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# An Overview and the Evolution of the Anti-Counterfeiting Trade Agreement (ACTA)

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# AN OVERVIEW AND THE EVOLUTION OF THE ANTI-COUNTERFEITING TRADE AGREEMENT (ACTA)

*Margot E. Kaminski*<sup>\*</sup>

I.	INTRODUCTION .....	2
II.	ACTA'S HISTORY AND BACKGROUND .....	3
III.	HOW ACTA CHANGES INTERNATIONAL LAW .....	5
A.	<i>Preamble</i> .....	6
B.	<i>Definitions</i> .....	9
C.	<i>Civil Enforcement</i> .....	10
D.	<i>Border Measures</i> .....	13
E.	<i>Criminal Enforcement</i> .....	18
F.	<i>Enforcement of Intellectual Property Rights in the Digital Environment</i> .....	20
G.	<i>Enforcement Practices</i> .....	23
H.	<i>International Cooperation</i> .....	24
I.	<i>Institutional Arrangements</i> .....	25
J.	<i>Final Provisions</i> .....	26
IV.	ACTA'S EVOLUTION .....	26
A.	<i>Ways in which the December 3 Draft Expands on the April Draft</i> .....	27
1.	Scope of Rights Covered .....	27
2.	Definitions .....	28
B.	<i>Contextualizing Vague Language</i> .....	35
1.	Liability of Government Officials .....	35
2.	Injunctions and Preliminary Measures .....	36
3.	Ex Officio in Border Measures .....	37
4.	Relationships Between Right Holders and Other Businesses .....	37
5.	Circumvention of Technological Measures .....	37
6.	Domestic Coordination and Enforcement .....	38
7.	Sharing Information .....	38
8.	Capacity Building .....	39

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9.	Dispute Resolution .....	39
C.	<i>What Was Cut from the December Draft and Will Come Up in the Future</i>	
	39	
1.	What May Be Mandatory instead of Permissive in Future Agreements .....	40
2.	Criminal Enforcement .....	40
3.	Notice and Takedown .....	41
4.	Other .....	43
V.	CONCLUSION .....	45

## I. INTRODUCTION

The Anti-Counterfeiting Trade Agreement (ACTA), a plurilateral intellectual property agreement developed outside of the World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO), represents an attempt to introduce maximalist intellectual property standards in the international sphere, outside of existing institutional checks and balances. ACTA is primarily a copyright treaty, masquerading as a treaty that addresses dangerous medicines and defective imports. The latest ACTA draft, which is the final text available to the public before the signed text is released,<sup>1</sup> contains significant shifts away from earlier draft language towards more moderate language, although it poses the same institutional problems and many of the same substantive problems as the agreement's earlier incarnations. ACTA will be the new international standard for intellectual property enforcement, and will likely cause legislative changes in countries around the world.

This paper compares the December 3, 2010 Text<sup>2</sup> of the Anti-Counterfeiting Trade Agreement (ACTA) to existing international intellectual property law and to a prior draft of ACTA. This paper (1) outlines the scope of ACTA as it is likely to be signed, and (2) preserves the evolution of ACTA's language for predictive purposes, to better understand the probable parameters of future plurilateral agreements, such as the Trans-Pacific Partnership (TPP) between the United States and other countries, including Australia, Brunei, Chile, Malaysia, New Zealand, and Peru.<sup>3</sup>

ACTA's most significant points of departure from existing international

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Workshop, along with the Yale Information Society Project (ISP).

<sup>1</sup> Kenneth Corbin, *Final ACTA Draft Spares Groups' Worst Fears*, Oct. 11, 2010, [www.internetnews.com/government/article.php/3907641/Final-Acta-Draft-Spares-Groups-Worst-Fears.htm](http://www.internetnews.com/government/article.php/3907641/Final-Acta-Draft-Spares-Groups-Worst-Fears.htm).

<sup>2</sup> Draft of December 3, 2010, *available at* [http://www.ustr.gov/webfm\\_send/2417](http://www.ustr.gov/webfm_send/2417).

<sup>3</sup> *See generally* [www.ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership/tpp-outreach-and-updates](http://www.ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership/tpp-outreach-and-updates).

intellectual property law include: (1) expansive coverage of multiple kinds of IP and changes to the international definitions used in the WTO Agreement on Trade Related Aspects of Intellectual Property Law (TRIPS Agreement); (2) the expansion of what constitutes criminal copyright violations; (3) more stringent border measures; (4) mandating closer cooperation between governments and right holders, threatening privacy and co-opting government resources for private-sector benefit; and (5) the creation of a new international institution (an ACTA “Committee”) to address IP enforcement. These changes indicate a push for standardization around a rights regime that may not be appropriate for all countries, endangering existing institutional processes and legitimacy.

This paper begins by briefly covering the history of ACTA. It then outlines the scope of the most recent draft, comparing it to existing international intellectual property law. It looks at the scope of definitions and coverage of different rights; civil enforcement, including the language on digital enforcement; criminal enforcement; border measures; international cooperation; and institutional arrangements.

The final section then turns to how the language of ACTA has developed. Comparing the current language in ACTA to the language of its previous officially released incarnation in April, 2010 shows the interests that are likely to be raised again in future plurilateral agreements such as the Trans-Pacific Partnership (TPP). Comparisons with the April draft also lend clarity and perspective to the final draft’s vaguer language.

## II. ACTA’S HISTORY AND BACKGROUND

This section briefly covers the history of ACTA to provide context for examining its language.

ACTA arose out of countries’ frustrations with negotiating intellectual property agreements in existing international fora such as the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO).<sup>4</sup> International intellectual property law, insofar as it existed, was initially covered by WIPO, a specialized agency of the United Nations. Countries with maximalist IP agendas pushed to transfer IP from WIPO to the WTO with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) in 1994,<sup>5</sup> but became frustrated with the WTO in

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<sup>4</sup> See generally Margot Kaminski, *Recent Development: The Origins and Potential Impact of the Anti-Counterfeiting Trade Agreement (ACTA)*, 34 YALE J. INT’L L. 247 (2009).

<sup>5</sup> Laurence R. Helfer, *Regime Shifting: The TRIPs Agreement and New Dynamics of International Intellectual Property Lawmaking*, 29 YALE J. INT’L L. 1 (2004).

recent years and began negotiating bilateral agreements outside of the WTO with stronger IP provisions.<sup>6</sup> The international shift of IP law from WIPO to the WTO represented regime shifting by more powerful countries;<sup>7</sup> the shift from the WTO to ACTA, which forms its own international institution in the “ACTA Committee,” evidences the same politics at play.<sup>8</sup>

ACTA first arose as a concept in 2005. Japan announced a proposal for an anti-counterfeiting agreement in late 2005,<sup>9</sup> and the United States proposed a similar agreement in late 2006. In October 2007, the U.S. and Japan announced a more formal joint treaty, joined by Switzerland and the European Community.<sup>10</sup> Nine additional countries participated in informal discussions in the following months, and official negotiations were held in 2008 over the course of meetings in June, July, and October.<sup>11</sup> The final list of countries negotiating ACTA includes: Australia, Austria, Belgium, Bulgaria, Canada, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, the Republic of Korea, Latvia, Lithuania, Luxembourg, Malta, Morocco, the Netherlands, New Zealand, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, the United Kingdom, the United Mexican States, the United States, and the European Union.<sup>12</sup>

Notably, Argentina, Brazil, India, and China—countries who have vested interest in more flexible IP regimes—were not invited to participate in negotiations.

When TRIPS was first introduced, it was seen as an IP-maximalist agreement. It set the first international standards for copyright, trademarks, geographical indications, industrial designs, patents, integrated circuit designs, and trade secrets.<sup>13</sup> TRIPS also included subject material in patent law that had not been internationally standardized, and granted copyright in

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<sup>6</sup> See Peter Drahos, *BITs and BIPs: Bilateralism in Intellectual Property*, 4 J. WORLD INTELL. PROP. 791, 792-807 (2001) (describing the bilateral agreements negotiated by the European Community and the United States with developing country governments as “TRIPS-plus”); Susan K. Sell, *The Global IP Upward Ratchet, Anti-Counterfeiting and Piracy Enforcement Efforts* (June 9, 2008) (unpublished manuscript), available at <http://www.ip-watch.org/files/SusanSellfinalversion.pdf>.

<sup>7</sup> Helfer, *supra* note 5.

<sup>8</sup> Sell, *supra* note 6. See also Kimberlee Weatherall, *ACTA as a New Kind of International Law-Making*, <http://digitalcommons.wcl.american.edu/research/12/>.

<sup>9</sup> Tove Iren S. Gerhardsen, *Japan Proposes New IP Enforcement Treaty*, INTELL. PROP. WATCH, Nov. 15, 2005, <http://www.ip-watch.org/weblog/index.php?p=135>.

<sup>10</sup> Press Release, The Hon. Simon Crean MP, Austl. Minister for Trade, *Australia To Negotiate an Anti-Counterfeiting Trade Agreement (ACTA)* (Feb. 1, 2008), available at [http://www.trademinister.gov.au/releases/2008/sc\\_012.html](http://www.trademinister.gov.au/releases/2008/sc_012.html).

<sup>11</sup> *Id.*

<sup>12</sup> Ch. 6, Art. 6.1, n. 17, p. 23.

<sup>13</sup> INTERNATIONAL INTELLECTUAL PROPERTY: PROBLEMS, CASES, AND MATERIALS 26 (Daniel Chow & Edward Lee eds., 2006).

computer programs, where prior to TRIPS, only twenty countries protected computer programs through copyright.<sup>14</sup>

ACTA builds on the language of TRIPS outside of the context of any institutional checks-and-balances built into the WTO. ACTA was negotiated for the most part among IP-maximalist countries, with incentives to leave other parties out of the negotiations. ACTA is part of an ongoing agenda advanced in bilateral free trade agreements outside of international institutions, pushing toward U.S. IP law, including notice-and-takedown provisions, criminalization measures against copyright infringement, and anticircumvention provisions. This agenda has been referred to by Susan K. Sell as the “TRIPS-Plus-Plus regime.”<sup>15</sup>

The negotiating process for ACTA has been opaque. Despite the fact that negotiations began in 2008, the first available draft of ACTA, dated January 18, 2010, was not leaked until March of 2010.<sup>16</sup> The first official draft of ACTA was not released by the United States until April, 2010.<sup>17</sup> A third draft was leaked in July, 2010.<sup>18</sup> Another draft, dated August 25, 2010, was leaked in September of 2010,<sup>19</sup> and the final available draft was released on December 3, 2010,<sup>20</sup> after a nearly identical consolidated draft was released on October 2, 2010.<sup>21</sup> The December draft is the last that will be made available before the signed text of the agreement is released.<sup>22</sup>

The latest draft of ACTA, as will be discussed at greater length below, is relatively less draconian than previous incarnations. It does, however, still make significant changes to international law.

### III. HOW ACTA CHANGES INTERNATIONAL LAW

The United States has explicitly outlined its goals under the latest draft

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<sup>14</sup> PETER DRAHOS & JOHN BRAITHWAITE, INFORMATION FEUDALISM: WHO OWNS THE KNOWLEDGE ECONOMY? 135, 124, 133 (2002).

<sup>15</sup> Susan K. Sell, *supra* note 6.

<sup>16</sup> ACTA Draft – Jan. 18, 2010, *available at* [euwiki.org/ACTA/Informal\\_Predecisional\\_Deliberative\\_Draft\\_18\\_January\\_2010](http://euwiki.org/ACTA/Informal_Predecisional_Deliberative_Draft_18_January_2010).

<sup>17</sup> Official Consolidated Text – April 21, 2010, *available at* [http://trade.ec.europa.eu/doclib/docs/2010/april/tradoc\\_146029.pdf](http://trade.ec.europa.eu/doclib/docs/2010/april/tradoc_146029.pdf).

<sup>18</sup> ACTA July 2010 draft, *available at* [publicintelligence.net/anti-counterfeiting-trade-agreement-acta-july-2010-draft/](http://publicintelligence.net/anti-counterfeiting-trade-agreement-acta-july-2010-draft/).

<sup>19</sup> ACTA August 2010 draft, *available at* <http://publicintelligence.net/anti-counterfeiting-trade-agreement-acta-august-2010-draft/>.

<sup>20</sup> ACTA - December 3, 2010, *available at* [http://www.ustr.gov/webfm\\_send/2417](http://www.ustr.gov/webfm_send/2417).

<sup>21</sup> Informal Predecisional/Deliberative Draft of October 2, 2010, *available at* [www.ustr.gov/webfm\\_send/2338](http://www.ustr.gov/webfm_send/2338).

<sup>22</sup> See <http://www.ustr.gov/acta> (explaining that this is “the finalized text of the agreement” and “[f]ollowing legal verification of the drafting, the proposed agreement will then be ready to be submitted to the participants’ respective authorities to undertake relevant domestic processes.”).

of ACTA: (1) to enable authorities responsible for enforcing criminal laws to act on their own initiative (*ex officio*); (2) to expose companies that benefit from using pirated products, such as software, to criminal penalties; (3) to create new obligations on the criminal seizure and destruction of infringing goods; (4) to criminalize circumvention of digital security technologies; (5) to “address piracy on digital networks;” and (6) in the arena of civil enforcement, to create damages, provisional measures, recovery of costs and attorney’s fees, and destruction of infringing goods.<sup>23</sup> The December 3 draft accomplishes these desired changes.

