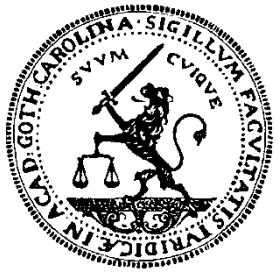


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# ACTA – analysis of an emerging IPR enforcement regime

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30 credits

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# Table of Contents

# Summary

The thesis scrutinizes and analyses ACTA, a recently finished international agreement on enforcement of intellectual property rights. The analysis is performed on both a micro and a macro level. On the micro level, the analysis concerns the substantive content and the incentives to enhance the protection on the level of individual provisions. The scope and the title of the agreement is dealt with separately. On the macro level the broader political incentives and the forms of the negotiations are analysed. Particular attention is devoted to the approach and the role of the EU within the negotiations.

On the macro level, the thesis identifies ACTA as a challenge to the existing regimes in the IPR field, partly by the mere creation of a new institution, and partly by the lack of transparency imbuing the negotiations. It is possible to envisage ACTA as a logical step in a longstanding process of reinforcement of the international IPR protection, implemented through multilateral and bilateral agreements, emanating from a growing frustration with the lack of progress within WIPO and WTO.

On the micro level, the thesis shows that the title of ACTA is misleading and that many of the enforcement provisions go further than existing IPR regimes (particularly in TRIPS), but that the content still is much less controversial today than in earlier stages of the negotiations, due to the fact that the EU and the US, being the strongest parties in the negotiations, have had disparate opinions on several issues.

Finally, the thesis outlines developments which may render the agreement to be less useful than the parties intended it to be, as well as ideas on how international agreements in the IPR field can be made easier to manage. The possibility to see ACTA as a start of a growing readiness to break international practice on law making, as a result of a number of failed negotiations in other fields, is specifically highlighted.

# Sammanfattning

Uppsatsen granskar och analyserar ACTA, ett färskt internationellt avtal om verkställighet av immateriella rättigheter. Analysen sker ur både mikro- och makroperspektiv. På mikronivån avser analysen det materiella innehållet och incitamenten till förstärkningar på regelnivå. Avtalets räckvidd (*scope*) liksom titelns relevans diskuteras separat. På makroplanet analyseras de politiska incitamenten i bredare mening, samt formerna för avtalets förhandlingar. Särskild uppmärksamhet ägnas genomgående EU:s förhållningssätt och roll i förhandlingarna.

På makronivån identifierar uppsatsen ACTA som en utmaning för de befintliga institutionerna på området, dels genom själva skapandet av en ny institution genom *regime shifting* och dels genom den brist på transparens som genomsyrat förhandlingarna. Det är möjligt att se ACTA som ett logiskt steg i en sedan länge pågående förstärkning av det internationella immaterialrättsskyddet genom multilaterala och bilaterala avtal, och en ökad frustration med den, ur i-ländernas perspektiv, bristande utvecklingen inom ramen för WIPO och WTO.

På mikronivån visar uppsatsen att titeln är vilseledande och att reglerna i avtalet ofta går längre än befintliga avtal på samma område (framför allt TRIPS-avtalet) men att innehållet samtidigt har blivit avsevärt mindre kontroversiellt än på tidigare stadier av förhandlingarna på grund av att USA och EU, de starkaste parterna i förhandlingarna, haft motsatta uppfattningar på flera punkter.

Avslutningsvis skisseras tänkbara utvecklingar som kan göra avtalet mindre användbart än parterna avsett, samt förslag på hur internationella avtal på det aktuella området kan göras enklare att hantera. Möjligheten att se ACTA-förhandlingarna som starten på en ökande tendens av brott mot internationell lagstiftningspraxis och som ett resultat av ett flertal misslyckande förhandlingar av globala avtal på andra områden, ägnas särskilt utrymme.

# Abbreviations

| | |
|---|---|
| ACTA | Anti-Counterfeiting Trade Agreement |
| CBD | Convention on Biological Diversity |
| DDA | Doha Development Agenda |
| DMCA | Digital Millennium Copyright Act |
| EP | The European Parliament |
| GATT | General Agreement on Tariffs and Trade |
| IPRs | Intellectual Property Rights |
| IPRED | Directive 2004/48 EC on the Enforcement of Intellectual Property Rights |
| IPRED II | Proposed Directive on Criminal Measures Aimed at Ensuring the Enforcement of Intellectual Property Rights |
| ISP | Internet Service Provider |
| KORUS | US-Korea Free Trade Agreement |
| MEP | Member of the European Parliament |
| PCT | Patent Cooperation Treaty |
| TRIPS | Agreement on Trade-Related Aspects of Intellectual Property Rights |
| UNFCCC | United Nations Framework Convention on Climate Change |
| USTR | Office of the United States Trade Representative |
| WCT | WIPO Copyright treaty |
| WIPO | World Intellectual Property Organization |
| WPPT | WIPO Performances and Phonograms Treaty |
| WTO | World Trade Organization |

# 1 Introduction

## 1.1 Purpose

The purpose of this thesis is to analyze and scrutinize the incentives and the negotiation process of the Anti-Counterfeiting Trade Agreement, ACTA. The purpose is also to analyze how these incentives are mirrored in the substantive content of the agreement in the parts where the agreement represents a change to international law. The future impacts of ACTA, both for IPR enforcement and for the international law making in general, will be specifically discussed. Throughout the thesis, the EU perspective will be emphasised.

## 1.2 Delimitations

ACTA is an international agreement. Therefore, EU internal legislation such as directives on copyright and civil and criminal enforcement will not be involved in the analysis, however mentioned where it is relevant for the understanding of the legislative context. That goes also for other national laws of other ACTA parties, predominantly the US. The constitutional aspects in the EU – such as the forms for joining the treaty and ratification, the Commission´s mandate to negotiate criminal measures and the demands for transparency with respect to the Lisbon treaty, will also be excluded. Reasoning about how national legislation in specific parties (for example the EU member states) will be affected by ACTA will likewise be outside the scope of this thesis.

## 1.3 Method and Materials

I will use a 'law and politics' method, focusing on analysis of the different circumstances which determine how the certain issues (here, the IPR enforcement) are regulated. In the ACTA case, this method offers means to use quite a broad approach to the negotiations and the underlying policies, and it permits reasoning about the conflicts of interest in this field. Since ACTA is a complete novelty and has been heavily criticised, it seems logical that my starting point will be questioning and scrutinizing.

Furthermore, the law and politics method leads to arguing on de lege ferenda, questioning ACTA and its negotiations as well as discussing alternative possible approaches.

The method will slightly shift in part 3.3, where a traditional comparative method is used to elucidate the differences between ACTA and TRIPS.

When it comes to materials, the main source of input is the text of the relevant international agreements, primarily ACTA, but also to a large extent the TRIPS agreement. Earlier versions of ACTA, in particular the first official draft, released in April 2010, will provide valuable background information in trying to identify the reasons for the changes and the

meaning of the final wording. I have had access to six versions of the agreement – leaked as well as official drafts. Most important in this thesis will be the initial US-Japan proposal (leaked in January 2010), the first public draft (April 2010), and the final version, released on December 3.

All relevant articles and comments on ACTA are quite recently produced, and the vast majority of are available online. Some are commentating older drafts, but are still valid to a large extent. I have also had access to leaked documents (beside the leaked drafts), used as discussion papers and internal feedback between the parties of the agreement. These will be used as relevant sources of information, however treated carefully.

