

The United States’ Demands for Intellectual Property Enforcement in the Trans-Pacific Partnership Agreement and Impacts for Developing Countries

Knowledge Ecology International
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I. Introduction

The Trans-Pacific Partnership Agreement (TPP) is a large, comprehensive regional free trade agreement negotiated between the United States, Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore and Vietnam, and in December 2012 will see the additions of Canada and Mexico at the negotiating table. Reportedly, the goal of the agreement is to cover the entire APEC region, comprising 40% of the world's population. Notably, this agreement involves states of vastly different size, wealth and development.

One area of particular concern includes the aggressive intellectual property provisions proposed by the United States. Leaked text¹ reveals that the United States seeks to introduce numerous measures that go well beyond the requirements of the World Trade Organization (WTO) Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), known as “TRIPS-plus” provisions. Intellectual property systems must provide appropriate balance, providing sufficient incentives while also protecting the users of intellectual property goods. Important development concerns including social, cultural and economic progress, depend on the use and reliance of products protected by intellectual property; high levels of intellectual property protection and enforcement, such as some of the proposals made by the United States for the TPP, can create unnecessary barriers and hinder such progress.

The TPP is being negotiated in secret and outside multilateral fora such as the WTO or the World Intellectual Property Organization (WIPO) and therefore raise concerns that developed countries, such as the United States, are engaged in efforts to change global norms through bilateral and plurilateral free trade agreements that will result in an unbalanced intellectual property system.

The United States proposal seeks not only to increase the rights of right holders without sufficient safeguards to protect the public interest through substantive copyright or patent provisions, but it also increases the minimum levels of enforcement of these rights greatly favoring the right holders to the detriment of consumers. For example, the proposed higher levels of enforcement of intellectual property rights would impact access to knowledge and access to medical technologies, among other issues. There is a clear risk that provisions proposed by the United States could greatly reduce the flexibilities of TPP countries to implement TRIPS in ways that are more favorable to its own domestic situation and

for developing countries, increasing enforcement activities might entail the use of already scarce resources to protect what are substantially commercial interests of foreign companies. Moreover, enforcement rules that do not adequately take public interests into account may deprive significant portions of developing country populations from access to IPRs-protected products necessary to address public health, educational, and other needs.²

¹ The leaked text is available at <http://www.keionline.org/node/1091>

² Carlos M. Correa, *The Push for Stronger Enforcement Rules: Implications for Developing Countries*, in ICTSD PROGRAMME ON INTELLECTUAL PROPERTY RIGHTS AND SUSTAINABLE DEVELOPMENT at 31 (2009)

These provisions are therefore of particular concern for developing countries and those that are considered to be “net-importers” of intellectual property.

TRIPS-plus measures that increase protections for intellectual property rights and heighten enforcement can ignore the needs and concerns of developing countries. The 2007 WIPO General Assembly adopted the WIPO Development Agenda which lays out forty-five recommendations, the last of which reads:

To approach intellectual property enforcement in the context of broader societal interests and especially development-oriented concerns, with a view that “the protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations”, in accordance with Article 7 of the TRIPS agreement.³

However, the United States proposal does not appear to support the above recommendation of the WIPO Development Agenda and, instead, proposes a highly unbalanced system.

This paper will examine the five articles comprising the United States proposals for enforcement of intellectual property rights in the TPP⁴ and potential implications for developing countries. Many of the proposals by the United States in the TPP intrude on the policy space reserved for states to pursue balanced intellectual property systems and determine the most efficient methods for enforcement in light of their domestic situation. As a WTO panel recognized, “differences among Members’ respective legal systems and practices tend to be more important in the area of enforcement”⁵ and the TRIPS-plus measures proposed by the United States with respect to enforcement could create particular problems for developing countries. The areas of enforcement that will be discussed in this paper include: 1) civil and administrative procedures and remedies, 2) provisional measures, 3) special requirements related to border enforcement, 4) criminal enforcement, and 5) special measures relating to enforcement in the digital environment.

³ World Intellectual Property Organization (WIPO), WIPO Development Agenda, Recommendation 45 (2007), available at <http://www.wipo.int/ip-development/en/agenda/recommendations.html>

⁴ All citations to the United States proposal or TPP text refers to the leaked text in note 1.

⁵ WTO Panel Report, DS362: China—Measures Affecting the Protection and Enforcement of Intellectual Property Rights (2009), available at http://www.wto.org/english/tratop_e/dispu_e/362r_e.pdf at ¶7.513.

II. Civil and Administrative Procedures and Remedies

The leaked United States proposal for the TPP includes a number of provisions related to “Civil and Administrative Procedures and Remedies.” This text, comprising Article 12 of the leaked proposal, goes beyond the requirements of TRIPS and shifts the balance toward right holders. One of the primary mechanisms of instituting TRIPS-plus measures in the proposed text is mandating (by using the word “shall”) what is permissive under TRIPS (where the word “may” is used).

A. Injunctive Relief

The United States proposal for the TPP would expand the scope of cases requiring injunctive relief. First, Article 12.2 provides that parties “shall provide for injunctive relief consistent with Article 44 of the TRIPS Agreement” which could, depending on the interpretation, result in a requirement that states grant injunctive relief. Such a requirement would go beyond the requirements of TRIPS which only provide that judicial authorities “shall have the authority” to grant injunctive relief, but does not mandate that injunctions be granted. Requiring injunctive relief be granted takes away the discretion of judicial authorities to determine whether such a remedy is warranted. In many circumstances today, injunctive relief is not warranted and within the United States many statutory exclusions to injunctive relief exist because such a remedy does not serve the public interest or is otherwise inappropriate.⁶

The United States proposal would also make injunctive relief applicable to “prevent exportation of infringing goods.” TRIPS does not require that parties make injunctions available to prevent exportation of infringing goods and refers only to injunctions of imported goods. Thus, requiring parties to provide injunctive relief against exportation, goes beyond the requirements of TRIPS. Notably, the United States does not even comply with the proposal it has tabled in the TPP. A recent court case in the United States imposed a judicial compulsory license of an infringing medical device used to treat aortic stenosis produced solely for the export market.⁷ In refusing to grant injunctive relief, the court found it significant that the alleged harm did not result from sales of the product because all sales occurred outside the United States, but instead from the infringing manufacture of the device in the United States.⁸ The court went on to note that the right holder would not suffer irreparable harm if an injunction was denied because the infringer could simply move manufacture to another country immediately and there would be no change to the right holder.⁹ The United States proposal for the TPP would eliminate such results and instead require that injunctive relief apply. As a result, manufacturers may move their operations to other countries that do not have the same rules regarding injunctive relief.

⁶ Krista Cox, *Inconsistencies Between the U.S. Proposal for the IP Chapter of the TPPA and U.S. Law*, KNOWLEDGE ECOLOGY INTERNATIONAL (2011), available at

http://keionline.org/sites/default/files/TPPA_USplus_30Aug2011.pdf. Such exceptions to injunctive relief in the United States include specific areas where use by or for the government is permitted, safe harbor for non-disclosed biological products, use by medical practitioners, as well as a number of exceptions for innocent infringements.

⁷ James Love, *The CoreValve compulsory license on patent to treat aortic stenosis*, KNOWLEDGE ECOLOGY INTERNATIONAL (2011), <http://keionline.org/node/1218>.

⁸ *Id.*

⁹ *Id.*

Although the TPP proposal does reference Article 44 of TRIPS, it does not explicitly include the provision of Article 44.2 of the TRIPS Agreement which provides that injunctive relief may not be the most appropriate remedy in a given situation and, therefore, “Members may limit the remedies available against such use to payment of remuneration” and that “where these remedies are inconsistent with a Member’s law, declaratory judgments and adequate compensation shall be available.”¹⁰

B. Damages

Article 12.3 of the United States proposal for the TPP seeks to create aggressive and high calculations of damages for civil enforcement proceedings, beyond what is required under TRIPS. It apparently mandates damages for infringement even where the alleged infringer did not know, or did not have reasonable grounds to know, that he was infringing thereby extending the scope of damages to innocent infringers. TRIPS only requires damages where an infringer “knowingly, or with reasonable grounds to know” and the United State proposal would therefore upset the balance of TRIPS in favor of the right holder.

The United States proposal would go well beyond TRIPS by specifying the considerations judicial authorities must take into account in determining the award of damages. While TRIPS does not provide for specific calculations and permits parties to determine the appropriate standards for calculating “damages adequate to compensate for the injury,” the United States proposal would require consideration of “suggested retail price.” This mandatory consideration is highly inappropriate because the right holder will very rarely—if ever—receive the full suggested retail price of the product. Right holders generally receive only a percentage of the retail price because of the multiple intermediaries and costs existing between the right holder and the final sale. The suggested retail price generally covers other costs, including production and overhead that the right holder would have paid in the ordinary sale of the product but would not have paid out in the case of infringement, potentially resulting in an overcalculation of what are appropriate damages. Furthermore, taking into account suggested retail price presumes that those purchasing the infringing product would have also purchased the product at the suggested retail price, but in developing countries, prices for branded products are often set quite high at levels out of reach for many living in those countries.

Similarly, the United States proposal would permit right holders to submit “other legitimate measure of value.” The text does not define what is considered “legitimate,” but given that

¹⁰ Notably, the United States relies heavily on this flexibility in its own laws and injunctive relief is not automatically granted following the Supreme Court case in *eBay v. MercExchange*, 547 U.S. 388 (2006). Instead, courts in the United States use a four factor test to determine whether a remedy in equity is warranted: 1) that the plaintiff suffered irreparable injury; 2) that remedies available at law are inadequate to compensate for that injury; 3) that considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and 4) that the public interest would not be disserved by a permanent injunction.¹⁰ As a result, courts have refused to grant injunctive relief for a number of technologies including contact lenses, medical devices, and technologies used for hybrid automobiles. See also James Packard Love, *Recent Examples of the Use of Compulsory Licenses on Patents*, KEI RESEARCH NOTE 2007:2 (2007), available at <http://keionline.org/content/view/41/1>; James Love, *Compulsory licensing of copyright under Article 44.2 of the TRIPS, in light of eBay*, KEI RESEARCH NOTE 2007:5 (2007), available at <http://keionline.org/content/view/68/1>; Anne Mira Guha, *The Johnson and Johnson Acuvue Compulsory License* (2011), available at <http://keionline.org/node/1219>.

suggested retail price must be considered, right holders could abuse the process by submitting inflated claims of value to the product.

Higher damages may also be calculated through the requirement of Article 12.3(a)(ii) of the United States proposal which apparently requires judicial authorities to make available profits attributable to the infringement (that are not calculated as part of the damages adequate to compensate for the injury) in “at least” copyright infringement or trademark counterfeiting cases. There does not appear to be any exceptions to this requirement whereas under Article 45.2 of the TRIPS agreement, such damages are only available for “appropriate cases” and policy space is reserved for member states to determine for themselves appropriate standards for determining these cases. Furthermore, the TRIPS language on this provision is permissive providing that members “may” vest such authority rather than the mandatory language used in the TPP proposal which states that judicial authorities “shall” have authority to apply profits attributable to the infringement as additional damages.

In addition to creating a system that envisions high calculations of damages, the United States proposal would also require pre-established damages. TRIPS does not require authority to order pre-established damages and the TPP could implement a mandatory obligation where permissive language exists under TRIPS. Additionally, while the permissive language of TRIPS allows states to provide for authority to order pre-established damages in “appropriate cases” it does not define such cases, leaving to member states to determine what may constitute “appropriate cases.” By contrast, the United States proposal would mandate the availability of pre-established damages in all cases of trademark counterfeiting as well as “works, phonograms and performances protected by copyright or related rights,” thereby expanding the class of cases that may be eligible for pre-established damages.

The United States proposal would not only mandate the availability of pre-established (statutory) damages, but requires parties to set such damages “in an amount sufficiently high to constitute a deterrent,” which could lead to an amount considered punitive, thus going beyond the theory that damages should be awarded to provide just compensation to the right holder. Treble damages may also apply under the United States proposal for cases of patent infringement, increasing the amount of damages awarded by threefold and, again, increasing the calculation of damages beyond what was envisioned under TRIPS. Pre-established damages and treble damages tend to increase the amount of damages assessed and can be disproportionate to the harm caused to the right holder.

C. Seizure and Destruction of Goods

The United States proposal for the TPP would expand the scope of goods that may be seized and destroyed. The provisions of the TPP, such as those that seek to eliminate the option of disposal of goods outside the channels of commerce (as an alternative to their destruction) go beyond what is required by TRIPS, as was confirmed in 2009 by a WTO panel.

