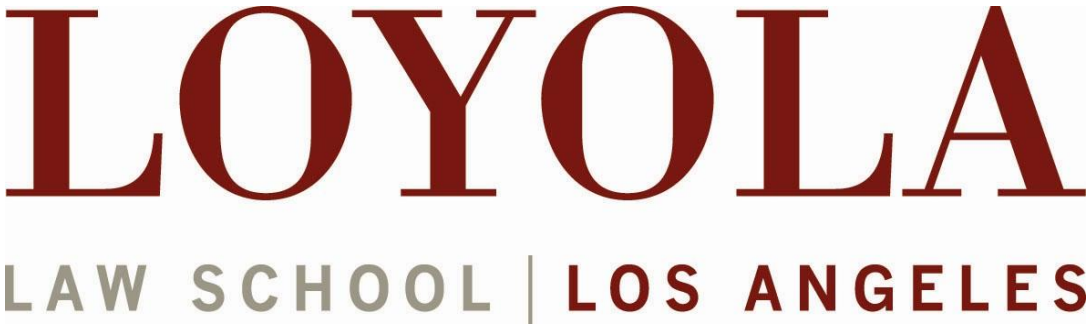

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ACTA and the Destabilization of TRIPS

Professor Jeffery Atik

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1. From TRIPS to TRIPS Plus

1.1 The Unravelling of the Grand Bargain

A significant divide has developed between the large portion of the WTO membership which sees little or no benefit from the TRIPS[1] undertakings and the small number of advanced economy members who seek ever greater IP standards. This chasm – between those who now judge TRIPS to be overreaching and those who find TRIPS to be inadequate – raises doubt as to whether a TRIPS consensus continues to exist. The movement of position described here is both relative and absolute: relative, in that IP debates are fiercer now than at the time of the foundation of the WTO; and absolute, in that both sides are taking increasingly hardened positions with respect to the original terms of TRIPS. Our story is one of two regrets: that TRIPS did not go far enough, that TRIPS went too far. In particular, the call for more IP protection, known as 'TRIPS Plus', has led to even greater fragmentation of the global intellectual property system. To ask for more, when the other side wishes to offer less, is a path to a potential breakdown. By pursuing TRIPS Plus, through new free trade agreements, and in particular through the negotiation and implementation of the 2010 Anti-Counterfeiting Trade Agreement (ACTA) is to risk losing the moral force behind TRIPS. ACTA may prove strangely counterproductive. Instead of achieving higher IP standards, it may lead to an increasingly resented, and hence less effective, observation of TRIPS.

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[1] Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS"). The TRIPS Agreement is Annex 1C to the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh 15 April 1994, 33 I.L.M. 1125, 869 U.N.T.S. 299.

One of the most unexpected features of the WTO system was its integration of new intellectual property mandates. Most of the WTO infrastructure is derived from the prior GATT, and its substance is largely built on foundations set by GATT and by the related GATT-era side agreements. By and large, these commitments were negative in character: they sought to limit national freedom-of-action in order to dismantle trade barriers. During the Uruguay Round that led to the establishment of the WTO, GATT-like discipline was extended into theretofore excluded fields of trade - such as agriculture and textiles - and for the first time to services and some investment controls. Intellectual property was not an obvious field for inclusion in the WTO, as it involved imposing on the WTO membership positive requirements.

The Grand Bargain refers to the central set of commitments made by the founding WTO membership that led to the incorporation of TRIPS into the international trade system. Had TRIPS been presented as a stand-alone treaty, it would have been unlikely that any but a small group of countries would have undertaken its obligations. The globalization of intellectual property standards greatly favours the small number of countries which host ownership of the greater part of valuable intellectual property. Most countries have few owners of internationally valued intellectual property (IP); for these countries (both poor and mid-level countries) intellectual property recognition creates obligations to make significant outbound wealth transfers. Only a few counties are net recipients of royalties. Unlike trade in goods which in theory benefits all participating parties, the recognition of IP rights benefits a discrete few. As a matter of economic self-interest, most countries would prefer a weak, if non-existent national intellectual property regime.

The promoters of TRIPS (chiefly the United States and Europe) were able to persuade the greater part of the WTO community to accept minimum standards of intellectual property protection by offering market access in other sectors, notably agriculture and textiles. This linkage, between recognition of IP rights and access to markets for developing world products, a peculiar result of the Uruguay Round, constitutes the Grand Bargain.

At a decade and a half of distance from the foundation of the WTO, many WTO members have come to regret the making of the Grand Bargain. On the one hand, a strident block of anti-IP countries, led by Brazil and India, oppose any expansion of IP obligations at the global level and consistently urge minimizing interpretations of TRIPS commitments within WTO dispute settlement. Further, effective market access in the newly covered sectors (agriculture and textiles) have disappointed the developing block. With little realized benefits, the mandates of IP recognition (and the

costs and headaches associated with IP enforcement) are presently seen as an even greater burden on the larger WTO membership.

On the other hand, the knowledge economy country block, led by the United States, Europe and Japan, are pushing for greater IP protection than is required by TRIPS, with an emphasis on IP enforcement, in various international settings. The dissatisfaction felt by advanced countries is that TRIPS did not go far enough. Between these two species of regret, it is clear there would be no Grand Bargain reached today; that is, there would be no global consensus reached to erect TRIPS.

While TRIPS extended basic IP protection throughout the WTO area, it has - in the view of the United States, Europe and Japan - largely failed to bring about meaningful protection for rights holders from the scourge of counterfeiters and other unauthorized users.[2] TRIPS was certainly a step in the right direction, the advanced economies believe, as all WTO members were required to provide basic IP rights. Post-TRIPS experience has shown, however, a large enforcement gap. The increase in international trade facilitated by the construction and the expansion of the WTO regime (including the important accession of China to the WTO) has been accompanied by growth in IP piracy. In the absence of meaningful enforcement of the rights established by TRIPS, the TRIPS achievements seem illusory.

The United States - prodded by its powerful IP rights holder lobbies (principally Hollywood and the pharmaceutical industry) - has urged a meaningful extension of TRIPS, with an emphasis on effective enforcement.[3] For reasons to be discussed here, further enhancement to TRIPS has been effectively blocked (at least for the time being) within the WTO structure. Notwithstanding this hostile environment, the United States

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[2] Alan M. Anderson & Bobak Razavi, 'The Globalization of Intellectual Property Rights: TRIPS, BITS, and the Search for Uniform Protection', 38 *Ga J Int'l & Comp L* 265, 273-274 (Winter 2010).

[3] In 2002 this view was incorporated into 'Special 301' annual review of the U.S. Trade Representative (USTR), examining in detail the adequacy and effectiveness of intellectual property protection in approximately 72 countries. Office of the United States Trade Representative, '2002 Special 301 Report' (2002) (USTR Special 301 Report), p. 1-2, ('[T]he consensus view of the world community [is] that the vital framework of protection under existing treaties, including the TRIPS Agreement, should be supplemented to eliminate any remaining gaps in copyright protection on the Internet that could impede the development of electronic commerce.') See also 2007 Annual Report of the President of the United States on the Trade Agreements Program, p. 58 ('At the February 2007 meeting of the TRIPS Council, the United States made a presentation on its experience with border enforcement measures. A number of Members have resisted a substantive discussion of enforcement in the TRIPS Council.') USTR Reports may be found at the USTR web site <http://ustraderep.gov/Document_Library/Reports_Publications/Section_Index.html>.

promulgated a set of reforms to TRIPS it would like to see adopted. And it has cobbled together an alliance of pro-IP states supportive of certain enhancements to the corpus of mandatory IP protections. This agenda (or wish-list) has become known as 'TRIPS Plus'.[4]

1.2 Regime Shift Redux

The WTO structure, which provided for the triumphant extension of basic IP coverage throughout most of the globe, has become an increasingly unreceptive site for any expansionist IP agenda.[5] This is partly due to disappointment perceived by the larger part of the WTO membership (that is, the WTO's less developed members) with the implementation of the Grand Bargain.[6] The unhappiness due to the non-achievement of sought-for market access is a political fact that has increased the general hostility felt by much of the world to the recognition of IP rights.

Further, experience under TRIPS has brought forward the under-addressed resources question: from the time of the TRIPS negotiation it had never been clear how an effective level of IP enforcement was to be funded in many poorer countries. TRIPS constitutes an 'unfunded mandate' for IP enforcement. While TRIPS calls for the provision of technical assistance (in Article 67[7]), it leaves funding to each member's own resources. Here too is

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[4] Peter K. Yu, 'TRIPS and its Discontents', 10 *Marq Int'l Prop L Rev* 370, 383 (2006). See also Margot Kaminski 'The Origins and Impact of the Anti-Counterfeiting Trade Agreement (ACTA)', 34 *Yale J Int'l L* 247, 249 (2009) ('Maximalist countries have been pushing for a TRIPS-plus regime, adding new requirements to the TRIPS standards through bilateral and regional trade agreements.').

[5] See generally Paul Drahos, 'Trade-offs and Trade Linkages: TRIPs in a Negotiating Context'. Notes from a talk given at Quaker House Geneva (12 September 2000), <http://www.quno.org/economicissues/intellectual-property/intellectualLinks.htm#OCCASIONAL>.