## 1.4 Outline

In Chapter 2, referring to recent debate and well-spread concerns, ACTA is suggested to be a case of 'regime shifting', where a few developed countries move away from the established venues of multilateral agreements to push though legislation on their own premises, possibly weakening the importance of WTO/WIPO. The incentives to this action are analyzed and the legal foundation of the regime shifting is identified. The secrecy and lack of transparency in the negotiations, closely related to the regime shifting, are given certain emphasis. The criticism throughout the negotiations is presented, and the reasons for a more open process are accounted for. The level of secrecy in ACTA is compared to the secrecy surrounding other international institutions.

In Chapter 3, the title, the scope and the provisions changing international law, specifically in relation to TRIPS, are analyzed. The parties incentives and different starting points in the negotiations are presented to understand how and why the substantive content has been changed in the course of the negotiations.

Finally, Chapter 4 lists the conclusions, sums up the arguments and adds reasoning about the future impact of ACTA in the field of IPR protection as well as the future of international agreements in general.

## 1.5 Background

Protection of intellectual property rights has for long enjoyed high priority in industrialized countries, which also have strong incentives to take part in international negotiations to enhance IPR protection: IPR is an important part of western world economies, meaning that powerful industry groups lobby for stronger rights protection. Internet (and illegal file sharing) is also yet an issue almost exclusively attributable to the industrialized world. Counterfeiting threatens jobs in developed countries and decreases the ability for companies to compete on many different markets. More seriously, counterfeit drugs can be a threat to public health.

For the last 15 years the TRIPS agreement has been the most well-spread and comprehensive international agreement in the IPR enforcement field. TRIPS is governed by the WTO and applies to its 153 member states. It

entered in to force in January 1995. Other influential international agreements on enforcement of IPR include WCT and WPPT, the two of them often being referred to as 'WIPO Internet treaties' since they are focusing on protection in the digital environment. WIPO is an agency of the United Nations, specialized in intellectual property rights.

With ACTA, the Anti-Counterfeiting Trade Agreement, emerging, this state is about to change. The origins of the agreement have been traced back to November 2005, when Japan proposed a new treaty on non-proliferation of counterfeits and pirated goods. 'The twin central features of this proposed treaty were proposals for the confiscation of the proceeds of IP crimes and the extradition of IP criminals'.[1] This treaty appears to have been superseded in October 2007, when the EU, the US and Japan made an announcement of plans to negotiate what since then is called ACTA.[2]

ACTA is yet not in force, but was concluded in December 2010, after twelve rounds of negotiations. The first official draft was released in April 2010. The final version was presented on December 3. ACTA contains significant reinforcement of international IPR enforcement compared to TRIPS and the WIPO internet treaties (the reinforcements are presented more closely in Chapter 3).

The parties to ACTA were, by the end of the negotiations, the following countries: Australia, Canada, the EU (thus, its 27 member states, represented by the Commission in the negotiations), Japan, Mexico, Morocco, New Zealand, South Korea, Switzerland and the United States.

The countries from which the most counterfeit material emanate, as well as important economies and trading partners for the ACTA parties, were not invited to the negotiations. Nevertheless, the official position of the ACTA parties is clear: more countries, in particular those where IPR protection can improve, are supposed to join the treaty in the future.

Thus, here are the starting points of this thesis: 1) there are established and well-spread global agreements in the IPR enforcement field, 2) there is a small group of countries having created a new IPR enforcement regime with enhanced protection compared to TRIPS, and 3) this regime is intended to be spread globally.

What is this all about? What is ACTA for? Why was it initiated in the first place, and what does it intend to achieve? What does the EU expect from it? These are the core questions of this thesis, being evaluated and discussed in the following Chapters.

[1] Michael Blakeney, 'International Proposals for the Criminal Enforcement of Intellectual Property Rights: International Concern with Counterfeiting and Piracy', Queen Mary University of London, School of Law, Legal Studies Research Paper No. 29/2009, p. 13
[2] *ibid*, p. 14

# 2 Analysis: regime shifting

## 2.1 A paradoxical strategy

The European Commission describes the objectives of ACTA as 'to have a new plurilateral treaty improving global standards for the enforcement of IPR, to more effectively combat trade in counterfeit and pirated goods.'[3] Moreover, '[t]he ultimate objective is that large emerging economies, where IPR enforcement could be improved, such as China or Russia, will sign up to the global pact.'[4] Only one of the top-10 sources of counterfeit material in 2008 (the US), is part of ACTA[5], and the rest of the countries on that list were never invited[6] to the negotiations.

An ACTA 'Committee', established in ACTA Article 36 and provided with executive power over the agreement, decides 'the terms of accession' for the new signatories. Article 43 in Chapter 6 contains an explicit invite to WTO members to sign the treaty (after permission from the ACTA parties). Moreover, there seems to be no ambition, in the mere wording of the agreement, to initiate cooperation with WTO or WIPO on an institutional level.

Creating a new institution in this way, with the outspoken goal to spread it globally, explicitly challenges the authority of WTO/TRIPS and WIPO, as well as other global institutions. It represents a move away from the WTO tradition of decision making by consensus in multilateral agreements, where all members sign agreements in consensus – pushing towards a 'plurilateral' approach to international policy making. ACTA is arguably

> an attempt to avoid the consensus-building approach of the World Intellectual Property Organization that should give supporters of a multilateral approach to intellectual property policy making pause.[7]

This process can been called *regime shifting* (or *forum shifting*). According to McManis,

> ACTA negotiations are but the latest example of forum-shifting, a well-documented tactic that is apparently being deployed as a part of a nodally coordinated effort on the part of intellectual property owners to ratchet up international standards for the protection of private intellectual property rights[8]

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[3] European Commission web site, *Anti-Counterfeiting*

[4] European Commission web site, *The Anti-Counterfeiting Agreement (ACTA)*, 'Fact Sheet'

[5] World Customs Organization, 'Customs and IPR Report 2008', p. 9.

[6] Monika Ermert, 'Indian Official: ACTA Out Of Sync With TRIPS and Public Health' May 5, 2010, see also Margot Kaminski, 'An Overview and the Evolution of the Anti-Counterfeiting Trade Agreement', PIJIP Research Paper no. 19, American University Washington College of Law, Washington DC, 2011, p. 4

[7] Michael Geist, 'The ACTA Threat to the Future of WIPO', April 14, 2009

[8] Charles R McManis, 'The Proposed Anti-Counterfeiting Trade Agreement (ACTA): Two Tales of a Treaty', Houston Law Review 46:4, 2009, p. 1237

Commentators suggest that regime shifting 'encompasses three kinds of strategies – moving an agenda from one organization to another, abandoning an organization, and pursuing the same agenda in more than one organization'.[9] Creating ACTA to reach goals impossible in WTO would fall under the first of these three types.

Such an approach allegedly

> represents an outdated model of international treaty-making whereby the unelected representatives of Northern states and a few corporate lobbyists dictate the rules of global markets [...] [T]his kind of blatant disregard for global consensus and the needs of developing regions poses a threat to the world's prosperity, security and health.[10]

An exclusive number of parties in the negotiations is not the only hallmark of this particular case of regime shifting. There are concerns that important trading partners such as the BRIC countries[11], as well as many developing countries, will not only be *invited* to sign due to the formal rules of accession in Article 43, but will more or less be *forced* to sign – without possibilities to amend the agreement – in future trade negotiations. Geist predicts that ACTA, once it is fixed, will be standard terms in future trade agreements.[12] Robin Gross, executive director at international civil liberties organization IP Justice, agrees:

> ACTA's text will be "locked" and other countries who are later "invited" to sign-on to the pact will not be able to re-negotiate its one-sided terms. It is claimed that signing-on to the trade agreement will be "voluntary", but few countries will have the muscle to refuse[13]

Developing countries in particular might be less favoured by the new standard of ACTA, since 'there are no special and differential treatment provisions recognizing the different context and capacities of developing countries'[14] and it seems unlikely that relatively weak developing countries will have the power to neglect signing ACTA in future bilateral agreements.

