

9-1-2010

# The Impact of the Anti-Counterfeiting Trade Agreement (ACTA) on Canadian Copyright Law

Elizabeth Judge  
*University of Ottawa*

Saleh Al-Sharieh  
saleh.sharieh@rogers.com

Follow this and additional works at: <http://digitalcommons.wcl.american.edu/research>

 Part of the [Intellectual Property Commons](#), and the [International Trade Commons](#)

---

## Recommended Citation

Judge, Elizabeth and Al-Sharieh, Saleh, "The Impact of the Anti-Counterfeiting Trade Agreement (ACTA) on Canadian Copyright Law" (2010). *PIJIP Research Paper Series*. Paper 13.  
<http://digitalcommons.wcl.american.edu/research/13>

This Article is brought to you for free and open access by the Program on Information Justice and Intellectual Property at Digital Commons @ American University Washington College of Law. It has been accepted for inclusion in PIJIP Research Paper Series by an authorized administrator of Digital Commons @ American University Washington College of Law. For more information, please contact [fbrown@wcl.american.edu](mailto:fbrown@wcl.american.edu).

# THE IMPACT OF THE ANTI-COUNTERFEITING TRADE AGREEMENT (ACTA) ON CANADIAN COPYRIGHT LAW<sup>1</sup>

*Elizabeth F. Judge & Saleh Al-Sharieh<sup>2</sup>*

## ABSTRACT

With the advent of The Anti-Counterfeiting Trade Agreement (ACTA), the protection and enforceability of intellectual property rights will continue growing. Canadians, like other citizens whose countries may adhere to this treaty, would notice major changes to the legal systems regulating their rights and obligations with respect to intellectual property. With respect to copyright law, by deciding to be a party of ACTA, Canada would be facing a true challenge of fulfilling its international obligations and at the same time preserving its carefully drawn copyright law and policy. This paper argues that the impact of ACTA on Canadian copyright law would be noticeable; the proposed treaty would import into Canadian copyright law notions that are not in harmony with its purpose, provisions, and/or judicial interpretation. Further, the paper argues that ACTA will be foremost in mind in the ongoing reform to the Copyright Act; this means, if ACTA is concluded and the reform to the Canadian Copyright Act fails, another unfulfilled international promise will be added to the shoulder of Canadian copyright policy makers, like the one pertinent to the WIPO Internet Treaties.

---

<sup>1</sup> At the time this paper was researched and written, the July 1, 2010 draft of ACTA was the most recent draft of the text. Any references to “the most recent text” and related analysis refer to the July 1, 2010 draft. After this paper was submitted for publication, a new draft of ACTA was leaked on Aug. 25, 2010. This paper may be revised by the author to reflect changes made by the Aug. 25, 2010 draft text.

<sup>2</sup> Elizabeth F. Judge, Ph.D., Associate Professor, Faculty of Law, Common Law Section, University of Ottawa.

Saleh AL-Sharieh, LL.D. Candidate, University of Ottawa, Faculty of Law, Common Law Section, University of Ottawa.

<b>ABSTRACT</b> .....	<b>1</b>
I. INTRODUCTION.....	2
II. ACTA: AN OFFICIAL CLAIM AND A SUSPICION OF A NEW BATTLE .....	3
III. THE IMPACT OF ACTA ON CANADIAN COPYRIGHT LAW .....	15
A. <i>Civil Enforcement</i> .....	15
B. <i>Criminal Enforcement</i> .....	19
C. <i>Border Measures</i> .....	21
D. <i>Enforcement in the Digital Environment</i> .....	23
1. Third Party Liability .....	23
2. ISPs Safe Harbor .....	26
3. The Protection of Technological Protection Measures....	31
IV. CONCLUSION.....	37

## I. INTRODUCTION

Canada's participation in ACTA's negotiations has raised concerns amongst Canadian academics, politicians, public advocacy groups, and institutions and individuals interested in the copyright domain. Most of the Canadian concerns share the criticism being voiced around the world on ACTA's undemocratic approach toward international intellectual property norm-setting and the prospective role of its norms in ratcheting up the protection and enforcement of intellectual property. Nevertheless, some concerns are specific to Canada; they are pertinent to the impact of ACTA on the balance that is diligently struck under the Canadian Copyright Act<sup>3</sup> and its judicial interpretation. Balance is the ultimate purpose under Canadian copyright law, the achievement of which requires avoiding overprotecting right holders at the expense of users, and concurrently recognizing the latter as rights holders. Thus, since ACTA is rights-holder oriented, many Canadians fear that the proposed treaty will reshape the Canadian Copyright Act and, thus, distort the balance that has been struck

---

<sup>3</sup> Copyright Act, R.S.C. 1985, c. C-42. Constitutionally, Copyright falls within the jurisdiction of the federal legislator. See s. 91(23) of Constitution Act, 1867, Department of Justice Canada <[http://laws.justice.gc.ca/en/const/c1867\\_e.html#pre](http://laws.justice.gc.ca/en/const/c1867_e.html#pre)>.

in copyright protection in Canada. To alleviate these concerns, the Canadian Industry Minister, Tony Clement, stated that ACTA will be “subservient” to Canadian legislation, including the Copyright Act.<sup>4</sup>

This paper argues that the impact of ACTA on Canadian copyright law would be noticeable; the proposed treaty would import into Canadian copyright law notions that are not in harmony with the purpose of the Canadian copyright law, the status quo of Canadian copyright law, and the orientation of Canadian copyright jurisprudence. Further, the paper argues that ACTA will be foremost in mind in the ongoing reform to the Copyright Act; this means if ACTA is concluded and the reform to the Canadian Copyright Act fails, another unfulfilled international promise will be added to the shoulder of Canadian copyright policy makers, like the one pertinent to WIPO internet treaties. Canada is currently engaged in Phase Three of copyright reform, which focuses on digital copyright issues. The advancement of technology and the country’s treaty obligations were the impetus to a series of amendments to the Copyright Act, the latest of which was in 1997. The challenges that the internet has brought to the field of copyright by establishing the need to expand the umbrella of protection to digital works, as evidenced by Canada being a signatory to the WIPO internet treaties, has necessitated further amendment to the Copyright Act. In June 2010, after two failed attempts in 2005 and 2008, the Canadian Government tabled Bill C-32: “An Act to amend the Copyright Act” to modernize the provisions of the Copyright Act in light of the contemporary technological advancements and, at the same time, to implement the WIPO Internet Treaties. Despite the ongoing process to reform the Canadian Copyright Act the Canadian Government has not been discouraged from joining the negotiations of the proposed Anti-Counterfeiting Trade Agreement (ACTA). Canada officially announced its intention to join the negotiations on October 23, 2007 and has been an active participant in all the negotiations rounds held since then.

