



COPYRIGHT ENFORCEMENT UNDER THE TRIPS AGREEMENT

A paper prepared by the International Intellectual Property Alliance®

I. Introduction

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) establishes international minimum standards for intellectual property protection both in its substantive and enforcement provisions.¹ TRIPS provides extremely important linkage between intellectual property rights protection and the trade portions of the Uruguay Round agreements (establishing the World Trade Organization). In the copyright area, TRIPS sets forth the so-called “Berne-plus” minima for substantive protection.²

A key feature of TRIPS is the obligation it places on WTO members to adequately and effectively *enforce* intellectual property rights, including copyright (Section III of TRIPS, Articles 41-61). While previous international agreements on harmonizing standards for copyright protection contained provisions on enforcement, it is the strength of the dispute settlement mechanism under the WTO that sets TRIPS apart. Because of these strengthened dispute settlement provisions, countries need to consider what changes may be needed to bring their laws and enforcement systems into compliance with TRIPS. The transition period allowed for developing countries to comply with TRIPS ended on January 1, 2000, while the transition period possible for least-developed countries ends January 1, 2006. This paper will discuss the enforcement obligations of the TRIPS Agreement, and will provide a short list of “performance standards,” by which the WTO (and its dispute settlement body) will ultimately determine whether member countries’ laws or enforcement systems are in compliance with the enforcement provisions of TRIPS.

II. The Enforcement Provisions of the TRIPS Agreement

The enforcement provisions of the TRIPS Agreement (Articles 41-61 of TRIPS) provide the basis under the WTO regime for determining whether individual countries are adequately able to fight copyright piracy within and at their borders. These provisions oblige WTO Member countries to provide enforcement procedures, including civil or administrative remedies, as well as criminal penalties, that permit effective action against any act of copyright infringement (including acts of copyright infringement that occur in the online environment) and that constitute a deterrent to further infringements. In addition, enforcement provisions on copyright, crime, customs, tax and communications must effectively reduce high levels of commercial copyright piracy both domestically and at the borders of the 148 WTO member countries.

The TRIPS enforcement standards require a regime that provides:

- effective action against infringements, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements (Article 41.1).
- procedures that are fair and equitable, are not unnecessarily complicated or costly, and do not entail any unreasonable time limits or unwarranted delays (Article 41.2).
- transparency in the form of written decisions on the merits, made available to the parties to a proceeding without undue delay (Article 41.3).
- adequate civil or administrative procedures and remedies, including the availability of civil injunctions (Article 44); the disposal or destruction of pirate goods (Article 46); and the disposal or destruction of materials and implements the predominant use of which has been in the creation of the infringing goods (Article 46).
- provisional measures, including the availability of *ex parte* civil search orders (Article 50).
- adequate border measures, such as applications to “suspend” the release of infringing goods at the border (Articles 51 and 52); and the disposal or destruction of infringing goods (Article 59).
- adequate criminal procedures, including deterrent penalties (Article 61); the availability of seizure, forfeiture and destruction of infringing goods (Article 61); and seizure, forfeiture and destruction of materials and implements the predominant use of which has been in the commission of the offense (Article 61).

Matthijs Geuze, who served as Secretary to the TRIPS Council at the World Trade Organization (WTO), suggested that the general enforcement obligations of Article 41 of TRIPS can be summarized in six “performance standards”:

- enforcement procedures to permit effective action against infringement.
- expeditious remedies to prevent infringements.
- deterrence to further infringements.
- enforcement procedures that are not unreasonably complicated.
- enforcement procedures that are not unreasonably costly.
- time limits that do not cause unwarranted delays or are not unreasonably fast.

Geuze’s “performance standards” provide a useful starting point for describing what changes developing countries need to make. To date, there have been four cases alleging inadequate enforcement that have invoked to the WTO dispute settlement process. All these

cases have been settled. The cases involving Sweden and Denmark were brought for failure to provide *ex parte* civil remedies, in violation of Article 50 of TRIPS, while the cases against Ireland and Greece (the latter for television piracy) were brought for violations of Articles 41 and 61.

In the following sections, we will attempt briefly to parse Articles 41 and 61 of TRIPS, as these articles will be the determinants of compliance with the TRIPS enforcement provisions in the copyright area over the coming years.

III. Parsing Article 41

What are enforcement procedures that permit “effective action” against infringement? What is evidence that such procedures are not “available” in a country? How speedy or efficient will be considered “expeditious”? Perhaps most importantly, what “remedies” will be considered a “deterrent to further infringements”?