Abandoning WTO also means that the dispute settlement mechanisms, governed by the Dispute Settlement Body, DSB – in which the interest of the developing countries are particularly respected – will not apply. ACTA has no rules on dispute settlement, but only rules on 'Consultations' in Article 38. Such consultations shall be without prejudice to the rights under the WTO dispute settlement system, but shall also be kept confidential. Since ACTA wants to create a new global IPR enforcement system, the reference to WTO dispute settlement appears to be unnecessary.

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[9] John Braithwaite & Péter Drahos, *Global business regulation*, Cambridge, Cambridge University Press 2000, p. 564

[10] Aaron Shaw, 'The Problem with the Anti-Counterfeiting Trade Agreement(and what to do about it)' KEStudies, Vol. 2 (2008)

[11] Brazil, Russia, India and China

[12] Micheal Geist blog post, 'The ACTA Threat: My Talk on Everything You Need To Know About ACTA, But Didn't Know To Ask', November 12, 2009

[13] Robin Gross, *IP Justice White Paper on the Proposed Anti-Counterfeiting Trade Agreement (ACTA)*

[14] Sean Flynn, 'Preliminary Analysis of the ACTA Text', Washington College of Law, April 21 2010

Excluding important parties from negotiations, but still wanting them to sign later, is obviously a paradox. In my view there is only one possible reason behind this approach: the IPR 'maximalists' of the developed world want to set a new global IPR enforcement standard without interference from the rest of the world and from the developed countries in particular. And, more important, they will not be willing to weaken the agreement in the future – if that was the case, they would have invited more countries to get a well-balanced and useful agreement already from the start.

## 2.2 Incentives

If the same goals were achievable within WIPO or WTO, there would be no need for ACTA. Logically enough, ACTA has been called 'a direct response to the perceived deadlock at WIPO'.[15] This is also the way officials have described it.[16] So what is this deadlock about then? According to Bannerman, WIPO failed to

> accomplish any new international agreements since the WIPO Internet Treaties were established in 1997. This failure has led to the perception in some circles that WIPO is not presently leading in the area of intellectual property, and that other institutions may have overtaken WIPO as the key centres of action.

In 2007 Brazil, together with Argentina, initiated the WIPO Development Agenda, containing 45 recommendations for enhancement of the development dimension of WIPO.[17] Canadian officials listed 'the perceived stalemate at WIPO' as one major motivation behind ACTA negotiations, arguing that

> the growing emphasis on the Development Agenda and the heightened participation of developing countries and non-governmental organisations have stymied attempts by countries such as the United States to bull their way toward new treaties with little resistance[18]

According to representatives of the Swedish government, ACTA negotiations avoided WIPO since the negotiations in WIPO are locked, on all issues, with the ACTA parties on one side and big developing economies such as Brazil, China and India on the other side.[19]

The decision to open ACTA negotiations was in fact taken 'less than two weeks after the WIPO General Assembly voted to create a permanent Committee on Development and Intellectual Property',[20] indicating that the process of ACTA was well-prepared already from the start. ACTA did also – in the course of the negotiations – immediately respond to parallel events at WIPO. When WIPO ruled in favour of China (see 3.3.3) a criminal

[15] Geist, blog post, 'The ACTA Guide, Part One: The Talks To-Date', January 25, 2010
[16] Geist, blog post, 'Canada's ACTA Briefing, Part One: ACTA Is A Response to WIPO Gridlock' April 6, 2009
[17] WIPO web page, 'Development Agenda for WIPO'
[18] *supra* note 7
[19] Hans Rosén, 'Actaavtalet: Sverige säger nej till förslag om illegal fildelning' *Dagens Nyheter* web page
[20] *supra* note 10

enforcement provision was introduced in ACTA that would regain the control. This appears to be forum shifting in its most obvious, and flagrant, form.

Also in WTO, progress is slow. TRIPS has not been amended once since its inception in 1995. In 2005 a decision was taken to make the Doha Declaration Article 6 a permanent part of TRIPS, with the goal to provide poor countries with cheap medicines through compulsory licensing. Two thirds of the parties have to accept the amendment and today, more than five years later, only 59 countries (32 plus the EU) have accepted the change.[21] 2009 and 2010 was described by the Swedish government as 'two lost years' in the DDA negotiations.[22]

The least developed countries in the world are not yet granted cheap medicine against fatal epidemic diseases in an efficient and sustainable way. Ironically enough, patents protection (as described below in Chapter 3) seemed to have been too big a challenge also for the ACTA parties, since it was excluded in significant parts.

Moreover, as already mentioned, TRIPS lacks updated provisions to cover online infringements and piracy. A quick and sustainable amendment in order to 'catch up' with the recent technological development in that field seems unlikely to happen given the slowness within the DDA.

As far as the EU is concerned, the Commission has been quite explicit about its incentives to take part in ACTA. The question 'Why are you not pursuing this agreement through the G8, WTO, WIPO or other formal structures?' was replied in January 2009:

> The EU considers that the approach of a free-standing agreement gives us the most flexibility to pursue this project among interested countries. We fully support the important work of the G8, WTO, and WIPO, all of which touch on IPR enforcement. The membership and priorities of those organizations simply are not the most conducive to this kind of path breaking project.[23]

In Chapter 3, I will show that the EU played an important role in the movement away from TRIPS standard, aiming towards a significant extension in international IPR enforcement standards.

## 2.3 ACTA – the next logical step?

Readiness to expand international IPR protection outside the established forums is however not a new phenomenon. At the time when TRIPS was introduced, it was considered a threat to WIPO, initiated by the US, 'grown frustrated with its inability to increase levels of intellectual property under WIPO and with the absence of an effective WIPO enforcement mechanism.'[24] Helfer describes forum shifting in the TRIPS case as

[21] Senegal was the most recent country to join (January 18, 2011)
[22] Regeringskansliet web site, 'Doha-rundan'
[23] European Commission web site, 'Q&As on the Anti-Counterfeiting Agreement (ACTA)'
[24] Sara Bannerman, 'WIPO and the ACTA Threat'. PIJIP Research Paper no. 4, American University Washington College of Law, Washington, DC, 2010, p. 8

> a strategy adopted at the urging of American and European intellectual property industries, who were dissatisfied with status quo approaches to intellectual property lawmaking and foresaw considerable advantages from shifting negotiations into the trade regime. [25]

Since then, stronger IPR protection have been introduced also by other means than through multinational agreements, namely in *bilateral* trade negotiations. As described by Drahos, the movement towards TRIPS-plus bilateral trade agreements have been going on since the conclusion of TRIPS. The US as well as the EU have been concluding such bilateral agreements with a large number of countries, including both members and non-members of the WTO.[26]

> The last 10 bilateral free trade agreements entered into by the United States have required trading partners to adopt intellectual property enforcement obligations that are above those in TRIPs.[27]

