

ACE Side Event

WIPO's Capacity-Building Activities to Build
Respect for Intellectual Property

*The balanced approach to building respect for IP and to IP
enforcement in particular*

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Geneva

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The target audience

Criminal enforcement role players:

- Judiciary
- Law enforcement officers
- Customs officials

Civil enforcement role players

- Judiciary



The countries

Developing countries

- Africa
- Caribbean
- Middle East
- South East Asia
- Far East

The laws

- English common-law
- Civil-law
- Mixed law
- Different IP law levels:
 - TRIPS compliant
 - TRIPS minus
 - TRIPS plus

Focus

- TRIPS requirements
- Basic IP principles
- Basic enforcement provisions
- Criminal enforcement:
 - Counterfeiting
 - Piracy



TRIPS flexibilities

Matter for statute law

Two general types

- Substantive
- Enforcement
 - No specialized IP courts

Enforcement flexibilities

- Enforcement in other IP cases: Art. 61, Art 51 (2nd sentence)
- Wilfulness
- Commercial scale
- Sentences
- Small consignments: Art. 60
- *Ex officio* border measures

Civil flexibilities

- Uncooperative parties: Art. 43.2
- Injunctions: Art. 44.1 (2nd sentence)
- Damages: Art. 44.2 (2nd sentence)
- Damages: Art. 45.2
- Right of information: Art. 47, Art. 57 (2nd sentence), Art. 58(a)
- Destruction: Art. 59 (exceptional circumstances)

Balanced approach



- Law is about balance:
 - Subject to subject
 - State to subject
- But laws themselves may fail to provide proper balance
 - Temporary political/economic issues
 - Unintended consequences
 - Legislative inertia

Why the concern about balance in IP law and enforcement?

- International norms
- But
 - Adoption, interpretation and enforcement are subject to local law and custom.
 - IP foreign/new to many societies.
 - Lack of exposure.
 - Lack of legal education.
 - Lack of experience.

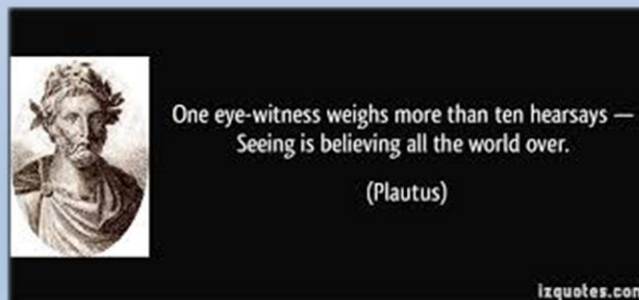
TRIPS on balancing rights

Article 7: Objectives

- The protection and enforcement of intellectual property rights should contribute
- to the promotion of technological innovation and to the transfer and dissemination of technology,
- to the mutual advantage of producers and users of technological knowledge
- and in a manner conducive to social and economic welfare, and
- *to a balance of rights and obligations.*

The effect of Art 7

- Seeing is believing.
- Effect not (always) visible in developing world.
- Does IP, in the “Third World”, create more false hopes and misplaced expectations than material benefit?



Consequences

- IP-phobia
- IP considered “special” and “difficult”
- Over-awed by new technology
- Enforcement out of balance
- Non existent rights acknowledged
 - Plagiarism
 - Grey goods
 - Generics
- Real rights denied
- Irrelevant considerations taken into account

A
*lack of
boundaries
invites
a lack of
respect.*

PICTUREQUOTES.COM

Topics

Balancing covers every aspect but some will be highlighted.

- Balancing copyright
- Justification of IP crimes
- Law enforcement priorities
- Prosecuting IP crimes
- Sentencing IP crimes
- Interim injunctions/interdicts



1. BALANCING COPYRIGHT

The Copyright Act provides a balance between

- promoting the public interest in the encouragement and dissemination of works of the arts and intellect

AND

- obtaining a just reward for the creator (or, more accurately, to prevent someone other than the creator from appropriating whatever benefits may be generated).

IceTV Pty Limited v Nine Network Australia Pty Limited [2009] HCA 14

Requirements for Berne exceptions

Exceptions are permitted in national legislation:

- In defined special cases,
- The reproduction may not conflict with the normal exploitation of the work and
- It does not unreasonably prejudice the legitimate interests of the author.

Right of the public

- Conventional approach is that fair use exceptions are limited because author's rights are supreme.
- Approach developing of recognising the right of the public.
- And to balance it against that of the author.
- Consequence of human rights culture.
- US approach is to permit fair dealing generally and not strictly according to Berne norms.