[6] David Vivas-Eugui, 'Regional and bilateral agreements and a TRIPS-plus world: the Free Trade Area of the Americas (FTAA)', TRIPS Issue Papers No. 1, Quaker United Nations Office (QUNO), (August 2003) p. 14. <http://www.quno.org/economicissues/intellectual-property/intellectualLinks.htm#ISSUES>.

[7] TRIPS Article 67 provides:

> In order to facilitate the implementation of this Agreement, developed country Members shall provide, on request and on mutually agreed terms and conditions, technical and financial cooperation in favour of developing and least-developed country Members. Such cooperation shall include assistance in the preparation of laws and regulations on the protection and enforcement of intellectual property rights as well as on the prevention of their abuse, and shall include support regarding the establishment or reinforcement of domestic offices and agencies relevant to these matters, including the training of personnel.

a potential collision: any call for greater IP enforcement inevitably further strains the administrative resources of most countries with little or no compensating capture of value, as most of this gain passes to foreign interests. As Chow has noted, counterfeiters can be powerfully connected – and are inevitably local.[8] Their economic gains largely remain within national confines.

The United States made a strategic decision to largely abandon the WTO as the chief site for effecting its expansive IP ambitions - engaging in what Laurence Helfer might recognize as a further 'regime shift'.[9] Rather, the United States has sought to incrementally bind various countries to IP commitments that exceed the TRIPS minimum standards (that is, TRIPS Plus) in various bilateral trade agreements, beginning with the United States - Australia free trade agreement.[10]

The trajectory of regime shifts is worth noting. Helfer describes the shift from the UN-based WIPO institution, where developing world concerns about IP are given weight, to the newly minted WTO, where IP burdens were to be compensated by valued concessions in other areas. After the two-sided disappointments with TRIPS (failure to realize anticipated market access gains by the developing world and the enforcement gap perceived by the advanced economies), the WTO/TRIPS field is no longer promising. For the IP expansionists the new institutional horizon for pursuing TRIPS Plus includes bilateral agreements as well as regional and plurilateral structures.

The United States-Australia Free Trade Agreement is generally considered to be the first exercise in the US pursuit of TRIPS Plus. The presence of the extensive IP provisions found in the United States-Australia FTA likely does not reflect signal deep US concerns about the parlous state of IP protection in Australia. The United States was not solely functioning as a traditional *demandeur* of Australia in these negotiations (or vice versa). Rather, the United States-Australia FTA might be better seen as a laboratory project (or exemplar), setting out and exercising post-TRIPS state-of-the-art

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[8] Daniel Chow, 'Anti-Counterfeiting Strategies of Multi-National Companies in China: How a Flawed Approach is Making Counterfeiting Worse', *41 Geo J Int'l L 749, 750-751* (2010).

[9] See generally, Laurence R. Helfer, 'Regime Shifting: The TRIPS Agreement and the New Dynamics of International Intellectual Property Lawmaking', *29 Yale J Int'l L 1* (Winter 2004).

[10] United States-Australia Free Trade Agreement, Signed 3 August 2004, entered into force 1 January 2005. P.L. 108-206.

enforcement obligations in an important bilateral setting.[11] Australia, under this telling, was merely the convenient counterparty for its expression.

The United States expanded its communication of desired IP enforcement program in subsequent free trade agreements entered with Korea, Morocco and Singapore. While the terms of the IP provisions of these agreements vary, each represents an accorded articulation of US goals. And the Morocco agreement supports the US position that TRIPS Plus obligations may be subscribed to by a developing country.

1.3 The Road to ACTA

Having achieved some success in persuading various trading partners to accede to enhanced IP enforcement, the United States, together with Japan, launched the Anti-Counterfeiting Trade Agreement (ACTA).[12] The initial impetus for ACTA came with a 2005 anti-counterfeiting proposal by Japan closely followed by a similar proposal from the United States, to which the European Union joined, in October 2007.[13] ACTA was the first plurilateral[14]

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[11] See Ruth L. Okediji, 'Back to Bilateralism? Pendulum Swings in International Intellectual Property Protection', *1 U Ottawa L & Tech J 125, 128-129* (2003-2004):

> Despite the hope that the TRIPS Agreement would diminish the use of bilateralism to secure international protection for intellectual property, post-TRIPS bilateralism remains the dominant policy of the United States. Intellectual property bilateralism is evident in trade negotiations such as the recent FTAA negotiations, in the continued use of Section 301 of the Trade Act of 1974… to secure extra-TRIPS or "TRIPS-plus" commitments from other countries, as well as in pure bilateral intellectual property agreements.
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> ***
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> The new bilateralism is clearly a tool to effectuate the benefits of forum shifting…to overcome limitations imposed by the TRIPS Agreement, . . . and to sustain the expansion of intellectual property rights at the expense of the public interest both in developed and developing countries.

Ibid, pp. 140-141. (Footnotes omitted.)

[12] Anti-Counterfeiting Trade Agreement dated 15 November 2010 among Australia, Austria, Belgium, Bulgaria, Canada, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, the Republic of Korea, Latvia, Lithuania, Luxembourg, Malta, Morocco, the Netherlands, New Zealand, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, the United Kingdom, the United Mexican States, the United States, and the European Union (ACTA). Final version, Subject to Legal Review. <http://www.ustr.gov/webfm_send/2379>.

[13] Margot Kaminski, 'The Origins and Potential Impact of the Anti-Counterfeiting Trade Agreement (ACTA)', *34 Yale L J Int'l L* 247, 250-251 (Winter 2009) (Kaminski).See

(as opposed to bilateral) effort to expand the range of TRIPS Plus coverage.[15] The choice of the initial state parties (that is, the founding ACTA negotiating parties) was critical: these were by-and-large 'like-minded' states; states which hosted significant stocks of IP. Japan was the original partner in the ACTA initiative; thereafter the European Union, Japan, Canada, Switzerland, and Korea joined the negotiations.

The ACTA negotiations concluded in December 2010 and it is, as of this writing, open for signature. ACTA represents a deliberate 'regime shift' away from the WTO structure (which houses TRIPS).[16] Clearly, expanding intellectual property protections is not in the pro-development spirit of the current Doha Round of WTO talks. It is not - and likely could not become - part of the agenda to be considered by the WTO membership within the Doha Round. Any negotiations within the WTO would necessarily involve substantial representation from the newly industrialized, developing and less-developed blocks, and hence significant push-back against expansion of intellectual property rights. The like-mindedness that can be found in a smaller, club-like setting may favour the formation of substantively more attractive (and ambitious) IP norms than might result in a more cosmopolitan setting.

The removal of the latest phase of global intellectual property law-making from the WTO results in part from a determination to provide for faster tracking than a WTO process could provide. It also involves (with some risk) a de-linking of intellectual property concerns from other issues within the WTO remit. And it provides splendid isolation from the inconvenient presence of the many WTO members who have been

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also Michael Blakeney & Louise Blakeney, 'Stealth Legislation? Negotiating the Anti-Counterfeiting Trade Agreement (ACTA)', *Int'l T L R 201, 16(4), 85, 90-91* (2010). Blakeney and Blakeney connect these negotiations with the Agreement on Measures to Discourage the Importation of Counterfeit Goods, GATT Doc. No. L/5382 (18 October 1982), a U.S. sponsored informal plurilateral anti-counterfeiting agreement. Ibid, p. 87. Accord Emily Ayoob, Note,'Recent Development: The Anti-Counterfeiting Trade Agreement', *28 Cardozo Arts & Ent L J 175, 178-179* (2010).

[14] In WTO parlance, a plurilateral agreement is a multilateral agreement that binds some but not all WTO members. The term 'multilateral' is reserved for those undertakings that bind the complete WTO membership.

[15] See Peter K. Yu, 'A Tale of Development Agendas', *35 Ohio N U L Rev 465, 555* (2009) (Tale of Development Agendas), (Developed countries' push for establishing ACTA is a forum shifting mechanism to achieve 'the maximalists' abiding goal of ratcheting up IP protection and enforcement worldwide.' quoting Susan K. Sell, 'The Global IP Upward Ratchet, Anti-Counterfeiting and Piracy Enforcement Efforts: The State of Play 4' (IQsensato, Occasional Papers No. 1, 2008)).

[16] Charles R. McManis, 'The Proposed Anti-Counterfeiting Trade Agreement (ACTA): Two Tales of a Treaty', *4 Hous L Rev 1237* (2009).

consistently critical of TRIPS, including one economic superpower (China) where enforcement of intellectual property protection is generally perceived to be deficient.

Perhaps more telling than the list of those 'like-minded' states participating in ACTA negotiations are the identities of the powerful states (within the WTO) that were excluded from the ACTA process: Brazil, India, and China. There are, of course, significant concerns expressed about counterfeiting and piracy in all these states.[17] That apart, the consistent hostility displayed by India and Brazil within the WTO regime to the expansion of IP rights may be a more plausible explanation for their exclusion from the ACTA negotiating process.[18]

The United States makes the rather puzzling assertion that counterfeiting and piracy (that is, non-recognition and/or non-enforcement of IP rights) 'undermines legitimate trade and the sustainable development of the world

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[17] See e.g. Lawrence A. Kogan, 'Brazil's IP Opportunism Threatens U.S. Private Property Rights', *38 U Miami Inter-Am L Rev 1, 7-8* (Fall 2006), European Commission's annual report on EU Customs Enforcement of Intellectual Property Rights, 'Results at the Border 2009', (22 July 2010) (EU 2009-2010 Customs Action Plan) ('Overall, China continued to be the main source country from where goods suspected of infringing an IPR were sent to the EU (64% of the total amount of articles).') Executive Summary p. 2. <http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/statistics/index_en.htm>., USTR 'Special Section 301 Report' (30 April 2010), pp. 9-12 Executive Summary, Section I Trends in Counterfeiting and Piracy, Internet and Digital Piracy (Counterfeit goods and internet piracy originating in BRIC countries).