On a practical level, ACTA expands international law on civil enforcement, digital enforcement, border measures, and criminal enforcement of IP law. On a thematic level, ACTA evinces the trend towards increased international cooperation over increased enforcement of all intellectual property rights, harnessing government resources to enforce rights held by private companies instead of letting those companies protect rights through civil lawsuits. It is particularly perplexing that during a time of recession, the U.S. government has been so eager to create, and encourage other countries to create, costly mechanisms for the enforcement of what are essentially privately held rights. Some of these means of enforcement, such as restrictions on technological circumvention, squelch innovation.<sup>24</sup> Many create civil liberties concerns for large portions of countries’ populations.

This section goes through the text of the December 3, 2010 draft of ACTA section by section to outline how the final agreement differs from existing international law.

#### *A. Preamble*

The preamble to ACTA provides a backdrop against which the agreement will likely be read. It also indicates common themes that will likely arise again in the negotiations of future international IP agreements.

First, the preamble evidences a disproportionately skewed conception of the risk to public safety posed by counterfeit and pirated goods, observing that “in some cases” such goods provide “a source of revenue for organized crime and otherwise pose[] risks to the public.”<sup>25</sup> Second, the preamble

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<sup>23</sup> *Talking Points of the United States for TRIPS Council Meeting of October 26, 2010*, <http://keionline.org/node/1008>.

<sup>24</sup> Press Release, Elec. Frontier Found., *EFF Marks 10th Anniversary of DMCA with Report on Law’s Unintended Consequences* (Oct. 27, 2008), <http://www.eff.org/press/archives/2008/10/27>.

<sup>25</sup> ACTA– Dec. 3, 2010, *supra* note 20, at 1.

twice emphasizes international cooperation, through “more effective international enforcement” and “within relevant international organizations.”<sup>26</sup> This emphasizes both that ACTA is an enforcement agreement and that the ACTA Committee is envisioned as part of a broader framework of international cooperation and structure. Third, the preamble includes language from previous drafts now cut from the body of the agreement, concerning “cooperation between service providers and right holders to address relevant infringements in the digital environment.”<sup>27</sup> This language refers to public or private ordering graduated response—arrangements between service providers and right holders, either required by law or encouraged by policy, that provide right holders with information about user identities and behavior, and require service providers to terminate the accounts of suspected infringers.<sup>28</sup> Fourth, the preamble links intellectual property protection to “sustaining economic growth across all industries and globally,” ignoring arguments that maximalist IP policy is not to the benefit of developing countries.<sup>29</sup>

The preamble does contain instances of balancing language, aspiring to address infringement “in a manner that balances the rights and interests of . . . right holders, service providers and users,” and desiring to ensure that procedures to enforce IP rights “do not themselves become barriers to legitimate trade.”<sup>30</sup> ACTA recognizes the Doha Declaration on the TRIPS Agreement and Public Health.<sup>31</sup> ACTA also does not require parties to protect IP that is not domestically recognized as IP.<sup>32</sup>

ACTA, however, notably lacks introductory language concerning fair use or “limitations and exceptions.” Language permitting countries to adopt limitations and exceptions to exclusive intellectual property rights appears throughout international copyright law, from WIPO agreements to TRIPS.<sup>33</sup>

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<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> Annemarie Bridy, *ACTA and the Specter of Graduated Response*, available at <http://digitalcommons.wcl.american.edu/research/2>.

<sup>29</sup> See generally DRAHOS & BRAITHWAITE, *supra* note 14, at 135 (2002).

<sup>30</sup> ACTA - Dec. 3, 2010, *supra* note 20, at 1.

<sup>31</sup> *Id.*

<sup>32</sup> *Id.*, Ch. 1, Art. 3.2, p. 2.

<sup>33</sup> Berne Convention for the Protection of Literary and Artistic Works, Article 9, available at <http://www.wipo.int/treaties/en/ip/berne/> (adopted 1886, last amended 1979) (providing that countries may permit for exceptions to the reproduction right “in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.”); WIPO Copyright Treaty (WCT), Article 10, available at <http://www.wipo.int/treaties/en/ip/wct/> (adopted 1996) (providing that parties “may, in their national legislation, provide for limitations of or exceptions to the rights granted to authors . . . under this Treaty in certain special cases that do not conflict with a normal

ACTA provides that a signatory party may implement more extensive enforcement of IP rights than required,<sup>34</sup> but nowhere allows a party to implement less enforcement. Nor does it explicitly outline the traditional international language on limitations and exceptions present in TRIPS,<sup>35</sup> in the WIPO Copyright Treaty,<sup>36</sup> and in the Berne Convention.<sup>37</sup> The only time ACTA mentions limitations or exceptions is in its discussion of technological circumvention measures,<sup>38</sup> stating that “appropriate” limitations or exceptions may be maintained or adopted by parties in providing for remedies for the circumvention of technological measures. However, the inclusion of language on limitations or exceptions in this one spot only suggests by exclusion that they may not apply to the rest of the agreement.

ACTA does not in its final draft contain language stating that it is subject to other international agreements, explaining instead that it does not “derogate from any obligation of a Party . . . under existing agreements,” including TRIPS.<sup>39</sup> This doesn’t envision the transfer of exceptions to obligations from other agreements, only of the obligations themselves.

ACTA does contain a privacy provision potentially restricting the scope of enforcement cooperation. Article 4 allows parties to opt out of disclosing information that would be contrary to laws “protecting privacy rights.”<sup>40</sup> The privacy provision also prevents receivers of information from “disclosing or using the information for a purpose other than that for which the information was requested,” except with the prior consent of the

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exploitation of the work and do not unreasonably prejudice the legitimate interests of the author”); TRIPS, Article 13 (providing that “Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder”).

<sup>34</sup> ACTA - Dec. 3, 2010, *supra* note 20, Ch. 1, Sec. 1, Art. 2.1, p. 2.

<sup>35</sup> TRIPS Art. 13.

<sup>36</sup> WIPO Copyright Treaty Art. 10, p. 4. The WIPO Internet p. 9 n. 9 envisions applying and even extending limitations and exceptions in the digital environment. “*Agreed statement concerning Article 10*: It is understood that the provisions of Article 10 permit Contracting Parties to carry forward and appropriately extend into the digital environment limitations and exceptions in their national laws which have been considered acceptable under the Berne Convention. Similarly, these provisions should be understood to permit Contracting Parties to devise new exceptions and limitations that are appropriate in the digital network environment.

It is also understood that Article 10(2) neither reduces nor extends the scope of applicability of the limitations and exceptions permitted by the Berne Convention.”

<sup>37</sup> Berne Convention for the Protection of Literary and Artistic Works, Article 9, available at <http://www.wipo.int/treaties/en/ip/berne/> (adopted 1886, last amended 1979).

<sup>38</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 27.8, p. 17.

<sup>39</sup> *Id.*, Ch. 1, Sec. 1, Art. 1, p. 2.

<sup>40</sup> *Id.*, Ch. 1, Art. 4.1(a), p. 2.

information giver.<sup>41</sup> Without an enforcement or auditing mechanism, however, it is unclear how countries could ensure that recipients of information would adhere to this requirement in practice. Strangely, Article 4 additionally protects confidential law enforcement information and evidently trade secrets, neither of which are usual elements of Fair Information Practices (FIPs) on privacy protection benefiting the general public.<sup>42</sup>

### B. Definitions

ACTA alters the definitions used in TRIPS, expanding the scope of enforcement coverage.

In TRIPS, “counterfeit trademark goods” and “pirated copyright goods” were defined as infringing “under the law of the country of importation.”<sup>43</sup> In ACTA, “counterfeit trademark goods” and “pirated copyright goods” are defined as infringing “under the law of the country in which the procedures . . . are invoked.”<sup>44</sup> ACTA’s definition allows countries through which shipped goods pass, but never enter, to seize goods that would be infringing under their laws, even if the goods are not infringing under the laws of the countries of import or export. This process, known as transshipment, traps goods from countries with less stringing IP laws as they pass through countries with more stringent IP laws, effectively maximizing IP standards for all internationally transported goods. This gives rise to “Dutch Seizure” cases, where goods are seized en route despite their legal status.<sup>45</sup>

ACTA’s definition of “territory” is another example of definitional overreach. ACTA defines “territory” as including not just customs territory, but “free zones”, or parts of the territory “generally regarded . . . as being outside the customs territory.”<sup>46</sup> In an international agreement about border measures, it is strange to define a major term—“territory”—more expansively than it is conventionally used.

The definition of “intellectual property” itself is broad. ACTA defines

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<sup>41</sup> *Id.*, Ch. 1, Art. 4.2, p. 3.

<sup>42</sup> *Id.*, Ch. 1, Art. 4.1(b) & (c), pp. 3-4. See Paul M. Schwartz, *Preemption and Privacy*, 18 YALE L.J. 902, 908 (2009) (outlining the common elements of Fair Information Practices enacted in Western Europe in the 1970s (1) limits on information use; (2) limits on data collection, or “data minimalization”; (3) limits on disclosure of personal information; (4) requirements for data quality; (5) notice, access, and correction rights for the individual; (6) requirements for transparent processing systems; and (7) security of personal data).

<sup>43</sup> TRIPS, Art. 51, n. 14.

<sup>44</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 2, Art. 5, pp. 4-5.

<sup>45</sup> Sean Flynn, *ACTA and Access to Medicines*.

<sup>46</sup> ACTA - Dec. 3, 2010, *supra* note 20, Ch. 1, Sec. 2, Art. 5, p. 4, n. 1.

“intellectual property” as including all categories of intellectual property from Sections 1 through 7 of Part II of TRIPS. This definition by reference includes the full spectrum of IP rights: copyrights, trademarks, geographical indications, industrial designs, patents, the layout designs of integrated circuits, and “undisclosed information,” *i.e.* trade secrets. This broad term is used throughout the agreement, in provisions on both civil enforcement and border measures. ACTA does exclude patents and trade secrets from its border measures section. TRIPS, by contrast, mandated border measures only for counterfeit trademark and pirated goods, and contained permissive language for all other offenses. ACTA’s default coverage of civil enforcement also includes patents, although countries are permitted to exclude patents from civil enforcement.<sup>47</sup>

In its definitions, ACTA expands the scope of who may bring suits and whom they may bring suits against. ACTA defines “person” as meaning “a natural person or a legal person.”<sup>48</sup> This definition may heighten liability for companies challenged as direct infringers, such as search engines or peer-to-peer services. Instead of going after companies for vicarious infringement, rights holders may be able to go after them for direct infringement. And for the purposes of ACTA, “rights holders” are not just the individuals who have created the infringed product; under ACTA, “right holders” also include “a federation or an association having the legal standing to assert rights in intellectual property.”<sup>49</sup>

### *C. Civil Enforcement*

ACTA’s section on civil enforcement makes significant changes to international law. ACTA allows suspected goods to be seized, and allows civilly infringing goods to be destroyed. It expands injunctive relief and provisional measures before trial. At trial, ACTA attempts to change the calculation of damages, establishes statutory damages for copyright and trademark, and mandates attorney’s fees. In the area of privacy, ACTA provides information to the right holder and requires that judges be able to employ provisional measures against third parties such as Internet Service Providers (ISPs), encouraging them to gather information about users.

The civil enforcement provision covers all IP rights, including patents.<sup>50</sup> Parties can choose to exclude patents, but this is not the default reading of the section.

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<sup>47</sup> *Id.*, Sec. 2, p. 5.

<sup>48</sup> *Id.*, Art. 5, p. 4.

<sup>49</sup> *Id.*, Art. 5, p. 4.

<sup>50</sup> *Id.*, Sec. 2, n.2, p. 5.

Under ACTA, authorities can seize “suspected infringing goods” in civil judicial proceedings concerning at least copyright and trademark infringement.<sup>51</sup> ACTA does import requirements regarding seizure from the TRIPS section on border measures, requiring a security or equivalent assurance,<sup>52</sup> and requiring the applicant to compensate the defendant for any injury caused by seizure, preserving evidence, and other actions.<sup>53</sup>

Under ACTA, civilly infringing goods may be destroyed at the right holder’s request at all times “except in exceptional circumstances,”<sup>54</sup> where TRIPS does not mandate that judicial authorities be able to order the destruction of civilly infringing goods, providing alternatively for such goods to be disposed outside the channels of commerce instead of destroyed.<sup>55</sup> ACTA requires that parties give judicial authorities the authority to order the destruction of infringing goods, without compensation.<sup>56</sup> If patents are included in the scope of this section, this will mean that civilly infringing medicines will be destroyed instead of used. Notably, ACTA does not contain TRIPS’s requirement that “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” with regards to disposal or destruction of seized goods.<sup>57</sup>

Like TRIPS, ACTA requires that judges be able to order provisional measures to prevent an infringement from occurring, and to preserve relevant evidence.<sup>58</sup> ACTA specifies, however, that such provisional measures may be used “against a third party” such as an ISP or OSP. Provisional measures are not determined on the merits. ACTA provides that right holders may request provisional measures *inaudita altera parte*—without one party present to argue—and authorities must be given the ability to act in response to such requests without undue delay.<sup>59</sup> TRIPS contains a requirement that the other party to such proceedings be given notice; ACTA contains no such requirement.<sup>60</sup>

The scope of injunctive relief is expanded. ACTA provides for injunctions issued by judicial authorities against both directly infringing parties and third parties within that authority’s jurisdiction, to prevent

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<sup>51</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 12.3, p. 8.

