Politics, Compromise, Text and the Failures of the Anti-Counterfeiting Trade Agreement

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Abstract

The *Anti-Counterfeiting Trade Agreement* ('*ACTA*') was concluded in December 2010 after three years of controversy-plagued negotiations. This plurilateral agreement seeks to set new international standards for the enforcement of intellectual property ('IP'), and promote global cooperation in that field. Many have questioned the validity of negotiating a plurilateral agreement on IP enforcement. This article does not seek to re-tread that well-worn ground. Instead, the article evaluates the claims made for *ACTA* by its supporters and proponents. Two key claims are made for *ACTA*: that it will improve international cooperation in IP enforcement; and that it will enhance the legal framework by establishing a 'new standard of IP enforcement'. This article seeks to assess these claims seriously, through a careful examination of the *ACTA* text in context. The picture that emerges is that first, even in areas where the *ACTA* text appears to be prescriptive, it is less so than first appears owing to the adoption of politically expedient language and, second, that the provisions addressing international cooperation are rudimentary in comparison to other plurilateral enforcement-related treaties such as the *Convention on Cybercrime*. As a result, *ACTA* perhaps stands as an object lesson in how not to negotiate an agreement on international cooperation in law enforcement.

Introduction

The *Anti-Counterfeiting Trade Agreement* ('*ACTA*') was concluded in December 2010, after three years of controversy-plagued negotiations.[1] This plurilateral agreement seeks to set new international standards for the enforcement of

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[1] The final text of the *Anti-Counterfeiting Trade Agreement* (after legal review) was published on 3 December 2010, and is available at the website of the Commonwealth of Australia Department of Foreign Affairs and Trade, *Anti-Counterfeiting Trade Agreement* (opened for signature 31 March 2011) (not yet in force) ('the *ACTA*') <http://www.dfat.gov.au/trade/acta/index.html>. The Agreement has not yet been formally signed and will enter into force when six instruments of ratification, acceptance or approval have been deposited: *ACTA*, art 40.

intellectual property ('IP'), and promote global cooperation in that field. Like so many recent IP negotiations,[2] the *ACTA* process has been divisive. On the one hand, *ACTA* has been hailed as an important tool in the battle against the global scourge of counterfeiting and piracy. On the other hand, it has been condemned as a threat to civil liberties, access to medicine and economic development.

Existing scholarship has raised questions about the contentious politics of the *ACTA* negotiations.[3] There are very good reasons to dispute the legitimacy of *ACTA* as a statement of appropriate standards for IP enforcement. We can deplore the relative lack of transparency of the negotiations, in which draft provisions were published for comment rarely and very late in the course of negotiations—an approach that generated paranoia. We can criticise the decision to negotiate an IP agreement among a small group of like-minded countries and, in so doing, abandon existing fora for international IP negotiations such as the World Intellectual Property Organization ('WIPO') and the World Trade Organization ('WTO').[4] We can question the whole premise behind *ACTA*: that it is desirable to prescribe, by international agreement negotiated between diplomats, detailed matters of civil and criminal procedure. Such matters are, after all, usually considered peculiarly the prerogative of domestic law, and there are strong reasons to doubt the benefits of creating separate procedural rules, remedies, and rules of evidence applicable only to IP proceedings.[5] Alternatively, we could focus on those parts of the Agreement that appear to pose the greatest threats to civil liberties and critical interests such as the interest in access to medicines—although the truth is that the final text of *ACTA* has addressed many of the most vehemently-expressed concerns of this kind.[6] Existing scholarship and other public commentary have made these arguments at some length.

The author's concern here is a different one. This article seeks to assess the alleged benefits of *ACTA* in light of a detailed consideration of the text. Two key claims are made for *ACTA*: that it will improve international cooperation in IP

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2 At a bilateral level, the negotiations concerning IP in the *Australia–US Free Trade Agreement*, signed 18 May 2004, [2005] ATS 1 (entered into force 1 January 2005) ('*AUSFTA*') were controversial. For a history, see Robert Burrell and Kimberlee Weatherall, 'Exporting Controversy? Reactions to the Copyright Provisions of the US–Australia Free Trade Agreement: Lessons for US Trade Policy' (2008) 2 *University of Illinois Journal of Law, Technology and Policy* 259. At an international level, the most recent attempt to establish an IP treaty in the World Intellectual Property Organisation ('WIPO') was the attempt to negotiate a treaty concerning rights for broadcasting organisations that failed in 2007 when a preparatory meeting for a diplomatic conference was cancelled: William New, 'WIPO Broadcasting Treaty Talks Break Down', on *Intellectual Property Watch* (22 June 2007) <http://www.ip-watch.org/weblog/2007/06/22/wipo-broadcasting-treaty-talks-break-down-over-differences/?res=1280_ff&print=0>.

3 For a history and a good summary of the criticisms of the *ACTA* process: Peter Yu, 'Six Secret (and Now Open) Fears of *ACTA*' (2011) 64 *Southern Methodist University Law Review* (forthcoming). See also the collection of research papers on IP enforcement: Program on Information Justice and Intellectual Property, 'PIJP Research Paper Series', Research Paper Series, American University Washington College of Law, 2011) <http://digitalcommons.wcl.american.edu/research/>.

4 For commentary on this aspect of the negotiations, see Yu, above n 3, 8–16; see also Sara Bannerman, 'WIPO and the *ACTA* Threat' (PIJIP Research Paper No 4, American University Washington College of Law, 1 September 2010) <http://digitalcommons.wcl.american.edu/research/4/>.

5 William Cornish, Josef Drexl, Reto Hilty and Annette Kur, 'Procedures and Remedies for Enforcing IPRS: The European Commission's Proposed Directive' (2003) 25 *European Intellectual Property Review* 447, 448.

6 See sources cited above n 3.

enforcement; and that it will enhance the legal framework by establishing a 'new standard of IP enforcement'.[7] As to the first claim, this article points out the weaknesses of *ACTA*'s provisions on international cooperation, by comparison with other plurilateral international agreements. As to the second, this article argues that the language of *ACTA* is, in certain key areas, less prescriptive, and much less clear, than appears on a first reading. In the most controversial sections of *ACTA*, politically expedient language that accommodates the desire of key negotiating countries not to change their own laws was chosen over language that might make clear the nature of the standards being established, or the scope of the legal obligations. As a result, *ACTA* fails, in significant ways, to achieve its own stated goals.

This adds a further important element to existing critiques of *ACTA*. Not only can we criticise the process, priorities, and particular provisions for their impact on public interests or civil liberties, but we can also criticise *ACTA*'s failure to succeed on its own terms. This holds important lessons, not just for the future discussion of and implementation of *ACTA* itself, but also for any future attempt to negotiate IP enforcement provisions in other agreements, including in such fora as negotiations over the proposed *Trans-Pacific Partnership Agreement*[8] or any future revision of the key international IP treaty, the *Agreement on Trade-Related Aspects of Intellectual Property Rights* ('*TRIPS*').[9] The failure to agree on certain critical matters between countries who have been, in general, leading proponents of stronger IP rules internationally suggests that there are matters on which it is unlikely the world will agree. Understanding that reality should give pause to negotiators in the context of other bilateral and plurilateral negotiations.

II Background and Political Context

ACTA is a plurilateral agreement dealing with IP enforcement, both civil and criminal. It addresses both domestic enforcement processes, and enforcement involving international cooperation. The stated goal of *ACTA* is 'to provide a high-level international framework that strengthens the global enforcement of

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[7] These claims are made on the website of the Department of Foreign Affairs and Trade: Department of Foreign Affairs and Trade (Cth), *Anti-Counterfeiting Trade Agreement* ('*ACTA*') <http://www.dfat.gov.au/trade/acta/index.html>. There, three main objectives are listed: (1) improving international cooperation in enforcement; (2) establishing enforcement best practice; and (3) enhancing the enforcement legal framework. Objectives (2) and (3) both aim at essentially the same thing: the establishment of new legal and procedural standards.

[8] The *Trans-Pacific Partnership Agreement* ('*TPPA*') is a proposed Free Trade Agreement which, at the time of writing, is being negotiated between Australia, Brunei, Chile, New Zealand, Singapore, Peru, the United States, Vietnam and Malaysia: see generally the website of the Department of Foreign Affairs and Trade (Cth) relating to the negotiations Department of Foreign Affairs and Trade (Cth), *Trans-Pacific Partnership Agreement Negotiations* <http://www.dfat.gov.au/fta/tpp/index.html>. As a comprehensive trade agreement, it is proposed that the *TPPA* would include an IP chapter, although the scope and detail of such a chapter remain unknown and presumably a matter of debate; no negotiating text has been (officially) released.

[9] *Marrakesh Agreement Establishing the World Trade Organization*, opened for signature 15 April 1994, 1867 UNTS 3 (entered into force 1 January 1995) annex 1C ('*Trade-Related Aspects of Intellectual Property Rights'*).

intellectual property rights'.[10] It has been negotiated by Australia, the United States of America, Japan, the 27 nations of the European Union ('EU'), Switzerland, Canada, Singapore, South Korea, New Zealand, Morocco and Mexico (collectively '*the Parties*'). Discussions formally commenced in 2007 and concluded, after 11 formal negotiating rounds, in December 2010. At the time of writing, *ACTA* has neither been signed, nor come into force.

ACTA consists of six chapters, the first and last of which are (mostly) formal. Chapter II contains most of the substantive provisions and is itself subdivided into five sections: general obligations, civil enforcement, border measures, criminal enforcement, and enforcement in the digital environment. Chapter III addresses 'enforcement practices' and encourages the development of specialist IP expertise in law enforcement and customs, intra-governmental coordination on IP enforcement, the collection and publication of statistical data and information about IP law and procedure, as well as public education. Chapter IV addresses international cooperation including technical assistance, and Chapter V creates an ACTA Committee comprising representatives of all the Parties, with responsibility for reviewing implementation, and considering proposed amendments and potential acceding parties. Chapter V also provides the only mechanism for dispute resolution: party-to-party consultations.[11]

Much has been written about the politics of the *ACTA* negotiations. Two key procedural decisions of the negotiating parties have excited the most concern. First, it was negotiated outside the existing fora, WIPO and the WTO,[12] and with an unusual degree of secrecy for an international agreement setting standards in IP law.[13] Two negotiating texts were officially released over the course of three years' formal negotiations, both in the final year,[14] and only after repeated demands from non-government organisations[15] and a resolution of the European Parliament.[16] This level of secrecy led to limited opportunities for input from most stakeholders and privileged access for certain groups,[17] and hence deprived *ACTA* of at least some of its legitimacy in the eyes of the interested parties who were excluded. The process stands in contrast to approaches in other international fora such as the

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[10] This statement is drawn from one of the many *ACTA* 'Fact Sheets' published by the negotiating parties in the course of the negotiations. The wording of these fact sheets was agreed between the parties so that consistent documents were issued by all the negotiating governments. For this phrase, see European Commission, 'The Anti-Counterfeiting Trade Agreement' (Press Release, 5 June 2008) <http://trade.ec.europa.eu/doclib/docs/2008/june/tradoc_139085.pdf>.

[11] *ACTA*, art 38.

[12] See sources cited above n 2.

[13] See generally Yu, above n 3, 16–31.

[14] Negotiating texts were released on 21 April 2010 and 2 October 2010. A final text after the close of negotiations was released in November 2010 and following the legal review in December 2010. Other texts did become available through leaks, from January 2010.

[15] This includes 'Freedom of Information' Requests which were rejected: Yu, above n 3, 19–21; David Levine, 'Transparency Soup: The *ACTA* Negotiating Process and "Black Box" Lawmaking' (PIJIP Research Paper No 20, American University Washington College of Law, 8 February 2011) <http://digitalcommons.wcl.american.edu/research/18>.

[16] *European Parliament Resolution of 10 March 2010 on the Transparency and State of Play of the ACTA Negotiations* [2010] OJ C 349E/46. As Yu notes, the secrecy also antagonised some US lawmakers: Yu, above n 3, 18–9.

[17] Some industry stakeholders had access to briefings and text at earlier points through the US system of taking input from private sector advisers: Yu, above n 3 at 27–8.

WTO, WIPO[18] and in other policy spheres.[19] The secrecy also gave rise to fears on the part of concerned stakeholders that *ACTA* would contain draconian measures—fears that translated into at times inaccurate negative publicity for *ACTA*.

The negotiating parties offered two justifications for this process. The first was that such secrecy is both usual and necessary in trade negotiations.[20] This, however, begs two questions. The first is whether such secrecy remains appropriate in trade negotiations that seek to prescribe detailed standards for domestic regulation. However, we need not dwell on that difficult issue because the second question is whether it is appropriate to characterise *ACTA* as a trade agreement. Although there is no generally-accepted definition of a 'trade agreement', *ACTA* has none of the hallmarks one would expect. Its preamble makes only limited reference to international trade and no reference at all to the desire to facilitate or promote it.[21] Nor are its obligations linked to trade or designed to give effect to the principles of free trade. *ACTA* does not, for example, provide that compliance is a necessary precondition to trade, import, or export;[22] nor does it further free trade by requiring non-discrimination as between local and foreign actors.[23] The Agreement does not address the most pressing issues relating to IP enforcement in international trade, in particular the recent EU practice of seizing legitimate generic pharmaceuticals;[24] nor does it harmonise legal standards in ways likely to reduce barriers to trade in goods and services with a significant IP component.[25] *ACTA*'s only claim of substance to being a trade agreement is that it contains provisions addressing IP enforcement at the border.[26] The border measures, however,

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18 Electronic Frontiers Foundation, *Attachment 1: ACTA is Secret. How Transparent are Other Other* [sic] *Global Norm Setting Exercises?* (21 July 2009) <http://www.keionline.org/misc-docs/4/ustr_transparency_asks_22jul2009_final.pdf >.

19 Drawing contrasts with policy-making in environmental regulation and internet governance: Jeremy Malcolm, 'Public Interest Representation in Global IP Policy Institutions' (PIJIP Research Paper No 6, American University Washington College of Law, 1 September 2010) <http://digitalcommons.wcl.american.edu/research/6>.

