

# LIKE A ROLLING STONE: SHOULD ACTA BE STOPPED?



The Anti-Counterfeiting Trade Agreement has been the subject of protests and demonstrations in cities across the world. *TB&I* asks what all the fuss is about.

It was Bob Dylan who implored politicians to “heed the call” of the masses. He asked them not to “stand in the doorway” or “block up the hall”, because, as the song’s title forewarns, “the times they are a-changin’”. Dylan couldn’t have known that one such change would be the way in which his music is distributed and consumed, but his plea to politicians to stand aside to let these changes happen, as many would argue, is still one that they need to hear.

The Anti-Counterfeiting Trade Agreement (ACTA) is an agreement that should be heeded, according to its proponents, but especially according to its opponents. Thousands of protesters took to the streets in cities such as Berlin, Warsaw and London to demonstrate against ACTA, which was negotiated as an international trade agreement between Japan, Australia, Canada, the EU, Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland and the US.

The agreement, which is intended to harmonise international standards for intellectual property enforcement, has been negotiated and finalised, as well as signed by eight of the negotiating parties. The EU Council has authorised EU member states to sign it, and so far 22 have done so. Opponents say it will ‘break’ the Internet: its users policed and their opinions censored; its supporters say it is needed to ensure that IP enforcement is harmonised globally.

Maintaining a free and open Internet is of paramount importance to its users. They worry that agreements such as ACTA safeguard the rights of IP owners but strip away their own.

Gwen Hinze, the director of international IP at the Electronic Frontier Foundation (EFF), says that ACTA “expressly targets the Internet and Internet users”. She says that it gives rights holders broad new online enforcement powers and creates strong incentives for online service providers to take actions that will “undermine Internet users’ privacy and freedom of expression”.

Hinze adds: “ACTA contains broad injunction powers and

requires countries to have provisional measures to prevent IP infringement. It also establishes criminal penalties for aiding and abetting infringement on a commercial scale. There’s concern that these provisions could be used to encourage Internet intermediaries to block access to particular digital material or websites, or to filter communications on their networks and platforms. ACTA also contains specific provisions for enforcement in the digital environment that include language that is vague and open to differing interpretations.”

A key argument that ACTA’s supporters make is that the agreement does not make many references to the Internet. It primarily deals with harmonising international standards relating to practical enforcement issues, including evidence, damages, seizures, destruction of goods, border measures and criminal penalties, says Marius Schneider, the chairman of the Europe Communities Trademark Association’s (ECTA’s) anti-counterfeiting committee and partner and director of the IP practice at Eeman & Partners in Belgium.

He says: “There is, contrary to the criticism that is often expressed about ACTA, very little that specifically mentions online IP infringement. It’s not an Internet treaty; it’s very much concerned with hard goods in the main provisions.”

ACTA’s Section 5 Article 27 most clearly refers to the Internet. It says: “Each party shall ensure that enforcement procedures ... are available under its law so as to permit effective action against an act of infringement of IP rights which takes place in the digital environment, including expeditious remedies to prevent infringement and remedies which constitute a deterrent to further infringements.”

Tim Cahn, a partner at Kilpatrick Townsend & Stockton LLP, says that this is a broad, general and ultimately indeterminate principle made all the more prominent by the way in which much of the rest of the agreement is so explicitly written.

He says: “I can see that the principle of requiring effective online anti-piracy measures might be troubling to folks who are inclined to doubt, and may be sceptical in the first instance about, the intentions behind the agreement. The principle is simply that treaty members shall make remedies available so as to permit effective action against digital infringement online. That’s pretty much the sum and

substance of what it provides. In the abstract, that sounds like a very good principle and is certainly one that I would support, but it sort of issues a mandate without much explanation about what that would look like.”

The key point of Section 5 Article 27 is to make enforcement actions that can be taken against offline counterfeiting and piracy apply to online counterfeiting and piracy, says Candice Li, external relations manager for anti-counterfeiting at the International Trademark Association (INTA).

“That’s a fair interpretation, but digital piracy is such a different phenomenon from the trans-border movement of physical goods,” says Cahn. “The mandate to provide procedures and remedies to permit effective action against, for example, the digital distribution of pirate goods—what does it mean in context? Does that mean the host country must make measures available to enforce against the host of that website, the search engine that leads users to that site, the company that registered the domain name of that website, or others?”