This paper is divided into two parts: the first deals with the official claim of ACTA as an anti-counterfeiting and piracy agreement as well as the suspicions surrounding this claim. The second part discusses the legal framework of ACTA and its impact on Canadian copyright law.

## II. ACTA: AN OFFICIAL CLAIM AND A SUSPICION OF A NEW BATTLE

According to the Office of the United States Trade Representative

---

<sup>4</sup>Canadian Copyright Law to Trump ACTA (Dec. 1, 2009), <http://www.cbc.ca/technology/story/2009/12/01/clement-copyright-acta-ndp.html>.

(USTR), the Anti-Counterfeiting Trade Agreement (ACTA) is a proposed plurilateral agreement that aims to enhance the enforcement of intellectual property rights and combat counterfeiting and piracy.<sup>5</sup> Introducing an anti-counterfeiting trade agreement was a Japanese idea, which overlapped with the desire of other like-minded countries for stronger enforceability of intellectual property rights as expressed in different initiatives, forums, and events.<sup>6</sup> Initial discussions among the United States, EU, Canada, Japan, and Switzerland were carried out between 2006 and 2007, but the official launch of negotiations for the ACTA was in June 2008.<sup>7</sup> The ongoing rounds of negotiations expanded to include more countries, such as Australia, Mexico, Morocco, New Zealand, Singapore, and South Korea.<sup>8</sup> Some countries which participated in first rounds of the negotiations, specifically Jordan, United Arab Emirates and Uruguay, have dropped out.<sup>9</sup>

So far, there have been nine rounds of negotiations and the goal of the participating countries is to reach an agreement by the end of 2010.<sup>10</sup> The tenth round of negotiations took place in Washington D.C. during the period

---

<sup>5</sup> Office of the United States Trade Representative, The Anti-Counterfeiting Trade Agreement - Summary of Key Elements under Discussion (Nov. 6, 2009), [http://www.ustr.gov/webfm\\_send/1479](http://www.ustr.gov/webfm_send/1479) [hereinafter ACTA - Summary of Key Elements].

<sup>6</sup> See, e.g., The Second Global Congress on Combating Counterfeiting and Piracy: The Lyon Declaration (Nov. 15, 2005), <http://www.ccapcongress.net/archives/Lyon/files/OutcomesStatement20051115.pdf> (considering Japan's proposal for a new international treaty addressing counterfeiting and piracy); G8 Summit, Combating IPR Piracy and Counterfeiting, (St. Petersburg, Russia, Jul. 16, 2006), <http://en.g8russia.ru/docs/15.html> (reaffirming the group's commitment to fight piracy and counterfeiting); Office of the U.S. IPR Coordinator, Bush Administration Strategy Targeting Organized Piracy (Sep. 2007), [http://www.stopfakes.gov/pdf/Memo\\_STOP\\_Sheet\\_September\\_2007.pdf](http://www.stopfakes.gov/pdf/Memo_STOP_Sheet_September_2007.pdf) (The "Stop!" initiative was launched by the Bush administration in 2004 to harmonize the efforts of a number of federal agencies and engage the American industry and the U.S. trading partners in strengthening the enforcement of intellectual property rights in the U.S. and abroad); and European Commission Directorate General for Trade, Strategy for the Enforcement of Intellectual Property Rights in Third Countries (May. 5, 2005), [http://trade.ec.europa.eu/doclib/docs/2005/april/tradoc\\_122636.pdf](http://trade.ec.europa.eu/doclib/docs/2005/april/tradoc_122636.pdf) (proposing a set of actions to overcome the problem of intellectual property violations). For a complete account of ACTA's origins, see Peter K. Yu, *Six Secret (and Now Open) Fears of ACTA*, 63 SMU L. REV. 4-7 (forthcoming 2010), available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1624813](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1624813).

<sup>7</sup> See ACTA – Summary of Key Elements, *supra* note 5; Ambassador Schwab Announces U.S. Will Seek New Trade Agreement to Fight Fakes (Oct. 23, 2007), <http://www.ustr.gov/ambassador-schwab-announces-us-will-see-new-trade-agreement-fight-fakes>.

<sup>8</sup> ACTA – Summary of Key Elements, *supra* note 5.

<sup>9</sup> EU ACTA Negotiator Confirms EU Wants Patent Provisions in ACTA (May 8, 2009), <http://lists.essential.org/pipermail/a2k/2009-May/004427.html>; Charles R. McManis, *The Proposed Anti-Counterfeiting Trade Agreement (ACTA): Two Tales of a Treaty*, 46 HOUS. L. REV. 1235, 1239 (2009).

