KEI TPP Briefing Note: Conflicts with US legal norms and TPP Article QQ.H.4: {Civil Procedures and Remedies / Civil and Administrative Procedures and Remedies} *(*based upon May 11, 2015 TPP negotiating text.*

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	(a) TPP provisions from Article QQ.H.4 1*	(b) Conflicts with Orphan Works Proposals	(c) Conflicts with other US laws
1	1. Each Party shall ensure that enforcement procedures as specified in this section, are available under its law[197] so as to permit effective action against any act of infringement of intellectual property rights covered by this Chapter, including expeditious remedies to infringements and remedies which constitute a deterrent to future infringements. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.[198] [197] For greater certainty, “law” is not limited to legislation. [198] For greater certainty, each Party confirms that it makes such remedies available, subject to TRIPS Article 44 and the provisions of this Agreement, with respect to enterprises, regardless of whether the enterprises are private or state owned.	**Register Report** The Register Report acknowledges that state institutions are not subject to money damages for copyright infringement. The Register’s proposed legislation reduces damages and restricts injunctions and other remedies in order to promote infringement, including in some cases for the life of the copyright after an owner is identified.	1. Test data. The United States does not provide for monetary damages for infringements of test data on pharmaceutical or biologic drugs.
2	2. Each Party shall provide[208] that in civil judicial proceedings its judicial authorities have the authority at least 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	**1. Register report, Page 63** d. Limitation on Remedies i. Monetary Relief: “Reasonable Compensation” Where a user satisfies the eligibility requirements of the orphan works legislation, monetary relief is limited to "reasonable compensation." Neither	1. **State Sovereign immunity.** Under the 11th Amendment to the US Constitution, state institutions, including state universities, are not liable for monetary damages under federal intellectual property laws,including copyright, patent, trademark, and plant protection laws. *Florida Prepaid v. College Savings Bank*, 119 S.Ct. 2199 (1999), and the companion trademark case: *College Savings Bank v. Florida Prepaid*, 119 S.Ct. 2199 (1999). For copyright cases: *Chavez v. Arte Publico Press*, et al., 204 F.3d 601 (5th Cir. 2000); *Coyle v. Univ. of*

	with reasonable grounds to know, engaged in infringing activity.[209] 4. In determining the amount of damages under paragraph 2, its judicial authorities shall have the authority consider, inter alia, any legitimate measures of value the right holder submits, which may include lost profits, the value of the infringed goods or services measured by the market price, or the suggested retail price. [208] A Party may also provide that the right holder may not be entitled to any of the remedies set out in 2, 3 and 8 in the case of a finding of non-use of a trademark. It is understood that there is no obligation for a Party to provide for the possibility of the remedies in 2, 3, 7 and 8 to be ordered in parallel. [209] Negotiator's note: US is withdrawing reasonable royalties for patent infringement ad ref pending outcome	actual and statutory damages, nor costs or attorney's fees would be available. **2. Register report, Page 64** The proposed orphan works provision specifies that "reasonable compensation" refers to the value that would have been arrived at *immediately before* the infringement began. This wording precludes copyright owners from asserting the amount for which he or she would have licensed the work *ex post* – the owner must prove that similarly situated owners have licensed similar uses for such amount. [fn 268 omitted] **3. Register report, Page 64-65** ii. "Safe Harbor" for Certain Nonprofit Institutions and Uses The proposed legislation would further limit remedies where certain eligible users make specific noncommercial uses of orphan works, by providing an additional safe harbor against liability for those users. Eligible entities (nonprofit educational institutions, museums, libraries, archives, and public broadcasters) must prove that the use was primarily for educational, religious, or charitable purposes. If, upon receiving a Notice of Claim of Infringement, and after a good faith investigation of that Notice, such users promptly cease using the infringed work, a court is barred from ordering them to pay even reasonable compensation. Hence, unlike other users, eligible entities can avoid paying damages for past use of an orphan work. Eligible entities also have the option of negotiating reasonable compensation with the owner instead of ceasing their use of the work.	*Kentucky*, 2 F.Supp.3d 1014 (E.D. Ky. 2014); *Issaenko v. Univ. of Minnesota*, et al., 57 F.Supp.3d 985 (D. Minn. 2014); *Perez v. Caballero*, 2014 WL 4215547, No. 14-1276 (D.P.R. Aug. 25, 2014); *Whipple v. Utah*, 2011 WL 4368568, No. 2:10-CV-811-DAK (D. Utah Aug 25, 2011); *Romero v. California Dept. of Transportation*, 2009 WL 650629, No. CV 08–8047 PSG (C.D. Cal. March 12, 2009); *Hairston v. North Carolina Agr. & Technical State Univ.*, 2005 WL 2136923, No. 1:04 CV 1203 (M.D.N.C. Aug. 5, 2005); Christopher L. Beals, *A Review of the State Sovereignty Loophole Following* Florida Prepaid *and* College Savings, 9 U. Pa. J. Const. L. 1233 (2007) (commenting on expansion of state sovereign immunity doctrine post-*Florida Prepaid* to copyright). **2. Biologic drugs** 28 U.S.C. § 271 - Infringement of patent (e)(6)(B) In an action for infringement of a patent described in subparagraph (A), the sole and exclusive remedy that may be granted by a court, upon a finding that the making, using, offering to sell, selling, or importation into the United States of the biological product that is the subject of the action infringed the patent, shall be a reasonable royalty. **3. Performance of medical activity** 35 U.S.C. § 287. Limitation on damages and other remedies; marking and notice (c)(1) With respect to a medical practitioner's performance of a medical activity that constitutes an infringement under section 271(a) or (b) of this title, the provisions of sections 281, 283, 284, and 285 of this title shall not apply against the medical practitioner or against a related health care entity with respect to such medical activity. (2) For the purposes of this subsection: (A) the term ''medical activity'' means the performance of a medical or surgical procedure on a body, but shall not include (i) the use of a patented machine, manufacture, or composition of matter in violation of such patent, (ii) the practice of a patented use of a composition of matter in violation of such patent, or (iii) the practice of a process in violation of a biotechnology patent.