Under the TRIPS agreement, member states must provide judicial authorities with the authority to order disposal of infringing goods outside the channels of commerce or (unless it conflicts with constitutional requirements) destruction of such goods, but does not require judicial

authorities to actually exercise this authority. Member states are also given considerable leeway to determine whether destruction of goods is appropriate in a particular case or whether alternative disposal mechanisms are better. TRIPS provides judicial authorities with the option of ordering disposal of infringing goods, or materials and implements that have been predominantly used in the infringement, outside the channels of commerce. It does not require the order of destruction of such goods. This key flexibility to determine the best option for disposal is retained by member states.

A WTO panel in 2009 confirmed these flexibilities and rights of member states.¹¹ There, the WTO panel noted that whether to make specific orders regarding disposal or destruction is left to the discretion of the enforcement authorities.¹² By contrast, Article 12.7 of the United States proposal would require that judicial authorities, at the right holder's request, order destruction of pirated or counterfeit goods "except in exceptional circumstances." Ordering destruction in the majority of cases restricts the discretion afforded under TRIPS.

Notably, Article 12.7 of the proposal also eliminates the phrase "disposal outside the channels of commerce" which exists under the TRIPS agreement. The WTO panel confirmed (and was not disputed) that other forms of disposal, for example donations of the infringing goods are acceptable; such donations can benefit the public interest, particularly for developing countries. Additionally, member states are not limited to disposal outside the channels of commerce or destruction, and other alternative disposition mechanisms may be available. The WTO panel noted that "Auction is not a form of destruction, and it is undisputed that auction is *not* a form of disposal outside the channels of commerce . . . However, the Panel recalls its finding at paragraph 7.240 above that the remedies specified in Article 59 [of TRIPS] are not exhaustive. Therefore, the fact that authority to order auction of infringing goods is not required is not in itself inconsistent with Article 59."¹³ Re-sale of the product to the right holder may also be an option, according to the WTO panel decision. Alternatives to destruction of goods are clearly permitted under TRIPS and are often of benefit to those living in developing countries. The United States proposal for the TPP would eliminate the preservation of these alternatives, such as donation of infringing goods.

The United States proposal would also expand the circumstances under which judicial authorities can order materials or implements to be disposed. While TRIPS also provides for judicial authorities to have the authority to order disposal of materials and implements used to create the infringing good, the TRIPS agreement qualifies this provision with the phrase "predominant use." Thus, those materials or implements that were not "predominant[ly] use[d]" in the creation of the infringing goods would not be subject to such orders. The United States proposal in the TPP would remove the "predominant use" qualification and materials or implements that played only a small or tangential role in the manufacture or creation of the infringing goods could be ordered destroyed. Only in "exceptional circumstances" would the United States proposal permit disposal of such materials or implements outside the channels of commerce.

¹¹ WTO Panel Report, DS362: China—Measures Affecting the Protection and Enforcement of Intellectual Property Rights (2009), available at http://www.wto.org/english/tratop_e/dispu_e/362r_e.pdf

¹² *Id.* at ¶7.236.

¹³ *Id.* at ¶7.327. Although the WTO panel found that China's method of auction in this particular case was not appropriate, it did not eliminate the possibility of auction.

TRIPS also provides for safeguards against the seizure or destruction of goods by requiring the consideration of proportionality between the seriousness of the infringement and the remedy ordered as well as the interests of third parties. The United States proposal for the TPP would eliminate these safeguards and therefore expand the scope of cases where seizure or destruction are mandated.

With respect to “simple removal” of a trademark being insufficient to permit release of goods into the channels of commerce, the TPP does not permit any discretion for a party to authorize the re-entry into the channels of commerce. Under the TRIPS agreement, by contrast, “simple removal” is insufficient “except in exceptional circumstances.” The United States proposal for the TPP therefore ignores the “exceptional circumstances” that may exist that warrant the authorization of a good to enter the channels of commerce after the removal of the trademark. Such “exceptional circumstances” may include a case where an innocent importer was deceived into the purchase of counterfeit goods and has no other recourse, among others.¹⁴

It appears that the United States proposal would permit seizure of goods and materials prior to final adjudication. Under TRIPS, parties only need to provide judicial authorities the authority to grant such orders after goods have already been “found to be infringing.” The United States proposal, by contrast, permits this authority when goods are merely “allegedly infringing,” thereby potentially depriving the defendant of goods or materials that are not infringing. When materials used in production are seized, the defendant may not be able to run his legitimate business and consumers may be denied access to products that are ultimately non-infringing if the United States proposal permits seizures prior to adjudication of the case.

D. Right of Information

Article 12.8 of the United States proposal would require parties to provide judicial authorities with the authority to order the infringer to provide information he possesses regarding persons or entities involved in “any aspect” of the infringement, production or distribution, including third parties involved. The TPP proposal therefore makes mandatory what is permissive under TRIPS, which provides only that states “may” provide such authority to judicial officials. Furthermore, the United States proposal eliminates the safeguard that exist under TRPIS where judicial authorities may not order information about the identity of third persons where “it would be out of proportion to the seriousness of the infringement.”

Additionally, the information an infringer must provide under the TPP is potentially broader than the information that can be ordered under TRIPS. The United States proposal refers to “any information” and is not limited to the identity of third persons involved. The United States proposal also extends to persons involved in “any aspect of the infringement,” unlike TRIPS which limits to third persons “involved in the production and distribution.” Those who play only a tangential role may find their information exposed at the order of judicial authorities under the

¹⁴ See *id.* at ¶7.391 (“There may well be cases in which the simple removal of the trademark prior to release of the goods into the channels of commerce would not lead to further infringement. For example, an innocent importer who has been deceived into buying a shipment of counterfeit goods, who has no means of recourse against the exporter and who has no means of reaffixing counterfeit trademarks to the goods might constitute such a case.”)

United States proposal for the TPP, without any consideration to the seriousness of the infringement.

E. Administrative Procedures

Where a party provides for administrative procedures, the United States proposal for the TPP would require that such procedures conform to the principles “set out in this Chapter.” Given the aggressive nature of the proposals of the United States for the intellectual property chapter, including the enforcement provisions discussed in this paper, Article 12.10 of the TPP proposal would likely result in TRIPS-plus measures. This proposal could therefore greatly affect developing countries, some of whom rely more on administrative procedures than judicial procedures, by requiring administrative provisions comply with the high standards proposed by the United States in the rest of the chapter.

F. Enforcement of Technological Protection Measures and Rights Management Information

The TRIPS Agreement does not require protection for technological protection measures (TPM) and rights management information (RMI) and does not have any enforcement measures relating to TPMs and RMI. These measures, beginning with the requirement that parties provide protection for TPMs and RMIs, go beyond the TRIPS Agreement.

It should be noted first that the United States proposal for protection of TPMs (Article 4.9 of the leaked text) and RMI (Article 4.10 of the leaked text) go far beyond what is required by parties to the WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT) and that not all parties to the TPP negotiations are party to these treaties. The provisions regarding enforcement coupled with the substantive and high protections given to TPMs and RMIs by the United States proposal will result in increasing the rights of right holders without adequate safeguards to protect the public interest. Technological protection measures have been used to create new rights that protect works or uses that are not otherwise eligible for copyright protection, such as those works that are in the public domain or uses protected by copyright limitations and exceptions.

Requiring protection for TPMs and RMIs and enforcing these protections through Article 12.12 of the United States proposal—which obligates parties to provide judicial authorities with the authority to impose provisional measures, permits election of actual damages or pre-established damages, order court costs and attorneys fees to be paid to the right holder, and order destruction of devices—could result in a shrinking of the public domain or other unintended consequences.

Chart 1: Civil and Administrative Procedures and Remedies

Civil and Administrative Procedures and Remedies			
Comparison of U.S. Proposal for TPP (Article 12) and TRIPS (Articles 42-49)			
TPP Article	U.S. TPP Proposal Text	TRIPS	Comment
Article 12.1	Each Party shall make available to right holders civil judicial procedures concerning the	Article 42 Members shall make available to right	The United States proposal for the TPP would require civil judicial procedures for “any” intellectual

	<p>enforcement of any intellectual property right.</p>	<p>holders[11] civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement. [...]</p> <p>[11]For the purpose of this Part, the term “right holder” includes federations and associations having legal standing to assert such rights.</p>	<p>property right. The substantive provisions on copyright (Article 4 of the leaked text) and patents (Article 8 of the leaked text) increase the rights of right holders and expand the scope of protection of intellectual property, resulting in greater rights than provided for under TRIPS.</p>
<p>Injunctive Relief Article 12.2</p>	<p>Each Party shall provide for injunctive relief consistent with Article 44 of the TRIPS Agreement, and shall also make injunctions available to prevent the exportation of infringing goods.</p>	<p>Article 44</p> <p>1. The judicial authorities shall have the authority to order a party to desist from an infringement, <i>inter alia</i>, to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods. Members are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of an intellectual property right.</p> <p>2. Notwithstanding the other provisions of this Part and provided that the provisions of Part II specifically addressing use by governments, or by third parties authorized by a government, without the authorization of the right holder are complied with, Members may limit the remedies available against such use to payment of remuneration in accordance with subparagraph (h) of Article 31. In other cases, the remedies under this</p>	<p>The proposed TPP text could require that parties grant injunctive relief (“shall provide for injunctive relief”) and mandate that such relief be granted whereas TRIPS only provides that judicial authorities “shall have the authority” to order injunctive relief but the authorities are not required to do so.</p> <p>TRIPS refers only to injunctions of imported goods and does not require parties to make injunctions available to prevent export of infringing goods. The addition (“shall also make injunctions available...”) goes beyond the requirement of TRIPS. In fact, it should be noted that companies in the United States have been permitted to manufacture infringing medical devices solely for the export market through judicial compulsory licenses (right holder limited to a royalty).</p> <p>The proposed TPP text does not explicitly contain the same safeguards contained in TRIPS Article 44.2 that allow a party to limit remedies to a royalty rather than making injunctions available in all cases.</p>

		Part shall apply or, where these remedies are inconsistent with a Member’s law, declaratory judgments and adequate compensation shall be available.	
Damages Article 12.3	<p>Each Party shall provide that:</p> <p>(a) in civil judicial proceedings, its judicial authorities shall have the authority to order the infringer to pay the right holder:</p> <p>(i) damages adequate to compensate for the injury the right holder has suffered as a result of the infringement, [18] and</p> <p>(ii) at least in the case of copyright or related rights infringement and trademark counterfeiting, the profits of the infringer that are attributable to the infringement and that are not taken into account in computing the amount of the damages referred to in clause (i).</p> <p>[18] In the case of patent infringement, damages adequate to compensate for the infringement shall not be less than a reasonable royalty.</p>	<p>Article 45</p> <p>1. The judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of that person’s intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity.</p> <p>2. The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney’s fees. In appropriate cases, Members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engaged in infringing activity.</p>	<p>Article 12.3(a)(i) of the TPP proposal seems to mandate damages for infringement, even where the alleged infringer did not know or did not have reasonable grounds to know that he was infringing. This proposal goes beyond the requirement of TRIPS which only requires damages where the infringer “knowingly, or with reasonable grounds to know” thereby shifting the balance of rights to the right holder.</p> <p>Additionally, Article 12.3(a)(ii) seems to require that profits attributable to the infringement also be paid to the right holder in “at least” copyright infringement or trademark counterfeiting. Under TRIPS, such damages are only for “appropriate cases” and it is left for the individual member states to determine for themselves what constitutes an “appropriate case.” Furthermore, the TRIPS language is permissive (“Members may authorize”) rather than the mandatory language used in the TPP proposal (“shall have the authority to”).</p>
	<p>(b) in determining damages for infringement of intellectual property rights, its judicial authorities shall consider, inter alia, the value of the infringed good or service, measured by the suggested retail price or other legitimate measure of value submitted by the right holder</p>	<p>Article 45.1</p> <p>The judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of that person’s intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity.</p>	<p>TRIPS does not provide for specific calculation of damages, but permits parties to determine the standards for calculating “damages adequate to compensate for the injury.”</p> <p>TRIPS makes no mention of consideration of “suggested retail price.” The mandatory consideration of “suggested retail price” is a highly inappropriate measure of damages because the right holder will very rarely—if ever—receive the full suggested retail price of his product. Right</p>