<sup>10</sup> ACTA – Summary of Key Elements, *supra* note 5.

of August 16-20, 2010. In the first seven rounds of the negotiations, held between June 2008 and January 2010, officials of participating countries negotiated the treaty under an unprecedented veil of secrecy.<sup>11</sup> No official text of the treaty was released, and the countries merely distributed a document summarizing the major elements being discussed under the treaty,<sup>12</sup> and rejected the reliability of any leaked draft text of the treaty.<sup>13</sup> Nevertheless, the US and EU denied that the negotiations are intended to be secret, arguing that for efficiency reasons it is “normal” and “accepted practice” for the early stages of international negotiations treating economic matters not to be carried out in public and for negotiators to adhere to “a certain level of discretion.”<sup>14</sup>

The lack of transparency in ACTA’s negotiations has triggered severe criticism from civil society and academics.<sup>15</sup> At the official level, on March

---

<sup>11</sup> Negotiators of ACTA agreed that all the documents exchanged in the course of the negotiations will be classified as “Confidential Foreign Government Information.” *See* Office of the United States Trade Representative, Memorandum for All Anti-Counterfeiting Trade Agreement Negotiators (Feb. 8, 2008) [http://www.eff.org/files/filenode/EFF\\_PK\\_v\\_USTR/maruyama\\_decl.pdf](http://www.eff.org/files/filenode/EFF_PK_v_USTR/maruyama_decl.pdf)>. Trying to get information on ACTA’s negotiations, the Electronic Frontier Foundation (EFF) and Public Knowledge (PK) submitted a request to the USTR, under the Freedom of Information Act, seeking the release of records on the proposed treaty and the negotiations pertinent thereto. The request was ignored by the USTR and, as a result, the EFF and PK initiated a suit against the USTR on September 17, 2008 requesting that the Court order the USTR to respond to their request. *See* Electronic Frontier Foundation, FOIA: Anti-Counterfeiting Trade Agreement (ACTA) (Sep. 17, 2008), <http://www.eff.org/cases/eff-and-public-knowledge-v-ustr>; Electronic Frontier Foundation and Public Knowledge v. Office of the United States Trade Representative (Civil Action 08-1599 (D.D.C.)) (Sep. 17, 2008), <http://www.jdsupra.com/post/documentViewer.aspx?fid=0a48a9c9-adea-4d21-b192-2fe34a88412b>. Eventually, the EFF and PK dropped the suite on the ground that courts have little power to force the executive branch to release documents classified confidential on “national security grounds,” after the Obama’s administration showed its support to the classification. *See* EFF and Public Knowledge Reluctantly Drop Lawsuit for Information About ACTA (Jun. 17, 2009), <http://www.eff.org/press/archives/2009/06/17>.

<sup>12</sup> ACTA – Summary of Key Elements, *supra* note 5.

<sup>13</sup> European Commission, Fact Sheet: Anti-Counterfeiting Trade Agreement (Oct. 23, 2007) (Updated November 2008), [http://trade.ec.europa.eu/doclib/docs/2008/october/tradoc\\_140836.11.08.pdf](http://trade.ec.europa.eu/doclib/docs/2008/october/tradoc_140836.11.08.pdf) [hereinafter ACTA Fact Sheet].

<sup>14</sup> *Id.*; *see also* ACTA – Summary of Key Elements, *supra* note 5; *see contra* “ACTA is Secret. How Transparent are other Global Norm Setting Exercises?” (Jul. 21, 2009), [http://www.keionline.org/misc-docs/4/attachment1\\_transparency\\_ustr.pdf](http://www.keionline.org/misc-docs/4/attachment1_transparency_ustr.pdf).

<sup>15</sup> *See, e.g.*, Margot Kaminski, *The Origins and Potential Impact of the Anti-Counterfeiting Trade Agreement (ACTA)*, 34 YALE J. INT’L L. 247, 247 (2009) (describing ACTA, due to its lack of transparency, as “a black box that could contain a bomb”); Michael Geist, *ACTA Guide, Part Three: Transparency and ACTA Secrecy* (Jan. 27, 2010), <http://www.michaelgeist.ca/content/view/4737/125/> (summarizing the public concern over the secrecy of ACTA, identifying the sources of this secrecy, and arguing that secrecy is not the standard in the negotiations involving international norms setting); James Love, *Transparency of FTAA Negotiations, Compared to ACTA* (Dec. 7, 2009), <http://keionline.org/node/715> (arguing that it is not the standard to negotiation treaties in

10, 2010, the European Parliament approved a resolution calling upon the European Commission to publicly reveal all documents pertinent to ACTA negotiations and to promote adherence to transparency with respect to the negotiations and their outcome.<sup>16</sup> The European resolution and the proliferation of leaks of ACTA documents, the most significant of which was the January 18<sup>th</sup> treaty draft,<sup>17</sup> motivated the negotiating countries to release an official draft text of the treaty after the eighth round of negotiations held in Wellington in April 2010.<sup>18</sup> Unlike the leaked January text, the official draft of the treaty does not identify the positions of countries with respect to the controversial provisions; instead, each different proposition of the participating countries was left in square brackets without reference to the country to which this proposition belongs. In the ninth round of negotiations held in Lucerne, Switzerland from June 28 to July 1, 2010, the participating countries did not release a new draft of the treaty; however, a major leak of the most recent draft of the treaty shortly followed.<sup>19</sup>

ACTA's claimed purpose as a treaty against piracy and counterfeiting is surrounded by the suspicion that ACTA is merely a new battle to win the long going war over more absolute control of intellectual property. In this

secret); Secret Counterfeiting Treaty Public Must be Made Public, Global Organizations Say (Sep. 15, 2008), <http://www.essentialaction.org/access/index.php?/archives/173-Secret-Counterfeiting-Treaty-Public-Must-be-Made-Public,-Global-Organizations-Say.html>.

<sup>16</sup> European Parliament, Resolution of 10 March 2010 on the Transparency and State of Play of the ACTA Negotiations (Mar. 10, 2010), <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0058+0+DOC+XML+V0//EN>. The European Parliament had earlier called upon the European Commissioner to make available all the documents relating to ACTA's negotiations. *See* Access to Documents: The European Parliament Demands more transparency (Nov. 3, 2009), [http://www.europarl.europa.eu/news/expert/infopress\\_page/019-51409-068-03-11-902-20090310IPR51408-09-03-2009-2009-false/default\\_es.htm](http://www.europarl.europa.eu/news/expert/infopress_page/019-51409-068-03-11-902-20090310IPR51408-09-03-2009-2009-false/default_es.htm).

