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ACTA may help companies protect IP rights abroad

By Doris Estelle Long

The purported "final" version of the Anti-Counterfeiting Trade Agreement (ACTA) was released Nov. 15 by the U.S. Trade Representative. Negotiated largely in secrecy, outside traditional channels, the unconventional birth of ACTA as an executive agreement to be effected without the advice and consent of the Senate does not bode well. ACTA may, however, be one of the most useful educational tools available for companies seeking to protect their intellectual property rights abroad. For the novice entering the minefield of international enforcement, it is a virtual laundry list of present problems, along with potential solutions from the point of view of the intellectual property owner. From civil discovery, to the calculation of damages, from criminal enforcement to Internet piracy, ACTA addresses the minutia of international enforcement.

Signed in 1994 by the United States and 110 other countries, The Agreement on Trade Related Aspects of Intellectual Property Rights, informally referred to as TRIPS, changed the face of global intellectual property protection. For the first time in history, a multi-regional intellectual property treaty required signatories to provide "effective enforcement" for intellectual property rights, and specified minimum procedural standards to secure such enforcement. Because it is administered by the World Trade Organization (WTO), TRIPS also gave parties access to trade sanctions against those who failed to meet treaty obligations. TRIPS undeniably raised the floor for international protection. ACTA builds on that floor, and seeks to raise it even higher.

Divided into six "chapters," ACTA specifically refers to TRIPS in Article 1.1 with the assurance: "Nothing in this

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Agreement shall derogate from any obligation of a Party with respect to any other Party under ... the WTO Agreement On Trade Related Aspects of Intellectual Property Rights [TRIPS]." Many of its provisions, including definitions for covered counterfeit trademark and pirated copyright goods, general obligations with respect to enforcement, and provisions governing provisional and border measures, contain language that mirrors TRIPS obligations. Like TRIPS, ACTA contains basically three types of provisions. The first are largely exhortatory or aspirational goals. For example, chapter four, containing articles regarding "international cooperation," obligates parties to "promote cooperation, where appropriate, among the competent authorities ... responsible for enforcement of intellectual property rights" and to "endeavor to exchange" information about "best practices" for enforcement.

The second, and most significant, types of provisions are those that impose mandatory obligations for enforcement beyond the minimum standards established under TRIPS. These mandatory obligations are extremely expansive and explicit. They include detailed obligations on customs authorities to control the transit of infringing goods, with specific obligations to exercise ex officio power to prohibit the export of infringing goods. This is a clear advance over TRIPS, which limited mandatory customs control only to the importation of counterfeit and pirated goods.

ACTA contains a similar expansion in mandatory criminal enforcement obligations. While TRIPS contained only one article regarding criminal penalties, ACTA has four separate articles with multiple subparts. These articles expand

required criminal enforcement to include "related rights on a commercial scale," thus placing music and similarly available goods firmly within the categories of works for which criminal penalties must be available. It also specifically requires parties to impose criminal liability for "aiding and abetting." Mandatory seizures now include "documentary evidence relevant to the alleged offense and the assets derived from, or obtained directly or indirectly through the alleged infringing activity." Furthermore, law enforcement officials may no longer be required to wait for an official complaint by an IP owner to commence criminal investigations. To the contrary, they must be granted ex officio power "in appropriate cases" to act on their own initiative. In a similar vein civil enforcement procedures have been enhanced, with detailed obligations regarding the standards to use in establishing money damages and a new obligation to enjoin third parties "to prevent infringing goods from entering the channels of commerce."

Probably one of the most controversial obligatory provisions in ACTA is Article 2.18, which requires parties to apply both civil and criminal enforcement provisions to acts which occur "in the digital environment." ACTA does not expressly require the criminalization of peer-to-peer file trading, but it clearly leaves the door open with its expansion of covered criminal acts to include those involving "related rights."

The final category of provisions in ACTA are those involving optional obligations. Worded in terms of actions that the parties "may" provide, they serve as warning signs for the next generation of enhanced enforcement obligations. Thus, the ability to require Internet Service Providers (ISPs) to disclose subscriber identities is presently a discretionary obligation. Criminalization of the unauthorized copying of motion pictures during a performance in a "motion picture exhibition facility" is similarly optional.

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Despite the serious subject matter, ACTA is not without its ironies. One of the harshest criticisms of ACTA has been the secrecy surrounding its negotiation. Even the European Parliament issued a resolution in March 2010 officially condemning the “lack of a transparent process” and “the calculated choice of the parties not to negotiate through well-established international bodies... which have established frameworks for public information and consultation.” Yet despite its own lack of transparency, ACTA demands transparency in the administration of the enforcement system, including public information regarding each party’s “efforts to ensure effective enforcement.”

ACTA undeniably represents another stage in the upward creep of intellectual property enforcement obligations. With IP-rich countries such as the United States, Canada, Australia, Japan and the European Union as initial signatories, there is little doubt that its enhanced standards will begin to appear in other arenas. Most predictably, they will undoubtedly form the new floor for measuring the success of developing countries in securing “effective enforcement” in bilateral negotiations. Yet, even these new standards are not as high as they may first appear. Significantly, although ACTA is supposed to apply to all intellectual property rights

as defined by TRIPS, patents are curiously excluded from its civil, criminal and border measures. There are also numerous conflicts in the present “final” version of ACTA that hopefully will be clarified during the alleged “legal review” which it is presently undergoing before signature by President Obama. These conflicts include muddled treatment of the role of administrative agencies in enforcement activities, different definitions for those “implements,” which can be seized and destroyed, and inconsistent privacy obligations in connection with digital and nondigital enforcement procedures.