

**EXEMPT
Sec. 15(1)**

The most often mentioned irritant is Section 337 of the Trade and Tariff Act by which the International Trade Commission can block intellectual property infringing goods from import into the U.S. Section 337 is more offensive in terms of lack of due process for Canadians rather than in terms of large economic effects on Canadian interests. There have, in fact, only been 17 Canadian cases under Section 337 since 1974 (of approximately 225 cases to date) and only 5 of these have resulted in judgements. Japan and Taiwan have suffered more; together accounting for 44 percent of all cases.

The only other item sometimes mentioned as a possible Canadian issue relates to Canada's current exemption from the Manufacturing Clause under the U.S. Copyright Act. Canada could seek assurances that this clause will be allowed to expire as currently schedules on July 1, 1986 or that Canada will continue to be exempt if it is extended further.

This matter has been linked, over the past several years to possible Canadian accession to the Florence Agreement. When Canada's exemption from the manufacturing clause was granted, Canada provided duty-free entry of books and periodicals (as prescribed in the Florence Agreement) as a