Lenz v Universal Music

- Fair use is not just excused by the law, it is wholly authorized by the law.
- The fair use of a copyrighted work is permissible because it is a non-infringing use.
- Fair use is not an infringement to be excused, but a right.

2. JUSTIFICATION



Why are counterfeiting and piracy criminalized?

- Private rights
- Basically matter for civil law
- Civil law ineffective
- Public policy considerations

Luxury brand fallacy



- The state has an interest in the protection of luxury brands.
- But luxury brands are not the reason for protection.
- It is about the general good.
- Objective is to enhance trade and promote a legitimate economy and to provide consumer protection.

Public policy requires protection of:

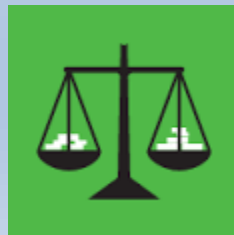
- Property rights (intangible) of owners
- Public health and safety
- Tax and customs and excise income
- Local and regional industries
- Foreign investment and investor confidence
- International trade relations
- Prevention of corruption and organized crime
- Compliance with international standards and obligations

The Titanic



3. LAW ENFORCEMENT PRIORITIES

- Nature and level of general criminality.
- Comparable economic crimes.
- Nature of the particular instance determines priority.
- For example, with counterfeit drugs public health is at stake.



Target of criminal enforcement

- Committed by different persons with different degrees of moral blameworthiness.
- Culpability of the offenders forming part of the supply chain normally depends on their proximity to the source of the illicit goods.
- Target the mastermind.
- Final link in distribution chain.



4. PROSECUTORIAL DISCRETION

The whole point of prosecutorial discretion in the judicial system is finding a just outcome in an individual case. (Amended quote)

- State interest
- Public interest
- Scale
- Loss
- Victims

Other (complementary) charges

- Fraud
- Customs
- Tax
- Racketeering and money laundering
- Drug and food legislation
- Standards
- False labelling – merchandise marks
- Labour related legislation
- Aiding, abetting, attempt



Overlapping charges

- Pirated goods usually have counterfeit trademarks.
- If easier to prove counterfeiting than piracy, concentrate instead on counterfeiting.
- Anti-counterfeiting laws may be useful in combating crimes such as dealing in fake medicines.

Alternative charges: local authority infringements

- Trading licences
- Trading zones
- Traffic offences
- Health regulations

Diversion

- Plea bargaining.
- Compounding.



Abuse of IP rights

- There are those that use the trademark register to stifle competition and not for its statutory purpose.
- This practice gives intellectual property law a bad name.
- It also throws serious doubt on whether this part of the law covers anything intellectual.

Abuse of criminal proceedings

- Rights holders may use the threat of criminal proceedings as leverage to obtain a civil settlement.
- Once settlement reached, they do not assist the prosecution.
- Rights holders may have no interest in criminal prosecution e.g. global settlement.

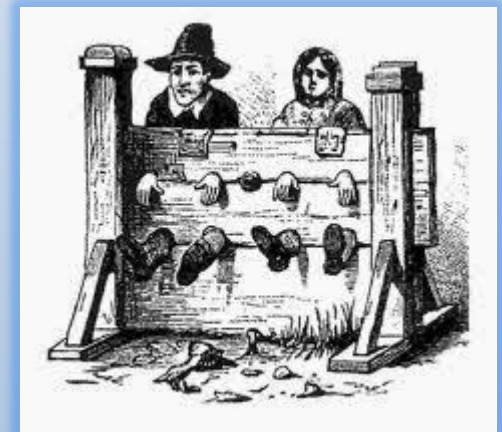
5. SENTENCING

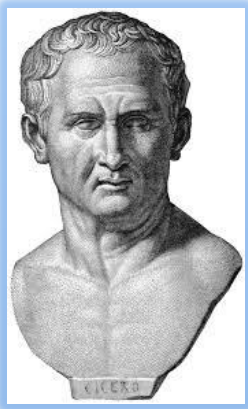
- Sentence levels and sentencing attitudes differ from society to society.
- It is impossible to make any sensible comparisons to draw any meaningful conclusions.
- “At present maximum fines for violating intellectual property rights range from £586 in Greece to £67,000 in Holland. Maximum prison sentences range from three months in Greece to 10 years in Britain.”

Judicial approach to sentencing

What has to be considered is

- the crime,
- the offender and
- the interests of society.





Balanced approach

Among the faults of judges are, on the one hand, severity and, on the other, misplaced pity.

