any or all of these approaches could effectively balance the “global” and the “local”. This analysis is intended as a starting point for further inquiry about the role of domestic judicial decision-making in an era increasingly marked by an impetus towards the global harmonization of laws.

## Understanding Harmonization of Laws under NAFTA

The concept of harmonization of laws is sometimes equated with standardization, homogenization, and uniformity. This view puts Canada’s objective of strengthening its national identity most at risk. However, there is another conception of harmonization that would help achieve the Government’s competing NAFTA goals. Professor Patrick Glenn has characterized NAFTA as an arrangement designed to achieve “harmony” of laws.

Legal harmony here is not imposed, but is instead expected to appear as a result of various, natural forces of both convergence and divergence. To harmonize would be here an intransitive verb, an indication that various laws *are* in harmony, in the sense of coexisting in a non-conflictual mode in spite of possible differences. In this perspective, there would be no need for more affirmative, formal measures of reform, or harmonization in a transitive sense. There is much to indicate that this second, natural concept of harmony is one which already prevails in the Americas and one which should continue to prevail.<sup>10</sup>

The optimal outcome of treaty harmonization would result in countries acting in “harmony” with one another. Working in harmony is about internalizing international concepts and norms in light of national expectations, needs and differences. It is about remaining true to one’s own history, experience and context, including legal tradition, while at the same time reaching out to the world. Viewed in this light, NAFTA would foster a process of informal harmonization compatible with a diversity of legal outcomes, thereby making it possible to achieve an appropriate balance between integration and the preservation of national characteristics and values.<sup>11</sup>

In effect, NAFTA harmonization should be incremental and built upon a process of consensus-building that recognizes a plurality of experiences and ideologies. NAFTA should be about *harmonious* law-making, not

*uniform* law-making. It should be about inclusiveness, equality and complementarity — not about hegemony.

The process of *informal* harmonization is not . . . an evolutionary process. It does not project further levels of uniformity and elimination of diversity, but rather the reverse, that uniformity is not an objective in itself and that harmony flows from recognition of diversity and the ability to work within it. Measures of harmonization are thus not imposed but allowed to develop, or at most encouraged. The Americas would thus exist not as an evolutionary process, but as an equilibrium amongst its diverse peoples.<sup>12</sup>

This notion of “harmony” is of particular interest in the context of IP law, given that this body of law has had a long history of being tied to international norms. NAFTA, however, has added a qualitatively different dimension. Pursuant to Chapter 17 of the treaty, the recognition and protection of IP rights have been enhanced and, most importantly, the mechanisms to enforce these rights have been strengthened.<sup>13</sup>

As a result, domestic courts are now having to operate within a new legal paradigm in international IP law — one in which the consequences of non-compliance are felt.

In this international IP environment, the pressure to conform to homogeneous standards has increased. However, rather than automatically acquiescing to this impetus towards uniformity of laws, domestic courts need to respond in a forceful, persuasive and proactive way. They need to develop new paradigms of interpretation that permit them to exercise some latitude to particularize, according to local needs, concepts whose parameters are fixed globally.

There is a need to actively reject the tendency towards what Professor Harry Arthurs identifies as the “globalization of the mind”; namely, the progressive, reflexive “Americanization” of both Canadian substantive law and of the Canadian legal elites who make and interpret law:

Given the specific circumstances of Canada, globalization of the mind in particular has contributed to a convergence of ideas, policies and behaviours as between Canadian elites and their counterparts in the United States. Or, more accurately, conventional wisdom and practice in the two countries, in a number of areas, seem to have converged around American models, while distinctive Canadian ways of seeing and doing things appear to be drifting into eclipse. As a consequence, Canadians are increasingly implicated in a common “constellation of different legalities . . .” with their powerful neighbour. The “legalities” in question include legislation and legal doctrines. . . .<sup>14</sup>

To counter this trend, he suggests that Canadian knowledge-based elites, including the judiciary, be persuaded to “dilute, resist, subvert, even reverse, globalization of the mind”.<sup>15</sup> Arthurs argues that:

. . . the privileged position of elites allows them to achieve subtly and by indirection what, in many ways, the state cannot achieve by formal action alone: a new set of attitudes and understandings and, ultimately, new institutions and new legalities.<sup>16</sup>

In this regard, the work of Boaventura de Sousa Santos is most instructive. In his view, globalization is not a process of homogenization or unification. Rather, it is a dynamic, asymmetric and imperfect interaction between four phenomena he identifies as “globalized localisms”, “localized globalisms”, “cosmopolitanism” and issues belonging to “the common heritage of humankind”.

De Sousa Santos describes the first two phenomena in the following terms:

... I distinguish two forms of globalization. ... The first one I would call *globalized localism*. It consists of the process by which a given local phenomenon is successfully globalized ... [for example] the worldwide adoption of American copyright laws on computer software. The second form of globalization I would call *localized globalism*. It consists of the specific impact of transnational practices and imperatives on local conditions that are thereby deconstructed and restructured in order to respond to transnational imperatives. Such localized globalisms include: free trade enclaves ... In this context, the international division of globalism assumes the following pattern: the core countries specialize in globalized localisms, while upon the peripheral countries is imposed the choice of localized globalisms. The world system and, more specifically, what in it is designated as globalization are a web of localized globalisms and globalized localisms.<sup>17</sup>

For de Sousa Santos, the homogenizing effects of globalization driven by “globalized localisms” and “localized globalisms” are countered by the process of “cosmopolitanism” and the concern over matters that transcend local interests (i.e., those that affect the common heritage of mankind, such as environmental and fundamental human rights issues).