First, the requirement that enforcement procedures permit “effective action” speaks to all possible remedies, including civil, administrative and criminal procedures, as well as border measures, customs, tax and communications procedures. Further, and most importantly, procedures that permit “effective action” should work to reduce the level of piracy (see fourth point below). As we know, a number of countries have become centers for the production (and, in many cases, massive exports), of optical media product. In most of these countries, copyright law enforcement has proven ineffective and countries have adopted optical media licensing regimes. The effective enforcement of these laws is also part of a country’s meeting its TRIPS obligation to provide “effective action” against infringements.

Second, it must be understood that by “available” we are not simply talking about a legislative fix. If a country’s copyright law is amended to include criminal remedies for copyright infringements, for example, those amendments will not make the criminal remedy “available” unless they are actually used in practice. As another example, Article 50 of TRIPS provides that courts have the authority to adopt provisional measures *inaudita altera partes* (without notice to the other party). There are some countries that provide for *ex parte* civil search orders, but require right holders to satisfy “unnecessarily complicated” and “costly” procedures in order to obtain an order. It could not be successfully argued in such a case that “expeditious” enforcement procedures were available merely by showing that the law on the books contains judicial authority to adopt provisional measures *inaudita altera partes*.

Third, “expeditious” remedies must be available. The *ex parte* civil search order required under Article 50 of TRIPS must be available without overly burdensome documentary or evidentiary requirements, and must be available at a reasonable cost (see TRIPS Article 41.2). The same applies to search warrants and seizure orders issued by a criminal court.

Finally, the remedies must constitute a “deterrent to further infringements.” This phrase is key to the TRIPS enforcement text. To determine whether a country has satisfied the requirement, the results of the enforcement system must be objectively analyzed. There are several indicia that may provide needed evidence to determine whether a remedy is “deterrent.” One of the most clear-cut tests is the change over time of the piracy level. Piracy levels on the rise, for example, in a country that already had piracy levels of 50% or higher, strongly indicates a

system that fails to deter infringements, while piracy levels on the decrease may suggest a country on the road to compliance.

IV. Parsing Article 61

Effective criminal enforcement has two major elements: (a) effective searches and seizures of pirate product by the police without notice to the infringer (raids), and (b) the existence in statutory law of deterrent criminal penalties and, in combination with Article 41, their imposition in practice (Article 61).

Specifically, Article 61 obliges countries to provide criminal procedures and penalties “*at least* in cases of willful trademark counterfeiting or copyright piracy” [emphasis added]. Imprisonment and fines must be “sufficient to provide a deterrent.” Seizure, forfeiture and destruction of the infringing goods and any “materials and implements the predominant use of which has been in the commission of the offense” must be available.

Criminal enforcement must be used by governments against copyright piracy “on a commercial scale.” This term reflects an objective criteria – does the infringing act have significant commercial ramifications to rightholders. This test would not be met by criminalizing only the sale or distribution of pirate product. For example, unlicensed copying of software within a corporate environment, because it impacts significantly on the principle market for business software, would be “copyright piracy on a commercial scale.” Similarly, even where an infringer does not directly profit from his act (such as by posting software on a website and inviting users to download it without permission) it can have a severe “commercial” impact of significant “scale” and therefore such act must be made subject to criminal penalties.

Article 41 combined with Article 61 (which should be understood as subsumed within the requirements of Article 41), requires countries to “provide for” or make “available” remedies not just in the law but in practice as well.

The “deterrent” effect of imprisonment and fines can be objectively determined by piracy levels. It will be difficult for a country to claim that its criminal remedies comply with Article 61 of TRIPS if no significant fines or imprisonments have been meted out against commercial pirates, or if sentences are commuted to fines of only a minimal amount.

Finally, seizure, forfeiture and destruction of goods means all three; simply seizing goods and leaving them to gather dust in a warehouse will not suffice (particularly if the pirate walks away unpunished and continues to operate in business). It cannot be underestimated how important the seizure, forfeiture and destruction of “materials and implements the predominant use of which has been in the commission of the offense” will be in fighting piracy. Even where VCRs, computers and other machines have been seized, returning them to the pirates is extremely damaging and only encourages pirates to continue piratical activities. If fines are too low, or equipment and pirate goods are not seized, forfeited and destroyed, enforcement will not meet the test of “deterrence”; it will constitute simply a cost of doing business for the pirate.

V. Reference Chart

The following chart summarizes some TRIPS deficiencies that are found in copyright laws and enforcement practices around the world.