<sup>17</sup> Anti-Counterfeiting Trade Agreement, Informal Predecisional/ Deliberative Draft (Jan. 18, 2010),

[http://2974639497112273069-a-1802744773732722657-s-sites.googlegroups.com/site/iipenforcement/201001\\_acta.pdf?attachauth=ANoY7co\\_45n9zXlqIXf0Fi1a7ErXl7h3f-D\\_hvR6UhEMRZAYGQFhDpGxubs4pGNYTZ5oQMAEuM6I0S6bQPvboErI49q2Pm19QFB7xo7YT8a4Z8owoBYwIxnhdPAySS3Lu24Fk31aHazzcDc1L-5IcaMW3oZCo4NpLjRJBvIS4XL5DzwyhWD8WAc\\_STH3PAPx6f98Phh8YzIZrLJtKy0ZRc3Yjsn5HuhcWw%3D%3D&attredirects=0](http://2974639497112273069-a-1802744773732722657-s-sites.googlegroups.com/site/iipenforcement/201001_acta.pdf?attachauth=ANoY7co_45n9zXlqIXf0Fi1a7ErXl7h3f-D_hvR6UhEMRZAYGQFhDpGxubs4pGNYTZ5oQMAEuM6I0S6bQPvboErI49q2Pm19QFB7xo7YT8a4Z8owoBYwIxnhdPAySS3Lu24Fk31aHazzcDc1L-5IcaMW3oZCo4NpLjRJBvIS4XL5DzwyhWD8WAc_STH3PAPx6f98Phh8YzIZrLJtKy0ZRc3Yjsn5HuhcWw%3D%3D&attredirects=0) [hereinafter January Draft].

<sup>18</sup> Anti-Counterfeiting Trade Agreement, Public Predecisional /Deliberative Draft (Apr. 2010), [http://www.ustr.gov/webfm\\_send/1883](http://www.ustr.gov/webfm_send/1883) [hereinafter Official Draft].

<sup>19</sup> Anti-Counterfeiting Trade Agreement, Informal Predecisional/ Deliberative Draft (Jul. 1, 2010),

[http://www.laquadrature.net/files/ACTA\\_consolidatedtext\\_EUrestricted130710.pdf](http://www.laquadrature.net/files/ACTA_consolidatedtext_EUrestricted130710.pdf) [hereinafter July Draft]

battle, industrial countries aim to achieve two goals: ratcheting up international intellectual property protection and enforcement and, at the same time, opposing any user-oriented force.<sup>20</sup> This suspicion is supported by a number of indications. Foremost, industrial countries are negotiating ACTA as an intellectual property enforcement treaty despite their relatively recent success concluding the Agreement on Trade-Related Aspects of Intellectual Property Rights,<sup>21</sup> the underlying agenda of which also ratchets up international intellectual property protection and enforceability.<sup>22</sup> Moreover, the U.S. and EU come to ACTA negotiations after achieving a “TRIPS-plus model”<sup>23</sup> of intellectual property protection and enforceability in a bundle of bilateral and regional trade agreements they negotiated and

---

<sup>20</sup> Peter M Gerhart, *Why Lawmaking for Global Intellectual Property is Unbalanced*, 22 EIPR 309 (2000) (arguing that the international mechanism of intellectual property norm setting is designed to produce norms the purpose of which is mainly to serve the interests of rights holders, regardless of the associated societal detriments to societies).

<sup>21</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments: Results of the Uruguay Round, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter TRIPS Agreement].

<sup>22</sup> Rochelle Cooper Dreyfuss, *TRIPS-Round II: Should Users Strike Back?*, 71 U. Chi. L. Rev. 21 at p. 21 (2004) (arguing that the TRIPS Agreement is mainly designed to serve the interests of rights holders with little attention to the interests of users); Graeme B. Dinwoodie & Rochelle Cooper Dreyfuss, *International Intellectual Property Law and the Public Domain of Science*, 7(2) J.Int'l Econ.L. 431 at p. 448 (2004) (stating “[t]o put it another way, because the TRIPS Agreement was negotiated with the goal of promoting international trade, the goals of substantive balance common to domestic intellectual property systems are barely discernible in its provisions”); Frederick M. Abbott, *The Enduring Enigma of TRIPS: A Challenge for the World Trading System*, (1998) 1(4) J.Int'l Econ.L. 497, at p. 499 (1998) (arguing that TRIPS is a global intellectual property regime that meets the interests of intellectual property industries in the developed world). Even prior to introducing TRIPS Agreement, industrial countries had sought to revise international intellectual property convention in order to expand the level and scope of intellectual property protection and enforceability, e.g., *Berne convention for the Protection of Literary and Artistic Works*, 9 September 1886, 1161 U.N.T.S. 31, (Completed at Paris on May 4, 1896, Revised at Berlin on November 13, 1908, completed at Berne on March 20, 1914, and revised at Rome on June 2, 1928, at Brussels on June 26, 1948, at Stockholm on July 14, 1967, and at Paris on July 24, 1971), see Peter Burger, *The Berne Convention: Its History and Its Key Role in the Future*, 3 J.L. & Tech. 3 at p.7 (1988); Ruth Okediji, *Toward an International Fair Use doctrine*, 39 Colum. J. Transnat'l L. 75 at pp. 104-105 (2000). “The minimalist nature of [hereinafter *Berne Convention*] obfuscated the real, if yet unrealized, triumph for high-protectionist states, namely that international copyright could only get stronger. High-protectionist countries, such as France, incurred short-term costs in not obtaining higher levels of protection at the Conventions' inception but, for the long term, the fact that there was an international agreement that, by its terms, contemplated future revisions to improve the system and make the rights more secure, was by far the most vital victory”.