20 Yu, above n 3, 23.

21 The preamble to the final text of *ACTA* states that the proliferation of counterfeit and pirated goods 'undermines legitimate trade' (*ACTA* Preamble, para 2). This is indirect at best. Cf, for example, the stated purposes of specialised trade agreements such as the *Agreement between Australia and the European Community on Trade in Wine*, signed 1 December 2008 [2010] ATS 19 (entered into force 1 September 2010) ('*Australia–EU Wine Agreement*'), the preamble of which states two goals: 'improving conditions for the favourable and harmonious development of trade and the promotion of commercial cooperation in the wine sector' and 'to establish closer links in the wine sector to help facilitate trade between the Contracting Parties'. Alternatively, consider the *Marrakesh Agreement Establishing the World Trade Organization,* opened for signature 15 April 1994, 1867 UNTS 3 (entered into force 1 January 1995) annex 4B (*Agreement on Government Procurement*) (*'AGP*'). The preamble of this (plurilateral) agreement also refers in its first paragraph to 'the need for an effective multilateral framework of rights and obligations with respect to laws, regulations, procedures and practices regarding government procurement with a view to achieving greater liberalization and expansion of world trade and improving the international framework for the conduct of world trade'.

22 Cf *Australia–EU Wine Agreement*, arts 1 and 4.

23 Cf *AGP*, the provisions of which are targeted at reducing discrimination (*AGP*, art III) and ensuring that domestic rules do not create 'unnecessary obstacles to international trade' (*AGP*, art VI).

24 Admittedly, not for want of trying: see below Part III(B)(1).

25 As to the legal rules that are likely to have the greatest impact on international trade, see Burrell and Weatherall, above n 2, 303–4.

26 *ACTA*, ch II s 3.

comprise only a small part of the substance of the agreement, and are in any event better characterised as provisions on the enforcement of domestic law at the border.[27] Only an unhelpfully broad conception of 'trade agreements'—one that could be used to justify secrecy in almost *any* international negotiations—would base that characterisation on the mere presence of border measures.[28] In sum, *ACTA* does not seek to facilitate or promote trade; it does not set pre-conditions for trade; and it does not remove barriers to trade. Therefore, its claims to be a trade agreement are weak at best.

The second justification offered for the secrecy was that the negotiations were not aimed at changing domestic law: rather, they were aimed at developing a set of international rules based on the high standards already found in the negotiating countries. Not every country could make this claim. Canada, for example, has not at this stage passed legislation to bring the *WIPO Copyright Treaty* or *WIPO Performances and Phonograms Treaty* into effect.[29] But the United States of America, Europe and Australia, at least, repeated this claim a number of times.[30] Given that the agreement would not have any impact on local law, it was argued, stakeholders ought not to be concerned and consultation was less necessary. The impact of this claim on the text that emerged from the process will be considered below. Suffice it to note at this stage that a goal of not requiring changes to domestic law will inevitably work against the ambition to establish new international standards.

The second decision which strained *ACTA*'s legitimacy in the eyes of many was the decision to abandon established fora for the negotiation of IP agreements,

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[27] Cf, eg, the *Convention on International Trade in Endangered Species of Wild Fauna and Flora*, signed 3 March 1973, 993 UNTS 243 (entered into force 1 July 1975); *Montreal Protocol on Substances that Deplete the Ozone Layer*, opened for signature 16 September 1987, 1522 UNTS 3 (entered into force 1 January 1989); *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal*, opened for signature 22 March 1989, 1673 UNTS 57 (entered into force 5 May 1992). Border measures feature significantly in these conventions, which are nevertheless not commonly considered 'trade agreements'.

[28] Even the *Berne* and *Paris Conventions*, universally considered IP agreements, address import and seizure: *Berne Convention for the Protection of Literary and Artistic Works*, opened for signature 24 July 1971, 1161 UNTS 31 (entered into force 15 December 1972) 24 July 1971, 1161 UNTS 3 ('*Berne Convention*') art 16; *Paris Convention for the Protection of Industrial Property of March 20, 1883*, opened for signature 14 July 1967, 828 UNTS 305 ('*Paris Convention'*) arts 9 and 10.

[29] *WIPO Copyright Treaty*, opened for signature 20 December 1996, 2186 UNTS 121 (entered into force 6 March 2002); *WIPO Performances and Phonograms Treaty*, opened for signature 20 December 1996, 2186 UNTS 203 (entered into force 20 May 2002).

[30] European Commission, *The Anti-Counterfeiting Trade Agreement (ACTA): Fact Sheet* 2 (November 2008) <http://trade.ec.europa.eu/doclib/docs/2008/october/tradoc_140836.11.08.pdf>; Office of the United States Trade Representative ('USTR'), *Trade Facts: Anti-Counterfeiting Trade Agreement (ACTA)* 3 (4 August 2008) <http://ustraderep.gov/assets/Document_Library/Fact_Sheets/2008/asset_upload_file760_15084.pdf>; Craig Emerson, Australian Minister for Trade, 'Anti-Counterfeiting Trade Agreement to Benefit Creative Industries' (Media Release, 16 November 2010) <http://www.trademinister.gov.au/releases/2010/ce_mr_101116.html>; see also Yu, above n 3, 32. The author makes no claim as to whether this goal was achieved: an assessment would require more detailed analysis. In relation to consistency with European law, a group of well-regarded IP academics have issued an opinion that the *ACTA* is not consistent with the European *acquis communautaire:* Axel Metzger et al, *Opinion of European Academics on ACTA*, Institute for Legal Informatics <http://www.iri.uni-hannover.de/acta-1668.html>. Broadly the agreement seems consistent with Australian law.

and negotiate a plurilateral agreement among a select and unrepresentative[31] group of developed nations with already-strong IP enforcement systems. The stated purpose of adopting this approach was to negotiate high standards, with a longer-term aim of encouraging, or requiring, the countries which are the sources of most counterfeit and pirate goods[32] to adopt those standards at some future point. Even commentators generally supportive of IP law have conceded that IP standards appropriate for advanced economies may be completely inappropriate in less economically developed countries.[33] To this end, the Agreement includes accession processes and provisions to allow for technical assistance and capacity-building for countries seeking membership.[34] According to the Department of Foreign Affairs and Trade ('DFAT'), 'Australia regards the extent to which *ACTA* can attract support from countries in our region as one important issue in determining the value of *ACTA* for Australia'.[35]

The legitimacy of setting standards without the participation of countries who are likely to be most affected, because they will have to make the most legal changes in order to meet that standard, is at least questionable. In favour of this approach, it could be argued that it is appropriate to negotiate high standards among willing countries, with other countries encouraged to join voluntarily as and when such rules become appropriate for them. Thus it could be argued that *not* including developing countries recognises that strong IP enforcement may not be appropriate at their stage of economic development. There are two answers to this argument. First, there are a number of countries with high technology industries of their own for whom IP enforcement is arguably already a relevant consideration: China, India and Brazil all spring to mind. In this regard, it is worth noting that all

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31 One academic comment has pointed out that according to Wallerstein's 'World Systems' typology, all but two of the negotiating countries are part of the high income and highly industrialised 'core' of the world system. The remaining two negotiating countries, Mexico and Morocco, are both part of the second tier of middle income rapidly industrialising countries. The majority of the world's countries and population centres reside in the periphery—a group not represented at all: see Immanuel Wallerstein, *The Capitalist World Economy (Studies in Modern Capitalism)* (Cambridge University Press, 1979); and Immanuel Wallerstein 'Globalization or the Age of Transition? A Long Term View of the Trajectory of the World System' (2000) 15 *International Sociology* 249. The academic comment comprises the set of comments on the *ACTA* submitted by Legal Academics to the US Trade Representative, Sean M Flynn et al, Submission No USTR-2010-0014-0081 to Office of the United States Trade Representative, *Anti-Counterfeiting Trade Agreement: Request for Comments From the Public,* 17 February 2011, Docket No USTR-2010-0014, 5-6.

32 One set of data on the main source countries of counterfeit goods is the report of the World Customs Organization, which receives statistics from its members generated from seizures. According to this report, only one of the top 10 countries of departure of counterfeit goods in 2008 is part of the *ACTA*— the United States of America. The top 10 (including 'source unknown') source countries in 2008 were China, Unknown, Hong Kong (China), India, Thailand, Turkey, United Arab Emirates, US, Poland and Hungary (in descending order): World Customs Organization, 'Customs and IPR Report 2008' (Report, World Customs Organization, 2008) <http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Enforcement/IPR%202008%20EN%20web.pdf> 9.

33 Silke von Lewinski, *International Copyright Law and Policy* (Oxford University Press, 2008) 6–8 [1.06]–[1.10].

34 *ACTA*, art 39 (open for signature until March 2013 to any WTO member that the negotiating countries may agree to by consensus); art 43 (accession after March 2013); art 35 (Capacity Building and Technical Assistance).

35 Department of Foreign Affairs and Trade (Cth), above n 7.

three countries have criticised the negotiations and *ACTA*.[36] There have been reports that these countries were deliberately excluded from the negotiations.[37]

Second, it is not at all clear that countries will be allowed to adopt higher standards voluntarily at the time when they become appropriate for their level of economic development.[38] A similar 'small group' negotiating process was used to resolve conflicts among developed nations prior to *TRIPS*, leading to a *TRIPS* text with higher standards than would have been proposed by developing countries.[39] Today, it may be expected that the *ACTA* standards will make their way into bilateral trade deals and hence be imposed on countries other than those involved in the negotiations. The recent practice in comprehensive bilateral trade negotiations of the United States of America,[40] the EU,[41] and even Australia[42] is to include compliance with other international agreements as a condition of a broader agreement, and it seems likely that future trade negotiations will include *ACTA* on the list.

Third, fora already exist for setting IP standards: WIPO and the WTO. Negotiations there would have included all relevant parties. The decision to negotiate plurilaterally is, if only in pragmatic terms, understandable against the background of existing international law concerning IP. The substantive minimum

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36 All three countries made critical statements at the July 2010 meeting of the TRIPS Council. A summary of the meeting and discussion is published on the WTO's website at World Trade Organization, *Council Debates Anti-Counterfeiting Talks, Patents on Life* (8 and 9 June 2010) <http://www.wto.org/english/news_e/news10_e/trip_08jun10_e.htm>.

37 'ACTA Negotiating Round Focuses On New Accessions, Transparency' 27(28) (2009) *Inside US Trade*. This article suggests that Russia, Taiwan and Brazil all made requests to join the negotiations; but see 'Brazil Not Interested In Joining ACTA' 27(29) (2009) *Inside US Trade*, which states that 'A Brazilian Embassy official this week said that, contrary to information from reliable sources, Brazil is not interested in joining talks for an Anti Counterfeiting Trade Agreement'. In general, American negotiators refused, during the negotiations, to discuss whether other countries approached, or were approached, with a view to joining: see for example 'U.S. Seeks New Anti-Counterfeiting Treaty With Key Trading Partners' 25(42) *Inside US Trade*. See also Wikileaks Cable 06TOKYO5805, dated 5 May 2006, and originating from the American Embassy in Tokyo which describes early discussions between the United States of America and Japan concerning an anti-counterfeiting treaty <http://wikileaks.ch/cable/2006/10/06TOKYO5805.html>.

38 Andrew Rens, 'Collateral Damage: The Impact of ACTA and the Enforcement Agenda on the World's Poorest People' (PIJIP Research Paper No 5, American University Washington College of Law, 1 September 2010) <http://digitalcommons.wcl.american.edu/research/8>.

39 Peter Drahos with John Braithwaite, *Information Feudalism* (Earthscan, 2002) 137–8.

40 von Lewinski, above n 33, 360 [12.27].

41 European practice has varied over time. As to earlier agreements, see von Lewinski, above n 33, 371 [12.53]. In November 2004 the European Commission launched its *Strategy for the Enforcement of Intellectual Property Rights in Third Countries* [2005] OJ C 129/3. Included in the strategy was the intention to 'revisit the approach to the IPR chapter of bilateral agreements, including the clarification and strengthening of the enforcement clauses': at 5. The results of this approach can be seen in the *Economic Partnership Agreement between the CARIFORUM States, of the One Part, and the European Community and its Member States, of the Other Part*, signed in Bridgetown (Barbados) on 15 October 2008, OJ 2008 L 289/I/3; and, in even more detailed form in the *Free Trade Agreement between the EU and the Republic of Korea*, signed 6 October 2010 ('*EU–Korea FTA*') (not yet in force): available at European Commission, *EU-Korea Free Trade Agreement Online* <http://trade.ec.europa.eu/doclib/press/index.cfm?id=443>.

42 For example, the *Singapore–Australia Free Trade Agreement*, signed 17 February 2003, 2257 UNTS 103 (entered into force 28 July 2003) art 2.

IP standards found in the 'classical' IP conventions[43] (the *Berne Convention*, *Paris Convention*, and *Rome Convention*[44]) are detailed and prescriptive in establishing the subject matters to be protected, the exclusive rights conferred, and related matters—but are almost devoid of provisions addressing enforcement. The 1994 TRIPS Agreement introduced an important innovation—the inclusion of specific mechanisms for the enforcement of IP rights. These, however, are limited, and leave considerable room for adjustment to local social and economic conditions.[45] They have been described as the 'Achilles' Heel'[46] of the TRIPS Agreement. There have been a number of attempts by countries such as Europe and Japan in recent years to create more detailed standards for domestic enforcement of IP rights. In the TRIPS Council, developing countries have resisted calls to put IP enforcement on the agenda;[47] while in WIPO, developing countries have sought to limit the mandate of the relevant committee, the Advisory Committee on Enforcement, to prevent it from engaging in norm-setting.[48] In short, the perception was that neither WIPO nor the WTO were viable fora for negotiations on enforcement. *ACTA*, then, is the outcome of frustration on the part of developed countries—mostly Europe, the US and Japan—with the apparent multilateral stalemate on enforcement.[49] The decision to negotiate *ACTA* can be seen as a deliberate shift towards a more select, and hence friendlier, forum.[50]

As a matter of pragmatic politics, there can be no doubt that reaching agreement on IP enforcement standards would have been easier among the negotiating countries chosen, and with less ongoing public input. Agreement could

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43 The term 'classical' for this 'original trio' of IP minimum standards conventions comes from von Lewinski, above n 33, 65.

44 *Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations*, opened for signature 26 October 1961, 496 UNTS 43 (entered into force 18 May 1964) ('*Rome Convention*').

45 As confirmed by a WTO Dispute Settlement Panel in a US dispute with China over criminal enforcement rules: Panel Report, *China—Measures Affecting the Protection and Enforcement of Intellectual Property Rights—Report of the Panel*, WTO Doc WT/DS362/R (26 January 2009).

46 Jerome Reichman and David Lange, 'Bargaining Around the TRIPS Agreement: The Case for Ongoing Public–Private Initiatives to Facilitate Worldwide Intellectual Property Transactions' (1998) 9 *Duke Journal of Comparative & International Law* 11, 34.

