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The Anti-Counterfeiting Trade Agreement (ACTA) and the impact assessment on intellectual property

di

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Abstract

The debate on the Anti-Counterfeiting Trade Agreement is very important for the density and complexity of the subject after a negotiating process of 11 rounds from June 2008 to November 2010. In the international agreements, the European Commission is the negotiator on behalf of the European Union and this also happened for the Anti-Counterfeiting Trade Agreement (ACTA) that is a plurilateral treaty agreed between the EU, its Member States and other, mainly developed, countries.

The Anti-Counterfeiting Trade Agreement (ACTA) "aims to establish a comprehensive international framework that will assist the EU in its efforts to effectively combat the infringement of intellectual property rights (IPR)" [1].

The debate on the Anti-Counterfeiting Trade Agreement is very important for the density and complexity of the subject after a negotiating process of 11 rounds from June 2008 to November 2010.

In the international agreements, the European Commission is the negotiator on behalf of the European Union (acting on a mandate from the Council) and this also happened for the Anti-Counterfeiting Trade Agreement [2].

ACTA is a plurilateral treaty agreed between the EU, its Member States and other, mainly developed, countries. It is a "mixed agreement" and it is also a treaty touching EU and shared and Member State competences.

ACTA "must be signed and ratified by all Member States to enter into force (provided 5 other contracting parties do the same, according to Art. 40 ACTA), and the European Parliament must give its consent according to TFEU Art.207 and 218" [3].

For that, the four committees' opinions (Civil Liberties Committee, Industry Committee, Legal Affairs Committee, Development committee) have been sent to the International Trade Committee, which is the lead and responsible committee for the Anti-Counterfeiting Trade Agreement and will adopt its position on 21 June [4].

The four committees' opinions are not binding but voted against the pact and it demonstrated doubtless the general point of view in the Parliament.

Finally it will pass to the full House and Parliament will vote in the July plenary [5].

In this respect, the issue requires closer examination.

ACTA has been created "to prevent trade in counterfeit physical and digital goods by enforcing the protection of intellectual property (IPR), at borders and online" [6].

The main motivation for the Anti-Counterfeiting Trade Agreement was the fight against pirated products and trade in counterfeit because, according to OECD, such trade amounted to a value of \$200 billion in 2005, not including digital trade [7].

The issue was to provide common procedures for the contracting States to ensure a faster and better protection of the rights of multinational companies, through actions on a large scale.

In fact ACTA is an enforcement treaty [8] and its preamble "states that ACTA aims to be complementary to the WTO agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)" [9].

ACTA's provisions are binding only on its contracting parties but the ACTA Parties will remain fully bound by TRIPS and subject to the Dispute Settlement Body of the WTO.

As regards the provisions of ACTA on the protection of Intellectual Property Rights, it is of paramount importance to note two aspects of ACTA

Firstly, "ACTA is neutral on substantive protection of IPRs. The determination of what should be considered an IPR infringement and what should not be, is left to the domestic laws of the Parties" [10].

Therefore, "if an ACTA Party creates an exemption from IPR protection in certain regards, it will not have to apply the ACTA enforcement measures to those exempt areas. Obviously, the Parties who will have created such an exemption will be under no obligation to implement the civil, administrative or criminal provisions of ACTA in respect of the exempted activity.

Consequently, ACTA will have no impact whatsoever on the determination of what should be regarded as an IPR infringement in any countries" [11].

Secondly, ACTA often references to TRIPS for important provisions [12].

Thus, "the principle of harmonious interpretation and systemic integration, which acts as a general presumption against conflict in the interpretation of treaties, would seem to require that the TRIPS safeguards continue to bind the Parties insofar as there is no attempt to disclaim or remove those standards in the text" [13].

Clearly, the safeguards contained in TRIPS cannot be modified by ACTA [14].

Notwithstanding the "Anti-Counterfeiting Trade Agreement was born out of the frustration of the major industrialised economies with progress on monitoring and norm-setting on the enforcement of intellectual property rights in multilateral fora" [15], as has already been said, the results of the pact have been debated on many occasions for the implications in civil, border, criminal and digital (piracy and counterfeiting) enforcement.

The arguments in favour of ACTA are strongly backed by business organisations and the Commission: the group's position is that ACTA, protecting intellectual property, will preserve jobs in Europe [16].

In addition, if the companies' innovations will be protected, they will invest more in research and development and this fact will generate economy growth.

Interest groups in favour of ACTA point out that the agreement can create new jobs or innovating knowledge [17] or contribute to health and safety in Europe "by keeping potentially dangerous counterfeit technical goods or medicines out of the single market" [18].

Nevertheless, the Commission considers that ACTA would not force the European or its Member States to change their Intellectual Property Right legislation [19].

On the contrary, the arguments against ACTA cover different aspects.