Kaminski identifies these bilateral and plurilateral negotiations as being part of a long-term agenda, 'advanced in bilateral free trade agreements outside of international institutions, pushing toward U.S. IP law'[28] This has been called a 'ratchet strategy'[29], an upward spiral where there is always minimum standards but never maximum standards on IPR obligations in international agreements. If enough numbers of bilateral agreements with stronger protection than in the international agreements in the same area are negotiated, this level of protection will replace the level in the multinational agreement.[30]

Thus, in the long run, ACTA can become the new 'floor' in international IP law. It can be used as a powerful political tool and expand its number of signatories through bilateral agreements:

> Non-member countries will face great pressure to adhere to the treaty or to implement its provisions within their domestic laws, particularly as part of bilateral or multilateral trade negotiations. In other words, there will be a concerted effort to transform a plurilateral agreement into a multilateral one, though only the original negotiating partners will have had input into the content of the treaty.[31]

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[25] Laurence R. Helfer, 'Regime Shifting: The TRIPs Agreement and New Dynamics of International Intellectual Property Lawmaking', The Yale Journal of International Law, vol. 29:1, 2004, p. 19

[26] Peter Drahos, 'BITs and BIPs: Bilateralism in Intellectual Property', 4 The Journal of World Intellectual Property, 2001

[27] Electronic Frontier Foundation web page, 'What is ACTA?'

[28] Kaminski, p. 5

[29] Kimberlee Weatherall, 'ACTA as a New Kind of International IP Law-Making', PIJIP Research Paper no. 12. American University Washington College of Law, Washington, DC, 2010, p .16

[30] Bryan Mercurio, 'TRIPS-Plus Provisions in FTAs: Recent Trends', in Regional Trade Agreements and the WTO Legal System, (Lorand Bartels & Federico Ortino eds.), 2006, p. 215. See also Annette Kur & Henning Grosse Ruse-Khan, 'Enough is enough: the notion of binding ceilings in international intellectual property protection' (Max Planck Inst. for Intellectual Prop., Competition and Tax Law Research Paper Series No. 09-01, 2009

[31] *supra* note 7

Summing up, ACTA seems to have a number of obvious advantages compared to the alternative to continue the policy of adding TRIPS-plus standards in each bilateral trade negotiation: 1) there is no counterpart and the agreement can be 'fixed', 2) the provisions are unified, and if a sufficient number of states adopt the agreement the new provisions will soon be labelled as 'standard', 3) it is time-saving to avoid detailed negotiations over and over again.

## 2.4 Transparency issues

Much of the criticism against ACTA has targeted the lack of transparency in the negotiation process – made possible by the forum shifting where the traditional degree of openness is circumvented.

There are many reasons to demand transparency in negotiations on international agreements. Citizens (voters) all over the world have a right to know who are representing them in negotiations which can transform in to national or federal legislation – and they have a right to know what the negotiations are about. Large groups with legitimate interests – politicians, industry groups, NGOs – have a right to know what is going on to be able to discuss and perhaps influence the future negotiations. Whenever a group with a legitimate interest in a specific matter are being discriminated, the democratic process has failed.

It is obvious that the demands for transparency are even greater in cases of forum shifting, since it is not possible to rely on the established forms and global practices of negotiations.

There have been concerns that ACTA, especially on the US side, allow business groups to have a significant influence on the negotiations, and even giving advice to the negotiators. Some provisions, such as the 'anti-camcording rule' (se 3.3.3 below), are considered to be a result of film industry lobbying. According to McManis, the questions of the title and the scope (dealt with in 3.1 and 3.2) are closely connected to the transparency issue since ACTA is

> [T]here are [...] strong reasons to be concerned that the ACTA negotiations [...] could be hijacked by private industry representatives whose focus is not limited to combating commercial trade in counterfeit and pirated physical goods, but extends as well to combating the far more controversial phenomenon of digital file-sharing.[32]

Outterson´s analysis of the result of the industry lobbying supposes that complex rules are

> negotiated and implemented without resort to the kind of public notice and comment provisions that apply to many domestic lawmaking processes around the world. The result is too often [...] policymaking by stealth, with significant

[32] McManis p. 1246

> potential for rent seeking by powerful companies lobbying for particular outcomes.[33]

Moreover, future interpretations of ACTA, due to the rules in the Vienna Convention, may be difficult or unpredictable, since '[w]ithout full publication, ACTA will have hidden interpretations'[34]. This means that future signatories – invited in accordance with the tactic of the ACTA parties described above – will face a less favoured position than the original parties. Kaminski suggests that older versions of ACTA, the majority of them never officially released, can tell something about the true positions of the parties, and takes the 'International cooperation' Chapter as an example. This Chapter contains a vague wording about sharing of 'other information as appropriate and mutually agreed' (Article 34, p. 19). According to Kaminski, '[i]t is likely that the original phrase was removed in negotiations to quiet any discomfort over creating infrastructure for universal information-sharing between countries'.[35]

As also will be described below in 3.2, some EU member states have expressed disappointment with the failure to include mandatory GI protection in ACTA. The Commission is reported to have been surprised by the negative reaction of the countries in question during a session on November 5.[36] However, this might also be a consequence of the negotiations being kept in secrecy for a long time. With less transparency the possibilities to influence the negotiations are insignificant, meaning that the risk of dissatisfaction with the end product increases.

## 2.4.1 Overview of the criticism

The demands for more openness were growing stronger in 2008, when the public awareness of the negotiations increased and the goals of ACTA seeped out in short official reports and, primarily, as leaked documents on the internet.

Among the early protests it is worth to mention a number of big US technology and telecom companies,[37]which in August 2008 expressed their concerns about ACTA in a letter to politician Susan Schwab. A month later they were followed by more than 100 public interest organisations calling for immediate publication of the draft.[38] The EP followed in March 2009, passing as resolution demanding greater transparency. The same week in the US, a request of access to the current draft was denied since ACTA was deemed to be "classified in the interest of national security".[39] In March

[33] Kevin Outterson, 'Import Safety Rules Should Not Hinder Legitimate Generic Drug Markets: The Anti-Counterfeiting Trade Agreement (ACTA)', Boston University School of Law Working Paper No. 09-25, 2009, pp. 1-2
[34] FFII web site, 'Anti-Counterfeiting Trade Agreement: detrimental compromise'
[35] Kaminski , p. 24
[36] Christian Wohlert, 'Hårt EU-internt motstånd mot handelsavtal', Europaportalen, November 10, 2010
[37] Letter to Susan Schwab, USTR, August 7, 2008
[38] Public letter to ACTA parties officials, September 15, 2008
[39] Grant Gross, 'Obama Administration Says Treaty Text Is State Secret', PCWorld, March 13, 2009

2009 US president Obama promised to review the policies of transparency in negotiations.[40]

The degree of openness, vis-a-vis national parliaments and citizens, has varied between the ACTA parties. Some posted short reports on the negotiations (although without revealing any of the substantive content) while other, as for example Canada, remained silent for long.[41] The media attention rapidly grew bigger in the fall of 2009, when the content of the (by that time, recently added) digital enforcement section leaked and reports were made that the negotiations spent a vast amount of time and efforts on this particular section – making it obvious that the agreement contained more than just trademark protection.

The first official ACTA draft was released on April 21, 2010, possibly as a result of a European Parliament resolution[42] and increasing pressure from commentators and the society. A joint statement released five days in advance stated that the parties to ACTA would keep their respective positions secret during the negotiations.[43]

Despite the official release, and despite the fact that much of the material had already been available on the internet, the calls for an open process, not the least from a number of MEPs, continued to echo all the way up to completion of the agreement.