47 See, eg, Europe's request for an 'in-depth discussion' of enforcement issues in 2005: *Enforcement of Intellectual Property Rights*, WTO Doc IP/C/W/448 (9 June 2005) (Communication from the European Communities). The responses of developing countries, in particular, Brazil, India, Argentina, Egypt, China and Chile, arguing that such matters were not appropriate for the TRIPS Council, are recorded in the Minutes of the Council's Meeting: *Minutes of Meeting,* WTO Doc IP/C/M/49 (31 January 2006) (held in the Centre William Rappard on 25-26 and 28 October, 29 November and 6 December 2005) 57–61. A similar (even longer) discussion is recorded in the Minutes of the Council's Meeting: *Minutes of Meeting,* WTO Doc IP/C/M/52 (15 January 2007) (held in the Centre William Rappard on 25–26 October 2006) 30–44. For a more detailed discussion, see Yu, above n 3, 10–3.

48 See Yu, above n 3, 13–6. Most relevantly, see World Intellectual Property Organization General Assembly, *Report,* 28th (13th extraordinary sess), WIPO Doc WO/GA/28/7 (1 October 2002), 25 [114(iii)].

49 Margot Kaminski, 'The Origins and Potential Impact of the Anti-Counterfeiting Trade Agreement (*ACTA*)' (2009) 34 *Yale Journal of International Law* 247.

50 Susan Sell, 'The Global IP Upward Ratchet, Anti-Counterfeiting and Piracy Enforcement Efforts: the State of Play' (Occasional Papers No 1, IQsensato Group, Geneva, 9 June 2008) <http://www.iqsensato.org/wp-content/uploads/Sell_IP_Enforcement_State_of_Play-OPs_1_June_2008.pdf>; Laurence Helfer, 'Regime-shifting: The TRIPS Agreement and New Dynamics of International Intellectual Property Lawmaking' (2004) 29 *Yale Journal of International Law* 1.

never have been reached so rapidly had the negotiations occurred in public and/or multilaterally. However, whether the gain in efficiency and speed is worth the sacrifice in legitimacy and the 'public relations of IP' is less clear. As noted elsewhere:

> To the extent that at some later point governments and IP owners will ask people to accept the outcomes as 'fair' and ones that should be adopted, it will be more difficult to convince them when the agreement has the appearance of a secret deal done with minimal public input. Since neither copyright, nor trade mark, are readily 'self-enforcing' laws they depend for their effectiveness on a certain amount of support among the public. Secret negotiations on IP policing powers are not an ideal way to garner such support.[51]

But perhaps the best way to judge the success of the procedural decisions made by the negotiating parties is to assess the outcome—that is, to inspect *ACTA*'s text and consider whether it really does further the stated goals. That assessment will be the subject of the next section.

III *ACTA*'s Progress Towards its Stated Goals Assessed

From the very beginning of the negotiations for *ACTA*, it has been claimed that the Agreement would have two key benefits: improvement in international cooperation in IP enforcement and the enhancement of the legal framework by establishing a 'new standard of IP enforcement'. Whether *ACTA* is likely to achieve these goals can only be determined by a close examination of the text against the background of existing law and practice in the negotiating countries.

A ACTA*'s Impact on International Law Enforcement Cooperation*

Improving international cooperation in IP enforcement is an obvious goal for an international agreement, and the rhetoric surrounding *ACTA*, including in the preamble, reaffirms this goal of combating the proliferation of counterfeit and pirated goods 'through enhanced international cooperation and more effective international enforcement'. It is too early to judge whether *ACTA* will generate practical cooperation. It is not too early, however, to judge the text of *ACTA* and, in particular, to compare it against a benchmark provided by other plurilateral agreements negotiated with similar goals of furthering international cooperation. Two obvious and relatively recent examples of agreements that can provide such a benchmark are the Council of Europe's *Convention on Cybercrime*[52] and the

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[51] Kimberlee Weatherall, *The Anti-Counterfeiting Trade Agreement: What's It All About?* (June 2008) *Selected Works of Kimberlee Weatherall*, 3 <http://works.bepress.com/cgi/viewcontent.cgi?article=1017&context=kimweatherall>. See also Michael Geist, 'ACTA Negotiations, Day Three: Secret Talks on Transparency', (5 November 2009) <http://www.michaelgeist.ca/content/view/4515/125/>; Yu above n 3, 29.

[52] *Convention on Cybercrime*, opened for signature 23 November 2001, 2296 UNTS 167 (entered into force 1 July 2004) ('*Cybercrime Convention*'). Although this was drafted by the Council of Europe, a number of non-member States have also signed the *Cybercrime Convention*: Canada, Japan, South Africa and the United States. At the time of writing, the Australian Government was considering

United Nations Convention Against Transnational Organized Crime.[53] The latter, for example, has several protocols dealing with cooperation to limit international trafficking—of people,[54] prospective migrants,[55] and firearms[56] and might have served as a model for a treaty aimed at preventing the trafficking of counterfeits. Both agreements were cited early on by Japan as models for the Agreement that became *ACTA*.[57]

Compared to these agreements, *ACTA* is a lightweight, containing only rudimentary 'motherhood' provisions stating aspirations rather than establishing real, tangible tools for cooperation. Both the *Cybercrime Convention* and the *UN Convention Against Transnational Organized Crime* deal extensively with evidence-gathering procedures (such as search and seizure), and the mechanics of international law enforcement cooperation: mutual assistance, 'spontaneous' provision of information to counterparts,[58] (criminal) jurisdiction,[59] and extradition.[60] By contrast, *ACTA*'s provisions relating to international cooperation are stated at a much higher level of generality. The strongest obligation is to 'promote cooperation, where appropriate, among the competent authorities of the Parties responsible for the enforcement of intellectual property rights'.[61] Otherwise the Parties commit only to 'endeavouring' to exchange information, and endeavouring to provide technical assistance and assistance in capacity building:[62] a commitment so vague as to be practically meaningless. Provisions found elsewhere in *ACTA* concerning the management of risk at the border state that the Parties' authorities 'may'[63] share information with their counterparts in other

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acceding to the Convention, having issued a Consultation Paper in February 2011: Attorney-General's Department (Cth), *Australia's Proposed Accession to the Council of Europe Convention on Cybercrime* (Public Consultation Document, 18 February 2011) <http://www.ema.gov.au/www/agd/agd.nsf/Page/Consultationsreformsandreviews_ProposedAccessiontotheCouncilofEuropeConventiononCybercrime>.

53 *United Nations Convention Against Transnational Organized Crime*, opened for signature 15 November 2000, 2225 UNTS 209 (entered into force 29 September 2003) ('*Convention Against Transnational Organized Crime*').

54 *Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention Against Transnational Organized Crime,* opened for signature 15 November 2000, 2237 UNTS 319 (entered into force 25 December 2003) ('*Protocol to Prevent, Suppress and Punish Trafficking in Persons*').

55 *Protocol Against the Smuggling of Migrants by Land, Sea and Air, Supplementing the United Nations Convention Against Transnational Organized Crime,* opened for signature 15 November 2000, 2241 UNTS 507 (entered into force 28 January 2004).

56 *Protocol Against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition, Supplementing the United Nations Convention Against Transnational Organized Crime*, opened for signature 31 May 2001, 2326 UNTS 211 (entered into force 3 July 2005).

57 Tove Iren S Gerhardsen, 'Japan Proposes New IP Enforcement Treaty', in *Intellectual Property Watch* (15 November 2005) <http://www.ip-watch.org/weblog/index.php?p=135>.

58 *Cybercrime Convention*, art 26; *Convention Against Transnational Organized Crime*, art 18(4). 'Spontaneous' provision of information refers to the provision of information without prior request. *ACTA* includes one specific provision to similar effect, *ACTA*, art 3(2)(2), for sharing of information between customs authorities.

59 *Cybercrime Convention*, art 22; *Convention Against Transnational Organized Crime*, art 15.

60 *Cybercrime Convention*, art 24; *Convention Against Transnational Organized Crime*, art 16.

61 *ACTA* art 33.

62 *ACTA* arts 34 and 5.

63 The use of the optional 'may' rather than the obligatory 'shall' suggests a low-level commitment: cf *Convention Against Transnational Organized Crime*, art 18(3)(e): obligation to provide mutual

Parties, and provide those counterparts with information about seized imports, in order to enable the Party of export to take action against the exporters.[64] The implication of the relative weakness of these provisions compared to the extensive detail on domestic enforcement procedures is that, for all the rhetoric of international cooperation and international trade, *ACTA* has been crafted with largely *domestic* enforcement processes in mind, and mostly civil processes.

It could be argued that the different focus of the *ACTA*—on civil procedures rather than international cooperation—is entirely appropriate. The legal environment for IP is different from that for transnational acts such as the trafficking of people[65] where conduct may cross multiple borders but fail to constitute a crime (or fail to constitute a serious crime) in any single jurisdiction. In IP, the practice has been to create territorially-based rights, separately actionable in each country.[66] Any counterfeit shipment of any scale is likely to breach laws both in exporting, and importing countries. A focus on civil enforcement also arguably reflects the reality that private owners of IP undertake the bulk of IP enforcement activity, with public enforcement via criminal sanctions playing only a minor role.[67] This, however, would seem to be inconsistent with the rhetoric used to describe and justify *ACTA*, which places great emphasis on the role of *ACTA* in providing for international cooperation, including in criminal investigations. We are entitled to test that claim against other international agreements covering related subject matter.

Furthermore, it is not difficult to think of concrete cooperative arrangements that could have been negotiated. For example, one of the key tools often included in agreements concerning cooperation in criminal enforcement is mutual legal assistance. 'Mutual assistance' is a technical term that refers to a formal government-to-government process used by countries to assist one another in the investigation and prosecution of criminal offences.[68] Although Australia has extradition arrangements with most (but not all) of the *ACTA* negotiating Parties,[69] Australia has mutual legal assistance agreements with approximately only half of them, suggesting that there was room to build concrete mechanisms for law

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legal assistance 'to the fullest extent possible under relevant laws, treaties, agreements and arrangements of the requested State Party' extends to 'providing information, evidentiary items and expert evaluations'; art 27: parties *shall* 'adopt effective measures ... [t]o enhance and, where necessary, to establish channels of communication between their competent authorities, agencies and services in order to facilitate the secure and rapid exchange of information concerning all aspects of the offences covered by this Convention'.

64 *ACTA* art 29(2).

65 Addressed by the *Protocol to Prevent, Suppress and Punish Trafficking in Persons*.

66 von Lewinski, above n 33, 6–8 [1.06]–[1.10].

67 On the historically low rates of use of criminal enforcement in Australia in IP, see House of Representatives Standing Committee on Legal and Constitutional Affairs, Parliament of Australia, *Cracking Down on Copycats: Enforcement of Copyright in Australia* (2000).

68 *Cybercrime Convention*, art 29; *Convention Against Transnational Organized Crime*, art 18(3)(e). On 'mutual assistance' generally see Attorney-General's Department (Cth), *A Better Mutual Assistance System: A Review of Australia's Mutual Assistance Law and Practice* (Discussion Paper, 2006).

69 The exceptions are Morocco and Bulgaria, according to information published on the website of the Attorney-General's Department: Attorney-General's Department (Cth), *Extradition and Mutual Assistance* (18 December 2009) Australian Government Attorney-General's Department <http://www.ema.gov.au/www/agd/agd.nsf/Page/Extradition_and_mutual_assistance>.

enforcement cooperation.[70] There are many precedents for the negotiation of mutual legal assistance in relation to particular kinds of offences.[71] In summary, if *ACTA* was intended to facilitate international cooperation in law enforcement, it has progressed the environment only marginally, particularly when compared with the benchmark provided by other agreements.

It should be noted that this article does not assert that it would necessarily have been appropriate to negotiate provisions as detailed or comprehensive as those found in the *Cybercrime Convention* or the *Convention Against Transnational Organized Crime*. The point here is not that mutual legal assistance mechanisms would have been a useful addition to *ACTA*. Indeed, simply adding mutual legal assistance provisions in IP would have been extremely controversial, particularly when coupled with other *ACTA* provisions attempting to expand criminal liability, thus raising the spectre of IP-related extraditions. The various treaties dealing with mutual legal assistance in relation to particular offences tend to relate to offences which any reasonable person would consider very serious. Rather, the point is that if the goal of *ACTA* was to tackle global counterfeiting and piracy, as suggested in the preamble, the Parties could have concentrated on identifying the subset of infringement where criminal enforcement and international cooperation was warranted due to the seriousness of the harm occurring, and focused on creating real mechanisms for cooperation to address that subset. This would have required a much closer focus on exactly what kinds of infringements are appropriate for the expenditure of public resources by application of the criminal law and, more specifically, for international joint operations or cooperation. It is clear that the definitions of 'copyright piracy' and 'trade mark counterfeiting' found in *ACTA* would be inadequate for that purpose. 'Copyright piracy' as defined in *ACTA* (mirroring similar language in *TRIPS*) comprehends more or less any copyright

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[70] A list of the countries with which Australia has mutual legal assistance agreements is published on the website of the Commonwealth Attorney-General's Department. At the time of writing, Australia has bilateral agreements with Austria, Canada, Finland, France, Greece, Hungary, Italy, South Korea, Luxembourg, Mexico, the Netherlands, Portugal, Spain, Sweden, Switzerland, the UK and the US. Australia has negotiated mutual legal assistance arrangements in relation to specific kinds of international crimes via treaty (again, published on the website of the Attorney-General's Department).

