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ENFORCEMENT, ENFORCEMENT, WHAT ENFORCEMENT?

LECTURE: DISTINGUISHED SPEAKER IN IP LECTURE SERIES

APRIL 14, 2011

PETER K. YU*

INTRODUCTION

The protection and enforcement of intellectual property rights has been a very hot topic in the past few years. From the introduction of the PROTECT IP Act of 2011 ("PIPA"),[1] to the adoption of the Anti-Counterfeiting Trade Agreement,[2] ("ACTA") to the recent U.S.-China dispute before the World Trade Organization ("WTO"),[3] the topic has dominated policy debates at both the domestic and international levels. While most policymakers, industry representatives, and commentators have recognized the critical importance of intellectual

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* Copyright © 2012 Peter K. Yu. Kern Family Chair in Intellectual Property Law and Director, Intellectual Property Law Center, Drake University Law School; Wenlan Scholar Chair Professor, Zhongnan University of Economics and Law; Visiting Professor of Law, Centre for International Intellectual Property Studies, University of Strasbourg. This Lecture was delivered as the Inaugural Franklin Pierce Center for Intellectual Property Distinguished Speaker in Intellectual Property Lecture at the University of New Hampshire School of Law on April 14, 2011. An earlier version of this Lecture has also been presented as public seminars in Melbourne and Sydney for the Intellectual Property Research Institute of Australia. The Author would like to thank John Broderick, Mary Wong, Megan Richardson, and Elizabeth Webster for their kind invitations and hospitality, and the participants of these events for their valuable comments and suggestions. He is also grateful to Linzey Erickson and Lindsey Purdy for excellent research and editorial assistance.

1 S. 968, 112th Cong. (2011).

2 Anti-Counterfeiting Trade Agreement, *opened for signature* May 1, 2011, *available at* http://www.mofa.go.jp/policy/economy/i_property/pdfs/acta1105_en.pdf [hereinafter ACTA]. *See generally* Peter K. Yu, *ACTA and Its Complex Politics*, 3 WIPO J. 1 (2011) (criticizing the use of the "country club" approach to negotiate ACTA); Peter K. Yu, *Six Secret (and Now Open) Fears of ACTA*, 64 SMU L. REV. 975 (2011) [hereinafter Yu, *Six Secret Fears*] (discussing the serious concerns about ACTA).

3 For detailed discussions of this dispute, *see generally* Peter K. Yu, *The TRIPS Enforcement Dispute*, 89 NEB. L. REV. 1046 (2011); Peter K. Yu, *TRIPS Enforcement and Developing Countries*, 26 AM. U. INT'L L. REV. 727 (2011).

property enforcement, there has been neither philosophical nor normative consensus on the appropriate norms in this area. Like three blind men trying to describe an elephant, different people have different conceptions of what enforcement comprises, which enforcement standards governments should implement, and how much these implementation efforts should cost.

Consider the title of this Lecture: "Enforcement, Enforcement, What Enforcement?" By changing the punctuation marks, the title can be easily transformed to reflect the different views held by four different groups of players. The first group consists of foreign businessmen who are frustrated by the massive enforcement problems that they experience on the ground in developing countries. "Whoa!" They lament. "These countries claim that they enforce intellectual property rights. Enforcement! Enforcement! What enforcement are they talking about? I don't see any enforcement at all."

The second group consists of frustrated government officials from developing countries who are inundated with demands from developed country governments to strengthen the protection and enforcement of intellectual property rights. These demands are often insensitive to local conditions and the limited economic and technological developments on the ground. Even worse, the *demandeur* countries have repeatedly overlooked the many costly and painful efforts that many developing country officials have undertaken to improve their respective intellectual property systems. "Developed countries keep on complaining about our lack of enforcement," these officials implore. "Enforcement! Enforcement! What enforcement are they talking about?! They just want us to raise the enforcement levels so high that we subsidize their industries. Those levels are not even required by the WTO."

A third group consists of government officials from developing countries who have very limited knowledge about a new, new thing called "intellectual property." They do not have sufficient knowledge about the complex and highly technical intellectual property standards. Nor do they have the experience needed to design an intellectual property system tailored specifically to their country's local conditions. Bewildered, they ask, "Enforcement? . . . Enforcement? . . . What enforcement are we talking about? What type of standards do we need? What are the benefits and drawbacks?"

The final group consists of inquisitive professors who are trying to develop a better understanding of the various requirements of the Agreement on Trade-Related Aspects of Intellectual Property Rights[4] ("TRIPS Agreement") as

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[4] Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 108 Stat. 4809, 1869 U.N.T.S. 299 [hereinafter TRIPS Agreement].

well as ways to design an optimal, yet effective, intellectual property enforcement system. "Enforcement? Enforcement?", these academics ask in a philosophical manner. "Hmm . . . . What type of enforcement system would be optimal? How high should the standards be? What costs would be acceptable? How should rights be balanced against countervailing responsibilities?"

This Lecture focuses on the enforcement challenges confronting developed countries and their intellectual property industries. Unlike some of my previous works,[5] the focus of this Lecture is not about recalibrating the balance in the international intellectual property system. Instead of taking a pro-development perspective, this Lecture explores ways to provide more meaningful protection to intellectual property rights holders in both developed and developing countries.

Part I outlines three different types of common enforcement challenges: (1) cross-border enforcement; (2) digital enforcement; and (3) transborder enforcement. Part II examines one recent effort to address these challenges: the development of ACTA, a highly controversial agreement that seeks to set a new and higher benchmark for intellectual property enforcement among like-minded countries. This Part further explores why that Agreement is unlikely to provide stronger global enforcement of intellectual property rights. In view of the many flaws inherent in ACTA, Part III suggests four guiding principles that can be used to develop a better and more effective intellectual property enforcement treaty. Part IV concludes with four alternative enforcement strategies that policymakers can use to supplement or substitute the treaty-based approach.

I. TYPES OF ENFORCEMENT CHALLENGES

A. Cross-Border Challenges

For as long as the WTO has existed, the enforcement of intellectual property rights has been a major challenge for both developed and developing countries. As early as the time when the TRIPS Agreement was negotiated, countries disagreed vehemently over the levels of enforcement that should be included as part of the Agreement's minimum standards.[6] While adequate enforcement is essential to the effective operation of the intellectual property sys-

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5 *See, e.g.*, Yu, *ACTA and Its Complex Politics*, *supra* note 2; Yu, *Six Secret Fears*, *supra* note 2; Peter K. Yu, *TRIPs and Its Discontents*, 10 MARQ. INTELL. PROP. L. REV. 369 (2006).

6 *See* Peter K. Yu, *TRIPS and Its Achilles' Heel*, 18 J. INTELL. PROP. L. 479, 492–99 (2011) (discussing the enforcement-related negotiation challenges).

tem, higher enforcement standards often come with a hefty price tag, difficult tradeoffs,[7] and significant intrusions on national sovereignty.[8]

To strike a balance in the TRIPS Agreement, developing countries demanded the adoption of Article 41.5,[9] which explicitly states that a WTO member is not required to devote more resources to intellectual property enforcement than to other areas of law enforcement.[10] These countries also successfully introduced ambiguities, flexibilities, limitations, and exceptions into the enforcement provisions in the TRIPS Agreement.[11] For example, Articles 41 through 61 contain many vague, broad, undefined, and result-oriented terms. These terms include "'effective', 'reasonable', 'undue', 'unwarranted', 'fair and equitable', and 'not . . . unnecessarily complicated or costly.'"[12] Many enforcement

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7 *See* Peter K. Yu, *Enforcement, Economics and Estimates*, 2 WIPO J. 1, 2–6 (2010) (discussing the costs of strong intellectual property enforcement norms and the resulting trade-offs).

8 *See* Panel Report, *China—Measures Affecting the Protection and Enforcement of Intellectual Property Rights* ¶ 7.501, WT/DS362/R (Jan. 26, 2009) [hereinafter Panel Report] (acknowledging the "sensitive nature of criminal matters and attendant concerns regarding sovereignty"); Frederick M. Abbott, *Innovation and Technology Transfer to Address Climate Change: Lessons from the Global Debate on Intellectual Property and Public Health* (International Centre for Trade and Sustainable Development, Issue Paper No. 24, 2009), *available at* http://ictsd.org/downloads/2009/07/innovation-and-technology-transfer-to-address-climate-change.pdf ("National governments traditionally are unwilling to surrender sovereignty over the specific implementation of IPRs, just as they are unwilling to surrender sovereignty over their budgets or their military institutions.").

9 *See* CARLOS M. CORREA, TRADE RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS: A COMMENTARY ON THE TRIPS AGREEMENT 417 (2007) ("Article [41.5] was introduced upon a proposal by the Indian delegation, and essentially reflects developing countries' concerns about the implications of Part III of the Agreement. It was not part of the US and EC proposals that provided the basis for most of Part III of the Agreement."); UNCTAD–ICTSD, RESOURCE BOOK ON TRIPS AND DEVELOPMENT 585 (2005) ("The last paragraph of Article 41 was not suggested in the original U.S. and EC proposals. It was included in order to address the concerns of developing countries, based on a proposal by the Indian delegation. This was in fact one of the few provisions in Part III where developing countries' views made a difference.").

10 *See* TRIPS Agreement art. 41.5 ("Nothing in [Part III of the Agreement] creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of law in general.").

11 *See* JAYASHREE WATAL, INTELLECTUAL PROPERTY RIGHTS IN THE WTO AND DEVELOPING COUNTRIES 7 (2001) (advancing the concept of "constructive ambiguities"); Peter K. Yu, *The Objectives and Principles of the TRIPS Agreement*, 46 HOUS. L. REV. 979, 1022–23 (2009) (discussing the ambiguities within the TRIPS Agreement).

12 UNCTAD–ICTSD, *supra* note 9, at 576; *see also* J.H. Reichman, *Universal Minimum Standards of Intellectual Property Protection Under the TRIPS Component of the WTO Agreement*, *in* INTELLECTUAL PROPERTY AND INTERNATIONAL TRADE: THE TRIPS AGREEMENT 23, 71 (Carlos M. Correa & Abdulqawi A. Yusuf eds., 2d ed. 2008) ("[The TRIPS] enforcement

provisions in the TRIPS Agreement have also been limited to the introduction of empowerment norms.[13] Instead of mandating specific actions, these provisions merely require a grant of official authority.[14]

As a result of these compromises struck during the negotiation process, the TRIPS enforcement provisions fail to achieve the outcome expected by developed countries and their supportive industries. In the words of academic commentators, myself included, these provisions have become the "Achilles' heel of the TRIPS Agreement."[15] Although developed countries initially harbored hope that the TRIPS regime would be vastly improved through the mandatory WTO dispute settlement process, they soon realized that the problems within the enforcement provisions were far too deep.[16] Since then, developed countries have actively pushed for the development of greater enforcement levels at the bilateral, plurilateral, and multilateral levels.[17] These efforts culminated in the establishment of ACTA and the recent negotiation of the Trans-Pacific Partnership Agreement.[18]

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provisions—unlike the substantive standards set out in the agreement—are truly minimum standards, as attested by the loose and open-ended language in which they are cast.").

13 *See* TRIPS Agreement arts. 43–48, 50, 53, 56, 57, 59.

14 *See* Rachel Brewster, *The Surprising Benefits to Developing Countries of Linking International Trade and Intellectual Property*, 12 CHI. J. INT'L L. 1, 31 (2011) ("[T]he TRIPS Agreement's enforcement provisions are institution-oriented, not outcome-oriented.").

15 *E.g.*, J.H. Reichman & David Lange, *Bargaining Around the TRIPS Agreement: The Case for Ongoing Public-Private Initiatives to Facilitate Worldwide Intellectual Property Transactions*, 9 DUKE J. COMP. & INT'L L. 11, 34–39 (1998) (explaining why the enforcement provisions are the "Achilles' heel of the TRIPS Agreement"); Yu, *supra* note 6 (using "Achilles' heel" in the title of the article).

16 *See* Symposium, *U.S. Industries, Trade Associations, and Intellectual Property Lawmaking*, 10 CARDOZO J. INT'L & COMP. L. 5, 10 (2002) (remarks of Jacques J. Gorlin, Director, Intellectual Property Committee) ("We had assumed that most countries would accept the TRIPS obligations, and dispute settlement would fix a few . . . problems. What has happened, however, is that we are starting to see dispute settlement cases that cover the wholesale failure to implement TRIPS."); *see also* Yu, *supra* note 6, at 483–504 (discussing the historical, economic, tactical, disciplinary, and technological challenges hampering the TRIPS Agreement's ability to provide effective global enforcement of intellectual property rights).

17 *See* Yu, *Six Secret Fears*, *supra* note 2, at 989–93 (identifying the efforts by developed countries to push for stronger enforcement at the bilateral, plurilateral, and multilateral levels).

18 *See Trans-Pacific Partnership*, OFF. THE U.S. TRADE REPRESENTATIVE, http://www.ustr.gov/tpp (last visited Sept. 19, 2011) (providing up-to-date information about the Trans-Pacific Partnership Agreement); *see also* Meredith Kolsky Lewis, *The Trans-Pacific Partnership: New Paradigm or Wolf in Sheep's Clothing?*, 34 B.C. INT'L & COMP. L. REV. 27 (2011) (discussing the Trans-Pacific Partnership Agreement); Peter K. Yu, *The Alphabet Soup of Transborder Intellectual Property Enforcement*, 60 DRAKE L. REV. DISCOURSE 16 (2012) (explain-

Today, the lack of cross-border enforcement of intellectual property rights remains a major concern for developed countries and intellectual property rights holders. Many of them have repeatedly complained about the TRIPS enforcement standards being primitive, constrained, inadequate, and ineffective.[19] As the Organization for Economic Co-operation and Development ("OECD") has shown, "counterfeit and pirated goods in international trade . . . and could amount to up to USD 250 billion in 2007."[20] In China alone,

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ing why the Trans-Pacific Partnership Agreement is more dangerous than ACTA from the public interest standpoint).

19 *See, e.g.*, COMM'N OF THE EUROPEAN COMMUNITIES, DIRECTORATE-GENERAL FOR TRADE, STRATEGY FOR THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS IN THIRD COUNTRIES 3 (2005), *available at* http://trade.ec.europa.eu/doclib/docs/2005/april/tradoc_122636.pdf ("Violations of intellectual property rights . . . continue to increase, having reached, in recent years, industrial proportions. This happens despite the fact that, by now, most of the WTO members have adopted legislation implementing minimum standards of IPR enforcement."); TIMOTHY P. TRAINER & VICKI E. ALLUMS, PROTECTING INTELLECTUAL PROPERTY RIGHTS ACROSS BORDERS 4 (2008) (noting that "it has become apparent to some national governments, and regional organizations that the 'aggressive' enforcement provisions of TRIPS, particularly the border measures, have fallen short of expectations of providing an effective system of thwarting international movement of infringing goods"); Timothy P. Trainer, *Intellectual Property Enforcement: A Reality Gap (Insufficient Assistance, Ineffective Implementation)?*, 8 J. MARSHALL REV. INTELL. PROP. L. 47 (2008–2009) (discussing the inadequacies of the TRIPS enforcement provisions and explaining the need for TRIPS-plus bilateral and regional free trade agreements in the border enforcement area).