		. . . The Office is convinced that the safe harbor provision is both necessary to prompt nonprofit educational and memory institutions to take advantage of the orphan works provision, and will not harm the creative incentives for professional artists.	(B) the term ‘‘medical practitioner’’ means any natural person who is licensed by a State to provide the medical activity described in subsection (c)(1) or who is acting under the direction of such person in the performance of the medical activity. (C) the term ‘‘related health care entity’’ shall mean an entity with which a medical practitioner has a professional affiliation under which the medical practitioner performs the medical activity, including but not limited to a nursing home, hospital, university, medical school, health maintenance organization, group medical practice, or a medical clinic. **4. Nuclear energy** United States Code, 2013 Edition Title 42 - THE PUBLIC HEALTH AND WELFARE CHAPTER 23 - DEVELOPMENT AND CONTROL OF ATOMIC ENERGY Division A - Atomic Energy SUBCHAPTER XII—PATENTS AND INVENTIONS 42 U.S.C. § 2184. Injunctions; measure of damages No court shall have jurisdiction or power to stay, restrain, or otherwise enjoin the use of any invention or discovery by a patent licensee, to the extent that such use is licensed by section 2183(b) or 2183(e) of this title. If, in any action against such patent licensee, the court shall determine that the defendant is exercising such license, the measure of damages shall be the royalty fee determined pursuant to section 2187(c) of this title, together with such costs, interest, and reasonable attorney's fees as may be fixed by the court. If no royalty fee has been determined, the court shall stay the proceeding until the royalty fee is determined pursuant to section 2187(c) of this title. If any such patent licensee shall fail to pay such royalty fee, the patentee may bring an action in any court of competent jurisdiction for such royalty fee, together with such costs, interest, and reasonable attorney's fees as may be fixed by the court. (Aug. 1, 1946, ch. 724, title I, §154, as added Aug. 30, 1954, ch. 1073, §1, 68 Stat. 946; renumbered title I, Pub. L. 102–486, title IX, §902(a)(8), Oct. 24, 1992, 106 Stat. 2944.)