[71] For example, *Convention for the Suppression of Unlawful Seizure of Aircraft*, opened for signature 16 December 1970, 860 UNTS 105 (entered into force 14 October 1971) ('*Hague Convention*'); *Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation*, opened for signature 23 September 1971, 974 UNTS 177 (entered into force 26 January 1973) ('*Montreal Convention*'); *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*, opened for signature 17 December 1997, [1999] ATS 21 (entered into force 15 February 1999); *United Nations Convention Against Corruption,* opened for signature 31 October 2003, 2349 UNTS 41 (entered into force 14 December 2005); *International Convention for the Suppression of Counterfeiting Currency and the Protocol to the International Convention for Suppression of Counterfeiting Currency*, opened for signature 20 April 1929, 112 LNTS 371 (entered into force 22 February 1931); *Convention on the Prevention and Punishment of the Crime of Genocide*, opened for signature 9 December 1948, 78 UNTS 277 (entered into force 12 January 1951); *International Convention Against the Taking of Hostages*, opened for signature 17 December 1979, 1316 UNTS 205 (entered into force 3 June 1983); *Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons, including Diplomatic Agents*, opened for signature 14 December 1973, 1035 UNTS 167 (entered into force 20 February 1977); *Convention on the Physical Protection of Nuclear Material*, opened for signature 3 March 1980, 1456 UNTS 101 (entered into force 8 February 1987). All these treaties—to which Australia is a party—include some offence-specific cooperation mechanisms.

infringement.[72] The definition of 'trade mark counterfeiting' applies not to all trade mark infringement, but to the application of identical or substantially identical marks on registered goods.[73] However, there is no requirement that the activity should be occurring on a large scale or even that it be deliberate, and it is not hard to imagine circumstances where a party acting in good faith could be caught by the definition.[74] In short, the author would argue that an agreement focused on creating genuine tools for international cooperation addressing serious counterfeiting and piracy would have looked quite different: it could have been modelled on the conventions mentioned above and confined to that subset of infringement appropriate for criminal enforcement and joint international action. In such a form, too, the plurilateral nature of the negotiations, and even their negotiation outside WIPO and the WTO, would have perhaps raised less concern because there are many precedents for such negotiations.

Another point worth making is that if the intention was to facilitate international cooperation in IP enforcement, countries other than the United States of America might have been well-advised to raise concerns about, or impose limits on, that country's recent unilateralism in IP enforcement. For example, one of the latest tools being used by US law enforcement against online IP infringement is the 'seizure' of domain names. A number of such seizures have already occurred,[75] including one particularly controversial seizure of generic domain names associated with the Spanish site 'Rojadirecta', a site which had previously been held by a Spanish court to be operating legally.[76] Legislation has been proposed in the US

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[72] The definition in art 5 of *ACTA* refers to 'copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright'. There is no requirement, in that definition, that the use be commercial or on a large scale, indicators one would expect to be used in determining the appropriateness of international criminal enforcement.

[73] The definition of trade mark counterfeiting refers to 'any goods, including packaging, bearing without authorization a trademark that is identical to the trademark validly registered in respect of such goods, or that cannot be distinguished in its essential aspects from such a trademark, and that thereby infringes the rights of the owner of the trademark in question': *ACTA* art 5.

[74] If the trade mark is, eg, '[a specified colour] applied as a substantial colour on packaging for [certain goods]' then a rival, making the registered goods, might produce goods with an identical colour on the packaging and be considered a 'counterfeiter'. Similar issues could arise in relation to shapes of packaging. It is not unusual for trade mark owners now to register shapes of packaging (without their labels). Thus it is entirely possible for an innocent trader to adopt an identical mark, on identical goods, and to use their own marks so as to avoid confusion on the part of consumers, and nevertheless be a 'counterfeiter'.

[75] See US Immigration and Customs Enforcement, 'New York Investigators Seize 10 Websites that Illegally Streamed Copyrighted Sporting and Pay-per-view Events' (News, Release, 2 February 2011) <http://www.ice.gov/news/releases/1102/110202newyork.htm>. At present, the seizures occur under 18 USC § 981 (2010), which allows the seizure of property by the US Attorney-General where that property is subject to forfeiture to the US. The domain names constitute such property by reason of 18 USC § 2323 (2010), which allows for forfeiture of '[a]ny property used, or intended to be used, in any manner or part to commit or facilitate' a criminal infringement of copyright under 17 USC § 506 (2010) (inter alia). The relevant websites were all using generic top-level domain names (.com and .org), which are registered by US companies VeriSign and Afilias and hence more readily subject to US jurisdiction.

[76] Bianca Bosker, 'Rojadirecta.org One of Several Sites SEIZED by US Authorities', *The Huffington Post*, 2 February 2011 <http://www.huffingtonpost.com/2011/02/02/rojadirecta-org-seized_n_817458.html>. In legal proceedings in Europe, Rojadirecta had prevailed on arguments that it linked to, rather than hosting, infringing material.

that would formalise US law enforcement officials' powers to order such seizures.[77] This proposed legislation, known as the *Combating Online Infringement and Counterfeits Act* ('*COICA*') would amend the American federal criminal code to authorise the Attorney-General to commence an expedited in rem action against a domain name used by an internet site that is 'dedicated to infringing activities'.[78] Action would be available even if the site was not based in the US, provided that the domain was used within the US to access an infringing site, directed business to American residents and harmed American IP rights holders.[79] For overseas sites, the *COICA* would provide the Attorney-General with the authority to serve domestic third parties, such as internet service providers, financial transaction providers and internet advertising providers. These third parties would in turn be directed to take reasonable measures to stop doing business with the offending website.[80] The unilateralism reflected in such legislation, and the seizures which have already occurred, are not conducive to international *cooperation* in IP enforcement.

On the basis of the analysis above, it could be argued that *ACTA* largely fails to achieve the goals of facilitating international cooperation to address global piracy and counterfeiting—at least when compared to the benchmarks provided by other international agreements.

B ACTA*'s Claim to Provide 'State of the Art', Gold Standard Enforcement*

The second major claim of proponents of *ACTA* is that it provides a declaration of 'state of the art'[81] IP enforcement standards, both for the guidance of the Parties themselves and for other countries seeking to reform their own IP systems. To test this claim, the *ACTA* text must be examined in some detail. If that text, on closer inspection, fails to set a reasonably clear standard with which

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77 *Combating Online Infringement and Counterfeits Act* S 3804, 111th Congress (2010) ('*COICA*') as reported in the Senate, 20 September 2010. The legislation was approved by the Judiciary Committee in November 2010; however, its debate in Congress was prevented. As this article goes to press, *COICA* has been effectively rewritten in a new proposal, the *Preventing Real Online Threats to Economic Creativity and Theft of Intellectual Property Act* S 968, 112th Congress (2011) ('*PROTECT IP Act'*). Although the details of the provisions of the *PROTECT IP Act* differ from the details of *COICA*, the broad thrust of the new version is the same: enabling in rem actions against domain names.

78 A site 'dedicated to infringing materials' would be one that is 'primarily designed, has no demonstrable, commercially significant purpose other than, or is marketed by its operator, or by a person acting in concert with the operator to offer' goods or services in violation of copyright or trade mark law, where 'such activities are the central activities of the Internet site or sites accessed through a specific domain name': *COICA* § 2.

79 *COICA* § 2(c).

80 *COICA* § 2(e)(2).

81 This jarring phrase, frequently used by the negotiators to describe *ACTA*, seems more suited to technology than to law. The implication—that law, perhaps like technology, is in a constant state of improvement and progress such that the 'current stage of development' (*Oxford English Dictionary*, (Oxford University Press, 2nd ed, 1989)) must be a good one and better than all previous states of the law—only has to be stated explicitly to expose its weakness. Note also the implication—surely false—that we can look across the world's many and varied legal systems and identify some 'most advanced' 'state of the [legal] art'.

Parties may be expected to comply, this will raise serious questions as to whether this second *ACTA* goal has been achieved. A comprehensive review of all of the text of *ACTA* is beyond the scope of this article.[82] It is therefore proposed that particular attention will be focused on two aspects of the text which generated controversy during the negotiations: namely, the sections on border measures and (civil) damages addressing pre-established (or statutory) damages. As will be shown, in both of these areas, the *ACTA* text raises at least as many questions as it answers. The cardinal determinant of the meaning of treaty text under the *Vienna Convention on the Law of Treaties*, the 'ordinary meaning' of the text, is, in the case of *ACTA*, at times ambiguous.[83] This fact is rendered more serious by the absence, owing to the method by which *ACTA* was negotiated, of any of the usual *travaux preparatoires* which might be relied on to understand the intended meaning.[84]

(i) Border Measures

'Border measures' are procedures for the detention, by customs authorities, of goods suspected of infringing intellectual property rights. Procedures of this kind are critical to addressing the global trade in (physical) counterfeit and infringing goods, the core original goal of *ACTA* when it was first discussed by Japanese representatives at the Global Congress on Counterfeiting and Piracy back in 2005.[85] Negotiations on this aspect of *ACTA* were, nevertheless, among the most contentious, involving last minute threats of a walk-out and other public posturing.[86]

The negotiating countries were divided on two key issues: (1) what IP rights ('IPR') should be protected through border measures; and (2) what activities border measures should apply to. Specifically, the Parties were at odds as to whether customs should seize only goods being imported, or expand inspections and seizures to exports and/or goods in transit:[87] that is, goods that are in the territory or under customs supervision of a country only as part of a journey beginning and

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82 For a comprehensive review in the Australian context of the first draft of *ACTA* from an Australian perspective, see Kimberlee Weatherall, *ACTA – Australian Section by Section Analysis* (May 2010) *Selected Works of Kimberlee Weatherall* <http://works.bepress.com/kimweatherall/21>. For a discussion of the impact on Canada, see Elizabeth Judge and Saleh Al-Sharieh, 'The Impact of the Anti-Counterfeiting Trade Agreement (*ACTA*) on Canadian Copyright Law' (PIJIP Research Paper No 13, American University Washington College of Law, 1 September 2010) <http://digitalcommons.wcl.american.edu/research/13>.

83 *Vienna Convention on the Law of Treaties*, opened for signature 23 May 1969, 1155 UNTS 331 (entered into force 27 January 1980) art 31(1) ('*Vienna Convention*'). On treaty interpretation generally, see Sir Ian Sinclair, *The Vienna Convention on the Law of Treaties* (Manchester University Press, 2nd ed, 1984); see also Malgosia Fitzmaurice and Olufemi Elias, *Contemporary Issues in the Law of Treaties* (Eleven International Publishing, 2005) 219–20.

84 Under art 32 of the *Vienna Convention*, preparatory documents may be referred to in cases where the meaning of treaty text is ambiguous, obscure, or leads to a result that is manifestly absurd or unreasonable. The usual '*travaux*' would be material from conferences at which a treaty is negotiated; in the case of *ACTA*, no such materials are available.

85 Gerhardsen, above n 57.

86 See 'De Gucht Lashes Out at US over *ACTA*, Geographical Indications' 28(28) (2010) *Inside US Trade*. ('De Gucht Lashes Out').

87 At present, the leading IP treaty on this question, *TRIPS*, requires that countries impose measures only on imports: *TRIPS* art 51.

ending beyond that country's borders.[88]. In the negotiations, the EU maintained its long-standing claim to greater protection for geographical indications,[89] as well as other forms of IP including both designs and patents.[90] Moreover, the EU favoured extending customs powers to allow authorities to detain goods being exported and goods 'in transit'. Other countries had varying levels of opposition to the broad EU proposals, the most contentious issue being the extension beyond trade mark counterfeiting and copyright piracy—an extension strongly opposed by the US and other countries, including Australia.

During the *ACTA* negotiations, the appropriate scope of border measures became a matter of hot dispute. In part this was the result of a series of seizures by customs authorities in the Netherlands of generic medicines in transit from India to (in most cases) South America.[91] While Europe has had procedures in place for detention of goods in transit since 1999, and for patent infringements since 2003,[92] these particular seizures were troubling because the pharmaceuticals in question were not protected by IPR either in India or in their destination, and because they raised one of the most contentious issues in the relationship between IP and trade: the question of access to medicines.[93] Both India and Brazil pointed out that the seizures were contrary to the letter and spirit of the *Doha Declaration on TRIPS and Public Health*.[94] The seizures also illustrated the ways in which IP enforcement provisions within *ACTA* countries have the potential to create barriers to trade impacting on non-*ACTA* countries. Following strong statements in the TRIPS Council in 2009,[95] in May 2010 Brazil and India initiated a WTO Dispute Settlement procedure, requesting consultations with the EU and the Netherlands.[96]

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88 *Marrakesh Agreement Establishing the World Trade Organization*, opened for signature 15 April 1994, 1867 UNTS 3 (entered into force 1 January 1995) annex 1A ('*General Agreement on Tariffs and Trade 1994*') ('*GATT'*) art V(1).

89 See generally, Michael Handler, 'The WTO Geographical Indications Dispute' (2006) 69 *Modern Law Review* 70; Michael Handler, 'The EU's Geographical Indications Agenda and its Potential Impact on Australia' (2004) 15 *Australian Intellectual Property Journal* 173.

90 'De Gucht Lashes Out', above n 86.

91 For more detail and a discussion of the seizures, see Christopher Heath, 'Customs Seizures, Transit and Trade – in Honour of Dieter Stauder's 70th Birthday' (2010) 41 *International Review of Intellectual and Competition Law* 881, 883–4; Henning Grosse Ruse-Khan, 'A Trade Agreement Creating Barriers to International Trade? *ACTA* Border Measures and Goods in Transit' (Research Paper No 10-10, Max Planck Institute for Intellectual Property, Competition & Tax Law, 2010).

92 Shashank Kumar, 'Border Enforcement of Intellectual Property Rights Against In-transit Generic Pharmaceuticals: An Analysis of Character and Consistency' (2010) 32 *European Intellectual Property Review* 506, 509–10.

93 It should be noted that the European and Dutch authorities have stated that applying the border measures to these shipments was 'an error' and promised to 'sort it out': Kumar, above n 92, 518.

94 Statement by Brazil at TRIPS Council, Agenda Item M (Other Business), Public Health Dimension of the TRIPS Agreement (4 February 2009) *Intellectual Property Watch* <http://ip-watch.org/weblog/wp-content/uploads/2009/03/intervention-by-brazil.pdf>; Intervention by India at TRIPS Council, Agenda Item M (Other Business), Public Health Dimension of the TRIPS Agreement (4 February 2009) *Intellectual Property Watch* <http://ip-watch.org/weblog/wp-content/uploads/2009/03/intervention-by-india.doc>.

95 Ibid.

96 *European Union and a Member State—Seizure of Generic Drugs in Transit*, WTO Doc WT/DS408/1 (19 May 2010) (Request for Consultations by India); *European Union and a Member State – Seizure of Generic Drugs in Transit*, WTO Doc WT/DS409/1 (19 May 2009) (Request for Consultations by Brazil). Canada, Ecuador, China, Japan and Turkey requested to join the consultations.

This constituted the first step towards a formal dispute resolution process within the WTO.[97] The dispute raised both of the issues of scope under consideration in the *ACTA*: whether patents should be included, and whose law should be used to determine the infringing status of the goods.