<sup>23</sup> For Peter Drahos, a TRIPS-Plus model “requires a Member to implement a more extensive standard; or [] eliminates an option for a Member under a TRIPS standard”, see Peter Drahos, *BITS and BIPs: Bilateralism in Intellectual Property*, 4(6) *JWIP* 791 at p.793 (2001).



reached with other countries, largely developing nations.<sup>24</sup> ACTA, therefore, is taking the international intellectual property regime into a new stage where the level of intellectual property protection and enforceability is described as “TRIPS-Plus-Plus Model.”<sup>25</sup> In sum, negotiating ACTA in the presence of TRIPS’ global “one-size-fit all”<sup>26</sup> mode of protection, which is backed by the enforceability mechanism of the WTO,<sup>27</sup> and in the aftermath

---

<sup>24</sup> See e.g., United States (U.S.)-Jordan: Agreement between the United States of America and the Hashemite Kingdom of Jordan on the Establishment of a Free Trade Area, Oct. 24, 2000, 41 I.L.M. 63 [hereinafter United States-Jordan FTA]; United States-Chile Free Trade Agreement, Jun. 6, 2003, 42 I.L.M. 1026; U.S.-Singapore Free Trade Agreement, May., 6 2003, 42 I.L.M. 1026; United States-Morocco Free Trade Agreement, Jun. 15, 2004, 44 I.L.M. 544; Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Hashemite Kingdom of Jordan, of the other part, Nov. 24, 1997, OJ L 129 of 15.05.2002. For a comprehensive discussion of the role bilateralism in the international intellectual property regime, see Peter Drahos, *BITS and BIPs: Bilateralism in Intellectual Property*, 4(6) *JWIP* 791, at p. 803 (describing bilateralism as a major mechanism the U.S and the EU are utilizing to oblige developing countries to adhere to levels of intellectual property protection and warning developing countries that they are being led “into a highly complex multilateral/bilateral web of intellectual property standards that are progressively eroding not just their ability to set domestic standards, but also their ability to interpret their application through domestic administrative and judicial mechanisms.”); Ruth L. Okediji, *Back to Bilateralism? Pendulum Swings in International Intellectual Property Protection*, UOLTJ 125 (2003-2004) (arguing that bilateralism has always been a mechanism used in regulating international relations; however, while this old bilateralism tended to confer mutual benefits on both contracting members, the new bilateralism the United States is adopting now in its foreign trade relations resembles a regime shifting tactic that aims at developing an expansive intellectual property protection model free of the limitations required by the TRIPS Agreement).

<sup>25</sup> Susan K. Sell, *The Global IP Upward Ratchet, Anti-Counterfeiting and Piracy Enforcement Efforts: The State of Play* (Jun. 9, 2008), [http://www.iqsensato.org/wp-content/uploads/Sell\\_IP\\_Enforcement\\_State\\_of\\_Play-OPs\\_1\\_June\\_2008.pdf](http://www.iqsensato.org/wp-content/uploads/Sell_IP_Enforcement_State_of_Play-OPs_1_June_2008.pdf).

<sup>26</sup> Peter K. Yu, *The International Enclosure Movement*, 82 Ind. L.J. 827 at p. 832 (2007); Peter K. Yu, *The Objectives and Principles of the TRIPS Agreement*, 46(4) *Hous.L.R.* 979 at p. 981 (2009); James Boyle, *A Manifesto on WIPO and the Future of Intellectual Property*, (9) *Duke L. & Tech. Rev.* 0009 at pp.3-4 (2004). This one-size fit-all result was earlier warned against by PAUL A. DAVID, *Intellectual Property Institutions and the Panda's Thumb: Patents, Copyrights, and Trade Secrets in Economic Theory and History*, in *GLOBAL DIMENSION OF INTELLECTUAL PROPERTY RIGHTS IN SCIENCE AND TECHNOLOGY*, 19-61 at pp. (Mitchel B. Wallerstein, Mary Ellen Moge, and Roberta A. Schoen eds., 1993) (Washington, D.C., National Academy Press, 1993) (showing pessimism with respect to the practicality of establishing a uniform international intellectual property system and predicting that the efforts to establish such a system may result in an IP regime suitable to serve the interests and policies of one or group of countries that are to be enforced on countries that don't have similar interests or policies) at pp. 54-55.

<sup>27</sup> *Understanding on Rules and Procedures Governing the Settlement of Disputes*, Apr. 15 1994, Marrakesh Agreement, Establishing the World Trade Organization, Annex 2, Legal Instruments-Results of the Uruguay Round, 1869 U.N.T.S.401, 33 I.L.M. 1125 (1994) [hereinafter DSU]. The DSU has been described as the “teeth” that have overcome the enforceability difficulties that *Berne Convention* suffered from, see Laurence R. Helfer,

of spreading TRIPS-plus model of protection and enforceability, makes it clear that ACTA is merely a further step toward more absolute control of intellectual property.

Ratcheting up the international intellectual property protection and enforceability through ACTA involves the same technique of regime shifting by which industrial countries, lobbied upon by major industries, moved international intellectual property norm settings from WIPO to the WTO.<sup>28</sup> Industrial countries have used regime-shifting again to produce tougher intellectual property protection standards through a net of bilateral and regional trade agreements. Similarly, they are moving the international intellectual property regime to a “club”<sup>29</sup> to which the number of invitations is limited. ACTA’s ongoing negotiations take place outside the known forums for intellectual property protection norm setting, such as WIPO and WTO, where a certain level of transparency, democracy and accountability is guaranteed.<sup>30</sup> This led some commentators to believe that ACTA’s

Toward A Human Rights Framework for Intellectual Property, 40 U.C. Davis L. Rev. 971, at pp. 984-985 (2007); DANIEL GERVAIS, *TRIPS AGREEMENT: DRAFTING HISTORY AND ANALYSIS* (2nd ed. 2003) at p.124.