			§2187. Compensation, awards, and royalties (c) Standards (1) In determining a reasonable royalty fee as provided for in section 2183(b) or 2183(e) of this title, the Commission shall take into consideration (A) the advice of the Patent Compensation Board; (B) any defense, general or special, that might be pleaded by a defendant in an action for infringement; (C) the extent to which, if any, such patent was developed through federally financed research; and (D) the degree of utility, novelty, and importance of the invention or discovery, and may consider the cost to the owner of the patent of developing such invention or discovery or acquiring such patent. (2) In determining what constitutes just compensation as provided for in section 2181 of this title, or in determining the amount of any award under subsection (b)(3) of this section, the Commission shall take into account the considerations set forth in paragraph (1) of this subsection and the actual use of such invention or discovery. Such compensation may be paid by the Commission in periodic payments or in a lump sum. **5. Archivist limitation on liability** 44 U.S.C. United States Code, 2008 Edition Title 44 - PUBLIC PRINTING AND DOCUMENTS CHAPTER 21 - NATIONAL ARCHIVES AND RECORDS ADMINISTRATION Sec. 2117 - Limitation on liability From the U.S. Government Printing Office, www.gpo.gov **44 U.S.C. 2117 Limitation on liability** When letters and other intellectual productions (exclusive of patented material, published works under copyright protection, and unpublished works for which copyright registration has been made) come into the custody or possession of the Archivist, the United States or its agents are not liable for infringement of copyright or analogous rights arising out of use of the materials for display, inspection, research, reproduction, or other purposes. (Pub. L. 90–620, Oct. 22, 1968, 82 Stat. 1291, §2113; Pub. L. 94–553, §105(b), Oct. 19, 1976, 90 Stat. 2599; renumbered §2117 and amended Pub. L. 98–497, title I, §§102(a)(1), 107(a)(7), Oct. 19, 1984, 98 Stat. 2280, 2286.)

			6. Librarian of Congress not subject to damages for certain infringements: Cte: Pub. L. 85-147, Aug. 16, 1957, 71 Stat. 368, as amended by Pub. L. 87-263, Sept. 21, 1961, 75 Stat. 544; Pub. L. 88-299, Apr. 27, 1964, 78 Stat. 183 That the Librarian of Congress is authorized and directed to arrange,index and microfilm the papers of the Presidents of the United States in the collections of the Library of Congress, in order to preserve their contents against destruction by war or other calamity and for the purpose of making them more readily available for study and research to the fullest possible extent consistent with any existing limitations that may have been imposed on the use of or the access to such papers by their donors or by those placing them on deposit with the Library of Congress. Neither the United States nor any officer or employee of the United States shall be liable for damages for infringement of literary property rights by reason of any activity authorized by this Act. **7. Compensation for infringement by the Tennessee Valley Authority** 16 U.S. Code § 831r - Patents; access to Patent and Trademark Office and right to copy patents; compensation to patentees The Corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its constitutional powers, shall have access to the United States Patent and Trademark Office for the purpose of studying, ascertaining, and copying all methods, formula, and scientific information (not including access to pending applications for patents) necessary to enable the Corporation to use and employ the most efficacious and economical process for the production of fixed nitrogen, or any essential ingredient of fertilizer, or any method of improving and cheapening the production of hydroelectric power, and any owner of a patent whose patent rights may have been thus **in any way copied, used, infringed, or employed by the exercise of this authority by the Corporation** shall have as the exclusive remedy a cause of action against the Corporation to be instituted and prosecuted on the equity side of the appropriate district court of the United States, for the recovery of **reasonable compensation** for such infringement. . . **8. Limits on damages for sale of infringing semiconductor chip products**

			This restriction on damages is mandated by Article 37 of the TRIPS Agreement. While the exception applies to an “innocent purchaser”, the limit on damages applies to the sale of stock on hand. So the appropriateness of the limitations, as regards the TPP, depends upon whether or not the sale of stock on hand, after notice of infringement, involves knowing infringing activity. 17 U.S.C. § 907 - Limitation on exclusive rights: innocent infringement (a) Notwithstanding any other provision of this chapter, an innocent purchaser of an infringing semiconductor chip product— (1) shall incur no liability under this chapter with respect to the importation or distribution of units of the infringing semiconductor chip product that occurs before the innocent purchaser has notice of protection with respect to the mask work embodied in the semiconductor chip product; and (2) shall be liable only for a reasonable royalty on each unit of the infringing semiconductor chip product that the innocent purchaser imports or distributes after having notice of protection with respect to the mask work embodied in the semiconductor chip product. (b) The amount of the royalty referred to in subsection (a)(2) shall be determined by the court in a civil action for infringement unless the parties resolve the issue by voluntary negotiation, mediation, or binding arbitration. (c) The immunity of an innocent purchaser from liability referred to in subsection (a)(1) and the limitation of remedies with respect to an innocent purchaser referred to in subsection (a)(2) shall extend to any person who directly or indirectly purchases an infringing semiconductor chip product from an innocent purchaser. (d) The provisions of subsections (a), (b), and (c) apply only with respect to those units of an infringing semiconductor chip product that an innocent purchaser purchased before having notice of protection with respect to the mask work embodied in the semiconductor chip product. . . .