20 *See* OECD, MAGNITUDE OF COUNTERFEITING AND PIRACY OF TANGIBLE PRODUCTS: AN UPDATE 1 (2009), *available at* http://www.oecd.org/dataoecd/57/27/44088872.pdf; *see also About Counterfeiting*, INT'L ANTICOUNTERFEITING COALITION, http://www.iacc.org/about-counterfeiting/ (last visited Jan. 13, 2011) (estimating the global trade in illegitimate goods to be approximately $600 billion annually); *Counterfeiting Intelligence Bureau*, INT'L CHAMBER OF COMMERCE, http://www.icc-ccs.org/home/cib (last visited Jan. 13, 2011) ("Counterfeiting accounts for between 5–7% of world trade, worth an estimated $600 billion a year."). Although the OECD figures have been widely used, including by the European Commission in their push for ACTA, *see, e.g.*, COMM'N OF THE EUROPEAN COMMUNITIES, THE ANTI-COUNTERFEITING TRADE AGREEMENT (ACTA): FACT SHEET 5 (2008), *available at* http://trade.ec.europa.eu/doclib/docs/2008/october/tradoc_140836.11.08.pdf, it is worth noting the problems inherent in that particular study. As Carsten Fink pointed out:

> Close inspection of the methodology applied to arrive at this figure reveals that it is more an "educated guess" than a true estimate. Essentially, OECD staff made use of seizure rates across different product categories and exporting nations to extrapolate what a given share of IPRs-infringing trade in one individual product category means for the overall share of trade in counterfeit and pirated goods. However, the share in the relevant "fix-point" product categories—wearing apparel, leather articles, and tobacco products—underlying the 200 USD billion estimate is not based on any hard data, but rather reflects the best guess of OECD staff.

the International Trade Commission estimated that "firms in the U.S. IP-intensive economy that conducted business . . . in 2009 reported losses of approximately $48.2 billion in sales, royalties, or license fees due to IPR [intellectual property right] infringement in China."[21]

Moreover, commentators pointed out that the sophistication of piracy and counterfeiting networks have greatly increased in recent years.[22] According to Moisés Naím, the former editor-in-chief of *Foreign Policy*, today's illicit trade is no longer limited to rigid, top-down organizations; it has been extended to "unchartable networks of intermediaries that operate across many borders and provide different services," including both legitimate and illicit services.[23] Some of these intermediaries "are permanently linked and others vary in their composition, activities, and geographical scope depending on markets and circumstances."[24]

More problematic, some of the goods traded by these networks have been dangerous and harmful to the consuming public; counterfeit pharmaceuti-

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Carsten Fink, *Enforcing Intellectual Property Rights: An Economic Perspective*, *in* INT'L CTR. FOR TRADE & SUSTAINABLE DEV., Issue Paper No. 22, THE GLOBAL DEBATE ON THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS AND DEVELOPING COUNTRIES xiii, 13 (2009); *see also* Joe Karaganis, *Rethinking Piracy*, *in* MEDIA PIRACY IN EMERGING ECONOMIES 1, 4–18 (Joe Karaganis ed., 2011) (critically evaluating the quality of research supplied by media industries); Li Xuan, *Ten General Misconceptions About the Enforcement of Intellectual Property Rights*, *in* INTELLECTUAL PROPERTY ENFORCEMENT: INTERNATIONAL PERSPECTIVES 14, 21–25 (Li Xuan & Carlos M. Correa eds., 2009) [hereinafter INTELLECTUAL PROPERTY ENFORCEMENT] (questioning the magnitude of claimed intellectual property infringement); Daniel Chow, *Counterfeiting as an Externality Imposed by Multinational Companies on Developing Countries*, 51 VA. J. INT'L L. 785, 795–800 (2011) (discussing the flawed assumptions used by multinational corporations in determining volume and losses from counterfeiting); Yu, *Enforcement, Economics and Estimates*, *supra* note 7, at 7–8 (questioning the accuracy of these data).

21 U.S. INT'L TRADE COMM'N, PUBLICATION NO. 4226, CHINA: EFFECTS OF INTELLECTUAL PROPERTY INFRINGEMENT AND INDIGENOUS INNOVATION POLICIES ON THE U.S. ECONOMY xiv (2011), *available at* http://www.usitc.gov/publications/332/pub4226.pdf.

22 *See* Declaration of Stanford McCoy at 4, Elec. Frontier Found. v. Office of the U.S. Trade Representative, No. 1:08-cv-01599-AMC (D.D.C. May 29, 2009), *available at* http://www.eff.org/files/filenode/EFF_PK_v_USTR/McCoy.pdf (considering "the growing sophistication and resources of international counterfeiters" as a new challenge to enforcing intellectual property rights); TRAINER & ALLUMS, *supra* note 19, at 618 (stating that "greater enforcement efforts are needed given the increasing sophistication of counterfeiters and pirates").

23 MOISÉS NAÍM, ILLICIT: HOW SMUGGLERS, TRAFFICKERS, AND COPYCATS ARE HIJACKING THE GLOBAL ECONOMY 219 (2005).

24 *Id.* at 219–20.

cals provide some of the most notorious examples.[25] Some policymakers, industry groups, and commentators went even further to associate intellectual property piracy and counterfeiting with terrorism and organized crime.[26] As the preamble to ACTA declares: "[T]he proliferation of counterfeit and pirated goods, as well as of services that distribute infringing material, . . . provides a source of revenue for organized crime and otherwise poses risks to the public."[27]

B. Digital Challenges

While challenges at the international level are already significant, the information revolution and the popularization of the internet have forced developed countries and intellectual property rights holders to confront a new, and perhaps greater, set of challenges. Thanks to the high speeds and low costs of reproduction and distribution, the anonymous architecture, and the many-to-many communication capabilities, the internet has created large-scale enforcement problems the intellectual property system has never seen before.

Today, the internet, new communications technologies, and file-sharing networks have caused serious and widespread problems of unauthorized copying throughout the world. Since 2003, the U.S. recording industry alone has filed lawsuits against more than 35,000 individuals for illegal distribution of copyrighted works via peer-to-peer networks.[28] Courts in the developed world, such as Australia, Canada, and the United States, have also been inundated with cases addressing secondary copyright liability.[29]

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25 *See, e.g.*, *The Difficult Fight Against Counterfeit Drugs*, CBS NEWS (Mar. 10, 2011, 3:59 PM), *available at* http://www.cbsnews.com/stories/2011/03/10/60minutes/main20040693.shtml; NAÍM, *supra* note 23, at 123–25; TIM PHILLIPS, KNOCKOFF: THE DEADLY TRADE IN COUNTERFEIT GOODS 187–217 (2005); GREGORY F TREVERTON ET AL., FILM PIRACY, ORGANIZED CRIME, AND TERRORISM (2009); Charles R. McManis, *The Proposed Anti-Counterfeiting Trade Agreement (ACTA): Two Tales of a Treaty*, 46 HOUS. L. REV. 1235, 1239–46 (2009).

26 *See, e.g.*, *A Growing Problem with Links to Organized Crime and Terrorism: Hearing on Int'l Copyright Piracy Before the Subcomm. on Courts, the Internet, and Intellectual Prop. of the H. Comm. on the Judiciary*, 108th Cong. (2003); PHILLIPS, *supra* note 25, at 137–44; Maureen Walterbach, Comment, *International Illicit Convergence: The Growing Problem of Transnational Organized Crime Groups' Involvement in Intellectual Property Rights Violations*, 34 FLA. ST. U. L. REV. 591 (2007).

27 ACTA, *supra* note 2, pmbl.

28 Fred von Lohmann, *RIAA v. The People Turns from Lawsuits to 3 Strikes*, ELEC. FRONTIER FOUND. (Dec. 19, 2008), http://www.eff.org/deeplinks/2008/12/riaa-v-people-turns-lawsuits-3-strikes.

29 *See, e.g.*, Metro-Goldwyn-Mayer Studios Inc. v Grokster, Ltd., 545 U.S. 913 (2005) (holding that the distributors of peer-to-peer file-sharing technologies could be liable for copyright in-

To provide a deterrent against online illegal file-sharing, Chile, France, Taiwan, South Korea, and the United Kingdom have recently introduced the so-called graduated response system or are in the process of doing so.[30] This mechanism enables internet service providers to take a wide variety of actions after giving users warnings about their potentially illegal online activities.[31] Among the permissible actions are: suspension or termination of service; capping of bandwidth; and blocking of sites, portals, and protocols.[32]

While the TRIPS Agreement was already ineffective against cross-border enforcement challenges, it was particularly ill-equipped to address digital challenges.[33] At the time of the TRIPS negotiations, many *demandeur* countries did not anticipate the technological change that the information revolution was about to unleash. Even if they had the foresight to anticipate such a change, it is unlikely that they would have succeeded in introducing new norms in this area. Although the biotechnology revolution had already raised many difficult policy and ethical questions by the mid-1980s, Article 27 provides only very limited

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fringement committed by individuals using their products if they had "induced" their users to undertake infringing activities); BMG Canada Inc. v. John Doe, [2004] F.C. 488, *aff'd*, [2005] F.C.A. 193 (Can.) (addressing the issue of whether setting up the facilities to allow copying amounts to authorizing infringement); Universal Music Austl. Pty Ltd v. Sharman License Holdings Ltd. (2005) 65 I.P.R. 289 (Austl.) (holding the defendant liable for authorizing users to infringe on music copyrights and directing it to modify the software application to reduce infringement).

30 *See* INT'L FED'N OF THE PHONOGRAPHIC INDUS., IFPI DIGITAL MUSIC REPORT 2011: MUSIC AT THE TOUCH OF THE BUTTON 3, 19 (2011); Kaitlin Mara, *UK Passes Internet Access-Limiting Bill for Alleged IP Infringers*, INTELL. PROP. WATCH (Apr. 8, 2010, 12:11 PM), http://www.ip-watch.org/weblog/2010/04/08/uk-isps-required-to-limit-internet-access-for-ip-infringers.

31 For discussions of the gradated response system, *see generally* Annemarie Bridy, *Graduated Response and the Turn to Private Ordering in Online Copyright Enforcement*, 89 OR. L. REV. 81 (2010); Eldar Haber, *The French Revolution 2.0: Copyright and the Three Strikes Policy*, 2 HARV. J. SPORTS & ENT. L. 297 (2011); Alain Strowel, *Internet Piracy as a Wake-up Call for Copyright Law Makers—Is the "Graduated Response" a Good Reply?*, 1 WIPO J. 75; Peter K. Yu, *The Graduated Response*, 62 FLA. L. REV. 1373 (2010).

32 *See* Yu, *supra* note 31, at 1374.

33 Although the TRIPS Agreement was adopted in 1994, shortly before the internet and electronic commerce entered the mainstream, its substantive standards were set at what Daniel Gervais described as "the highest common denominator among major industrialized countries as of 1991." Daniel J. Gervais, *The TRIPS Agreement and the Doha Round: History and Impact on Economic Development*, *in* 4 INTELLECTUAL PROPERTY AND INFORMATION WEALTH: ISSUES AND PRACTICES IN THE DIGITAL AGE 23, 43 (Peter K. Yu ed., 2007). As a result, the Agreement failed to address challenges created by new technologies that emerged after the completion of its primary draft. *See id.* at 29 ("The 1992 text was not extensively modified and became the basis for the TRIPS Agreement adopted at Marrakesh on April 15, 1994.").

coverage of biotechnology-related issues.[34] In the end, as far as digital challenges are concerned, the TRIPS Agreement was obsolete from inception.[35]

To protect their interests, developed countries and intellectual property rights holders had no choice but to look elsewhere for solutions. Following the conclusion of the TRIPS Agreement, countries returned to the World Intellectual Property Organization ("WIPO") to negotiate the 1996 WIPO Internet Treaties.[36] These agreements protect rights holders from digital transmissions that constitute communications to the public.[37] In addition, they require member states to adopt adequate protection and effective remedies against circumvention technologies and services.[38] They also protect rights management information from alteration and removal in an effort to conceal or facilitate infringement.[39]

To induce countries to adopt the norms established in these treaties, the United States and other developed countries have actively pushed for the inclusion of these norms in their bilateral, plurilateral, and regional trade agreements.[40] For example, Article 17.4.7 of the Australia–United States Free Trade

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34 *See* Yu, *supra* note 6, at 503.

35 *See* Marci A. Hamilton, *The TRIPS Agreement: Imperialistic, Outdated, and Overprotective*, 29 VAND. J. TRANSNAT'L L. 613, 614–15 (1996) ("Despite its broad sweep and its unstated aspirations, TRIPS arrives on the scene already outdated. TRIPS reached fruition at the same time that the on-line era became irrevocable. Yet it makes no concession, not even a nod, to the fact that a significant portion of the international intellectual property market will soon be conducted on-line."); *see also* J.H. Reichman, *The Know-How Gap in the TRIPS Agreement: Why Software Fared Badly, and What Are the Solutions*, 17 HASTINGS COMM. & ENT. L.J. 763, 766 (1995) ("[The principal weakness of the TRIPS Agreement] stems from the drafters' technical inability and political reluctance to address the problems facing innovators and investors at work on important new technologies in an Age of Information. The drafters' decision to stuff these new technologies into the overworked and increasingly obsolete patent and copyright paradigms simply ignores the systemic contradictions and economic disutilities this same approach was already generating in the domestic intellectual property systems." (footnote omitted)).

36 WIPO Copyright Treaty, Dec. 20, 1996, S. Treaty Doc. No. 105-17, at 1 (1997) [hereinafter WCT]; WIPO Performances and Phonograms Treaty, Dec. 20, 1996, S. Treaty Doc. No. 105-17, at 18 (1997) [hereinafter WPPT]. *See generally* Peter K. Yu, *Currents and Crosscurrents in the International Intellectual Property Regime*, 38 LOY. L.A. L. REV. 323, 369–75 (2004) (discussing the development of the 1996 WIPO Internet Treaties).

37 *See* WCT, *supra* note 36, art. 8; WPPT, *supra* note 36, art. 15.

38 *See* WCT, *supra* note 36, art. 11; WPPT, *supra* note 36, art. 18.

39 *See* WCT, *supra* note 36, art. 12; WPPT, *supra* note 36, art. 19.

40 *See, e.g.*, INTELLECTUAL PROPERTY AND FREE TRADE AGREEMENTS (Christopher Heath & Anselm Kamperman Sanders eds., 2007) (collecting essays discussing free trade agreements in the intellectual property context); Robert Burrell & Kimberlee Weatherall, *Exporting Controversy? Reactions to the Copyright Provisions of the U.S.-Australia Free Trade Agreement: Lessons for U.S. Trade Policy*, 2008 U. ILL. J.L. TECH. & POL'Y 259 (criticizing the

Agreement and Article 15.5.7 of the Central America–Dominican Republic Free Trade Agreement stipulate the protection against the circumvention of technological protection measures,[41] similar to the protection required by the WIPO Internet Treaties and the U.S. Digital Millennium Copyright Act.[42] Articles 27.5 and 27.6 of ACTA also demand protection against circumvention technologies and services.[43]

C. Transborder Challenges

The third type of enforcement challenges is transborder by nature. Combining both crossover and digital challenges, they take advantage of the global platform provided by the internet and new communications technologies. Owing to jurisdictional constraints, this platform provides pirates and counterfeiters with a widely cherished loophole that is unavailable with physical goods, which need to be transported through borders.[44] The availability of electronic

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U.S.-Australia Free Trade Agreement); Jean-Frédéric Morin, *Multilateralizing TRIPs-Plus Agreements: Is the US Strategy a Failure?*, 12 J. WORLD INTELL. PROP. 175 (2009) (examining the United States' free trade agreement strategy); Pedro Roffe et al., *Intellectual Property Rights in Free Trade Agreements: Moving Beyond TRIPS Minimum Standards*, *in* RESEARCH HANDBOOK ON THE PROTECTION OF INTELLECTUAL PROPERTY UNDER WTO RULES 266 (Carlos M. Correa ed., 2010) (discussing free trade agreements in relation to the TRIPS framework); Yu, *supra* note 36, at 392–400 (discussing the growing use of bilateral, plurilateral, and regional trade agreements to push for new and higher intellectual property standards); Peter K. Yu, *Sinic Trade Agreements*, 44 U.C. DAVIS L. REV. 953, 961–86 (2011) (critically examining the strengths and weaknesses of bilateral and plurilateral trade agreements).