<sup>52</sup> *Id.*, Art. 12.4, pp. 8-9.

<sup>53</sup> *Id.*, Art. 12.5, p. 9.

<sup>54</sup> *Id.*, Art. 10.1, p. 7.

<sup>55</sup> TRIPS Art. 46.

<sup>56</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 10.1, p. 7.

<sup>57</sup> TRIPS Art. 46.

<sup>58</sup> *Id.*, Art. 12, p. 8.

<sup>59</sup> *Id.*, Art. 12.2, p. 8.

<sup>60</sup> TRIPS Art. 50, ¶4.

infringing goods from entering the channels of commerce.<sup>61</sup> TRIPS does not envision injunctions against third parties.<sup>62</sup> In U.S. law, at least, there appear to be significant limitations on the use of injunctions in IP cases.<sup>63</sup> These limitations are appropriate, as IP often intersects with expression, posing concerns over prior restraint. ACTA additionally refers to such injunctions as “provisional measures,” which was defined in the April draft of the agreement as being measures that occur prior to proceedings on the merits.<sup>64</sup> ACTA may envision injunctions prior to merit hearings.

ACTA also provides a damages remedy. The calculation of damages in civil IP cases is controversial, given how hard it is to estimate the value of infringement. ACTA encourages judges to consider “any legitimate measure 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.”<sup>65</sup> In practice, the appropriateness of this measurement is debated. Estimates of lost profits in IP cases are notoriously inflatable; one downloaded song is not equivalent to a lost sale of a CD, as many downloaders will not alternatively consider purchasing the product. Right holders have every incentive to inflate the estimated loss. ACTA also imposes the presumption that infringers’ profits are equivalent to the amount of damages suggested by the right holder, which often is not the case at all, as infringers don’t sell infringing products for anywhere near the price of the right holder, and sometimes don’t sell the products at all.<sup>66</sup>

In a marked change from existing international law, ACTA establishes statutory damages for copyrights and trademark counterfeiting. These “pre-established” damages are not required by TRIPS, and don’t exist in all countries party to the agreement; Australia, for example, does not require statutory damages for copyright infringement. Statutory damages are an arguably unsound policy decision,<sup>67</sup> and can be grossly overvalued, from \$750-150,000 per work in the United States.<sup>68</sup> The text of ACTA might provide a loophole for countries like Australia; instead of establishing “pre-established damages,” they may be able to establish “additional damages,”

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<sup>61</sup> *Id.*, Sec. 2., Art. 2.X.1, p. 6.

<sup>62</sup> *Id.*, Art. 44.

<sup>63</sup> *See, e.g.*, 17 U.S.C. § 512(j) (2010).

<sup>64</sup> ACTA Draft – April 2010, *supra* note 17, Art. 2.5.X. p. 8.

<sup>65</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 2, Art. 9.1, p. 6.

<sup>66</sup> *Id.*, Sec. 2, Art. 9.2, p. 6.

<sup>67</sup> Pamela Samuelson & Tara Wheatland, *Statutory Damages in Copyright Law: A Remedy in Need of Reform*, 51 WM. & MARY L. REV. 439 (2009).

<sup>68</sup> 17 U.S.C. §504

though it is unclear what such damages would be if not pre-established.<sup>69</sup> Where a country establishes statutory damages, ACTA requires that it must also ensure that the right holder can choose statutory damages instead of actual damages, leaving immense power in the hands of the right holder in the absence of a provable case of actual damage to profits.<sup>70</sup>

ACTA mandates attorney's fees in civil cases.<sup>71</sup> Attorney's fees are permitted but not mandated under TRIPS.<sup>72</sup>

Under ACTA, if a right holder requests destruction of the infringing goods, judicial authorities have the authority to order those goods to be destroyed without compensation.<sup>73</sup> ACTA does not specify that this destruction occurs after conclusion of trial. Destruction is to occur at the expense of the infringer, imposing an additional penalty on them.<sup>74</sup>

Even in its latest draft, ACTA encourages the breach of privacy of Internet users for the benefit of right holders. ACTA gives judicial authorities the power on request of the right holder to order the infringer or alleged infringer "to provide . . . relevant information" to the right holder or to the judicial authorities.<sup>75</sup> This "relevant" information may include information regarding other persons involved in infringement, the means of production or distribution channel, and identification of third parties involved in producing or distributing the infringing goods. This language requires OSPs challenged for digital copyright infringement to turn over identifying information about infringers to the right holder and the court.

#### *D. Border Measures*

ACTA expands the scope of border measures by including all IP rights except for patents, lessening the allowance for de minimis importation of goods, and including transshipped goods. The border measures section also shifts what balance TRIPS maintained between the legitimate interests of right holders and the equally legitimate interests of importers of goods, and moves the power towards right holders, providing them additional protections and retracting protections for importers of accused goods. It exhorts countries to protect right holders from being discouraged from using procedures to enforce IP rights, and expands cooperation between right holders and border officials. ACTA allows authorities to seize and

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<sup>69</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 2., Art.9.3(c), p. 7.

<sup>70</sup> *Id.*, Sec. 2, Art. 9.4, p. 7.

<sup>71</sup> *Id.*, Art. 9.5, p. 7.

<sup>72</sup> TRIPS, Art. 48, ¶ 1.

<sup>73</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 10.1, p. 8.

<sup>74</sup> *Id.*, Art. 10.3, p. 8.

retain suspect goods on their own initiative, at a lower burden of proof than required by TRIPS. It reduces the recourses importers have once goods have been seized, and increases the possible penalties they might suffer.

The scope of ACTA's border measures section is broad, including trademarks and other IP. Currently, ACTA indicates in a footnote that patents and undisclosed information (trade secrets) shall be excluded from the scope of the Border Measures section.<sup>76</sup> However, all other intellectual property rights as defined in Sections I–VII of TRIPS are included.

ACTA provides for a de minimis importation of goods that departs from the TRIPS standard. ACTA, like TRIPS Article 60 on De Minimis Imports, provides that a “[p]arty may exclude from the application of this Section small quantities of goods of a non-commercial nature contained in travelers’ personal luggage.”<sup>77</sup> However, TRIPS specifically allows parties to exclude goods sent in small consignments,<sup>78</sup> while ACTA mandates that parties apply border measures to “goods of a commercial nature sent in small consignments.”<sup>79</sup> By emphasizing the commercial or non-commercial nature of the goods rather than the size of the shipment, ACTA requires parties to apply IP laws at the border to even small shipments, with the determination of whether they are commercial or non-commercial in nature to be left to the discretion of the untrained border agent. ACTA does not explicitly allow parties to exclude non-commercial goods sent in small consignments, so it is questionable whether any goods may be shipped at all; the TRIPS de minimis provision is now limited by ACTA to personal luggage, either effectively or actually.

ACTA specifically envisions and allows for the seizure of in-transit (transshipped) goods, which pass through a country's customs control but neither originated nor are bound for that country.<sup>80</sup> As mentioned, this policy gives rise to the seizure of goods that do not infringe in either originating or importing country, (1) maximizing IP internationally to the standard of the IP maximalist countries through which goods are shipped, and (2) thereby challenging the sovereignty of the shipping countries, whose citizens risk confiscation of their goods by third-party countries. As with import and export shipments, under ACTA right holders can request the seizure of such goods, and officials can act on their own initiative to seize them. And as with imported and exported shipments, customs

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<sup>75</sup> *Id.*, Sec. 2, Art. 11, p. 8.

<sup>76</sup> *Id.*, Sec. 3, n.6, p. 9.

<sup>77</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 3, Art. 14.2, p. 9.

<sup>78</sup> TRIPS Article 60.

<sup>79</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 3, Art. 14.1, p. 9.

<sup>80</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 3, Art. 16.2, p. 10.

officials need not have evidence arising to a *prima facie* case of infringement; they need only “suspect” the goods of infringement.<sup>81</sup>

It is clear whose side of the equation of right holders versus importers ACTA is on. Throughout the Border Measures section, ACTA repeats that any balancing measures providing for compensation for owners of seized goods must “not unreasonably deter recourse” by right holders to procedures for the seizure of goods.<sup>82</sup> ACTA allows for the destruction of goods seized at the border after a non-judicial determination, potentially by border authorities, that the goods are infringing.<sup>83</sup> TRIPS allows for destruction *or* disposal of such goods.<sup>84</sup>

ACTA expands cooperation between border officials and right holders, allowing parties to authorize officials to *sua sponte* provide right holders with information about specific shipments of goods—even goods that haven’t been seized as suspect, so may not be infringing at all—including the name and address of the consignor, importer, exporter or consignee and the name of the manufacturer.<sup>85</sup> ACTA in fact mandates such cooperation when suspect (not *prima facie* infringing) goods have actually been seized.<sup>86</sup> When combined with ACTA’s smaller *de minimis* provision, this cooperation provision allows customs officials to share the names and addresses of individuals shipping commercial goods in small consignments with right holder federations or corporations. Given the amount of resources invested by right holders in civil investigation and enforcement, this information provides a trove of potential defendants supplied by the government.

ACTA makes it easier for right holders to request the suspension of goods at the border, and consequently uses more government resources for supporting right holders. TRIPS requires a procedure by which rights holders with “valid grounds for suspecting the importation of counterfeit trademark or pirated copyright goods” could apply in writing for suspension of release of such goods.<sup>87</sup> Individual members of TRIPS could also apply such procedures to other IP rights, as long as they were in conformity with the agreement.<sup>88</sup> In ACTA, however, to trigger this procedure, the right holder is required to provide adequate evidence to demonstrate *prima facie* an infringement of the IP right belonging to the right holder. ACTA

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<sup>81</sup> *Id.*

<sup>82</sup> *Id.*, Sec. 3, Art. 17.1, p. 10; Art. 18, p. 11; Art. 21, p. 12.

<sup>83</sup> *Id.*, Sec. 3, Art. 20.1, p. 11.

<sup>84</sup> TRIPS Art. 59.

<sup>85</sup> *Id.*, Sec. 3, Art. 22, p. 12.

<sup>86</sup> *Id.*, Sec. 3, Art. 22(c), p. 12.

<sup>87</sup> TRIPS Art. 51.

<sup>88</sup> *Id.*

provides for the same procedure, but (1) expands it to exports as well as imports, (2) expands it beyond counterfeit trademark or pirated copyright goods to all IP rights (excepting patents), and (3) adds a sentence that “the requirement” on right holders “to provide sufficient information shall not unreasonably deter recourse to the procedures.”<sup>89</sup> This language suggests that ACTA lowers the TRIPS standard for “adequate evidence” by requiring parties not to make the evidentiary standard too difficult on right holders. ACTA also makes this procedure easier for right holders by allowing “such applications to apply to multiple shipments.”<sup>90</sup>

ACTA allows *ex officio* action at a lower standard of proof than TRIPS. In the context of border measures, *ex officio* action is action initiated by border enforcement authorities rather than right holders. TRIPS permits but does not require member countries to allow border authorities to act on their own initiative to suspend the release of goods, and TRIPS places restrictions on how these authorities may act.<sup>91</sup> To seize goods on their own initiative, the authorities must have *prima facie* evidence that an IP right is being infringed. Under ACTA, however, there is no such evidentiary restriction; authorities may seize and retain “suspect goods,” a considerably lower standard than requiring *prima facie* evidence before seizure.<sup>92</sup> Authorities can seize goods they suspect, without any actual evidence, and certainly without evidence arising to a *prima facie* standard, are infringing.

Not only does ACTA allow government officials to initiate actions on their own accord on the behalf of right holders, but it also creates a permissive exemption from liability for government officials. ACTA states that “no provision” in the agreement shall require a party to “make its officials subject to liability for acts undertaken in the performance of their official duties.”<sup>93</sup> This contrasts with the implication in TRIPS that border officers may be liable for anything except in circumscribed circumstances: “Members shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith.”<sup>94</sup>

ACTA narrows the financial responsibility of right holders, which provided a check on overeager enforcement activity. TRIPS gave officials the authority to order right holders to pay importers, consignees, and the owner of seized goods “appropriate compensation for any injury caused to

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<sup>89</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 3, Art. 17.1, p 10.

<sup>90</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 3, Art. 17.2, p. 10.

<sup>91</sup> TRIPS Art. 58.

<sup>92</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 3., Art. 16.1(a), p. 10.

<sup>93</sup> *Id.* Art. 6.4, p. 5.