It is de Sousa Santos’ description of “cosmopolitanism” that is of greatest interest in relation to countering the potential homogenizing effect of harmonization.

The prevalent forms of domination do not exclude the opportunity for subordinate nation-states, regions, classes or social groups and their allies to organize transnationally in defense of perceived common interests, and use to their benefit the capabilities for transnational interaction created by the world system. Such organization is intended to counteract detrimental effects of hegemonic forms of globalization, and evolves out of the awareness of the new opportunities for transnational creativity and solidarity created by the intensification of global interactions.<sup>18</sup>

The hegemonic and counter-hegemonic influences that de Sousa Santos identifies underscore the complexity of globalization and its irreducibility to simplistic formulaic generalizations. In this multi-directional, often confrontational series of exchanges, globalization can take in and ultimately respect not simply the needs of the most powerful but also the social, political, and cultural preferences of all those groups and sub-groups that populate the global landscape. In this dynamic process then, there is room to manoeuvre. And although de Sousa Santos himself does not specifically reflect on the judicial system as itself being capable of “transnational creativity and solidarity” through global interactions,

there is opportunity for courts to engage in counter-hegemonic practices along the lines he identifies.

What each of these three scholars is suggesting is that legal diversity and resistance to hegemony can arise through meaningful dialogue and a willingness to engage in transnational exchanges of ideas. By opening up to the world, new understandings — even diverse yet compatible understandings — can be nurtured and the push towards “sameness” averted.

Building from these ideas and applying them to the context of IP judicial decision-making, the challenge for the courts is to ensure that they achieve “harmony” of IP laws while at the same time avoiding automatic uniformity of outcomes. They must resist “globalization of the mind” while at the same time engaging in the process of IP harmonization towards which they are increasingly impelled. They must become cosmopolitan while remaining true to the legal tradition within which they operate and which gives them their legitimacy. How do they go about achieving this?

## The Cosmopolitan Court — New Paradigms for Decision-Making

Given understanding a harmonious arrangement of the diverse becomes possible.<sup>19</sup>

## Transjudicial Dialogue and the Supreme Court of Canada: Opening up to the “Global”

Increasingly, courts are “talking to one another”<sup>20</sup> across territorial boundaries. Indeed, dialogue between courts is an active element in the process of informal harmonization as defined by Professor Glenn:

Judges also engage increasingly in “judicial parallelism”, accompanied by transnational citation of judicial authority where the form of judgments so permits, such that harmonization may emerge from patterns of jurisprudence.<sup>21</sup>

Justice L’Heureux-Dubé of the Supreme Court of Canada has long been a proponent of this sort of transjudicial dialogue, especially in light of increased globalization. She recognizes that “globalization is also occurring in the process of judging and lawyering” and that “growing international links and influences are affecting and changing judicial decisions, particularly at the level of top appellate courts throughout the world.”<sup>22</sup> She sees this cross-pollination translate into “[j]udges around the world look[ing] to each other for persuasive authority, rather than some judges being ‘givers’ of law while others are ‘receivers’. Reception is turning to dialogue”.<sup>23</sup>

Understanding this transformation in the process of “judging and lawyering” is critical to the formulation of new approaches to decision-making in an increasingly integrated legal order. Firstly, the fact that judgments are increasingly being seen as persuasive rather than binding

authority legitimates and indeed necessitates reference to international and foreign bodies of law as relevant sources of inspiration and interpretation.<sup>24</sup>

Secondly, the persuasiveness of individual judgments in the way they interpret particular rules and norms, especially those that have been promulgated by way of international agreements, must not only resonate within the territorial boundaries of the court's jurisdiction, but must also speak to the global community as well. This dialogue across jurisdictions would serve to heighten the awareness that different perspectives on the same rule or norm may lead to diverse but equally justifiable interpretations, thereby increasing resistance to the pressure towards uniformity.

In step with these statements of principle, the Supreme Court of Canada has rendered a number of important decisions that have established that international agreements and other sources of non-binding law are relevant as interpretive aids.<sup>25</sup> The Court premises this view on the reality that Canada does not live "in splendid isolation";<sup>26</sup> that it belongs to a larger international family with which it increasingly interacts; that it forms allegiances, makes promises and binds itself to an increasingly interconnected body of laws and policies that it cannot then ignore domestically.

This perspective on interpreting domestic legislation has been applied by the Supreme Court of Canada to the full gamut of cases — from those in which international agreements have been expressly implemented into domestic law to those in which the legal principles at issue were not adopted in direct reference to an international treaty obligation.<sup>27</sup> Further, these principles have been introduced in relation to a broad range of legal issues, not just those in which international law concerns may appear most relevant, such as those involving Charter<sup>28</sup> or human rights considerations.<sup>29</sup>

Of greatest interest for the purposes of this paper are the most recent pronouncements of Binnie J. of the Supreme Court of Canada, in relation to IP law, that are consistent with the recognition of the relevance of international norms in the interpretation of domestic legislation.