3	3. At least in cases of copyright or related rights infringement and trademark counterfeiting, each Party shall provide that, in civil judicial proceedings, its judicial authorities have the authority to order the infringer, at least as described in paragraph 2, to pay the right holder the infringer's profits that are attributable to the infringement.[210] [210] A Party may comply with this paragraph through presuming those profits to be the damages referred to in paragraph 2	**Register Report, Orphan Works Legislative Language: Key Differences Chart, page 6.** No provision concerning payment of direct profits.	
4	5. Each Party shall provide that its judicial authorities have the authority to order injunctive relief that conforms to the provisions of Article 44 of the TRIPS Agreement, inter alia, to prevent goods that involve the infringement of an intellectual property right under the law of the Party providing such relief from entering into the channels of commerce.	**Register Report, Page 4** Condition injunctive relief for infringement of orphan works by accounting for any harm the relief would cause the infringer due to its reliance on its eligibility for limitations on remedies; Limit the scope of injunctions against the infringement of an orphan work if it is combined with "significant original expression in" into a new work, provided the infringer pays reasonable compensation for past and future uses and provides attribution; Allow a court to impose injunctive relief for the interpolation of an orphan work into a new derivative work, provided the harm to the owner-author is reputational in nature and not otherwise compensable; **Register Report, Pages 67-8** Where users have shown themselves to be acting in good faith by meeting the requirements of a	Limitations on injunctions exist in state sovereign immunity cases, and in several US intellectual property statutes, including, for example: ● State sovereign immunity. ● 9 U.S.C. §1337(l). Unfair practices in import trade ● 15 U.S.C. § 1114 (2) ● 16 U.S.C. § 831r - Patents; access to Patent and Trademark Office and right to copy patents; compensation to patentees ● 17 U.S.C. § 907 - Limitation on exclusive rights: innocent infringement ● 28 U.S.C. § 271 - Infringement of patent ● 28 U.S.C. § 1498 - Patent and Copyright cases ● 42 U.S.C. § 2184. Injunctions; measure of damages

		reasonably diligent search, any injunctive relief, however, should account for the harm caused by users' reliance on the orphan works provision. Thus, the draft legislation would not completely bar injunctive relief in all circumstances: for example, a court could enjoin the further printing or publication of copies of an orphaned work, but permit the retail sale of existing copies.277 And in the case of derivative works created with orphans, the draft legislation significantly limits the availability of injunctive relief. Where a user has created a derivative work containing a "significant amount of original expression," the general provision with respect to injunctive relief, which dates back to the 2006 Orphan Works Report, remains the same in the current draft: a user may, upon paying reasonable compensation to the owner of the work in a reasonably timely manner and providing attribution (where requested), avoid an injunction and continue to prepare and use the new work. A court may determine that payment of a percentage based royalty constitutes reasonable compensation. This provision accounts for the reliance interest of the user, who – based upon a qualifying but unsuccessful search for the copyright owner – may have created a new work that combines the orphan work with his own significant original expression in a way that is effectively impossible to untangle without doing damage to the new work.278 . . . The restriction on the scope of injunctive relief with respect to derivative works applies for the entire term of the copyright in the orphan work. Therefore, a user could continue to use a derivative work for decades despite objections from the owner, as well	

		as enjoy copyright protection for that derivative work.280 The Office acknowledges that, but for the designation of the work as an "orphan," the owner would normally be allowed to seek injunctive relief on the basis that her derivative work rights were being infringed.283 Not allowing such relief in an orphan works situation is particularly difficult, the Office notes, when the owner is also the author of the work, and risks suffering harm that, in the court's view, cannot be remedied by reasonable compensation, such as serious damage to the author's reputation.	
5	7. In civil judicial proceedings, with respect to infringement of copyright or related rights protecting works, phonograms, and performances, each Party shall establish or maintain a system that provides for one or more of the following: (a) preestablished damages, which shall be available upon the election of the right holder; or (b) additional damages[211]. [211] For greater certainty, additional damages may include exemplary or punitive damages.	**Register report, Page 63** d. Limitation on Remedies i. Monetary Relief: "Reasonable Compensation" Where a user satisfies the eligibility requirements of the orphan works legislation, monetary relief is limited to "reasonable compensation."	
6	9. Preestablished damages under paragraphs (7) and (8) shall be set out in an amount that would be sufficient to compensate the right holder for the harm caused by the infringement, and with a view to deterring future infringements.	The Register's proposal is designed to allow continued infringement for derivative works, and allows this continued infringement for the entire term of the copyright in the orphan work.	State sovereign immunity. 15 U.S.C. § 1114 (2) 28 U.S.C. § 1498
7	10. In awarding additional damages under paragraphs (7) and (8), judicial authorities shall have the authority to award such additional damages as they consider appropriate, having regard to all relevant matters, including the nature	See above	State sovereign immunity. 28 U.S.C. § 271 - Infringement of patent