<sup>94</sup> TRIPS Art 58 (c).

them through the wrongful detention of goods”<sup>95</sup> requested detained by right holders, and goods released by time-limit.<sup>96</sup> ACTA restricts such payment to release of goods “in the event the competent authorities determine that the goods are not infringing,” and limits payment to “any loss or damage resulting from suspension of the release of, or detention of, the goods” rather than “any injury”, a broader category.<sup>97</sup> ACTA also limits payment of such damages to “the defendant”, rather than the owner, importer, or consignee.<sup>98</sup>

ACTA doesn’t allow importers the same recourse as TRIPS once goods are seized. TRIPS required parties to allow the owner, importer, or consignee of goods involving industrial designs, layout-designs, or undisclosed information (i.e., trade secrets) to post a security sufficient to protect a right holder from any infringement and in turn have the goods released.<sup>99</sup> ACTA, however, prevents signatory parties from permitting defendants to post security to obtain possession of seized goods except “in exceptional circumstances or pursuant to a judicial order.”<sup>100</sup> ACTA, unlike TRIPS, does not provide for a limit on the duration of suspension of goods.<sup>101</sup> TRIPS provides for concrete time limits, where ACTA refers only to a “reasonable period of time” for proceedings. Presumably, then, under ACTA goods may be detained until as late as the end of proceedings determining that the goods are noninfringing.<sup>102</sup>

The TRIPS provision on the destruction of goods found to be infringing includes a reference to Article 46, which provides for consideration of the “need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties.”<sup>103</sup> ACTA has no such reference to proportionality or consideration of third-party interests in the destruction of goods seized at borders. ACTA adds a requirement that infringing goods be disposed of outside the channels of commerce “to avoid any harm to the right holder.”<sup>104</sup>

Finally, ACTA does not provide for notice to importers that goods have been seized.<sup>105</sup> And ACTA allows for its member parties to provide authorities with the ability to impose administrative penalties, in addition to

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<sup>95</sup> *Id.* Art. 56.

<sup>96</sup> *Id.* Art 56 and Art. 55.

<sup>97</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 2, Art. 18, p. 11.

<sup>98</sup> *Id.*

<sup>99</sup> TRIPS Art. 53, ¶2.

<sup>100</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 2, Art 18, p. 11.

<sup>101</sup> TRIPS Art. 55.

<sup>102</sup> *See, e.g.*, ACTA - Dec. 3, 2010, *supra* note 20, Sec. 2, Art. 19, p. 11.

<sup>103</sup> TRIPS Art. 59.

<sup>104</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 3, Art. 20.1, p. 11.

<sup>105</sup> TRIPS Art. 54.

destroying the infringing goods.<sup>106</sup>

### *E. Criminal Enforcement*

ACTA significantly expands international law on criminal enforcement. TRIPS contains only one paragraph on criminal procedures; ACTA contains more than ten. ACTA expands the scope of criminalized behavior and criminal remedies. Under ACTA, criminal authorities can act *ex officio*, without a complaint from right holders.

The criminal enforcement section is broader in its coverage than TRIPS. TRIPS requires members to provide for criminal procedures and penalties at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale.<sup>107</sup> ACTA replaces “copyright piracy” with “copyright or related rights piracy,” which presumably includes more than just copyright.<sup>108</sup>

The more significant definitional change concerns the term “commercial scale.” TRIPS does not define “commercial scale.” ACTA contains a definition: “at least those carried out as commercial activities for direct or indirect economic or commercial advantage.”<sup>109</sup> One important question concerning this term is how it applies to online infringement. ACTA’s inclusion of “indirect economic . . . advantage” is troubling, because it may criminalize a wider swath of behavior than straightforward sales of infringing goods. This raises the question of what indirect economic advantage is, and whether it includes such benefits as advertising revenue or even the prevention of expenditures. Third parties may also be inadvertently brought into the spectrum of ACTA’s criminal provisions by unknowingly shipping infringing goods, thereby receiving indirect economic advantages.

ACTA additionally criminalizes behavior TRIPS doesn’t touch: the importation and domestic use of labels and packaging on a commercial scale;<sup>110</sup> aiding and abetting;<sup>111</sup> and filming movies in movie theaters.<sup>112</sup> The latter, on “copying” movies in motion picture exhibition facilities, is an exportation of the U.S. Camcorder Act—the Family Entertainment and Copyright Act of 2003—the result of a clear push by U.S.-based interest

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<sup>106</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 3, Art. 20.3, pp. 11-12.

<sup>107</sup> TRIPS Art. 61.

<sup>108</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 4, Art. 23.1, p. 13.

<sup>109</sup> *Id.*, Art. 23.1, p. 13.

<sup>110</sup> *Id.*, Sec. 4, Art. 23.2, p. 13.

<sup>111</sup> *Id.*, Sec. 4, Art. 23.4, p. 13.

<sup>112</sup> *Id.*, Sec. 4, Art. 23.3, p. 13.

groups.<sup>113</sup>

The most significant of these additions is the combination of ACTA's explicit criminalization of aiding and abetting with its language on liability for legal persons.<sup>114</sup> These two paragraphs create the probable specter of criminal prosecution against companies such as Google or Facebook, for infringement by their members.

ACTA expands on the criminal remedies provided for by TRIPS. ACTA mandates that countries provide for imprisonment for these criminalized acts,<sup>115</sup> while TRIPS gives member countries the discretion to choose between imprisonment and monetary fines for individual criminal offenses.<sup>116</sup> This change is significant because the criminal law systems of different countries handle judicial and prosecutorial discretion in different ways, so one country's enforcement may be far more draconian in practice than others.<sup>117</sup> ACTA's mandate of imprisonment covers its provision on aiding and abetting, and presumably applies to legal persons as well as natural persons. Against the backdrop of Italy's conviction of Google executives for privacy violations,<sup>118</sup> the explicit mandate of criminal liability for legal persons will create barriers to expansion and innovation for global online companies.

In addition to mandatory imprisonment, ACTA outlines extensive procedures for the seizure, forfeiture, and destruction of defendants' assets. While the destruction of the actual infringing assets may not seem unreasonable for a criminal case, ACTA additionally permits parties to provide for the seizure and forfeiture of "assets the value of which corresponds to that of the assets derived from, or obtained directly or indirectly through, the allegedly infringing activity."<sup>119</sup> This is not the seizure of profits derived from infringing assets, which would require a showing of connection between the infringement and the estimated value of assets to be seized; as with the civil damages provision, this vague standard suggests that authorities overestimate the value of "indirect" infringement and seize not actual profits but assets corresponding to their overestimation. A defendant may end up with assets seized and forfeited that have no direct relation to actual value gained from actual infringement. Thus ACTA both

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<sup>113</sup> 18 U.S.C. § 2319B (2010).

<sup>114</sup> *Id.*, Sec. 4, Art. 23.5, p. 13.

<sup>115</sup> *Id.*, Sec. 4, Art. 24, p. 14.

<sup>116</sup> TRIPS, Art. 61.

<sup>117</sup> See *Prosecution: Prosecutorial Discretion*, Gerald E. Lynch, [law.jrank.org/pages/1870/Prosecution-Prosecutorial-Discretion.html](http://law.jrank.org/pages/1870/Prosecution-Prosecutorial-Discretion.html).

<sup>118</sup> *Larger Threat is Seen in Google Case*, Rachel Donadio, N.Y. TIMES, Feb. 24, 2010, [www.nytimes.com/2010/02/25/technology/companies/25google.html](http://www.nytimes.com/2010/02/25/technology/companies/25google.html).

<sup>119</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 25.5(a), p. 15.

lowers the international standard for what constitutes criminal infringement and recommends that parties seize and destroy infringers' assets unrelated to the infringement.

ACTA provides for ex officio criminal enforcement.<sup>120</sup> The use of "competent authorities," the same term used throughout Section 3 on Border Measures, suggests that ACTA envisions criminal enforcement initiated by border agents. The United States explicitly trumpeted this provision as a success.<sup>121</sup>

#### *F. Enforcement of Intellectual Property Rights in the Digital Environment*

TRIPS does not contain digital enforcement provisions; the only place they appear in current international law is the WIPO Copyright Treaty. ACTA elevates the obligations outlined in the WIPO Copyright Treaty, not least by envisioning digital enforcement against trademarks in addition to copyright.<sup>122</sup> While ACTA does not create DMCA-like notice and takedown, it does contain a footnote suggesting that such procedures would satisfy the digital enforcement requirement.<sup>123</sup>

ACTA mandates enforcement procedures, both civil and criminal, against infringement taking place in the digital environment.<sup>124</sup> Such enforcement is to include the vague "expeditious remedies to prevent infringement," likely referring to injunctive relief or other prior restraints on electronic communication.<sup>125</sup> The WIPO Copyright treaty gives authors the exclusive right of authorizing the making available of copies of their works "through sale or other transfer of ownership."<sup>126</sup> How this "making available" right applies in the digital environment is debatable, since while downloading may be infringement, posting a link to infringing content is not "transfer of ownership" in the traditional sense. ACTA contains language requiring enforcement against "the unlawful use of means of widespread distribution for infringing purposes."<sup>127</sup> This language requires parties to apply both civil and criminal enforcement procedures against "widespread distribution," presumably referring to peer-to-peer networks, and applying to uploads instead of just downloads. Instead of being liable

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<sup>120</sup> *Id.*, Sec. 4, Art. 26, p. 15.

<sup>121</sup> *Talking points of the United States for TRIPS Council Meeting of October 26, 2010*, <http://keionline.org/node/1008>.

<sup>122</sup> *Id.*, Sec. 5, Art. 27.2, 27.3, 27.4, pp. 15-16.

<sup>123</sup> *Id.*, Sec. 5, Art. 27.2, n.13, p. 15.

<sup>124</sup> *Id.*, Sec. 5, Art. 27.1, p. 15.

<sup>125</sup> *Id.*

<sup>126</sup> *Id.*, Art. 6, p. 3.

<sup>127</sup> *Id.*, Sec. 5, Art. 27.2, p. 15.

for downloaded files only, a defendant under laws strictly following ACTA will be liable for uploads as well.

ACTA requires parties to “promote cooperative efforts within the business community” to address infringement in the digital environment.<sup>128</sup> When read in the context of previous draft language, this provision requires encouragement of what Annemarie Bridy has termed private ordering graduated response.<sup>129</sup> ACTA envisions governmental support of private arrangements between Internet Service Providers (ISPs) and right holders.<sup>130</sup> As with official legal regimes requiring graduated response, these arrangements may result in the termination of user accounts after suspected infringing activity, except outside of any governmental protections such as due process requirements.

The subsequent paragraph recommends that parties require online service providers (OSPs) to disclose user identities to right holders.<sup>131</sup> This close relationship between OSPs and right holders again points to the government encouragement of private ordering graduated response. ACTA recommends that parties give officials “the authority to order an online service provider to disclose expeditiously to a right holder information sufficient to identify a subscriber whose account was allegedly used for infringement.”<sup>132</sup>

Recently added language provides for at least some balance in the digital sphere. The digital enforcement provisions include three articulations of the following phrase or variations on it: “These procedures shall be implemented in a manner that avoids the creation of barriers to legitimate activity, including electronic commerce, and, consistent with that Party’s law, preserves fundamental principles such as freedom of expression, fair process, and privacy.”<sup>133</sup> However, in the first instance this language is footnoted by a provision envisioning U.S. Digital Millennium Copyright Act (DMCA)-like proceedings concerning limitations on liability for online service providers.<sup>134</sup> Furthermore, given ACTA’s own history with regards to limitations and exceptions, it is likely that the digital enforcement proceedings will be exported from the agreement into later agreements without the balancing language.

The second half of ACTA’s digital enforcement section concerns circumvention of technological protection, like the DMCA. Here, the treaty

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<sup>128</sup> *Id.*, Sec. 5, Art. 27.3, p. 16.

<sup>129</sup> Bridy, *supra* note 28.

<sup>130</sup> *Id.*

<sup>131</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 5, Art. 27.4, p. 15.

<sup>132</sup> *Id.*, Sec. 5, Art. 27.4, p. 15.

<sup>133</sup> *Id.*, Sec. 5, Art. 27.2, 27.3, 27.4, pp. 15-16.

significantly changes international law. The WIPO Copyright Treaty requires parties to “provide adequate legal protection . . . against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights . . . and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.”<sup>135</sup> This language is imported into ACTA.<sup>136</sup> ACTA additionally uses a definition to expand international law, defining “effective technological measures” as technology designed to prevent unauthorized acts, deemed “effective” when works are controlled “through the application of a relevant access control or protection process, such as encryption or scrambling, or a copy control mechanism, which achieves the objective of protection.”<sup>137</sup> Lousy or poorly designed digital rights management, in other words, can be deemed “effective” and therefore protectable for purposes of the law so long as it (1) is technology and (2) “achieves the objective of protection.”

More significantly, ACTA adds a new paragraph on circumvention to international law. ACTA requires parties to prohibit the “offering to the public by marketing” of a device, product, or service as a means of circumventing effective technological measures.<sup>138</sup> This language doesn’t indicate that sales must actually be made for the marketing to be illegal. ACTA also prohibits the manufacture, importation, or distribution of a device, product, or service that “has only a limited commercially significant purpose other than circumventing an effective technological measure.”<sup>139</sup> This language squelches innovation, as new products or programs that have not yet found a market will be prohibited under this language so long as it can be shown that they circumvent technological measures. Smaller startup ventures will be careful to touch anything concerning media playback if big rights-holding companies can sue them at founding for not showing an adequate alternative market.

ACTA imports the WIPO Copyright Treaty’s language on Rights Management, mandating legal remedies against persons knowingly removing digital rights management or knowingly distributing works that have had digital rights management removed.<sup>140</sup> Significantly, ACTA adds making available to the public to the list banning distribution of works whose DRM has been removed. As mentioned, “making available” has

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<sup>134</sup> *Id.*, Sec. 5, Art. 27.2, n.13, p. 15.

<sup>135</sup> WIPO Copyright Treaty, Art. 11, p. 4.