Speaking for the majority in *Théberge v. Galerie d'Art du Petit Champlain Inc.*, Binnie J. stated that:

Copyright in this country is a creature of statute and the rights and remedies it provides are exhaustive. . . .

This is not to say that Canadian copyright lives in splendid isolation from the rest of the world. . . . In light of the globalization of the so-called "cultural industries", it is desirable, *within the limits permitted by our own legislation, to harmonize our interpretation of copyright protection with other like-minded jurisdictions.*<sup>30</sup> [Emphasis added]

Binnie J. had occasion to repeat his views, albeit in dissent, in the more recent Supreme Court of Canada decision in *Commissioner of Patents v. President and Fellows of Harvard College*, in which he asserted that:

Intellectual property has global mobility, and states have worked diligently to harmonize their patent, copyright and

trade-mark regimes. . . . Legislation varies, of course, from state to state, but broadly speaking Canada has sought to harmonize its concepts of intellectual property with other like-minded jurisdictions.

The mobility of capital and technology makes it desirable that *comparable jurisdictions with comparable intellectual property legislation arrive (to the extent permitted by the specifics of their own laws) at similar legal results. . . .*<sup>31</sup>

From the foregoing, it can be seen that the Supreme Court of Canada has put in place some of the groundwork to permit courts to fashion their judgments, taking into account international IP norms and foreign sources of law (the "global") as well as the "specifics of their own laws" (the "local") with a view to achieving "harmony" of laws. The question remains as to whether the lower appellate courts have been following the direction set by the Supreme Court in the way they have been interpreting the NAFTA-based amendments to Canada's IP legislation.

## Interpreting NAFTA in IP Cases — Balancing the "Global" and the "Local"

Above all, NAFTA facilitates and multiplies legal exchange, and legal understanding, between the NAFTA countries.<sup>32</sup>

### NAFTA as an Interpretive Aid: General Considerations

Canada follows the British dualist tradition, such that a treaty once ratified does not automatically form part of Canadian domestic law. Thus, the traditional way in which international obligations form part of binding domestic law is through legislation specifically enacted in order to implement them.<sup>33</sup>

The NIA itself offers some clues about the way in which Parliament intended the NAFTA itself to be considered by domestic courts. By virtue of section 10 of the NIA, NAFTA is "approved". The use of this language in implementing legislation has been held to signify that Parliament's intention was not to incorporate the treaty by reference into domestic law.<sup>34</sup> This is consistent with the dualist view that considers the implementing legislation as the governing body of domestic law — requiring clear and unequivocal language to demonstrate an intention by Parliament to incorporate the text of the treaty into domestic law. The use of the term "approval" does not effect this result. Thus, any reference by the courts to the text of NAFTA itself would have to be as an aid to interpretation rather than as binding law.

The use of NAFTA as an interpretive aid is susceptible to a number of possible approaches along a spectrum from the most restrictive to the most expansive. The most restrictive view of the relevance of treaties as interpretive aids would posit that they are not relevant at all — that the court's sole mandate is to interpret the legislation as Parliament enacted it without reference to the international text from which the legislation was derived. Thus, the court's obligation would be to refer any inconsistencies to the legislature for resolution.<sup>35</sup>

However, this form of “originalist” construction of statutes has largely fallen out of favour. The courts, most especially the Supreme Court, have been critical of the limitations inherent in this approach.<sup>36</sup> Bastarache J., in *Harvard Mouse*, confirmed that “[t]his court on many occasions expressed the view that statutory interpretation cannot be based on the wording of the legislation alone”.<sup>37</sup>

On the next incremental step along the spectrum lies the “ambiguity approach”. This approach would not exclude the treaty altogether, but rather would require that the court first and foremost consider the text of the domestic legislation, make an assessment as to its inherent ambiguity, and then rely on the treaty as one of a number of interpretive aids.<sup>38</sup> If the text of the domestic legislation is not ambiguous on its face, the court must not inquire further by looking to the international text for guidance to ensure consistency in its interpretation.

This approach, however, has also been expressly rejected by the Supreme Court in favour of the more expansive “latent ambiguity” approach that suggests that a treaty is always relevant to interpreting the text of a provision expressly designed to implement it in order to ensure that any latent ambiguities are fully resolved.

This “latent ambiguity” principle of statutory interpretation was established in *National Corn Growers Assn. v. Canada (Import Tribunal)*<sup>39</sup> in the context of considering the General Agreement on Tariffs and Trade (GATT) agreement in interpreting a section of the *Special Import Measures Act*, S.C. 1984, c. 25 that had been enacted in order to implement Canada’s GATT obligations. The majority of the Supreme Court held that:

In interpreting legislation which has been enacted with a view towards implementing international obligations . . . it is reasonable for a tribunal to examine the domestic law in the context of the relevant agreement to clarify any uncertainty. Indeed where the text of the domestic law lends itself to it, one should also strive to expound an interpretation which is consonant with relevant international obligations.<sup>40</sup>

This approach is in fact consonant with section 3 of the NIA which itself provides some guidance as to the relevance of NAFTA in interpreting domestic legislation implementing it:

For greater certainty, this Act, any provision of an Act of Parliament enacted by Part II and any other federal law that implements a provision of the Agreement or fulfils an obligation of the Government of Canada under the Agreement shall be interpreted in a manner consistent with the Agreement.<sup>41</sup>

More importantly, the Supreme Court in *National Corn Growers* broadened the traditional rule that would look to the international norm only in cases where the text of domestic legislation was ambiguous on its face. The Supreme Court took the unequivocal position that:

. . . it is reasonable to make reference to an international agreement at the very outset of the inquiry to determine if there is any ambiguity, even latent, in the domestic legislation. The Court of Appeal’s suggestion that recourse to an

international treaty is only available where the provision of the domestic legislation is ambiguous on its face is to be rejected.<sup>42</sup>

As a result, a court must always consider the domestic text in light of the international treaty obligations it was enacted to implement in order to ensure “harmony” between the two.