			<p>holders generally receive only a percentage of the retail price because there are multiple intermediaries between the right holder and the final sale (including, for example, wholesalers and retailers). The right holder also (presumably) would not have paid any of the production costs of the infringing product as he might do during the ordinary sale of his product. This consideration further presumes that each person purchasing the infringing cost would have also purchased the product at full suggested retail price. Consideration of suggested retail price as a measure of damages is therefore likely to result in a windfall to the right holder.</p> <p>Furthermore, permitting any “legitimate measure of value submitted by the right holder” again tilts the balance in the favor of a right holder. The TPP text does not define what is considered to be “legitimate,” but given the required consideration of suggested retail price, concerns exist that right holders could abuse the process by submitting very high claims of value.</p>
<p>Pre-Established Damages/treble damages Article 12.4</p>	<p>In civil judicial proceedings, each Party shall, at least with respect to works, phonograms, and performances protected by copyright or related rights, and in the case of trademark counterfeiting, establish or maintain a system that provides for pre-established damages, which shall be available upon the election of the right holder. Pre-established damages shall be in an amount sufficiently high to constitute a deterrent to future infringements and to compensate fully the right holder for the harm caused by the infringement. In civil judicial proceedings concerning patent infringement, each Party shall provide that its judicial authorities shall have the authority to increase damages to</p>	<p>Article 45.2 The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney’s fees. In appropriate cases, Members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engaged in infringing activity.</p>	<p>The TPP proposal by the United States would require pre-established damages whereas TRIPS provides permissive language stating that member states “may” grant authority to order pre-established damages. The TPP once again tries to implement a mandatory obligation where permissive language exists under TRIPS.</p> <p>Additionally, TRIPS permits judicial authorities to order pre-established damages in “appropriate cases.” It is left to the member states to determine what “appropriate cases” may be. In contrast, the United States proposal for the TPP would require establishment of pre-established damages in copyright and trademark counterfeiting cases.</p>

	<p>an amount that is up to three times the amount of the injury found or assessed. [19]</p> <p>[19] No Party shall be required to apply this paragraph to actions for infringement against a Party or a third party acting with the authorization or consent of a Party.</p>		<p>The amount must be “sufficiently high to constitute a deterrent to future infringements” which makes such damages punitive and goes beyond the theory of just compensation to the right holder.</p> <p>Additionally, the United States proposal would mandate that judicial authorities have the authority to order treble damages, a requirement that is notably absent under TRIPS.</p>
<p>Attorneys Fees/Court Costs Article 12.5</p>	<p>Each Party shall provide that its judicial authorities, except in exceptional circumstances, have the authority to order, at the conclusion of civil judicial proceedings concerning copyright or related rights infringement, trademark infringement, or patent infringement, that the prevailing party shall be awarded payment by the losing party of court costs or fees and, at least in proceedings concerning copyright or related rights infringement or willful trademark counterfeiting, reasonable attorney’s fees. Further, each Party shall provide that its judicial authorities, at least in exceptional circumstances, shall have the authority to order, at the conclusion of civil judicial proceedings concerning patent infringement, that the prevailing party shall be awarded payments by the losing party of reasonable attorneys’ fees.</p>	<p>Article 45.2</p> <p>2. The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney’s fees. In appropriate cases, Members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engaged in infringing activity.</p>	<p>The TPP proposal seems to provide a presumption in favor of granting attorneys fees and court costs “except in exceptional circumstances.” This proposal flips a presumption that exists even in a developed country; the United States permits the award of court costs and attorneys fees <i>only</i> where exception circumstances exist, such as in the case of deliberate fraud or malice.</p>
<p>Seizure of Goods Article 12.6</p>	<p>In civil judicial proceedings concerning copyright or related rights infringement and trademark counterfeiting, each Party shall provide that its judicial authorities shall have the authority to order the seizure of allegedly infringing goods, materials and implements relevant to the infringement, and, at least for trademark counterfeiting, documentary evidence relevant to the infringement.</p>	<p>Article 46</p> <p>In order to create an effective deterrent to infringement, the judicial authorities shall have the authority to order that goods that they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or, unless this would</p>	<p>The United States proposal for the TPP would provide judicial authorities the authority to order seizure of goods and materials relevant to the infringement. It is unclear when this authority is granted, but the use of the words “allegedly infringing” suggests that seizure is permitted even prior to a finding of infringement. Under TRIPS, this authority vests only after goods have already been “found to be infringing.” Additionally, TRIPS provides</p>

		<p>be contrary to existing constitutional requirements, destroyed. The judicial authorities shall also have the authority to order that materials and implements the predominant use of which has been in the creation of the infringing goods be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements. In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account [...]</p>	<p>safeguards against seizure or destruction of goods by requiring the consideration of proportionality and interests of third parties.</p>
<p>Destruction of Goods Article 12.7</p>	<p>Each Party shall provide that in civil judicial proceedings: (a) at the right holder’s request, goods that have been found to be pirated or counterfeit shall be destroyed, except in exceptional circumstances;</p>	<p>Article 46 In order to create an effective deterrent to infringement, the judicial authorities shall have the authority to order that goods that they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or, unless this would be contrary to existing constitutional requirements, destroyed. [...] In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account. [...]</p>	<p>The TPP proposal by the United States requires destruction of goods where the right holder requests such a remedy. The only exception exists for “exceptional circumstances” which is undefined. TRIPS, however, only provides judicial authorities with the authority to order such destruction, but does not actually mandate destruction. There is considerable more leeway under TRIPS to determine whether destruction of goods is appropriate.</p> <p>Additionally, the United States proposal fails to account for other methods of disposal for infringing goods outside channels of commerce. A WTO panel in 2009 reaffirmed the flexibility of member states under Article 46 to dispose of infringing goods through other means, such as through donations or even to be auctioned in certain cases.</p> <p>TRIPS also permits member states to avoid destruction of goods where</p>

			<p>such a remedy is contrary to existing constitutional requirements.</p> <p>Again, this proposal for the TPP lacks the safeguard that requires consideration of proportionality between the infringement and the remedy and the interests of third parties.</p>
	<p>(b) it is judicial authorities shall have the authority to order that materials and implements that have been used in the manufacture or creation of such pirated or counterfeit goods be, without compensation of any sort, promptly destroyed or, in exceptional circumstances, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements; and</p>	<p>Article 46 [...] The judicial authorities shall also have the authority to order that materials and implements the predominant use of which has been in the creation of the infringing goods be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements. In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account. [...]</p>	<p>The United States proposal expands the circumstances under which judicial authorities can order materials or implements to be disposed of. The United States proposal omits the phrase used in TRIPS which permits the disposal of materials and implements which have been “predominant[ly]” used to create the infringing goods. Under the United States proposal, however, even materials or implements that are only used a very small percentage of the time to manufacture or create infringing goods would still be subject to destruction or disposal. The removal of the “predominant use” requirement places causes greater loss to an infringer which may lose materials or implements that only played a very small role in the creation of an infringing product.</p> <p>Notably the United States proposal provides the authority for destruction of materials and implements, and only in “exceptional circumstances” are they to be disposed of outside the channels of commerce. TRIPS does not require destruction, but instead, only provides authority for disposal outside the channels of commerce. As noted above, a WTO panel confirmed that member states may provide for alternate means of disposal than destruction.</p> <p>Again, this proposal for the TPP lacks the safeguard that requires consideration of proportionality between the infringement and the remedy and the interests of third parties.</p>

	<p>(c) in regard to counterfeit trademarked goods, the simple removal of the trademark unlawfully affixed shall not be sufficient to permit the release of goods into the channels of commerce.</p>	<p>Article 46 [...] In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce.</p>	<p>The United States proposal for the TPP is similar to TRIPS regarding the removal of trademark. However, while TRIPS permits “in exceptional cases” for the simple removal of a trademark that was unlawfully affixed before the product is released into the channels of commerce, the United States proposal eliminates this possibility.</p>
<p>Information Possessed by Infringer Article 12.8</p>	<p>Each Party shall provide that in civil judicial proceedings concerning the enforcement of intellectual property rights, its judicial authorities shall have the authority to order the infringer to provide any information that the infringer possesses or controls regarding any persons or entities involved in any aspect of the infringement and regarding the means of production or distribution channel of such goods or services, including the identification of third persons involved in the production and distribution of the infringing goods or services or in their channels of distribution, and to provide this information to the right holder.</p>	<p>Article 47 Members may provide that the judicial authorities shall have the authority, unless this would be out of proportion to the seriousness of the infringement, to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the infringing goods or services and of their channels of distribution.</p>	<p>The TPP proposal would make this requirement mandatory even though it is permissive under TRIPS. Furthermore, the TPP proposal lacks the safeguard of TRIPS where judicial authorities may not order information about the identity of third persons where it “would be out of proportion to the seriousness of the infringement.”</p> <p>The information that the infringer must provide under TPP proposal is also potentially broader than the information required under TRIPS. The United States proposal would require the infringer “to provide any information that the infringer possesses or controls” whereas TRIPS only requires the identity of third persons. Further, the United States proposal extends to persons involved in “any aspect of the infringement” rather than only those involved in production and distribution. Those who play only a tangential role may thus find their information exposed at the order of judicial authorities, even if the seriousness of the infringement is minimal.</p>

<p>Sanctions Article 12.9</p>	<p>Each Party shall provide that its judicial authorities have the authority to: (a) fine or imprison, in appropriate cases, a party to a civil judicial proceeding who fails to abide by valid orders issued by such authorities; and (b) impose sanctions on parties to a civil judicial proceeding their counsel, experts, or other persons subject to the court’s jurisdiction, for violation of judicial orders regarding the protection of confidential information produced or exchanged in a proceeding.</p>	<p>No analogous provision, though TRIPS takes care to protect the defendant, a measure notably absent from the United States proposal for the TPP.</p>	<p>There is no analogous provision in TRIPS requiring parties to provide judicial authorities to have the authority to impose sanctions, including fines or imprisonment, for failure to abide by orders of a civil judicial proceeding. TRIPS is silent on this issue, reserving the policy space of member states to determine appropriate penalties or sanctions for those who violate orders from civil judicial proceedings.</p> <p>Notably, while the United States proposal makes efforts to further protect right holders by introducing this provision on sanctions, it does not include any provisions to protect a defendant in an infringement case. Article 48 of TRIPS provides for indemnification of the defendant where a right holder has abused enforcement procedures.</p>
<p>Administrative Procedures Article 12.10</p>	<p>To the extent that any civil remedy can be ordered as a result of administrative procedures on the merits of a case, each Party shall provide that such procedures conform to principles equivalent in substance to those set out in this Chapter.</p>	<p>Article 49 To the extent that any civil remedy can be ordered as a result of administrative procedures on the merits of a case, such procedures shall conform to principles equivalent in substance to those set forth in this Section.</p>	<p>The administrative procedures under TRIPS would be subject to the same TRIPS-level enforcement of the civil enforcement section. Because “this Chapter” in the United States proposal refers to the intellectual property chapter, any TRIPS-plus provisions, such as those mentioned above, would be required to be incorporated into administrative procedures. This is a concern for developing countries that may rely more on administrative procedures than judicial procedures.</p>
<p>Costs of Experts Article 12.11</p>	<p>In the event that a Party’s judicial or other authorities appoint technical or other experts in civil proceedings concerning the enforcement of intellectual property rights and require that the parties to the litigation bear the costs of such experts, that Party should seek to ensure that such costs are closely related, inter alia, the quantity and nature of work to be performed and do not unreasonably deter recourse to such proceedings.</p>	<p>No analogous provision.</p>	<p>There is no specific mention under TRIPS regarding costs of experts.</p>

<p>Enforcement of TPMs and RMI Article 12.12</p>	<p>In civil judicial proceedings concerning the acts described in Article 4.[9] (TPMs) and Article 4.[10] (RMI), each Party shall provide that its judicial authorities shall, at the least, have the authority to:</p> <ul style="list-style-type: none"> (a) impose provisional measures, including seizure of devices and products suspected of being involved in the prohibited activity; (b) provide an opportunity for the right holder to elect between actual damages it suffered (plus any profits attributable to the prohibited activity not taken into account in computing those damages) or pre-established damages; (c) order payment to the prevailing right holder at the conclusion of civil judicial proceedings of court costs and fees, and reasonable attorney’s fees, by the party engaged in the prohibited conduct; and (d) order the destruction of devices and products found to be involved in the prohibited activity. <p>No party shall make damages available under this paragraph against a nonprofit library, archives, educational institution, or public noncommercial broadcasting entity that sustains the burden of proving that such entity was not aware and had no reason to believe that its acts constituted a prohibited activity.</p>	<p>TRIPS does not require protection of TPMs or RMIs. As a result, there are no rules under TRIPS regarding enforcement of TPMs and RMIs.</p>	<p>TRIPS does not require protection of TPMs or RMIs. As a result, there are no enforcement provisions regarding TPMs and RMIs.</p> <p>These proposals provide for high calculations of damages, broad scope in imposing provisional measures, and limitations on a member state’s autonomy in determining the best means for disposal of an infringing item.</p>
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III. Provisional Measures

Provisional measures can be used to prevent irreparable harm to the right holder or to ensure that an alleged infringer does not destroy evidence. Because these measures occur before the adjudication of the case, however, they may not be appropriate in all cases. Provisional measures should therefore carefully balance the legitimate interests of the right holder with the legitimate right of third parties who may not actually engaged in infringing activities. For example:

There is evidence of abuse of interlocutory injunctions that are strategically used to block competition. In the US, for instance, multiple “automatic stays” for thirty months each could be obtained in cases where a generic company attempted to receive marketing approval of a drug where a patent had been granted. This allowed patent holders to delay the entry of generic competition for additional four to forty months. A US FTC study found that for nearly 75 per cent of drugs covered by the study, brand-name companies initiated patent infringement litigation against the first generic applicant. A court decision had been made (at the time of conclusion of the study) for 53 out of 75 drug products. A court decision resolved the patent infringement claims for thirty drug products. Generic applicants prevailed 73 percent of the time. In eighteen instances, a court held that the brand-name company’s patents were either invalid or not infringed.¹⁵

Examples of similar abuses exist in other countries, as well, including Latin American countries such as Chile and Argentina. In Chile, for example, a patent holder obtained provisional enforcement measures against a local production company, blocking commercialization of a product (fluconazole) for years and “[l]ater on the case was dismissed, but nobody reimbursed patients for the higher prices paid or lack of access to the medicines.”¹⁶ An even more egregious example of abuse occurred in Argentina where Bristol Myers Squibb obtained an injunction against a local company from producing a formulation of the HIV drug, didanosine; this drug was not even developed by Bristol Myers Squibb and was in the public domain.¹⁷

The potential for abuse of provisional measures is a reality and states should ensure that safeguards exist to prevent such misuse and protect legitimate activities.