In light of these conflicts, the text on the scope of the border measures that ended up in *ACTA* is strikingly opaque. The key provisions are found here:

> Article 13: Scope of the Border Measures[6]
>
> In providing, as appropriate, and consistent with its domestic system of [IPR] protection and without prejudice to the requirements of [*TRIPS*], for effective border enforcement of [IPRs], a Party should do so in a manner that does not discriminate unjustifiably between [IPRs] and that avoids the creation of barriers to legitimate trade.
>
> [Fn 6 The Parties agree that patents and protection of undisclosed information do not fall within the Scope of this Section.]
>
> Article 16: Border Measures
>
> 1. Each Party shall adopt or maintain procedures with respect to import and export shipments under which:
>
> (a) Its customs authorities may act upon their own initiative to suspend the release of suspect goods; and
>
> (b) Where appropriate, a right holder may request its competent authorities to suspend the release of suspect goods.
>
> 2. A Party may adopt or maintain procedures with respect to suspect in-transit goods or in other situations where the goods are under customs control under which:
>
> (a) its customs authorities may act upon their own initiative to suspend the release of, or to detain, suspect goods; and
>
> (b) where appropriate, a right holder may request its competent authorities to suspend the release of, or to detain, suspect goods.

The text clearly provides that the Parties may, but are not required to, have customs procedures for the detention of goods in transit suspected of infringing an IP right. It is also clear, by reason of footnote 6, that patents and confidential information are not included, although there is certainly nothing to *prohibit* a Party from having procedures for detention of goods suspected of infringing these rights.[98] This, however, is where the intelligibility ends.

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[97] *Marrakesh Agreement Establishing the World Trade Organization*, opened for signature 15 April 1994, 1867 UNTS 3 (entered into force 1 January 1995) annex 2 ('*Dispute Settlement Understanding*') art 4.

[98] The absence of a specific prohibition is given further emphasis by art 2(1) (which allows parties to implement 'more extensive enforcement' in their laws), and by art 51 of the TRIPS Agreement which allows Members of *TRIPS* to have customs detention procedures for infringements other than trade mark counterfeiting and copyright piracy. To similar effect, see Grosse Ruse-Khan, above n 91, 19–20.

It is far from clear what kinds of IP rights a Party to *ACTA* must cover in its customs detention procedures. Indeed, on the face of the text, it is arguable that *no* particular kinds of IP rights are required to be protected.[99] Nowhere in the text are 'suspect goods' defined, which, on one interpretation, suggests that it is for Parties to adopt their own view of what will count as suspect goods. Grosse Ruse-Khan, on the other hand, argues that art 6(1) has the effect of ensuring that the Parties are obliged to apply procedures for *all* IP infringements apart from those specifically excluded. Article 6(1) is a general introductory article stating that '[e]ach Party shall ensure that enforcement procedures are available under its law so as to permit effective action against any act of infringement *of intellectual property rights covered by this Agreement*' (emphasis added), 'intellectual property' being defined in art 5 to refer to 'all categories of intellectual property' included in the TRIPS Agreement.[100] However, art 6 only requires that enforcement procedures be available—*not* that (all of) the specific procedures set out in the *ACTA* text be available.[101] Grosse Ruse-Khan's reading also seems inconsistent with art 13, which explicitly addresses the scope of the border measures and states only that Parties 'should' provide effective border enforcement 'in a manner that does not discriminate unjustifiably between intellectual property rights'. Not only would such an exhortation be unnecessary if Parties were obliged to provide border measures for all IP infringements,[102] but art 13 is not obligatory, given the use of 'should' rather than the mandatory 'shall' or 'must'. This seems inconsistent with the existence of an obligation to cover all IPRs. The view of the government that changes to Australian law are not required by *ACTA*[103] also suggests that Grosse Ruse-Khan's reading is not correct.[104] Australian law does not provide for border

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[99] Under art 51(1) of *TRIPS*, the Parties to *ACTA* are already required to provide for customs procedures at the point of import in relation to trade mark counterfeiting and copyright piracy (as defined above nn 72–3). These obligations continue to apply: see *ACTA* art 1.

[100] Grosse Ruse-Khan, above n 91, 24. A similar argument appears to underpin the similar conclusion of Kaminski that all IP rights are covered by the border provisions: Margot Kaminski, 'An Overview and the Evolution of the Anti-Counterfeiting Trade Agreement (*ACTA*)' (PIJIP Research Paper No 17, American University Washington College of Law, 1 January 2011) <http://digitalcommons.wcl.american.edu/research/17> 27–8.

[101] Further, many of the other sections of *ACTA* are more specific. Provisions in the section on enforcement in the digital environment are particularly clear (art 27 refers to all IP infringements; art 28 only to copyright); most provisions in s 2 of ch II (civil enforcement) refer to 'civil judicial proceedings concerning the enforcement of intellectual property rights', thus specifically importing the definition of IP rights found in art 5.The border measure provisions do not use this language.

[102] There is another possible reading: that while *ACTA* requires the Parties to provide for border measures for infringements of all kinds of IP rights, the Parties may (consistent in particular with art 2(1)) offer differently constituted measures for different types of IP rights, subject only to the 'floor' provided by the *ACTA* provisions for all rights. Thus art 13 would still have some application, requiring non-discrimination in the design of the measures. This, however, does not seem consistent with the heading of *ACTA* art 13, 'Scope of the Border Measures', nor with the negotiating history as reported, in which scope was an extremely controversial matter among the parties.

[103] Emerson, above n 30.

[104] It should be noted that Grosse Ruse-Khan goes on to state (see above n 91) that art 13 provides for a right in the *ACTA* Parties to 'limit' border protection, *provided* that it does not involve unjustifiable discrimination. The difference, then, between the author's and Grosse Ruse-Khan's reading may be one of burden of proof: on the author's reading, the Parties are not obliged to extend border measures, and the burden would be on a Party complaining to show there was unjustifiable discrimination. On Grosse Ruse-Khan's reading, the onus is on the Party seeking to limit border measures to justify their stance as not being unjustifiably discriminatory.

enforcement of geographical indications, design rights, or plant variety rights, let alone of more obscure IPRs such as test data protection.[105]

If *ACTA* were establishing a clear international standard for IP enforcement, academic disagreement on the interpretation of the provisions would be unlikely. It would seem that the text is a politically-oriented compromise, designed to relieve the EU of the embarrassment of backing down from its statements that the expansion of border measures to geographical indications in particular was a 'redline issue'.[106] As Grosse Ruse-Khan puts it, following Drahos with Braithwaite, the provisions create 'constructive ambiguity'.[107] Ambiguity of this kind is not necessarily unusual. As Ian Sinclair has noted, the 'natural desire of negotiators to bring negotiations to a successful conclusion will often result in the adoption of vague or ambiguous formulations'.[108] Or, as it is put in Drahos with Braithwaite:

> It is in the nature of language that two negotiators can walk away from a piece of text, the one believing that it locks up gains for his country, while the other believes that it unlocks a backdoor exit for her country.[109]

In this case, the US can assert that it is not required to change its laws, but by reason of art 13, the EU can claim that it has succeeded in raising Parties' obligations in relation to border measures, and can (continue to) argue that non-protection of geographical indications in border measures is unjustifiable discrimination.

Unfortunately, all of this politically expedient ambiguity leaves the casual, and even the not-so-casual reader informed by the principles of the *Vienna Convention* largely in the dark as to the intended scope and effect of *ACTA*—and leaves the position in fact no further advanced than under *TRIPS*. The ordinary meaning of the language is unhelpful, and no *travaux* exist which could better inform the position. Ironically, too, art 13 could even be *counterproductive* to the goal of raising IP enforcement standards. It may be easier for a Party, consistent with art 13's exhortation not to discriminate, to limit border protections to trade mark counterfeiting and copyright piracy—infringements presently required to be intercepted by *TRIPS* and which, moreover, are more likely to be clear and obvious on the face of the goods (that is, counterfeit trade mark goods and copyright piracy). If a Party were to extend the availability of border measures to, for example, ordinary trade mark infringement, where infringement is *not* clear on the face of the goods, it might be harder to resist the implication that non-discrimination under art 13 requires further extensions—for example, to

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105 'Test data protection' refers to protection provided to pharmaceutical companies which submit clinical testing data to regulatory authorities, preventing other companies seeking regulatory approval from using or relying on that data. Under the *AUSFTA*, Australia is obliged to grant exclusivity in reliance on that data for five years for pharmaceutical products, and ten years for agricultural chemicals: *AUSFTA* art 17.10.1. Such protection (albeit for protection at a much lower level than Australia is obliged to provide) does fall within the *TRIPS* provisions referred to in art 6(1) of *ACTA*, relied on by Grosse Ruse-Khan in his argument: see Grosse Ruse-Khan, above n 91, 27.

106 'De Gucht Lashes Out', above n 86.

107 Grosse Ruse-Khan, above n 91, 28; Drahos with Braithwaite, above n 39, 139.

108 Sinclair, above n 83, 142.

109 Drahos with Braithwaite, above n 39, 139.

infringements of registered designs.[110] A Party might foreseeably choose not to engage in *any* extension rather than get into that kind of debate.

On the second dimension of difference—the application of border measures to in-transit goods—the *ACTA* text is even more unclear. Owing to art 16(2), the Parties are not *obliged* to apply border measures to goods in transit—on this point, the EU was not successful in creating an obligation. The provision does, however, assert that the Parties *may* adopt such measures.

What is *not* clear on the text is *which* in-transit goods may legitimately be seized. The key question here is whether the infringing status of goods in transit is to be determined by reference to (1) the law of the country in which the customs procedure is invoked; (2) the law of the origin country; (3) the law of the destination country; or (4) by some combination (requiring, for example, infringement according to local *and* foreign law). This question of interpretation is critical. One of the facts that was so objectionable about the Dutch seizures of generic pharmaceuticals was that the drugs in question did not infringe a patent in the country of manufacture nor the destination market: the drugs were legitimate generic pharmaceuticals. A whole range of different scenarios can arise where goods are seized in transit, raising different questions of policy and differing levels of controversy:

1. The goods may be produced in infringement of a trade mark validly registered in the country of origin, and pass through a transit country where they would be an infringement, on their way to a country where there is no registered trade mark.
2. The goods may be produced without any infringement in the country of origin, and pass through a transit country where there would be infringement on their way to a country where they will infringe, once placed on the market.
3. The goods may infringe in *neither* the country of origin nor the country of destination, but could infringe rights in the country of transit.

The last of these situations is the most controversial.

The difficulties here are both legion and important, because how this question is decided bears on questions at the core of international IP law. If the authorities in a country may seize goods on the basis that they infringe a patent (or a trade mark) only in the transit country, where no equivalent IPRs exist either in the country of origin or the market in which the goods will be sold, the effective result is the extraterritorial application of the transit country's patent. This would seem to be contrary to the independence of patents as required by the Paris Convention,[111] and the fundamental principle of the territoriality of IPRs.[112]

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[110] Particularly since design rights deal only with the 'visual appearance' of goods (see, eg, *Designs Act 2003* (Cth) s 5, definition of design), and hence are likely to be able to be ascertained by customs authorities as readily as infringements of trade mark through the adoption of 'deceptively similar' marks.

[111] *Paris Convention* art 4*bis* (1): 'Patents applied for in the various countries of the Union by national of countries of the Union shall be independent of patents obtained for the same invention in other countries, whether members of the Union or not.' On this point, see Frederick Abbott, 'Seizure of

Further, the argument has been made, particularly by India and Brazil in their comments concerning the Dutch seizures,[113] but also by a number of academics,[114] that establishing a system that allows the seizure of goods that are legitimate at both origin and destination constitutes a barrier to trade contrary to art V of the *GATT*, the provision which provides for a right of free transit.

On the other hand, if the infringing status of a good is determined by reference to the law of a country *other* than the transit country—for example, on the basis that the goods were infringing where they were made—customs authorities will be placed in the invidious position of making determinations as to the law of another country. One can only imagine what would happen if the consignor or consignee then sought to challenge the validity of the IP rights in the other relevant country.[115]

The text of *ACTA* is, again, far from clear on the question of how the infringing status of goods in transit should be decided. There is no explicit provision in art 16 itself. There is some suggestion in art 17, which requires that where a right holder requests border seizure, the Party's competent authorities must require them to provide 'adequate evidence … that, *under the law of the Party providing the procedures*, there is *prima facie* an infringement' (emphasis added).[116] Some further suggestion may be gleaned from the definitions of 'counterfeit trademark goods' and 'pirated copyright goods' in art 5—although it must be remembered that since these defined terms are not actually used in art 16, it is hard to argue that these definitions apply to the border measures provisions of *ACTA*. According to art 5:

- A counterfeit trademark good is one which bears a trade mark identical or nearly identical to a validly registered trade mark, and which 'thereby infringes the rights of the owner of the trademark in question under the law of the country in which the procedures ... are invoked';

Generic Pharmaceuticals in Transit Based on Allegations of Patent Infringement: A Threat to International Trade, Development and Public Welfare' (2009) 1 *WIPO Journal* 43, 48; see also Kumar, above n 92, 514.

112 Von Lewinski, above n 33. Note, however, that Grosse Ruse-Khan argues that application of the law of the transit country 'is (at least formally) consistent with the territorial nature of IP rights' because it is for an individual country to determine what degree of connection with the territory should be sufficient to trigger the application of domestic law: Grosse Ruse-Khan, above n 91, 32.

113 See above n 94.

114 Heath, for example, argues that in-transit seizures are contrary to the *GATT* art V at least where the law of the country of transit does not specifically provide that bringing goods within customs supervision for purposes of transit is an act of infringement: Heath, above n 91, 902–4; see also Gross Ruse-Khan, above n 91, 41–8.

115 See generally, Heath, above n 91, 897–9. As to the invidiousness of applying foreign law on these questions, see also *Lucasfilm Ltd v Ainsworth* [2010] Ch 503, 548–50.

116 It may be worth noting that such a provision is not inconsistent either (a) with a system that required proof of infringement under a foreign law (as well); or (b) a system that required only proof of infringement under a local law to justify the initial suspension but then required proof of infringement under some *other* law at the point where a determination is made about whether the goods actually *do* infringe. In this regard it is worth noting that *ACTA* art 19, which states that the Parties must maintain procedures by which its competent authorities may determine within a reasonable period whether the suspect goods infringe an IP right, does *not* contain the qualifier referring to the 'law of the Party providing the procedures'. This might suggest that some other law may be applied at this later, arguably more serious, stage of the process. A determination under *ACTA* art 19 may lead to an order for destruction of the goods: *ACTA* art 20.

- A pirated copyright good is one where the copy is made without the right holder's consent in the country of production, and the making of the copy 'would have constituted an infringement of copyright ... under the law of the country in which the procedures ... are invoked'.