### 2.4.2 Is ACTA different?

So, is ACTA negotiations different, and more closed, than negotiations in other international organs? Arguably, yes. Even despite the fact that it might be easier to close the doors around trade agreements than around IP agreements – and that this might be one reason for the title of ACTA (see 3.1 below) – ACTA is still possibly more secretly kept than its predecessors.

Knowledge Ecology International has listed the practices in major international forums such as WTO, WIPO and OECD, and reached the conclusion that ACTA is an exception to the rule of 'relative openness' in multilateral agreements. ACTA´s level of secrecy is compared with the practice in bilateral trade agreement negotiations. The comparison to OECD is of particular interest, since the membership of OECD is 'very similar' to the countries negotiating ACTA. A parallel is also made to WIPO internet treaties, which were 'negotiated in a completely open meeting' where '[t]he public was allowed to attend without accreditation' and afterwards, '[t]he draft texts [...] were public. [44]

[40] James Love, 'Obama trade officials promise thorough review of transparency policies', Knowledge Ecology International, March 20, 2009

[41] even though Canadian, when finally breaking the silence in April 2009, said they favoured greater transparency.

[42] European Parliament resolution of 10 March 2010 on the transparency and state of play of the ACTA negotiations

[43] European Commission web site, 'Joint Statement on Anti-Counterfeiting Trade Agreement (ACTA)', April 16 2010

[44] Knowledge Ecology International, 'ACTA is secret. How transparent are other other global norm setting exercises?'

# 3 Analysis: substantive content

## 3.1 The title

The terminology of ACTA almost invariably connects the term ‘counterfeiting’ with trademarks, while infringement of copyright are referred to as ‘piracy’, but never as ‘counterfeiting’. The terms ‘piracy’ and ‘counterfeiting’ are consistently used as separate concepts. This is however not reflected in the title of ACTA.

Even up until the Washington round in August 2010 the agreement was lacking a clear definition of ‘counterfeiting’, obviously crucial to the agreement since it has been included in the title from the start. Now there is a definition of ‘counterfeit trademark goods’ included in the General Definitions Section (p. 4), where ‘pirated copyright goods’ also is defined. This separation even stronger underlines the fact that piracy and counterfeiting are two different concepts, and are treated as such.[45]

Does copying a music file constitute an infringement corresponding with the normal understanding of ‘counterfeiting’? I would say no. A copied file is not an imitation, nor made of different materials than the original. No fake logotype is used, no ingredients are swapped, and the quality is often identical. It is often a goal in itself that a copied music file should be as close as possible to the original. That is not the case in all other kinds of infringements – a pair of fake Diesel jeans can rarely match the quality of the original product – the selling point for counterfeit producers is the brand, not the actual quality otherwise associated with the trademark.

> Counterfeit goods are arguably mislabelled goods and thus implicate the law of trademarks and unfair competition while pirated goods are illicitly copied goods.and thus implicate the law of copyrights and related rights.[46]

The content of ACTA is arguably ‘beyond the scope of the common understanding of counterfeiting’.[47] Similar concerns were expressed by more than 75 American law professors, who wrote a letter to president Obama in October 2010, calling on a halt to ACTA. One of the key points was referring to the title, stating that ACTA

> has little to do with counterfeiting or controlling the international trade in counterfeit goods. Rather, this agreement would enact much more encompassing changes in the international rules governing trade in a wide variety of knowledge goods – whether they are counterfeit or not. [48]

A substantial part of the agreement deals with online environment aspects, criminal provisions, rules on injunctions etc. There is ‘nothing in

[45] This separation is also made within the EU legislation, in the European Parliament´s adopted version of the proposed IPRED II, Article 1.
[46] McManis p. 1247
[47] Weatherall, Kimberlee G, *ACTA - Australian Section by Section Analysis*, 2010, pp. 7-8
[48] Public letter to president Barack Obama, October 28, 2010

the agreement that covers tariff barriers or other traditional trade issues.'[49] Kaminski argues that ACTA is 'masquerading' the true content.[50]

One can suspect that the agreement is deliberately mislabelled and falsely launched as a trade agreement, since '[s]ecret negotiations are common for trade agreements, however, international intellectual property agreements have traditionally been conducted in a more open and transparent manner.'[51] In the US, 'sole executive agreements' are easier to authorize since it does not need congressional vote, providing even stronger incentives in favour of the present title.[52] 'Under its broader proposed terms, ACTA, not unlike a counterfeit, misrepresents its true ingredients to the public.'[53]

## 3.2 The scope

ACTA defines 'intellectual property' the same way as TRIPS.[54] Article 1 states that nothing in ACTA 'shall derogate from any obligation of a Party with respect to any other Party under existing agreements' including TRIPS.

The scope was not entirely set until after the Tokyo round in October 2010, being described as 'the biggest source of disagreement' in ACTA. The US (with Australia, Canada, New Zealand and Singapore) wanted an agreement limited to trademark and copyright, while the EU and Switzerland wanted to cover all IPRs, not the least because of the EU tradition of protecting GI.[55] After considerable compromises on both sides, this is the most significant issues in the result:

- Patent protection is excluded from the Border Measures in Chapter 2. This was a US and Japan demand, due to the expected problem of giving negative effects on the trade in generics, making the customs regulation 1383/2003 of the EU a global standard.[56]
- Patent protection is optional the Civil Enforcement section.
- Protection of geographical indications, GI, is mandatory only in limited parts of the enforcement chapter. The EU struggled to fully include GI in the whole agreement. GIs have a long history in European law and traditionally always enjoyed greater protection in Europe than in for example the US.[57] In July 2010, Commissioner de Gucht told the EP

[49] *supra* note 14
[50] Kaminski, p. 2
[51] Geist, 'Treaty consultation process snubs public', Toronto Star, November 3, 2008
[52] Eddan Katz & Gwen Hinze, 'The Impact of the Anti-Counterfeiting Trade Agreement on the Knowledge Economy: The Accountability of the Office of the U.S. Trade Representative for the Creation of IP Enforcement Norms Through Executive Trade Agreements', The Yale Journal of International Law Online, vol. 35:24, p.25
[53] Peter Maybarduk, 'ACTA and Public Health'. PIJIP Research Paper No. 9, American University Washington College of Law, Washington, DC, 2010, p. 2
[54] Article 5 h), page 4. All IPRs are covered in all provisions of TRIPS, with two exceptions: 1) TRIPS border measures in covers only 'counterfeit trademark and or pirated copyright goods', 2) the criminal enforcement in Article 61 covers 'at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale'.
[55] Geist, blog post, 'ACTA Coming Down to Fight Between U.S. and Europe', July 15, 2010
[56] Maybarduk, p. 3-5
[57] TRIPS includes provisions on GI in Articles 22-24

that without the inclusion of GI and industrial designs, the EU would have to reconsider the benefits of the treaty.[58] This weakened protection is reported to have caused serious concerns in south European countries, which eventually might not sign ACTA.

- The scope of the Criminal Enforcement Section is partly optional, covering *at least* wilful trademark counterfeiting or infringement of copyright or related rights on a commercial scale (Article 23).

All in all, due to the prolonged negotiations and the battle between the US and the EU, the scope of ACTA is narrower than TRIPS[59] and significantly changed compared to earlier drafts. There are however a number of TRIPS-plus rules in ACTA, some of them we will look at now.