Rather than preserving existing safeguards under TRIPS, The United States proposal for the TPP on provisional measures, omits such provisions and flips presumptions regarding the applicability of these measures. While Article 13.1 of the United States proposal would mandate provisional relief be executed within ten days of the request “except in exceptional circumstances,” the TRIPS agreement does not specify a timeframe for provisional relief to be granted. Additionally, under TRIPS, provisional relief is prescribed “where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder or where there is

¹⁵ Correa, *supra* note 2, at 44; *see also* Federal Trade Commission, *Generic Drug Entry Prior to Patent Expiration* at 18 (2002).

¹⁶ Carlos M. Correa, *Intellectual Property and Competition Law: Exploring Some Issues of Relevance to Developing Countries*, ICTSD PROGRAMME ON IPRS AND SUSTAINABLE DEVELOPMENT at 18 (2007).

¹⁷ *Id.*

demonstrable risk of evidence being destroyed.”¹⁸ The United States proposal removes the categorization “where appropriate” and seems to *require* provisional measures to be granted (“shall act on requests”) whereas TRIPS only provides judicial authorities with the authority to act rather than requiring action. The United States proposal for the TPP thus seeks to reduce the discretion of judicial authorities to determine whether provisional measures are warranted and will be pressured to execute requests for provisional relief within a very short time frame. By requiring execution of provisional measures and expanding the scope of applicability of provisional measures, right holders may increasingly abuse the system, which could, in turn, hamper legitimate activity.

Furthermore, the short time frame for a judicial authority to execute provisional measures could create concerns regarding resources of judicial authorities pushed to quickly execute orders. Whereas TRIPS does not require execution within a ten-day window or that provisional measures be executed, the TPP proposal would push a state’s resources to address requests for provisional relief even if it is not an urgent matter as compared to other issues.

Although the United States proposal would provide judicial authorities with the authority to order that the applicant provide a reasonable security, as TRIPS also provides, the TPP proposal adds that such security or assurance cannot be set at a level that would “unreasonably deter recourse to such procedures.” TRIPS does not include such a limitation on the security or assurance that can be ordered, determining only that such security or assurance should “protect the defendant and prevent abuse.”

Article 13 of the United States proposal fails to include important safeguards and puts pressure on judicial authorities to grant provisional measures expeditiously, even where such measures are inappropriate. The language used in the United States proposal could result in abuse by right holders who may use provisional measures, to curtail legitimate activity and reduce competition. Increased levels of enforcement and availability of remedies, including provisional measures, increase the power of right holders and can exclude legitimate competition until a final decision is made.¹⁹ These measures can result in grave consequences including, for example, the delay of entry into the market of generic medicines. While generic medicines are delayed, branded pharmaceutical companies retain their monopolies, keeping medicines priced high and out of reach of many patients, particularly those living in the developing world.

Chart 2: Provisional Measures

Provisional Measures			
Comparison of U.S. Proposal for TPP (Article 13) and TRIPS (Article 50)			
TPP Article	U.S. TPP Proposed Text	TRIPS	Comment
Inaudita altera parte Article 13.1	Each Party shall act on requests for provisional relief <i>inaudita altera parte</i> expeditiously, and shall, except in exceptional cases, generally execute such requests within ten days.	Article 50.2 The judicial authorities shall have the authority to adopt provisional measures <i>inaudita altera parte</i> where appropriate, in particular	The United States proposal for the TPP would generally require that requests for provisional relief be granted within ten days. Under TRIPS, there is no specified time frame.

¹⁸ TRIPS, Article 50.2.

¹⁹ See Correa, *supra* note 2 at 58.

		<p>where any delay is likely to cause irreparable harm to the right holder, or where there is demonstrable risk of evidence being destroyed.</p>	<p>Additionally, under TRIPS, such relief is only available “where appropriate” rather in the majority of cases, which is what the United States proposes by requiring such action “except in exceptional cases.”</p> <p>The TPP proposal would greatly expand provisional relief because under TRIPS, judicial authorities merely have the authority but are not required to act on such requests. Additionally, TRIPS seems to focus more on cases where failure to act “is likely t cause irreparable harm” or where “demonstrable risk” exists that evidence will be destroyed. These are limited cases and pending a determination that provisional relief is appropriate and warranted.</p>
<p>Reasonable evidence and security Article 13.2</p>	<p>Each Party shall provide that its judicial authorities have the authority to require the applicant, with respect to provisional measures, to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant’s right is being infringed or that such infringement is imminent, and to order the applicant to provide a reasonable security or equivalent assurance set at a level sufficient to protect the defendant and to prevent abuse, and so as not to unreasonably deter recourse to such procedures.</p>	<p>Article 50.3 The judicial authorities shall have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the right holder and that the applicant’s right is being infringed or that such infringement is imminent, and to order the applicant to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse.</p>	<p>The United States proposal omits the requirement under TRIPS that an applicant provide evidence to establish with a sufficient degree of certainty that he is the right holder.</p> <p>The United States proposal adds that the security or assurance may not be set at a level that would “unreasonably deter recourse to such procedures”</p>

IV. Special Requirements Related to Border Enforcement

Provisions mandating border enforcement as well as criminal enforcement provisions (which is discussed in the following section) create special concerns because these enforcement measures depend on the use of state resources. While intellectual property rights are private rights²⁰ and right holders are able to use civil procedures to enforce these rights, border enforcement and criminal enforcement procedures essentially turn a private right into something that is enforceable through public systems and may therefore burden state resources. It shifts the burden of costs and responsibilities away from right holders—who can, if successful, recoup their costs of initiating civil procedures—to the state. If border measures and criminal enforcement provisions are compulsory or even encouraged, the resources expended by the state to enforce intellectual property rights may come at the cost of more urgent or pressing needs.

This concern is particularly relevant for developing countries. Public enforcement of private intellectual property rights may not be a high priority for the state, which may need its limited resources for other issues, particularly ones that affect the general public. Scholars have commented on

competing, and at times more important public needs. Such needs include purification of water, generation of power, improvement on public health, reduction of child mortality, provision of education, promotion of public security, building of basic infrastructure, reduction of violent crimes, relief of poverty, elimination of hunger, promotion of gender equality, protection of the environment, and responses to terrorism, illegal arms sales, human and drug trafficking, illegal immigration, and corruption.²¹

²⁰ That intellectual property rights are *private* rights was explicitly confirmed in the Preamble to the TRIPS Agreement (“Recognizing that intellectual property rights are private rights.”)

²¹ Peter K. Yu, *TRIPS Enforcement and Developing Countries*, 26 AM. U. INT’L L. REV 727, 751 (2011) (citing Carlos M Correa, *The Push for Stronger Enforcement Rules: Implications for Developing Countries*, in ICTSD, THE GLOBAL DEBATE ON THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS AND DEVELOPING COUNTRIES 27, 43 (2009); Carsten Fink, *Enforcing Intellectual Property Rights: An Economic Perspective*, in THE GLOBAL DEBATE ON THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS AND COUNTRIES at xiii, 2; Li Xuan & Carlos M. Correa, *Towards a Development Approach on IP Enforcement: Conclusions and Strategic Recommendations*, in INTELLECTUAL PROPERTY ENFORCEMENT: INTERNATIONAL PERSPECTIVES at 207, 210; Xue Hong, *Enforcement for Development: Why Not an Agenda for the Developing World*, in INTELLECTUAL PROPERTY ENFORCEMENT: INTERNATIONAL PERSPECTIVES, 133, 144; Frederick M. Abbott & Carlos M. Correa, WORLD TRADE ORGANIZATION ACCESSION AGREEMENTS: INTELLECTUAL PROPERTY ISSUES 31 (Quaker United Nations Office, Global Economics Issue Paper No. 6, 2007) available at <http://www.quono.org/geneva/pdf/economic/Issues/WTO-IP-English.pdf>; Ermias Tekeste Biadgleng & Viviana Munoz Tellez, *The Changing Structure and Governance of Intellectual Property Enforcement* 4 (South Centre, Research Paper No. 14, 2008), available at http://southcentre.org/index.php?option=com_docman&task=doc_download&gid=714&Itemid=&lang=en; Susan K. Sell, *The Global IP Upward Ratchet, Anti-Counterfeiting and Piracy Enforcement Efforts The State of Play* 9 (IQsensato, Occasional Papers No. 1, 2008), available at http://www.iqsensato.org/wp-content/uploads/Sell_IP_Enforcement_State_of_Play_Ops_1_June_2008.pdf; Robin Gross, *ACTA’s Misguided Effort to Increase Govt Spying and Ratchet-Up IPR Enforcement at Public Expense*, IP JUST (Mar. 21 2008), <http://ipjustice.org/wp/2008/03/21/acta-ipj-comments-ustr-2008march>

Requiring greater state resources be expended on intellectual property enforcement is not always appropriate, particularly because right holders have other recourses, such as civil remedies that do not require state expenditures.

Another concern is that customs authorities are not properly trained in intellectual property related issues and do not have the specialized knowledge necessary to make accurate determinations regarding whether a shipment includes infringing goods. Member states may need to devote additional resources to provide more training to customs officials to implement the border measures proposed by the United States and even then, it is unlikely that accurate determinations regarding infringement will always result.

According to one scholar, Professor Peter K. Yu, shifting responsibility regarding protection of intellectual property rights to government officials can ultimately “backfire” for those developing countries hoping to attract foreign direct investment, an incentive often cited by developed countries hoping to induce developing countries to strengthen their intellectual property laws. Yu writes:

If these authorities fail to develop the requisite expertise and sophistication, their inconsistent—and at times wrongful—application of new, and usually tougher, border measures may lead to uncertainty and concerns that eventually frighten away foreign investors. Even worse, the irregularities in applying these measures may become the subject of complaints firms register with their governments. These complaints, in turn, may lead to greater pressure from foreign governments—for example, through the notorious Section 301 process in the United States.²²

Governments should therefore carefully assess the costs of implementing TRIPS-plus measures that shift resource burdens to the state.

A. Suspension of Release by Customs and Right of Inspection

With respect to border measures, Article 14.1 of the United States proposal for the TPP would expand the scope of goods that can be suspended. It would permit suspension of the release of “confusingly similar trademarked goods,” a much lower and nebulous standard than an actual counterfeit trademarked good. TRIPS does provide for the suspension of goods, but Article 51 only mandates that procedures be made available for those “counterfeit trademark or pirated copyright goods.” The term “confusingly similar” can be a difficult standard to apply, differing greatly from a requirement that would only permit suspension of actual counterfeit trademark. In the case of generic drugs, for example, the packaging may be intentionally similar to the branded product without violating the original product’s trademark. This lowered standard could therefore result in legitimate goods being seized, delaying the entry of legitimate products including generic medicines from entering the market.