This is a notable departure from *TRIPS*, which defines counterfeit or pirated goods by reference to the country of import,[117] and which requires that authorities determine whether there is a prima facie infringement 'under the laws of the country of importation'.[118] The *ACTA* text is very close to, and likely therefore to have been based on, Europe's *Border Measures Regulation*.[119] This is unfortunate for two reasons. First, the European *Border Measures Regulation* has not created clarity even within Europe: European case law in this area is replete with conflicts and inconsistent rulings in national courts[120] and, arguably, inconsistent and controversial decisions in the European Court of Justice ('ECJ').[121] It is surely

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[117] There might be an argument that the country of 'import' could include not only the final destination country of goods, but also the country in which goods are in transit. This, however, would seem to be inconsistent (a) with provisions of the *TRIPS* which suggest that import involves entry into the channels of commerce of a jurisdiction (*TRIPS* arts 44 and 50); and (b) with the distinction drawn in the *TRIPS* provisions on border measures that clearly distinguish between measures applied to imports (mandatory) and in-transit goods (not required by the *TRIPS*): *TRIPS* art 51, fn 13. See Kumar, above n 92, 512.

[118] *TRIPS* art 52. This (mandatory) requirement under *TRIPS* might suggest that a reliance on the law of the place where the procedures are invoked under *ACTA* could create a direct conflict with the *TRIPS* obligation: to this effect, see Grosse Ruse-Khan, above n 91, 52, 62–4. However, the text of *TRIPS*, art 51 might suggest another reading. Article 51 states that a country *may* introduce *corresponding* procedures relating to export. The use of *corresponding* here might suggest an expectation on the part of the *TRIPS* Parties that appropriate adjustments would be made to the *TRIPS* obligations for seizure on export: that is, the word 'export' could be substituted for the word 'import' wherever found so that, eg, a country seizing goods on export could do so on the basis that they prima facie infringed the law of the country of export.

[119] The current regulation dates from 2003: *Council Regulation (EC) No 1383/2003 of 22 July 2003 Concerning Customs Action Against Goods Suspected of Infringing Certain IP rights and the Measures to be Taken Against Goods Found to have Infringed Such Rights* [2003] OJ L 196/7, art 1; see also Recital para 3 (specifically referring to goods in 'transhipment') (references to the *Border Measures Regulation* are references to this Regulation unless otherwise indicated). Prior to the 2003 Regulation, European law in this area was governed by *Council Regulation (EC) 3295/94 of 22 December 2004 Laying Down Measures to Prohibit the Release for Free Circulation, Export, Re-export or Entry for a Suspensive Procedure of Counterfeit and Pirated Goods* [1994] OJ L341/8.

[120] Heath, above n 91, 885; Olivier Vrins, 'The Real Story of a Fiction: Transit after *Montex* under Regulation (EC) 1383/2003' (2010) 5 *Journal of Intellectual Property Law & Practice* 358, 362–71.

[121] Since the in-transit measures were introduced in 1999, the ECJ has had to consider these rules in five cases, with another currently pending: *The Polo Lauren Company LP v PT Dwidua Langgeng Pratama International Freight Forwarders* (C-383/98) [2000] ECR 2519 ('*Polo/Lauren*'); *Criminal Proceedings Against X - Reference for a Preliminary Hearing: Landesgericht Eisenstadt—Austria* (C-60/02) [2000] ECR 651 ('*Rolex*'); *Administration des douanes et drioits indirects* [HM Customs and Excise] *v Rioglass SA and Transremar SL* (C-115/02) [2003] ECR 12705; *Class International BV v Colgate-Palmolive Company and Others* (C-405/03) [2005] ECR 8735 ('*Class International*'); *Montex Holdings v Diesel SpA* (C-281/05) [2006] ECR 10881 ('*Montex*'). In the case now pending, joined cases *Case C-446/09: Reference for a Preliminary Ruling From the Rechtbank van eerste aanleg te Antwerpen (Belgium)* [Court of First Instance, Antwerp] *Lodged on 17 November 2009—Koninklijke Philips Electronics NV v Lucheng Meijing Industrial Company Ltd* [2010] OJ C 24/29 ('*Koninklijke Philips*') and *Case C-495/09 Reference for a Preliminary Ruling From Court of Appeal (England & Wales) (Civil Division) Made on 2 December 2009—Nokia Corporation v Her Majesty's Commissioners of Revenue and Customs* [2010] OJ C 37/22 ('*Nokia*'), the opinion of Advocate General Cruz Villalón was delivered on 3 February 2011. This last case raises the critical

undesirable to adopt language that has caused uncertainty in Europe for a decade. Second, the *ACTA* text adopts these definitions *without* adopting the language in the European *Border Measures Regulation* that has been used to interpret—and, importantly, to *limit*—the operation of the Regulation.[122] Divorced from that context, the meaning of *ACTA* must be less certain.

Consider the interpretation of counterfeit trade mark goods. The definition in art 5 refers to goods bearing a trade mark without authorisation *and thereby* infringing the trade mark. However, merely placing a trade mark on goods does not ordinarily infringe a trade mark: it is only 'use in the course of trade' which infringes.[123] Are trade marks on goods in transit 'used in the course of trade'? Alternative interpretations of this provision are possible. A country could determine the infringing status of goods by whether they would infringe if they had been made or sold in the country of transit (the so-called 'manufacturing fiction' or 'production fiction').[124] Alternatively, a country of transit may specifically define the act of bringing goods into transit as an infringement of the local trade mark: thus effectively expanding the rights of the trade mark owner. This interpretation appears to have been rejected in Europe, as it would seem to expand the rights of the trade mark owner beyond those provided by the European directives specifically concerned with trade mark law.[125] However, this interpretation offered by the ECJ is based on the relationship between the provisions in the *Border Measures Regulation* and the provisions of the EU Trade Marks directives.[126] There would appear to be nothing in *ACTA* to provide a similar context, and hence nothing that would prevent a Party from adopting such a broad interpretation, despite the stated aim of the Parties not to extend substantive law via *ACTA*.[127]

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question of whether customs authorities acting in relation to in-transit goods must have some proof that the goods are likely to enter the European market. These cases are discussed in detail in Heath, above n 91; Vrins above n 120; Grosse Ruse-Khan, above n 91; Kumar, above n 92. Even the Advocate General, in the pending joined cases, admits that the relationship between the earlier decisions *Polo/Lauren* and *Rolex*, and the recent decisions of *Class International* and *Montex* is 'strained' and even 'inconsistent': Opinion of Advocate General Cruz Villalón delivered on 3 February 2011 (1) Joined Cases C-446/09 and C-495/09 Celex No. 609C0446 [2011] ECR0 at [72], [77].

122 For example, the opinion of Advocate General Villalón in the pending cases C-446/09 and C-495/09 (see above n 121) makes use of various recitals in the European Regulations (previous and present) to show that the *goal* of the Regulation is to prevent the entry of counterfeit goods into the EU Common Market: at [60]; later the opinion makes use of substantive EU law on trade marks: at [84]. Were similar references found in the *ACTA* Preamble, it could be used to interpret the intended scope of in-transit seizures: *Vienna Convention* art 31(1); Sinclair, above n 83, 127–30. The *ACTA* Preamble talks only generally about tackling counterfeiting and piracy.

123 In Australian law, see *Trade Marks Act 1995* (Cth) s 120; at an international level, see *TRIPS* art 16.

124 The so-called 'manufacturing fiction': see Heath, above n 91, 893–4; Kumar, above n 92, 514. The status of this fiction is presently before the ECJ in the joined cases *Koninklijke Philips* and *Nokia*.

125 *Class International* and *Montex*. In a case now pending, joined cases *Koninklijke Philips* and *Nokia*, the issue has been raised again; the opinion of Advocate General Cruz Villalón delivered on 3 February 2011 makes it clear that for the *Border Measures Regulation* to operate, 'use in the course of trade' is required: see Opinion of Advocate General Cruz Villalón above n 121, [70]–[71]; [84].

126 *First Council Directive 89/104/EEC of 21 December 1988 to Approximate the Laws of the Member States Relating to Trade Marks* [1989] OJ L 40/1; *Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community Trade Mark* [2009] OJ L 78/1 (codifying amendments to the *Council Regulation (EC) No 40/94 of 20 December 1993 on the Community Trade Mark* [1994] OJ L 11/1).

127 Australian Department of Foreign Affairs and Trade, '*ACTA*: Factsheet' (24 March 2010) <http://www.dfat.gov.au/trade/acta/factsheet.html>.

It could be argued that the scope of allowable in-transit seizures is limited by art 6 of *ACTA*. Article 6(1) requires that procedures be applied 'in such a manner as to avoid the creation of barriers to legitimate trade'. Applying this article to limit in-transit seizures would involve making similar arguments to those made by India and Brazil in their criticism of the Dutch seizures.[128] As already noted above, several academics have argued that at least some ways of establishing a system for in-transit seizures, or some applications of such a system, would constitute 'barriers to legitimate trade'.[129] The difficulty is that it is unclear exactly what seizures would be banned by that provision. The concept of 'legitimate' trade is not an easy one to parse: as Grosse Ruse-Khan has argued, WTO Dispute Settlement Panels that have considered the concept of 'legitimacy' have stated that it has a normative dimension.[130] But how is the normative dimension to be judged? By international standards? Or by reference to domestic laws of the importing or exporting party? The *ACTA* text, however, gives the Parties no clue as to how to ensure consistency of the optionally allowed in-transit seizures with this obligation in art 6.

It might be argued that the Parties negotiating *ACTA could not* in fact offer any better guidance than *ACTA* already does. The question of when in-transit procedures conflict with obligations under the *GATT* and under *TRIPS* to avoid creating barriers to legitimate trade is a question of international law about which an unrepresentative group of countries[131] could not offer an authoritative or binding answer. On this argument, it is arguably more appropriate for *ACTA* to make a statement similar to that found in *TRIPS* itself—that there is no obligation to impose border measures in transit.[132] But *ACTA* did not simply repeat the language of *TRIPS*: where *TRIPS* states that there is 'no obligation' to introduce seizures in transit, *ACTA* contains the more positive statement that the Parties 'may' do so.[133] Usually, where a treaty includes a provision stating that a Party 'may' adopt certain measures, it will have two main functions: to confirm that the relevant measure is allowed (does not contravene the other provisions of the treaty) and, second, to direct how something may be done if the Treaty party chooses to do it.[134] As the discussion above illustrates, art 16 does neither.

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128 See above nn 113–4 and accompanying text.

129 See above n 114.

130 For a useful discussion, see Grosse Ruse-Khan, above n 91, 43–6. Grosse Ruse-Khan argues that the *Doha Declaration on the TRIPS Agreement and Public Health* WTO Doc WT/MIN(01)/DEC/2 (20 November 2001, adopted 14 November 2001) (Ministerial Declaration) provides one normative guide to legitimate trade—that is, that trade in generic medicines which are lawful in both the exporting and importing countries must be legitimate trade and hence that barriers imposed through in-transit inspections or seizures might contravene art 6. The question arises as to whether the traditional territoriality of IP rights would provide another 'normative' dimension whereby goods which do not infringe IP rights in the exporting and importing countries should be allowed regardless of their legitimacy in a transit country.

131 See above n 31.

132 See *TRIPS* art 51, fn 13.

133 As an aside, it is interesting to note that European bilateral trade agreements have begun to introduce in-transit customs processes as a *requirement* rather than an option: see, eg, *EU-Korea FTA* art 10.67.1.

134 Daniel Gervais, *The TRIPS Agreement: Drafting History and Analysis* (Sweet & Maxwell, 2nd ed, 2003) 294 [2.390].

In short, *ACTA*'s border measures are confusing and in many respects incomplete. They provide little guidance to the Parties as to either what forms of IP rights ought to be protected, or what customs procedures can, or should, have border enforcement measures attached to them. *ACTA* has adopted text from the EU without much regard for either the uncertainty and disputes those provisions that have given rise to within the EU itself, or the other provisions of the relevant EU directives which provide context and interpretive guides for those provisions within Europe. However much we might understand the political compromise embodied in these provisions and the neat way it allowed the negotiations to be concluded, it is impossible to admire the result as international lawyers looking for certainty as to the extent of the Parties' legal obligations. With the ordinary meaning of the text unclear, a general preamble that offers little specific guidance as to the intended scope of *ACTA*, and no *travaux preparatoires* to offer clues, the usual means for treaty interpretation offer little help.[135] As a result, *ACTA* simply puts off conflicts in 2010 in favour of conflicts in the future.

(ii) Statutory Damages and Additional Damages

The border measures are not the only examples of text in *ACTA* that is more politically expedient than legally clear. Another example relates to the calculation of damages under art 9. This provision also generated controversy during the negotiations. Early drafts of *ACTA* suggested that the Parties might be required to maintain a system of pre-established damages for copyright infringement and for trade mark counterfeiting. Pre-established damages, also known as statutory damages, involve the legislature setting figures for damages in legislation or regulations, on which a right holder can elect to rely rather than seeking to prove actual damage or the defendant's profits. In practice, legislatures have set minimum and maximum amounts recoverable per work infringed, allowing for some judicial discretion within that range.[136] Commentators were concerned that *ACTA* would lead to excessively high awards as seen in the US where, as Samuelson and Wheatland note, '[a]wards of statutory damages are frequently arbitrary, inconsistent, unprincipled, and sometimes grossly excessive'.[137] Aside from this

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[135] *Vienna Convention*, arts 31 and 32

[136] For example, see 17 USC § 504(c) (2010) (US – copyright); 15 USC § 1117(c) (2010) (US – trade mark); *Copyright Act 1987* (Singapore) s 119; *Trade Marks Act 1998* (Singapore) s 31(5); *Copyright Act 1985* (Canada) s 38.