First, opponents claim that the treaty has not so many positive effects, because the countries that produce the most counterfeit goods (e.g. China) are not among the parties to the treaty [20].

The second key argument of the opponents is based on DG EXPO PD paper in which they note that "when IPR protection becomes very strong, as with ACTA, it can have the reverse effect and hamper innovation" [21].

Another problem is the compatibility of ACTA with Fundamental Rights: several stakeholders also say that "ACTA goes beyond the EU *acquis* and thus tips the balance of IPR protection unfairly towards rights holders as opposed to (legitimate) users of IPR. They hold that ACTA can infringe many fundamental rights, such as the right to information and privacy. Moreover, development NGOs and academics fear that it could hinder the export of generic medicines to developing countries" [22].

Kostas Rossoglou, Senior Legal Officers of the BEUC (European Consumers' Organisation) has underlined that it is necessary a balance between the rights holders and the rights of Consumers, but actually ACTA does not that [23].

Joe Mc Namee, Advocacy Coordinator of European Digital Rights [24] has said that the Commission observes that in theory that wording can be implemented in a way which wouldn't interfere with Fundamental Rights. But in practise if we look what is happening in the real world, this wording will often used to infringe Fundamental Rights and that is the problem [25].

Another topic of discussion is the responsibility of the provider: ACTA aims to provide a legislative alternative procedure to the democratic procedure of States: so implementing measures and even criminal penalties should be imposed through "private" trade agreements [26].

ACTA could limit the digital area by creating systems of monitoring with obvious contrast of Privacy rules and the freedom of expression [27].

ACTA provides the possibility of obtaining injunctions to prevent future violations of the rights with filter systems which have already been considered a violation of the International Covenant on Civil and Political

Rights and which have been declared by the Court of Justice [28] a violation of the freedom of expression and information.

In fact the filters could not be able to distinguish between content that is legal and illegal [29].

It is not so easy to evaluate the legality of an online content, because there are the so-called free use (fair use), i.e. the hypothesis in which a content may be used even in the absence of authorisation of the individual holder [30].

Finally the opponents of ACTA believe that the protection of economic interests of the multinationals could become more important than the fundamental rights of citizens [31].

After these considerations about the ACTA, the legislative impact and the opinions in favour and against it, the next step for the future of the pact, will be the Parliament's vote in the July plenary.

Notes:

[*] This work has been previously subjected to blind refereeing entrusted to a member of the Referee Committee in accordance with the regulations adopted by this Journal.

[1] Proposal for a Council decision on the conclusion of the Anti-Counterfeiting Trade Agreement between the European Union and its Member States, Australia, Canada, Japan, the Republic of Korea, the United Mexican States, the Kingdom of Morocco, New Zealand, the Republic of Singapore, the Swiss Confederation and the United States of America , COM(2011) 380 final. *Cf* Explanatory Memorandum.para.5. *Cf* also the speech delivered by the Commissioner De Gucht on 29 February 2012 , "ACTA- State of Play", 1st Exchange of Views with the Committee for International Trade o the European Parliament, SPEECH/ 12/ 136 available at

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/12/136>; accessed 13 June 2012), p.5.

[2] DRAFT RECOMMENDATION on the draft Council decision on the conclusion of the Anti-Counterfeiting Trade Agreement between the European Union and its Member States, Australia, Canada, Japan, the Republic of Korea, the United Mexican States, the Kingdom of Morocco, New Zealand, the Republic of Singapore, the Swiss Confederation and the United States of America, PE486.174.

[3] The Anti-Counterfeiting Trade Agreement (ACTA), February 2012, to be found at

<http://www.library.sso.ep.parl.union.eu/lis/site/policyAreaPostDetail.for m?postId=43928&policyAreaId=5> (last accessed 14 June 2012).

[4] See "ACTA now rejected by four EP committees" in

http://www.europarl.europa.eu/news/en/pressroom/content/20120529_IPR45936/html/ACTA-now-rejected-by-four-EP-committees (last accessed 14 June 2012).

If ratified by European Parliament, then ACTA will be submitted to the Member States for ratification at the national level.

[5] See "ACTA now rejected by four EP committees" in http://www.europarl.europa.eu/news/en/pressroom/content/20120529_IPR45936/html/ACTA-now-rejected-by-four-EP-committees (last accessed 14 June 2012).

[6] ACTA- an introduction, March 2012, available at [http://www.library.sso.ep.parl.union.eu/lis/site/policyAreaPostDetail.form?q=\(td_f:\(lib_summary\)\)&postId=44288](http://www.library.sso.ep.parl.union.eu/lis/site/policyAreaPostDetail.form?q=(td_f:(lib_summary))&postId=44288) (last accessed 14 June 2012).