## 3.3 TRIPS-plus rules and significant changes to international law

ACTA Chapter 2, 'Legal Framework For Enforcement of Intellectual Property Rights', is the substantive core of the agreement and contains five Sections. The provisions being 'TRIPS-plus', adding stronger protection than its counterpart in TRIPS, will be specifically highlighted here.

During the work I came across an EU internal report from early November, pointing out the 'Provisions of ACTA that provide value compared to existing international standards and in particular WTO/TRIPS'. This report, which I will refer to as 'EU working paper', provided valuable information in the following. The other major player, the US, has been quite explicit when it comes to the goals of ACTA. At the TRIPS Council in October 2010, the USTR was quoted to have outlined five US goals, focusing especially on criminal liability.[60]

### 3.3.1 Civil Enforcement

**Article 8** introduces *injunctions* against third parties, brought to ACTA by the EU, describing the provision as 'valuable and based on EU Directive'[61] The EU was the only supporter of this option in earlier drafts (see for example the January draft) but had power enough to pull it through.

**Article 9** on *damages* contains 'clearer provisions on the calculation of damages' and 'increased chances of being compensated ' according to the EU.[62] Paragraph 3 provides *pre-established (statutory) damages* in good faith infringement cases (optional in TRIPS). Such damages can create

[58] European Commission web site, Audiovisual Services, 'Live EP Commitee on Civil Liberties'
[59] TRIPS offers (with a few minor exceptions) full protection for trademarks, patents, geographical indications, industrial designs and layout-designs of integrated circuits.
[60] Kaminski p. 6
[61] EU working paper, p. 2.2. The Directive referred to is 2004/48/EC, (IPRED), containing rules on third party liability.
[62] *ibid*, point 2.3

grossly excessive damages and are not part of the legal tradition in many of the ACTA countries. On the European level, the IPRED directive already in its preamble expresses that the purpose is not to introduce punitive damages.[63] Paragraph 5 would make the payment of the opponent´s court costs and 'appropriate attorney´s fees' mandatory (optional in TRIPS).

Under **Article 10** a right holder can request the destruction of infringing goods. TRIPS includes a threshold connected to 'constitutional requirements' and has no equivalent right for the right holder. The emphasis on destruction was appraised by the EU, since 'with TRIPS wording, there were often fake goods returning to the market'.[64] Paragraph 3, forcing infringers to pay the destruction of infringing goods, is not in TRIPS.

**Article 11** demands full disclosure of information regarding (alleged) infringements. TRIPS Article 47 is optional and requires the infringer to divulge only the *identity* of others.

**Article 12.** As in the case of injunctions above, paragraphs 1 a)-b) introduces liability for third parties (intermediaries), which is TRIPS-plus. Paragraph 2 is similar to TRIPS, but adds authorities' means to 'act expeditiously' and 'without undue delay' in *inaudita altera parte* cases. Moreover, ACTA lacks the protection for the defendant provided in TRIPS.

### 3.3.2 Border measures

**Article 14** is different from TRIPS, applying to small consignments of "commercial nature". Early concerns said that ACTA would give customs authorities possibilities to conduct 'ipod searches' at the border. Parcels, personal belongings and other 'non-commercial' goods could be examined quite closely in search for small consignments of commercial nature. The final version is arguably creating an even greater risk for that, since point 1 is mandatory. This concern is further increased by the wording of the EU, considering that this provision 'introduces a clear commitment to act on small consignments. This is an important element in the light of the growth in commercial internet sales of IPR infringing products'.[65] Purchasing counterfeit products for personal use would hereby be banned, leaving 'the determination of whether [the goods is] commercial or non-commercial in nature to be left to the discretion of the untrained border agent.'[66] Combined with the cooperation rules in **Article 22**, customs officials may be allowed to 'share the names and addresses of individuals shipping commercial goods in small consignments with right holder federations or corporations.'[67]

**Article 16.** The EU appraises that 'compulsory border measures are no longer restricted to trademarks and copyrights', having the consequence that it establishes 'parallel treatment of GIs and trademarks regarding customs controls, including clause of non discrimination'. Furthermore, the *ex-officio*

[63] EC Directive 2004/48 EC on the Enforcement of Intellectual Property Rights (IPRED), preamble 26
[64] EU working paper, point 2.5
[65] EU working paper, point 3.4
[66] Kaminski, p. 14
[67] *ibid*, p.15

action in point 1 a) is appreciated as an advantage.[68] Countries may introduce ex-officio action under TRIPS, but only once a *prima facie* case of infringement has been shown. A similar ex-officio rule is laid down in 2.17 in the Criminal Enforcement Section (see 4.2.3).

In the April draft, Japan wanted to include application to 'confusingly similar trademark goods ' in the Boarder measures[69] This was deleted but replaced by the concept of 'suspect goods', which is explained nowhere in ACTA. In combination with the possibility for right holders to apply for suspension and release of suspect goods in this Article, this might give substantive power to the customs authorities, placing them 'in the role of arbiters in commercial disputes. Rights holders could use this customs authority to launch harassing actions against legitimate competitors.'[70] This may have negative impact on trade, if it will turn out to target alleged infringements that occur on legal, competitive markets on a regular basis.[71]

Paragrah 2 in combination with the broad definition of the jurisdiction in **Article 5** (p. 3-4) threatens to create 'Dutch Seizure' in transhipment cases due to the broad– goods transported from country A to B might be seized by country C due to the stronger IP protection in C. The broad definition of 'person' may also replace the vicarious liability normally applying to companies with a direct liability for infringements.[72]

**Article 19.** Depending on what is deemed to be 'competent authorities', there is a risk that for example custom officers are provided with a mandate to determine what is an infringement and what is not. Weatherall warns for inappropriate seizure of goods, ordered by local customs at the behest of a local IP owners. 'The potential for corruption is significant.'[73]

## 3.3.3 Criminal enforcement

ACTA criminal provisions are more detailed than TRIPS, which only includes one (minimum protection) provision and not fully distinguishes the concepts of the scope, arguably creating some trouble for countries implementing it.[74] ACTA is more thorough, intending to refine[75] or, in other words, simply 'expand the international law on criminal enforcement.'[76]

**Article 23.** 'Commercial scale' is defined as 'at least those carried out as commercial activities for direct or indirect economic or commercial advantage', i.e. parties can adopt stronger provisions. Depending on the future interpretation, this might target almost any infringement. Such a broad interpretation is of course, according to Weatherall, unlikely. Musicians will not be facing imprisonment under this Article if recording a cover song without permission – however it shows a potential weakness of the provision and, 'good faith commercial parties can be caught by overly

[68] EU working paper, points 3.1-3.3
[69] ACTA April draft FN 22, p. 9
[70] Maybarduk, p. 17
[71] *ibid*, p. 9
[72] Kaminski p. 10
[73] *supra* note 50, p. 35
[74] Blakeney p. 2
[75] *ibid*, p. 15
[76] Kaminski p. 18

broad drafting.' [77] Moreover, TRIPS leaves it to the parties to include or exclude situations where there is no motivation of financial gain.

**Paragraph 2** seems to be an evaluation of paragraph 1, giving examples on typical cases in which the counterfeiting should be deemed to be covered. From the EU perspective, this provision appears to be an explicit reaction to a WTO panel in January 2009[78], since it 'redresses the doubts created by the recent WTO panel against China, which introduced high quantitative thresh-holds – 500 fakes – for penal measures to kick in'.[79]

**Paragraph 3** is the so called anti-camcording rule, creating TRIPS-plus possibilities to prohibit recording of movies at cinemas. The US struggled, presumably due to film industry lobbying, to make this mandatory. They failed in the Tokyo round in October 2010.