It is this rule of statutory interpretation that is the most current statement of principle regarding the relevance of treaties as interpretive aids in the context of legislation expressly enacted to implement them. Further, of the various principles of interpretation canvassed, it is the “latent ambiguity” approach that is most consistent with the more general Supreme Court pronouncements on the relevance of international law on statutory interpretation. In other words, the “latent ambiguity” rule is the concrete manifestation of the recognition by the Supreme Court that Canadian laws no longer exist “in splendid isolation”. Finally, it is the most “cosmopolitan” rule of interpretation and has the best chance of ensuring “harmony” of laws while resisting “globalization of the mind”. However, as will become apparent in what follows, if misapplied, this rule of interpretation runs the risk of resulting in precisely the outcome to be avoided; namely, homogeneity and uniformity of law.

## NAFTA, IP and The Federal Court of Appeal

In seeking to generate a typology of post-NAFTA judicial decisions, this paper will look primarily at the body of decisions emanating from the Federal Court of Appeal on matters relating to patents, trademarks and copyright. Although a full inquiry cannot end there, the Federal Court of Appeal is a good place to start for a number of reasons.

Firstly, even though it shares concurrent jurisdiction on specific matters with provincial superior courts, the Federal Court hears the vast majority of IP cases.<sup>43</sup> Thus, the Federal Court of Appeal is often the final appellate court to decide IP matters.<sup>44</sup> Secondly, it is both a national and a bilingual court that includes judges trained in both Canadian legal traditions. It is therefore a court that itself is inherently diverse, bijural and bilingual — perhaps arguably more open to the type of “harmony” this paper advocates.

Although there are few relevant decisions upon which to rely, there is a sense that the Federal Court of Appeal is floundering — wavering between a desire for the certainty of the traditional canons of interpretation and a recognition of the illegitimacy of disregarding the relevance of the international legal order.

In a series of patent decisions, the Federal Court of Appeal has become increasingly conservative in its approach. Shortly after the enactment of the NIA, the Federal Court of Appeal adopted a view consistent with *National Corn Growers* on the relevance of the treaty in interpreting domestic law.

In the 1996 decision of *Eli Lilly and Co. v. Nu-Pharm Inc.*, the Federal Court of Appeal, citing both section 3 of the NIA and *National Corn Growers* stated:

Apart from section 3 it is, of course, clear law that an international treaty may be used to interpret domestic legislation. . . .<sup>45</sup>

The fact that this was “clear law” at the end of the 20th century seems to have been lost on the Federal Court of Appeal in the 21st century as it retrenched from its earlier expansive position and adopted the more restrictive view that the text of NAFTA was only relevant where the provision designed to implement it was ambiguous on its face.<sup>46</sup> In other words, the Court returned to the “ambiguity approach” to interpretation.

In the 2002 decision of *Baker Petrolite Corp. v. Canwell Enviro-Industries Ltd* the court stated:

The NAFTA has been approved by the [NIA]. However, this does not give the provisions of the NAFTA themselves the force of an Act of Parliament. I accept that an international treaty may, where relevant, be used to assist in interpreting domestic legislation. . . . However, the international treaty cannot be used to override the clear words used in a statute enacted by Parliament.<sup>47</sup>

One year later, the Federal Court of Appeal reiterated this position in *Pfizer Canada Inc v. Canada (A.G.)*:

... while Parliament is presumed not to intend to legislate contrary to international treaties or general principles of international law, this is only a presumption: where the legislation is clear one need not and should not look to international law.<sup>48</sup>

This return to the “ambiguity approach” is not consistent with the prevalent view of the relevance of international law in the domestic legal context as espoused by the Supreme Court of Canada. It disregards the simple truth that Canada’s IP laws, to an extent never before seen, are tied to international agreements and to an international normative order, regardless of whether the specific provision in question was expressly amended to conform to the international norm. This ambiguity rule, while clearly providing a wide berth for interpreting domestic legislation in isolation and so ensuring that the local context prevails in most cases, will likely become less and less helpful over time. It risks suffering the same fate as the “originalist approach” to interpretation for the same general reason; namely, that “. . . it fails to account for the important interaction between the application of statutes and the development of meaning”<sup>49</sup> — meaning which is, whether we like it or not, increasingly being defined at the international level through binding international agreements.