<sup>28</sup> Laurence R. Helfer, *Regime Shifting: The TRIPS Agreement and New Dynamics of International Intellectual Property Lawmaking*, 29 Yale J. Int'l L. 1, pp.14&20 (2004) (defining regime shifting as “an attempt to alter the status quo ante by moving treaty negotiations, lawmaking initiatives, or standard setting activities from one international venue to another”, and stating the factors motivated developed countries to shift negotiating intellectual property norms from WIPO to WTO; there factors are: “The first [factor] related to dissatisfaction with treaty negotiations hosted by WIPO. The second focused on institutional features of the GATT that facilitated adoption of more stringent intellectual property protection standards that these states favored.”); SUSAN K. SELL, *PRIVATE POWER, PUBLIC LAW: THE GLOBALIZATION OF INTELLECTUAL PROPERTY RIGHTS* pp. 96-120 (2003) (discussing the consensus amongst major industries in Japan, United States and EU on seeking an IP multilateral agreements and their input in the TRIPS negotiations).

<sup>29</sup> Daniel Gervais, *China-Measures Affecting the Protection and Enforceability of Property Rights* (World Trade Organization Panel, January 26, 2009) 103 AJIL 549, at p. 555 (2009) (stating that ACTA’s approach to international intellectual property norm setting is a “‘club approach’ in which like-minded jurisdictions define enforcement ‘membership’ rules and then invite other countries to join, presumably via other trade agreements.”)

<sup>30</sup> Eddan Katz & Gwen Hinze, *The Impact of the Anti-Counterfeiting Trade Agreement on the Knowledge Economy: The Accountability of the Office of the U.S. Trade Representative for the Creation of IP Enforcement Norms Through Executive Trade Agreements*, 35 YJIL Online 24 at P. 26 (2009); Robin Gross, *On the Proposed Anti-Counterfeiting Trade Agreement (ACTA)* (Mar. 25, 2008), [http://ipjustice.org/wp/wp-content/uploads/IPJustice\\_ACTA-white-paper-mar2008.pdf](http://ipjustice.org/wp/wp-content/uploads/IPJustice_ACTA-white-paper-mar2008.pdf) at p.5. Many commentators had criticized moving the intellectual property norm setting from WIPO to the WTO; this criticism is also applicable to the issue of moving the issue of intellectual property enforcement to ACTA, see T.N. SRINIVASAN, *DEVELOPING COUNTRIES AND THE MULTILATERAL TRADING SYSTEM: FROM THE GATT TO THE URUGUAY ROUND AND THE FUTURE* (1998) (arguing that there was no real rational for dealing with intellectual property issues under the trade umbrella in light of the presence of the

negotiations overlook the multilateral regime of IP norm setting in order to escape “global accountability.”<sup>31</sup> By avoiding WIPO and WTO as norm-setting forums, ACTA escaped potential opposition from developing countries on the governance of these organizations and the norms they produce.<sup>32</sup> ACTA’s negotiations are susceptible to more criticism giving the fact that the participating countries are mainly developed countries. While some developing countries have been invited to the negotiations, the major developing countries that possess a long history of negotiating intellectual property norms and advocating for a balanced IP regime have been left out.<sup>33</sup> Even when the ACTA issue was raised in the G8 summits, Russia was left out of the discussion since it does not share the same perspective on the enforcement of intellectual property.<sup>34</sup> The decision of the founders of ACTA to invite certain developing countries and to exclude others leads to three observations. First, developed countries wanted to reach an agreement that reflects their own interests as net exporters of IP

---

WIPO, the organization of the most relevant expertise); Peter M. Gerhart, *The Tragedy of TRIPS*, 2007 Mich. St. L. Rev. 143, at p. 183 (2007) (arguing that the WTO is not the right forum for making intellectual property laws since no balance between rights holders and users can be achieved there due to the differences with respect to wealth “within countries and between countries.”)

<sup>31</sup> The Proposed Anti-Counterfeiting Trade: Agreement (ACTA): Global Policy Implications, IQSensato's In Focus, Volume 2, Number 8 (Jun. 2, 2008) at p.7, <http://www.iqsensato.org/wp-content/uploads/InFocus%20-ACTA%20-%20Vol%202%20-Issue%208.pdf>.

<sup>32</sup> Susan K. Sell, *The Global IP Upward Ratchet, Anti-Counterfeiting and Piracy Enforcement Efforts: The State of Play* (Jun. 9, 2008), [http://www.iqsensato.org/wp-content/uploads/Sell\\_IP\\_Enforcement\\_State\\_of\\_Play-OPs\\_1\\_June\\_2008.pdf](http://www.iqsensato.org/wp-content/uploads/Sell_IP_Enforcement_State_of_Play-OPs_1_June_2008.pdf); Margot Kaminski, *The Origins and Potential Impact of the Anti-Counterfeiting Trade Agreement (ACTA)*, 34 Yale J. Int'l L. 247 at p. 247 (2009) (describing the shift of norm setting from the WIPO and WTO as “a form of international bullying”); Robin Gross, *On the Proposed Anti-Counterfeiting Trade Agreement (ACTA)* (Mar. 25, 2008), [http://ipjustice.org/wp/wp-content/uploads/IPJustice\\_ACTA-white-paper-mar2008.pdf](http://ipjustice.org/wp/wp-content/uploads/IPJustice_ACTA-white-paper-mar2008.pdf) at pp. 5-6; Michael Geist, *Canada’s ACTA Briefing, Part One: ACTA Is A Response to WIPO Gridlock* (Apr. 6, 2009), <http://www.michaelgeist.ca/content/view/3830/99999/>.

<sup>33</sup> Robin Gross, *On the Proposed Anti-Counterfeiting Trade Agreement (ACTA)* (Mar. 25, 2008), [http://ipjustice.org/wp/wp-content/uploads/IPJustice\\_ACTA-white-paper-mar2008.pdf](http://ipjustice.org/wp/wp-content/uploads/IPJustice_ACTA-white-paper-mar2008.pdf) at p.2; Margot Kaminski, *The Origins and Potential Impact of the Anti-Counterfeiting Trade Agreement (ACTA)*, 34 Yale J. Int'l L. 247 at pp. 254-255 (2009).