[18] See e.g. World Trade Organization (WTO) Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS Council), Minutes of Meeting from 18-22 June 2001, Special Discussion on Intellectual Property and Access to Medicines, IP/C/M/31 (10 July 2001) (Statements of Brazil and India on sponsorship of TRIPS and Public Health IP/C/296), Peter K. Yu, 'Six Secret (And Now Open) Fears of ACTA', (describing Argentina's, Brazil's, China's and India's, strong opposition to an EU initiative to push for further discussions of IPR enforcement issues, in the June 2006 TRIPS Council Meeting), (forthcoming 64 *SMU L Rev* 2011) (20 October 2010), pp. 10-11 (Six Open Fears). <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1624813>. , Peter K. Yu, 'Access to Medicines, BRICS Alliances, and Collective Action', 34 *Am J L & Med* 345, 349-352 (2008) (Detailing some of Brazil's and India's 'pushback to developed countries' IPR initiatives at the WTO), Shashank P. Kumar, 'Border Enforcement of Intellectual Property Rights against in-transit Generic Pharmaceuticals: An analysis of characters and Consistency, 32 *E.I.P.R. 506*(2010) (Analysis of India's and Brazil's requests at the WTO for consultations regarding seizures of in-transit drugs- WT/DS408/19 May 2010- against background of India's and Brazil's assertions before the WTO General Council 3-4 February 2009 that Council Regulation EC 1383/2003 Concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, OJ 2009 L 196/7-14, violates GATT Art. V and TRIPS.)

economy'.[19] One wonders if a single official of the developing world would agree with the notion that fighting IP counterfeiting is the key to achieving 'sustainable development'. There seems to be little here beyond vulgar sloganeering: the connection between the control of counterfeiting and piracy and economic and social development has yet to be persuasively demonstrated. Indeed the only true believers in the substantiality of this linkage seem to be IP rights holders, for which this credence is most convenient.

The objectives of the United States in the ACTA negotiations were fairly well-defined. ACTA, in the view of the United States, was not to be a forum for the enlargement of additional substantive intellectual property rights intended to become subject to international mandates. ACTA's sole focus should have been the establishment of effective enforcement standards for the set of rights mandated by TRIPS and other international instruments.

According to the Office of the United States Trade Representative (USTR), those interested in 'understanding the U.S. approach' to ACTA should view the IP-specific provisions of the recent free trade agreements negotiated by the United States with Australia, Korea, Morocco and Singapore.[20] While this assertion hardly limited the range of negotiating outcomes the United States might have sought within the ACTA process, it does give content to US ambitions.

If one uses the provisions of the various FTAs cited by USTR as guides to the intentions of the United States in the ACTA negotiations, one discovers that ACTA largely confines itself to the enforcement of IP rights. Enhanced IP enforcement is only part of the TRIPS Plus agenda of the United States.[21] Each of the four exemplary FTAs contains additional IP provisions (that is, commitments binding on their respective signatories) that go beyond the minimum standards imposed by TRIPS. It seems to have been a political calculation to confine ACTA to enforcement issues only. This may reflect a sober realization of the maximum progress feasible at the plurilateral level at the time; expansion of substantive rights might have engendered more fierce opposition. Or it may reflect a consensus within the United States IP right holder community that in fact the most serious

[19] USTR Press Release, 'Statement by the Anti-Counterfeiting Trade Agreement (ACTA) negotiating partners regarding the recent round of ACTA negotiations in Lucerne, Switzerland'(5 July 2010). <http://www.ustr.gov/about-us/press-office/press-releases/2010/june/office-us-trade-representative-releases-statement-act>.

[20] See Letter from Ron Kirk, United States Trade Representative, to Ron Wyden, U.S. Senator (28 January 2010), p.2. <http://www.ustr.gov/webfm_send/1700>.

[21] See IPEC 2010 Joint Strategic Plan for Intellectual Property Enforcement pp. 14-15, 'Promote Enforcement of U.S. Intellectual Property Rights through Trade Policy Tools'.

challenges to their interests arise in the area of enforcement. The final ACTA text reflects both achievements and setbacks with respect to the announced ambitions of the United States.

ACTA is hardly the endpoint of the TRIPS Plus 'regime shift' outlined here. By moving from TRIPS, and then from bilateral agreements, on to ACTA, more general trade issues have been decoupled from IP and IP enforcement concerns. ACTA is a far more specialized agreement than any bilateral trade agreement, or even more so than TRIPS, given that TRIPS is part and parcel of the WTO 'single undertaking'. Having completed ACTA, and having in the process established new 'best practices' for IP enforcement standards, further shifting may return these newly minted norms to mixed subject agreements. In later sections of this chapter, a prediction will be made that ACTA provisions will be replicated in future trade agreements, including regional agreements, to which the United States will be party. Specifically, ACTA norms are likely to take root in the currently forming Trans-Pacific Partnership agreement and will thereby become binding against countries that were not able to contribute to the formation of those norms due to their exclusion from the ACTA process.

2. ACTA and Health Anxieties

2.1 Revisiting the Essential Medicines Controversy

The process by which ACTA was formed was itself extremely controversial. There had been a general awareness of ACTA during the course of its negotiation, and the identity of the founding states participating in the sessions was known. Beyond the mere fact of ACTA's preparation (involving a general statement of ACTA's intended coverage and various declarations of national target objectives) very little of substance leaked from the earliest sessions. This almost complete lack of transparency, particularly during the earliest rounds, fuelled the imagination of various actors (including WTO members outside the ACTA club and representatives of civil society) opposed to further expansion of IP protections. During ACTA's formation, many writings were published, criticizing possible provisions of ACTA that may or may not have been on the negotiating table.[22]

[22] See e.g. cases cited in note 2 supra, T. Jesse Goff, 'Regulation of Digital Copyrights and Trademarks at the U.S. Border: How the Proposed Anti-Counterfeiting Trade Agreement and the Enacted U.S. Pro-IP Act Will Destabilize the Current System', *16 Sw J Int'l L 207 (2010*), Henning Grosse Ruse-Khan, Thomas Jaeger & Robert Kordic, 'The Role of Atypical Acts in EU External Trade and Intellectual Property Policy', *21 Eur J Int'l L 901 (2010),* 75 Academics' Letter to President Obama (28 October 2010) (Questioning

Specifically, there was considerable anxiety manifested concerning the possibility that resort to the ACTA process would be used in order to reverse the hard-won gains within TRIPS resolving the essential medicines controversy. Shortly after TRIPS took effect, the AIDS pandemic exploded in large parts of the developing world.[23] Critics of TRIPS seized on the unwillingness of the proprietors of various patented pharmaceuticals to make those medicines available on affordable terms. The withholding of essential medicines by patent holder was highlighted in order to reveal TRIPS' adverse effect on the ability of WTO members to achieve appropriate public health responses. Aggressive actions by patent holders within the WTO[24] and in national courts[25] to protect their exclusivities incited adverse public reaction, leading to the abandonment of these procedings. Pharmaceutical industry interests beat a retreat, opening the way for significant clarifications and reform within TRIPS.

Advocates for access to health care for the impoverished communities afflicted by the AIDS pandemic were able to score a series of important roll-backs of the patent mandates contained in TRIPS. The first of these was the Doha Declaration[26], restating the availability of certain flexibilities within TRIPS and committing the WTO membership to recognition of public health concerns in the administration of national IP systems. Further, additional extensions of the TRIPS transition period for least developed country WTO members were conceded.[27] And TRIPS itself was amended, reducing the effect of Article 31(f) which had categorically banned the use of compulsory licenses for the production of generic pharmaceuticals for export. New TRIPS Article 31bis will permanently implement the August

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Constitutionality of ACTA), <http://www.wcl.american.edu/pijip/go/blog-post/academic-sign-on-letter-to-obama-on-acta>.

[23] Hans Henrik Lidgard & Jeffery Atik. 'Facilitating Compulsory Licensing under TRIPS in Response to the AIDS Crisis in Developing Countries', Corporate and Employment Perspectives in a Global Business Environment. Roger Blanpain & Boel Flodgren eds. (Kluwer Law International, 2006), pp. 49-64.

[24] WTO Brazil-Measures Affecting Patent Protection, Request for Consultations by the United States, dated 30 May 2000, WT/DS199/1 G/L/385 IP/D/23 (8 June 2000).

[25] Case 4183/9: *Pharmaceutical company lawsuit (forty-two applicants) against the Government of South Africa (ten respondents)* (Constitutional Court 1998), <http://cptech.org/ip/health/sa/pharmasuit.html>.

[26] WTO, Ministerial Conference Fourth Session Doha, 9 - 14 November 2001WT/MIN (01)/DEC/2 41 I.L.M. (2002), (Doha Declaration.)

