

Intellectual Property Enforcement

International Perspectives

— EDITED BY —

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briefs in the US Supreme Court and the Court of Appeals for the Federal Circuit on important patent law issues, has been a pro bono mediator for the Federal Circuit, and has been a consultant to the UNCTAD on intellectual property, trade and environmental issues. Mr Sarnoff was formerly in private practice in Washington, DC, and previously taught at the University of Arizona College of Law.

Hong Xue is a Professor of Law at Beijing Normal University and Research Fellow of the Information Society Project of Yale Law School. Previously, she was the Associate Professor of the Faculty of Law, University of Hong Kong. Dr Xue specializes in intellectual property law, information technology law and the Internet governance. Dr Xue was elected as one of the Ten Nationally Distinguished Young Jurists by the China Law Society and granted the Special Governmental Allowance for prominent contribution to social science by the State Council of the People's Republic of China. She was also the awardee of the Outstanding Young Researcher Award of the University of Hong Kong. She has published widely in both Chinese and international journals. She works in many governmental and non-governmental organizations. She is the only Asian Scholar in the Executive Committee of the International Association for Promotion of the Advanced Teaching and Research of Intellectual Property (ATRIP) and the Editorial Board of *The Journal of World Intellectual Property*. She was a founding member of the ICANN At-Large Advisory Committee from 2003 to 2007, and she is now a member of the ICANN Nomination Committee and the President's Advisory Committee on Internationalized Domain Names. She is also one of the founders of the Internet Users Organization in the Asia-Pacific Region.

Abbreviations

ACE	Advisory Committee on Enforcement
ACP	African, Caribbean and Pacific countries
ACTA	Anti-Counterfeiting Trade Agreement
ACWL	Advisory Centre on WTO Law
ADB	Asian Development Bank
AMA	Anti-Monopoly Act
BIRPI	Bureaux Internationaux Réunis pour la Protection de la Propriété Intellectuelle
BITs	Bilateral Investment Treaties
BSA	Business Software Alliance
CAFTA	Central African Free Trade Agreement
CARIFORUM	Caribbean Forum of African, Caribbean and Pacific States
CBD	Convention on Biological Diversity
CDIP	Committee on Development and Intellectual Property
CEBR	Centre for Economics and Business Research
CFI	Court of First Instance
CGIAR	Consultative Group on International Agricultural Research
CIEL	Centre for International Environmental Law
CIPIH	Commission on Intellectual Property Rights, Innovation and Public Health
CIPR	Commission for Intellectual Property Rights
CMPI	Center for Medicine in the Public Interest
CVD	Countervailing duty
DMCA	Digital Millennium Copyright Act
DNA	Deoxyribonucleic acid
DOJ	Department of Justice
DRM	Digital Rights Management
DSB	Dispute Settlement Body

EC	European Commission
ECLAC	UN Economic Commission for Latin America and the Caribbean
ECJ	European Court of Justice
EFPIA	European Federation of Pharmaceutical Industries and Associations
EPA	Economic Partnership Agreement
EPSPS	Glyphosate-tolerant 5-enolpyruvylshikimate-3-phosphate synthase
EU	European Union
FAO	Food and Agriculture Organization
FTA	Free trade agreement
FTC	Federal Trade Commission
G8	Group of Eight countries
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GI	Geographical indication
GM	Genetically modified
GMO	Genetically modified organism
IAKP	Innovation, Access to Knowledge and Intellectual Property Programme
ICANN	Internet Corporation for Assigned Names and Numbers
ICN	International Competition Network
ICTSD	International Centre for Trade and Sustainable Development
IFPI	International Federation of Phonogram & Videogram Producers
IMPACT	International Medical Products Anti-Counterfeiting Taskforce
INTERPOL	International Criminal Police Organization
IP	Intellectual property
IPR	Intellectual property right
ISP	Internet service provider
IT	Information technology
LDC	Least developed country
MERCOSUR	Southern Common Market
MFN	Most favoured nation
MPAA	Motion Picture Association of America