Professor Michael Geist reported that Brazil expressed its wish to join ACTA’s negotiations to one of the negotiating countries, but Brazilian request had not received an answer, see Michael Geist, *ACTA Update: New Meetings, New Partners, New Issues* (Jun. 30, 2009), <http://www.michaelgeist.ca/content/view/4092/408>; Ashutosh Jindal, adviser at the Embassy of India to the EU, stated that India had not been invited to ACTA’s negotiations, see Intellectual Property Watch, *Indian Official: ACTA Out Of Sync With TRIPS and Public Health* (May. 5, 2010) <http://www.ip-watch.org/weblog/2010/05/05/indian-official-acta-out-of-sync-with-trips-and-public-health>.

<sup>34</sup> Peter K. Yu, *Six Secret (and Now Open) Fears of ACTA*, 63 SMU L. Rev. (forthcoming 2010) at p. 6, [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1624813](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1624813).

based works. Secondly, at this stage, developed countries are not concerned about the number of countries joining the negotiations, for, as in the case of TRIPS, developed countries practically have enough mechanisms to impose these norms on other countries when the treaty is ready, regardless of whether or not developing countries participated in the negotiations or agree with the outcome.<sup>35</sup> Thirdly, by inviting specific developing countries to the negotiations, developed countries want to clean up the outcome of the treaty from the stigma of having been negotiated merely amongst developed nations. Fourthly, the participating developing countries will play the role of promoting the convention in their regions.<sup>36</sup>

In addition to regime shifting, the technique of “framing” is very noticeable in ACTA.<sup>37</sup> In their launch to ACTA’s negotiations, developed countries have argued that “counterfeit” and “pirated” goods in international trade have been causing rights holders economic losses, hindering the sustainable development of both developed and developing countries, and risking consumers’ safety; therefore, they argue, the solution is a new agreement embodying international cooperation toward stronger means of intellectual property enforcement.<sup>38</sup> This argument shares many similarities with the reasoning that the United States and other developed countries publicized to introduce the TRIPS Agreement,<sup>39</sup> however, the developed

---

<sup>35</sup> Margot Kaminski, *The Origins and Potential Impact of the Anti-Counterfeiting Trade Agreement (ACTA)*, 34 Yale J. Int’l L. 247 at p. 250 (2009); Robin Gross, On the Proposed Anti-Counterfeiting Trade Agreement (ACTA) (Mar. 25, 2008), [http://ipjustice.org/wp/wp-content/uploads/IPJustice\\_ACTA-white-paper-mar2008.pdf](http://ipjustice.org/wp/wp-content/uploads/IPJustice_ACTA-white-paper-mar2008.pdf) at pp.4-5. see (arguing that ACTA is “undemocratic” and “imperialistic” treaty since ACTA will ultimately be imposed on countries that have not participated in the negotiations of its provisions, mainly developing countries.”); see also, Peter K. Yu, *TRIPS and its Discontents*, 10 Marq. Intell. Prop. L. Rev. 369 (2006) (providing four different narratives of the origins of the TRIPS Agreement: the bargain narrative, the coercion narrative, the ignorance narrative, and the self-interest narrative); Peter Drahos, *Global Property Rights in Information: The Story of TRIPS at the GATT*, 13(1) *Prometheus* 6, at p. 16 (1995) (arguing that “[t]he intellectual property story [including its TRIPS segment] is one of coercion, but it is economic rather than military in kind”).

<sup>36</sup> After the U.S signed its free trade agreement with Jordan, the U.S presented Jordan to the Arabic World as a role model that should be followed, see, e.g., U.S. – UAE Free Trade Agreement Press Conference (Mar. 8, 2005), [http://abudhabi.usembassy.gov/pr\\_10mar2005.html](http://abudhabi.usembassy.gov/pr_10mar2005.html).

<sup>37</sup> Peter Drahos defines “framing” as “a form of public dialogue in which actors wishing to change political processes offer an alternative conceptual scheme through which to reinterpret those processes”, see Peter Drahos, *Does Dialogue Make a Difference? Structural Change and the Limits of Framing*, 117 Yale L.J. Pocket Part 268 (2008).

<sup>38</sup> Office of the United States Trade Representative, *The Anti-Counterfeiting Trade Agreement - Summary of Key Elements under Discussion* (Nov. 6, 2009), [http://www.ustr.gov/webfm\\_send/1479](http://www.ustr.gov/webfm_send/1479).

<sup>39</sup> See Amy Kapczynski, *The Access to Knowledge Mobilization and the New Politics of Intellectual Property*, 117 Yale L.J. 804, at p. 484 (2008) (describing the “public interest” frame in which the American industry lobby presented the issue of intellectual

countries in ACTA are placing more emphasis on the “security” and “safety” aspect of the enforceability issue.<sup>40</sup> This framing tactic aims at generating public support and involving a network of actors, both national and international, private and public, in the enforcement of intellectual property rights.<sup>41</sup> An example of this network-based partnership toward stronger means of intellectual property enforcement is embodied in “The Global Congress on Combating Counterfeiting and Piracy” launched in 2004 to address the problem of trade in counterfeit and pirated goods as a health hazard and a source of funding for organized crime. This conference initiated the very early thoughts of ACTA and continues to support its conclusion.<sup>42</sup>

The third technique that developed countries are using to ratchet up the international intellectual property law regime through ACTA is the floor-based approach toward the levels of protection and enforcement provided under the proposed treaty. The obligations of ACTA will reflect only a floor, not a ceiling, for enforcement of intellectual property rights, which means that countries are free to adopt stronger measures of enforceability.<sup>43</sup> The floor-without-a-ceiling approach toward the protection and enforceability of intellectual property rights reflects an infrastructural bias in the international intellectual property regime generally and ACTA specifically against users of intellectual property.<sup>44</sup> It means that the regime does not seek to balance the interests of right holders and users of intellectual property, but instead impliedly welcomes the expansion of

---

property protection in order to show the need for the TRIPS Agreement)

<sup>40</sup> Susan K. Sell, *The Global IP Upward Ratchet, Anti-Counterfeiting and Piracy Enforcement Efforts: The State of Play* (Jun. 9, 2008), [http://www.iqsensato.org/wp-content/uploads/Sell\\_IP\\_Enforcement\\_State\\_of\\_Play-OPs\\_1\\_June\\_2008.pdf](http://www.iqsensato.org/wp-content/uploads/Sell_IP_Enforcement_State_of_Play-OPs_1_June_2008.pdf).