The “ambiguity approach” then is not likely to be of use in difficult or conceptually controversial cases that require meaningful interpretive solutions that can only be arrived at by considering the international context. In other words, while the courts may feel more comfortable restricting themselves wherever possible to the terms of domestic text as enacted by Parliament, they will find that they are increasingly confronted with an interna-

tional context that will become progressively difficult to ignore. As per Justice Bastarache:

“Globalisation” has perhaps become a cliché; but there can be no doubt that more and more issues are coming before Canadian courts involving individuals claiming redress on the basis of international agreements binding Canada. The conception of international law as concerning exclusively state-actors has become a fiction as the subject-matter and sheer quantity of international regulation has expanded and as issues arising from that regulation become increasingly pressing and unavoidable.<sup>50</sup>

The “latent ambiguity” test, on the other hand, is more in step with the present-day realities of the globalization of law. That said, this approach can itself be inherently problematic, as made evident by the Federal Court of Appeal’s decision in the copyright case of *Tele-Direct v. American Business Information Inc.*<sup>51</sup>

At issue in that case was the conceptually difficult question of whether the standard of originality to be applied to factual compilations under the *Copyright Act* had changed as a result of an amendment to the definition of “compilation” that had been enacted pursuant to Article 1705(b) of NAFTA.<sup>52</sup> In discussing the amended definition of “compilation”, the Court followed the dictates of the “latent ambiguity” rule by stating that:

The definition of “compilation” must be interpreted in relation to the context in which it was introduced. . . . It is therefore but natural when attempting to interpret the new definition to seek guidance in the very words of the relevant provisions of NAFTA which the amendment intends to implement.<sup>53</sup>

Having concluded that the amendments to the *Copyright Act* may not have fully implemented Canada’s NAFTA obligations<sup>54</sup>, the Court then read into the Canadian legislation the following interpretation:

I can only assume that the Canadian government in signing the Agreement and the Canadian Parliament in adopting the 1993 amendments to the *Copyright Act* expected the Court to follow the “creativity” school of cases rather than the “industrious collection” school.<sup>55</sup>

However, in order to validate this assumption and in an effort to look for consistency between the domestic legislative text and NAFTA, the Court should first have ascertained the intent behind the treaty obligation, which itself was susceptible of competing interpretations. If this assumption had been substantiated by a review of relevant extrinsic and intrinsic sources, then the Federal Court of Appeal would have engaged in an appropriate exercise of interpretation. Unfortunately, the Court eschewed this type of analysis in favour of the unsupported assumption that NAFTA dictates that Canada adopt a U.S. “creativity” standard for originality in factual compilations. This is a most unfortunate misuse of the “latent ambiguity” principle that must be scrupulously avoided.

In a similar vein, the Federal Court of Appeal further assumed that:

Another impact of the 1993 amendments may well be that more assistance can henceforth be sought from authoritative decisions of the United States courts when interpreting these very provisions that were amended or added in the *Copyright Act* in order to implement NAFTA.<sup>56</sup>

As has been suggested, there is nothing unusual about the courts looking to judgments from other jurisdictions as persuasive authority. In fact, this is the nature of transjudicial dialogue that should be encouraged. One must take issue, however, with the unsubstantiated assumptions that *NAFTA inescapably* leads to uniformity of laws and that national courts *must* align their decisions with those of their NAFTA partners — or at least with those of the most powerful NAFTA partner, the United States.<sup>57</sup>

Interpreting Canadian law with a view to the outside world is exactly what must be done. To assume, however, that Canadian law *must* automatically be read in conformity with foreign law makes the court complicit in the hegemonic ideology of uniformity and undermines the attempt to achieve a harmonious balance between the aims of trade integration and the preservation of some sense of national identity. This decision, one might suspect, is an example of “the globalization of the mind” that Professor Arthurs urges us to resist.

In fact, resistance to this line of reasoning did arise swiftly from within the courts themselves. This took the form of a spate of copyright decisions that challenged the implications of the *Tele-Direct* decision.<sup>58</sup> The most significant of these was the 2002 Federal Court of Appeal decision in *CCH v. LSUC*,<sup>59</sup> in which the Court revisited *Tele-Direct* and concluded that “the copyright provisions in NAFTA were not intended to alter the standard of originality in Canadian copyright law”.<sup>60</sup> While not opining specifically on the relevance of international treaties as interpretive aids, the FCA in *CCH* nevertheless considered it necessary to review the relevant provision of NAFTA in order to give meaning to the *Copyright Act* amendments, thereby implicitly adopting the “latent ambiguity” principle of statutory interpretation.

In reaching the opposite conclusion from the Court in *Tele-Direct* about the intent of Article 1705 of NAFTA, the Federal Court of Appeal considered a number of international and foreign sources, including minutes and proceedings of the House of Commons leading up to the passing of the NIA, a WIPO publication regarding the Berne Convention, and United States case law and commentary on the “creativity standard”.<sup>61</sup> In holding that NAFTA left the court free to fashion its decision without having to resort automatically to the laws of its NAFTA partners, the Federal Court of Appeal remained consistent with the admonition in *Theberge* and *Harvard Mouse* that harmonization of IP laws must always be addressed within the specifics of the Canadian legislation. Most importantly, by recognizing that there can exist diversity of law among NAFTA countries, the Federal Court of Appeal in *CCH* resisted hegemonic

conformity and rendered a decision that was consonant with the concepts of “harmony” and “cosmopolitanism”.