[137] Andrew Trotter, 'Statutory Damages in Copyright' (2010) 21 *Australian Intellectual Property Journal* 219; Pamela Samuelson and Tara Wheatland, 'Statutory Damages in Copyright Law: A Remedy in Need of Reform' (2009) 51 *William and Mary Law Review* 439, 441. The tendency to award excessive damages comes in part from the 'per work' rule in the digital context, and in part from the presence, in the US, of jury trials—which mean that damages awards can become very high where a skilled lawyer persuades the jury to express outrage: ibid 456. Thus Samuelson and Wheatland outline the situation in the infamous *Jammie Thomas* case (*Capitol Records Inc v Thomas* 579 F Supp 2d 1210 (D Minn, 2008)): 'The jury had no choice, given the implausibility of an innocent infringement defense, but to award Capitol Records at least US$750 per infringed work (which would have totalled US$18 000). But the 320:1 ratio of actual damages from infringement to the minimum statutory damage award did not suffice for the *Thomas-Rasset* jury who instead awarded Capitol Records US$1.92 million for her infringement': ibid. This would seem to bear out the concerns expressed by Lord Reid in *Broome v Cassell* [1972] AC 1027, 1087: '[T]he objections to allowing juries to go beyond compensatory damages are overwhelming. To allow pure punishment in this way contravenes almost every principle which has been evolved for the protection of offenders. … The punishment is not inflicted by a judge who has experience and at least tries not to be influenced by emotion: it is inflicted by a jury without experience of law or

critique, however, another difficulty faced the negotiators: that while the US was keen to promote more deterrent—including punitive—damages, EU law does not provide for any punitive damages.[138]

The final text of *ACTA* does not mandate the inclusion of statutory damages. Instead, it offers three alternative forms of damages which Parties may adopt:

> Article 9 […]
>
> 3. At least with respect to infringement of copyright or related rights protecting works, phonograms, and performances, and in cases of trademark counterfeiting, each Party shall also establish or maintain a system that provides for one or more of the following:
>
> (a) pre-established damages; or
>
> (b) presumptions[3] for determining the amount of damages sufficient to compensate the right holder for the harm caused by the infringement; or
>
> (c) at least for copyright, additional damages.
>
> [Footnote 3 The presumptions referred to in subparagraph 3(b) may include a presumption that the amount of damages is: (i) the quantity of the goods infringing the right holder's intellectual property right in question and actually assigned to third persons, multiplied by the amount of profit per unit of goods which would have been sold by the right holder if there had not been the act of infringement; or (ii) a reasonable royalty; or (iii) a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorization to use the intellectual property right in question.]

The key difficulty with this text is that while it would appear to accommodate at least three distinctive systems for calculating damages in the various negotiating parties, it provides little or no guidance as to the nature of a damages system which will comply with *ACTA*. To Australian eyes, and at first glance, this provision looks like providing for three different means of imposing punitive civil damages—that is, damages calculated not by reference to the harm suffered, but with the goal of punishing the defendant for their wrongful act. But that goal is nowhere explicitly stated in *ACTA*, and even a cursory examination of damages in the negotiating Parties suggests that orders falling within the literal terms of this text can serve a range of purposes.

The first category (pre-established damages) appears to be tailored, at least at first glance, to fit the American system. In the United States of America, statutory, or pre-established damages, serve two goals: to remove from rightsholders the burden of having to prove actual harm caused by an infringement;[139] and to punish infringers and deter infringers and others.[140] The

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punishment and often swayed by considerations which every judge would put out of his mind.' Perhaps other countries, including Australia, would not have the same issues.

138 See below nn 146–149 and accompanying text.

139 See Samuelson and Wheatland, above n 137, 499: 'To compensate plaintiffs in situations in which it was difficult for a copyright owner to prove what actual damages she sustained and what profits the

American system is known for its high awards, particularly in recent cases of digital copyright infringement. Examples include *UMG Recordings, Inc v MP3.com, Inc,*[141] where a judge proposed to make an order for US$25 000 per infringed CD in a case where 4700 CDs were in issue (a total of US$118 million), and *Capitol Records v Thomas-Rasset*, a peer-to-peer (p2p) filesharing case which has been the subject of multiple trials, and in which the highest order was made by a jury which awarded US$80 000 per infringed song against an individual file-sharer, for a total award of over US$1.92 million.[142] However, very different statutory systems exist in other jurisdictions. High US figures are in part a result of the very broad range found in the US statute, where awards of up to US$150 000 per work infringed may be made in the case of wilful infringement.[143] Pre-established damages in Singapore are considerably lower at up to US$10 000 per work infringed with an aggregate cap of US$200 000.[144] Canada has in recent times proposed limits on statutory damages where infringements occur for private purposes.[145]

The second category, 'presumptions for determining the amount of damages sufficient to compensate the right holder', would appear to be based on European law, specifically art 13 of the EU's IP Enforcement Directive.[146] This provision is

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defendant made or when it would be too expensive, for example, because of a possible need to hire an expert witness, to prove damages or profits in comparison with the amount that could be recovered.'

140 Ibid 460–3.

141 *UMG Recordings, Inc v MP3.com, Inc* 56 USPQ 2d 1376 (SD NY 2000). The case was settled prior to any actual order being made.

142 At the time of writing, the latest order, arising from a jury trial in November 2010, was a total of US$1.5 million (US$62 500 per song). This award is the subject of a motion to alter or amend the judgment, filed in December 2010. Earlier jury trials have resulted in widely-ranging awards: US$9250 per song in the original 2007 trial (overturned by *Capitol Records v Thomas-Rasset* 579 F Supp 2d 1210 (D Minn 2008)); US$1.92 million in the 2009 trial, reduced by the trial judge (who described the amount as 'monstrous and shocking') to US$2250 per song, a total of US$54 000 in *Capitol Records Inc v Thomas-Rasset* 680 F Supp 2d 1045, 1049 (D Minn 2010).

143 17 USC § 504(c) (2010). In the case of trade mark counterfeiting, s 35(c) of the *Lanham Act* (15 USC § 1117(c) (2010)) provides that a plaintiff may elect statutory damages of between US$500 and US$100 000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just; or, if the court finds that the use of the counterfeit mark was wilful, not more than US$1 million per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just. 'Counterfeit mark' is defined in 17 USC § 1116(d) (2010).

144 *Copyright Act 1987* (Singapore) s 119. Interestingly, the statutory damages in Singapore for trade mark counterfeiting are identical (in figures) to those in the US: *Trade Marks Act 1998* (Singapore) s 31(5). Why trade mark statutory damages are the same where copyright is different is not clear. It could have something to do with the fact that pre-established damages in trade mark cases are confined to cases of counterfeiting—and hence confined to conduct where punitive damages are more appropriate.

145 Bill C-61, An Act to Amend the Copyright Act (2008) (Can) s 30 would have included a general limit for statutory damages awards for infringements done for the defendant's private purposes of CA$500 (per work)—with a further provision to prevent other copyright owners subsequently recovering statutory damages against a given individual for infringements prior to the proceedings being filed. Canada's more recent reforming bill, Bill C-32 An Act to Amend the Copyright Act (2010) (Can) also proposed limits to the statutory damages recoverable for non-commercial copying: Bill C-32 s 46 (proposing amendments to *Copyright Act 1985* (Canada) s 38).

146 *Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights* [2004] OJ L 157/45, with *Corrigendum to Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights* [2004] OJ L 195/16 ('*IP Enforcement Directive*').

not intended to provide for punitive damages,[147] which would be contrary to the legal tradition of at least some (mostly continental) European systems.[148] Some have even argued that punitive damages are contrary to other EU regulation.[149] Instead, the purpose of the presumptions as set out in the EU's IP Enforcement Directive is to provide 'compensation based on an objective criterion'—for example where 'it would be difficult to determine the amount of the actual prejudice suffered'.[150] Thus the second category of damages in art 9 share one purpose with the first category, but not the other.

In Australia, the third category, 'additional damages', refers to a system of damages which may be punitive in nature and which need not be proportional to any award of compensatory damages.[151] Indeed, awards of additional damages in many cases have been for very significant sums.[152] It seems likely that the negotiators had Australia's understanding of additional damages in mind when settling on the text of art 9(3).[153] However, as with statutory damages, there is

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147 *IP Enforcement Directive*, Recital [26].

148 Punitive damages are not usual in continental Europe: see Annette Kur, 'The Enforcement Directive: Rough Start, Happy Landing?' (2004) 35 *International Review of Intellectual and Competition Law* 821, 827. The initial proposal for the directive proposed allowing for a lump sum fixed at a figure at least twice the amount of the contractual royalties—based on German rules—but this measure was eventually abandoned as it seemed too close to punitive damages: Yaniv Benhamou 'Compensation of Damages for Infringements of Intellectual Property Rights in France, under Directive 2004/48/EC and its Transposition Law—New Notions?' (2009) 40 *International Review of Intellectual and Competition Law* 125, 147; Kur also discusses the German rule.

149 See Kur, above n 151, 827 note 31; 828 note 37 (punitive damages in Europe may be inconsistent with other EU regulations). On the other hand, it could be argued that the EU *IP Enforcement Directive* does not prohibit an individual country from having exemplary damages: this arises from art 16 of the *IP Enforcement Directive*, which allows Member States to impose 'other appropriate measures' beyond those provided for in the Directive.

150 *IP Enforcement Directive* Recital 26.

151 *Lamb v Cotogno* (1987) 164 CLR 1, 8.

152 *Aristocrat Technologies Australia Pty Ltd v Global Gaming Supplies Pty Ltd* (2009) 84 IPR 222 (compensatory damages US$44 800; additional damages A$450 000); *Aristocrat Technologies Australia Pty Ltd v DAP Services (Kempsey) Pty Ltd (in liq)* (2007) 239 FCR 564 (compensatory damages A$80 000; additional damages A$200 000); *Deckers Outdoor Corporation Inc v Farley (No 5)* (2009) 262 ALR 53 (compensatory damages A$3.04 million; additional damages A$4 million); *Futuretronics.com.au Pty Ltd v Graphix Labels Pty Ltd* (2009) 81 IPR 1 (compensatory damages nominal at A$10, additional damages A$10 000); *Autodesk Inc v Ginos Engineers Pty Ltd* [2009] FMCA 14 (compensatory damages of A$38 012; additional damages of A$76 000) *Australian Performing Rights Association Ltd v Cougars Tavern Pty Ltd* [2008] FMCA 369 (compensatory damages of A$22 640.83; additional damages against various respondents totalling A$315 000); *Microsoft Corporation v PC Club Australia Pty Ltd* (2005) 148 FCR 262 (compensatory damages of US$188 950; additional damages of US$350 000 against the corporate respondent, and US$350 000 against its director with day-to-day control); *Universal Music Australia Pty Ltd v Hendy Petroleum Pty Ltd* (2003) 59 IPR 204 (additional damages of A$17 500 while awarding A$299 in compensatory damages); *SBO Pictures Inc v Kaos Shop Pty Ltd* [2006] FMCA 82 (compensatory damages of A$3500; additional damages of A$46 500); *Zero Tolerance Entertainment Inc v Venus Adult Shops Pty Ltd* [2007] FMCA 155 (compensatory damages: A$41 465.80; additional damages: A$150 000).

153 *ACTA* here mirrors the inclusion of additional damages in the *AUSFTA* art 17.11.7 as an alternative to pre-established damages. *ACTA* also matches Australian law by providing additional damages only for copyright. Additional damages are not available in Australian trade mark law: *Paramount Pictures Corporation v Hasluck* (2006) 70 IPR 293, although at the time of writing, pt 3, sch 5 of the Exposure Draft of the Intellectual Property Laws Amendment (Raising the Bar) Bill 2010 (Cth) proposes to introduce additional damages into the *Trade Marks Act 1995* (Cth).

nothing in the terminology of 'additional damages' that requires that such damages must contain a punitive element. *ACTA* does not include language found in the earlier *AUSFTA*, which specifically suggests a deterrent and perhaps punitive purpose by specifying that additional damages should be available 'in proceedings involving deliberates acts of infringement where needed to deter infringement'.[154] In the United Kingdom (notably another party to the *ACTA* negotiations) the law provides for additional damages but the courts have refused to make purely punitive orders under these provisions.[155] Courts in the United Kingdom have given two reasons for refusing punitive damages: that there is an equivalent criminal offence,[156] and that owing to the frequent existence of concurrent rights in the same object (for example, copyright in both a musical work and a sound recording), a defendant might risk being exposed to successive actions by the owners of the different copyrights, each seeking punishment in respect of his own interest.[157] As interpreted in recent times, additional damages in the United Kingdom are more akin to aggravated damages in tort: available to compensate for harm to pride and dignity, humiliation, distress, insult, or pain caused by the circumstances of the defendant's conduct.[158] The United Kingdom Government has indicated an intention to legislate to replace the terminology of 'additional' damages with 'aggravated and restitutionary' damages.[159] While it is possible that United Kingdom law can achieve a punitive purpose through the award of exemplary damages,[160] the terminology in *ACTA* refers to *additional* damages. As the contrast between the United Kingdom and Australia illustrates, this is a fairly meaningless descriptor, apparently open to totally different meanings.

It might be argued that the three categories do have something in common: all of these forms of orders allow a right holder to recover a monetary award in the absence of showing any specific harm or loss (or any specific monetary gain to the infringer). This is true, but somewhat misleading. Certainly American statutory damages and EU presumptions offer an alternative to proof of harm. Additional damages in Australia can be ordered even in the absence of proof of harm.[161] Additional damages under the UK interpretation, however, are not concerned with

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154 *AUSFTA* art 17(11)(7). It is not clear why this purposive statement is included in the *AUSFTA* but not *ACTA*. There is a purpose stated in *ACTA* art 9.3(b).

155 *Copyright Designs and Patents Act 1988* (UK), ss 97(2), 229(3) and 191J(2); see also *Nottinghamshire Healthcare National Health Service Trust v News Group Newspapers Ltd* [2002] EMLR 33 ('*Nottinghamshire Healthcare*'), 737–8; and Kevin Garnett, Gillian Davies and Gwilym Harbottle (eds), *Copinger Skone James on Copyright* (Sweet & Maxwell, 16th revised ed, 2010) [21.205]. Previous case law had reached various differing conclusions: Law Commission, *Aggravated, Exemplary and Restitutionary Damages,* Report No 247 (1997) 60 [1.106].

156 *Copyright, Designs and Patents Act* 1988 (UK) s 107. On the undesirability of having overlapping criminal and civil penalties, see Joachim Dietrich and Thomas Middleton, 'Statutory Remedies and Equitable Remedies' (2006) 28 *Australian Bar Review* 136, 162.

157 *Nottinghamshire Healthcare*, above n 155.

158 Ibid [51]. Additional damages are available in Australia for similar purposes: see, eg, *Milpurrurru v Indofurn* (1994) 54 FCR 240.

159 Garnett et al, above n 155 [21.202]; [21-194].

160 This is the impact of the House of Lords decision in *Kuddus v Chief Constable of Leicestershire* [2002] 2 AC 122. The situation remains, however, controversial, and exemplary damages, if available, are still more limited than additional damages in Australia: *Rookes v Barnard [No 1]* [1964] AC 1129.