The United States proposal may make efforts to curtail abuses of this system by largely replicating Article 52 of TRIPS which requires applicants to provide “adequate evidence” and

²² Yu, *supra* note 21 (citations omitted).

“sufficient information.” However, Article 14.1 of the United States proposal also introduces a clause specifying that the provision requesting sufficient information to make suspected goods recognizable by authorities cannot “unreasonably deter recourse to these proceedings.” Such a limitation on the information that can be required minimizes the burden on the applicant who only needs to supply “information that may reasonably expected to be within the right holder’s knowledge.” These additional clauses, not found under the TRIPS Agreement, reduces any potential burden on the applicant making it easier for a right holder to comply with the requirements that he provide sufficient information to the competent authorities.

The TPP proposal also creates an obligation that the application remain in force for the lesser of “a period of not less than one year from the date of application” or the period of the copyright protection or trademark registration validity. This requirement is not found under TRIPS which leaves to member states and their authorities to determine the appropriate period for such an application to remain in force.

Article 14.2 of the United States proposal for the TPP could potentially reduce the level of security a member state may require an applicant to provide under TRIPS. While TRIPS simply states that authorities may require provision of security or equivalent assurance, the United States proposal qualifies the security as “reasonable.”

Article 14.3 of the United States proposal would require that judicial authorities be given authority to notify the right holder within 30 days of a seizure the names and addresses of consignor, exporter, consignee or importer. Under TRIPS, there is no mandatory obligation to provide judicial authorities with this authority, instead using the permissive language of “may provide” authority to do so. Additionally, TRIPS does not mandate notification within a specified period.

This proposal would also require that authorities have authority to provide the right holder with greater information than that referred to under the TRIPS agreement. For example, while the TPP proposal would give authority to reveal the name and address of the exporter, TRIPS mentions only the consignor, importer and consignee. Additionally, the TPP would provide the authority to give information beyond the names and addresses of those involved in the importation or exportation, including “description of the merchandise . . . and, if known the country of origin of the merchandise.”

B. Ex-Officio Action

Article 14.4 of the United States proposal would create a new mandatory obligation to provide authorities the authority to initiate border measures *ex-officio*, without any complaint or request by the right holder. Article 51 and 58 of the TRIPS Agreement do not require that member states give its authorities *ex-officio* power to use border measures. Instead, TRIPS permits domestic legislation requiring a judicial order for custom authorities to detain or seize goods suspected of copyright or trademark infringement. Requiring the provision of *ex-officio* authority shifts the burden of resources from the right holder to the state and uses the state as an instrument to enforce what are considered private rights. As noted above, the increasing reliance on state

resources to police and enforce the private rights of intellectual property could shift a developing country's limited resources away from more important public interests.

Additionally, the United States proposal is not limited to imported goods, as TRIPS seems to, but instead aggressively expands these measures to include “exported, or in-transit merchandise.” The application of these measures to not just imported, but also exported and in-transit goods would seem to increase the costs on the state in terms of resources because of the expanded scope of potential detentions by the authorities. Even more alarmingly, customs authorities may apply border measures to those goods that are merely in transit and are simply passing through the country. Such products were neither created in the country of transit nor will they be released into the channels of commerce of the country of transit and any infringement would therefore not affect that country. Even where the in-transit merchandise may in fact infringe an intellectual property right of the in-transit country, it may in fact not infringe any rights that exist in the country of export or the country of its final destination. Further, by permitting *ex officio* actions, customs authorities that do not have sufficient training or expertise could overzealously detain shipments, not realizing that the shipments actually contain legitimate goods.

In several highly publicized cases generic medicines were delayed because of in-transit seizures. For example, generic versions of a medicine used to treat high blood pressure that were manufactured in India and being sent to Brazil were detained by Dutch custom authorities.²³ Although the drug was patented in the Netherlands, it was not under patent protection in India or Brazil and the manufacture in India and importation by Brazil were therefore valid and did not infringe on any intellectual property rights.²⁴ Nonetheless, the shipment was returned to India, thereby delaying access to generic medicines.²⁵ Similar seizures have also been reported for abacavir, a retroviral medicine used to treat HIV/AIDS in transit through the Netherlands from India and bound for Nigeria, as well as for a shipment of amoxicillin, an antibiotic medicine that had been manufactured in India and was being imported by Vanatau (a least developed country) but was seized in Germany.²⁶ The medicines in question were all legitimately produced in India and were being legitimately imported, but these seizures delayed access to affordable generic medicines.

These examples illustrate the dangers of placing such authority in the hands of customs officials who are not well trained in the highly specialized intellectual property field and may not be able to make accurate assessments as to whether a shipment infringes intellectual property. They also illustrate the inappropriate nature of applying border measures to in-transit merchandises as they can slow access to important, life-saving drugs.

²³ Dutch Seizure of Generic Drugs Sparks Controversy, ICTSD, Intellectual Property Programme, Vol 13, No. 3 (2009), available at <http://ictsd.org/i/news/bridgesweekly/38841/>.

²⁴ *Id.*

²⁵ *Id.*

²⁶ Don't Trade Our Lives Away, *Briefing Document* (October 2009), <http://donttradeourlivesaway.files.wordpress.com/2011/07/briefing-document-october-20101.pdf>. The seizure of amoxicillin occurred because of a mistaken belief that the shipment infringed a trademark and is therefore highly applicable to the United States TPP proposal which would cover copyrighted and trademarked goods.

Again, the United States uses the standard of “confusingly similar” which, as discussed above, is not the standard used under the TRIPS agreement. This low and confusing standard could result in increased seizures of legitimate goods.

The United States proposal would also remove any requirement that right holder provide *prima facie* evidence of infringement and instead would permit customs authorities to act *ex-officio* for goods merely “suspected” of infringement or bear a “confusing similar” trademark. Article 14.4 of the United States proposal thus raises serious questions concerns that legitimate trade will be hampered, the consequences of which could be devastating as in the case of delaying or denying access to life-saving medicines.

C. Remedies

As noted in the section on civil remedies, *supra*, destruction of infringing goods is not required under TRIPS and alternative means of disposal are permitted. These alternatives can often serve the public interest, such as when donations of the infringing goods are permitted.

Additionally, the TPP proposal by the United States would go beyond TRIPS by eliminating the safeguard provided for the defendant, noting the “right of the defendant to seek review by a judicial authority.” By eliminating this safeguard, the United States once again attempts to shift the balance of the intellectual property system in favor of the right holder, harming the defendant’s right to due process.

Furthermore, Article 14.5 of the United States proposal would not permit any exportation of the infringing goods. TRIPS merely prohibits re-exportation of the infringing goods “in an unaltered state.” There may well be valid reasons to permit re-exportation, where the infringing goods are altered and infringing trademarks, for example, have been removed, but the TPP proposal would eliminate this possibility.

D. De Minimis Exception

Another area where the United States proposal goes beyond what is required by TRIPS occurs in Article 14.7 of the TPP proposal. TRIPS provides for *de minimis* exceptions to border measures, permitting both small quantities “contained in travelers’ personal luggage or sent in small consignments” to be exempted. Article 14.7 of the United States proposal, however, would limit the *de minimis* exception to only those small quantities found in a traveler’s personal luggage. Shipping small quantities of a non-commercial nature would therefore also be subject to border measures. Eliminating this exception could create greater burdens on the state to check even small shipments, rather than just those of commercial nature, wasting important resources.

Chart 3: Special Requirements Related to Border Measures

Special Requirements Related to Border Measures Comparison of U.S. Proposal for TPP (Article 14) and TRIPS (Articles 51-60)			
TPP Article	U.S. TPP Proposed Text	TRIPS	Comment
Suspension of Release by	Each Party shall provide that any right holder initiating procedures	Article 51 Members shall, in	The United States proposal for the TPP expands the scope of goods

<p>Customs Article 14.1</p>	<p>for its competent authorities to suspend release of suspected counterfeit or confusingly similar trademarked goods, or pirated copyright goods[20] into free circulation is required to provide adequate evidence to satisfy the competent authorities that, under the laws of the country of importation, there is prima facie an infringement of the right holder’s intellectual property right and to supply sufficient information that may reasonably be expected to be within the right holder’s knowledge to make the suspected goods reasonably recognizable by its competent authorities. The requirement to provide sufficient information shall not unreasonably deter recourse to these procedures. Each Party shall provide that the application to suspend the release of goods apply to all points of entry to its territory and remain in force for a period of not less than one year from the date of application, or the period that the good is protected by copyright or the relevant trademark registration is valid, whichever is shorter.</p> <p>[20] For purposes of Article 14: (a) counterfeit trademark goods means any goods, including packaging, bearing without authorization a trademark that is identical to the trademark validly registered in respect of such goods, or that cannot be distinguished in its essential aspects from such a trademark, and that thereby infringes the rights of the owner of the trademark in question under the law of the country of importation; and (b) pirated copyright goods means any goods that are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and that are made directly or indirectly from an</p>	<p>conformity with the provisions set out below, adopt procedures[13] to enable a right holder, who has valid grounds for suspecting that the importation of counterfeit trademark or pirated copyright goods[14] may take place, to lodge an application in writing with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods. Members may enable such an application to be made in respect of goods which involve other infringements of intellectual property rights, provided that the requirements of this Section are met. Members may also provide for corresponding procedures concerning the suspension by the customs authorities of the release of infringing goods destined for exportation from their territories.</p> <p>[13] It is understood that there shall be no obligation to apply such procedures to imports of goods put on the market in another country by or with the consent of the right holder, or to goods in transit.</p> <p>[14] For the purposes of this Agreement: (a) "counterfeit trademark goods" shall mean any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights</p>	<p>that can be suspended. TRIPS permits the suspension of suspected “counterfeit trademark or pirated goods” where the right holder has “valid grounds” for his suspension. By contrast, the United States proposal would permit suspension of release of “confusingly similar trademarked goods,” a much more nebulous (and lower) standard than an actual counterfeit trademark. The “confusingly similar” standard may result in legitimate goods being seized, such as in the case of generic drugs.</p> <p>Additionally, the TPP proposal introduces a requirement that the provision of sufficient information “shall not unreasonably deter recourse to these procedures.” This clause could shift the balance in favor of right holders and minimize the information that they must submit in order to have the suspected goods suspended.</p> <p>The TPP proposal creates an obligation that the application “remain in force for a period of not less than one year from the date of application” or the period of the copyright protection or trademark validity. This requirement is not found in TRIPS which leaves it to the member state and its authorities to determine the appropriate period for action.</p> <p>The TPP would also reduce the imposition on the applicant to provide sufficiently detailed information to the customs authorities, qualifying such information as only that which “may reasonably be expected to be within the right holder’s knowledge.”</p>
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	<p>article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation.</p>	<p>of the owner of the trademark in question under the law of the country of importation; (b) "pirated copyright goods" shall mean any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation</p> <p>Article 52 Any right holder initiating the procedures under Article 51 shall be required to provide adequate evidence to satisfy the competent authorities that, under the laws of the country of importation, there is <i>prima facie</i> an infringement of the right holder's intellectual property right and to supply a sufficiently detailed description of the goods to make them readily recognizable by the customs authorities. The competent authorities shall inform the applicant within a reasonable period whether they have accepted the application and, where determined by the competent authorities, the period for which the customs authorities will take action.</p>	
<p>Security or Assurance Article 14.2</p>	<p>Each Party shall provide that its competent authorities shall have the authority to require a right holder initiating procedures to suspend the release of suspected counterfeit or confusingly similar trademark goods, or pirated</p>	<p>Article 53 1. The competent authorities shall have the authority to require an applicant to provide a security or equivalent assurance sufficient to</p>	<p>The TPP proposal could potentially reduce the level of security that a member state may require under TRIPS. TRIPS simply states that authorities may require provision of security or equivalent assurance, whereas the United States proposal</p>