**Paragraph 4.** Aiding and abetting is not criminalised in TRIPS. This provision corresponds with Article 3 of IPRED II. I would say a proposed directive, stalled for years, is *not* current legislation – thus, ACTA would take quite a leap on this point also compared to current EU law.

**Article 24** demands *both* imprisonment and monetary fines, where TRIPS allows parties to choose between the two.

**Article 26** provides *ex officio* criminal enforcement, a possibility to intervene without prior application from the right holder. It has been justified by the protection of the right holder: if there no ex-officio measures were possible, the infringers could threaten the right holder to not file an application. There were significant disagreements on this TRIPS-plus provision in earlier drafts. The EU considers the final version to be 'valuable' and an 'important principle',[80] and the US listed it[81] as one of five important improvements in ACTA.

### 3.3.4 Enforcement of Intellectual Property in the Digital Environment

This section (starting on page 15), is often called 'the internet chapter', and is arguably the most controversial and most debated in ACTA. It was not in the talks from the start, but was added in late 2008, during negotiations in Paris.[82] The WIPO Internet Treaties, WCT and WPPT, are the 'closest substantive parallel'[83] internationally. The section was initially a US proposal, modelled on KORUS and DMCA[84]. The proposal was criticised

[77] Kimberlee G. Weatherall, *The Anti-Counterfeiting Trade Agreement: An updated analysis*, University of Queensland, 2009, p.12
[78] WTO web page, 'WTO issues panel report on US-China dispute over intellectual property rights'
[79] EU working paper, point 4.1
[80] EU working paper, point 4.2
[81] *supra* note 60
[82] Canadian Department of Foreign Affairs web site, release on 'Trade and Intellectual Property'
[83] Michael Geist blog post, 'ACTA Guide, Part Three: Transparency and ACTA Secrecy', January 27, 2010
[84] EC Commission report to member states, leaked version

by the EU in October 2009[85] and has since then been circumscribed, bit by bit, on several spots. One of the important changes is that the 'third party liability' (or 'secondary liability') – i.e. criminal sanctions for contributory copyright infringement – has been removed. This rule, not harmonized in the EU, would potentially require ISPs to cut off internet access to users who violate copyright. It was also argued that such a provision would apply broadly to all kind of 'intermediaries', for example libraries and educational institutions, which provide Internet access to customers and users.[86]

Another substantive change is that the 'notice and takedown'[87] provision suggested in the initial proposal[88] since it 'might not be compatible' with the e-commerce Directive (2000/31/EC).[89] A third change is the removal of the 'safe harbours'[90]. In short, safe harbours means that remedies are limited for ISPs that cooperate in the search for IPR infringers in their networks. The proposal was yet another way of targeting illegal file-sharing.

A fourth important change was made in paragraphs 5 and 6**,** containing 'anti-circumvention rules', banning circumvention of technical solutions designed to hinder infringements, so called digital locks. Even here the US had to cave on their initial proposal:

> The ACTA provisions still go further than the WIPO Internet treaties by mandating the inclusion of provisions to address circumvention devices, but the treaty moved much closer to the EU approach and became more consistent with the WIPO Internet treaty flexibilities. This [...] was clearly a loss from what [the US] hoped to achieve within ACTA.[91]

Despite these significant changes, there are arguably still provisions in this section that may change international law, thus a stronger protection than in WIPO Copyright Treaty, since TRIPS don't cover online infringements. Kaminski offers an exhaustive list of DMCA-style changes[92] and a number of European academics listed the following provisions as reaching beyond international law[93]:

**Article 27** (paragraphs 5-6) go further than WCT and WPPT in requiring stronger protection technological measures. It covers 'circumvention as well as preparatory acts, and [...] technological measures having dual (both legal and illegal) functions'. Paragraph 4 in the same Article, on disclosure of subscriber´s data, is broader than TRIPS Article 47 and ACTA also 'poses a duty to disclose subscribers' data both on infringing and non-infringing intermediaries' – TRIPS targets only the infringer.

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[85] European Union's comments to the US Proposal 'Special Requirements related to the Enforcement of Intellectual Property Rights in the Digital Environment, October 29, 2009, p.2

[86] Hinze, Gwen, 'Preliminary Analysis of the Officially Released ACTA Text', Electronic Frontier Foundation

[87] 'Notice and takedown' is a system used in DMCA, providing a 'safe harbour' for the ISP, as long as it cooperates with the rightholder claiming an infringement.

[88] see the April draft, para b (ii) on page 21

[89] *supra* note 86, p.5

[90] see the April draft, p.19-20

[91] Geist, blog post 'Has the U.S. Caved on Secondary Liability in ACTA?', August 26, 2010

[92] Kaminski, pp. 20-23

[93] Opinion of European Academics on Anti-Counterfeiting Trade Agreement

# 4 Discussion and conclusions

## 4.1 A look into the future

Bannerman lists three alternative scenarios that can emerge when ACTA eventually is in force: 1) no cooperation between ACTA and WIPO, 2) cooperation at some level, 3) a merger between ACTA and WIPO. This will also affect the future power and stature of them both.[94]

No unambiguous conclusion is reached, however the possibility of ACTA threatening the mere existence of WIPO is ruled out. Bannerman considers it 'likely' that some cooperation will come, potentially with the result that WIPO primarily deals with administration, promotion and technical assistance, whereas the non-transparent ACTA group leads the treaty-making.

> It is possible that WIPO, as a large and relatively legitimate organization, will be enlisted in the implementation of ACTA, effectively supporting the norms created by the smaller and non-transparent body. This scenario raises important concerns. The structure, control, and transparency of ACTA, as well as its potential relationship to WIPO, should be of prime concern to those who wish to influence the architecture of the international IP system in the years ahead.[95]

ACTA countries may also turn out to be 'less willing to promote the [Development] Agenda since their chief global policy priorities now occur outside of WIPO.'[96]

The future impact of ACTA will clearly depend on to what extent the parties eventually choose to implement the agreement, in particular the voluntary parts of it. More important, it is obvious that ACTA is basically pointless for its current parties alone, since none of them have substantial domestic problems with counterfeiting. Expansion of ACTA is a must to gain any significant impact. I also think that the high number of signatories will safeguard the strong position of TRIPS and WIPO agreements in a number of years to come, regardless of what happens within ACTA. Parallel regimes operating in the same field is of course by no means an ideal situation.

Thus, even though ACTA negotiations are finished, the actions and reactions of the rest of the world is yet to come. If strong nations such as China, India and Brazil jointly decide not to sign, ACTA will be virtually useless. Brazilian authorities are reported[97] to have said that they did not recognize the legitimacy of ACTA (after being neglected to join the negotiations[98]), and India even 'threatened to establish a coalition of

[94] Bannerman pp. 12-13
[95] Bannerman, pp 15-16
[96] *supra* note 7
[97] Geist blog post 'Brazil, India Speak Out Against ACTA', October 12, 2010
[98] Geist, blog post, 'ACTA Update: New Meetings, New Partners, New Issues', June 30, 2009

countries against the treaty'.[99] Weatherall is not convinced that there will be an unconditional drive to the table to sign ACTA:

> [T]he more stringent ACTA, the less likely it becomes that significant countries (such as China, India, Brazil, or Thailand) not included in the initial negotiations will sign up later – at least in the absence of significant incentives[100]

There are, in my view, also other strong reasons why as for example China, obviously a key player in the future of ACTA, might not sign. ACTA was delayed, roughly by two years, compared to the initial schedule. In the mean time, the world (and the western world in particular) has been ravaged by a global financial crisis. China´s strong economic growth has however been left relatively undisturbed. This means that China´s position in relation to the ACTA parties are stronger today than it would have been if 1) ACTA was not delayed, and 2) the US and the EU was not stricken that hard from the crisis. China´s rapidly growing impact on global economy will be an important tool in the (presumable) future ACTA negotiations. The recent battle about the Chinese currency within IMF has already shown that China is becoming less willing to let the US unconditionally set the agenda on the global arena.