[27] WTO Council for Trade-Related Aspects of Intellectual Property Right Minutes of Meetings Held 25-26 and 28 October, 29 November and 6 December 2006 IP/C/M/49 (31 January 2006). See also, WTO TRIPS Council,'Maldives – Extension of the Transition Period under Article 66.1 of the TRIPS Agreement'. Document IP/C/35 (June 2005).

30, 2003 Decision[28], by which compulsory licenses will be available, notwithstanding Article 31(f), for the production of generic pharmaceuticals for export to countries which lack the manufacturing capacity to produce those medicines locally.[29]

There was rampant fear that ACTA would be a vehicle by which these important concessions could be effectively withdrawn[30]. Much would depend upon the scope of the final ACTA text. Vague locutions, such as 'piracy' or 'counterfeiting', might be extended to cover the manufacture of or commercialization of generic pharmaceuticals. New enforcement mandates within ACTA might create new opportunities for patent holders to delay or harass firms shipping generic medicines.

2.2 The EU Transhipment Case

Since 2008, in what has been perceived as a rear-guard attack on the new understandings with respect to the public health flexibilities in TRIPS, Dutch authorities have seized various shipments of generic pharmaceuticals produced in India and Brazil and destined for developing countries. Presumably the manufacture of these medicines in India or Brazil and their commercialization in their intended markets would not violate any relevant patent rights in those respective territories. Patent rights arise on a national basis and are confined to national territory. But upon entry of these generic medicines into any national territory, such as the Netherlands, where patent rights obtain, those rights become applicable.

The controversial Dutch seizures involved instances of transhipments, where the presence of the offending products within the national territory was temporary and often happenstance. These cases do not involve the making, use or sale of products subject of the Dutch patent within the Netherlands - though admittedly they do involve the import of such

[28] WTO General Council Decision of 6 December 2005, Amendment of the TRIPS Agreement, Attachment to Protocol Amending the TRIPS Agreement, WT/L641.

[29] See Decision the WTO General Council of 6 December 2005 and accompanying protocol, providing for the insertion of new Article 31bis in TRIPS.

[30] See e.g. American University's Program on Information Justice and Intellectual Property ACTA Communiqué, 'International Experts Find that Pending Anti-Counterfeiting Trade Agreement Threatens Public Interests' (23 June 2010). <http://www.wcl.american.edu/pijip/go/acta-communique>. Six Open Fears p. 84, Henning Grosse Ruse-Khan, 'A Trade Agreement Creating Barriers to International Trade? ACTA Border Measures and Goods in Transit, Max Planck Institute for Intellectual Property', Competition & Tax Law Research Paper Series No. 10-10, (Forthcoming Am U Int'l L Rev). <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1706567&>.

products.[31] Given the particular transport links between important generic producing countries (such as India and Brazil) and many developing country markets for those generics, it may be impractical if not impossible to avoid transhipment through ports (such as Dutch international ports and airports) where patent rights arise.

Formally, the Dutch authorities (and the relevant patent owners) appear to be within their rights. Given the territorial nature of the patent system, a Dutch patent owner should be able to take action against infringing goods 'imported' into Dutch national territory. But exercising these rights, in instances of transhipments (where no patent rights are violated in either the country of origin or destination) seems mean spirited, at least in instances where the trade is one sheltered by the new understandings within TRIPS.

On May 11, 2010 India commenced a dispute settlement process in Geneva with respect to the WTO-compatibility of these seizures,[32] followed on May 12, 2010 by a similar complaint by Brazil.[33] In the end, both India and Brazil appear to have abandoned these complaints, though what, if any, commitment they may have extracted from the EU (and the Netherlands) has not been revealed.[34] Thus, the WTO-compatibility of the seizures remains unresolved.

ACTA was thought to be a 'second front' for the contest as to the legitimacy of these seizures. An expansive definition of 'piracy' or 'counterfeit goods' might conceivably have covered generic medicines temporarily passing through ports where relevant patent rights obtain. Moreover, ACTA might have mandated such seizures upon the initiative of the officials, resolving any doubt as to the legitimacy of the actions of the Dutch authorities.

The first generally leaked version of ACTA seemed to confirm these fears. First, early ACTA drafts covered all categories of intellectual property covered by TRIPS.[35] Thus, early ACTA drafts reached beyond copyright

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[31] TRIPS Article 28 assures patent owners the rights 'to prevent third parties not having the owner's consent from the acts of: making, using, offering for sale, selling, or importing' products that are covered by the patent.

[32] European Union and a Member State – Seizure of Generic Drugs in Transit, DS 408.

[33] European Union and a Member State – Seizure of Generic Drugs in Transit, DS 409.

[34] See, Peter K. Yu, 'TRIPS Enforcement and Developing Countries', (Forthcoming Am U Int'l L Rev) (2011). <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1736030&##>. p. 23. (Citing BBC report of dispute resolution between India and the EU involving amendment of EU regulations to provide that generic pharmaceuticals in transit will only be inspected in cases of counterfeiting.)

[35] It is now widely understood that broad ACTA coverage was sought by the European Union in order to assure that protection of geographic indications would be enhanced.

and trademark violations to potentially include patent infringements as well. Secondly, draft versions of ACTA contained a specific provision regarding transhipments as part of its broader treatment of border measures. Bracketed language indicated that at least some ACTA founders desired IP enforcement action to be mandatory (as opposed to discretionary) with respect to transhipped goods.[36]

In its final version, ACTA appears less threatening. While the final version of ACTA continues to cover the same categories of IP as does TRIPS[37] - and thus includes patents within its scope - the key terms 'piracy' and 'counterfeit' are restricted to copyright and trademark respectively.[38] Further, the transhipment provisions provide that authorities may (and not that they shall) have the authority to enforce national IP[39]. And ACTA's Border Measures section (which includes ACTA Article 16(2)) does not apply to patents and trade secrets.[40] While ACTA does not impede seizures such as those made by Dutch authorities of transhipped generic medicines from India or Brazil, neither does it mandate those seizures. But it hardly declares such seizures to be inconsistent with TRIPS norms, as modified with respect to trade in essential medicines - the position that India and Brazil had sought in their WTO requests for consultations.

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[36] The leaked version of 1 July 2010 stamped 'U.S. Confidential Modified Handling Authorized* EU Restricted' contained mandatory injunctive provisions in Art 2.2 with bracketed alternate references to 'may'. <http://www.publicknowledge.org/files/docs/ACTA_consolidatedtext.pdf>.

[37] In ACTA Article 5 (General Definitions), intellectual property is defined as 'all categories of intellectual property that are the subject of Sections 1 through 7 of Part II of the TRIPS Agreement'. This establishes the potential coverage of ACTA, thus including patents, copyrights, trademark, geographical indications and other forms of intellectual property.

[38] The relevant ACTA terms are 'counterfeit trademark goods' and 'pirated copyright goods'. ACTA Article 5. Here the ACTA definitions provide the link between the notion of counterfeiting with trademark violation and the notion of piracy with copyright violation. A good that infringes a patent (but not a trademark or copyright) is neither counterfeit nor pirated.

[39] ACTA Article 16(2) provides that:

> A Party may adopt or maintain procedures with respect to suspect in-transit goods or in other situations where the goods are under customs control under which:
>
> (a) its customs authorities may act upon their own initiative to suspend the release of, or to detain, suspect goods; and
>
> (b) where appropriate, a right holder may request its competent authorities to suspend the release of, or to detain, suspect goods.

[40] Article 16 appears in Section 3 (Border Measures) of ACTA. A footnote states that '[t]he Parties agree that patents and protection of undisclosed information do not fall within the scope of this Section.

2.3 ACTA and Health

As noted above, ACTA has had little effect on the delicate balance reached within TRIPS on access to essential medicines. ACTA includes language which specifically refers to these understandings, furthering the interpretation that ACTA shall leave the essential medicines outcomes undisturbed. In the preamble to ACTA, the parties recognize 'the principles set forth in the *Doha Declaration on the TRIPS Agreement and Public Health*, adopted on 14 November 2001, at the Fourth WTO Ministerial Conference'.

With respect to transhipments, ACTA supports the view that seizures of generic medicines that violate national patents are permitted, but does not mandate such seizures. Whether Dutch or other national authorities will undertake future seizures of generic drugs passing through transhipment nodes, either on their own initiative or upon request of patent owners, remains to be seen, but ACTA neither mandates nor forbids this.

On the trademark front, some concern has arisen with respect to the possible exercise of trademarks that closely resemble the scientific names of pharmaceutically active ingredients. Commercialization of generics could be impeded on the theory that the generic name too closely resembles the registered trademark.[41] While there may be grounds for apprehension here, the problem seems to lie more with the prospect of the maladministration of trademark registration than as a creature of ACTA.

3. The Uneasy Coexistence of ACTA and TRIPS

3.1 The Force of ACTA's Norms

Upon ACTA's entry into force,[42] the global intellectual property system will change profoundly. ACTA, by its terms, manifests global ambitions. Although negotiated by a small number of 'like-minded' countries, ACTA is

[41] As a hypothetical example, consider Lipitor, the world's biggest 'blockbuster drug', patented and produced by Pfizer. Lipitor's scientific name is Atorvastatin. Pfizer's patent will expire in June 2011. Imagine if Pfizer had marketed Lipitor under the tradename Atarva. Conceivably, there would be a concern that Pfizer could use its Atarva trademark (established in the public mind during the period of patent validity) to interfere with generic producers' ability to market generic Atorvastatin.