	<p>copyright goods, to provide a reasonable security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse. Each Party shall provide that such security or equivalent assurance shall not unreasonably deter recourse to these procedures. A Party may provide that such security may be in the form of a bond conditioned to hold the importer or owner of the imported merchandise harmless from any loss or damage resulting from any suspension of the release of goods in the even the competent authorities determine that the article is not an infringing good.</p>	<p>protect the defendant and the competent authorities and to prevent abuse. Such security or equivalent assurance shall not unreasonably deter recourse to these procedures.</p> <p>2. Where pursuant to an application under this Section the release of goods involving industrial designs, patents, layout-designs or undisclosed information into free circulation has been suspended by customs authorities on the basis of a decision other than by a judicial or other independent authority, and the period provided for in Article 55 has expired without the granting of provisional relief by the duly empowered authority, and provided that all other conditions for importation have been complied with, the owner, importer, or consignee of such goods shall be entitled to their release on the posting of a security in an amount sufficient to protect the right holder for any infringement. Payment of such security shall not prejudice any other remedy available to the right holder, it being understood that the security shall be released if the right holder fails to pursue the right of action within a reasonable period of time.</p>	<p>for the TPP qualifies the security as “reasonable.” The TPP could result in lowering the security required by applicants.</p>
<p>Notice of Suspension/ Right of Inspection and Information Article 14.3</p>	<p>Where its competent authorities have seized goods that are counterfeit or pirated, a Party shall provide that its competent authorities have the authority to inform the right holder within 30 day [21] of the seizure of the names and addresses of the consignor, exporter, consignee, or importer, a description of the</p>	<p>Article 54 and Article 57 Article 54 The importer and the applicant shall be promptly notified of the suspension of the release of goods according to Article 51.</p> <p>Article 57 Without prejudice to the</p>	<p>The TPP proposal would require parties provide authorities with the authority to notify the right holder within 30 days of a seizure the names and addresses of importers, exporters and other information. By contrast, TRIPS does not require this notification, but simply says that member states “may provide” the authority to do so.</p>

	<p>merchandise, quantity of the merchandise, and, if known the country of origin of the merchandise.</p> <p>[21] For purposes of this Article, “days” shall mean “business days”</p>	<p>protection of confidential information, Members shall provide the competent authorities the authority to give the right holder sufficient opportunity to have any goods detained by the customs authorities inspected in order to substantiate the right holder’s claims. The competent authorities shall also have authority to give the importer an equivalent opportunity to have any such goods inspected. Where a positive determination has been made on the merits of a case, Members may provide the competent authorities the authority to inform the right holder of the names and addresses of the consignor, the importer and the consignee and of the quantity of the goods in question.</p>	<p>Additionally, while TRIPS provides a permissive standard permitting members to provide authority to inform the right holder of names and addresses and the quantity of goods seized, the TPP proposal goes further including the authority to also provide a “description of the merchandise . . . and, if known the country of origin of the merchandise.” It also requires the names and addresses of the exporter whereas TRIPS limits to the consignor, importer and consignee.</p>
<p>Ex-Officio Action Article 14.4</p>	<p>Each Party shall provide that its competent authorities may initiate border measures <i>ex officio</i>[22] with respect to imported, exported, or in-transit merchandise,[23] or merchandise in free trade zones, that is suspected of being counterfeit or confusingly similar trademark goods, or pirated copyright goods.</p> <p>[22] For greater certainty, the parties understand that <i>ex officio</i> action does not require a formal complaint from a private party or right holder.</p> <p>[23] For purposes of Article 14.4, in-transit merchandise means goods under “Customs transit” and goods “transshipped,” as defined in the International Convention on the Simplification and Harmonization of Customs procedures (Kyoto Convention).</p>	<p>Article 58 Where Members require competent authorities to act upon their own initiative and to suspend the release of goods in respect of which they have acquired prima facie evidence that an intellectual property right is being infringed: (a) the competent authorities may at any time seek from the right holder any information that may assist them to exercise these powers; (b) the importer and the right holder shall be promptly notified of the suspension. Where the importer has lodged an appeal against the suspension with the competent authorities, the suspension shall be subject to the conditions, <i>mutatis mutandis</i>, set out at Article</p>	<p>The TPP proposal provides a mandatory obligation that provides authorities with the authority to initiate <i>ex-officio</i> border measures.</p> <p>The TPP proposal would require that authority be given to act <i>ex officio</i> to “imported, exported, or in-transit merchandise.” In-transit merchandise is not mentioned under TRIPS and could result in seizures of goods or merchandise that was legitimately created in the country of export/production and would be legitimate in the country of import/distribution. Such seizures of legitimate goods have been documented, such as in the case of generic medicines.</p> <p>Again, the United States proposal uses the term “confusingly similar” which is not found in TRIPS and is a low standard which could increase the likelihood of seizures of legitimate goods.</p>

		<p>55; (c) Members shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith.</p>	<p>The TPP proposal also removes any requirement that a right holder provide “prima facie evidence” of infringement. Instead, the TPP proposal would permit <i>ex-officio</i> action for those goods merely “suspected” of infringement or, as noted above, that bear a “confusingly similar” trademark.</p>
<p>Duration of Suspension Article 14.5</p>	<p>Each Party shall adopt or maintain a procedure by which its competent authorities shall determine, within a reasonable period of time after the initiation of the procedures described under Article 14.1 whether the suspect goods infringe an intellectual property right. Where a Party provides administrative procedures for the determination of an infringement, it shall also provide its authorities with the authority to impose administrative penalties following a determination that the goods are infringing.</p>	<p>Article 55 If, within a period not exceeding 10 working days after the applicant has been served notice of the suspension, the customs authorities have not been informed that proceedings leading to a decision on the merits of the case have been initiated by a party other than the defendant, or that the duly empowered authority has taken provisional measures prolonging the suspension of the release of the goods, the goods shall be released, provided that all other conditions for importation or exportation have been complied with; in appropriate cases, this time-limit may be extended by another 10 working days. If proceedings leading to a decision on the merits of the case have been initiated, a review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable period, whether these measures shall be modified, revoked or confirmed. Notwithstanding the above, where the suspension of the release of goods is carried out or continued in accordance with a provisional judicial measure, the provisions of</p>	

		paragraph 6 of Article 50 shall apply.	
Remedies Article 14.6	Each Party shall provide that goods that have been determined by its competent authorities to be pirated or counterfeit shall be destroyed, except in exceptional circumstances. In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient to permit the release of the goods into the channels of commerce. In no event shall the competent authorities be authorized, except in exceptional circumstances, to permit the exportation of counterfeit or pirated goods or to permit such goods to be subject to other customs procedures.	Article 59 Without prejudice to other rights of action open to the right holder and subject to the right of the defendant to seek review by a judicial authority , competent authorities shall have the authority to order the destruction or disposal of infringing goods in accordance with the principles set out in Article 46 . In regard to counterfeit trademark goods, the authorities shall not allow the re-exportation of the infringing goods in an unaltered state or subject them to a different customs procedure, other than in exceptional circumstances.	The United States TPP proposal seems to eliminate the use of other methods of disposal other than destruction that exist under Article 46 of TRIPS. The use of such alternative disposal means was reaffirmed by a WTO panel in 2009 and could include donations or even sale in certain cases. Additionally, the TPP proposal by the United States goes beyond TRIPS because it would not permit any exportation of the infringing goods whereas TRIPS merely prohibits the re-exportation if it is in an “unaltered state.” The United States proposal fails to provide the safeguard contained in TRIPS that the defendant has the right to seek review by a judicial authority.
Fees Article 14.7	Where an application fee, merchandise storage fee, or destruction fee is assessed in connection with border measures to enforce an intellectual property right, each Party shall provide that such fee shall not be set at an amount that unreasonably deters recourse to these measures.	No analogous TRIPS provision.	No analogous TRIPS provision.
De Minimis Exception Article 14.8	A Party may exclude from the application of this Article (border measures), small quantities of goods of a non-commercial nature contained in traveler’s personal luggage.	Article 60 Members may exclude from the application of the above provisions small quantities of goods of a non-commercial nature contained in travelers’ personal luggage or sent in small consignments.	The United States TPP proposal removes the additional exception under TRIPS that permits “small consignments” to be exempted. Under TRIPS, one can send or receive small consignments and be exempted from application of border measures. Under the TPP, the <i>de minimis</i> exception would be limited to only those small quantities found in personal luggage.

V. Criminal Enforcement

As noted with respect to border measures in the preceding section, criminal enforcement of intellectual property rights similar shifts the burden of protecting private rights from the right holder to the state. Valuable state resources must thus be allocated to protecting private rights, at the expense of more pressing health, safety or other public interest needs.

The United States proposes TRIPS-plus measures in the criminal enforcement section, increasing the scope of infringements that are subject to criminal penalties and increasing burdens on the state. The United States proposes to impose criminal penalties on infringers in a variety of situations and, in some cases, even absent willful or commercial scale infringement. The United States proposal is highly detailed. In contrast to the single article of TRIPS (Article 61) that covers criminal enforcement, the United States proposal for the TPP includes five separate provisions, each of which includes multiple subparts resulting in almost three pages of text for these measures.

A. Willful Infringement

Article 15.1 of the United States proposal for the TPP sets forth the procedures that apply in the case of willful infringements. The proposal is very prescriptive, defining terms that are intentionally left undefined under the TRIPS agreement. The WTO panel report in 2009 confirmed the right of countries to define the terms under Article 61 of TRIPS, including what constitutes “commercial scale” and that the standard will vary on a case by case basis, depending on the product and market and must be assessed in the context of the domestic market.²⁷

As a result, the United States proposal restricts the policy space reserved for states to determine the most appropriate definition of such terms. While TRIPS does not define “willful trademark counterfeiting or copyright piracy on a commercial scale,” the United States proposal for the TPP provides specific definitions, even resorting to footnotes to further define the very terms it uses in its definition.

One major concern of the definition contained in Article 15.1 of the United States TPP proposal is that it would create criminal liability even for infringements “that have no direct or indirect motivation of financial gain.” Requiring application of criminal penalties even for not-for-profit infringement results is likely to result in a high volume of cases that are subject to criminal liability.

Additionally, the proposal would consider “commercial scale” to include not just those actions that create a commercial advantage, but those that result in “private financial gain.” The term “private financial gain” is further defined in a very broad manner, including “anything of value.” These definitions could greatly expand the scope of infringement cases subject to criminal liability and could go beyond what is traditionally considered “commercial scale” infringement. These broad definitions fail to take into account important distinctions between commercial and

²⁷ WTO Panel Report, DS362: China—Measures Affecting the Protection and Enforcement of Intellectual Property Rights (2009), available at http://www.wto.org/english/tratop_e/dispu_e/362r_e.pdf at ¶7.603-04.

private infringements as well as direct versus indirect financial gain. The definition also does not appear to exclude acts carried out by those acting in good faith.

The United States proposal also state that parties are required to subject willful importation or exportation of infringing goods to criminal penalties. The phrase “commercial scale” is eliminated in reference to importation or exportation, potentially opening up individuals who commit single acts of importation or exportation of infringing goods to criminal liability, a requirement that clearly goes beyond the requirements of the TRIPS agreement.

B. Absent Willful Infringement

Article 15.2 of the United States TPP proposal removes any requirement that an infringement of violation be willful in order for criminal liability to attach and imposes mandatory criminal sanctions for such infringements, clearly going beyond the requirements mandated by Article 61 of TRIPS.

Again, the United States proposal is very detailed and would require criminal procedures and penalties where trademarks are merely “likely to cause confusion” rather than requiring an identical mark. This standard, as noted in the sections on civil enforcement and border measures (regarding the phrase “confusingly similar”) will result in a greater scope of cases being liable for enforcement remedies. A “likely to cause confusion” standard is a lower threshold to meet and could be particularly concerning with regard to generic medicines because manufacturers, as part of their legitimate business and without any intention to deceive customers, use labels or warnings that are similar to the brand name product.

C. Motion Pictures and Audiovisual Works

Article 15.3 of the United States proposal would criminalize any person who knowingly uses an audiovisual recording device to transmit or copy a motion picture or audiovisual work while in a public exhibition facility. Although there is no true analogous provision in the TRIPS agreement which only provides for criminal penalties in willful trademark counterfeiting or copyright on a commercial scale, the standard used in Article 15.3 reduces the *mens rea* standard from “willfully” to “knowingly.” Additionally, any requirement that such infringement occur on a commercial scale is removed.

D. Aiding and Abetting

The United States proposal adds a requirement that criminal sanctions be made available for aiding and abetting. The TRIPS agreement does not require criminal liability for aiding and abetting, reducing the policy space of parties to determine what acts should be criminalized under their domestic laws. Such a provision was actually considered by the United States Congress, but ultimately rejected and does not appear in the United States Copyright Act. Criminal law is generally an area reserved for domestic policymaking and Article 15.4 of the United States TPPA proposal intrudes on a state’s ability to determine appropriate criminal laws and procedures. Furthermore, by requiring that criminal sanctions be made available the scope

of cases where criminal procedures apply is again increased, potentially resulting in further burdens on the state.