41 Australia–United States Free Trade Agreement, U.S.-Austl., art. 17.4.7, May 18, 2004, *available at* http://www.ustr.gov/trade-agreements/free-trade-agreements/australian-fta/final-text; Central America–Dominican Republic–United States Free Trade Agreement art. 15.1(2), May 28, 2004, *available at* http://www.ustr.gov/trade-agreements/free-trade-agreements/ cafta-dr-dominican-republic-central-america-fta/final-text. For similar provisions in other U.S. free trade agreements, see Peter K. Yu, *Anticircumvention and Anti-anticircumvention*, 84 DENV. U. L. REV. 13, 41 n.137 (2006).

42 Digital Millennium Copyright Act of 1998, Pub. L. No. 105-304, 112 Stat. 2860 (codified as amended in scattered sections of 17 U.S.C.).

43 ACTA, *supra* note 2, arts. 27.5–.6.

44 Some commentators have described these places as "geopolitical black holes." NAÍM, *supra* note 23, at 261 ("Geopolitical black holes are the places where the trafficking networks 'live' and thrive."). As Moisés Naím explained:

> Criminal networks thrive on international mobility and their ability to take advantage of the opportunities that flow from the separation of marketplaces into sovereign states with borders. For criminals, frontiers create business opportunities and convenient shields. But for the government officials chasing the criminals, borders are often insurmountable obstacles.

commerce has also provided the support needed to enable criminals to hide their activities and ill-gotten gains. As Moisés Naím explained:

> [The internet's] value to traffickers is immense, and its specific uses too many to enumerate. Those involved in illicit transactions communicate with one another from the privacy and anonymity of Web-based e-mail accounts, frequently changed and accessed from cybercafes and unobtrusive venues. They monitor shipments using the tracing services that FedEx and its peers provide. They offer goods for sale via online display cases. . . . The Internet recruits mercenaries, advertises unscrupulous transport companies, hosts professional-looking Web sites that are electronic fronts for bogus businesses. . . . The Internet allows traffickers to communicate privately and efficiently, to operate as many transactions as possible in virtual rather than geographic space, and creates new ways to move and conceal funds. All this without concern for physical location, freeing the traffickers to play across borders and cover their tracks without impeding the actual flow of goods.[45]

In January 2011, MarkMonitor, a brand protection and management firm, published a report showing that traffic to sites suspected of offering pirated digital content or counterfeit goods amounts to more than 146 million visits per day and fifty-three billion visits per year.[46] According to the report, "the top-three websites classified as 'digital piracy'—rapidshare.com, megavideo.com, and megaupload.com—collectively generate more than 21 billion visits per year."[47]

> . . . [A]ll government bureaucracies have a hard time working effectively outside their country, assuming they have the opportunity to do so thanks to a partnership or diplomatic agreement. Their natural habitat is at home, not abroad. A government agency needs as much training and specialized equipment to operate in another national jurisdiction as a diver needs to operate underwater. Public bureaucracies of one country usually do not do well operating outside the legal and political environment of their own country.

Id. at 13, 232.

45 *Id.* at 23–24; *see also* TRAINER & ALLUMS, *supra* note 19, at 427 ("Today, the Internet serves many functions—a communications and research tool, an entertainment medium, and an online marketplace for the sale of goods and services. Just as legitimate companies see e-commerce as an effective medium to advertise, market, distribute and sell legitimate products, counterfeiters and pirates also see it as an effective and less costly means by which to advertise, market, and distribute pirated and counterfeit products to a much broader audience.").

46 MARKMONITOR, TRAFFIC REPORT: ONLINE PIRACY AND COUNTERFEITING 4 (2011), *available at* http://www.markmonitor.com/download/report/MarkMonitor_-_Traffic_Report_110111.pdf.

47 *Id.*; *see also* Ben Sisario, *U.S. Charges Popular Site with Piracy*, N.Y. TIMES, Jan. 20, 2012, at B1 (reporting the seizure of the website Megaupload and the arrest of seven people connected with its operation).

Indeed, downloading services, cyberlockers, online auction sites, trading platforms, bulletin boards, warez groups, and underground networks have created significant challenges for intellectual property rights holders.[48] As the United States Trade Representative ("USTR") reported, massive piracy threats are posed by such notorious internet sites as Baidu in China, vKontake in Russia, allofmp3.com clones in Russia and Ukraine, isoHunt in Canada, and The Pirate Bay in Sweden.[49] The problems created by the internet are so severe that the National Intellectual Property Rights Coordination Center has recently begun to actively seize internet domain names that are tied to piratical and counterfeiting activities.[50] Thus far, seizure orders have "targeted online retailers of a diverse array of counterfeit goods, including sports equipment, shoes, handbags, athletic apparel and sunglasses as well as illegal copies of copyrighted DVD boxed sets, music and software."[51]

Toward the end of 2010, Senator Patrick Leahy introduced the Combating Online Infringement and Counterfeits Act (COICA).[52] This law has now been reintroduced as PIPA.[53] If enacted, the law would enable the Attorney General to shut down infringing websites, services, and networks by applying for "a temporary restraining order, a preliminary injunction, or an injunction, . . . against the non-domestic domain name used by an Internet site dedicated to infringing activities, or against a registrant of such domain name, or the owner or operator of such Internet site dedicated to infringing activities."[54]

A few months later, Representative Lamar Smith introduced its counterpart in the House of Representatives.[55] Known as the Stop Online Piracy Act ("SOPA"), the legislation has been so controversial that Wikipedia, Reddit,

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48 *See* Peter K. Yu, *Digital Copyright and Confuzzling Rhetoric*, 13 VAND. J. ENT. & TECH. L. 881, 933 (2011) ("From allofmp3.com in Russia to the Pirate Bay in Sweden, foreign websites, services, and networks have created significant challenges for copyright holders.").

49 *See* OFFICE OF THE U.S. TRADE REP. [USTR], OUT-OF-CYCLE REVIEW OF NOTORIOUS MARKETS (2011), *available at* http://www.ustr.gov/webfm_send/2595.

50 *See* Press Release, Dep't of Justice, Federal Courts Order Seizure of 82 Website Domains Involved in Selling Counterfeit Goods as Part of DOJ and ICE Cyber Monday Crackdown (Nov. 29, 2010), *available at* http://www.justice.gov/opa/pr/2010/November/10-ag-1355.html.

51 *Id.*

52 S. 3804, 111th Cong. (2010).

53 S. 968, 112th Cong. (2011). For criticisms of this bill, see generally Letter from Prof. John R. Allison et al. to Members of the U.S. Cong. (July 5, 2011) (opposing PIPA). In the interest of full disclosure, the Author has signed on to the law professors' letter in opposition to this Act.

54 S. 968, 112th Cong. § 3(b) (2011).

55 H.R. 3261, 112th Cong. (2011).

WordPress, and other internet companies launched a service blackout on January 18, 2012 in protest of the legislation.[56] Bowing to pressure from internet companies and the user community, several Congressional representatives withdrew their support for the proposed legislation.[57] Representative Lamar Smith and Senator Harry Reid also announced the postponement of consideration of SOPA and PIPA.[58]

In sum, although transnational challenges strongly resemble the first two types of challenges, the issues they raise are much more complex. By linking domestic and foreign enforcement problems, they underscore the impossibility of tackling domestic problems without considering their foreign counterparts.[59] The existence of these challenges further offers the much-needed justification for a higher benchmark for global intellectual property enforcement.

II. ACTA

A. The ACTA Negotiations

To target the various enforcement challenges, developed countries—notably, Japan, the United States, members of the European Union, and Switzerland—banded together in the late 2000s to establish a new anti-counterfeiting treaty called the Anti-Counterfeiting Trade Agreement.[60] Building on Japan's proposal for a "Treaty on Non-Proliferation of Counterfeits and Pirated

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56 Jonathan Weisman, *Web Rises Up to Deflect Bills Seen as Threat*, N.Y. TIMES, Jan. 19, 2012, at A1.

57 Guy Adams, *Is Wikipedia Winning the War?*, INDEPENDENT (London), Jan. 20, 2012, at 34.

58 Hayley Tsukayama, *Action Is Postponed on House Online Piracy Bill*, WASH. POST, Jan. 21, 2012, at A11.

59 Nevertheless, it is important for policymakers not to let foreign challenges distort their priorities toward combating piracy at the domestic level. As I explained earlier:

> [A] focus on foreign piracy could create an illusion about the government's enforcement priorities. It will also create the misleading impression that many of the existing domestic copyright problems would disappear if foreign piracy were eradicated. Worse still, such a focus suggests that the domestic problems resulted from some foreign culprits, even though a causal link between the two does not always exist. The obsession with foreign piracy may even divert the policymakers' much-needed attention to tackle domestic copyright problems.

Yu, *supra* at 48, at 933.

60 For a history of the development of ACTA, see generally Yu, *Six Secret Fears*, *supra* note 2, at 980–98.

Goods,"[61] this highly controversial agreement seeks to set a new and higher benchmark for intellectual property enforcement.[62] The negotiations of this plurilateral agreement were limited to only like-minded countries, due in part to the developing countries' strong resistance to enforcement-related discussions in both the WTO and WIPO.[63]

On October 23, 2007, two weeks after WIPO adopted its recommendations for the Development Agenda,[64] Japan, the United States, and the European Union formally announced their intent to negotiate a new anti-counterfeiting treaty with key trading partners.[65] In addition to this usual trilateral alliance for heightened intellectual property protection, the negotiating parties included Aus-

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61 Tove Iren S. Gerhardsen, *Japan Proposes New IP Enforcement Treaty*, INTELL. PROP. WATCH (Nov. 15, 2005), http://www.ip-watch.org/weblog/2005/11/15/japan-proposes-new-ip-enforcement-treaty/.

62 *See* Yu, *Six Secret Fears*, *supra* note 2, at 980–83 (discussing Japan's original proposal).

63 *See id.* at 989–92 (discussing the resistance of less developed countries in both the WTO and WIPO). As I summarized earlier:

> For the first fifteen years of the WTO's existence, developed countries have had very limited success in pushing for higher international intellectual property enforcement standards within the organization—through either the TRIPS Council or the mandatory dispute settlement process. Although WTO members sought to make a similar push in WIPO, the other traditional forum for setting international intellectual property norms, that forum was equally hostile. With the establishment of the WIPO Development Agenda in October 2004 and the adoption of forty-five recommendations for the agenda three years later, WIPO does not provide an ideal forum for developing new and higher international intellectual property enforcement norms.

Yu, *supra* note 6, at 511 (footnotes omitted).

64 *See* Press Release, World Intellectual Prop. Org. [WIPO], Member States Adopt a Development Agenda for WIPO (Oct. 1, 2007), http://www.wipo.int/pressroom/en/articles/2007/ article_0071.html; *see also The 45 Adopted Recommendations Under the WIPO Development Agenda*, WIPO, http://www.wipo.int/ip-development/en/agenda/recommendations.html (last visited July 6, 2008) [hereinafter *45 Adopted Recommendations*] (listing the forty-five recommendations for actions).

65 Press Release, Comm'n of the European Communities, European Commission Seeks Mandate to Negotiate Major New International Anti-Counterfeiting Pact (Oct. 23, 2007), *available at* http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1573; Press Release, Ministry of Foreign Aff. of Jp., Framework of the Anti-Counterfeiting Trade Agreement (ACTA) (Oct. 23, 2007), *available at* http://www.mofa.go.jp/announce/announce/2007/10/ 1175848_836.html; Press Release, USTR, Ambassador Schwab Announces U.S. Will Seek New Trade Agreement to Fight Fakes (Oct. 23, 2007) [hereinafter USTR Press Release], *available at* http://www.ustr.gov/ambassador-schwab-announces-us-will-seek-new-trade-agreement-fight-fakes.

tralia, Canada, Mexico, Morocco, New Zealand, Singapore, South Korea, and Switzerland.[66] As the USTR declared in its press release: "The goal [of the Agreement] is to set a new, higher benchmark for enforcement that countries can join on a voluntary basis . . . . The envisioned ACTA will include commitments in three areas: (1) strengthening international cooperation, (2) improving enforcement practices, and (3) providing a strong legal framework for IPR enforcement."[67]

Since the announcement, eleven rounds of negotiations were held over a span of close to three years,[68] and thirty-seven countries participated in the full negotiations.[69] While countries were initially worried about ACTA's inconsistencies with their existing laws and international treaty obligations, the Agreement was finally adopted on April 15, 2011.[70] A few months later, the Agreement was signed by more than two-thirds of the negotiating parties, including Australia, Canada, Japan, Morocco, New Zealand, Singapore, South Korea, and the United States.[71] As of this Lecture, ACTA is awaiting ratification and has not yet entered into force.[72]

In its final form, ACTA contains six different chapters: (1) initial provisions and definitions; (2) legal framework for enforcement of intellectual property rights; (3) enforcement practices; (4) international cooperation; (5) institutional arrangements; and (6) final provisions.[73] Chapter II, which is the most controversial and longest part of the Agreement, is subdivided into five different sections: (a) general obligations; (b) civil enforcement; (c) border measures; (d)

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66 ACTA, *supra* note 2, art. 39 n.17.

67 USTR Press Release, *supra* note 65.

68 These eleven rounds of negotiations were held in Geneva, Washington, Tokyo, Paris, Rabat, Seoul, Guadalajara, Wellington, Lucerne, Washington, and Tokyo. *See* Yu, *Six Secret Fears*, *supra* note 2, at 985–86.

69 In addition to these countries, Jordan and the United Arab Emirates also participated in the first round of negotiations. *See id.* at 1075.

70 Press Release, Ministry of Foreign Aff. of Jp., Anti-Counterfeiting Trade Agreement (ACTA) (Opening for Signature) (May 1, 2011), *available at* http://www.mofa.go.jp/ announce/announce/2011/5/0501_01.html.

71 Press Release, USTR, Joint Press Statement of the Anti-Counterfeiting Trade Agreement Negotiating Parties (Oct. 1, 2011), *available at* http://www.ustr.gov/about-us/press-office/ press-releases/2011/october/joint-press-statement-anti-counterfeiting-trade-ag.

72 ACTA will "enter into force thirty days after the date of deposit of the sixth instrument of ratification, acceptance, or approval as between those Signatories that have deposited their respective instruments of ratification, acceptance, or approval." ACTA, *supra* note 2, art. 40.1.