[42] ACTA Article 40 provides that ACTA enters into four 'thirty days after the date of deposit of the sixth instrument of ratification, acceptance or approval'. (update status)

open for eventual adhesion by the entire WTO membership.[43] This distinguishes ACTA from other TRIPS Plus initiatives, which have involved bilateral and regional instruments. It may be that this invitation to the broad WTO membership is cosmetic; it is difficult to imagine the hard core of anti-IP members within the WTO, such as India or Brazil, volunteering for ACTA adhesion.

Many of the global substantive IP agreements - such as Berne and Paris - formally exist independently of the WTO/TRIPS structure, but are accommodated by TRIPS[44]. More recent substantive agreements, such as the WIPO copyright and performance rights treaties, have been layered on top of the TRIPS obligations with little controversy. ACTA is distinctive in that it focuses on IP enforcement, as opposed to expanding the scope of internationally recognized IP rights. ACTA also provides for a deepening of commitments of public resources and facilities to assist IP right holders in asserting their rights.

ACTA can be seen as a blueprint for eventual TRIPS reform and renovation. It serves as a laboratory for building and testing novel legal formulations and tests. In many areas, multilateral treaties have suffered from obsolescence, as conditions overtake the understandings that were foundational to their original adoption. Amending multilateral treaties through negotiations is fraught with difficulties (as the recent experience with the insertion of Article 31bis into TRIPS demonstrates). Parallel construction of external instruments is a common solution to the problem of obsolescence and norm rigidity in treaties. Of course it is hardly a given that TRIPS is - after 15 years of effectiveness - suffering from obsolescence.

ACTA may provide norms in the event of a return to unilateral action. Prior to the adoption of TRIPS, the United States notoriously applied unilateral trade sanctions against countries that did not (in the estimation of the United States) provide adequate protection for holders of intellectual property rights.[45] The WTO Agreements supposedly ended this practice, by

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[43] ACTA Article 39 provides that ACTA shall remain open for signature 'by any other WTO Members the participants may agree to by consensus, from 31 March 2011 to 31 March 2013'.

[44] TRIPS Agreement Articles 1(3) and 3.

[45] In 1999 the EU, after consultations with the US requested the establishment of a WTO Panel to consider whether the US's practice under its "Special 301" legislation violated the GATT and TRIPS. (WT/DS152/11).Under US law the USTR is required to take action to enforce trade agreements as well as against other 'unreasonable' acts which are unjustifiable or burden US trade, even if permitted under treaty arrangements including TRIPS. See e.g. 19 U.S.C. § 2411(d)(3) (B) (i) (II).

On 8 November 1999 the DSU Panel held that, in light of statements made at the time of the Uruguay Round, Section 301 did not violate WTO commitments. See, Report of Panel,

declaring (in Article 23 of the Dispute Settlement Understanding[46]) that the WTO's dispute settlement mechanism was to be the exclusive forum for trade conflicts and providing no cover for trade sanctions purportedly justified by norms unilaterally asserted by a particular member.

DSU Article 23 calls for a general renunciation of unilateral trade measures in the event of the non-observation of a WTO undertaking. It is not clear whether this WTO prohibition on unilateral responses applies to instances of non-observation of norms established in an instrument that is outside the WTO system – even when the non-observed norm resembles a norm found within a WTO agreement. ACTA is outside the WTO structure, and so violation of ACTA commitments may not lead to WTO dispute settlement. It is less clear whether the WTO's prohibition on unilateral measure applies to ACTA norms. Presumably there would be less objection to the taking of a unilateral measure against a WTO-member ACTA signatory (on the theory that the ACTA norms were lawful undertakings of that WTO-member) - although this is formally in doubt. There would likely be fierce objection were an ACTA signatory (like the United States) to take a unilateral measure against a WTO-member non-ACTA signatory (like China, India or Brazil) based on non-observation of an ACTA norm that arguably represents an emerging international standard.

ACTA also serves as a template for a slow and deliberate expansion of new IP enforcement norms. First, the membership of ACTA may well increase. Any ACTA member may pressure a non-signatory to join the club, either by formal subscription or by an independent assumption of ACTA norms, as part of an exaction of benefits in the conduct of foreign relations. Smaller and poorer countries might even 'volunteer' to join ACTA in order

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United States-Sections 301-310 of the Trade Act of 1974, 8 November 1999, WT/DS152/R.

[46] Article 23 of the WTO Dispute Settlement Understanding provides, in part:

> 1. When Members seek the redress of a violation of obligations or other nullification or impairment of benefits under the covered agreements or an impediment to the attainment of any objective of the covered agreements, they shall have recourse to, and abide by, the rules and procedures of this Understanding.
>
> 2. In such cases, Members shall:
>
> (a) not make a determination to the effect that a violation has occurred, that benefits have been nullified or impaired or that the attainment of any objective of the covered agreements has been impeded, except through recourse to dispute settlement in accordance with the rules and procedures of this Understanding, and shall make any such determination consistent with the findings contained in the panel or Appellate Body report adopted by the DSB or an arbitration award rendered under this Understanding . . .

to demonstrate good faith, openness to foreign investment, and general friendship to the core ACTA membership.

Second, ACTA norms may be inserted in the continuing thicket of bilateral and regional agreements. Major ACTA powers (United States, Europe and Japan, for example) may view the ACTA package as a minimum commitment in the field of IP, to be the basis of undertakings in new instruments. The result of this process could be a far greater diffusion - and effect - of ACTA norms than the ACTA signatories directly represent.

ACTA will establish new norms. The ambition of the signatories is that these norms will become recognized as state-of-the-art standards - minimum IP enforcement standards for the 21st Century. In this view, they form an expected updating of the mid-90s IP norms found in TRIPS. They also reflect an evolution of circumstances and learning from experience: TRIPS in retrospect was too sanguine in presuming effectiveness of enforcement. Of course this may or may not come to pass. Recent experience provides examples of deliberate norm-generation that faltered (witness the eventual decline of the New International Economic Order initiative to a historical footnote).

ACTA involves a 'regime shift' - at least provisionally - away from the WTO. If they take root, ACTA's norms might one day be incorporated into a reformed TRIPS. For the near-term, however, ACTA stands on its own feet. It thus constitutes a fragmentation of intellectual property law, with the resulting threats to harmonization and legitimizing *a la cartisme*. International lawyers will differentiate ACTA and non-ACTA (or non-ACTA complying) states. Remedies will be available in one set of states that likely will be absent elsewhere. Further reform will be complicated, in multiplying the potential fora: WTO/TRIPS, ACTA or someplace new.

ACTA will have effects - both formal and informal. Formally it will bind only those countries signatory. But ACTA presence will create strong pressures to conform national law to its norms. If the ACTA promoters are successful in establishing ACTA as the new minimum standard, even as a talking point, much of the battle will be won.

An important point of contrast between TRIPS and ACTA will be the role of WTO dispute settlement mechanisms. Of course ACTA, falling outside of the WTO, will not be directly justiciable within WTO dispute settlement. But WTO dispute settlement is not a closed universe. WTO panels and the Appellate Body have shown openness to the consideration of international law external to the WTO system. It is not inconceivable that ACTA might be given some effect even within WTO dispute settlement. It may, for example, fill gaps or aid interpretation of WTO norms.

Given the general unavailability of WTO dispute settlement, ACTA norms may or may not be faithfully followed by its various signatories. On the one hand, *pacta sunt servanda* may be adequate here (and may also be adequate within WTO law) to compel substantial compliance, even without formal dispute settlement.

3.2 Conflict of Norms

The entry into effect of ACTA raises some issues of first impression as to the compatibility of ACTA with the WTO system. To a degree, WTO agreements generally and TRIPS specifically preclude the establishment of additional undertakings among WTO members. At least parts of ACTA may or may not be pre-empted by the terms of TRIPS.

The law concerning conflicts of treaty norms is not terribly well defined. Certain rules are well recognized. Generally, in cases of conflict, the terms of the later-in-time treaty will prevail. The subsequent in time treaty is viewed as having implicitly amended the conflicting term contained in the prior treaty. Likewise, a term from a treaty that addresses an issue with greater specificity will likely prevail over a treaty of general application. One can see, however, that even these two simple rules could, in application, yield conflicting results.

There is greater doubt when the conflict exists between a multilateral treaty and a bilateral, regional or plurilateral treaty (such as ACTA) involving some but not all the signatories of the multilateral treaty. Of course (absent an amendment mechanism so providing) some, but not all, treaty signatories cannot amend a multilateral treaty - at least not with respect to any treaty signatory that is not party to the bilateral, regional and multilateral agreement. No matter how many WTO-member adherents ACTA attracts, it could not be considered as altering any WTO/TRIPS undertakings so long as any WTO-members remain outside.

Indeed, it might be the case that even full subscription by the entire WTO membership to ACTA would fail to effect any alteration of the WTO undertakings. A similar issue arose with respect to the European Union’s 'constitutional' treaties. A mere agreement among the constituent European member states cannot effect an amendment of the treaties, such as to avoid resort to the formal amendment mechanisms found within those treaties.