## 4.2 Deadlocks in other forums

It is possible to see ACTA – and the lack of progress in WTO and WIPO – as being a part of a broader picture. It seems that not only the field of intellectual property law has a problem with deadlocks in international negotiations. Alongside the locks at WIPO and WTO described above, it is possible to list a number of global institutions where the current progress is slow and the frustration seems to be growing.

The United Nations Framework Convention on Climate Change, UNFCCC - and the renewal of the obligations under the Kyoto Protocol - have faced double drawbacks within one year, first in Copenhagen in December 2009, and then in Cancun in December 2010. The question of climate change might not be as economically delicate, at least not in the short run, as the IPR enforcement issue. However, I think there are similarities. In both cases the main struggle is between the wealthy industrialized countries – such as the EU and the US – and the developing countries. It seems that the developing countries, led by China and India, claim more and more influence in the global negotiations – and justify their claims with their increasing economic influence as important trading partners and manufacturing countries. The US has not ratified the Kyoto Protocol, partly because the government thought the burden on China was unjustly light. The same kind of polarization is found in the ACTA context: the parties (where the US has a major impact) want to circumvent established organs to gain an advantage in trade relations against China.

[99] Geist, blog post, 'Developing Country Opposition to ACTA Mounts', June 29, 2010
[100] *supra* note 78, p. 6

Also, after Cancun and Copenhagen voices have been raised suggesting that new ways to negotiate global agreements of this magnitude must be developed. ACTA might contribute to accelerate this development.

Negotiations in the PCT system, aiming at global unification of patents, are locked and progress is slow. Some of the tensions in PCT are between the EU and the US. This is also, as mentioned above, reflected in ACTA´s lack of mandatory patent regulations.

In connection to WTO and TRIPS, another long-term global strategy facing credibility problems is CBD, the Convention on Biological Diversity. The 'CBD 2010 targets', aiming (among other things) at reducing the current rate of biodiversity loss at the end of last year, has completely failed. Here the deadlock is between at one end a number of developing countries such as Brazil and India, and on the other end the US and Japan. The developing countries supports inclusion of a mandatory rule on disclosure of geographical origin in TRIPS, whereas the US wants a contract based system to solve this matter of equitable benefit sharing.[101] The discussion in this particular field needs, according to Straus, to be freed from

> unsound rhetoric and predominantly unfounded accusations leading not only into a blind alley of international negotiations but also to daily losses of opportunities to find new solutions for badly needed cures[102]

All in all, it seems that multilateral negotiations get less efficient when the developing countries get more vocal and are less willing to unconditionally accept the demands of the western world. In particular, I think this is the case in times when the financial situation is unstable and resources are better used in national job investments rather than for example in global climate projects. The willingness to give and take to achieve the best possible result, seems to be too low too often.

## 4.3 Conclusions

The analysis above and the discussion about the future of ACTA and the global institutions enable the following central conclusions:

- Starting already at the front page, the title of ACTA misrepresents the content. Tactical reasons might have triggered the mislabelling. The title was left unchanged even after the digital enforcement section was added, arguably making the title even more misleading than before. At the very least, it seems appropriate to include the word *enforcement* in the title.

- The scope of ACTA is more flexible than TRIPS, but the substantive content is, on several points, more far-reaching. With the 'internet chapter' added, ACTA combines TRIPS and WIPO internet treaties, arguably creating the most thorough IPR enforcement regime to date. The content is

[101] Joseph Straus, 'How to Break the Deadlock Preventing a Fair and Rational Use of Biodiversity', The Journal of World Intellectual Property (2008) Vol. 11, no. 4, p. 230
[102] ibid, p. 283

however less controversial than in earlier drafts, due to the mutual caving on different matters by the EU and the US.

- ACTA is an obvious case of regime shifting, moving away from established institutions. The ambition is to recruit new parties to the agreement, offering them few possibilities to influence the substantive content. ACTA appears to be the logical step in the spiral of continuously strengthening of IPR protection in international law. A gradual transfer has been taking place: from WIPO to WTO, from WTO to bilateral agreements, from bilateral agreements to ACTA, with stronger IPR protection continuously added.

- The non-transparent process of ACTA circumvents traditional practices. Moreover, it creates risks of future misinterpretations and unexpected resistance when national parliaments shall approve the agreement – things easily avoided in a more open process.

- Negotiations in international forums are struggling, and progress is slow. Regime shifting might become more and more appealing – and effective – as an alternative when the traditional paths are loaded with deadlocks due to the industrialized countries´ reluctance to cooperate with the developing countries. The struggle between the US and the rising Chinese economy might continue to have severe impact on international law making.

Substantive changes in international law would not attract much interest if they were adopted in multilateral consensus within WTO or WIPO, forums in which the legitimacy is, so to say, granted. What makes ACTA controversial – and interesting – are the forms of the negotiations, the long-term effects on IPR protection and global policy making due to the regime shifting that it represents.

ACTA was negotiated almost until the end without having the question of the scope completely solved. The diverse nature of the different IPR fields creates obstacles to each proposed legislation trying to treat them in the same way. The scope becomes crucial to each section in the enforcement part of ACTA. For example, including or not including patents will require different approaches from the EU point of view. This does not seem to be the most efficient way to negotiate. A lot of time and energy were spent on discussing patent protection, but in the end basically nothing was gained in that field since the other IPRs were deemed to be more important. That time could have been used to create a separate tailor-made patent protection instead. It seems, frankly, really hard to find a ‘one size fits all’ solution for this diverse field of law. Therefore I think that the two-folded approach (division in to physical and non-physical objects) as suggested by McManis is a good start.

Separating the different IPR regimes in smaller subsections would hopefully also increase the transparency, and the question of the scope would not take years to solve – in the long run it might even make negotiations in bigger forums possible and behaviour such as forum shifting unnecessary.

Still, ACTA was initiated for a reason. If we look at the WIPO situation and the weak results in recent global treaty negotiations, there seems to be a need to find new means to negotiate multinational agreements. The legitimacy is at stake when no development is made in any direction.

Is forum shifting then – such as performed in the ACTA case - the way to go? I doubt that. I think the exclusion of important trading partners – with the obvious desire to put pressure on them to join later – is an arrogant way to behave in the international arena. Global trade and trade agreements must be built on mutual respect and trust, not distrust and insidious manners leading to clashes between designated trading partners.

Potentially a process like ACTA threatens to scatter the established forms of creating international law and constructing global agreements.

If deadlocks and dissatisfaction in the international institutions at all times were met by attempts to create new institutions, the anarchy in international law would be close and the system would be destabilised.

Of course, not all dissatisfied segments of the global community will take these extreme measures – simply because they can´t. The capability to carry through a regime shifting is a privilege available only for powerful developed countries, acting together.

This means that powerful countries have an extra responsibility to behave just and proper within the global community. I can´t say the ACTA parties have taken that responsibility.

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