73 *See id.* arts. 1–45.

criminal enforcement; and (e) enforcement of intellectual property rights in the digital environment.[74]

Although ACTA is clearly an indictment of the TRIPS Agreement's failure to meet the enforcement needs and expectations of developed countries and their intellectual property industries,[75] the Agreement is also quite ambitious in scope. In addition to addressing the TRIPS Agreement's shortcomings in the area of cross-border enforcement, ACTA seeks to incorporate new measures to target digital and transnational challenges.[76] While Article 23.3 facilitates the introduction of anti-camcording laws,[77] Article 23.4 includes new provisions that may create new criminal penalties for "aiding and abetting" intellectual property infringement[78]—penalties that do not yet exist in the United States.[79]

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74 *See id.* arts. 6–27.

75 *See* Jeffery Atik, *ACTA and the Destabilization of TRIPS*, *in* SUSTAINABLE TECHNOLOGY TRANSFER: A GUIDE TO GLOBAL AID & TRADE DEVELOPMENT 121, 145 (Hans Henrik Lidgard et al. eds., 2012) ("ACTA is a critique of TRIPS—its very core signals a diagnosis that TRIPS inadequately addressed the problem of IP enforcement."); Catherine Saez, *ACTA a Sign of Weakness in Multilateral System, WIPO Head Says*, INTELL. PROP. WATCH (June 30, 2010, 6:18 PM), http://www.ip-watch.org/weblog/2010/06/30/acta-a-sign-of-weakness-in-multil ateral-system-wipo-head-says/ (reporting the concern of WIPO Director General Francis Gurry that countries are "taking matters into their own hands to seek solutions outside of the multilateral system to the detriment of inclusiveness of the present system").

76 *See* discussion *supra* Parts I.B, I.C.

77 *See* ACTA, *supra* note 2, art. 23.3 ("A Party may provide criminal procedures and penalties in appropriate cases for the unauthorized copying of cinematographic works from a performance in a motion picture exhibition facility generally open to the public.").

78 *See id.* art. 23.4 ("With respect to the offences specified in [Article 23] for which a Party provides criminal procedures and penalties, that Party shall ensure that criminal liability for aiding and abetting is available under its law.").

79 As Gwen Hinze observed in her preliminary analysis of the consolidated draft:

> [T]he text includes a EU proposal, for criminal sanctions for "inciting, aiding and abetting" intellectual property infringement (Article 2.15(2)). That language is taken from the draft 2007 EU IPR enforcement criminal sanction directive. US copyright law does not recognize the concept of "inciting" copyright infringement, so it is unclear what this means and when it would apply. This raises the concern that ACTA could expand the scope of secondary copyright liability for Internet intermediaries, consumer device manufacturers and software developers, beyond the boundaries of the doctrines enunciated by US courts.

Gwen Hinze, *Preliminary Analysis of the Officially Released ACTA Text*, ELECTRONIC FRONTIER FOUND., Apr. 22, 2010, http://www.eff.org/deeplinks/2010/04/eff-analysis-officially-released -acta-text.

B. Three Major Flaws

Notwithstanding the many TRIPS-plus standards ACTA seeks to create, it remains doubtful that developed countries and their intellectual property industries would finally receive the higher levels of global enforcement they have long craved. There are at least three reasons for these doubts, all of which are attributed to the Agreement's inherent flaws.

First, ACTA fails to focus on the shortcomings of the TRIPS Agreement. During the ACTA negotiations, the U.S. administration claimed that "ACTA would focus on border measures and enforcement practices, rather than creating new regulation standards."[80] Likewise, the European Commission insisted that the Agreement "does not focus on private, non-commercial activities of individuals, nor will it result in the monitoring of individuals or intrude in their private sphere."[81]

In its final form, however, ACTA has clearly gone beyond what these administrations intended, or claimed they had intended. In fact, the negotiating parties were so eager to create new standards to target new types of intellectual property enforcement challenges that the Agreement has arguably veered off its original path. Instead of setting enforcement norms for a narrow category of intellectual property violations—namely, counterfeiting and piracy—ACTA now has the potential of covering virtually every category of intellectual property rights included in the TRIPS Agreement.[82] Even worse, while ACTA was initially created with an arguably laudable goal of targeting criminal counterfeiters, it has been captured by intellectual property industries to target ordinary

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80 Stephanie Condon, *Bush Administration Defends Secrecy over Anti-counterfeiting Treaty*, CNET (Sept. 22, 2008, 3:14 PM), http://news.cnet.com/8301-13578_3-10047945-38.html.

81 COMM'N OF THE EUROPEAN COMMUNITIES, THE ANTI-COUNTERFEITING TRADE AGREEMENT (ACTA): FACT SHEET 2 (Mar. 2010), http://trade.ec.europa.eu/doclib/docs/2010/march/ tradoc_145958.pdf.

82 Article 5(h) of ACTA now provides: "[I]intellectual property refers to all categories of intellectual property that are the subject of Sections 1 through 7 of Part II of the TRIPS Agreement." ACTA, *supra* note 2, art. 5(h). In addition to copyrights and trademarks, these categories include geographical indications, industrial designs, patents, plant variety protection, layout designs of integrated circuits, and the protection for undisclosed information—and perhaps utility models, trade names, and other forms of unfair competition, as incorporated into the TRIPS Agreement by reference to the Paris Convention. *See* Paris Convention for the Protection of Industrial Property arts. 8, 10*bis*, 11, Mar. 20, 1883, 828 U.N.T.S. 305 (revised at Stockholm July 14, 1967). Such recognition was in part the result of the European Union's repeated demands that all intellectual property rights be treated equally. *See* Monika Ermert, *European Commission on ACTA: TRIPS Is Floor Not Ceiling*, INTELL. PROP. WATCH (Apr. 22, 2009, 7:18 PM), http://www.ip-watch.org/weblog/2009/04/22/european-commission-on-acta-trips-is-floor-not-ceiling/.

consumers.[83] In its final form, the Agreement is as much "a regime for global Internet regulation" as it is an international intellectual property agreement.[84]

Second, by using a "country club" approach to bring together like-minded countries, ACTA fails to include countries that are the major sources of piracy and counterfeiting. Consequently, the Agreement fails to target the crux of the problems that the negotiating parties identified in the beginning of the negotiations.[85] To be certain, the original intention of the negotiators was to have the Agreement established first before gradually extending it to other parties in "a second phase."[86] Nevertheless, given the lack of participation by major developing countries, such as Brazil, China, and India, in the negotiations, it is unclear how ACTA could induce countries that have not already signed non-multilateral agreements with the United States or the European Union to take up these new international enforcement obligations.[87]

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83 *See* Yu, *Six Secret Fears*, *supra* note 2, at 1086.

84 Eddan Katz, *Stopping the ACTA Juggernaut*, ELECTRONIC FRONTIER FOUND (Nov. 19, 2009), http://www.eff.org/deeplinks/2009/11/stopping-acta-juggernaut.

85 *See* Michael Geist, *Japan Wanted Canada Out of Initial ACTA Group*, MICHAEL GEIST'S BLOG (Feb. 25, 2011), http://www.michaelgeist.ca/content/view/5656/125/ (quoting a confidential U.S. government cable disclosed through WikiLeaks as saying that "[Hisamitsu] Arai [the Secretary General of the Intellectual Property Strategy Headquarters of Japan] stressed that we should move as fast as possible and keep in mind that the intent of the agreement is to address the IPR problems of third-nations such as China, Russia, and Brazil, not to negotiate the different interests of like-minded countries").

86 DISCUSSION PAPER ON A POSSIBLE ANTI-COUNTERFEITING TRADE AGREEMENT 1, 1 (2007), *available at* http://ipjustice.org/wp/wp-content/uploads/ACTA-discussion-paper-1.pdf. It remains unclear which countries the original drafters intended to target at the second phase. As revealed in a confidential U.S. government cable recently disclosed through WikiLeaks:

> The GOJ [Government of Japan] sees the most likely candidates for the first tranche including France, UK, Germany, Australia, New Zealand and Singapore. The GOJ sees Italy and Canada as countries which should be approached in the second group, but [Deputy Assistant Secretary Chris Moore] explained potential difficulties with Canada, and pushed for the inclusion of developing countries such as Jordan and Morocco in the first tranche, too. These countries had accepted high IPR standards in their FTA's with the U.S.

Geist, *supra* note 85.

87 As a recent EU study declares:

> ACTA does not include the emerging market countries that are perceived by European and US stakeholders to be the main sources of counterfeit products. It is not clear what incentive such emerging markets would have to accede to ACTA. In a single issue negotiation such as ACTA they would not gain any further access or guarantees in other sectors and would in any case, benefit from the existing legal provisions in ACTA members. Unlike for goods, there is no regional or FTA exception (GATT Article XXIV) in the TRIPS Agree-

Consider, for example, China, whose piracy and counterfeiting problems have provided a major impetus for the development of new international intellectual property enforcement norms.[88] Oft-criticized for its inadequate protection and enforcement of intellectual property rights, that country was recently involved in a WTO dispute with the United States over the protection and enforcement of intellectual property rights.[89] While China had ample incentives to join the WTO, and in fact considered WTO accession a matter of national pride,[90] it is hard to imagine China feeling the same toward ACTA.[91]

> ment. Therefore, ACTA Parties cannot discriminate against non-ACTA WTO parties in their implementation of their IP obligations unless they can clearly describe those provisions as unequivocally TRIP[S]-plus obligations that are not covered by the national treatment and MFN [most-favored-nation] clauses in TRIPS Articles 3 and 4. This would however be very difficult as those articles apply to protection of intellectual property subject matter covered by the agreement. Non-ACTA parties would therefore already benefit from the enforcement that ACTA parties would be obliged to provide for their citizens.

ANSELM KAMPERMAN SANDERS ET AL., THE ANTI-COUNTERFEITING TRADE AGREEMENT (ACTA): AN ASSESSMENT 66 (2011).

88 For the Author's earlier discussions on piracy and counterfeiting problems in China, *see generally* Peter K. Yu, *From Pirates to Partners: Protecting Intellectual Property in China in the Twenty-first Century*, 50 AM. U. L. REV. 131 (2000) [hereinafter Yu, *From Pirates to Partners*]; Peter K. Yu, *From Pirates to Partners (Episode II): Protecting Intellectual Property in Post-WTO China*, 55 AM. U. L. REV. 901 (2006) [hereinafter Yu, *From Pirates to Partners II*]; Peter K. Yu, *Intellectual Property, Economic Development, and the China Puzzle*, *in* INTELLECTUAL PROPERTY, TRADE AND DEVELOPMENT: STRATEGIES TO OPTIMIZE ECONOMIC DEVELOPMENT IN A TRIPS PLUS ERA 173 (Daniel J. Gervais ed., 2007) [hereinafter Yu, *China Puzzle*].

89 *See* Panel Report, *supra* note 8.

90 *See* Samuel S. Kim, *China in World Politics*, *in* DOES CHINA MATTER? A REASSESSMENT: ESSAYS IN MEMORY OF GERALD SEGAL 37, 49 (Barry Buzan & Rosemary Foot eds., 2004) (noting China's willingness "to gain WTO entry at almost any price"); *see also* Yu, *From Pirates to Partners*, *supra* note 88, at 192 (describing how Chinese leaders "longed for China's regaining its rightful place following centuries of humiliation and semi-colonial rule").

91 The same is true for other large middle-income countries, such as India and Brazil. As Anand Sharma, the Indian commerce and industry minister, noted: "If [the TRIPS Agreement] has to be revisited in any stage in future, it will be only in multilateral forum—the WTO, it cannot be done outside." *India Will Not Accept Any Intellectual Property Talks Outside WTO: Anand Sharma*, ECON. TIMES (Apr. 9, 2011, 4:01 AM), *available at* http:// articles.economictimes.indiatimes.com/2011-04-09/news/29400634_1_intellectual-property-trips-agreement-anand-sharm; *see also* Michael Geist, *Brazil, India Speak Out Against ACTA*, MICHAEL GEIST'S BLOG (Oct. 12, 2010), http://www.michaelgeist.ca/content/view/5362/196/ ("Brazilian officials say they do not recognize the legitimacy of the treaty, while Indian officials say they have other priorities and do not see what they would gain from ACTA.").

Moreover, countries tend to adhere to norms they helped to shape.[92] In today's age, developing countries—especially the powerful ones—are unlikely to buy into a system they did not help to shape. As the geopolitical clout and economic power of these countries have increased considerably, the days when a system could be created by developed countries and then shoved down the throats of developing countries are long gone.[93] Thus, if "enhanced international cooperation and more effective international enforcement" remain some of the Agreement's key goals, as stated in its preamble,[94] it is ill-advised to ignore these crucial partners in the negotiations.[95] It is also short-sighted to turn away countries by virtue of their lack of like-mindedness.

Even worse, by developing intellectual property protection outside the traditional fora, such as WIPO and the WTO, the negotiation of ACTA undermined the stability of the international trading system and the preference for the multilateral process.[96] Such negotiation also alienated the trading partners of the

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92 *See* Kaitlin Mara & Monika Ermert, *ACTA Risks Long-Term Damage to Democratic Public Policymaking, NGOs Say*, INTELL. PROP. WATCH (June 30, 2010, 11:02 PM), http://www.ip-watch.org/weblog/2010/06/30/acta-risks-long-term-damage-to-democratic-public-policymaking-ngos-say/ ("At the 'end of the day, ACTA is about Brazil, India' and other emerging economies . . . . If those countries 'who are the targets [and] who have for too long sat on the sidelines and said they weren't part of the process . . . are willing to stand up and be more aggressive,' then ACTA could be turned into something that would not risk upsetting a balanced IP regime." (quoting Michael Geist, Canada Research Chair in Internet and E-Commerce Law, Faculty of Law, University of Ottawa)); *see also* Sam Nunn, *Address to the American Assembly*, *in* LIVING WITH CHINA: U.S.-CHINA RELATIONS IN THE TWENTY-FIRST CENTURY 277, 285 (Ezra F. Vogel ed., 1997) ("China will be more likely to adhere to international norms that it has helped to shape."); Yu, *From Pirates to Partners*, *supra* note 88, at 200–01 (discussing the need to "encourage Chinese membership and active participation in international organizations").

93 *See* Yu, *Six Secret Fears*, *supra* note 2, at 1091.

94 *See* ACTA, *supra* note 2, pmbl., recital 3 ("*Desiring* to combat such proliferation through enhanced international cooperation and more effective international enforcement . . . .").

95 *Accord* Kimberlee Weatherall, The Anti-Counterfeiting Trade Agreement: What's It All About? 4–5 (unpublished manuscript), *available at* http://works.bepress.com/cgi/view content.cgi?article=1017&context=kimweatherall (last visited May 3, 2010) ("To the extent that it is cooperation with these countries which is most likely to achieve the long-term goal of countering counterfeiting, it makes little sense to draft a treaty that will never include these crucial partners."); *see also* IQsensato, *The Proposed Anti-Counterfeiting Trade Agreement (ACTA): Global Policy Implications*, IN FOCUS, June 2, 2008, at 3, *available at* http://www.iqsensato.org/pdf/InFocus%20-ACTA%20-%20Vol%202%20-Issue%208.pdf (stating that ACTA "seeks confrontation, particularly with developing countries as opposed to cooperation and ignores the efforts by the latter group of countries to implement TRIPS in resource-poor settings").