Obviously, it will not be every case in which the international text leaves room for courts to manoeuvre. In many cases, the legislated principle will clearly and unequivocally direct the courts to adopt the international norm as defined within the treaty. However, in cases such as that of Article 1705 of NAFTA, in which a full understanding of the international context would justify the view that Canadian courts could interpret the legislation consistently with Canadian legal principles, the courts should not be so ready to reflexively favour the laws of another jurisdiction solely on the assumption that membership in a regional trade arrangement compels them to do so.

## Final Comments and Conclusion

While it is clear that the text of Chapter 17 of NAFTA was largely driven by the IP policies of the United States, this does not necessarily require that Canada adopt, *holus bolus*, the substantive law of the United States and thereby ignore its own legal context and tradition. Once implemented, the treaty can and does take on a life of its own — thereby providing NAFTA countries with the ability to shape and reshape their interpretations in order to work towards harmonious, but not necessarily uniform, solutions.

Scholars who advocate for legal plurality recognize that globalization is not a static, unidirectional process, but rather one that is dynamic, complex and multidirectional. Thus, the process of globalization depends very much on the interaction between a multiplicity of actors at a multiplicity of levels engaging with one another, shaping, reshaping and reformulating rules.

Moving the concept of harmony of laws from theory into practice requires concrete and meaningful rules of interpretation. The Supreme Court of Canada has been grappling with its changing role in an increasingly internationalized legal order, and has been progressively broadening the canons of interpretation to meet the challenges of globalization. The way in which the Supreme Court’s pronouncements trickle down to the lower appellate courts needs to be considered.

The Federal Court of Appeal has been employing two techniques in relation to interpreting the NAFTA-based provisions of the most important IP legislation. The more conservative “ambiguity approach” remains very much a part of the reasoning process at the Federal Court of Appeal level, but may not be sufficiently outward-looking to survive the test of time in an increasingly integrated IP legal order. The more expansive “latent ambiguity” rule, if properly applied, holds more promise in providing an effective approach to balancing the international legal context with the domestic one.



The courts, especially those at the appellate level, will inevitably have to adopt a more global approach to IP decision-making than they have hitherto taken. Increasingly, the courts will be called upon to mediate between the “global” and the “local” through judgments that are both considered and contextual. Thus, it is critical that the courts develop approaches consistent with achieving a “harmony” of laws. Such an approach would require that judges become comparatists and globalists as well as localists, that they develop a solid grounding in both the external normative order and the domestic one,

and that they identify the appropriate and effective rules of statutory interpretation to guide them.

There is opportunity here to resist the “globalization of mind” that is anathema to legal diversity, and to formulate the approaches necessary to recognize the growing nexus between the global and the local. The courts need to become more sensitive to the role they play in this process, and the potential they have to influence outcomes both domestically, and perhaps more importantly, internationally.

## Notes:

<sup>1</sup> Benjamin Disraeli, Speech on Import Duties (April 25, 1843) as cited by David A. Wirth at p. 129 of “Government by Trade Agreement” in *Joining Together, Standing Apart: National Identities after NAFTA*, D.G. Dallmeyer ed., (The Hague: Kluwer Law International, 1997).

<sup>2</sup> H. Patrick Glenn, “Harmony of Laws in the Americas” (2003) 34 U. Miami Inter-Am. L. Rev. 223 at 231.

<sup>3</sup> *North American Free Trade Agreement Between the Government of Canada, the Government of Mexico and the Government of the United States*, 17 December 1992, Can. T. S. 1994 No. 2, 32 ILM 289 (entry into force 1 January 1994) [NAFTA].

<sup>4</sup> *Ibid.* Article 102(1)(d).

<sup>5</sup> S.C. 1993 c. 44 [NIA]. The NIA consequentially amended approximately 20 federal statutes in order to bring them in conformity with NAFTA. See generally Jon R. Johnson, *International Trade Law* (Concord, Ontario: Irwin Law, 1998).

<sup>6</sup> For a survey of the amendments to these Acts, see for example, Gregory C. Ludlow “Intellectual Property Law (1987–1993), Part I—Summary of Government Activity” (1993) 25 Ottawa L. Rev. 89.

<sup>7</sup> See for example, Shawn McCarthy “Large Majority Backs Free Trade” *The Globe and Mail* (9 June 2003) A4. The article also notes, however, that only a bare majority of Canadians believe that NAFTA has been beneficial for Canada.

<sup>8</sup> See A.A. Keyes “What is Canada’s International Copyright Policy?” (1993) 7 I.P.J. 299; Myra J. Tawfik “The Secret of Transforming Art into Gold: Intellectual Property Issues in Canada–US Relations” (1994) 20 Canadian-American Public Policy 1. See also Myra J. Tawfik “Competing Cultures: Canada and the WTO—The Lessons from *Sports Illustrated*” (1998) 36 Can. Y. B. Int’l Law 279.

<sup>9</sup> The most important multilateral trade treaty on IP rights is the Agreement on Trade-Related Aspects of Intellectual Property Rights, being Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, 15 April 1994 1867 U.N.T.S. 3 [WTO/TRIPS]. WTO/TRIPS came into force shortly after NAFTA was implemented and the texts of Chapter 17 NAFTA and the WTO/TRIPS are virtually identical. Thus, any comments in this paper in relation to NAFTA Chapter 17 apply equally in relation to the WTO/TRIPS.