Note the WTO agreements provide for formal amendment by less-than-unanimous consent - this is the process being pursued with respect to the new TRIPS Article 31bis. As such, ACTA cannot be argued to serve as a quasi-legislative instrument to impose new obligations on non-signatory WTO-members. The more difficult question is whether ACTA can adjust

WTO undertakings, including the TRIPS obligations, in relations between ACTA signatories.

TRIPS Article 1.1, in part, addresses this issue:

> Members may, but shall not be obliged to implement in their law more extensive protection that is required by [TRIPS].

Article 1.1 thus serves both as authorization for and limitation on Member states in their national law-making. It may be presumed that this residual legislative authority may be invoked in a treaty undertaking, but Article 1.1 does not so expressly provide. Contrast this with the enabling provision found in Article XXIV of the GATT, where GATT contracting parties (and now WTO members) are expressly permitted to enter free trade agreements and customs unions.

If Article 1.1 is enabling of later-in-time agreements with respect to the protection of intellectual property, it cannot be argued that TRIPS otherwise categorically precludes the entry of ACTA. That is, to use U.S. constitutional terminology, TRIPS does not provide field pre-emption regarding IP rights: the entry of TRIPS cannot be read to prohibit any subsequent treaty intrusion on its subject matter, including undertakings that do not directly conflict with TRIPS norms.

TRIPS may however pre-empt an ACTA undertaking that falls outside the precise contours of the enablement found in Article 1.1. First, Article 1.1 expressly permits 'more extensive protection'; by negative implication, an ACTA term that provided 'less extensive protection' would be inconsistent with, and pre-empted by TRIPS. This reading is consistent with the understanding that TRIPS is a summary of minimum standards.

As Ruse-Khan and Yu have both suggested, TRIPS may be more than a minimum standards treaty;[47] it may indeed, at least in part, provide for maximum standards. Yu argues that TRIPS reflects a carefully negotiated balance with respect to enforcement of intellectual property protection. If he is right, then a WTO-member enactment - or the terms of treaty among certain WTO members such as ACTA - that provides for excessive enforcement of intellectual property rights might be pre-empted by TRIPS.

3.3 ACTA Norms in WTO Dispute Settlement

[47] See A Trade Agreement Creating Barriers to International Trade? ACTA Border Measures and Goods in Transit. supra; TRIPS Enforcement and Developing Countries, supra.

WTO panels and the Appellate Body follow the rules of interpretation found in the Vienna Convention to give effect to the various WTO undertakings, including TRIPS.[48] In his recent paper on the WTO panel report in *China-Measures Affecting the Protection and Enforcement of Intellectual Property Rights*[49], Peter Yu discusses the possibility that a bilateral agreement might serve as subsequent practice in the sense of Article 31.3 of the Vienna Convention.[50] This opens the possibility that ACTA might be used to give content to an otherwise ambiguous term found in TRIPS.

Article 31.3 of the Vienna Convention[51] provides that 'there shall be taken into account, together with the context . . . any subsequent agreement between the parties regarding the interpretation of the treaty or the application of its provisions.' The WTO panel rejected China's argument on the interpretation of 'commercial scale' that had been based on the subsequent United States-Australia Free Trade Agreement, as China was not party to that agreement.

Article 31.3 may make ACTA available (for purposes of subsequent practice) in a WTO dispute between two WTO-member ACTA signatories. Of course, such a finding formally has no power outside the particular dispute between the two parties; any interpretation of a TRIPS norm so informed by ACTA would not be binding in any subsequent dispute, and would not alter the rights and obligations of any other WTO member (including the body of non-ACTA signatories within the WTO).

It is not certain that a WTO dispute panel would strike down a TRIPS inconsistent measure where that imposition of that measure is supported by a ACTA norm. WTO dispute panels and the Appellate Body have seen fit to recognize the existence of, and give effect to, treaty obligations arising outside the WTO system. There had been doubt at one point whether a dispute panel could reach outside the WTO agreements to uphold an otherwise inconsistent measure. There had been a period where much anxiety was expressed over possible conflicts between WTO norms and the

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[48] See GATT Annex 2, Understanding on Rules and Procedures Governing the Settlement of Disputes, Article 3(2) providing for application of public international law to the DSU. The Vienna Convention on the Law of Treaties rules on treaty interpretation have attained the status of customary or general international law. Report of the Panel, United States-Section 211 Omnibus Appropriations Act of 1998,3 July 2001 WT/DS176/R (6 August 2001), Sections 8.14-8.15.

[49] Note 34 Supra.

[50] Ibid pp 17-19.

[51] Vienna Convention on the Law of Treaties, Done at Vienna on 23 May 1969. Entered into force, 27 January 1980. U. N. T. S. Vol. 1155, p. 331.

provisions of various multilateral environmental agreements (MEAs). WTO decisional law has assuaged much of this concern - as WTO dispute panels and the Appellate Body have shown a willingness to interpret WTO obligations in a manner that does not unnecessarily threaten the effectiveness of MEAs. In the final proceeding in the Shrimp-Turtle dispute, the Appellate Body upheld an arguably otherwise inconsistent U.S. measure, based in part, on the negotiation of an international regime for the protection of sea turtles. While there is no WTO decisional law on point, one would imagine similar subordination of WTO norms in the event of a conflict with a norm contained in a multilateral human rights treaty.

It is somewhat uncertain how the WTO would manage a conflict with a norm fixed in a treaty falling within the same general subject matter as one of the WTO agreements: TRIPS after all does establish certain IP enforcement obligations. It is one thing to recognize the fragmented nature of international law - partitioned among various regimes with specialized institutions and specified subject matter - and mediate conflicts accordingly. It is quite another to defer to an agreement occupying the same policy space.

Of course TRIPS does coexist with other international intellectual property agreements, most importantly the WIPO-centred Paris and Berne Conventions. But these are by-and-large earlier in time than TRIPS, and where they were found to be inadequate (Paris says little about minimum patent standards), TRIPS provides enhanced coverage.

Finally, there is arguably a 'rule of reason' in WTO law. There are several textual bases for it. With respect to the GATT, Article XX (General Exceptions) softens the various non-discrimination and market access provisions of the GATT. TRIPS contains exceptions to the substantive patent, copyright and trademark mandates. There is, however, no general exception provision to TRIPS analogous to GATT Article XX, and as such many of the enforcement mandates appear to be unqualified. This absence should not preclude a dispute panel from finding inspiration in the objectives of TRIPS (which, it is often noted, are found not in the preamble but in a substantive article of TRIPS) to introduce some flexibility. ACTA might serve an ambivalent role here, depending on the particular norms involved and the context of an eventual dispute. ACTA might, on the one hand, suggest scenarios where a 'rule of reason' approach is appropriate. It might also be urged to resist any departure from stern application of TRIPS enforcement obligations.

WTO panels and the Appellate Body have shown great deference to the form of arguments promoted by contesting WTO members. To the extent disputing parties bring forth arguments based on provisions on ACTA, panels and the Appellate Body will not be able to escape expressing judgment on the weight (if any) of ACTA within the realm of WTO dispute

settlement. The WTO institutions may in the end decide that ACTA has no force at all, either directly or indirectly. But arguments will inevitably be made.

ACTA is likely to be more influential in the hidden zone of WTO dispute settlement that occurs prior to the establishment of a panel. Most WTO disputes, and most TRIPS disputes, are resolved at this point. As these settlements are diplomatic and not juridic, neat divisions of formal coverage matter less. Behind closed doors, there will be little to inhibit a WTO-member from insisting on compliance with an ACTA norm, even with respect to a non-ACTA signatory.

In a 'realpolitik' vision more broadly, ACTA norms will be urged against the entire WTO membership. And certain WTO members will resist. There are very powerful countries - Brazil and India of course, but especially China - that may see no need for mandatory enhancements to IP enforcement. But many other WTO members, including many developing countries, may be persuaded to give effect to ACTA norms even if doing so will draw resources away from more pressing state interests. As Yu and others point out, even within the category of law enforcement, there may be other offenses that present more compelling claim to scarce national resources.

4. The Extension of TRIPS Plus Norms to Developing Countries: The Case of Vietnam

ACTA may serve as an important bridgehead for the eventual transmission of TRIPS Plus norms to the developing world. Additional developing countries are likely to become signatories to ACTA, and hence directly bound to its terms. These may include ‘voluntary’ adherents, who will join ACTA in order to signal to important constituencies (donor countries, private investors, the IMF) their political commitment to the maintenance of open market economies. Others may be compelled to join ACTA due to the suasion of powerful states.

Still other developing countries may be required to commit to ACTA’s norms through the entry of bilateral agreements with powerful ACTA promoting states, such as the United States. Every treaty partner who accepts ACTA and other TRIPS Plus provisions in a free trade agreement creates more difficulty for a subsequent developing country negotiating an FTA with the United States in resisting such provisions in its agreement.

Finally, ACTA norms may find their way into broader regional trade agreements. Accession to these agreements may be attractive, if not irresistible, to developing countries desirous of participating in high-volume regional trade notwithstanding the presence of unappealing TRIPS Plus

intellectual property norms. Vietnam may provide a telling case illustrating each of these processes.