<sup>136</sup> *Id.*, Sec. 5, Art. 27.5, p. 16.

<sup>137</sup> *Id.*, Sec. 5, Art. 27.5, n. 14, p. 16.

<sup>138</sup> *Id.*, Art. 27.6(a)(ii), p. 16.

<sup>139</sup> *Id.*, Sec. 5, Art. 27.6(b)(ii), p. 16.

<sup>140</sup> *Compare cf.* WIPO Copyright Treaty, Art. 12, *with* Sec. 5, Art. 27.7, p. 17.

become a euphemism in some countries for peer-to-peer file sharing, and its addition to the international prohibition against circumventing DRM makes it clear that peer-to-peer networks are now targeted under anti-circumvention provisions as well.

This is the only section of ACTA where limitations and exceptions are mentioned. ACTA, like the WIPO Copyright Treaty, permits parties to adopt or maintain appropriate limitations or exceptions to implementations of technological protection measures.<sup>141</sup> ACTA does not include WIPO's additional language, which prohibits parties from relying on the language of the treaty to devise rights management systems that would (a) impose formalities not permitted under the Berne Convention, (b) prohibit the free movement of goods, or (c) impede the enjoyment of rights under the treaty.<sup>142</sup>

### *G. Enforcement Practices*

ACTA requires the establishment of certain kinds of infrastructure within each party's internal enforcement mechanisms. This required infrastructure includes: training for specialized expertise on IP enforcement; the collection and analysis of statistical data on infringement; internal coordination among and joint actions by enforcement authorities; and the establishment of formal or informal mechanisms for authorities to hear the views of right holders "and other relevant stakeholders."<sup>143</sup> These requirements use government resources and mechanisms to benefit right holders, especially by requiring data collection on the part of the government, and requiring mechanisms to be put in place for hearing right holders' concerns. The promotion of internal coordination between different enforcement authorities within a country is also problematic; criminal investigations, in particular, should not—for purposes of privacy and the protection of other civil liberties—be cross-managed with civil or border investigations.

At the border, too, ACTA encourages consultation with right holders, and increased enforcement cooperation, this time between different countries.<sup>144</sup> ACTA suggests that parties cooperate by having the party of import inform the party of export of the individuals involved with the exportation of seized goods, and thus encourages cross-border

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<sup>141</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 5, Art. 27.8, p. 17.

<sup>142</sup> WIPO Copyright Treaty, n. 10, p. 9.

<sup>143</sup> ACTA - Dec. 3, 2010, *supra* note 20, Ch. 3, Art. 28, p. 18.

<sup>144</sup> *Id.*, Ch. 3, Art. 29.1, p. 18.

enforcement.<sup>145</sup>

Two of ACTA's articles on enforcement procedures do not concern enforcement at all. They concern propaganda. ACTA requires parties to "publish or otherwise make available to the public"<sup>146</sup> information about infringement and enforcement mechanisms, and requires parties to "enhance public awareness of the importance of respecting intellectual property rights and the detrimental effects of intellectual property rights infringement."<sup>147</sup> It is hard to read this last statement as anything other than the co-opting of government resources by private parties with an agenda regarding public perception. Governments don't waste enforcement resources circulating advertisements against theft or vandalism, or even environmental crimes; it is hard to understand why they should be required by international law to invest resources in publicity about intellectual property rights infringement.

#### *H. International Cooperation*

ACTA requires that parties cooperate in cross-border enforcement efforts, and envisions this as including criminal enforcement and border measures, although that inclusion is permissive rather than mandatory.<sup>148</sup> ACTA requires parties to exchange statistical data, information on best practices, information on legislative and regulatory measures, and innocuously, "other information as appropriate and mutually agreed."<sup>149</sup> This vague provision could encompass a large amount of shared information, implicating concerns about privacy and freedom of speech when shared between parties with differing legal standards on civil liberties. The reference to sharing "other information as appropriate and mutually agreed" replaced language in ACTA's earlier drafts stating that competent authorities shall have the ability to share information to ensure the proper application of laws or prosecute infringement. It is likely that the original phrase was removed in negotiations to quiet any discomfort over creating infrastructure for universal information-sharing between countries.

ACTA again harnesses government resources to enforce private rights, requiring that governments provide capacity building and technical assistance to other countries.<sup>150</sup> ACTA envisions that such capacity

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<sup>145</sup> *Id.*, Ch. 3, Art. 29.2, p. 18.

<sup>146</sup> *Id.*, Art. 30, p. 19.

<sup>147</sup> *Id.*, Ch. 3, Art. 31, p. 19.

<sup>148</sup> *Id.*, Ch. 4, Art. 33.2, p. 19.

<sup>149</sup> *Id.*, Ch. 4, Art. 34, p. 19.

<sup>150</sup> *Id.*, Ch. 4, Art. 35, pp. 20-21.

building may be done “in conjunction with relevant private sector or international organizations.”<sup>151</sup> Right holders, in other words, can have a say in how foreign enforcement systems are built, using domestic government resources to build them.

### *I. Institutional Arrangements*

As has been widely—and appropriately—much discussed, ACTA negotiations represent a deliberate shift away from existing international regimes for the enforcement of IP rights.<sup>152</sup> ACTA creates a new institution for international IP enforcement: the ACTA Committee.<sup>153</sup> Composed of at least one member of each party to the agreement, the Committee convenes at least once every year.<sup>154</sup> The Committee is responsible for reviewing implementation of the agreement, and for considering any amendments and the “development” of the agreement. The Committee, which operates by consensus,<sup>155</sup> also approves any terms of accession for new parties. The working language of the Committee is English.<sup>156</sup> The Committee is encouraged to establish working groups and committees, seek the advice of non-governmental persons or groups (*i.e.* right holders), endorse best practice guidelines, and share information and best practices including techniques with third parties.<sup>157</sup>

The Committee is prohibited from supervising investigations of specific cases,<sup>158</sup> but is no longer explicitly required to defer to the dispute resolution settlement of the WTO, indicating that ACTA is envisioned as a stand-alone agreement.<sup>159</sup>

ACTA does not provide for transparency in the Committee’s operations. There is no provision for observers of the Committee’s operations, as is permitted in WIPO.<sup>160</sup> In fact, ACTA requires that any written consultations between parties concerning the implementation of the

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<sup>151</sup> *Id.*, Ch. 4, Art. 35.3, p. 21.

<sup>152</sup> *See, e.g.*, Sell, *supra* note 6.

<sup>153</sup> ACTA - Dec. 3, 2010, *supra* note 20, Ch. 5, Art. 36, p. 20.

<sup>154</sup> *Id.*, Art. 36.6, p. 22.

<sup>155</sup> *Id.*, Art. 36.5, p. 22.

<sup>156</sup> *Id.*

<sup>157</sup> *Id.*, Art. 36.3, p. 22.

<sup>158</sup> *Id.*, Art. 36.7, p. 23.

<sup>159</sup> ACTA April draft, *supra* note 17, Ch. 5 Art. 5.1.2(c) n. 74, p. 33 (providing that the “application of this provision shall not conflict with the rules and implementation of the Dispute Settlement Understanding of the World Trade Organization”).

<sup>160</sup> ACTA states only that the Committee “may” at its discretion eventually adopt rules and procedures that “address such matters as granting observer status.” ACTA - Dec. 3, 2010, *supra* note 20, Art. 36.5(b), p. 23.

agreement be kept confidential.<sup>161</sup>

### J. Final Provisions

The negotiating countries appear to be rushing to implement ACTA. It enters into force thirty days after the sixth country deposits its instrument of acceptance.<sup>162</sup> Since thirty-eight countries<sup>163</sup> have been involved in negotiations, this represents a fast sign-on period with a low barrier to consensus. There are barriers to entry for new members. Earlier drafts of ACTA permitted any members of WIPO to apply to join.<sup>164</sup> The final draft permits only members of the WTO to apply to accede to the agreement, with the Committee to decide the terms of accession.<sup>165</sup>

It will be difficult to change ACTA's provisions, for better or worse. Amending ACTA requires both Committee and unanimous party approval. Any amendments will be presented to the Committee for approval, which then decides whether to present them to the parties at large. For the agreement to be amended, all the parties must ratify or approve the amendment.<sup>166</sup>

## IV. ACTA'S EVOLUTION

This section compares the final draft of December 3, 2010 with the Public Predecisional/Deliberative Draft of April, 2010. The comparisons are edifying. On the one hand, as several have noted,<sup>167</sup> the December 3 draft does not contain some of the major provisions from the April draft—most notably, the notice-and-takedown provision of the Digital Enforcement chapter, and the expansive definition of criminal infringement. On the other hand, the December 3 draft does generally cover a more expansive set of IP rights; wherever the April draft left the option of covering all IP rights or just copyright and trademark, the December 3 draft chose to cover all IP rights (with the exception of patents, which are exempted at least from the Border Measures chapter). The December draft also often chooses the more maximalist of two options proposed in the

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<sup>161</sup> *Id.*, Art. 38.2, p. 24.

<sup>162</sup> *Id.*, Art. 40, p. 25.

<sup>163</sup> *Id.*, Art. 39, n. 17, p. 25.

<sup>164</sup> ACTA Draft - April 2010, *supra* note 17, Art. 6.1.1, p. 37.

<sup>165</sup> *Id.*, Art. 6.5, p. 24.

<sup>166</sup> *Id.*, Art. 6.4, p. 23.

<sup>167</sup> Kenneth Corbin, *Final ACTA Draft Spares Groups' Worst Fears*, Oct. 11, 2010, [www.internetnews.com/government/article.php/3907641/Final-Acta-Draft-Spares-Groups-Worst-Fears.htm](http://www.internetnews.com/government/article.php/3907641/Final-Acta-Draft-Spares-Groups-Worst-Fears.htm).

provisional April draft.

Other differences between the two drafts provide definitional context for some of the vaguer language of the December 3 draft: when the December draft is vague, the original language of the April draft may provide explanation for what the parties initially intended. These contextualizations are not meant to be used for reading ACTA's language to bind parties to the April draft, just to clarify that parties may be going into the agreement with a clearer understanding of terms than a lay reader gets from the December 3 language alone.

Finally, comparing these two drafts provides a realistic outline of what provisions parties will push for in future agreements. Whatever did not make it into the December draft or whatever was added to the December draft that the April draft did not have indicates the language maximalist parties will push for in the absence of tempering negotiating forces in future agreements such as the Trans-Pacific Partnership Agreement (TPP). ACTA's latest incarnation does not mark the end of notice-and-takedown regimes, or the end of expansions of criminalized infringement.

This section starts by outlining the ways in which the December 3 draft either chose or inserted more stringent language in comparison to the April draft. It then turns to the several areas where vague language in the December draft may be contextualized by the April draft. It closes with an outline of April provisions that are likely to come up in future plurilateral agreements.

#### *A. Ways in which the December 3 Draft Expands on the April Draft*

Several have noted that the December 3 draft of ACTA is in some ways less draconian than the April draft. The December draft, however, does present significant maximizing changes from the April draft. In celebrating the comparative leniency of the December draft, it is important to hold negotiators accountable for the more maximizing choices they made as well.

##### 1. Scope of Rights Covered

The most significant expansive change between the April draft and December 3 draft is the scope of the IP rights the agreement addresses. As discussed above, the ACTA definition of "intellectual property rights" includes all IP rights covered in TRIPS Sections 1 through 7, which includes industrial designs, patents, the layout designs of integrated circuits, and "undisclosed information." The April draft of ACTA evidenced

discussion between the parties on the scope of rights to be covered by different provisions of the agreement: civil enforcement, border measures, enforcement in the digital environment, enforcement practices and coordination, and international cooperation. In each of these provisions the April draft evidenced indecisiveness on whether ACTA would cover intellectual property rights more generally, or copyrights and trademarks more specifically. And in each of the above sections—civil enforcement, border measures, enforcement in the digital environment, enforcement practices and coordination, and international cooperation—the December draft applies ACTA to *all* intellectual property rights. The only exceptions to this broad coverage are (1) the exclusion of patents from the border measures provision,<sup>168</sup> and (2) language permitting, but not requiring, parties to exclude patents and trade secrets from civil enforcement measures.<sup>169</sup> The default coverage for ACTA’s civil enforcement section, as discussed above, includes patents.

## 2. Definitions

The December draft presents more stringent language than the April draft in its definitions of (1) the de minimis allowance for border measures and (2) counterfeit and pirated goods.

### *a. De Minimis*

Both versions of ACTA, like TRIPS, contain an exception for de minimis shipments in the border measures section. The April draft proposed including the full TRIPS de minimis provision, which outlines an explicit exception for goods “sent in small consignments.”<sup>170</sup> The December draft states, however, that goods of a commercial nature sent in small consignments are explicitly *included* in border enforcement instead of exempted under the de minimis provision.<sup>171</sup>

### *b. Counterfeit and Pirated Goods*

The December draft also presents a broader definition of “counterfeit” and “pirated” goods than the April draft. The definitions of “counterfeit trademark goods” and “pirated copyright goods” in the April draft stated

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<sup>168</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 3, n.6, p. 9.

<sup>169</sup> *Id.*, Sec. 2, n. 2, p. 6.

<sup>170</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.X, p. 10.