96 To some extent, it reminds us of a major shortcoming of the unilateral approach embodied in the Section 301 process. As Assafa Endeshaw noted:

ACTA negotiating parties, making it more difficult to undertake future multilateral discussions.[97]

Third, ACTA could create unintended consequences that result in a major setback for some of the world's poorest countries—especially in the areas of public health, sustainable agriculture, and food security. Consider public health, for example. During the fourth WTO ministerial conference in Doha, Qatar, the Declaration on the TRIPS Agreement and Public Health ("Doha Declaration") was adopted to underscore the importance of providing access to essential medicines in developing countries.[98] The first two paragraphs of the Declaration explicitly "recognize[d] the gravity of the public health problems afflicting many developing and least-developed countries, especially those resulting from HIV/AIDS, tuberculosis, malaria and other epidemics . . . [and] the need for the [TRIPS Agreement] to be part of the wider national and international action to address these problems."[99]

By introducing TRIPS-plus standards, ACTA is likely to greatly restrict the flexibilities in the TRIPS Agreement that are explicitly recognized in paragraph 5 of the Doha Declaration.[100] The Agreement might even help facilitate

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> [The] United States approach will work towards overthrowing any measure of success that the United States has achieved in placing intellectual property on an arguably "international" pedestal (the TRIPs) after passing through long periods of bilateral arrangements. Consequently, the quiet overhaul that the international IP system has been subjected to through the TRIPS may now be in danger of collapse by the American insistence that it will interpret IP treaties and take any measures it deems appropriate, unilaterally and from its own national perspective. Each move of the United States to take IP matters throughout the world in its own hands will increasingly reduce the global significance of the TRIPs formula to a national system that has been outdated for quite some time.

Assafa Endeshaw, *A Critical Assessment of the U.S.-China Conflict on Intellectual Property*, 6 ALB. L.J. SCI. & TECH. 295, 337–38 (1996).

97 *See* Yu, *Six Secret Fears*, *supra* note 2, at 1078.

98 World Trade Organization, Declaration on the TRIPS Agreement and Public Health, WT/MIN(01)/DEC/2 (2001), 41 I.L.M. 755 (2002).

99 *Id.* ¶¶ 1–2.

100 Paragraph 5 of the Doha Declaration explicitly recognizes the following flexibilities:

> a. In applying the customary rules of interpretation of public international law, each provision of the TRIPS Agreement shall be read in the light of the object and purpose of the Agreement as expressed, in particular, in its objectives and principles.
>
> b. Each member has the right to grant compulsory licences and the freedom to determine the grounds upon which such licences are granted.

strategic litigation that harasses the legitimate trade in generic drugs.[101] Indeed, ACTA might lead to provisions that would make it difficult for generic pharmaceuticals to be delivered to these countries, despite the Agreement's recognition of the principles set forth in the Doha Declaration[102] and the objectives and principles laid out in Articles 7 and 8 of the TRIPS Agreement.[103] Although ACTA does not require the seizure of "in transit" goods, it includes provisions that authorize such seizure[104] as well as provisions on border measures and civil and criminal enforcement that could have serious ramifications for access to essential medicines in the developing world.[105]

III. A MORE EFFECTIVE ACTA

Given the flaws of both the TRIPS Agreement and ACTA, one may wonder whether treaties can still provide a viable strategy to strengthen global

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> c. Each member has the right to determine what constitutes a national emergency or other circumstances of extreme urgency, it being understood that public health crises, including those relating to HIV/AIDS, tuberculosis, malaria and other epidemics, can represent a national emergency or other circumstances of extreme urgency.
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> d. The effect of the provisions in the TRIPS Agreement that are relevant to the exhaustion of intellectual property rights is to leave each member free to establish its own regime for such exhaustion without challenge, subject to the MFN and national treatment provisions of Articles 3 and 4.

Id. ¶ 5; *see also* Frederick M. Abbott, *The Cycle of Action and Reaction: Developments and Trends in Intellectual Property and Health*, *in* NEGOTIATING HEALTH: INTELLECTUAL PROPERTY AND ACCESS TO MEDICINES 27, 30 (Pedro Roffe et al. eds., 2006) (noting the various flexibilities developing countries still have in the public health arena despite the entering into force of the TRIPS Agreement).

101 *See* Yu, *Six Secret Fears*, *supra* note 2, at 1092.

102 *See* ACTA, *supra* note 2, pmbl.

103 *See id.* art. 2.3.

104 *See id.* art. 16.2 ("A Party may adopt or maintain procedures with respect to suspect in-transit goods . . . .").

105 *See* SEAN FLYNN, ACTA AND ACCESS TO MEDICINES 3 (2011), *available at* http://rfc.act-on-acta.eu/access-to-medicines ("[ACTA] increases the risks and consequences of wrongful searches, seizures, lawsuits and other enforcement actions against legitimate suppliers of generic medicines."); Brook K. Baker, *ACTA—Risks of Third-Party Enforcement for Access to Medicines*, 26 AM. U. INT'L L. REV. 579 (2011) (discussing ACTA's impact on access to medicines); James Love, *Michèle Rivasi Asks Question About ACTA and Access to Medicine*, KNOWLEDGE ECOLOGY INT'L (Oct. 26, 2010, 8:15 AM), http://keionline.org/node/994 (noting the concerns of Michèle Rivasi, a Member of the European Parliament, about ACTA's impact on access to essential medicines).

enforcement of intellectual property rights. The answer is mostly positive. The enforcement problems that the TRIPS Agreement and ACTA encounter lie not in the treaty-based approach. Rather, they reflect the flaws in treaty design. These flaws underscore the challenges to drafting an international treaty that effectively promotes global enforcement of intellectual property rights. To help rectify these design flaws, this Part outlines four commonsensical and easy-to-follow guiding principles that policymakers can use to strengthen global enforcement of intellectual property rights:

1. The treaty should address the problem it seeks to solve.
2. If the problem does not lie here, look for solutions elsewhere.
3. The treaty should include all of the major parties whose cooperation is needed to solve the problem.
4. The treaty should not cost more than its benefits.

A. Principle 1: The Treaty Should Address the Problem It Seeks to Solve

It is beyond cavil that a successful intellectual property enforcement treaty needs to address the problem it seeks to solve. As noted earlier, one of ACTA's major flaws is the mismatch between its intended goals and the final adopted language.[106] If the treaty's goal is to address problems left behind by the TRIPS Agreement, it needs to focus on those problems, as opposed to addressing a new set of problems not anticipated by the TRIPS negotiators.

To be clear, there is nothing wrong with developing new standards of intellectual property enforcement to target new types of enforcement challenges. Indeed, such development is expected, given the changing economic and technological conditions and the dynamic nature of the intellectual property system.[107] Nevertheless, such development would not help address our existing problems. By delaying the search for solutions to address the problems inherent in the TRIPS Agreement, ACTA has left those problems largely intact.

Consider, for example, the two TRIPS provisions that doomed the United States' complaint[108] in *China—Measures Affecting the Protection and En-*

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[106] *See* discussion *supra* Part II.B.

[107] *See* Yu, *supra* note 6, at 502–03 (discussing the technological challenges that impede the TRIPS Agreement's ability to provide effective global enforcement of intellectual property rights).

[108] *See id.* at 511 ("[T]he panel's narrow focus and the limited scope of its findings clearly revealed the TRIPS Agreement's shortcomings in the enforcement area. Such revelation, in turn, provided the momentum needed for developed countries to push for stronger international intellectual property enforcement norms both within and without the WTO." (footnote

forcement of Intellectual Property Rights.[109] Article 61 provided the basis of the United States' claim that the high thresholds in Chinese law for applying criminal procedures and penalties to intellectual property infringement were inconsistent with the TRIPS Agreement;[110] yet, the crucial term in the provision, "commercial scale," was largely undefined.[111] The lack of such a definition eventually posed a fatal challenge to the United States' complaint.[112]

Article 59 was equally problematic for the United States.[113] The provision states that "competent authorities *shall have the authority* to order the destruction or disposal of infringing goods" seized at the border.[114] Instead of specifying action the authorities must take, the provision merely creates an empowerment norm.[115] Thus, pursuant to the TRIPS Agreement, customs authorities need not order any destruction or disposal of the seized goods as long as they have the authority to do so.[116]

Given the significant barriers to successful WTO litigation that the ambiguous and vague TRIPS provisions have created, it is only logical that any new intellectual property enforcement treaty developed among high-protectionist countries should seek to address these shortcomings. At the very least, they should clarify some of the ambiguous language. Surprisingly, al-

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omitted)); *see also* Henning Grosse Ruse-Khan, *China—Intellectual Property Rights: Implications for the TRIPS-Plus Border Measures*, 13 J. WORLD INTELL. PROP. 620, 626 (2010) (noting that the panel's clarifications on the limited scope of the TRIPS Agreement have hinted at the "rationale for several TRIPS-Plus initiatives in the field of border measures").

109 Panel Report, *supra* note 8.

110 *See* Yu, *The TRIPS Enforcement Dispute*, *supra* note 3, at 1056–69 (discussing this claim).

111 The first sentence of Article 61 provides: "Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale." TRIPS Agreement art. 61; *see also* Panel Report, *supra* note 8, ¶¶ 7.532–.579 (providing the interpretation of the phrase "on a commercial scale").

112 Because the United States was unable to advance sufficient evidence to "demonstrate what constituted 'a commercial scale' in the specific situation of China's marketplace," the WTO panel found that the United States had failed to substantiate its claim. Panel Report, *supra* note 8, ¶¶ 7.615–.616.

113 *See* TRIPS Agreement art. 59.

114 *Id.* (emphasis added).

115 *See* Yu, *The TRIPS Enforcement Dispute*, *supra* note 3, at 1069–75 (discussing the United States' claim in the WTO dispute that the Chinese customs authorities had failed to properly dispose of infringing goods seized at the border pursuant to Articles 59 and 46 of the TRIPS Agreement).

116 *See id.* at 1069; *see also* Panel Report, *supra* note 8, ¶ 7.238 (stating that a WTO member is not required to "exercise [the stipulated] authority in a particular way, unless otherwise specified").

though Article 23.1 did expand the definition of the term "commercial scale"—by extending criminal penalties to copyright related activities that have only "indirect economic or commercial advantage"[117]—a significant portion of the Agreement focuses on mostly new issues concerning digital piracy,[118] norms that were not included in the TRIPS Agreement.[119] Article 27, for example, covers issues that range from intermediary liability of internet service providers, to the disclosure of internet subscribers' information, to the protection against circumvention technologies and services.[120]

More problematic, in a world where no international supergovernment exists, it is unclear how the enforcement obligations in ACTA are to be enforced. Unlike the TRIPS Agreement, ACTA does not even include a dispute settlement process.[121] Without the ability to resolve disputes, one has to wonder what recourse countries will have if their counterparts do not comply with the

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117 ACTA, *supra* note 2, art. 23.1. Notwithstanding this provision, it is worth noting that the WTO panel has made it clear that plurilateral agreements such as ACTA would not constitute subsequent practice within the meaning of the Vienna Convention on the Law of Treaties. *See* Yu, *TRIPS Enforcement and Developing Countries*, *supra* note 3, at 754–57 (discussing the panel's rejection of the use of U.S. free trade agreements as subsequent practice).

118 As Michael Geist pointed out, "according to a document [he] . . . obtained under the Access to Information Act, Canadian Heritage officials [initially] referred to [ACTA] as a Trade Agreement on Copyright Infringement." Michael Geist, *DFAIT Launches Consultation on Anti-Counterfeiting Trade*, MICHAEL GEIST'S BLOG (Apr. 6, 2008), http://www.michaelgeist.ca/content/view/2815/125/. While counterfeiting no doubt refers to trademarked products, copyright infringement is technically in the piracy realm. By using the name ACTA, as compared to Anti-Piracy Trade Agreement (or APTA), the Agreement's proponents sought to frame the negotiations in a way that would help earn support from both policymakers and the public at large. *See* Yu, *Six Secret Fears*, *supra* note 2, at 1085 n.639. After all, as one commentator noted: "It is hard to argue against increased enforcement against terrorist financing and deadly drugs. It is significantly easier, however, to argue that teenagers downloading music should not be subject to similarly increased sanctions." Margot Kaminski, Recent Development, *The Origins and Potential Impact of the Anti-Counterfeiting Trade Agreement (ACTA)*, 34 YALE J. INT'L L. 247, 250 (2009).

119 *See* discussion *supra* Part I.B.

120 ACTA, *supra* note 2, arts. 27.3–6. For a critique of some of these regulatory measures, *see generally* Peter K. Yu, *Digital Copyright Reform and Legal Transplants in Hong Kong*, 48 U. LOUISVILLE L. REV. 693, 701–19 (2010).

121 Instead of providing a dispute settlement procedure, ACTA merely outlines the consultation process between the signatory parties over matters affecting the Agreement's implementation. *See* ACTA, *supra* note 2, art. 38. Although Canada advanced proposals in the area, other ACTA negotiating parties, notably New Zealand, were somewhat reluctant to develop such a mechanism. *See* Michael Geist, *Toward an ACTA Super-Structure: How ACTA May Replace WIPO*, MICHAEL GEIST'S BLOG (Mar. 26, 2010), http://www.michaelgeist.ca/ content/view/4910/125/.

treaty obligations. Should disputes arise, countries will most likely have to fall back on the proven ineffective enforcement standards found in the TRIPS Agreement.[122] Indeed, this fallback has raised serious questions about the necessity and effectiveness of the new agreement in the first place.

To a large extent, ACTA has generated an enforcement loop. By adding a new layer of unenforceable enforcement obligations on top of a preexisting layer of hard-to-enforce enforcement obligations in the TRIPS Agreement, ACTA fails to address the TRIPS enforcement problems. In the end, countries will most likely have to negotiate another agreement to address the shortcomings of not only the TRIPS Agreement, but also ACTA. If that new agreement is still insufficient, a fourth or even a fifth agreement will have to be created. Thus, until policymakers are willing to target the crux of the problems in existing treaties, an endless enforcement loop will continue.

In sum, if an intellectual property enforcement treaty is to be developed to address the enforcement problems left behind by the TRIPS Agreement, it needs to fine-tune the original agreement. For example, a successful agreement could clarify some of the vague and ambiguous language built into the TRIPS Agreement. Despite the forty-five provisions in ACTA, we still have no idea what the term "enforcement" means or what "effective" enforcement would entail.[123] In addition, a new agreement could provide more granular enforcement obligations that are more specific and that target urgent problems that countries need to address.

B. Principle 2: If the Problem Does Not Lie Here, Look for Solutions Elsewhere

Commentators love to joke about how economists tend to look for solutions under the proverbial lamppost.[124] A variant of this joke goes as follows:

> A man comes up to an economist who is searching for something under the light of a lamppost. The man asks the economist what he is doing and the economist replies that he is looking for a key that he has lost. Offering to help, the man asks the economist where he thinks he dropped the key. The economist gestures towards a darkened area far away from the lamppost. Surprised by this response, the man asks the economist why he is not looking

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122 *See* Yu, *Six Secret Fears*, *supra* note 2, at 1089.

123 *Cf.* Yu, *From Pirates to Partners II*, *supra* note 88, at 927–28 (discussing the TRIPS Agreement's failure to define what constitutes "effective" protection).