Vietnam is not an original WTO member, and so did not participate in the Uruguay Rounds negotiations. As such, it did contribute to - or rely upon - the so-called Grand Bargain, by which the most highly developed members (the United States and EU) extracted commitments for the establishment and enforcement of intellectual property provisions (ultimately enshrined in TRIPS) in exchange for market-access commitments in textiles and agricultural products sought by the developing world.

Vietnam's first exposure to international intellectual property standards arose during the negotiation and implementation of the Bilateral Trade Agreement with the United States (BTA).[52] It was widely understood that the BTA would be a 'comprehensive' agreement (similar to NAFTA), with coverage of services, investment and intellectual property, as well as conventional trade-in-goods commitments.[53] Moreover, both Vietnam and the United States viewed the BTA as a 'stepping stone' to an eventual accession of Vietnam to the World Trade Organization.[54] BTA in fact served as merely the first round of a bilateral dialogue on trade, investment, services and intellectual property issues, as the United States exacted further commitments from Vietnam in the bilateral agreement concerning Vietnam's accession to the WTO.

As such, it could hardly have been surprising that the United States insisted on Vietnam's early implementation of TRIPS standards in the BTA, even as it was clear that WTO membership would be several years in the future. There is no record of resistance by Vietnam to acceptance of TRIPS standards in the BTA negotiations; rather, other areas seemed to consume more bargaining capital and political attention.

In the course of the implementing its obligations under the BTA, Vietnam enacted a TRIPS-consistent Intellectual Property Law in 2001.[55]

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[52] Agreement between the United States of America and The Socialist Republic of Vietnam signed on July 13, 2000, in effect 10 December 2001.

[53] See Quy Binh Nguyen, 'Harmonization of Law for Economic Development in Vietnam and Impacts of the US-Vietnam Bilateral Trade Agreement Toward This Process and Future US-VN Trade Relations: Part 2 BTA and WTO Negotiations', University of Louisville Legal Studies Research Paper No. 2010-06.

[54] See David Gantz, 'Doi Moi, the VBTA and WTO Accession: The Role of Lawyers in Vietnam's No Longer Cautious Embrace of Globalization', 41(3) *Intern'l Lawyer*, 873-890, (Fall 2007).

[55] Decree No. 06/2001/ND – CP dated 1 February 2001 of the Government to revise and modify some provisions of Decree No. 63/CP on industrial property rights protection

These internal reforms placed Vietnam in a position where further IP reform enactment would not be required in order for Vietnam to meet the obligations of TRIPS that became binding upon its joining the WTO in 2007.

There was a (perhaps) minor intellectual property provision in the BTA that could conceivably be described as 'TRIPS Plus': a requirement that Vietnam provide protection with respect to certain satellite broadcasts.[56] Beyond this instance, it appeared that the United States was satisfied by Vietnam's commitment to the package of TRIPS norms. During the BTA negotiating process, the United States' attention was focused in other sectors, where meaningful commitments were exacted from Vietnam above and beyond WTO requirements.

Not only did BTA require Vietnam to implement TRIPS 'prematurely' (that is, in anticipation of, rather than as a result of, Vietnam's admission to the WTO), it eliminated Vietnam's access to certain phase-ins of TRIPS effectiveness that had been provided to the founding WTO membership. Because of the obligations found in the BTA, and consistent with its accession commitments, Vietnam entered the WTO in 2007 fully committed to the intellectual property obligations imposed by TRIPS. And while there may have been some shortcomings in Vietnam's discharge of its TRIPS obligations, there is no record of major significant discontent by the United States or other WTO members with Vietnam with respect to the formal aspects of its system of intellectual property protection.

That said, Vietnam is facing a new round of international intellectual property mandates, occasioned by the negotiation of a treaty to which it is not a founding party: the ACTA. While there may have been no particular desire to exclude Vietnam (qua Vietnam) from the ACTA process, the political fact remains that it has been so excluded, and any input it might have provided to the process of norm formation has been cut off. Vietnam will eventually encounter ACTA as it earlier encountered the TRIPS requirements, as a set of fully-baked intellectual property norms, presented on a take-it-or-leave-it (or perhaps simply take-it) basis. There is much in the text of ACTA that would affect Vietnam were these TRIPS Plus norms effectively applied to it. Of course, Vietnam might choose to joint ACTA (ACTA is open for signature to all WTO members) or it might engage in further national intellectual property 'reform' on its own initiative.

(amended by Law No. 50/2005 adopted by the National Assembly of Viet Nam, Legislature XI, 8th session, dated November 29, 2005, as amended by Law No. 36/2009 (The Law on Amendments to the Law on Intellectual Property) adopted by the National Assembly of Viet Nam, Legislature XII, 5th session, dated June 19, 2009).

[56] U.S-Vietnam BTA, Art I (3) (E).

Vietnam did not participate in the Uruguay Round negotiations either; as to it, TRIPS was part and parcel of the WTO *acquis* (although, as noted before, Vietnam enacted TRIPS-compliant intellectual property standards in discharge of its obligations under the United States-Vietnam BTA). Vietnam did achieve meaningful market access that was connected to its adoption of intellectual property; IP was part of the quid pro quo that brought Vietnam access to the U.S. market (in the BTA) and to global markets (in its accession to the WTO). Still, the 'bargains' entered by Vietnam through BTA and WTO accession were different from the Uruguay Round Grand Bargain that led to TRIPS.

It may be that Vietnam has suffered less disappointment and regret with the accorded terms of its trade agreements (including WTO accession) than have Brazil and India with respect to the Grand Bargain. Vietnam might thereby feel less predisposed to resist any TRIPS Plus expansion of IP rights than certain other WTO members. Looking forward, however, it appears that Vietnam did not participate in the formation of IP norms that it will be called upon to enact. Rather, it will be required upon to accept a complete package of obligations as part of a broader trade agreement.

Vietnam is one of the participants in the recently launched Trans-Pacific Partnership (TPP) talks with the United States with the object of forming a regional Free Trade Agreement.[57] The TPP originally was a free trade agreement among Brunei, New Zealand and Peru.[58] Current TPP negotiating participants include Australia, Chile, and Singapore. The United States has existing deep bilateral trade agreements with four of these countries: Australia FTA, Singapore FTA, Chile FTA, and the Peru TPA. Joining and hence reforming TPP thus offers the United States an opportunity to rationalize its various commitments into a single instrument. TPP further presents an opportunity to deepen the commitments of each signatory. It creates network efficiencies by creating a large trading area with the United States as its hub. It serves as a structure to which additional Pacific countries may adhere. And finally - much as NAFTA did two decades ago -

[57] See Two Letters, dated 14 December 2009, from Ambassador Ronald Kirk to the Hon. Nancy Pelosi and the Hon. Robert C. Byrd, announcing President Barack Obama's intention to enter into negotiations of a regional Trans-Pacific Agreement (TPP) inter alia with the Socialist Republic of Vietnam. <http://www.ustr.gov/tpp>. See also Australia's, Peru's and Vietnam's intentions to join TPP negotiations. 74 Fed. Reg. 15, pp. 4480-4482, (26 January 2009.)

[58] Trans Pacific Strategic Economic Partnership Agreement among Brunei Darussalam, the Republic of Chile, New Zealand and the Republic of Singapore, entered into force May 2006. <http://www.mfat.govt.nz/downloads/trade-agreement/transpacific/main-agreement.pdf>.

TPP may serve as a laboratory for introducing novel obligations that will eventually be globalized, either through expansion of the WTO structure or establishment of yet another global institutional edifice.

The TPP process includes an intellectual property negotiating group - and hence IP will form part of its coverage - although it is not yet clear exactly what the negotiating objectives of the United States will be in this regard. It is hard to imagine, however, that the United States would not insist on the incorporation of ACTA standards as a minimum. Note that each TPP participant is a WTO member and as such TRIPS effectiveness within the TPP zone is already assured. Any non-redundant IP provisions found in TPP will necessarily be TRIPS Plus. By inserting the ACTA norms into TPP and other U.S. trade agreements, the United States can gradually expand the coverage of its TRIPS Plus desiderata.

In doing so, the United States would take advantage of the ratchet nature of a trade concession. Once a country agrees to accept a particular norm within any particular structure (be it a bilateral trade agreement with a powerful country like the United States - or via membership in a regional agreement), it then gains little in the redundant application of that norm by subsequent agreements. ACTA states are unlikely to join bargaining coalitions resisting the inclusion of ACTA-inspired TRIPS Plus provisions in other international fora.

The ACTA package of TRIPS Plus norms will likely be transmitted to Vietnam through the TPP process. Several of the most important TPP participants (Australia, Chile, Peru) are ACTA promoters. ACTA will likely become effective prior to the conclusion of the TPP negotiating process – and so acceptance of ACTA's TRIPS Plus norms will be *fait accompli* among a dominant block of TPP negotiating countries.

It is unlikely that any ACTA party participating in the negotiations of TPP would resist an incorporation of ACTA mandates, given that these countries will already be treaty bound to give effect to those mandates. As a practical matter, the only effect that inserting ACTA's mandates into TPP could have would be to extend these requirements to the only two TPP countries that did not participate in ACTA: Bahrain and Vietnam. Of course, this calculus might shift as additional countries adhere (as expected) to either ACTA or TPP.