<sup>171</sup> *Id.*, Sec. 3, Art. 14.1, p. 9.

that the goods are infringing if they infringe “under the law of the country in which the procedures set out” in the border measures section.<sup>172</sup> This means that under the April draft, if you shipped goods through a third country, that country could seize them as counterfeit or pirated if they violated that country’s laws *on border measures*.

The December draft is more expansive. In the December draft, the definitions for “counterfeit” and “pirated” goods state that goods infringe if they infringe under law set out in the border measures provision, the civil enforcement provision, the criminal enforcement provision, and the digital enforcement provision.<sup>173</sup> Thus, under the December draft, if your goods go through the third-party country and do not infringe their laws on border measures but infringe under the laws on digital enforcement, they can be seized under the language of the December draft.

*c. Choosing “Shall” over “May”*

In several places, the December draft chooses to require action by party members instead of permitting it, by choosing to use the word “shall” instead of “may.” For example, in April parties were debating whether border measures “shall” or “may” apply to exports;<sup>174</sup> in the December draft, parties are required to apply border measures to exports.<sup>175</sup> Parties are required in the December draft to “promote cooperation” between authorities responsible for enforcement of IP rights, instead of being permitted to foster such cooperation as they deem appropriate.<sup>176</sup> Parties are also required to “endeavor to exchange” information with other parties,<sup>177</sup> instead of permissively being allowed to “promote” information sharing.<sup>178</sup>

*d. Other Maximizing Changes*

The December draft contains other areas of maximizing changes when compared to the April draft and what was up for discussion then. I outline these changes by section below.

*i. Civil Enforcement*

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<sup>172</sup> *Id.*, Art. 2.6.1, Option 1, n. 25, n. 26, p. 10.

<sup>173</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 2, Art. 5, pp. 3-4.

<sup>174</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.6.1, p. 10.

<sup>175</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 3, Art. 16.1, p. 10.

<sup>176</sup> *Id.*, Ch 4, Art. 33.2, p. 20.

<sup>177</sup> *Id.*, Ch 4, Art. 34, p. 20.

In April, parties debated the exclusion of language regarding payment by infringers of “any other expenses as provided for under the Party’s domestic law”<sup>179</sup> in addition to court costs and attorney’s fees. This payment is now included in the attorneys’ fees paragraph.<sup>180</sup>

In April, parties debated including an alternative to destroying infringing goods: having the goods “recalled, [or] definitively removed from the channel of commerce.”<sup>181</sup> Now parties must give authorities the power to order that goods be destroyed without compensation, not just recalled or removed from commerce.<sup>182</sup>

The December draft<sup>183</sup> chose not to include a paragraph from the April draft requiring parties to take into account both proportionality and any third party interest when ordering destruction of goods.<sup>184</sup>

Under the December draft, “provisional measures” can be used to prevent an infringement even if the infringement is not imminent.<sup>185</sup>

## *ii. Border Measures*

The December draft allows right holders to apply “to detain” the goods as a border measure, instead of merely suspending their eventual release.<sup>186</sup>

The April draft explicitly permitted parties to provide for applications by right holders to apply to multiple shipments “or in the alternative specified” shipments.<sup>187</sup> The December draft permits parties to apply such applications to multiple shipments instead of mandating it,<sup>188</sup> but removes the explicit alternative that a party may instead apply such applications only to specified shipments. The cost to right holders of applying for suspension of multiple shipments is much lower; the cost to the government, however, is higher.

## *iii. Criminal Enforcement*

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<sup>178</sup> ACTA Draft - April 2010, *supra* note 17, Art. 3.2.1, p. 26.

<sup>179</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.2.5, p. 6.

<sup>180</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 2, Art. 9.5, p. 7.

<sup>181</sup> ACTA Draft - April 2010, *supra* note 17, Sec. 2, Art. 2.3.1, p. 8.

<sup>182</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 10.1, p. 7.

<sup>183</sup> *Id.*, Art. 10, p. 7.

<sup>184</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.3.4, p. 7.

<sup>185</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 12, p. 8; ACTA Draft - April 2010, *supra* note 17, Art. 2.5.X, p. 8.

<sup>186</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 17.2, pp. 10-11; April Art. 2.6, p. 10.

<sup>187</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.3 p. 11

<sup>188</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 17.2, p. 10.

One of the ways in which ACTA expands criminal enforcement is by criminalizing trademark-infringing labels and packaging. The December draft chose more draconian language regarding their criminalization. The April draft considered criminalizing willful importation and domestic “trafficking” of labels or packaging;<sup>189</sup> the December draft chose to replace “trafficking” with “domestic use,” criminalizing those who use the trademark-violating packaging, not just those who sell it.<sup>190</sup>

The April draft also involved discussion as to whether ACTA would criminalize packaging intended to be “used for willful trademark counterfeiting”<sup>191</sup> or the harsher standard chosen by the December draft, criminalizing packaging “used in the course of trade on goods or in relation to services which are identical to goods or services for which trademark is registered.”<sup>192</sup> So under the December draft, the offender need not willfully counterfeit to be criminally liable, if an infringing label is applied to the same kind of goods as the original product.

The liability of legal persons was also up for debate in the April draft, which proposed liability that may be criminal or non-criminal.<sup>193</sup> The December draft explicitly requires parties to adopt measures to establish “the liability, which may be criminal, of legal persons” for otherwise criminal offenses.<sup>194</sup>

In the provision on penalties and the provisions on seizure, forfeiture, and destruction of goods, the December draft broadens the application of these penalties to all criminal offenses—including the provision of labels, the filming of movies in movie theaters, and aiding and abetting—rather than just willful trademark counterfeiting or copyright piracy on a commercial scale.<sup>195</sup>

The April draft contained the option to limit seizure of suspected counterfeit trademark goods or pirated copyright goods to “at least . . . serious offenses” instead of all offenses.<sup>196</sup> The December draft applies seizure of goods to all offenses.<sup>197</sup>

The December draft gives officials the authority to order forfeiture or destruction.<sup>198</sup> The April draft debated whether to give authorities the

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<sup>189</sup> ACTA Draft - April 2010, *supra* note 17, Sec. 3, Art. 2.14.2, p. 15.

<sup>190</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 23.2, p. 13.

<sup>191</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.14.2(b), p. 15.

<sup>192</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 23.2(b), p. 13.

<sup>193</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.15.1, p. 16.

<sup>194</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 23.5 p. 13.

<sup>195</sup> Compare ACTA - Dec. 3, 2010, *supra* note 20, Art. 24, p. 14 and *id.* art. 25.1, 25.3, 25.4, p. 14 with ACTA Draft - April 2010, *supra* note 17, Art. 2.15.3, pp. 16-17.

<sup>196</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.16.1, p. 17.

<sup>197</sup> ACTA - Dec. 3, 2010, *supra* note 20 Art. 25.1 p. 14.

<sup>198</sup> *Id.*, Art. 25.3 p. 14.

authority to order “[confiscation/][forfeiture [and/] or] destruction [where appropriate].”<sup>199</sup> In the next provision, again, the April draft provides for “confiscation” as an alternative to forfeiture of assets the value of which corresponds to assets obtained from infringing activity.<sup>200</sup> Confiscation may consist of a shorter duration, while forfeiture appears to be permanent.

The December draft changes the word “defendant”<sup>201</sup> to “infringer,” indicating that forfeiture or destruction may take place before or independent of legal proceedings on the merits.<sup>202</sup>

The April draft proposed that authorities be able to order either fines or the seizure of assets;<sup>203</sup> the December draft provides that authorities order the seizure of assets only, which is a more draconian measure than fines.<sup>204</sup> The December draft does not include April’s proposed Art. 2.X on the rights of defendants and third parties, which requires that each signatory party “ensure that the rights of the defendants and third parties shall be duly protected and guaranteed.”<sup>205</sup>

#### *iv. Enforcement in the Digital Environment*

Generally, the December draft eliminates the most controversial language on enforcement in the digital environment. However, it does include a footnote suggesting that signatory parties create “a regime providing for limitations on the liability of . . . online service providers while preserving the legitimate interests of right holders.”<sup>206</sup> This footnote does not contain any of April’s language about preventing parties from imposing a general monitoring requirement on providers.<sup>207</sup>

In the area of the circumvention of technological protection, the December draft is harsher than the April draft in several respects. The December draft used the US definition of “willful” for technological circumvention, without labeling it as such, defining “willful” as “knowingly or with reasonable grounds to know.”<sup>208</sup> The December draft also added protection against “the offering to the public by marketing of a device . . . as a means of circumventing an effective technological measure.”<sup>209</sup>

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<sup>199</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.16.2, p. 17.

<sup>200</sup> *Id.*, Art. 2.16.2(d), p. 18.

<sup>201</sup> *Id.*, Art. 2.16.2, p. 18.

<sup>202</sup> ACTA - Dec. 3, 2010, *supra* note 20, arts. 25.3 & 25.4, p. 14.

<sup>203</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.16.1(a) n. 42, p. 17.

<sup>204</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 25.5(a), p. 15.

<sup>205</sup> ACTA Draft - April 2010, *supra* note 17, Sec. 3, Art. 2.X, p. 18.

<sup>206</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 5., Art. 27.2, n.13, p. 15.

<sup>207</sup> Compare p. 21 with n. 13, p. 15.

<sup>208</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 5. Art. 27.6(a)(i), p. 16.

<sup>209</sup> *Id.*, Art. 27.6(a)(ii), p. 16

In the April draft, parties debated whether criminal or civil remedies should apply to removing digital rights management (DRM) and distributing works whose DRM had been removed should be subject to criminal or civil remedies.<sup>210</sup> The December draft includes language implying that criminal penalties are included, stating that civil remedies, which apply when offenders have “reasonable grounds to know” that the works have had their DRM removed,<sup>211</sup> are included among other remedies, which apply when the offender acted knowingly.

The December language on limitations or exceptions to the enforcement of technological measures adds the word “appropriate” before “limitations or exceptions,” restricting which limitations and exceptions may be applied.<sup>212</sup>

#### v. *Enforcement Practices*

The provision on enforcement practices dictates the mandatory enforcement structures each signatory party must build domestically, and what information-sharing parties must promote. The December draft requires each party to both promote internal coordination among its competent authorities and “facilitate joint actions by” those competent authorities,<sup>213</sup> where the April draft requires only the promotion of internal coordination and not joint action.<sup>214</sup>

In the area of information-sharing, the December draft adds a paragraph allowing parties seizing infringing imported goods to provide the party of export with information necessary to identify parties and goods involved in the exportation, and permits the exporting party to take action against those parties and future shipments.<sup>215</sup>

In its section on procedural transparency, the December draft rejected April language requiring parties to make available to the public information “within a reasonable period of time.”<sup>216</sup> Instead, there is no time constraint on when parties must reveal information to the public.<sup>217</sup>

#### vi. *Institutional Arrangements*

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<sup>210</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.18.4, p. 22.

<sup>211</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 27.7 p. 17.

<sup>212</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 27.8 p. 17; ACTA Draft - April 2010, *supra* note 17, Art. 2.18.7 p. 24.

<sup>213</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 28.3, p. 18.

<sup>214</sup> ACTA Draft - April 2010, *supra* note 17, Art. 4.1.3, p. 29.

<sup>215</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 29.2 p. 18.

<sup>216</sup> ACTA Draft - April 2010, *supra* note 17, Art. 4.3.1, p. 30.

<sup>217</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 30, pp. 18-19.

ACTA creates a new institution, the ACTA Committee, and the December draft leaves out language requiring a “periodic mutual evaluation process of the implementation of the Agreement by the parties, according to the principles of equal treatment and a fair hearing,”<sup>218</sup> and requiring that any development of the Agreement “does not duplicate other international efforts regarding the enforcement of intellectual property rights.”<sup>219</sup>

The December draft is not explicitly subjected to WTO dispute resolution mechanisms. The draft omits an important April footnote requiring that “this provision shall not conflict with the rules and implementation of the Dispute Settlement Understanding of the World Trade Organization.”<sup>220</sup>

The current draft also vastly expands the section on “consultation” from the April draft, to allow parties to request consultations with another party on the implementation of the Agreement.<sup>221</sup> Instead of clarifying that such consultations shall not conflict with WTO dispute resolution, ACTA’s December draft states that the consultations will be “without prejudice to the rights of either Party in any other proceeding,” including WTO proceedings.<sup>222</sup> This envisions ACTA’s consultation proceedings as being a separate, parallel track to the WTO instead of subject to it as the earlier draft language suggested.

In another example of ACTA utilizing government resources for the benefit of right holders, the December draft adds language suggesting that the Committee “share information and best practices with third parties on reducing intellectual property rights infringements, including techniques for identifying and monitoring piracy and counterfeiting.”<sup>223</sup> The April draft did not explicitly mention sharing such information with third parties.<sup>224</sup>

The provision on Institutional Arrangements no longer includes language on transparency, requiring prompt publication of laws, regulations, and administrative rulings.<sup>225</sup> This language is now included only in the chapter on Enforcement Practices,<sup>226</sup> and the publication is not required to be prompt or timely. The December draft also entirely cuts

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<sup>218</sup> ACTA Draft - April 2010, *supra* note 17, Art 5.1.2(a), p. 33.

<sup>219</sup> ACTA Draft - April 2010, *supra* note 17, Art. 5.1.2(b), p 33.