E. Remedies

Article 15.5 of the United States proposal lays out the remedies or penalties available through criminal enforcement. Article 15.5(a) of the TPP proposal requires parties to provide penalties that include “sentences of imprisonment as well as monetary fines sufficiently high to provide a deterrent to future infringements.” This proposed text goes beyond the requirements of TRIPS which does not require a state to provide both imprisonment and monetary fines, but instead uses the language “and/or.” Furthermore, Article 61 of the TRIPS agreement notes that while monetary fines should be “sufficient to provide a deterrent,” TRIPS also notes that such penalties should be “consistently with the level of penalties applied for crimes of a corresponding gravity.” TRIPS thus includes a safeguard that penalties for intellectual property infringement should be consistent with those of corresponding gravity. The United States proposal could, therefore, result in criminal sanctions disproportionately high when compared to other crimes. Additionally, the United States proposal goes on to “encourage” that these penalties be applied, “including the imposition of actual terms of infringement” in the cases of commercial advantage or private financial gain. The TPP text proposed by the United States would thus heighten criminal penalties, eliminate the ability of each state to determine for itself whether it would prefer to provide only one form of penalty (either monetary fines or imprisonment) or both, and remove the safeguard contained under TRIPS.

Article 15.5(b) of the United States proposal would require parties provide judicial authorities with authority to order seizure of goods and related materials or implements used in the infringement, assets traceable to the infringing activity and relevant documentary evidence. Under the TRIPS agreement, remedies of seizure, forfeiture and destruction are available “in appropriate cases,” a qualification that is absent from the United States proposal. Additionally, the United States proposal is more expansive than Article 61 of the TRIPS agreement because it permits authorities to order seizure of assets traceable to the infringing activity as well as documentary evidence. Article 15.5(c) goes a step further, ordering that assets traceable to infringing activity be ordered, rather than just giving judicial authorities the authority to order, in cases of trademark counterfeiting. Further, TRIPS provides for seizure of materials and implements “the predominant use of which” was used in infringement whereas the United States proposal appears to require seizure of such materials that were merely used, even tangentially, to the commission of the infringement. The scope of goods, materials, and implements subject to the order of seizure also expands beyond what is required under TRIPS which mandates only seizure of actual infringing goods, rather than those merely “suspected” of infringement.

Article 15.5(d) of the United States proposal further provides that judicial authorities shall order the forfeiture and destruction of infringing pirated or counterfeit goods and materials and implements used in the creation of such goods, “except in exceptional circumstances.” This provision, like the other subparagraphs to Article 15.5, go beyond the TRIPS agreement by omitting the safeguard that such remedies should be available in “appropriate cases.” Here, the United States proposal would expand the occasion for such remedies by requiring application of such orders “except in exceptional circumstances.” Further, the United States proposal requires

judicial authorities to order this remedy rather than merely making such remedies available. Again, the United States proposal removes the phrase “predominant use,” that is found in Article 61 of TRIPS, thereby increasing the scope of materials and implements that can be ordered forfeited or destroyed.

Article 15.5(e)-(g) of the United States proposal have no analogous provisions in TRIPS and such remedies are not required under the international standards of TRIPS. The United States proposal would introduce authority to order seizure or forfeiture of assets, including where the assets are obtained indirectly from infringing activity. It would also require judicial authorities to keep an inventory of goods or materials proposed to be destroyed and have the authority to exempt these materials from destruction upon notice by the right holder that it wishes to bring a civil case. The final article proposed by the United States with respect to criminal enforcement would provide authorities with the power to initiate action *ex officio*, without need for formal complaint by the right holder. These three provisions are not required under the TRIPS agreement and could have negative impacts, including greater reliance on state resources to enforce private rights. Inequities could also result where asset forfeiture is ordered even where the assets are not directly attributable to the infringing activity; such forfeiture is often implicated in cases of money laundering but can result in overly high levels of punishment to the defendant, particularly when there was no intention to launder money but where funds or profits are comingled between legitimate business and that related to copyright or trademark infringement.

Chart 4: Criminal Enforcement

Criminal Enforcement			
Comparison of U.S. Proposal for TPP (Article 15) and TRIPS (Article 61)			
TPP Article	U.S. TPP Proposed Text	TRIPS	Comment
Willful Infringement Article 15.1	Each Party shall provide for criminal procedures and penalties to be applied at least in case of willful trademark counterfeiting or copyright or related rights piracy on a commercial scale. Willful copyright or related rights piracy on a commercial scale includes: (a) significant willful copyright or related rights infringements that have no direct or indirect motivation of financial gain; and (b) willful infringements for purposes of commercial advantage or private financial gain.[24] Each Party shall treat willful importation or exportation of counterfeit or pirated goods as unlawful activities subject to criminal penalties.[25] [24] For greater certainty, “financial gain” for purposes of	Article 61 Members shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale. [...] Members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed willfully and on a commercial scale.	The United States proposal for the TPP is very prescriptive and defines terms that are left undefined under TRIPS thereby undermining the ability and autonomy of states to determine the most appropriate definition of such terms. Under TRIPS, criminal procedures are provided for “willful trademark counterfeiting or copyright piracy on a commercial scale.” However, these terms are left undefined under TRIPS. The United States seeks to eliminate the ability for states to determine for themselves the most appropriate definition of these terms, and instead provides the definition of these terms and even uses footnotes to further define the very terms in the definition. The WTO panel decision from 2009 confirms that member states do retain policy space to define such terms in light of domestic considerations. The definition

	<p>this Article includes the receipt or expectation of anything of value. [25] A Party may comply with this obligation in relation to exportation of pirated goods through its measures concerning distribution.</p>		<p>proposed by the United States would create criminal liability even for not-for-profit infringement as it includes even those infringements that “have no direct or indirect motivation of financial gain.”</p> <p>Notably, the proposal would also consider “commercial scale” not just those actions that create commercial advantage, but also those that result in “private financial gain.” The definition of “private financial gain” is very broad and includes “anything of value.” These definitions could greatly expand the types of infringement that create criminal liability and tends to go beyond what is traditionally considered “commercial scale” infringement.</p> <p>The United States proposal also state that parties are required to subject willful importation or exportation of infringing goods to criminal penalties. Any requirement that such importation or exportation be done on a commercial scale is not included, thereby potentially opening up individuals who commit single acts of importation or exportation of an infringing good to criminal liability, a requirement that does not exist under TRIPS.</p> <p>The United States proposal also expands liability to related rights piracy, rather than just copyright.</p>
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<p>Absent Willful Infringement Article 15.2</p>	<p>Each Party shall also provide for criminal procedures and penalties to be applied, even absent willful trademark counterfeiting or copyright or related rights piracy, at least in cases of knowing trafficking in:</p> <p>(a) labels or packaging, of any type or nature, to which a counterfeit trademark[26] has been applied, the use of which is likely to cause confusion, to cause mistake, or to deceive; and</p> <p>(b) counterfeit or illicit labels[27] affixed to, enclosing, or accompanying, or designed to be affixed to, enclose, or accompany the following:</p> <p>(i) a phonogram,</p> <p>(ii) a copy of a computer program or a literary work,</p> <p>(iii) a copy of a motion picture or other audiovisual work,</p> <p>(iv) documentation or packaging for such items; and</p> <p>[26] Negotiator’s Note: For greater certainty, the definition of “counterfeit trademark goods” in footnote [12] shall be used as context for this Article.</p> <p>[27] For purposes of this Article, “illicit label” means a genuine certificate, licensing document, registration card, or similar labeling component:</p> <p>(A) that is used by the copyright owner to verify that a phonogram, a copy of a computer program or literary work, a copy of a motion picture or other audiovisual work, or documentation or packaging for such phonogram or copies is not counterfeit or infringing of any copyright; and</p> <p>(B) that is, without the authorization of the copyright owner—</p> <p>(i) distributed or intended for distribution not in connection with the phonogram or copies to which such labeling component was intended to be affixed by the respective copyright owner; or</p> <p>(ii) in connection with a genuine certificate or licensing document, knowingly falsified in order to designate a higher number of licensed users or copies than</p>	<p>Article 61</p> <p>Members shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale.</p> <p>[...]</p> <p>Members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed willfully and on a commercial scale.</p>	<p>Here, the United States proposal removes any requirement that an infringement or violation be willful in order for criminal liability to attach and imposes mandatory criminal sanctions even where there is no willful infringement. TRIPS only mandates criminal procedures be applied in willful cases. While criminal penalties may be applied in other cases, such application is not mandatory under TRIPS.</p> <p>Additionally, the United States proposal is again very prescriptive and mandates criminal procedures and penalties even where “willful” infringement is absent and a trademark is merely “likely to cause confusion.” This proposal is clearly a TRIPS-plus measure that greatly expands the scope of criminal liability.</p>
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<p>Motion Picture/ Audiovisual Works Article 15.3</p>	<p>Each Party shall also provide for criminal procedures and penalties to be applied against any person who, without authorization of the holder of copyright or related rights in a motion picture or other audiovisual work, knowingly uses or attempts to use an audiovisual recording device to transmit or make a copy of a motion picture or other audiovisual work, or any part thereof, from a performance of such work in a public motion picture exhibition facility.</p>	<p>Article 61 Members shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale. [...] Members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed willfully and on a commercial scale.</p>	<p>There is no true analogous provision in TRIPS which only provides for criminal penalties in willful trademark counterfeiting or copyright piracy on a commercial scale. TRIPS is permissive as to criminal procedures and penalties in other infringement cases. Here, the standard is reduced from “willfully” to “knowingly,” a lower standard and does not require commercial scale infringement.</p>
<p>Aiding and Abetting Article 15.4</p>	<p>With respect to the offenses for which this Article requires the Parties to provide for criminal procedures and penalties, Parties shall ensure that criminal liability for aiding and abetting is available under its law.</p>	<p>No analogous TRIPS provision.</p>	<p>Criminal procedures/penalties is not required for aiding and abetting under TRIPS. Mandating such procedures for aiding and abetting reduces the policy space of parties to the agreement to determine for themselves what acts should be criminalized. Such a provision was considered by the United States Congress and ultimately rejected and does not even appear in the United States Copyright Act.</p>
<p>Remedies Article 15.5</p>	<p>With respect to the offenses described in Article 15.[1]-[4] above, each Party shall provide: (a) penalties that include sentences of imprisonment as well as monetary fines sufficiently high to provide a deterrent to future infringements, consistent with a policy of removing the infringer’s monetary incentive. Each Party shall further establish policies or guidelines that encourage judicial authorities to impose those penalties at levels sufficient to provide a deterrent to future infringements, including the imposition of actual terms of imprisonment when criminal infringement is undertaken for commercial advantage or private financial gain;</p>	<p>Article 61 [...] Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. [...]</p>	<p>The United States proposal would mandate criminal penalties of imprisonment “as well as” monetary fines whereas TRIPS permits countries to make a choice to make both penalties available, or just one. For example, under TRIPS, a member state may impose criminal penalties solely of monetary fines and could elect not to make intellectual property infringement an offense punishable by jail time. The TPP proposal by the United States restricts a state’s ability to determine for itself what criminal penalties to make available. Furthermore, the United States proposal goes on to “encourage” the imposition of “actual terms of imprisonment.” Thus, not only are these penalties to be made available, but application may actually be encouraged. Additionally, the United States</p>

		proposal for the TPP omits the TRIPS language regarding penalties being consistent with the levels of penalties for “crimes of a corresponding gravity.” The United States proposal could therefore result in criminal sanctions that are disproportionately high for intellectual property infringement relative to other crimes.
(b) that its judicial authorities shall have the authority to order the seizure of suspected counterfeit or pirated goods, any related materials and implements used in the commission of the offense, any assets traceable to the infringing activity, and any documentary evidence relevant to the offense. Each Party shall provide that items that are subject to seizure pursuant to any such judicial order need not be individually identified so long as they fall within general categories specified in the order;	Article 61 [...] In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. [...]	This proposal goes beyond what is required by TRIPS because TRIPS would require only the seizure, forfeiture or destruction of those materials or implements which have been “predominant[ly] use[d]” in the infringement whereas the United States proposal would require seizure of such materials that were merely used, omitting the word “predominant.” Under the United States proposal for the TPP, seizure would be permitted for goods that are merely “suspected” of infringement whereas TRIPS mandates only seizure of actual infringing goods. The United States proposal would also mandate the seizure of any assets traceable to the infringement and documentary evidence, neither of which are mandated under TRIPS.
(c) that its judicial authorities shall have the authority to order, among other measures, the forfeiture of any assets traceable to the infringing activity, and shall order such forfeiture at least in cases of trademark counterfeiting;	No analogous provision.	Not required by TRIPS.
(d) that its judicial authorities shall, except in exceptional cases, order (i) the forfeiture and destruction of all counterfeit or pirated goods, and any articles consisting of a counterfeit mark; and (ii) the forfeiture or destruction of materials and implements that have been used in the creation of pirated or counterfeit goods. Each Party shall further provide that forfeiture and destruction	Article 61 [...] In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. [...]	The United States proposal again expand the scope of cases where such penalties are applied. Here, the proposal for the TPP states that forfeiture and destruction of infringing copyright or trademark goods or the materials and implements that have been used in infringement shall be ordered “except in exceptional cases.” TRIPS only requires seizure, forfeiture and destruction “in appropriate cases” which is likely to