There is little that Vietnam can do singly, or in concert with Bahrain, to block the incorporation of ACTA TRIPS Plus provisions into TPP. Vietnam would face the certain desire of the United States to expand the territorial coverage of ACTA and the indifference of other TPP countries, given their prior concessions within the ACTA process. If this prediction runs course, in the short term the effective ACTA coverage will include the territories of the original ACTA parties plus Vietnam and Bahrain (via TPP) - and

perhaps other countries as well, via eventual bilateral or regional free trade agreements dominated (at least with respect to IP policy) by the United States.

Through the renewal and expansion of its bilateral and regional trade agreement (or trade promotion agreement) programs the United States can little by little increase the number of countries bound to its TRIPS Plus design. Each country that accepts TRIPS Plus - whether through adhesion to ACTA or by acceding to IP commitments contained in other agreements - represents one fewer potential opponent within the WTO community. In the future, when IP returns to the WTO agenda (that is, to the global agenda), the anti-IP leadership (Brazil, India, China) may have few passionate followers, as many Newly Industrialized Countries, Developing Countries or even Least Developed Countries may have bought in to TRIPS Plus in other settings. These countries will not waste political capital - their WTO 'bargaining chips' - resisting the imposition of norms they already face through other instruments.

The transmission of ACTA's TRIPS Plus norms to Vietnam through the TPP process may be just one of many incremental steps that together will realize the United States' vision of a post-TRIPS global IP expansion. It is a strategy of dividing the block of potential IP resisters. In this course, the indirect acceptance by Vietnam of the ACTA basket of obligations is the fall of a domino, creating increasing pressure on other countries to fall in line.

The intellectual property rights holders of the United States straightforwardly embrace the extension of the 'high standard' (i.e. TRIPS Plus) intellectual property mandates found in the various existing Free Trade Agreements between the United States and certain TPP states (Australia, Chile and Peru) to the entire TPP zone.. As such, the United States is not advancing a call to increase IP standards beyond the TRIPS Plus provisions found in the existing FTAs in TPP. Rather the focus should be an extending these mandates to the three countries participating in TPP that lack a ‘modern’ FTA: Brunei, New Zealand and Vietnam. Of the three non-FTA countries, only New Zealand will be bound by ACTA. Given this constellation of treaty relations, TPP represents the most direct route for the extension of TRIPS Plus to Vietnam and Brunei - and between the two, Vietnam possesses the market and the economy that matters. Thus, at least with respect to furthering the United States' objectives in IP, TPP is in some sense not a regional or plurilateral effort at all, but rather has as its focus further IP reform in Vietnam.

The U.S. media sector has identified specific shortcomings with respect to Vietnam that will be addressed in the TPP. These included asserted 'market access' limitations that prevent U.S. media enterprises from

establishing subsidiaries in Vietnam to produce or distribute 'cultural products'. As such, all in-bound licensing is directed to domestically controlled enterprises in Vietnam which have proven ineffective, in the eyes of U.S. licensors, in preventing piracy. Thus, the TPP, though a plurilateral agreement, can serve as a site for obtaining a treaty-based resolution of a dispute between a particular pair of countries.

5. Destabilizing TRIPS

The notion of progressive development is found in many fields of international law. It forms, for example, a central part of the mandate of the United Nations International Law Commission. Progressive development is part of the process of international law making.

Progressive development is tied to the technique of codification. Codes contain provisions that are either (1) articulations of current settled principles (restatements) or (2) aspirations designed to pull states towards the adoption of new norms. Treaties may contribute to progressive development in much the same way. Of course treaties do bind their signatories. But they may also effect a normative pull on non-signatories, urging these states to move toward an emerging international standard. In certain cases, progressive treaty provisions can be used to base arguments as to the emerging status of customary international law in an area.

Of course one state's vision of 'progress' might seem like backward movement to another. ACTA represents a claim for progressive development in the construction of the global intellectual property system. It is a roadmap for progress in the eyes of its promoters. But ACTA's opponents are unlikely to see it in this light. For developing countries, ACTA represents a further intrusion on national autonomy in the field of IP, greater adverse terms of trade vis-à-vis the developed world, and increased burdens on state authorities.

ACTA also constitutes a regime shift, at least in the short run. The promoters of ACTA declined to use the WTO space for this exercise in law formation, preferring the comfort of a club of the like-minded. Whether ACTA norms are subsequently introduced to the WTO/TRIPS structure remains to be seen.

A deliberate result of the entry of ACTA is a destabilization of TRIPS. ACTA is a critique of TRIPS - its very core signals a diagnosis that TRIPS inadequately addressed the problem of IP enforcement. A kind reading might admit TRIPS as a good faith response in its day - but that experience and the passage of time have revealed latent weakness that need redress. A colder assessment might concede that TRIPS inadequacies were there to be seen at the time of its creation - but that a better job was unavailable, due to

the immensity of the larger WTO negotiating project or due to hardened opposition at the time.

The Grand Bargain has crumbled – and tensions surrounding IP enhancement have increased. This essential quid-pro-quo was not achieved in the view of many WTO members (including the self-appointed leaders of the developing world interests in the field of IP, Brazil and India). The TRIPS element of the Grand Bargain has been given effect, of course. Notwithstanding the dismantlement of GATT-era regimes protecting textile and agricultural markets, little market access has been created for developing world products. As such, there is no small amount of bitterness in many quarters of the WTO membership concerning the outcomes realized from the Grand Bargain.

The United States, Japan and the European Union have not been satisfied with TRIPS. While there is a grudging satisfaction with its substantive mandates found in TRIPS with respect to intellectual property protection, there remains a deep unhappiness on the part of the WTO members with the largest stock of IP with the weak national enforcement of IP norms in other WTO members.

The United States has largely withdrawn from the WTO space to conduct its more expansive program for enhanced intellectual property protection. Its desiderata is widely known as TRIPS Plus. In its first iteration, TRIPS Plus provisions were inserted into various bilateral treaties - chiefly Bilateral Investment Treaties and Free Trade Agreements. The United States-Australia FTA was the first major treaty to display TRIPS Plus features. United States-Australia was followed by free trade agreements with Korea, Morocco and Singapore – all of which contain extensive TRIPS Plus provisions.

Bilateral free trade agreements have not been the unique setting for imposition of TRIPS Plus norms. The United States (and to a lesser extend Europe) took advantage of its powerful negotiating position within the WTO to impose some heightened obligations on post-Uruguay entrants to WTO membership. These new WTO members - notably China (but also Vietnam) - became party to sui generis accession agreements which imposed obligations that were not generally part of the WTO *acquis,* including IP obligations.

More recently, the United States has diversified its TRIPS Plus program. While bilateral and regional agreements remain an important part of its strategy, the United States, together with Europe, has returned to a multilateral - though not universal - approach: the entry of a stand-alone treaty, the ACTA.

ACTA was negotiated among like-minded states. This is not to suggest that there had not been significant disagreement among the parties throughout the process. The negotiating parties, however, constitute a limited subset of the broader WTO membership. Importantly, China, Brazil and India were excluded. And many other WTO members, including Vietnam, did not participate. There is, as such, a certain 'club-like' quality to the ACTA process. There was certainly a consensus within the ACTA Club that 'counterfeiting' is a serious and continuing problem, notwithstanding the presence of TRIPS (and the potential for enforcement of its requirements on WTO members through WTO dispute settlement processes).

Were ACTA to merely provide rules for the ACTA Club, the substantive terms reached within ACTA would have little import to the broader WTO membership. But this is not likely to be the case. Indeed, this was not the plan, Rather, ACTA will serve as a stepping stone toward the broader distribution of certain TRIPS Plus norms.

To create ACTA at this time - a decade and a half after TRIPS - is more than a technical assessment as to TRIPS' ability to attain its own goals. ACTA also represents a shattering of the consensus (to the extent one ever existed) behind TRIPS. After ACTA, one cannot read TRIPS as expressing the common understanding of the world community (or even the WTO membership) as to the minimum standard of IP protection to be conceded by every state. ACTA formalizes a rift between the developed world and many other countries (it is these non-signatory countries where 'counterfeiting' and 'piracy' are perceived to be most prevalent).

With ACTA, the developed world (led by the United States) is playing a high-stakes game. It seeks to destabilize TRIPS in order to induce movement. But in so doing, it also necessarily undercuts the prestige, normative pull, and - perhaps - legitimacy of TRIPS. For if one group of WTO members distance themselves from TRIPS (due to its asserted ineffectiveness or obsolescence), so too might another group.

In progressive development, one can imagine states embracing a common conception of progress at different speeds. There may be distance in execution without normative disagreement. But this does not seem to describe the broader context in which ACTA is sited. The WTO membership may be as divided - or more divided - as to IP now than it was at the time of TRIPS. Polarization may lead to a fissure between the pro-IP ACTA proponents and the newly industrialized country, developing country and less-developed country majority. Ironically, what all these countries might share is a judgment that TRIPS is failing - though of course their respective prescriptions for reform would differ.

Of course, the proponents of ACTA are not calling for a dismantlement of TRIPS. A functional assumption of ACTA is that TRIPS will remain in

place. But the ACTA promoters cannot disguise their assessment of TRIPS and their prescription for its inadequacies. This move is inherently destabilizing of TRIPS - and perhaps strips TRIPS of some of its authority, prestige and legitimacy. The resort to ACTA also makes clear the breakdown of the momentous (and surprising) consensus that brought us TRIPS at the moment of the creation of the WTO.