[7] KAMPERMAN SANDERS Anselm, MOERLAND Anke, PUGATCH Meir, VERGANO Paolo R., *The Anti-Counterfeiting Trade Agreement (ACTA): an assessment in Directorate-General for external Policies of the Union Directorate B Policy department study*, Brussels European Parliament, June 2011, p. 6.

[8] GEIGER Christophe, GEIST Michael, PUGATCH Meir, TORSTENSSON David, VRINS Olivier, *Workshop The Anti-Counterfeiting Trade Agreement (ACTA)*, in *Directorate-General for external Policies of the Union Directorate B Policy department study*, Brussels European Parliament, March 2012, p. 70.

[9] See [http://www.library.sso.ep.parl.union.eu/lis/site/policyAreaPostDetail.form?q=\(td_f:\(lib_summary\)\)&postId=44288](http://www.library.sso.ep.parl.union.eu/lis/site/policyAreaPostDetail.form?q=(td_f:(lib_summary))&postId=44288).

See also Agreement on Trade-Related Aspects of Intellectual Property Rights, Annex 1C to the Marrakesh Agreement Establishing the World Trade Organization (WTO), signed in Marrakesh on 15 April 1994; approved on behalf of the European Community by Council Decision 94/800/EC of 22 December 1994 concerning the conclusion on behalf of the European Community, as regards matters within its competence, of the agreements reached in the Uruguay Round multilateral negotiations (1986- 1994) [1994] OJ L336/1.

[10] GEIGER Christophe, GEIST Michael, PUGATCH Meir, TORSTENSSON David, VRINS Olivier, *Workshop The Anti-Counterfeiting Trade Agreement (ACTA)*, id., p. 71; see *Anti-Counterfeiting Trade Agreement*, Article 3.

[11] Id.

[12] Examples are in Articles 1, 2(3), 8(2) and 13, in addition to Article 5 (when defining "intellectual property").

It is important to note that in ACTA there is no definitions of "digital environment". Probably the concept refers to all forms of electronic information transmission.

[13] K Weatherall, 'Politics, Compromise, Text and the Failures of the *Anti-Counterfeiting Trade Agreement*' (2011) 33(2) *Sydney Law Review* 229, at p. 258 (available at

http://sydney.edu.au/law/slr/slr_33/slr33_2/Weatherall.pdf; accessed 24 March 2012). Cf pp. 259-260.

[14] ACTA (n 36), Art 2(1).

[15] The Anti-Counterfeiting Trade Agreement (ACTA), February 2012, to be found at

<http://www.library.sso.ep.parl.union.eu/lis/site/policyAreaPostDetail.form?postId=43928&policyAreald=5> (last accessed 14 June 2012).

For more on this see: M Kaminski, "Recent Development: The Origins and Potential Impact of the Anti-Counterfeiting Trade Agreement (ACTA)", 34 YALE J. INT'L L. 247 (2009).

[16] ACTA (n 36), Art 2(1). Policy Department DG External Policies

[http://www.library.sso.ep.parl.union.eu/lis/site/policyAreaPostDetail.form?q=\(td_f:\(lib_summary\)\)&postId=44288](http://www.library.sso.ep.parl.union.eu/lis/site/policyAreaPostDetail.form?q=(td_f:(lib_summary))&postId=44288).

[17] See statement on ACTA by the the European Commissioner Anders Jessen in the meeting "Compatibility of ACTA with Fundamental Rights" WORKSHOP (Bruxelles, 16 May 2012).

[18] ACTA- an introduction, March 2012, available at

[http://www.library.sso.ep.parl.union.eu/lis/site/policyAreaPostDetail.form?q=\(td_f:\(lib_summary\)\)&postId=44288](http://www.library.sso.ep.parl.union.eu/lis/site/policyAreaPostDetail.form?q=(td_f:(lib_summary))&postId=44288) (last accessed 14 June 2012).

[19], [20], [21], *Id.*

[22] *Id.*

This opinion was supported by the Civil Liberties Committee and the Industry Committee: they said that ACTA is "incompatible" with EU fundamental rights and health and does not balance the rights and freedoms of the different stakeholders.

[23] See statements on ACTA in the meeting "Compatibility of ACTA with Fundamental Rights" WORKSHOP (Bruxelles, 16 May 2012).

[24] e [25] *Id.*

[26] See <http://www.valigiablu.it/doc/691/accordi-fra-multinazionali-mettono-in-pericolo-i-diritti-dei-cittadini.htm> (accessed 14 June 2012).

[27] *Id.*

[28] Case C-70/10 *Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)*, [2011].

[29] See <http://www.valigiablu.it/doc/691/accordi-fra-multinazionali-mettono-in-pericolo-i-diritti-dei-cittadini.htm> (accessed 14 June 2012).

[30] *Id.*

[31] See <http://ictsd.org/i/news/bridgesweekly/134799/> (accessed 14 June 2012).