161 *Aristocrat Technologies Australia Pty Ltd v DAP Services (Kempsey) Pty Ltd (in liq)* (2007) 157 FCR 564; *Futuretronics.com.au Pty Ltd v Graphix Labels Pty Ltd [No 2]* (2008) 76 IPR 763; *Universal Music Australia Pty Ltd v Miyamoto* (2004) 62 IPR 605.

providing monetary remedy where harm cannot be proven—rather, they compensate for largely *non-monetary* harm.

In short, art 9(3) is a grab bag of unlike remedies, offered in the *ACTA* text as if they were more or less equivalent alternatives. One can imagine that the adoption of this motley collection of damages provisions was politically expedient—the US, EU and Australia could all point to the absence of any need for changes to domestic law.[162] The likely result is that a country implementing *ACTA* has a more or less free hand and can, for example, decide not to have any system of punitive damages even for flagrant infringement. But it is surely undesirable that an instrument of international law should be so incoherent. Once again, it seems likely that *ACTA* merely stores up future conflict over the appropriate means of enforcing IP.

(iii) Other Textual Issues

A detailed consideration such as that conducted above in relation to border measures and pre-established damages is not possible for every provision of *ACTA*.

Other matters of interest include the way that *ACTA* deals with safeguards: here, too, the drafting adopted by the parties gives rise to confusion about the standards to be applied. One brief example should suffice to illustrate the point. Article 12.2 of *ACTA* requires that the judicial authorities of Parties have the authority to order provisional measures *inaudita altera parte*, that is, without having heard from the other side. Such measures, eg the *Anton Piller* or search order,[163] may be justified by the need to ensure that important evidence is not destroyed. But they also contravene a basic principle that everyone has a right to be heard before being exposed to a court order, and so ought to be carefully circumscribed.[164] This is the case in *TRIPS*. Article 50(4) of *TRIPS* requires that where orders are made *inaudita altera parte*, the affected parties must be given notice without delay and, at their request, a hearing must occur to determine whether the measures should be modified, revoked, or confirmed. Art 12 of *ACTA* contains no such safeguard. It is not at all clear why, since the text of *ACTA* elsewhere ensures that the Parties' obligations under *TRIPS* are preserved, even amongst themselves,[165] by art 1, which specifically states that nothing in *ACTA* 'shall derogate from any obligation of a Party with respect to any other Party under existing agreements, including the TRIPS Agreement'. Further, the principle of harmonious interpretation and systemic integration, which acts as a general presumption against conflict in the interpretation of treaties, would seem to require

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[162] See above nn 29–30 and accompanying text.

[163] *Federal Court Rules 1979* (Cth) O 25B.

[164] Anne Staines, 'Protection of Intellectual Property Rights: Anton Piller Orders' (1983) 46 *Modern Law Review* 274; Alain Strowel and Vicky Hanley, 'The Anton Piller Case and its Legacy: In Search of a Balance in Civil Search' in Christopher Heath and Anselm Kamperman Sanders (eds), *Landmark Intellectual Property Cases and their Legacy* (Kluwer, 2010) 105.

[165] Under international law, there are various rules to address conflicts between treaties, including art 41 of the *Vienna Convention*, which allows parties to a multilateral treaty to modify the obligations under the treaty as amongst themselves. If this rule applied, it might be that as amongst the *ACTA* Parties the safeguards in *TRIPS* did not apply. Article 1 of the *ACTA* prevents such an interpretation: see Grosse Ruse-Khan, above n 91, 65–7.

that the *TRIPS* safeguards continue to bind the Parties in so far as there is no attempt to disclaim or remove those safeguards in the text.[166] It could be argued that it is unnecessary to restate a *TRIPS* safeguard that already binds the Parties. This is a strange argument to make, however, when *ACTA* restates enforcement obligations in *TRIPS* more than once.[167] Further, the disadvantages of not including the safeguards are obvious from the confusion already caused, creating an impression that *ACTA* eliminates *TRIPS* safeguards.[168] This is only one example where this occurs: others may be found elsewhere in the *ACTA* text.[169]

Another area not considered in any detail in this article is the section of *ACTA* dealing with digital enforcement. This might surprise some readers because it is in the area of digital enforcement where the most ambitious proposed texts of *ACTA* were gradually reduced to an uncertain and vague shadow of their earlier selves, and where highly specified provisions found in early drafts were, in the end, whittled down to little more than aspirational statements about ensuring that enforcement procedures are available and encouraging business entities to cooperate.[170] Even where agreement was reached on slightly more specific text, as is the case of remedies against circumvention of technological protection measures, the obligations are, in the end, only incremental advances on the *WIPO Copyright Treaty* and *WIPO Performances and Phonograms Treaty*.[171] The development of these provisions has, however, been more closely parsed elsewhere; it is unnecessary to repeat the exercise here.[172]

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166 International Law Commission ('ILC') *Conclusions of the work of the Study Group on the Fragmentation of International Law: Difficulties Arising from the Diversification and Expansion of International Law*, in *Report of the International Law Commission 58th session (1 May – 9 June and 3 July–11 August 2006),* GA Res 61/34, UN GAOR, 6th Committee, 61st sess, 64th plen mtg, Agenda Item 78, Supp No 10, UN Doc A/61/10 (2006) 407-23 [251]. See to similar effect, Grosse Ruse-Khan, above n 91, 58–62.

167 It must be acknowledged that many *TRIPS* enforcement obligations are restated with 'tweaks' in the *ACTA* text. Thus the *ACTA* provision on damages (*ACTA* art 9) has considerably more detail than the equivalent *TRIPS* provision (art 45); the *ACTA* provision on *de minimis* imports (art 14) narrows the exclusion found in *TRIPS* (art 60) by requiring Parties to apply border measures to 'goods of a commercial nature sent in small consignments': *ACTA* art 14(1) (these may be excluded under *TRIPS* art 60). But there are *ACTA* obligations that add little or nothing to *TRIPS* obligations: for an example, cf the provisions on destruction of materials and implements predominantly used to make infringing items: *TRIPS* art 46; *ACTA* art 10(2). Another obvious example is *ACTA*, art 12(2) itself where the obligation regarding measures *inaudita altera parte* adds nothing to the requirement in *TRIPS*.

168 The elimination of *TRIPS* Safeguards has been asserted in 'Opinion of European Academics on the Anti-Counterfeiting Trade Agreement': Metzger et al, above n 30. Signatories to this Opinion include several well-regarded experts. See also Kaminski, *An Overview and the Evolution of the ACTA*, above n 100(making a similar assertion).

169 For example, *TRIPS* art 56 requires that authorities must have the 'authority to order the applicant to pay the importer, the consignee and the owner of the goods appropriate compensation for any injury caused to them through the wrongful detention of goods'; *ACTA* has no equivalent. *TRIPS* art 55 contains mandatory limits on the duration of the initial detention of goods suspected of infringement (ten days with a possible extension of another ten days in appropriate cases); *ACTA* has no equivalent.

170 *ACTA* art 27(1)–(3). On the evolution of these provisions, see Kimberlee Weatherall, '*ACTA* as a New Kind of International IP Law-Making' (2011) 26 *American University Journal of International Law* 838; see also Kaminski, above n 100.

171 *WIPO Copyright Treaty*; *WIPO Performances and Phonograms Treaty*.

172 Weatherall, above n 170; see also Kaminski, above n 100.

In any event, the goal of this article has been to assess *ACTA*'s claim to set a new international standard, and hence the focus has been on those parts of the text which appear to create enforceable obligations in international law. It is in those areas where, on closer inspection, the extent of the failure of *ACTA* becomes apparent.

(iv) ACTA *as Trojan Horse?*

The argument in this section has been that politically expedient drafting, or just downright strange drafting (as in the absence of *TRIPS* safeguards) means that the *ACTA* obligations are both less clear than one would hope of an international instrument, and less strong in raising IP standards than one would expect from the frequent statements concerning *ACTA*'s achievements. It has also been pointed out that *ACTA* is a lightweight agreement when it comes to establishing the mechanisms of international cooperation. In short, we seem to have an agreement that fails in important respects to achieve its two stated objectives, in part as a result of the politics of the negotiation process.

There is an obvious answer to these comments: that the *ACTA* text as it presently stands is better seen as a starting point, rather than an end point. Not only does art 42 of *ACTA* allow for amendment in the future,[173] it also establishes an annual meeting of representatives of the Parties in the ACTA Committee,[174] and allows for the Committee to review the implementation of *ACTA*, establish ad hoc committees or working groups and make recommendations regarding implementation, 'including by endorsing best practice guidelines'.[175] Thus it might be argued that insofar as the text of *ACTA* is at present uncertain, it can be fleshed out through guidelines on an ongoing basis, with possible amendments in the longer term. It might further be argued that the exhortations to 'promote cooperation, where appropriate, among [the Parties'] competent authorities',[176] particularly in conjunction with the existence of regular meetings and exchange of information about enforcement practices, creates the basic framework within which more detailed mechanisms for cooperation such as mutual legal assistance agreements and police-to-police cooperation[177] can be developed over time.

It is true that *ACTA* could, by reason of all these provisions, become a framework in which to develop a more detailed set of standards; best practice guidelines could flesh out those parts of *ACTA* that are unclear and, no doubt, if Australia decided to amend its additional damages system so as to adopt the UK's understanding of additional damages there other Parties would have the right to request 'consultations'.[178] *ACTA* has the potential, at least, to become a 'living' agreement. But this is not an answer to the comments made above: the speculative

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[173] Albeit amendment would require acceptance by all of the Parties: *ACTA* art 42(2).

[174] Established under *ACTA* art 36. Annual meetings are required by *ACTA* art 36(10) unless the Committee decides otherwise.

[175] *ACTA* art 36(3)(a) and (c).

[176] *ACTA* art 33(2).

[177] On the distinction between formal mutual legal assistance and direct police-to-police or customs-to-customs cooperation, see Attorney-General's Department, above n 68, 33ff.

[178] *ACTA* art 38. Consultations are the main means under the Agreement for dispute resolution between Parties.

assertion that *ACTA*, over the longer term, *might* lead to more concrete cooperation or clearer legal standards does not make the negotiators' or Parties' claims to have achieved this *already* any less false. Nor is it realistic to suppose that the disputes that arose over both the border measures and the damages provisions could be readily resolved through ongoing consultation or ad hoc working groups where they were not resolved through intense negotiations over three years. As the more detailed discussion above suggests, parts of the text are unclear precisely because the issues at stake are important, difficult, and because there exist divergences between the Parties rooted in deep-seated differences in practice and procedure. In short, perhaps a final lesson of the *ACTA* negotiations is that, despite negotiating efforts, procedural differences are surprisingly difficult to overcome, no doubt because '[p]rocedural law, civil as well as criminal ... [has] evolved in different countries out of long experience with their own system, each with its virtues and idiosyncrasies.'[179]

IV Conclusion

Treaty-making is a political act; inevitably it involves reaching compromises on language that may have the effect of reducing the force of Parties' obligations or lead to a treaty falling short of the ambitious aims with which the negotiation process begins. One could hardly criticise any treaty simply on the basis that it fails to achieve all it sets out to achieve. That, however, is not the argument that has been presented here. Rather, this article has pointed out that a close examination of the text of *ACTA* reveals that it fails even on the fairly moderate goals of improving international cooperation and setting clear 'state of the art' standards for IP enforcement rules. Another kind of agreement *was* possible and might have succeeded where *ACTA* has not. As hinted at in Part (A) above, there was potential for a more targeted agreement, more akin to the *Cybercrime Convention*, one that consciously sought to define a subset of unquestionably serious IP infringements warranting international effort and cooperation, and created the tools and mechanisms for combating those infringements. Ironically, too, an agreement in that form might have avoided at least some of the critiques as to the process adopted for *ACTA*'s negotiation outlined in Part II above. It could legitimately be argued that IP standards should be set in WIPO or the WTO, but specific mechanisms for cooperation in law enforcement are appropriate for a plurilateral negotiation. In this sense, *ACTA* is not just a failure on its own terms; it is a missed opportunity.

This is not to say that negotiations along those more limited lines would have been uncontroversial. Two difficulties are immediately identifiable. First, focusing on international cooperation in criminal enforcement of IP laws has resource implications: it might suggest that more public resources should be put into enforcing IP laws. This would, interestingly enough, be entirely consistent with the kinds of policies that the Australian Government has been adopting in recent times through the increased emphasis on the criminal provisions in both

[179] Cornish et al, above n 5.

copyright and trade mark law.[180] However, the resource impact might be reduced by the second point—that, as noted above, an agreement modelled on plurilateral law enforcement treaties like the *Cybercrime Convention* or the *UN Convention Against Transnational Organised Crime* would require the parties to identify those serious infringements requiring an internationally cooperative response, which would likely need to be some subset of all criminal infringements.[181] Agreement on which infringements are sufficiently serious to warrant such a response would not be easy to reach; it seems likely that some IP owners, at least, would push for as broad a scope for such an agreement as possible. Nevertheless, if the reward for the effort were an agreement that did not fail, and that did achieve real gains in the battle against piracy and counterfeiting, it is legitimate to speculate that the negotiating effort put into *ACTA* could have been better directed.

A final point is worth making. As the *ACTA* negotiations have concluded, other bilateral and plurilateral negotiations are ongoing. The EU continues to negotiate bilateral trade agreements, and a group of countries including Australia, Brunei, Chile, New Zealand, Singapore, Peru, the United States of America, Vietnam and Malaysia are engaged in negotiations for a *Trans-Pacific Partnership Agreement*,[182] a broader free trade agreement which, it is proposed, will include an IP chapter. Notable for its *absence* from this group is the EU. There may well be a strong temptation on the part of the negotiators to go back to text that Europe opposed in the *ACTA* negotiations. The experience of *ACTA*, however, in revealing that some differences in approach are fundamental, will need to be accommodated in any future multilateral deal; going back to, and promoting, rejected *ACTA* text will not make that future multilateral deal easier.

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[180] See, eg, the Explanatory Memorandum, Intellectual Property Laws Amendment (Raising the Bar) Bill 2011 (Cth), discussing sch 5, or the (abortive) attempt to introduce on-the-spot fines into the *Copyright Act 1968* (Cth) in 2006 (while the legislative framework for such fines was created in *Copyright Act 1968* (Cth) pt V div 5 subdiv I, such fines are not used nor, it appears, is there any governmental intention to implement the framework).

[181] See discussion above in Part III(A).

[182] Above n 8.