<sup>220</sup> Compare ACTA Draft - April 2010, *supra* note 17, Art. 5.1.2(c), n. 74, p. 33 with ACTA– Dec. 3, 2010, *supra* note 20, Ch. 5 Art. 36.1, p. 20.

<sup>221</sup> ACTA Draft - April 2010, *supra* note 17, Art. 5.5, p. 36.

<sup>222</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 38.2 p. 24.

<sup>223</sup> *Id.*, Art. 36.3(d) p. 22.

<sup>224</sup> Compare with ACTA Draft - April 2010, *supra* note 17, Art. 5.1.3 pp 33-34.

<sup>225</sup> ACTA Draft - April 2010, *supra* note 17, Art. 5.4, p. 35.

<sup>226</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 30, pp. 18-19.

language on allowing non-party and nongovernmental entities to observe or monitor Committee sessions.<sup>227</sup> This prevents transparency, closing out nongovernmental groups from participation and observance.

*vii. Final Provision*

The Agreement enters into force in 30 days from the last signature of its first six parties, as opposed to three months as proposed in the April draft.<sup>228</sup> This gives potential signatories less time to study the text to comply with its provisions.

Only a member of the WTO may apply to accede to ACTA.<sup>229</sup> The April draft proposed allowing members of WIPO, or WTO, or of the UN to apply.<sup>230</sup> WIPO and the UN contain less stringent IP agreements than the WTO, so this prescreens membership for maximalist countries subject to existing international enforcement mechanisms.

The April draft contemplated allowing new parties to join based on a two-thirds majority of the Committee, while the December draft requires consensus between committee members, making ACTA harder to join. This creates a closed door whereby the original signatories have an immense amount of power in being able to single-handedly veto other countries from joining the agreement, or control the terms of accession.<sup>231</sup>

*B. Contextualizing Vague Language*

This section addresses places in which the December draft provides vague or broad language, looking to the original language from the April draft to get a sense of what the December language might actually mean. Again, I do not propose using the April draft to define terms in the December draft—just to understand how parties themselves might understand the text.

1. Liability of Government Officials

In the December draft, it is not clear what Article 6.4 (on restricting

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<sup>227</sup> ACTA Draft - April 2010, *supra* note 17, Art. 5.6, p. 36.

<sup>228</sup> ACTA— Dec. 3, 2010, *supra* note 20, Ch. 6 Art. 40, p. 25; ACTA Draft - April 2010, *supra* note 17, Ch. 6 Art. 6.2, p. 38.

<sup>229</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 43.1, p. 24.

<sup>230</sup> ACTA Draft - April 2010, *supra* note 17, Art. 6.1.1, p. 37.

<sup>231</sup> ACTA Draft - April 2010, *supra* note 17, Art. 6.1.1, p. 37; ACTA – Dec. 3, 2010, *supra* note 20, Art. 43.2, p. 26.

liability for government officials) means.<sup>232</sup> The December draft states that “[n]o provision of this Chapter shall be construed to require a Party to make its officials subject to liability for acts undertaken in the performance of their official duties.”<sup>233</sup> It is not clear whether the liability refers to liability for infringements, or liability for damages incurred during enforcement. The April draft indicates that it may include both. The April draft explains that parties intended to insert a provision “on limitations on remedies available against use by governments as well as exemptions of public authorities and official [sic] from liability.”<sup>234</sup> The first half of this language appears to limit government liability for IP infringements; the second, however, may refer instead to the now excluded language from the border measures section stating that “each Party shall provide measures concerning the liability of competent authorities in the execution of their duties.”<sup>235</sup> This indicates that parties expect to be able to limit the liability of border authorities for damages incurred during the execution of enforcement.

## 2. Injunctions and Preliminary Measures

The December draft adds language in the injunctions section providing injunctions “where appropriate, to a third party.”<sup>236</sup> There is no indication in the December draft of who these third parties might be. But the April draft proposes allowing injunctions against an “[infringing] intermediary whose services are being used by a third party to infringe an intellectual property right.”<sup>237</sup> The April language indicates that injunctions against third parties in the December draft may in fact be referring to injunctions against ISPs or other digital intermediaries.

In the civil enforcement provisions, the December draft refers to “provisional measures” where the April draft used to refer explicitly to interlocutory injunctions.<sup>238</sup> In April, “provisional measures” were defined as being measures employed “even before commencement of proceedings on the merits.”<sup>239</sup> The use of the term “provisional measures” instead of “interlocutory injunction,” plus the change in the December draft of the

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<sup>232</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 1, Art. 6.4, p. 5.

<sup>233</sup> *Id.*, Art. 6.4, p. 5.

<sup>234</sup> ACTA Draft - April 2010, *supra* note 17, Ch. 2, Art. 2.X.4, p. 4.

<sup>235</sup> ACTA Draft - April 2010, *supra* note 17, Sec. 2, Art. 2.X.1 p. 14.

<sup>236</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 2., Art. 8.1, p. 6.

<sup>237</sup> ACTA Draft - April 2010, *supra* note 17, Sec 1, Art. 2.5.X, p. 8.

<sup>238</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 12, p. 8; ACTA Draft - April 2010, *supra* note 17, Art. 2.5, p. 8.

<sup>239</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.5.X, p. 8.

word “plaintiff” to “applicant” indicates that these provisional measures are meant to occur before the commencement of legal proceedings, instead of after proceedings on the merits have occurred.<sup>240</sup>

### 3. Ex Officio in Border Measures

The December draft appears not to contain an explicit section on ex officio action in border measures. However, the language from the April draft is for the most part still there; it is now split between Art 16.1 and 16.2, which provide that customs authorities may act upon their own initiative.<sup>241</sup>

### 4. Relationships Between Right Holders and Other Businesses

The December draft obscures the deliberate development of relationships between online service providers and right holders. The April draft originally proposed developing mutually supportive relationships between online service providers and right holders—i.e., encouraging private ordering graduate response whereby OSPs cooperate with right holders to monitor users and curtail site access.<sup>242</sup> The December language is more generalized: “Each Party shall endeavor to promote cooperative efforts within the business community to effectively address trademark and copyright or related rights infringement.”<sup>243</sup> This language is a euphemism for what was originally proposed in the April draft encouraging a relationship between right holders and online service providers.

### 5. Circumvention of Technological Measures

In the section on circumvention of technological measures, the December draft uses the vague term “protection.”<sup>244</sup> The April draft contextualizes that criminal penalties may be included in the parties’ understanding of “protection.” The April draft used in the place of “protection” “civil remedies or/as well as criminal penalties in appropriate cases of willful conduct.”<sup>245</sup>

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<sup>240</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 12.4, p. 8.

<sup>241</sup> ACTA– Dec. 3, 2010, *supra* note 20, Art. 16.1 & 16.2, p. 10; ACTA Draft - April 2010, *supra* note 17, Art. 2.7, p. 11.

<sup>242</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.18.3*quater*, p. 22.

<sup>243</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 5, Art. 27.3, p. 16.

<sup>244</sup> *Id.*, Sec. 5, Art. 27.6, p. 16.

<sup>245</sup> ACTA Draft - April 2010, *supra* note 17, Sec. 5, Art. 2.18.6, p. 23.

## 6. Domestic Coordination and Enforcement

In the section on domestic enforcement practices and coordination, the April draft contained language suggesting that “[o]ne means of implementation is through specialized law enforcement authorities for the investigation and prosecution of cases concerning the infringement of intellectual property rights.”<sup>246</sup> The aim of the current section on domestic enforcement might be the creation of such specialized law enforcement authorities.<sup>247</sup>

## 7. Sharing Information

Where the December draft discusses sharing information with the “appropriate competent authorities of other Parties on border enforcement,” they are likely referring to “border authorities or custom authorities” as described in the April draft.<sup>248</sup>

The December draft language on sharing information with the authorities of other parties<sup>249</sup> replaces two portions of the April draft, one of which refers to exchanging data during enforcement proceedings,<sup>250</sup> while the other refers to more generally sharing broad “approaches that are developed to provide greater effectiveness.”<sup>251</sup> The December draft appears to refer to data exchange during the course of enforcement procedures (“including relevant information to better identify and target shipments for inspection.”) rather than sharing broad, non-case-specific approaches to law enforcement.<sup>252</sup>

The December draft on information sharing contains three paragraphs: sharing statistical information, sharing information on legislative and regulatory measures, and “(c) other information as appropriate and mutually agreed”.<sup>253</sup> The April draft contained only two: one on statistical data,<sup>254</sup> and one on legislative and regulatory measures.<sup>255</sup>

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<sup>246</sup> *Id.*, Art. 4.1.1, p. 29.

<sup>247</sup> ACTA - Dec. 3, 2010, *supra* note 20, Ch. 3, Art. 28, p. 18.

<sup>248</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 29.1(b) p. 18; ACTA Draft - April 2010, *supra* note 17, Art. 3.2.1, p 30.

<sup>249</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 29.1, p. 18.

<sup>250</sup> ACTA Draft - April 2010, *supra* note 17, Art. 4.2.1(b), p. 30.

<sup>251</sup> *Id.*, Art. 4.2.1(c), p. 30.

<sup>252</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 29.1(b), p. 18.

<sup>253</sup> *Id.*, Ch. 4, Art. 34, p. 20.

<sup>254</sup> ACTA Draft - April 2010, *supra* note 17, Art. 3.2.1(a), p. 26.

<sup>255</sup> *Id.*, Art. 3.2.1(b), p. 26.

However, the April draft contained a third, separate paragraph that may give some context to the “other information” language in the December draft. This third paragraph requires parties to share “either on request or on its own initiative” information necessary to enforce, prevent, investigate, or prosecute IP infringement.<sup>256</sup> This enforcement paragraph is now missing from the December draft. Parties are still encouraged to form mutually agreed arrangements for sharing “other information”, and the April draft envisions that “other information” as being information for prosecution and other enforcement.<sup>257</sup>

## 8. Capacity Building

The capacity-building language in the December draft no longer contains repeated references to developing countries, but the inclusion of the label “developing countries” in the April draft indicates that capacity building is meant to apply to them.<sup>258</sup>

## 9. Dispute Resolution

The December agreement, as mentioned, cuts language allowing the ACTA committee to perform dispute resolution under ACTA.<sup>259</sup> However, in its generalized language on what the Committee shall do, the December draft says that the Committee shall “(e) consider any other matter that may affect the implementation and operation of this Agreement.”<sup>260</sup> In April, the word “implementation” did not exist in this description.<sup>261</sup> “Implementation” may turn out to be a stand-in for dispute resolution.

### *C. What Was Cut from the December Draft and Will Come Up in the Future*

This section addresses perhaps the most significant result of comparing the April and December drafts of ACTA: what has been left out of the final product. Multiple ACTA parties are also parties to the newly developing

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<sup>256</sup> *Id.*, Art. 3.2.2 p. 26.

<sup>257</sup> The April draft also contained another paragraph on enforcement cooperation which has been cut. *Id.*, Ch. 3, Art. 3.1.3, p. 25.

<sup>258</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 33, p. 20; ACTA Draft - April 2010, *supra* note 17, Art. 3.3, pp. 26-27.

<sup>259</sup> ACTA Draft - April 2010, *supra* note 17, Ch. 5 Art. 5.1.2(c) p. 33; Oct. Art. 36.2, p. 22.

<sup>260</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 36.2(e) p 22.

<sup>261</sup> ACTA Draft - April 2010, *supra* note 17, Art. 5.1.2(d), p. 33.

Trans-Pacific Partnership (TPP), for example, which is plurilateral in nature, formed outside of existing international institutions, and addresses intellectual property rights.<sup>262</sup> The final draft of ACTA excludes ISP liability measures, and comparatively narrowed the definition of criminal offenses. It is likely that parties to ACTA will try to reinstate rejected provisions of ACTA in future agreements such as the TPP.

### 1. What May Be Mandatory instead of Permissive in Future Agreements

Future agreements may, like the April draft, mandate that the destruction of goods “shall” be carried out at the expense of the infringer.<sup>263</sup> They may mandate instead of permit<sup>264</sup> applying border measures to transshipped goods.<sup>265</sup> They may mandate criminal enforcement against recording movies in movie theaters, or distributing such copies.<sup>266</sup>

Future agreements may mandate that parties cooperate internationally on criminal law enforcement and border measures. The December draft chose to permit parties to participate in international cooperation on criminal law enforcement and border measures, while the April draft said that cooperation definitively “includes” both criminal law enforcement and border measures.<sup>267</sup>

The drafts evidence conflict over requirements for capacity building at the expense of signatory parties. The April draft mandated that parties “shall provide” for capacity building.<sup>268</sup> The December draft requires that parties merely “shall endeavor to provide” capacity building instead.<sup>269</sup> Future agreements may require parties to shoulder such costs.

### 2. Criminal Enforcement

The criminalization standard in the older drafts of ACTA was significantly more stringent than the standard adopted in the December draft, and is likely to be reintroduced in future agreements. The December draft requires criminalization of “acts carried out on a commercial scale

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<sup>262</sup> See [www.ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership/tpp-outreach-and-updates](http://www.ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership/tpp-outreach-and-updates). The USTR announced that it is conducting “an unprecedented fifty-state domestic outreach strategy for TPP.”

<sup>263</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 2, Art. 10.3 p. 7; ACTA Draft - April 2010, *supra* note 17, Art. 2.3.3, p. 7.