<sup>10</sup> *Supra* note 2 at 224 [emphasis added].

<sup>11</sup> *Ibid.* at 246 [emphasis added]. For further discussion of informal harmonization within NAFTA, see especially H. Patrick Glenn, “The Morris Lecture: Conflicting Laws in a Common Market? The NAFTA Experiment” (2001) Chicago-Kent L. Rev. 1789.

<sup>12</sup> Glenn, *supra* note 2 at 246.

<sup>13</sup> In reference to the internationalization of IP law, see for example, Ruth L. Gana “Has Creativity Died in the Third World? Some Implications of the Internationalization of Intellectual Property” (1995) 24 Denv. J. Int’l L. & Pol’y 109; Graeme B. Dinwoodie, “A New Copyright Order: Why National Courts Should Create Global Norms” (2000) 149 U. Pa. L. Rev. 469; and the sources cited at note 7.

<sup>14</sup> H.W. Arthurs, “Globalization of the Mind: Canadian Elites and the Restructuring of Legal Fields” (1997) 12 C.J.L.S. 219 at 244.

<sup>15</sup> *Ibid.* at 246.

<sup>16</sup> *Ibid.*

<sup>17</sup> Boaventura de Sousa Santos, *Toward a New Common Sense: Law, Science, and Politics in the Paradigmatic Transition* (London: Routledge, 1995) at 263.

<sup>18</sup> *Ibid.* at 263-265.

<sup>19</sup> Glenn, *supra* note 11 at 1794.

<sup>20</sup> As noted by Ann-Marie Slaughter, “A Typology of Transjudicial Communication” (1994) U. Rich. L. Rev. 99 at 99 [Slaughter].

<sup>21</sup> Glenn, *supra* note 2 at 243-244.

<sup>22</sup> The Honourable Claire L’Heureux-Dubé “The Importance of Dialogue: Globalization and the International Impact of the Rehnquist Court” (1998) 34 Tulsa L.J. 15 at 16 [L’Heureux-Dubé]. In similar vein, see The Honourable Michel Bastarache “The Challenge of the Law in the New Millennium” (1998) 25 Man. L.J. 411.

<sup>23</sup> L’Heureux-Dubé, *Ibid.* at 17. See also Slaughter, *supra* note 20; Reem Bahdi “Globalization of Judgment: Transjudicialism and the Five Faces of International Law in Domestic Courts” (2002) Geo. Wash. Int’l L. Rev. 555.

<sup>24</sup> See further in this regard Patrick H. Glenn “Persuasive Authority” (1987) 32 McGill L.J. 261; The Honourable Claire L’Heureux-Dubé, “By Reason of Authority or By Authority of Reason.” (1993) 27 U.B.C. L. Rev. 1.

<sup>25</sup> See *Baker v. Canada (Minister of Citizenship and Immigration)* [1999] 2 S.C.R. 817 (international human rights); *Suresh v. Canada (Minister of Citizenship and Immigration)* [2002] 1 S.C.R. 3 (immigration law).

<sup>26</sup> The idea that Canada no longer lives in splendid isolation has been reiterated in a number of Supreme Court of Canada decisions. See for example, *Morguard Investments Ltd. v. De Savoye* [1990] 3 S.C.R. 1077 [Morguard]; and the two most recent IP decisions: *Théberge v. Galerie d’Art du Petit Champlain inc.* [2002] 2 S.C.R. 336 [Théberge] and *Harvard College v. Canada (Commissioner of Patents)* [2002] S.C.J. No 77 [Harvard Mouse] discussed in more detail *infra*.

<sup>27</sup> See the discussion in Ruth Sullivan, *Sullivan and Driedger on the Construction of Statutes*, 4th edition (London: Butterworths, 2002) at 435-439.

<sup>28</sup> *Canadian Charter of Rights and Freedoms*, Part I of the *Constitution Act, 1982*, being Schedule B to the *Canada Act 1982* (U.K.), 1982 c. 11.

<sup>29</sup> For example, *114957 Canada Ltée (Spraytech, Société d’arrosage) v. Hudson (Town)* [2001] 2 S.C.R. 241 (municipal by-law on the use of pesticides); *R. v. Sharpe* [2001] 1 S.C.R. 45 (child pornography). In *Morguard Investments*, *supra* note 26 the court derogated from the established rule in relation to the recognition of foreign judgments and adopted a new rule that brought Canadian law more in step with other “like-minded jurisdictions”.

<sup>30</sup> *Théberge*, *supra* note 26 at paras. 5-6.

<sup>31</sup> *Harvard Mouse*, *supra* note 26 at paras. 12-13 [emphasis added].

<sup>32</sup> Glenn, *supra* note 11 at 1795.

<sup>33</sup> See *Sullivan*, *supra* note 27.

<sup>34</sup> A majority of the Supreme Court of Canada in *British Columbia (A.G.) v. Canada (A.G.)* [1994] 2 S.C.R. 41 at para. 117 held that “something more than mere approval” is needed to give statutory force to an agreement. This was reiterated in *Pfizer Inc. v. Canada* [1999] 4 F.C. 441.