Deficiency in Law or Enforcement Practice	TRIPS Article(s) Invoked
Law fails to provide for <i>ex parte</i> civil search orders	Articles 41.1, 50
Law provides for <i>ex parte</i> civil search orders, but obtaining order requires numerous pleadings and exorbitant costs	Articles 41.2, 50
Court issues <i>ex parte</i> civil search order, but orders that party to be searched be forewarned, leading to the destruction of the evidence	Articles 41.1, 50
Piracy levels of over 90%, huge commercial piracy losses	Articles 41.1, 61
Law provides for low civil/administrative damages	Article 41.1, 45
Law provides for low criminal penalties (e.g., no or limited duration imprisonment for criminal infringements, low fines)	Articles 41.1, 61
Law provides for relatively stiff imprisonment and high fines for commercial piracy, but in practice, imprisonments are commuted and fines are lowered to nominal amounts	Articles 41.1, 61
Country runs raids against willful commercial pirates, seizing goods but never seizing materials and implements used in the infringement (or returning materials and implements without good reason)	Articles 41.1, 61
Country fails to criminalize "end-user" software piracy (piracy in which very few legitimate copies of a work are purchased by a company or government ministry, which then proceeds to breach its license by disseminating multiple unauthorized copies among employees)	Articles 41.1, 61
Country fails to criminalize transmitting pirate software over the Internet even where no charge is made when the act has significant "commercial" impact	Articles 41.1, 61
Raids are available but court cases are never (or rarely) concluded and penalties are never (or rarely) imposed	Articles 41.1, 41.2, 61

VI. Conclusion

Copyright piracy is a trade barrier which can be lowered significantly in a relatively short period of time, in most cases, by a clear commitment from the responsible political officials and enforcement authorities to take immediate action against large-scale commercial pirates (including online pirates), and to impose deterrent penalties on such infringers. The enforcement obligations in the TRIPS Agreement provide a comprehensive foundation for the development of civil, administrative and criminal procedures and remedies necessary for effective enforcement against traditional forms of copyright piracy (as well as the kinds of piracy that will appear in the online environment). It is up to each government to arrange and coordinate efforts with its police, prosecutors, judges, customs officers, tax authorities, administrative agencies (such as copyright bureaus and the relevant government ministries) and other authorities to ensure that its enforcement system complies with TRIPS.

In closing, this paper provides details about enforcement of copyright and neighboring rights under the TRIPS Agreement. The IIPA³ has been an active supporter and NGO participant in the activities of the World Intellectual Property Organization, and many other international copyright organizations, for many years. Working with our members' associations and companies in other countries, IIPA reviews legislative activities and make recommendations to governments for improvements in draft and existing laws. Mr. Geoffrey Yu, then former Director, Office of Global Communications and Public Diplomacy at WIPO, and now Deputy Director General of WIPO, outlined the three "i's" as keys to the practical implementation of the TRIPS Agreement: "institutions, information and interaction." IIPA sees itself as one of those 'institutions' that can provide 'information' leading to healthy 'interaction' in the furtherance of the ultimate goal: TRIPS compliance. IIPA and its member associations are ready to help countries who wish to succeed in effective TRIPS implementation. IIPA also strongly encourages countries to make full use of the assistance efforts of both the WIPO (which has been providing technical assistance for more than two decades) and the WTO in seeking to meet the challenges of TRIPS compliance.

¹ Countries are free to provide higher levels of protection, and many developed countries do. For example, higher IPR standards can be found in the North American Free Trade Agreement (NAFTA) and the bilateral Free Trade Agreements (FTAs) between countries and the United States.

² "Berne-plus" means that the minimum standard for international copyright protection has risen beyond the Berne standard in the ways enumerated in the substantive section of the TRIPS Agreement on copyright (Section II, Articles 9-14). Detailed discussion of the substantive standards of TRIPS and to what degree WTO members are currently in substantive TRIPS compliance is beyond the scope of this paper.

³ The International Intellectual Property Alliance® is a coalition of six trade associations which has represented U.S. copyright-based industries in bilateral and multilateral efforts to open up foreign markets closed by piracy and other market access barriers since 1984. These member associations represent approximately 1,300 U.S. companies producing and distributing materials protected by copyright laws throughout the world — all types of computer software including business applications software and entertainment software (such as videogame CD's and cartridges, personal computer CDs and multimedia products); motion pictures, television programs, DVDs and home videocassettes; music, records, CDs, and audiocassettes; and textbooks, tradebooks, reference and professional publications and journals (in both electronic and print media). See www.iipa.com.