	<p>under this subparagraph and subparagraph (c) shall occur without compensation of any kind to the defendant;</p>		<p>result in fewer cases than the standard proposed by the United States. Furthermore, the United States proposal omits the phrase “predominant use” that is used in TRIPS Article 61, thereby increasing the scope of implements and materials that can be ordered forfeited or destroyed.</p>
	<p>(e) that its judicial authorities have the authority to order the seizure or forfeiture of assets the value of which corresponds to that of the assets derived from, or obtained directly or indirectly through, the infringing activity.</p>	<p>No analogous provision.</p>	<p>Not required by TRIPS.</p>
	<p>(f) that, in criminal cases, its judicial or other competent authorities shall keep an inventory of goods and other material proposed to be destroyed, and shall have the authority temporarily to exempt such materials from the destruction order to facilitate the preservation of evidence upon notice by the right holder that it wishes to bring a civil or administrative case for damages; and</p>	<p>No analogous provision.</p>	<p>Not required by TRIPS.</p>
	<p>(g) that its authorities may initiate legal action <i>ex officio</i> with respect to the offenses described in this Chapter, without the need for a formal complaint by a private party or right holder.</p>	<p>No analogous provision.</p>	<p>Not required by TRIPS. This provision is of concern because there is no need for formal complaint by the right holder for the state to initiate criminal proceedings against an alleged infringer.</p>

VI. Special Measures Relating to Enforcement in the Digital Environment

The United States proposal for the TPP includes extensive provisions related to enforcement of intellectual property rights in the digital environment, with several pages of text dedicated to the liability of internet service providers (ISPs). Much of the text of the United States proposal for Article 16 of the TPP is based on a portion of the Digital Millennium Copyright Act (DMCA), a controversial law in the United States. The United States proposal provides that the enforcement procedures contained in Articles 12 and 15 of the proposed TPP text (including civil and criminal enforcement) are available for infringement taking place in the digital environment.

Article 16 of the United States proposal is based on the section of the DMCA that provides ISPs “safe harbor” from liability for certain functions, provided that they adhere to certain procedures and conditions. The detailed proposal by the United States leaves little flexibility for parties to the TPP, instead imposing a one-size-fits-all model. Numerous concerns exist, particularly for developing countries, as the United States would create a very broad definition of an ISP and proposes a system ripe for abuse, which may result in high costs for ISPs.

Notably, liability for ISPs is not required under the TRIPS Agreement as such liability would result from secondary liability²⁸ because the ISP is not the one actually infringing or posting infringing content, but rather it is the user that does so. The ISP merely hosts the content or provides access to potentially infringing content.

A. Expansive Definition of “Service Provider”

Although Article 16 of the United States proposal is based on the DMCA, the TPP seeks an even broader definition of “service provider,” potentially opening up even individuals for liability. Article 16.3(b)(xii) expands the definition of a “service provider” to cover any “provider of transmissions, routing, or connections.” The type of “provider” is not qualified by the language of the United States proposal or limited to entities, and therefore could potentially require individuals to comply with safe harbor provisions or risk liability.²⁹ This extremely broad definition poses risks for individuals providing internet service to family members in their own homes and could require individuals to comply with the cumbersome safe harbor procedures in order to escape liability.

²⁸ See Sanya Reid Smith, INTELLECTUAL PROPERTY IN FREE TRADE AGREEMENTS, Third World Network (2008), note 73 and accompanying text (“This is because TRIPS does not require secondary liability or temporary reproductions to be copyrightable. The only provision of TRIPS that could possibly be used to require secondary liability is Art. 41.1 ‘effective action against any act of infringement’. However this does not require secondary liability laws and major WTO members do not allow secondary liability (http://www.eff.org/IP/P2P/MGM_v_Grokster/20050301_sharman.pdf) and yet have not been sued by the USA for failure to comply...”)

²⁹ Compare Article 16.3(b)(xii) of the leaked TPP text with DMCA Article 512(k)(1)(A). The DMCA qualifies the term “service provider” as meaning “an entity” rather than an individual. See Krista Cox, *Inconsistencies Between the U.S. Proposal for the IP Chapter of the TPPA and U.S. Law*, KNOWLEDGE ECOLOGY INTERNATIONAL (2011), available at http://keionline.org/sites/default/files/TPPA_USplus_30Aug2011.pdf.

B. Impact on Universities

Article 16.3(b) of the United States proposal provides for limitation on damages against ISPs who comply with the procedures laid out in Article 16 and therefore enjoy safe harbor. One limitation that is notably absent from the United States proposal, however, is a limitation relating to online material for nonprofit educational institutions. The DMCA, recognizing that universities, which often provide computer and internet access to its faculties, employees and students, can be considered an internet service provider, includes a specific limitation for the benefit of nonprofit educational institutions.³⁰ Universities may therefore be opened to greater liability than current exists in the United States because, potentially, they will not benefit from the same limitations that exist under the DMCA.

C. Notice and Takedown

One significant component to the United States proposal requires a “notice-and-takedown” system. Articles 16.3(b)(iv)(D), for example, conditions safe harbor on a service provider “expeditiously removing or disabling access, on receipt of an effective notification of claimed infringement, to cached material that has been removed or access to which has been disabled at the originating site.” 16.3(b)(v)(B) similarly conditions the limitation of liability on the ISP “expeditiously removing or disabling access to the material residing on its system or network on obtaining actual knowledge of the infringement or becoming aware of acts or circumstances from which the infringement was apparent, such as through effective notification of claimed infringement in accordance with clause (ix).”

This notice-and-takedown system has come under criticism because of abuses including the impacts it has had on free speech, flawed takedowns for content that did not constitute copyright infringement, or inappropriate use targeted at a competitor.

Reports that the notice-and-takedown system has resulted in curtailment of free speech, including the removal of campaign ads in the 2008 and 2012 presidential elections have been widespread.³¹ A 2006 study of the notice-and-takedown system under the DMCA found that thirty percent of notices were directed at claims that presented clear questions for a court to decide, including where the infringing material could constitute fair use or the claimed infringement covered material not under copyright protection.³² Additionally, the study performed a review of notices sent to Google and found that fifty-five percent of notices were sent by businesses and targeted at competitors, including requests to remove links to their competitors.³³

Some of the takedown requests are so egregious or abusive that ISPs refuse to comply. Google, for example, has highlighted some abusive requests including: a United States reporting organization working on behalf of a major movie studio twice requested removal of a movie

³⁰ *Id.* at 25-26.

³¹ <http://arstechnica.com/tech-policy/2012/07/major-label-uses-dmca-to-take-down-romney-ad-of-obama-crooning/>

³² Jennifer M. Urban & Laura Quilter, *Efficient Process or “Chilling Effects”?* *Takedown Notices Under Section 512 of the Digital Millennium Copyright Act* (2006), 622 *Santa Clara Computer & High Tech. L.J.* (2006).

³³ *Id.* at 655.

review hosted on a major newspaper website; an entity requested removal of competitor's homepage from the search function because the competitor copied an alphabetized list of cities and regions where services were offered; request of removal of search results that included a link to court proceedings on the ground that the individual's name was copyrightable; an employer requested the removal of search results that included its employee's blog posts regarding unfair or unjust treatment.³⁴ Other ISPs have also reported abuses in requests for takedown, including a small ISP reporting that in 2003, all of the 20,000 notices it received were invalid or another ISP that received 30,000 notices from January to April 2004 but only two were legitimate.³⁵

Although Google makes efforts to deny requests that are obviously abusive, it still complied with 97% of requests including those that left a question for a court to determine. High increases in takedown requests being submitted could result in an increasingly cumbersome and costly process for Google to determine whether it should comply. Google has reported that takedown requests have skyrocketed over the past year and continue to rise. In May 2012, the company noted that the number of requests per week was up to more than 250,000, a figure higher than the total number of requests for takedown submitted in the entire calendar year of 2009. As of October 2, 2012, Google reported that it had received 6.8 million requests that specific URLs be removed in a single one-month period, or about 1.7 million requests each week.³⁶ In other words, in just a little over four months, Google saw a more than six-fold increase in requests of takedown.

Additionally, some ISPs are hesitant to comb through the requests and make determinations themselves as to whether a takedown notice is valid as an incorrect determination could result in the loss of safe harbor. In 2008, the Chief Counsel of YouTube, Zahava Levine, responded to assertions that it improperly took down campaign ads and noted that determining fair use claims is difficult and risky for YouTube and it did not want to risk losing its safe harbor. Such determinations take time and money and even if it were willing to put in such resources, YouTube did not want to risk liability. It is therefore easier for ISPs to simply remove content or disable URLs, complying with the takedown request even where such requests are completely invalid.

Systems to protect against online infringement exist outside the notice-and-takedown procedure implemented and proposed by the United States. For example, Canada developed a "notice-and-notice" system that would only require the ISP to forward a notice of takedown request from the right holder to the user. It would then be up to the alleged infringer to determine for himself whether to remove the allegedly infringing content or to risk being sued. A notice-and-notice system effectively shifts the burden to the alleged infringer to make a determination as to whether his content is indeed infringing and, if the alleged infringing material remains online, to the right holder to pursue additional action. The costs are then born by the right holder and the internet user, rather than on the internet service provider. Such procedures would eliminate extra-judicial injunctions and provide greater due process for the internet user whose material may in fact not be infringing.

³⁴ <http://www.google.com/transparencyreport/removals/copyright/faq/>

³⁵ Smith, *supra* note 28, at notes 145-148 and accompanying text.

³⁶ <http://www.google.com/transparencyreport/removals/copyright/> (last visited Oct. 2, 2012).

The Chilean system implements notice-and-takedown, but does so in a way that is more balanced and fair to the user than the United States system. In Chile, an ISP may disable a URL or block access to content, but only after a judicial order thereby providing the user with due process and eliminating extra-judicial injunctions. However, this system could be under threat as some members of the United States Congress have argued that the Chilean method for implementing notice-and-takedown violates the US-Chile Free Trade Agreement³⁷ which includes provisions similar to (though less aggressive) the United States proposal for the TPP.

D. Termination of Accounts of Repeat Infringers

Article 16.3(b)(vi)(A) of the United States proposal requires that ISPs “adopt[] and reasonably implement[] a policy that provides for termination in appropriate circumstances of the accounts of repeat infringers.” Such a provision may result in legislation in the model of the highly controversial “three-strikes” rule that completely disconnects a user from the internet.³⁸ Terminating repeat infringers may tread on human rights by cutting off users from accessing essential information.³⁹

VII. Conclusion

The United States proposals for the TPP with regard to enforcement of intellectual property rights are highly aggressive, going far beyond the requirements of TRIPS. These proposals create mandatory obligations where the TRIPS agreement merely uses permissive language and would require action by authorities in TPP parties where TRIPS permits greater discretion of judicial or customs authorities. These enforcement proposals not only create an unbalanced intellectual property system that shifts the balance of power far to the side of right holders, potentially limiting access to information or knowledge, but also shift the burden of enforcing private rights from the private right holder to the state. Such a result can have particularly strong consequences for developing countries which may be forced to use greater resources to the enforcement of private rights, denying the use of resources for potentially more important public interests such as safety or health concerns.

³⁷ Letter of Senator Hatch to Ambassador Kirk (Feb. 16, 2012), *available at* <http://infojustice.org/wp-content/uploads/2012/03/hatch02162012.pdf>

³⁸ The Special Rapporteur on the right to freedom of opinion and expression recommends against laws that result in complete termination of a user from accessing the internet. Report of the Special Rapporteur on the right to freedom of opinion and expression, A/HRC/17/27 (May 2011), at ¶78-79, *available at* http://www2.ohchr.org/english/bodies/hrcouncil/docs/17session/A.HRC.17.27_en.pdf. (Finding that “cutting off users from Internet access, regardless of the justification provided, including on the grounds of violating intellectual property rights law, to be disproportionate and thus a violation of article 19, paragraph 3, of the International Covenant on Civil and Political Rights. The Special Rapporteur calls upon all States to ensure that Internet access is maintained at all times, including during times of political unrest. In particular, the Special Rapporteur urges States to repeal or amend existing intellectual copyright laws which permit users to be disconnected from Internet access, and to refrain from adopting such laws.”)

³⁹ *Id.*