ACTA and IP Enforcement in Europe

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Outline

• Introduction: Context and Rationale of the Anti-Counterfeiting Trade Agreement (ACTA)
• Civil Enforcement
• Border Measures
• Criminal Sanctions
• Checks and Balances in ACTA
• Conclusions
The wider national & International Context

IP Enforcement in Domestic Legal Systems
- As ‘private rights’, the Enforcement of IPRs primarily the responsibility of the right holder
- State provides for enforcement tools (court system, specific remedies)

The International IP Enforcement Framework
- On international level, few treaty obligations regarding enforcement tools in the Berne- & Paris Conventions
- The WTO/TRIPS Agreement contains the first set of comprehensive int. obligations on IP Enforcement

→ Absence of effective IP enforcement abroad as destroying incentive mechanisms for new innovations / creations?
The ACTA Rationale

• “[W]e predict that the level of enforcement under the TRIPS Agreement will greatly disappoint rightsholders in the developed countries” (Reichman & Lange, 1998)

• “A new international anti-counterfeiting treaty will strengthen global cooperation and establish new international norms, helping to create a new global gold standard on IPR enforcement.” (EU Com, 2007)

• “[T]he intent of the agreement is to address the IPR problems of third-nations such as China, Russia, and Brazil, not to negotiate the different interests of like-minded countries.” (cable 06TOKYO4025, 2006)
The ACTA Rationale

Background on ACTA

- Secret Negotiations for a new IP Enforcement Treaty outside WIPO, WTO since 2006
- Negotiating Parties: Australia, Canada, the EU and its Member States, Japan, South Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland, US
- Almost complete absence of transparency, but increasing leaks of draft texts
- Public released Final Text of 3/12/2010
ACTA in a Nutshell

The Six Chapters in ACTA

- Initial Provisions and General Definitions
- **Legal Framework for Enforcement of IPR**
  - General Obligations: Art.6
  - Civil Enforcement: Artt.7-12
  - Border Measures: Artt.13-22
  - Criminal Enforcement: Artt.23-26
  - Enforcement of IPRs in the Digital Environment: Art.27
- Enforcement Practices
- International Cooperation
- Institutional Arrangements
- Final Provisions
ACTA and IP Enforcement in the EU

Does ACTA require changes in the EU *acquis* on IP enforcement?

See: Opinion of European Academics on ACTA

http://www.iri.uni-hannover.de/acta-1668.html
Civil Enforcement, Art.7-12 ACTA

Overview

• Courts ‘shall have authority’ to grant **injunctions** to stop infringing activity – incl. orders against **third parties** to prevent infringing goods from entering the market (Art.8)

• Courts ‘shall have authority’ to consider the following factors in determining **damages** (Art.9):
  • lost profits, market value of infringed goods/services, **suggested retail price**
  • infringers profits (cumulatively?)

• Further, court must be able to grant:
  • **Pre-established** damages, presumptions for determining damages, or (at least for ©) **additional damages**

• **Destruction** of infringing goods as the rule (Art.10)
Border Measures, Art.13-22 ACTA

Overview

• Scope of Border Measures
  – **Any act of infringement of IP rights covered by TRIPS** (Artt.13, 6:1, 5 (h)) – exempted are patents and test data protection (Fn.6)
  – Covered are **imports & exports** – in-transit goods optional (Art.16)
  – Option to exclude “**small quantities of goods of a non-commercial nature contained in a traveller’s personal luggage**” (Art.14)

• Obligation to act **ex officio** regarding imports and exports (Art.16)

• Evidence for **prima facie infringement** sufficient to detain goods – based on **law of the country providing the procedures** (Artt.17, 3:1)

• **Destruction / disposal** of goods which have been determined to be IP infringing (Artt.19, 20)
Border Measures, Art.13-22 ACTA

ACTA vs. EU BMR 1383/2003

→ Does ACTA require to extend border measures to cover any act of trademark infringement?

• Art.2 (1) a) BMR covers ‘counterfeit goods’ only: Defined as identical signs used for the same goods; or a sign which “cannot be distinguished in its essential aspects” from a protected trademark

→ A narrow interpretation based on Art.13 ACTA?

• „In providing, as appropriate, and consistent with its domestic system of intellectual property rights protection and without prejudice to the requirements of the TRIPS Agreement, for effective border enforcement of intellectual property rights, a Party should do so in a manner that does not discriminate unjustifiably between intellectual property rights and that avoids the creation of barriers to legitimate trade.“
Criminal Sanctions, Art.23-26 ACTA

Overview

• Criminal liability must cover “wilful trademark counterfeiting and copyright or related rights piracy on a commercial scale” (Art.23:1)

• “acts carried out on a commercial scale include at least those carried out as commercial activities for direct or indirect economic or commercial advantage”

• Potential liability for unauthorized filming of © movies in cinemas (Art.23:3)

• Criminal liability for “aiding and abetting” another’s offence (Art.23:4)

• Penalties must include monetary fines and imprisonment sufficient to deter future infringements (Art.24)

• Seizure & destruction of infringing goods and materials predominantly used in their production (Art.25)
Criminal Sanctions, Art.23-26 ACTA

The ‘added value’ of ACTA (guiding the future EU acquis)?

EU Com Doc: ‘Provisions of ACTA that provide value compared to existing international standards and in particular WTO/TRIPS’

“4. Criminal enforcement: [comment: this was negotiated by the Presidency on behalf of the Member States and on the basis of a common position unanimously agreed in COREPER]

4.1 definition of "commercial scale" - the ACTA wording defines the concept of TRIPS and redresses the doubts created by the recent WTO panel against China, which introduced high quantitative thresh-holds – 500 fakes – for penal measures to kick in. It also introduces the concept of "indirect economic advantage", which is valuable (article 2.14)”

Art.3 EU Dir. (2007) am. Prop.: “all intentional infringements of an intellectual property right on a commercial scale” must be a criminal offence → borrowed from TRIPS (explanation
ACTA – Checks and Balances

Absence of Specific, Tailored Checks and Balances

- no explicit guarantee of the right to be heard in cases of ex parte provisional measures (Art.12:2)
- few mandatory safeguards for good owners, traders concerning border measures (protection against abuse and securities; Artt.17:4, 18)
- no specific guarantees for due process, no prohibitions of misuse in case of criminal proceedings

General Obligations as sufficient Counter-Mechanism?

- Enforcement procedures “shall be applied in a manner as to avoid the creation of barriers to legitimate trade and to provide safeguards against their abuse” (Art.6:1)
- Procedures “shall be fair and equitable and shall provide for the rights of all participants to be appropriately protected” (Art.6:2)
- “need for proportionality between the seriousness of the infringement, the interests of third parties, and the applicable measures” (Art.6:3)
Conclusions

How does ACTA affect IP Enforcement in Europe?

• **Legally**, little changes will be necessary – if the general checks and balances are taken seriously
• Remaining inconsistencies can be ‘interpreted away’ and are unlikely to cause conflicts amongst the negotiating parties

• **Strategically**, ACTA appears to be directed primarily towards emerging markets in the developing world
• In bilateral or regional trade negotiations, compliance with **ACTA** will be one **bargaining chip** in exchange for increased access to EU, US markets…
Thank you for your attention!

Comments and critique to
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