124 *E.g.*, Steven C. Salop & R. Craig Romaine, *Preserving Monopoly: Economic Analysis, Legal Standards, and Microsoft*, 7 GEO. MASON L. REV. 617, 671 n.144 (1999).

> over in the area where he dropped the key. The economist replies that he is looking under the lamp post because there is more light there.[125]

The moral of this story is applicable to the design of intellectual property enforcement treaties. One of the major challenges to enforcement is the lack of an "enabling environment for effective intellectual property protection."[126] If an intellectual property enforcement treaty is to be effective, it needs to provide the much-needed preconditions for the development of such an enabling environment. Examples of these preconditions are a consciousness of legal rights; a respect for the rule of law; an effective and independent judiciary; a well-functioning innovation and competition system; a sufficiently developed basic infrastructure; a critical mass of local stakeholders; and established business practices.[127]

Thus far, these key preconditions have not been the focus of either the TRIPS Agreement or ACTA—or, for that matter, other TRIPS-plus bilateral, plurilateral, and regional trade and investment agreements. ACTA, for example, only includes provisions on raising consumer awareness,[128] building capacity, and facilitating technical assistance.[129] Even more challenging from the standpoint of treaty design, many of the reforms needed to develop these preconditions are often not directly related to intellectual property or international trade.[130] As a result, the items may not fall squarely within the domain of the

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125 *Id.*

126 *See* Yu, *China Puzzle*, *supra* note 88, at 213–16 (discussing the importance of an enabling environment for effective intellectual property protection).

127 *See* Peter K. Yu, *The Global Intellectual Property Order and Its Undetermined Future*, 1 WIPO J. 1, 14 (2009) (listing the key preconditions for successful intellectual property reforms).

128 *See* ACTA, *supra* note 2, art. 31 ("Each Party shall, as appropriate, promote the adoption of measures to enhance public awareness of the importance of respecting intellectual property rights and the detrimental effects of intellectual property rights infringement."). A key question regarding efforts to promote public awareness of intellectual property rights concerns whether these efforts would accurately reflect the current intellectual property system, in which the rights are just as important as the limitations and exceptions. As David Lange rightly noted, it is "fundamentally wrong to insist that children internalize the proprietary and moral values of the copyright system." David Lange, *Reimagining the Public Domain*, LAW & CONTEMP. PROBS., Winter/Spring 2003, at 463, 471. *See generally* Peter K. Yu, *The Copyright Divide*, 25 CARDOZO L. REV. 331, 428–31 (2003) (discussing education and public awareness programs).

129 *See* ACTA, *supra* note 2, art. 35.

130 *See* Yu, *supra* note 127, at 14 (noting that some preconditions are "are irrelevant, or at best only marginally related, to intellectual property protection").

negotiators in charge of developing international intellectual property and trade agreements.

Sadly, until an enabling environment is created, it is unlikely that developing countries will offer stronger cross-border protection of intellectual property rights. As Robert Sherwood reminded us in an aptly titled article, *Some Things Cannot Be Legislated*, "until judicial systems in developing and transition countries are upgraded, it will matter little what intellectual property laws and treaties provide."[131] Likewise, Keith Maskus, Sean Dougherty, and Andrew Mertha wrote:

> Upgrading protection for IPRs alone is a necessary but not sufficient condition for [the purpose of maximizing the competitive gains from additional innovation and technology acquisition over time, with particular emphasis on raising innovative activity by domestic entrepreneurs and enterprises]. Rather, the system needs to be strengthened within a comprehensive and coherent set of policy initiatives that optimize the effectiveness of IPRs. Among such initiatives are further structural reform of enterprises, trade and investment liberalization, promotion of financial and innovation systems to commercialize new technologies, expansion of educational opportunities to build human capital for absorbing and developing technology, and specification of rules for maintaining effective competition in Chinese markets.[132]

The need to develop this enabling environment was only recently explored in the fifth session of the WIPO Advisory Committee on Enforcement, which sought to "[i]dentify[] elements for creating an enabling environment for promoting respect for intellectual property in a sustainable manner and future work."[133] As Pakistan reminded us in its submission:

> [A] very limited approach to combating infringement of IP [intellectual property] rights, in which, in essence, stricter laws and capacity building of enforcement agencies is seen as the primary means to ensure enforcement . . . can temporarily reduce IPR infringements levels, but cannot address the challenge in a sustainable manner. A broader strategy is urgently needed to allow the establishment of conditions in which all countries would have shared understanding of the socio-economic implications of enforcement measures, and direct economic interest in taking such measures. In such an environment,

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131 Robert M. Sherwood, *Some Things Cannot Be Legislated*, 10 CARDOZO J. INT'L & COMP. L. 37, 42 (2002).

132 Keith E. Maskus et al., *Intellectual Property Rights and Economic Development in China, in* INTELLECTUAL PROPERTY AND DEVELOPMENT: LESSONS FROM RECENT ECONOMIC RESEARCH 295, 297 (Carsten Fink & Keith E. Maskus eds., 2005).

133 WIPO, Advisory Comm. on Enforcement [ACE], *Draft Agenda*, item 7, WIPO/ACE/5/1 Prov. Rev (Sept. 28, 2009).

countries' choice to enforce IPRs will be derived from their internal rather than external factors.[134]

C. *Principle 3: The Treaty Should Include All of the Major Parties Whose Cooperation Is Needed to Solve the Problem*

The third principle concerns the need to include countries whose cooperation is vital to addressing the problem. The problems with intellectual property enforcement are as global as those related to illicit drug trafficking, refugees, illegal immigration, environmental degradation, illegal arms sales, nuclear proliferation, terrorism, and corruption.[135] If an intellectual property enforcement treaty is to be effective, it needs to include at least those countries that are the major sources of piracy and counterfeiting.[136] By using the ill-advised

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134 *Creating an Enabling Environment to Build Respect for IP: Concept Paper by Pakistan*, ¶ 2, *in* ACE, *Conclusions by the Chair*, Annex 1, WIPO/ACE/5/11 (Nov. 4, 2009).

135 *See* Yu, *From Pirates to Partners*, *supra* note 88, at 199 n.364. As Moisés Naím wrote:

> [I]llicit trade is a cross-border problem. And the only solution to a cross-border problem is a cross-border solution. Which means that international cooperation is imperative. These are unassailable facts based on simple logic. They also have fiendishly difficult implications for action.
>
> Working with others is never easy. Working with foreigners is even less so, especially for governments. The arsenal of international treaties and conventions that govern illicit trade function better to enshrine global standards than to actually enable successful prosecution. Stories of international collaboration undermined by corruption, noncompliance, or absence of trust litter the headlines. But in the case of illicit trade, the alternative to international cooperation is to cede the field to the traffickers, who will find ways to penetrate even those countries that invest the most in patrolling their borders. In other words, the alternative is not an acceptable one.

NAÍM, *supra* note 23, at 255; *see also* PHILLIPS, *supra* note 25, at 221 ("[G]overnments and law enforcement need to create an international response to an international problem, or we simply chase counterfeiters to where the law tolerates them."); Judith H. Bello, *National Sovereignty and Transnational Problem Solving*, 18 CARDOZO L. REV. 1027, 1027 (1996) ("Many of the most difficult problems that challenge nation states in the increasingly interdependent world do not respect borders . . . . Nation states acting alone are helpless to resolve or most effectively alleviate these problems.").

136 As Kenneth Abbott and Duncan Snidal remind us:

> [T]he core group of participants [using a plurilateral approach] must cover a significant portion or scope of the problem to create collective benefits for the group. In trade, as few as two parties can jointly benefit from a bilateral arrangement; in arms control, the core group may have to include all potential military players to be successful. A plurilateral arrangement on [intercontinental ballistic missiles] that did not include Russia would not accomplish much.

"country club" approach and ignoring important players such as Brazil, China, India, and Russia, ACTA was doomed from the very beginning.

In fact, if the treaty is to be successful, it needs to provide other countries with a stake in the newly created regime. This is particularly important considering the dynamic changes in the international intellectual property environment. As I noted in the past:

> A country's interest in setting new and higher international intellectual property enforcement norms depends largely on the overall structure of the global intellectual property system and the substantive benefits that country can derive from reforming the system. As less developed countries continue to push for greater protection of traditional knowledge and cultural expressions—and to some extent, geographical indications—they eventually will reach a point where the existing system will provide them with some attractive benefits. At that point, they may begin to value the effective enforcement of intellectual property rights as highly as their developed counterparts.[137]

Few countries are likely to take on more stringent international obligations unless doing so would be in their self-interest.[138] While the TRIPS Agreement has raised the standards of enforcement of intellectual property rights—albeit with limited success—it is important not to overlook the concessions developing countries have arguably received in areas such as agriculture and textiles.[139] As far as ACTA is concerned, it is unclear what side benefits developing countries will obtain.[140] Although a better standing in the international

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Kenneth W. Abbott & Duncan Snidal, *Pathways to International Cooperation*, in THE IMPACT OF INTERNATIONAL LAW ON INTERNATIONAL COOPERATION: THEORETICAL PERSPECTIVES 50, 66 (Eyal Benvenisti and Moshe Hirsch eds., 2004); *see also* Edith Brown Weiss, *Understanding Compliance with International Environmental Agreements: The Baker's Dozen Myths*, 32 U. RICH. L. REV. 1555, 1578 (1999) ("[F]or obligations that involve controlling trade across borders, it is important that countries on both sides of the border be party to the relevant agreements.").

137 Yu, *supra* note 6, at 523–24; *see also* Peter K. Yu, *Cultural Relics, Intellectual Property, and Intangible Heritage*, 81 TEMP. L. REV. 433, 453 (2008) (discussing how "enforcement issues may provide a promising opportunity for both developed and less-developed countries to cooperate").

138 *See* Yu, *supra* note 137, at 453; Yu, *supra* note 6, at 523–24.

139 *See* Yu, *supra* note 5, at 371–73 (discussing the bargain narrative concerning the origins of the TRIPS Agreement).

140 To date, countries continue to question whether the TRIPS Agreement represents a failed bargain. *See id.* at 379 ("If one is to believe that the TRIPs Agreement is a compromise, empirical records have indicated that less developed countries not only got a bad bargain, as some would say, but also a failed bargain. Although developed countries promised to reduce tariffs and subsidies in the agricultural and textile areas in exchange for stronger intellectual property protection and wider market access, they failed to honor these promises."); *see also* COMMISSION ON INTELLECTUAL PROPERTY RIGHTS, INTEGRATING INTELLECTUAL PROPERTY

community could be considered a benefit, the past history of expansion of intellectual property rights, and the United States' continued aggressive use of the Section 301 process[141] have clearly shown that joining ACTA would not necessarily improve a country's standing in the international community.[142] Nor would it reduce the demands of developed country governments for stronger intellectual property protection and enforcement.[143]

D. Principle 4: The Treaty Should Not Cost More than Its Benefits

The final principle addresses the need to avoid negative spillover effects in areas with competing public needs. While the easiest way to avoid spillover effects is to draft the treaty as narrow and specific as possible, adopting a holistic perspective in assessing the treaty's costs and benefits could also be quite helpful. Such an approach would not only allow the policymakers to better assess the agreement's full costs and benefits, but would also prevent the assessment from being captured by those who would benefit directly from heightened standards for intellectual property protection and enforcement.

To provide this holistic perspective, it is important to conduct impact studies that go beyond a narrow focus on intellectual property protection.[144]

RIGHTS AND DEVELOPMENT POLICY 8 (2002) (noting that many less developed countries "feel that the commitments made by developed countries to liberalise agriculture and textiles and reduce tariffs, have not been honoured, while they have to live with the burdens of the TRIPS agreement"); SUSAN K. SELL, PRIVATE POWER, PUBLIC LAW: THE GLOBALIZATION OF INTELLECTUAL PROPERTY RIGHTS 173 (2003) (stating that "there is . . . no evidence that developed countries are making good on their commitments to open their markets more widely to developing countries' agricultural and textile exports").

141 *See generally* Joe Karaganis & Sean Flynn, *Networked Governance and the USTR*, *in* MEDIA PIRACY IN EMERGING GOODS, *supra* note 20, at 75 (critically evaluating the USTR's Section 301 process); Paul C.B. Liu, *U.S. Industry's Influence on Intellectual Property Negotiations and Special 301 Actions*, 13 UCLA PAC. BASIN L.J. 87 (1994) (discussing the operation of the Section 301 process and its relation to U.S. trade negotiations).

142 *See* Yu, *Six Secret Fears*, *supra* note 2, at 1041–42.

143 To avoid unilateral trade sanctions from the United States, developing countries agreed to establish the TRIPS Agreement. *See* Yu, *supra* note 5, at 372. Yet, the U.S. Trade Act stipulates that the USTR can take Section 301 actions against countries that have failed to provide "adequate and effective protection of intellectual property rights *notwithstanding the fact that [they] may be in compliance with the specific obligations of the Agreement on Trade-Related Aspects of Intellectual Property Rights*." 19 U.S.C. § 2411(d)(3)(B)(i)(II) (2006) (emphasis added).

144 *See* Peter K. Yu, *The International Enclosure Movement*, 82 IND. L.J. 827, 901 (2007) (noting the need to "require impact studies before a further expansion of intellectual property protection").

This is particularly important considering the policymakers' tendency to focus so much on compliance that they may miss the forest for the trees.[145] In recent years, impact assessments have also been widely endorsed in the areas of human rights, public health, and biological diversity.[146] Assessment, evaluation, and impact studies also constitute one of the six clusters of recommendations adopted as part of the WIPO Development Agenda in October 2007.[147]

In addition, policymakers can take advantage of the institutional arrangements that will help facilitate impact assessments across sectors, issue areas, and disciplines. For example, Peter Drahos used the example of the Brazilian National Health Surveillance Agency (ANVISA) to show the benefits of coordination between patent offices and health and medical experts in assessing

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145 *See* CAROLYN DEERE, THE IMPLEMENTATION GAME: THE TRIPS AGREEMENT AND THE GLOBAL POLITICS OF INTELLECTUAL PROPERTY REFORM IN DEVELOPING COUNTRIES 242 (2009) ("TRIPS implementation in the OAPI [African Intellectual Property Organization] countries was shaped by a pro-IP and 'compliance-plus'-oriented political environment."); Keith E. Maskus & Jerome H. Reichman, *The Globalization of Private Knowledge Goods and the Privatization of Global Public Goods*, *in* INTERNATIONAL PUBLIC GOODS AND TRANSFER OF TECHNOLOGY UNDER A GLOBALIZED INTELLECTUAL PROPERTY REGIME 3, 18 (Keith E. Maskus & Jerome H. Reichman eds., 2005) (noting that many less developed countries are "compliance oriented").