	of the infringing conduct and the need to deter similar infringements in the future.[213] [213] US withdraws ad ref Article QQ.H.4.Y on patents/treble damages pending outcome.		
8	11. Each Party shall provide that its judicial authorities, where appropriate[214], have the authority to order, at the conclusion of civil proceedings concerning infringement of at least copyright or related rights, [US oppose: patents,] and trademarks, that the prevailing party be awarded payment by the losing party of court costs or fees and appropriate attorney's fees, or any other expenses as provided for under that Party's law. [214] [CA propose: For the purposes of this Article, "where appropriate shall not be limited to cases where a party acted in bad faith.]	**Register report, Page 63** d. Limitation on Remedies i. Monetary Relief: "Reasonable Compensation" Where a user satisfies the eligibility requirements of the orphan works legislation, monetary relief is limited to "reasonable compensation." Neither actual and statutory damages, nor costs or attorney's fees would be available.	28 U.S.C. § 1498(b,d,e) (b) Here after, whenever the copyright in any work protected under the copyright laws of the United States shall be infringed by the United States, by a corporation owned or controlled by the United States, or by a contractor, subcontractor, or any person, firm, or corporation acting for the Government and with the authorization or consent of the Government, the exclusive action which may be brought for such infringement shall be an action by the copyright owner against the United States in the Court of Federal Claims for the recovery of his reasonable and entire compensation as damages for such infringement, including the minimum statutory damages as set forth in section 504(c) of title 17, United States Code. . . (d) Hereafter, whenever a plant variety protected by a certificate of plant variety protection under the laws of the United States shall be infringed by the United States, by a corporation owned or controlled by the United States, or by a contractor, subcontractor, or any person, firm, or corporation acting for the Government, and with the authorization and consent of the Government, the exclusive remedy of the owner of such certificate shall be by action against the United States in the Court of Federal Claims for the recovery of his reasonable and entire compensation as damages for such infringement (e) Subsections (b) and (c) of this section apply to exclusive rights in mask works under chapter 9 of title 17, and to exclusive rights in designs under chapter 13 of title 17, to the same extent as such subsections apply to copyrights.
9	12. Each Party shall provide that in civil judicial proceedings: (a) At least with respect to pirated copyright goods and counterfeit trademark goods, each Party shall provide that, in civil judicial proceedings, at the right holder's request, its judicial authorities have the authority to order that such infringing goods be ~~[VN propose, US/JP oppose: disposed of outside the channels of commerce in such a manner to avoid any harm~~	The Register proposal would allow forward look infringements of copyrighted good, through the life of the copyright, when the infringed work was combined with "significant original expression" into a new work, provided the infringer pays reasonable compensation for past and future uses and provides attribution. However, a court could impose injunctive relief for the interpolation of an orphan work into a new derivative work, if and only	

	~~caused to the right holder, or]~~ destroyed, except in exceptional circumstances, without compensation of any sort. [VN propose: Option 1: In cases where such goods are not destroyed, each party shall ensure that, except in exceptional circumstances, such goods are disposed of outside the channels of commerce in such a manner as to avoid any harm to the right holder. Option 2:[215]] ~~(a)~~(b) Each Party shall further provide that its judicial authorities have the authority to order that materials and implements that have been [VN propose, US oppose: predominantly] used in the manufacture or creation of such infringing goods, be, without undue delay and without compensation of any sort, destroyed or disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements.[216] (c) In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional circumstances, to permit the release of goods into the channels of commerce. [215] For greater certainty, destruction of goods, materials or implements referred to in QQ.H.4.12, QQ.H.6.8, QQ.H.7.6(e) may take place in the form of disassembling or deconstruction and not necessarily mean ruin or demolishment; and the destroyed goods still belong to its owner unless they have been confiscated. Furthermore, nothing prevent a Party authorities to order, in state of destruction, distribution of goods for charity purposes.	if the use provided the harm to the owner-author that is reputational in nature and not otherwise compensable;	