Cicero, the advocate, said:

“Let the punishment be equal with the offence.”

“Care should be taken that the punishment does not exceed the guilt.”

“Anger should be especially contained in punishing, because he who comes to punishment in wrath will never hold that middle course which lies between the too much and the too little.”

Certainty of detection and conviction

- The deterring effect of sentences depends on the certainty of detection and conviction.
- Unless the police are properly equipped and able to investigate all crime within a reasonable time and bring the case to court and unless the court system is effective no sentence can have any deterrent value.
- A criminal commits a crime on the supposition that he will not be caught.
- The more realistic this supposition the more motivation there is for ignoring laws and committing crimes.



Proportionality

Voltaire said in 1766:

‘If the death penalty is imposed for both small and considerable thefts, it is obvious that [the offenders] will try to steal much. They may even become murderers if they believe that this is a means not to be detected. All that proves the profound truth that a severe law sometimes produces crimes.’

Proportionality II

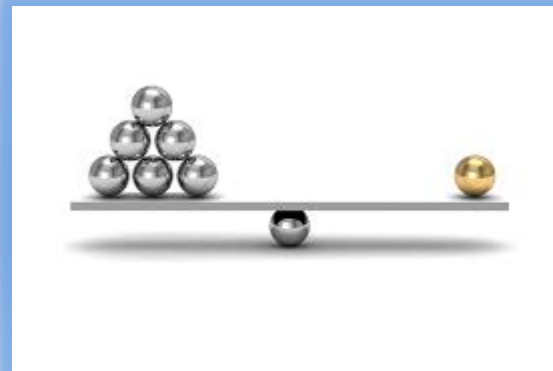
- “Sentencing practice for trade mark crimes should not neglect the issue of proportionality.
- Too severe penalties may not deter, but even encourage counterfeiting at a larger scale (because taking the risk of harsh punishment only pays off in relation to larger operations),
- and they may undermine public respect and acceptance of trade mark and criminal law alike.”

(Andreas Rahmatian)

Proportionality III

- The empirical data on norms and copyright infringement suggests that harsh sanctions, including criminal ones, may be ineffective in promoting lawful behavior.
- Strong-armed enforcement tactics induce strong anti-copyright aversion.
- Therefore excessive sanctions can actually prove counterproductive.
- No evidence that increasing criminal penalties encourages innovation.

(Irina D. Manta)



Moral culpability

- The legislative justification for severe sentences is based on the perceived harm to the public.
- But harm depends on the nature of the counterfeiting and generalizations are inapposite.
- The type of goods involved, as well as the nature and degree of deception perpetrated, should be considered .
- Level of moral culpability and economic harm perpetrated should be considered.
- The defendant who sells a \$25 “Rolex” is not in the same category as one who sells a \$25 sugar pill labelled AZT, to a sick and unsuspecting AIDS patient.

6. INTERIM INJUNCTIONS

One of the most important civil remedies for the breach of IP rights is a temporary injunction pending the full ventilation of the dispute at a trial.

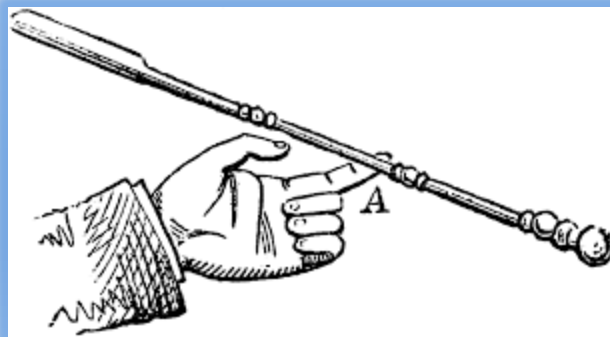
- Restores the status *quo* and halts the infringing act.
- Provides parties with a preview of the opponent's case.
- Cases are consequently often settled or concluded without a trial.
- Cost effective because they are decided urgently without a full hearing or oral evidence.

Dangers of Interim Proceedings

- Far-reaching commercial consequences.
- Seldom that the innocent respondent will be able to prove or recover its loss.
- A court always has a wide discretion to refuse.
- But the court does not have a free and unfettered discretion.
- The discretion is a judicial one.
- Must be exercised according to law and upon established facts.

CONCLUSION

- Change of centre of gravity.
- Justify rights.
- Consider IPR enforcement in a social context.
- Regard legitimate public rights.
- Moving away from counter-productive enforcement.



Prepared on demand