OECD	Organisation for Economic Co-operation and Development
R&D	Research and development
RIAA	Recording Industry Association of America
RR	Round-Up Ready
RTA	Regional trade agreement
SAFE	Framework of Standards to Secure and Facilitate Global Trade
SECURE	Provisional Standards Employed by Customs for Uniform Rights Enforcement
SELA	Latin American and Caribbean Economic System
TNC	Transnational corporation
TPM	Technological protection measures
TRIMS	Trade-Related Investment Measures Agreement
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TWN	Third World Network
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
UPOV	Union Internationale pour la Protection des Obtentions Végétales (Union for the Protection of New Varieties of Plants)
UPU	Universal Postal Union
USD	United States dollar
USPTO	United States Patent and Trademark Office
USTR	United States Trade Representative
WCO	World Customs Organization
WCT	WIPO Copyright Treaty
WGTC	Working Group on Trade and Competition Policy
WGTTT	Working Group on Trade and Transfer of Technology (WTO)
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WPPT	WIPO Performances and Phonograms Treaty
WTO	World Trade Organization

Preface

This book draws on two international symposiums on enforcement of intellectual property (IP) and development held by the South Centre¹ in October 2007 and September 2008 in Geneva, regarding recent trends at the national and regional level and new developments in such forums as the World Trade Organization (WTO), the World Intellectual Property Organization (WIPO), World Health Organization (WHO), the World Customs Organization (WCO), the Universal Postal Union (UPU), Group of Eight developed countries (G8), and the Anti-Counterfeiting Trade Agreement (ACTA), among others.

The book analyses the IP enforcement debate in three parts. Part I presents an explanation of the evolving IP enforcement debate and its challenges through an analysis of shifting trends in global governance on IP, the general misunderstanding that informs the IP enforcement discourse, the challenges posed by the discourse for multiple stakeholders, and the current status of IP enforcement standards negotiations. Chapter 1 on 'The changing global governance of intellectual property enforcement: a new challenge for developing countries' by Viviana Muñoz Tellez discusses in brief the relationship between intellectual property and development and traces the historical evolution of international intellectual property law and policy-making up to the present. The chapter finds that the strategies pursued by developed countries and industry lobbies today to exert pressure on developing country governments to increase the enforcement of intellectual property rights and establish TRIPS-plus enforcement standards are not dissimilar from those employed in the 1970s to mid-1990s to bring about TRIPS minimum global standards on intellectual property protection and enforcement. It finds that significant changes are taking place in the global governance of the current international rules for the effective enforcement of intellectual property rights. Finally, the chapter advances two policy recommendations aimed at developing countries and least developed countries. First, these countries

should avoid adopting TRIPS-plus standards for the enforcement of intellectual property rights by coordinating at the multilateral level to resist and proactively counter the TRIPS-plus enforcement agenda. Second, they should zealously maintain and make use of the flexibilities still available in the international intellectual property system to tailor their national systems for the protection and enforcement of intellectual property rights in line with their national development goals.

Chapter 2 on 'Ten general misconceptions about the enforcement of intellectual property rights' by Xuan Li is intended to assist the developing and least developed countries' public authorities and academia in correcting the misconceptions on enforcement of intellectual property rights (IPRs) under the TRIPS Agreement. Currently, the arguments from developed countries tend to oversimplify the discourse on IP enforcement by offering a misleading interpretation of IP enforcement obligations of states under international law or by over-exaggerating a particular aspect of the counterfeit and piracy problem. Such oversimplification is dangerous, for it creates misconceptions that not only confuses the public as to the cause and extent of the problem, but also misleads policy-makers into finding solutions that fail to address the crux of the enforcement of IPRs. In this context, this chapter gives an account of a series of misunderstandings that inform the discourse, including substantive issues such as definition and scope of enforcement, and procedural issues such as administrative and judicial enforcement. It attempts to reconfigure ten general misconceptions about enforcement of IPRs, namely (1) counterfeiting and piracy includes patent infringement; (2) product falsification, counterfeiting and IP-infringed goods are identical; (3) IP infringement poses a consumer threat; (4) the magnitude of claimed IP infringement is enormous; (5) governments should take the primary responsibility of enforcement; (6) governments should bear the cost of IP enforcement; (7) WTO members are bound to provide border measures for all IPR infringement including patent infringement; (8) WTO members are bound to provide a special judicial system for IPR enforcement; (9) criminal procedures must be established for IP-infringing products; and (10) customs administrations have the authority to determine IP infringement.

