ACTA and International IP Enforcement
A Case Study of emerging ‘Regulatory Thickets’

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ACTA and International IP Enforcement

Outline

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  • Private, Public and Third Party Responsibility
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The Role of IP Enforcement in Regulating Information

• **Public good character** of ideas, innovations and creations: Non-exclusive in use; non-rival in consumption

• **Artificial exclusivity** thus considered a necessary incentive for market actors to produce and deliver innovative, creative goods / services which are to the benefit of society and mankind

• But: Exclusivity creates scarcity, limits price competition and affects *availability of* & *access to innovations / creations*

→ **Need for Balance** between exclusivity and access
The Role of IP Enforcement in Regulating Information

• IP rights (IPRs) as “private rights” which allow to exclude others from (commercially) using the innovation / creation

• **Enforcement** of IPRs primarily the responsibility of the right holder

• State provides for **enforcement tools** (court system, specific remedies)

• On **international level**, few treaty obligations regarding enforcement tools prior to the WTO/TRIPS Agreement

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

→ A need for a regulative response?
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
The ACTA Rationale

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
Layers of Regulation in Int IP Enforcement

International and National

• Int. IP treaties create obligations for states to implement IP protection/enforcement in their domestic laws

• Existing enforcement provisions are “crafted as broad legal standards, rather than as narrow rules”:
  • “Procedures concerning the enforcement of intellectual property rights shall be fair and equitable” (Art.41:2 TRIPS)
  • “The judicial authorities shall have the authority to order prompt and effective provisional measures” (Art.50 TRIPS)

→ Policy space in domestic implementation

• ACTA retains some of this constructive ambiguity – but also contains very specific, detailed provisions
### Layers of Regulation in Int IP Enforcement

#### Legal and Technological Modes of Regulation

<table>
<thead>
<tr>
<th>Legal</th>
<th>Technological</th>
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<tbody>
<tr>
<td><strong>Preventive</strong></td>
<td><strong>Preventive</strong></td>
</tr>
<tr>
<td>Provisional Measures, Injunctions; Seizure &amp; destruction of infringing goods, production equipment; Border Measures</td>
<td>TPMs, DRMs (to prevent access/copying) – additional layer of legal protection against circumvention and alteration</td>
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<tr>
<td><strong>Reactive</strong></td>
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<tr>
<td>Damages (incl. lost profits, reasonable royalty, infringer’s profits, market value of infringing goods, pre-established or presumed damages) Criminal sanctions (incl. deterring penalties)</td>
<td>ISP monitoring &amp; subsequent disclosure of user - IP infringements (in order to avoid own legal liability)</td>
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Reactive
ISP monitoring & subsequent disclosure of user - IP infringements (in order to avoid own legal liability)
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Private, Public and Third Party Responsibility

• IPRs as “private rights” (TRIPS preamble) generally rely on enforcement by right holder

• Shifting the enforcement burden to:
  • Public authorities
    • *ex officio* border measures against infringing imports and exports
    • *ex officio* criminal sanctions against © piracy, TM counterfeiting “on a commercial scale”
  • Third parties
    • Internet Service Providers (ISPs)
    • Producers/Sellers of Dual Use Technologies
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Territorial and Extra-territorial Effects

- IPRs are **territorial** in nature: A patent granted by USPTO can only be infringed in the US; a copyright granted by the German Copyright Act can be enforced only in Germany.

→ In principle, enforcement @home has only local effects…

- International Trade and Global Communication networks create **spill-over effects**:
  - Border measures against Generics in Transit
  - Injunctions against website operators and technology providers
Conclusions

Characteristics of a new international IP Enforcement Regime

• ‘Regulatory thickets’
  • Increasing **density** of international norm creation
  • overlapping layers of regulatory mechanisms
  • complex **interactions** between law, technology, institutions (and markets)

• **Shifting the enforcement burden** from right holders to public authorities and third parties

• Future **Norm transplantation** by reference?
Thank you for your attention!

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