<sup>264</sup> ACTA- Dec. 3, 2010, *supra* note 20, Art 16.2, p. 10.

<sup>265</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.6.1, p. 10.

<sup>266</sup> *Id.* Art. 2.X.2, p. 10.

<sup>267</sup> *Id.*, Art. 33.2. p. 20; ACTA Draft - April 2010, *supra* note 17, Art. 3.1.2, p. 25.

<sup>268</sup> ACTA Draft - April 2010, *supra* note 17, Art. 3.3.1, p. 26.

<sup>269</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 35.1, p. 20.

[which] include at least those carried out as commercial activities for direct or indirect economic or commercial advantage.”<sup>270</sup> The broader standard from the April draft, however, criminalizes (a) significant willful infringement with no direct or indirect motivation of financial gain, and (b) infringement for the purposes of commercial advantage or financial gain with financial gain including the receipt of anything of value.<sup>271</sup> In U.S. law at least, this standard has led to the criminalization of copyright infringement for personal use over a certain monetary amount, within a certain amount of time.<sup>272</sup> Other countries may be reluctant to apply such broad criminalization to such a large percentage of their population.

Future agreements may criminalize “inciting” in addition to “aiding and abetting.”<sup>273</sup> Gwen Hinze of EFF has pointed out that this language in the April draft comes from failed proposed EU law.<sup>274</sup>

Future agreements may include April’s language suggesting imprisonment of legal persons.<sup>275</sup> They may also exclude ACTA’s current language stating that parties are not obligated to impose imprisonment and monetary fines in parallel, thereby increasing penalties for infringement.<sup>276</sup> Future agreements may apply ex officio criminal enforcement in all cases, instead of “in appropriate cases.”<sup>277</sup>

### 3. Notice and Takedown

Future agreements will likely revive the specter of international notice-and-takedown provisions. ACTA’s April draft gave at least a flavor of what such provisions might look like. The April draft proposed essentially two options for digital enforcement provisions: one proposed by the United States,<sup>278</sup> and one by the EU.<sup>279</sup> Each proposed (1) a categorization system for different kinds of intermediary activity, and (2) a system of actions by intermediaries to remedy infringement and escape liability, such as notice

<sup>270</sup> *Id.*, Sec. 4, Art. 23.1, p. 13.

<sup>271</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.14.1, p. 15.

<sup>272</sup> No Electronic Theft (NET) Act, Pub. L. 105-147, *codified at* 17 U.S.C. §§ 101, 506, 507; 18 U.S.C. §§ 2319, 2320; 28 U.S.C. § 1498.

<sup>273</sup> ACTA - Dec. 3, 2010, *supra* note 20, Sec. 4, Art. 23.4, p. 13; ACTA Draft - April 2010, *supra* note 17, Art. 2.15.2, p. 16.

<sup>274</sup> Gwen Hinze, *Preliminary Analysis of the Officially Released ACTA Text*, Apr. 22, 2010, [www.eff.org/deeplinks/2010/04/eff-analysis-officially-released-acta-text](http://www.eff.org/deeplinks/2010/04/eff-analysis-officially-released-acta-text).

<sup>275</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 24, p. 14; ACTA Draft - April 2010, *supra* note 17, Art. 2.15.3(b), pp. 16-17.

<sup>276</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 24, n. 12, p. 14

<sup>277</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 26, p. 15; ACTA Draft - April 2010, *supra* note 17, Art. 2.17, p. 18.

<sup>278</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.18, Option 1, p. 19.

<sup>279</sup> *Id.*, Art. 2.18, Option 2, p. 20.

and takedown. Both provisions applied to all intellectual property rights, not just copyright as the DMCA does in the United States.

The U.S.-proposed provisions do not purely export the Digital Millennium Copyright Act (DMCA), but instead describe a system resembling the DMCA but without balancing provisions. They establish three categories for intermediary activity: (1) automatic technical processes, (2) independent actions of a provider's users, and (3) hyperlinking.<sup>280</sup> It should be noted that actual U.S. law does not use these categories, and describes not three but four categories of intermediary activity, raising the question of how such provisions would map onto U.S. law. The U.S.-proposed provisions of the April draft of ACTA refer to termination policies to be adopted by an ISP or OSP.<sup>281</sup> They establish notice-and-takedown without allowing for (1) sanctions against right holders who abuse the system<sup>282</sup> or (2) incentives for ISPs and OSPs to contact subscribers to provide them with an opportunity to protest takedown.<sup>283</sup> Finally, the U.S.-proposed provisions complicate and obscure the "mere conduit" category for ISPs, indicating that ISPs conducting network management (i.e. not being "solely a conduit") may be subject to notice-and-takedown under the April ACTA language.

The second proposal for ISP liability limitations<sup>284</sup> comes from the EU and resembles the E-Commerce directive.<sup>285</sup> This option also establishes three categories of intermediary activity,<sup>286</sup> but they are three different categories from the U.S. proposal, again making it unclear where caching and hyperlinking would fit in. This provision proposes a lower knowledge standard for takedown than the actual E-Commerce directive, and permits graduated response by allowing parties to establish "procedures governing the removal or disabling of access to information" by ISPs operating as mere conduits.<sup>287</sup>

Like the U.S.-proposed provisions, these are not a pure export of existing EU law, and lack balancing elements from the E-Commerce directive. They lack the nod to freedom of expression that the E-Commerce directive contains. The proposed language restricting monitoring obligations when an ISP complies with safe harbors<sup>288</sup> is narrower than in

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<sup>280</sup> *Id.*, Art. 2.18, Option 1, p. 20.

<sup>281</sup> *Id.*, Art. 2.18, Option 1, p. 21.

<sup>282</sup> 17 U.S.C. § 512(f).

<sup>283</sup> *Id.* § 512(g)(2).

<sup>284</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.18, Option 2, p. 20; Option 2, p. 21.

<sup>285</sup> EU E-Commerce Directive, Directive 2000/31/EC, O.J., L178, 17/7/2000.

<sup>286</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.18, Option 2, p. 20.

<sup>287</sup> *Id.*, Art. 2.18, Option 2, p. 21.

<sup>288</sup> *Id.*

EU law, which prevents member states more generally from imposing an obligation to monitor “the information which they transmit or store,” regardless of compliance with safe harbors.<sup>289</sup>

The April draft of ACTA sets up a legal backdrop conducive to private ordering graduated response, by requiring that governments encourage the cooperation between ISPs and right holders. It allows right holders to contact ISPs directly for user information. It defines third-party liability,<sup>290</sup> implicating OSPs and ISPs, proposes sanctions for inciting, aiding and abetting infringement,<sup>291</sup> and proposes sanctions for legal persons,<sup>292</sup> all of which encourage ISPs to cooperate directly with right holders or risk suit or criminal penalties.

#### 4. Other

Future agreements may contain stiffer penalties. Patent infringement may be subject to attorneys’ fees.<sup>293</sup> Authorities may be granted an expanded ability to order the destruction of all intellectual property rights, not just pirated copyright goods and counterfeit trademark goods.<sup>294</sup> Governments may no longer be permitted to decide “in exceptional circumstances” not to dispose of goods seized during border enforcement outside of the channels of commerce.<sup>295</sup>

The relationship between right holders and OSPs will be fostered, to the detriment of Internet users. A right holder may, in the future, have a lower standard of proof to meet before officials can order an OSP to disclose identifying information about subscribers. In the December draft, the right holder must file “a legally sufficient claim”<sup>296</sup> before an authority will order disclosure of identifying information, while in the April draft, the right holder need only have provided “effective notification” to the OSP rather than a judicial authority.<sup>297</sup>

In the area of technological circumvention, future agreements may encompass a wider span of violating products. Such agreements may protect against parts of products that are designed for circumvention,

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<sup>289</sup> E-Commerce Directive, *supra* note 285, Arts. 12, 13, 14.

<sup>290</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.18.3, n. 47, p. 19.

<sup>291</sup> *Id.*, Art. 2.15.2, p. 16.

<sup>292</sup> *Id.*, Art. 2.15.1, p. 16.

<sup>293</sup> *Id.*, Sec. 2, Art. 2.2.5, p. 7.

<sup>294</sup> *Id.*, Sec. 2, Art. 2.3.1, p. 7.

<sup>295</sup> *Id.*, Art. 2.3.2, p. 7.

<sup>296</sup> *Id.*, Art. 27.4, p. 16.

<sup>297</sup> *Id.*, Art. 2.18.3 *ter.*, p. 21.

instead of looking to whole products only, implicating more designs.<sup>298</sup> Future agreements may, like the April draft, state that each circumvention offense is a separate offense from infringement itself.<sup>299</sup> Parties may be obligated to require “that the design of . . . a . . . product provide for a response to any particular technological measure.”<sup>300</sup> And the ban on the distribution of works from which DRM has been removed may include “other subject matters specified under Article 14 of TRIPs” instead of just “works, performances, or phonograms.”<sup>301</sup>

If the April draft is any indication, government resources will be further harnessed on the behalf of private right holders. In enforcement practices, parties may be required to develop specialized expertise “in order to ensure/promote effective enforcement of [IP rights] [copyright and trademark rights],”<sup>302</sup> instead of “encourage[d]” to develop expertise on IP more generally.<sup>303</sup> This costs money and time. The April draft uses more mandatory language concerning government collection of statistical data (parties shall “endeavor to collect”)<sup>304</sup> while the December draft is more passive (“shall promote collection and analysis of”).<sup>305</sup> In the April draft, parties were required to publish “any statistical data that the Party may collect.”<sup>306</sup> This harnesses government-collected statistical data for private use by private companies, by requiring such data to be communicated to the public and thereby to private companies. The April draft also required parties to create “educational [and dissemination] projects” that “may include joint initiatives with the private sector.”<sup>307</sup>

Parties may also be explicitly required to work more closely with right holders. The December draft permits parties to hear the views of right holders and other relevant stakeholders in domestic enforcement,<sup>308</sup> while the April draft actively suggested that parties “foster dialogue and information exchanges with shareholders.”<sup>309</sup> In the intersection of privacy and use of government resources, the April draft proposed permitting border officials or other authorities to conduct audits of an importer’s business

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<sup>298</sup> *Id.*, Art. 2.18.4(b), p. 22.

<sup>299</sup> *Id.*, Art. 2.18.5, p. 23.

<sup>300</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 2.18.6(b)(ii), n.15, p. 16.

<sup>301</sup> ACTA Draft - April 2010, *supra* note 17, Art. 2.18.6(b), p. 24; Art. 2.18.7(b), p. 17.

<sup>302</sup> *Id.*, Art. 4.1.1, p. 29.

<sup>303</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 28.1, p. 18.

<sup>304</sup> ACTA Draft - April 2010, *supra* note 17, Art. 4.1.2, p. 29.

<sup>305</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 28.2, p. 18.

<sup>306</sup> ACTA Draft - April 2010, *supra* note 17, Art. 4.3, Option 2(1), p. 31.

<sup>307</sup> *Id.*, Art. 4.4, p. 32.

<sup>308</sup> ACTA - Dec. 3, 2010, *supra* note 20, Art. 3.1.4, p. 18.

<sup>309</sup> ACTA Draft - April 2010, *supra* note 17, Art. 4.1.4, p. 29.

records to detect infringement.<sup>310</sup>

Future agreements will likely contain more language on international information sharing. The April draft proposed that international information sharing be explicitly linked to enforcement, as opposed to best practices, proposing including that parties cooperate “[in order to deal with the increasingly global problem of the trade in counterfeit and pirated goods].”<sup>311</sup> The draft contained several mandatory paragraphs on cooperation and information sharing in IP enforcement.<sup>312</sup> It also proposed requiring periodic meetings between the parties expressly for the purpose of information sharing.<sup>313</sup>

In the area of capacity-building, future agreements may contain mandatory language on creating and promoting legislation for developing countries.<sup>314</sup> They may, like the April draft, require the creation of a special fund to finance capacity building.<sup>315</sup> This uses government resources inappropriately, having countries’ taxpayers effectively pay for enforcement installation in other countries.

## V. CONCLUSION

The Anti-Counterfeiting Trade Agreement represents the most recent maximalist push for increasing enforcement of international intellectual property law, outside of existing legitimated international fora. ACTA ratchets up the international standard for IP enforcement, even as it leaves out large portions of problematic law from its earlier drafts. The more stringent provisions of ACTA’s earlier drafts are likely to recur, however, in upcoming plurilateral agreements, such as the Trans-Pacific Partnership (TPP). The agendas of ACTA’s negotiators are now clear. Hopefully this will make the process of future agreement-forming more transparent, if only because non-negotiators will have a clearer understanding, based on ACTA’s history, of what language is to come.

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<sup>310</sup> *Id.*, Art. 4.2.3, p. 30.

<sup>311</sup> *Id.*, Art. 3.1.1, p. 25.

<sup>312</sup> *Id.*, Art. 3.1.3, p. 25; *id.*, art. 3.2.2, p. 26.

<sup>313</sup> *Id.*, Art. 3.2, p. 26.

<sup>314</sup> *Id.*, Art. 3.3.2, pp 26-27; ACTA – Dec. 3, 2010, *supra* note 20, Art. 35, pp. 20-21.

<sup>315</sup> ACTA Draft - April 2010, *supra* note 17, Arts. 3.3.4 & 3.3.5, p. 27.