The notion to strengthen regimes for the enforcement of intellectual property currently takes centre stage in various international,

regional and national forums. In general, developed countries are demanding stronger enforcement, while developing countries take a defensive stand aiming to prevent further obligations beyond those found in Part III of the TRIPS Agreement. Against this background, enforcement of intellectual property is generally connoted with the enforcement of the right-holders' exclusive entitlements – thus neglecting other elements of the intellectual property system such as exceptions and limitations to exclusive rights and their 'enforcement'. This prevents a holistic view on the issue of IP enforcement where all stakeholders and their role and interests in the IP system are examined. Chapter 3 on 'Re-delineation of the role of stakeholders: IP enforcement beyond exclusive rights' by Henning Grosse Ruse-Khan identifies the relevant actors in IP enforcement on the basis of such a holistic approach to IP enforcement. This allows a more comprehensive perspective on the issue of enforcement where developing countries not only have defensive interests in preventing further reductions in the policy space available under TRIPS, but also have significant offensive interests in giving effect to those elements of the intellectual property system that suit their domestic innovation and technology policies and recognize other public interests. The chapter concludes that the current enforcement debate not only suffers from a disproportionate bias towards the interests of right-holders, but at the same time marginalizes the offensive interests of developing countries. Hence, the developing countries should assess the interests of their domestic stakeholders and establish a comprehensive IP strategy that focuses on enforcing these interests.

In the area of IP protection, the latest attempts to dictate TRIPS-plus standards by developed countries is clearly aimed at establishing a new international trade order that will serve their own interests at the expense of developing countries. Since the negotiating capacity of developing countries at the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO) is relatively strong, the developed countries have not been able to fully realize their objective of ratcheting up TRIPS-plus standards on IP enforcement in these forums. Hence, the developed countries launched simultaneous initiatives in other international or regional forums such as the World Customs Organization (WCO), Universal Postal Union (UPU), World Health Organization (WHO), as well as the Group of Eight developed countries (G8), bypassing the WTO

and WIPO process in order to impose TRIPS-plus-plus standards. In particular, developed countries have made the WCO one of the key battlefields with a proposal to expand the authorities of national customs administrations through negotiations on the Provisional Standards Employed by Customs for Uniform Rights Enforcement (SECURE). Xuan Li analyses the SECURE negotiations process in the WCO in Chapter 4 titled 'WCO SECURE: legal and economic assessments of TRIPS-plus-plus IP enforcement'.

Part II of the book provides an account of three recent disputes pertaining to IP enforcement, which depicts the challenges for developing countries and offers insights into lessons that can be drawn from these disputes. In Chapter 5 on 'Enforcing border measures: importation of GMO soybean meal from Argentina', Carlos M. Correa gives an account of the recent cases filed by the US multinational corporation Monsanto in the courts in Denmark, the Netherlands, Spain and the United Kingdom against European importers of Argentine soymeal shipments, seeking that the shipments be detained in the ports in those countries on the grounds that the Argentine soymeal shipments contained the RR gene, which is patented by Monsanto in Europe, and thus the shipments infringed Monsanto's IPR over the same. This case shows the possible implications that a TRIPS-plus IP enforcement regime can have for developing countries. While the case is primarily between Monsanto and European importers, it actually targets the government and soybean producers in Argentina. Moreover, Monsanto relies on its European patent and its enforcement in Europe by producers in Argentina, though Monsanto did not patent the RR gene in Argentina. Thus, through enforcement proceedings in Europe, Monsanto attempted to effectively extend the enforceability of its patent to Argentina, where it did not have a patent over the RR gene. This chapter explains the reasons as well as the possible consequences of this transnational litigation and illustrates its possible impact of broad border measures on legitimate trade, particularly when applied to alleged patent infringements.