146 *See, e.g.*, Convention on Biological Diversity art. 14(1)(a), June 5, 1992, 1760 U.N.T.S. 143 (requiring contracting parties to "introduce appropriate procedures requiring environmental impact assessment of its proposed projects that are likely to have significant adverse effects on biological diversity with a view to avoiding or minimizing such effects and, where appropriate, allow for public participation in such procedures"); U.N. Econ. & Soc. Council, Comm. on Econ., Soc. & Cultural Rights, *General Comment No. 17: The Right of Everyone to Benefit from the Protection of the Moral and Material Interests Resulting from Any Scientific, Literary or Artistic Production of Which He or She Is the Author (Article 15, Paragraph 1(c), of the Covenant)*, ¶ 35, U.N. Doc. E/C.12/GC/17 (Jan. 12, 2006) ("States parties should . . . consider undertaking human rights impact assessments prior to the adoption and after a period of implementation of legislation for the protection of the moral and material interests resulting from one's scientific, literary or artistic productions."); WORLD HEALTH ORG., COMM'N ON INTELLECTUAL PROP. RIGHTS, INNOVATION & PUB. HEALTH, PUBLIC HEALTH, INNOVATION AND INTELLECTUAL PROPERTY RIGHTS 10 (2006) (stating that "[h]ealth policies, as well as inter alia those addressing trade, the environment and commerce, should be equally subject to assessments as to their impact on the right to health"); JAMES HARRISON, THE HUMAN RIGHTS IMPACT OF THE WORLD TRADE ORGANISATION 228 (2007) ("Systematic environmental assessments of trade agreements are relatively common. Norway, the US and Canada all carry out reviews of the environmental impact of trade policies which include some international impact assessment, as do the United Nations Environment Programme and World Wildlife Fund.").

147 *See 45 Adopted Recommendations*, *supra* note 64 (outlining recommendations within the assessment, evaluation, and impact studies cluster).

an invention's contribution to innovation and health welfare.[148] As he explained, health and medical experts are likely to be in a much better position than patent examiners to make such an assessment.[149]

Drawing on Professor Drahos' well-illustrated example, I further suggest that the ANIVSA model be used to facilitate greater cooperation between intellectual property offices in the South and health and medical experts and related nongovernmental organizations in the North.[150] Sadly, despite the potential of the ANVISA model, the Brazilian government recently has greatly curtailed the agency's efforts.[151] There are also political complications that create an inevitable conflict between ANVISA and the Brazilian industrial property

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148 *See* Peter Drahos, *"Trust Me": Patent Offices in Developing Countries*, 34 AM. J.L. & MED. 151, 169–70 (2008).

149 *Id.* at 169–70. As he elaborated:

> The Brazilian model is worth close study by other developing countries. It is a preventive strategy that avoids the high costs of attempting to remove patents that have been granted. It is also an integrative regulatory strategy. It links patentability criteria in the area of pharmaceuticals to the goal of welfare-enhancing innovation in the health sector. One of the real concerns with pharmaceutical patenting has been that patent offices are granting patents over essentially trivial steps in the innovation process. The reasons for this are complex, having to do with the incentives facing patent offices, the narrow training of patent examiners, the fact that patent examiners are not researchers, and that they are not integrated into communities of public health experts that know about what constitutes real innovation in a given field. From the perspective of the patent social contract, the grant of patents over trivial or obvious steps in the pharmaceutical innovation process constitutes a welfare loss to society. Involving public health experts in the process of patent administration is one way of helping to ensure that the patent social contract functions as it should in the health sector.

Id. (footnotes omitted).

150 *See* Peter K. Yu, *Access to Medicines, BRICS Alliances, and Collective Action*, 34 AM. J.L. & MED. 345, 378 (2008).

151 *See* Felipe Carvalho, *Brazil and the Defence of Public Health: Do as I Say, Not as I Do*, INTELL. PROP. WATCH (Feb. 17, 2011, 3:30 PM), http://www.ip-watch.org/weblog/ 2011/02/ 17/brazil-and-the-defence-of-public-health-do-as-i-say-not-as-i-do/ (reporting the October 2010 decision of the Advocacia Geral da União that undermined ANVISA's prior consent mechanism (*anuência prévia*)).

agency (INPI).[152] As of this writing, it is unclear how effective ANVISA will continue to be in the patent area.[153]

In her recent book, Carolyn Deere Birkbeck also underscored the importance of institutional cooperation in the TRIPS context.[154] As she reminded us, "governments with established processes for internal coordination . . . were best able to resist external pressures and to advance a tailored approach to TRIPS implementation."[155] Using India as an example, she wrote:

> Among developing countries, India was the country with one of the longest histories of internal coordination and, relative to other developing countries, . . . stands out for its strategic and tailored approach to TRIPS implementation. In India, the Ministry of Commerce has overall responsibility for WTO, including TRIPS implementation. In 1997, a Coordinating Group of Secretaries on all WTO matters was established by the Prime Minister and is chaired by the Commerce Secretary. Starting in 1996/7, the Commerce Ministry initiated one of the most comprehensive consultation processes among developing countries on TRIPS, involving industry and trade organizations, NGOs [non-governmental organizations], research and academic institutions, political parties, and parliament. Consultations with NGOs and civil society were particularly important in the process of designing India's Plant Variety Protection and Farmers' Rights Act. In addition, the Commerce Minister constituted an Advisory Committee on International Trade under his own chairmanship. The Committee comprises industrialists, economists, NGO representatives, experts from research institutions, and former public servants with an expertise in WTO matters. This committee formed a subgroup to address TRIPS matters and to consider specific issues and proposals for formulating India's positions in the WTO.[156]

To ensure that the treaty's benefits exceed its costs, a new intellectual property enforcement treaty should include provisions accommodating adjustments based on impact studies while facilitating institutional cooperation across sectors and involving multiple agencies. For example, the agreement could include exceptions that allow for adjustments based on impact assessments conducted before the implementation of new standards. The agreement could also

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152 For discussions of this conflict, see generally Kenneth C. Shadlen, *The Political Contradictions of Incremental Innovation: Lessons from Pharmaceutical Patent Examination in Brazil*, 39 POL. & SOC'Y 143 (2011); Kenneth C. Shadlen *The Rise and Fall of "Prior Consent" in Brazil*, 3 WIPO J. 103 (2011) [hereinafter Shadlen, *Rise and Fall*].

153 *See* Shadlen, *Rise and Fall*, *supra* note 152, at 108 ("In fact, as of mid-2011 prior consent appears, for all practical purposes, to be dead.").

154 *See* DEERE, *supra* note 145, at 211–14 (discussing international government coordination in making intellectual property decisions).

155 *Id.* at 213.

156 *Id.*

require alternative or follow up assessments after a specified period following such implementation.[157] For developing countries that do not have the needed capacity or infrastructure to undertake impact assessments, the agreement could further facilitate the development of a mechanism or infrastructure to help them undertake these much-needed studies.[158]

In addition, the agreement could help facilitate the development of cross-sectoral institutional cooperation—for example, through the establishment of taskforces and working groups.[159] Exemplifying such development is the 1995 U.S.-China Agreement Regarding Intellectual Property Rights.[160] To effectively respond to the fragmentary bureaucratic structures in China, this Agreement included an action plan that introduced a new enforcement structure known as the State Council Working Conference on Intellectual Property Rights.[161] This working conference was responsible for the central organization and coordination of protection and enforcement of all intellectual property laws throughout China.[162]

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157 *Cf.* HARRISON, *supra* note 146, at 229 ("The EU methodology . . . contains provisions requiring 'ex post monitoring, evaluation and follow up of trade agreements' so that ongoing impacts of trade agreements can be evaluated once the agreement in question is actually in force."). It is worth noting that ex post reviews tend to be less effective than ex ante reviews. *See* Peter K. Yu, *The Political Economy of Data Protection*, 84 CHI.-KENT L. REV. 777, 799–801 (2010) (criticizing the EU ex post evaluation of its Database Directive and distributing recommendations based on such an evaluation); *see also* James Boyle, *Two Database Cheers for the EU*, FIN. TIMES (Jan. 2, 2006, 5:31 PM), http://www.ft.com/cms/s/99610a50-7bb2-11da-ab8e-0000779e2340.html (discussing the European Commission's first report on the Directive).

158 *See* HARRISON, *supra* note 146, at 234 ("[D]eveloping countries may not have the capacity or infrastructure to undertake assessments by themselves.").

159 *See* Jerome H. Reichman, *Intellectual Property in the Twenty-First Century: Will the Developing Countries Lead or Follow?*, 46 HOUS. L. REV. 1115, 1117 (2009) (arguing that "internal governmental coordination of intellectual property policy would be crucial to formulating appropriate domestic strategies to implement international intellectual property standards under the TRIPS Agreement" (citing unpublished UNDP study by Ruth Okediji, Jerome Reichman, and Jayasharee Watal)).

160 Action Plan for Effective Protection and Enforcement of Intellectual Property Rights, *in* Agreement Regarding Intellectual Property Rights, Feb. 26, 1995, China-U.S., 34 I.L.M. 881 (1995).

161 *See id.* § IA.

162 "This Working Conference was designed specially to target local protectionism and the vulnerability of the Chinese judicial system to that problem." Yu, *From Pirates to Partners*, *supra* note 88, at 147.

IV. ALTERNATIVE ENFORCEMENT STRATEGIES

The development of both the TRIPS Agreement and ACTA has shown that treaties have been embraced as the preferred approach to strengthening global enforcement of intellectual property rights. Part III offers four guidelines policymakers can use to strengthen the treaty-based approach. This Part emphasizes that the treaty-based approach is not the only option for developed countries and their intellectual property industries to strengthen intellectual property enforcement. It discusses, in turn, four alternative strategies that can be used as either complements or substitutes.

A. Economic Assistance

The first strategy concerns the use of economic assistance. Over the years, commentators have advanced a number of proposals to facilitate the provision of economic assistance.[163] In a paper written before he became WIPO's first ever chief economist, Carsten Fink called on either developed country governments or intellectual property rights holders to bear the costs of intellectual property enforcement in developing countries.[164] As he explained:

> Since developed country firms derive a direct benefit from stronger IPRs enforcement, it may be in the interest of their governments to subsidize IPRs enforcement activities in developing countries. Thus, the question of whether stepped-up IPRs enforcement in less developed countries should not be financed by developed country governments is a matter for reflection.
>
> Another approach would be to have enforcement costs borne directly by private rights holders. Arguably, at least some consumers benefit from stronger enforcement action and should therefore share the costs of the public good represented by law enforcement activities. However, private rights holders are the most direct beneficiary of better enforcement and they can therefore be expected to make a substantial contribution to the financing of underlying costs.[165]

Likewise, Mark Liang, in a recently published student comment, suggested the need to create an "IPR Enforcement Fund" that draws on the WTO's annual membership dues.[166] According to him:

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163 *See, e.g.*, Fink, *supra* note 20, at 19; Mark Liang, *A Three-Pronged Approach: How the United States Can Use WTO Disclosure Requirements to Curb Intellectual Property Infringement in China*, 11 CHI. J. INT'L L. 285, 300–02 (2010).

164 Fink, *supra* note 20, at 19.

165 *Id.* at xvi.

166 Liang, *supra* note 163, at 300.

> The WTO could require member states to pay into an "IPR enforcement fund" through annual membership fees. The fund's proceeds would then be distributed to China and other member states that have poor IPR enforcement records. The distribution of funds would be conditioned on their use for IPR enforcement purposes. For example, the money could be used for increasing seizure and confiscation efforts, hiring and training judicial and administrative agency personnel to handle IPR cases, and defraying the costs of judicial and administrative proceedings.[167]

Liang's proposal builds on not only the technical and financial assistance obligations of the WTO and under the TRIPS Agreement, but also the GATT/WTO's longstanding practice of providing such assistance.[168]

Both proposals seek to target the resource and capacity constraints in developing countries. On the surface, they resemble the age-old demands for transfer of wealth from the haves to the have-nots—demands of which policymakers and rights holders in developed countries are arguably tired. In reality, however, these proposals are quite innovative. By facilitating the development of a win-win solution—through which beneficiaries provide financial support to improve the global intellectual property system—the proposals help sustain improvements that are likely to benefit both developed and developing countries.

Moreover, if the system draws financial support from rights holders alone, as opposed to developed country governments, the heavy burden on developed countries will be greatly reduced in the long run. As the innovative capacities in developing countries increase, and as more intellectual property rights holders emerge in these once poor countries, rights holders in developing countries will pick up their share of the burden of improving the intellectual property system. Because the burden of support in this system does not always rest on rights holders from developed countries, the system is likely to be considered fairer.[169]

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[167] *Id.* at 300–01 (footnotes omitted).

[168] *See id.* at 301–02.

[169] Daniel Chow went even further to argue that multinational corporations ("MNCs") "bear ethical and financial responsibility for the unprecedented rise in the global trade in counterfeit goods and that they should bear some of the costs of compensating for the harms that are caused by them." Chow, *supra* note 20, at 792. As he explained:

> MNCs are often portrayed as the victims of counterfeiting, but they actually contribute significantly to creating the problem that harms developing countries. MNCs are responsible because counterfeiting is a predictable result of moving manufacturing and production to developing countries in order to take advantage of low labor and manufacturing costs. As part of establishing manufacturing facilities in developing countries, MNCs transfer commercially valuable intellectual property rights to developing countries with weak legal systems and corrupt governments. By introducing commercially valuable in-

B. Technical Assistance

The second strategy concerns the provision of technical assistance. The language for providing such assistance is already stipulated in the TRIPS Agreement. For example, Article 66.2 states that "[d]eveloped country Members shall provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least-developed country Members in order to enable them to create a sound and viable technological base."[170] Article 67 further requires developed country members to "provide, on request and on mutually agreed terms and conditions, technical and financial cooperation in favour of developing and least-developed country Members."[171] As stated in the provision:

> tellectual property rights that are easily copied in countries where corruption and crime are rampant and enforcement is weak, MNCs are providing an opportunity for lucrative economic crimes that prove impossible to resist for many segments of the poor population in developing countries. MNCs are also making the problem worse because their anti-counterfeiting strategies (which concentrate exclusively on enforcement) actually have the opposite effect of provoking a frenzy of even more counterfeiting at ever-increasing levels. As long as MNCs benefit from low-cost manufacturing in developing countries that involve the transfer of technology to those countries, global trade in counterfeit goods will continue to grow because the bulk of the harms of counterfeiting are corporate externalities for MNCs.

Id. at 790–91.

170 TRIPS Agreement art. 66.

171 *Id.* art. 67. Nevertheless, Duncan Matthews and Viviana Muñoz-Tellez noted the limitations of this provision:

> First, by requiring developing countries to request assistance from developed country WTO members, and by requiring the providers and recipients of technical assistance to agree mutually on terms and conditions, there is a risk that Article 67 perpetuates a dependency culture. IP-related technical assistance subsequently provided by developed countries may be inappropriate for specific country conditions. Secondly, by making explicit reference to the fact that technical cooperation under Article 67 "shall include" the provision of assistance associated with the protection and enforcement of intellectual rights, article 67 fails to place an explicit obligation on developed nations to assist developing countries in utilizing TRIPS flexibilities such as those in relation to compulsory licensing that could help to ensure access to medicines. Neither does article 67 place an obligation on developed country members to assist developing countries with respect to articles 7 and 8 of TRIPS.

Duncan Matthews & Viviana Muñoz-Tellez, *Bilateral Technical Assistance and TRIPS: The United States, Japan and the European Communities in Comparative Perspective*, 9 J. WORLD INTELL. PROP. 629, 632 (2006) (internal citations omitted).