“I think it’s the lack of clarity of that broad principle that is feeding the general concern, the flames of which were fanned by the US Stop Online Piracy Act (SOPA) that, broadly interpreted, these principles could shut down the Internet.”

Li explains: “There isn’t a full consensus on what measures to take against counterfeiting on the Internet, and that’s why the Internet section is a bit broader and contains a much simpler, more fundamental set of measures. This is a way to help countries that don’t have the same type of anti-counterfeiting measures as the EU and US to understand what they can do, and how they can tackle counterfeiting online.

“In that way, brand owners will benefit from being able to do that in those countries.”

EU countries including Germany and Poland have delayed signing the agreement, and opponents to it are surfacing in European politics. In January, Kader Arif, who was the European parliament’s rapporteur for ACTA, resigned from his post in protest. Another rapporteur, David Martin, recently told the European parliament, which has to ratify ACTA before it becomes binding in Europe, that it should shelve the agreement.

Martin said: “The intended benefits of this international agreement are far outweighed by the potential threats to civil liberties. Given

the vagueness of certain aspects of the text and the uncertainty over its interpretation, the European parliament cannot guarantee adequate protection for citizens’ rights in the future under ACTA.”

Despite the opposition to ACTA, rights holders are keen to see it signed and implemented. Li handles all of INTA’s anti-counterfeiting policy initiatives worldwide and has tried to demonstrate business and industry support for the agreement. The association and its members are concerned about trademark infringement and counterfeiting, particularly

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as it is “definitely a trend that isn’t ebbing at this point in time”, she says. “Right now we’re seeing different trends in counterfeiting that are presenting new anti-counterfeiting challenges to enforcement authorities. Because of that, much more international cooperation is needed. There needs to be both higher standards and new ways to tackle counterfeiting, and that is what we see in ACTA.”

In response to protests, the EU Commission decided to refer ACTA to the Court of Justice for the EU (CJEU), although the EU parliament will not make its own referral and so will not wait for the CJEU’s opinion before voting on the ratification of ACTA. EU commissioner Karel De Gucht stressed that ACTA will “change nothing about how we use the Internet and social websites today”, nor will it “hinder freedom of the Internet or freedom of speech”. He added: “Let’s cut through this fog of uncertainty and put ACTA in the

spotlight of our highest independent judicial authority ... a referral will allow Europe’s top court to independently clarify the legality of this agreement.”

The CJEU is being asked to “clarify the legality” of ACTA to ensure that it meets EU laws, says Schneider. “It’s clearly in line and there isn’t going to be a big surprise from the CJEU—I hope.”

Clarity over what ACTA does and does not do has been sought in Europe because of the way the agreement was negotiated. Hinze says that good policy requires input from “all affected stakeholders”, but ACTA “clearly failed on that score”.

She says that it was negotiated in a “secretive and non-transparent” process, adding that an official ACTA text was not released until April 2010—“two years after negotiations had been under way”.

“The EFF filed a Freedom of Information Act request and subsequent lawsuit in 2008 to obtain information about the negotiation objectives for ACTA. That resulted in the disclosure of 159 redacted pages of background information; a further 1,362 pages were withheld on the basis of a ‘national security’ classification. As a result, EFF and other public interest groups concerned about citizens’ freedom of expression and access to medicines had to rely on ACTA texts that had been leaked to the Internet to learn what was in the agreement.”

In the EU’s case, ACTA was negotiated in this way because it is a trade agreement, says Schneider. “It’s not customary in that field to share the negotiation process and the intermediary results of this process,” he says. “It’s really important to keep that in mind.”

He adds: “Speaking for myself, I think rights holders would’ve liked more influence over negotiations, as would many who are opposed to ACTA. I think it wasn’t clever to negotiate ACTA in secret.”

The fact that ACTA was drafted behind closed doors adds to the controversy surrounding it, as the intentions of its negotiators are unclear. Schneider says that the objective of ACTA is to create high standards for enforcing IP rights that trading partners can be “convinced to sign up to”.

He adds: “The idea was never for the EU or the US or other developed economies to change their own laws. They have just taken good

standards from their own laws and tried to put as many of them as possible into ACTA.”

Cahn goes one step further. He says: “I truly believe that through this treaty, various international cooperation strategies and, if necessary, coercion, countries that don’t have these types of remedies available will decide to adopt them. In any event, this agreement will ultimately lead to international cooperation against what is thoroughly and profoundly a global problem.”