While developed countries have been vehemently advocating for a strong TRIPS-plus IP enforcement regime globally that overwhelmingly advances the interests of right-holders, there have been developments within the developed countries that point to a contrarian emerging trend. A very prominent example of this is the US Supreme Court's 2006 decision *eBay, Inc. v. MercExchange, L.L.C.*, which

reversed a long prevailing general rule in US jurisprudence that courts will issue permanent injunctions against patent infringement absent exceptional circumstances, and held that the existence of an IP infringement itself did not necessarily entitle the right-holder to an injunction. In Chapter 6 on 'Flexible application of injunctive relief in intellectual property enforcement (with reference to lessons from the emerging US jurisprudence)', Joshua D. Sarnoff examines the developing law in the United States applicable to judicial decisions to grant or to deny various forms of equitable injunctive relief as a tool for intellectual property rights enforcement in the context of the *eBay* decision and points to the possible lessons in terms of policy choices that US jurisprudence may offer the law-makers and the judiciary in developing countries in balancing the right-holders' interest and public interest when deciding on granting an injunction, which is a major tool for IP enforcement.

Developing countries are also being pushed to change their IP enforcement systems through litigation before the WTO DSB (Dispute Settlement Body). A most prominent example of this is the ongoing dispute between the United States and China at the WTO on 'Measures Affecting the Protection and Enforcement of IP Rights'. Chapter 7 on 'Enforcement for development: why not an agenda for the developing world?', by Hong Xue analyses the US–China dispute as a telling example of how developed countries intervene in the IP law-making and enforcement systems of developing countries and regards the dispute as a case that will test the cornerstones of international IP law and answer whether the developmental values that underpin the international IP regime are still cherished. The chapter argues that to resist the pressures exerted on them by developed countries, developing countries must take an aggressive strategy to inform the global IP enforcement discourse with a pro-development perspective that will make global IP enforcement norms flexible and diversified.

Part III of the book seeks to advance the strategic considerations that should inform the developing countries in addressing the challenges thrown up by the aggressive TRIPS-plus IP enforcement agenda being pushed forward by developed countries. A forum of immediate concern in this regard is the WCO. Chapter 8 by Henrique Choer Moraes on 'Dealing with forum shopping: some lessons from the SECURE negotiations at the World Customs Organization' analyses the WCO as a shopped forum by developed

countries to advance a TRIPS-plus agenda in the area of enforcement of IPRs. Despite the important role that customs might play in the fight against piracy and counterfeiting, the chapter argues that the work of the WCO in the field of IPRs should not be promoted without due consideration to the negative impacts many of the remedies proposed can produce over trade in generic medicines and access to culture. Developing countries' participation in defence of their interests is made difficult by the murky or non-existing rules of procedures in place at the WCO as well as by the highly unbalanced and non-transparent institutional arrangements that govern the functioning of the organization. The chapter elaborates on the many examples that show why the WCO is a unique case of forum shopping and seeks to draw some lessons that can be useful for developing countries. One of the most prominent lessons is the need to ensure strengthened coordination at the domestic level between officials in charge of intellectual property policy-making and customs administrations.

In Chapter 9 on 'Ensuring the benefits of intellectual property rights to development: a competition policy perspective', Yusong Chen suggests that developing countries should accord great importance to competition policy aspects in their IP enforcement systems in order to derive benefits from the IP system. The chapter argues that current WIPO treaties and the TRIPS Agreement provide sufficient policy space to the developing countries for formulating and implementing appropriate competition policy for controlling abuse of IPRs.

Chapter 10 briefly presents the main conclusions drawn from the previous chapters.

The authors of the various chapters in this book are experts renowned in the international IP circles, officials from international organizations and diplomats who have directly participated in WTO/WCO negotiations. They provide analytical frameworks to understand the complex issues raised by enforcement of IPRs and rich first-hand experience of recent negotiations on the subject, adding a special appeal to the book.

It is hoped that the legal analysis, case studies, conclusions and recommendations presented in this book will contribute to a better understanding of the implications of IP enforcement measures, particularly in connection with development policies. The book is intended for a broad reach of readers, including scholars, experts and

students of international relations in general and IP rules-making in particular, government officials and negotiators and companies engaged in offensive or defensive enforcement actions.

Xuan Li
Carlos M. Correa

NOTE

1. The South Centre is an international organization that operates as a think tank for developing countries in relation to various areas of international debates and negotiations, such as international trade, intellectual property and global governance (see Appendix).