- <sup>35</sup> See in this regard “NAFTA: Resolving Conflicts Between Treaty Provisions and Domestic Law” (Background Paper) Daniel Dupras (Ottawa: Minister of Supply and Services Canada, 1993).
- <sup>36</sup> See in this regard, Randal N. Graham, *Statutory Interpretation — Theory and Practice*, (Toronto: Emond Montgomery Publications, 2001).
- <sup>37</sup> *Supra* note 26 at para. 154.
- <sup>38</sup> *Ibid.* See also *Sullivan*, *supra* note 27.
- <sup>39</sup> [1990] 2 S.C.R. 1324 [*National Corn Growers*].
- <sup>40</sup> *Ibid.* at para. 74.
- <sup>41</sup> *Supra* note 5, s. 3.
- <sup>42</sup> *Ibid.* at para. 75. See generally, *Sullivan*, *supra* note 27.
- <sup>43</sup> See R.E. Dimock, B.W. Stratton, D.P. Clarizio, “Intellectual Property Litigation in Canada Before and After NAFTA” (1994) 1 C.I.P.R. 341.
- <sup>44</sup> Throughout its history, the Supreme Court of Canada has granted leave to appeal in very few intellectual property cases although there may perhaps be a reversal of this trend occurring in recent years. A loose count of decided cases reveals that from 1980 to the first quarter of 2003 the Supreme Court has only rendered approximately 20 judgments in IP cases: patent (11), trademark (3) and copyright (6).
- <sup>45</sup> (1996) 69 C.P.R. (3d) 1 at 13 (Justices Stone, Linden and MacDonald). Similarly, in *Bayer Inc. v. Canada* [1999] F.C.J. No. 826, Justices Stone, Rothstein and Sexton used NAFTA Article 1711 to interpret provisions of the *Patent Act* without first inquiring as to ambiguity in the domestic text. A similar approach was taken by the Federal Court–Trial Division in the only relevant trademark decision: *Quarry Corp. v. Bacardi & Co.* [1996] F.C.J. No. 1671.
- <sup>46</sup> Interestingly, a similar regression has been identified in UK case law in relation to the relevance of EU directives on IP statutory interpretation. See A.E.L. Brown “The Increasing Influence of Intellectual Property Cases on the Principles of Statutory Interpretation” (1996) 18(10) E.I.P.R. 526.
- <sup>47</sup> (2002) 17 C.P.R. (4th) 478 at para. 25 (F.C.A., Justices Strayer, Rothstein and Evans).
- <sup>48</sup> [2003] F.C.J. No. 430 at paragraph 20. (Justices Strayer, Nadon and Pelletier). It should be noted that in this case the court distinguished *National Corn Growers* by determining that the regulations in question had not been expressly implemented as a result of NAFTA.
- <sup>49</sup> Graham, *supra* note 36 at 13.
- <sup>50</sup> *Supra* note 22 at 413.
- <sup>51</sup> *Tele-Direct (Publications) v. American Business Information* [1998] 2 F.C. 22 (Justices Décaré, Denault, and Chevalier) [*Tele-Direct*].
- <sup>52</sup> The issue before the Federal Court of Appeal in *Tele-Direct* was one that legal commentators had identified as requiring clarification. See in this regard, Sunny Handa, “A Review of Canada’s International Obligations” (1997) 42 McGill L.J. 961.
- <sup>53</sup> *Supra* note 51 at para. 14.
- <sup>54</sup> The Federal Court of Appeal in *Tele-Direct* questioned whether the amendments to the *Copyright Act* were consistent with Canada’s NAFTA obligation or whether they were in fact in conflict. In this regard, the Court, at paragraph 16, opined that: “Whether . . . Canada has fully lived up to its commitments under Article 1705 of NAFTA is an open question. . . .”
- <sup>55</sup> *Supra* note 51 at para. 15.
- <sup>56</sup> *Ibid.* at para. 18.
- <sup>57</sup> One might ask, facetiously perhaps, where Mexico, Canada’s other NAFTA partner, figures within this equation.
- <sup>58</sup> For example, *Hager v. ECW Press Ltd.* [1999] 2 F.C. 287; *Neudorf v. Netzwerk Productions Ltd.* (1999) 3 C.P.R. (4th) 129 (B.C.S.C.); *Ital-Press Ltd v. Sicoli*, (1999) 86 C.P.R. (3d) 129 (F.C.T.D.); *Édutile inc. c. Assoc. pour la protection des automobilistes* (2000) 6 C.P.R. (4th) 211 (F.C.A.). See generally, D. Gervais “Feist Goes Global: A Comparative Analysis of the Notion of Originality in Copyright Law” (2002) 49 J. Copyright Soc’y USA 949; Myra J. Tawfik, “Decompiling the Federal Court of Appeal’s ‘NAFTA Argument’ in *Tele-Direct (Publications) Inc. v. American Business Information Inc.* — From Facts to Fiction” (2001-2002) 33 Ottawa L. Rev. 147.
- <sup>59</sup> *CCH Canadian Ltd. v. Law Society of Upper Canada* [1999] F.C.J. No. 1647 (F.C.T.D.), appeal to Federal Court of Appeal allowed in part [2002] 4 F.C. 213, leave to appeal to S.C.C. granted December 12th 2002, [2002] S.C.C.B. 1826 [*CCH*].
- <sup>60</sup> *Ibid.* at para. 40.
- <sup>61</sup> *Ibid.* at paras. 40-51.