It was “clear from the start” that ACTA was meant for developing countries, says Hinze. “Since ACTA standards are, purportedly, already in the laws of many ACTA negotiating countries, the logical conclusion is that ACTA was intended to force changes in the laws of countries that were not part of the negotiations,” she adds. “ACTA standards are likely to be a requirement of future US bilateral trade agreements, and used as evaluation criteria in the annual *Special 301* report published by the Office of the US Trade Representative.”

## ACTA and Europe

European countries won’t have to change their laws significantly if they sign up to ACTA, says Schneider. “Clearly, the standards of ACTA are well below the current European law.”

For example, ACTA contains a provision on the information that a rights holder can obtain from an infringer or an alleged infringer. That right of information is optional under the Trade-Related Aspects of IP Rights (TRIPS) agreement, but ACTA makes it compulsory. It also expands the list of information that a rights holder can request.

Schneider says: “This ACTA standard remains below the EU standard set out the IPR Enforcement Directive. The directive allows a rights holder to ask for information from an alleged infringer, but it goes one step further because it also allows a rights holder to ask for information from any other person who contributed to the infringement on a commercial scale, including persons found in possession of infringing goods or persons who provide services used for the infringement.

“Under the directive, this right of information applies not only to the infringer, but also to intermediaries and service providers. If you take that as an example, ACTA stays far below the threshold that we have in Europe. So there’s absolutely no need for changes there.”

Opposition to ACTA heightened in the aftermath of protests against SOPA and its sister bill, the Protect IP Act (PIPA).

The anti-piracy legislation would have allowed the US Attorney General to seek injunctions against foreign websites that profit from piracy and counterfeiting, to increase criminal penalties for traffickers of counterfeit medicine and military goods, and to improve coordination between IP enforcement agencies in the US.

But US Congress postponed its consideration of SOPA—effectively shelving the bill—after



Wikipedia and Google took part in an online protest against the legislation in January. It remains to be seen whether other US legislation, such as the Cyber Intelligence Sharing and Protection Act, pick up where SOPA left off. The power of protest could be worrying for supporters of ACTA who fear that the agreement could be derailed, despite its differences from SOPA.

In protest against SOPA, Wikipedia instigated a 24-hour blackout. Visitors to its English-language website were greeted with a black page and white text that said “imagine a world without free knowledge”, as well as links to more information. Jay Walsh, a spokesperson for the Wikimedia Foundation, a non-profit organisation that operates the online encyclopaedia, says the decision to protest against SOPA was not taken lightly.

He says: “Our legal team and our community of volunteers basically saw the threat that this

represented, which is why the actions against SOPA unfolded. Fundamentally, it proposed (and mostly in a somewhat grey fashion) a reworking of the basic function of the free and open Internet. We were alarmed about the lack of information in the legislation. Who would make the decisions about illegal content? Content owners? Private business? The Department of Justice? And perhaps most problematic, the laws were developed with no real appreciation about how millions of people use the Internet today.”

The protestors’ detractors have accused them of misunderstanding SOPA and some have as gone as far as to say that attacking SOPA was tantamount to supporting IP theft. But the Wikimedia Foundation dismisses these notions.

Walsh says: “Our community did understand what SOPA represents, probably because they know how our projects work so well, and why it’s possible for our projects to exist. They exist, and Wikipedia thrives, because information can flow freely on the web. Because users from all parts of the world can collaborate in real time. The project works because it is not censored. Because it’s hosted in the US our project and its participants are protected by the first amendment. Our community understood this threat, and the millions of readers who took action on January 18 expressed their views and shared their beliefs with their elected representatives.”

As for being misinformed, Walsh says that websites such as Wikipedia help to educate Internet users about legislation, including SOPA. “Wikipedia’s articles on SOPA/PIPA contain balanced information on the bills—and that’s one of the reasons those articles were not blocked on January 18,” he says. “We urged everyone to get informed on the topic and take action. We’d do the same again in the future.”

ACTA has been thrust into the limelight, prompting protests both online and outside the offices of prominent rights holders. Whether ACTA threatens the Internet as we know it depends on how you look at it. But at least the controversy has put the issue of the protection of online IP centre stage.

Internet users are paying attention to IP much more than they have before, and that’s good news for owners who regularly experience online infringement. The ratification of ACTA in this context would be a bonus. ■