> Such cooperation shall include assistance in the preparation of laws and regulations on the protection and enforcement of intellectual property rights as well as on the prevention of their abuse, and shall include support regarding the establishment or reinforcement of domestic offices and agencies relevant to these matters, including the training of personnel.[172]

Sadly, despite the explicit language in these provisions and the WTO's recent affirmation of the mandatory nature of the technology transfer obligations under Article 66.2,[173] developed countries thus far have only paid lip service to these obligations, with some undoubtedly subscribing to the view that these obligations are merely aspirational.[174] To be fair, many developed countries, industry groups, and international donor organizations have actively provided technical assistance programs.[175] However, many of these programs are narrowly conceived, and they tend to ignore the divergent local conditions in developing countries. Equally questionable is the effectiveness of these programs in helping to build local capacity, as opposed to adopting standards preferred by those providing assistance.

As far as ACTA is concerned, commentators have already expressed fears that technical assistance "experts" will present ACTA as a template for best practices—or even the gold standard—for intellectual property enforcement.[176] Given the Agreement's many design flaws, the use of such a template may further dissuade developing countries from introducing limitations or exceptions that would otherwise be desirable under the local conditions.[177] Such

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172 TRIPS Agreement art. 67.

173 Paragraph 11.2 of the Doha Ministerial Decision of November 14, 2001, which covers implementation-related issues and concerns, states: "[T]he provisions of Article 66.2 of the TRIPS Agreement are mandatory." World Trade Organization, Ministerial Decision of 14 November 2001, ¶ 11.2, WT/MIN(01)/17 (Nov. 20, 2001). The decision further required the TRIPS Council to "put in place a mechanism for ensuring the monitoring and full implementation of the obligations in question." *Id.*

174 *See* Yu, *supra* note 6, at 526.

175 *See generally* CHRISTOPHER MAY, THE WORLD INTELLECTUAL PROPERTY ORGANIZATION: RESURGENCE AND THE DEVELOPMENT AGENDA 61–66 (2007) (discussing WIPO's technical assistance and capacity-building efforts); CAROLYN DEERE BIRKBECK & SANTIAGO ROCA, AN EXTERNAL REVIEW OF WIPO TECHNICAL ASSISTANCE IN THE AREA OF COOPERATION FOR DEVELOPMENT (2011) (reviewing WIPO's technical assistance activities in the area of cooperation for development); Matthews & Muñoz-Tellez, *supra* note 171 (discussing bilateral technical assistance efforts).

176 *See generally* Yu, *Six Secret Fears*, *supra* note 2 (criticizing the many flaws in ACTA).

177 *See id.* at 1040–44.

curtailment is particularly disturbing considering the many permissible limitations, exceptions, and flexibilities in the TRIPS Agreement.[178]

C. Empowerment of Local Stakeholders

The third strategy concerns the empowerment of local stakeholders through sector-based collaboration at the non-state level—for example, among intellectual property rights holders or their representative trade groups. Most accounts of the origins of the TRIPS Agreement focus on state driven developments.[179] However, those accounts are often incomplete.[180] As Susan Sell pointed out:

> State-centric accounts of the Uruguay Round are at best incomplete, and at worst misleading, as they obscure the driving forces behind the TRIPS Agreement .... In the TRIPS case, private actors pursued their interests through multiple channels and struck bargains with multiple actors: domestic interindustry counterparts, domestic governments, foreign governments, foreign private sector counterparts, domestic and foreign industry associations, and international organizations. They vigorously pursued their IP objectives at all possible levels and in multiple venues, successfully redefining intellectual property as a trade issue .... It was not merely their relative economic power that led to their ultimate success, but their command of IP expertise, their ideas, their information, and their framing skills (translating complex issues into political discourse).[181]

Like the development of the TRIPS Agreement, the enforcement of intellectual property rights involves not only state governments, but also sub-state and non-state actors.[182] The fourth recital of the preamble to the TRIPS Agreement explicitly "recogniz[es] that intellectual property rights are private

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178 *See* Yu, *TRIPS Enforcement and Developing Countries*, *supra* note 3, at 744–47 (discussing the importance of minimum standards in the TRIPS Agreement).

179 *See generally* DANIEL GERVAIS, THE TRIPS AGREEMENT: DRAFTING HISTORY AND ANALYSIS 3–27 (3d ed. 2008) (describing the origins and development of the TRIPS Agreement); WATAL, *supra* note 11, at 11–47 (recounting the negotiation process for the TRIPS Agreement); Yu, *supra* note 5, at 371–79 (examining four different accounts of the origins of the TRIPS Agreement).

180 *See* Peter K. Yu, *Are Developing Countries Playing a Better TRIPS Game?*, 16 UCLA J. INT'L L. & FOREIGN AFF. (forthcoming 2012).

181 SELL, *supra* note 140, at 8.

182 *See* NAÍM, *supra* note 23, at 242 ("Antitrafficking strategies based on government action alone are doomed to founder on government's inherent limitations—national frontiers and bureaucratic processes—that traffickers have so adeptly turned to their advantage. And if governments can't curb illicit trade within their own borders alone, it follows that they can't do it beyond their borders, either.").

rights."[183] Although there recently have been growing efforts to shift enforcement costs from private rights holders to the public sector—through ACTA and other nonmultilateral agreements[184]—successful enforcement often requires the cooperation of both private rights holders and public enforcement authorities. As Gregor Urbas reminded us, "[s]ignificant public/private sector interaction is often required at the investigation stage for the identification of pirated or counterfeit goods, and similarly for the collection and presentation of appropriate evidence in any subsequent criminal prosecution."[185] Likewise, Timothy Trainer and Vicki Allums, the authors of a leading treatise on cross-border intellectual property enforcement, wrote: "the role of industry, i.e., the IPR owners, their legal counsel, and investigators, is critical to any degree of effective enforcement at the border."[186]

Given the important roles rights holders will have to play in the intellectual property enforcement system, greater cross-border collaboration among stakeholders at the non-state level is needed to supplement the state-based enforcement regime. As I previously highlighted, the creation of local stakeholders is of paramount importance:

> Policymakers need to help the nonstakeholders develop a stake in the system and understand how they can protect their products and receive royalties. For example, they need to help the nonstakeholders develop their own industry, such as a software industry or a recording industry. By doing so, they will be able to transform the nonstakeholders into stakeholders or potential stakeholders.
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> So far, companies in less developed countries are reluctant to protect intellectual property rights of their foreign joint venture partners, because they have a limited understanding of intellectual property and are suspicious of the intentions behind what their foreign partners are attempting to do. Once they

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183 TRIPS Agreement pmbl.

184 *See* Li, *supra* note 20, at 28 ("[R]esponsibility of enforcement has cost implications .... [B]y shifting responsibility, it would shift the cost of enforcement from private parties to the government and ensure right-holders are beneficiaries without asking responsibility."); Henning Grosse Ruse-Khan, *Re-Delineation of the Role of Stakeholders: IP Enforcement Beyond Exclusive Rights*, *in* INTELLECTUAL PROPERTY ENFORCEMENT, *supra* note 20, at 43, 51–52 (noting the trend of "externalizing the risks and resources to enforce IP rights away from the originally responsible rights-holders towards state authorities"); Yu, *supra* note 6, at 488 ("While, in the past, private rights holders funded enforcement costs through civil litigation, the growing demands for criminalization and public enforcement have led to a gradual shift of responsibility from private rights holders to national governments.").

185 Gregor Urbas, *Criminal Enforcement of Intellectual Property Rights: Interaction Between Public Authorities and Private Interests*, *in* NEW FRONTIERS OF INTELLECTUAL PROPERTY LAW 303, 303 (Christopher Heath & Anselm Kamperman Sanders eds., 2005).

186 TRAINER & ALLUMS, *supra* note 19, at 24.

> learn more about intellectual property and understand their stakes within the copyright system, they will change their perception and position.[187]

To empower local stakeholders, one could, for example, take advantage of the collaboration among trade groups lying across the border. The cooperation between the Recording Industry Association of America (or the International Federation of the Phonographic Industry) and the Music Copyright Society of China provides a good example.[188] Countries could also consider bringing together judges and members of other epistemic communities to collaborate with each other.[189] Although state governments would be involved, the focus of these efforts, in many cases, is the transnational cooperation at the sub-state level.

These cooperation efforts compare favorably against the widely criticized approaches of powerful developed countries, which rely heavily on foreign pressure to induce developing countries to offer stronger protection and

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187 Yu, *supra* note 128, at 431.

188 Established in December 1992, the Music Copyright Society of China represents Chinese singers, composers, music adaptors, heirs, music publishers, and recording companies of Chinese nationality. *See* CATHERINE SUN, CHINA INTELLECTUAL PROPERTY FOR FOREIGN BUSINESS 63 (2004). By the mid-2000s, it already had more than 2,500 members.

189 *See* MICHAEL P. RYAN, KNOWLEDGE DIPLOMACY: GLOBAL COMPETITION AND THE POLITICS OF INTELLECTUAL PROPERTY 15 (1998) (noting that epistemic communities "are valuable for their enormous pools of information and their capacities to acquire and generate more"); ANNE-MARIE SLAUGHTER, A NEW WORLD ORDER 65–103 (2004) (discussing the interactions of judges in a transnational network); Yu, *From Pirates to Partners*, *supra* note 88, at 219–20 ("The United States can . . . improve the professionalism of the legal workers in China by encouraging them to create professional associations and to become members of national and transnational epistemic communities."). As Yang Tseming noted in the environmental law context:

> Epistemic communities have been especially influential with respect to international environmental issues. They are "networks of professionals [such as scientists,] with recognized expertise[,] competence[,] and an authoritative claim to policy-relevant knowledge within [the] issue-area." Because understanding and addressing environmental problems such as stratospheric ozone depletion and global climate change requires technical and scientific expertise, epistemic communities have had a dominant role in shaping the perception of reality, framing issues, and identifying national environmental interests. For example, the advocacy work of atmospheric scientists and environmentalists in large part drove the adoption of the ozone treaties and the phase-out of CFCs.

Yang Tseming, *International Treaty Enforcement as a Public Good: Institutional Deterrent Sanctions in International Environmental Agreements*, 27 MICH. J. INT'L L. 1131, 1147 (2006) (alteration in original) (footnotes omitted) (quoting Peter M. Haas, *Introduction: Epistemic Communities and International Policy Coordination*, 46 INT'L ORG. 1, 3 (1992)).

enforcement of intellectual property rights.[190] Historical experience has shown that external influence has its limits.[191] How successful this influence will be depends ultimately on the relative strength of the players exerting influence from the outside. As countries targeted with external pressure become more powerful, such as today's China, the likelihood of success in using an outside-in approach will be greatly reduced.

D. Do Nothing

Finally, doing nothing (or waiting) could be an alternative strategy. Counterintuitive as it may sound, this strategy is well supported by historical precedents. In the past, countries have migrated slowly from pirating nations to ones respectful of intellectual property rights as they become more economically developed.[192] Thus, it is not entirely far-fetched to assume that intellectual property problems can slowly evolve away, if rights holders and their supportive nations can wait patiently for such an evolution.

A case in point is the United States, which has migrated "from pirate to holdout to enforcer" in less than two centuries.[193] In the late eighteenth and early nineteenth centuries, the United States was one of the world's biggest pirating nations, creating frustration for both British and French authors.[194] As Charles Dickens recounted in frustration on his unsuccessful trip to America:

> I spoke, as you know, of international copyright, at Boston; and I spoke of it again at Hartford. My friends were paralysed with wonder at such audacious daring. The notion that I, a man alone by himself, in America, should venture to suggest to the Americans that there was one point on which they were neither just to their own countrymen nor to us, actually struck the boldest dumb! . . . It is nothing that of all men living I am the greatest loser by it. It is nothing that I have to claim to speak and be heard. The wonder is that a breathing man can be found with temerity enough to suggest to the Americans the possibility of their having done wrong. I wish you could have seen the faces that I saw, down both sides of the table at Hartford, when I began to talk about [Sir Walter] Scott. I wish you could have heard how I gave it out. My

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190 *See* Yu, *From Pirates to Partners*, *supra* note 88, at 136–51 (tracing the United States' coercive intellectual property policy toward China during the 1980s and early 1990s).

191 *See id.* at 140–48 (discussing the limited effectiveness of the United States' coercive intellectual property policy toward China).

192 *See* Yu, *supra* note 127, at 10–15 (discussing the crossover point).

193 *Id.* (capitalization omitted).

194 *See* Yu, *From Pirates to Partners*, *supra* note 88, at 225.

> blood so boiled as I thought of the monstrous injustice that I felt as if I were twelve feet high when I thrust it down their throats.[195]

Notwithstanding Dickens' frustration—and similar complaints by Anthony Trollope, Gilbert and Sullivan, and many others—the attitudes toward protection of foreign authors in the United States soon improved with the arrival of a group of new stakeholders—budding American authors such as James Fenimore Cooper, Ralph Waldo Emerson, Nathaniel Hawthorne, Washington Irving, Henry Wadsworth Longfellow, Herman Melville, Edgar Allan Poe, Harriet Beecher Stowe, Henry David Thoreau, and Walt Whitman.[196] Today, the United States is an uncontested champion of intellectual property rights throughout the world.

If experiences from countries like the United States, Germany, Japan, Singapore, and South Korea can be generalized, developing countries are likely to experience a similar crossover in the near future. Indeed, one can already find promising signs of this crossover in large middle income countries, such as Brazil, China, and India. It is only a matter of time before these countries reach a crossover point where stronger protection will be in their self-interest.[197]

Nevertheless, it is fair to question whether developed countries and their intellectual property industries would have enough patience to wait. Even if economists could accurately show that these large middle income countries would consider it to be in their self-interest to provide satisfactory levels of intellectual property protection and enforcement in two decades, it is very doubtful that developed countries and their supportive industries would be content with this empirically grounded answer.[198] Thus, this final strategy *alone* is likely to be considered unsatisfactory for many intellectual property rights holders.

V. CONCLUSION

For as long as intellectual property rights have existed, the enforcement of these rights has been a challenge at both the domestic and international levels. It is therefore no surprise that some commentators have joked about how

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195 Letter from Charles Dickens to John Foster (Feb. 24, 1842), *reprinted in* Hamish R. Sandison, *The Berne Convention and the Universal Copyright Convention: The American Experience*, 11 COLUMBIA-VLA J. L. & ARTS 89, 92 (1986).

196 *See* Yu, *supra* note 128, at 344.

197 *See* Yu, *supra* note 150, at 391; Yu, *China Puzzle*, *supra* note 88, at 202.

198 Nevertheless, it is comforting to note the positive implications of this historical development. Even if all the existing efforts to strengthen intellectual property enforcement failed, the problems would not necessarily become much worse. In fact, the improvements in the economic and technological conditions may provide the much-needed correction mechanism.

intellectual property lawyers are the "second-oldest profession," younger than only pirates and counterfeiters.[199] Yet, despite all the demands for greater enforcement of intellectual property rights, policymakers, industry representatives, and commentators have yet to develop an appropriate intellectual property enforcement treaty to target the crux of the enforcement problems. While both the TRIPS Agreement and the recently adopted ACTA have included a considerable number of intellectual property enforcement provisions, their effectiveness is highly questionable.

If policymakers are to provide more meaningful protection to intellectual property rights holders, they need to pay greater attention to treaty design. This Lecture has articulated four commonsensical and easy-to-follow guidelines to help them strengthen the protection and enforcement of intellectual property rights at both the domestic and international levels. It has further identified four alternative strategies that can be used to complement or substitute the development of intellectual property enforcement treaties. Hopefully, these principles and strategies will be adopted in the future to help ensure more effective enforcement of intellectual property rights.

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[199] *See* PHILLIPS, *supra* note 25, at 7.