<sup>41</sup> Susan K. Sell, *The Global IP Upward Ratchet, Anti-Counterfeiting and Piracy Enforcement Efforts: The State of Play* (Jun. 9, 2008), [http://www.iqsensato.org/wp-content/uploads/Sell\\_IP\\_Enforcement\\_State\\_of\\_Play-OPs\\_1\\_June\\_2008.pdf](http://www.iqsensato.org/wp-content/uploads/Sell_IP_Enforcement_State_of_Play-OPs_1_June_2008.pdf); and *The Proposed Anti-Counterfeiting Trade: Agreement (ACTA): Global Policy Implications*, IQSensato's In Focus, Volume 2, Number 8 (Jun. 2, 2008) at p.6, <http://www.iqsensato.org/wp-content/uploads/InFocus%20-ACTA%20-%20Vol%20%20-Issue%208.pdf>; Peter Drahos, *Securing the Future of Intellectual Property: Intellectual Property Owners and Their Nodally Coordinated Enforcement Pyramid*, 36 *Case W.Res.J.Int'l L.* 53, at p.54 (2004)(arguing that “nodal coordination of an international enforcement pyramid offers non-state actors the possibility of securing compliance by states with emerging global standard of intellectual property rights”).

<sup>42</sup> See, *Global Congress on Combating Counterfeiting and Piracy*, <http://www.ccapcongress.net/index.htm>.

<sup>43</sup> See, ACTA Official Draft, *supra* note X Ch.1, s.A, art.1.2(1); ACTA July Draft, *supra* note X Ch.1, s.A, art.1.2(1).

<sup>44</sup> Peter Drahos, *BITS and BIPs: Bilateralism in Intellectual Property*, 4(6) *JWIP* 791 at p.798 (2001)(stating that integrating a “minimum standard” mode of protection in international intellectual property agreements is an element in the efforts toward ratcheting up the protection and enforceability of intellectual property).

intellectual property protection and enforceability. This conclusion is supported by the fact that the treaty provides that it would only be concerned with enforcing existing intellectual property rights,<sup>45</sup> but, on the other hand, the legal framework of the treaty would provide right holders with new substantive rights, such as in the case of the right to protect technological protection measures.<sup>46</sup>

The second goal that industrial countries are looking for through ACTA is to oppose the recent success of developing countries to bring about the WIPO Development Agenda.<sup>47</sup> The WIPO Development Agenda has 45 recommendations categorized under 6 clusters (A-F).<sup>48</sup> Under these clusters, some recommendations are well aware of the danger of excessive levels of copyright protection. For example, Recommendation 10 calls for “making national intellectual property institutions more efficient” and “[promoting] fair balance between intellectual property protection and the public interest.” Recommendation 15 calls for WIPO’s norm-setting to take into consideration “different levels of development” and “a balance between costs and benefits. Further, recommendation 16 calls for “the preservation of the public domain within WIPO’s normative processes and deepen the analysis of the implications and benefits of a rich and accessible public domain.” Recommendation 25 is also important as it calls for “[promoting] the transfer and dissemination of technology, to the benefit of developing countries and to take appropriate measures to enable developing countries to fully understand and benefit from different provisions, pertaining to flexibilities provided for in international agreements, as appropriate.” Finally, Recommendation 45 calls for the “societal interest” and the “development-oriented concerns” of developing countries to be taken into consideration when approaching intellectual property enforcement. The same recommendation emphasizes that “the protection and enforcement of intellectual property rights should contribute to the promotion of

---

<sup>45</sup> See, ACTA Official Draft, *supra* note X at ch.1, s.A, art.1.3(2); ACTA July Draft, *supra* note X Ch.1, s.A, art. art.1.3(2).

<sup>46</sup> See, *infra*.

<sup>47</sup> See, Assemblies of the Member States of WIPO, General Report, Forty-Third Series of Meetings, Geneva, Sep. 24 to Oct. 3, 2007 (A/43/16), [http://www.wipo.int/edocs/mdocs/govbody/en/a\\_43/a\\_43\\_16-main1.pdf](http://www.wipo.int/edocs/mdocs/govbody/en/a_43/a_43_16-main1.pdf) [hereinafter WIPO Development Agenda].

<sup>48</sup> Cluster A: Technical Assistance and Capacity Building; Cluster B: Norm-setting, flexibilities, public policy and public domain; Cluster C: Technology Transfer, Information and Communication Technologies (ICT) and Access to Knowledge; Cluster D: Assessment, Evaluation and Impact Studies; Cluster E: Institutional Matters including Mandate and Governance; and Cluster F: Other Issues, see The 45 Adopted Recommendations under the WIPO Development Agenda, <http://www.wipo.int/ip-development/en/agenda/recommendations.html>.

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,' in accordance with Article 7 of the TRIPS Agreement." The WIPO Development Agenda is considered to be a continuation of developing countries' struggle to achieve a fair international intellectual property regime.<sup>49</sup> The history of international intellectual property norm setting shows that industrial countries were usually reluctant to accept initiatives proposed to reform the international intellectual property regime in light of a development purpose.<sup>50</sup> Thus, it is reasonable to believe that ACTA is a counter attack against the WIPO Development Agenda.<sup>51</sup>

Similar to preceding battles to win more control over intellectual property, such as in TRIPS and TRIP-Plus regimes, ACTA would have a serious impact not only on developing countries and their citizens but also on the citizens of the industrial countries.<sup>52</sup> ACTA will shift the cost of intellectual property enforcement from the shoulders of the rights holders of intellectual property rights to the shoulders of the public which ultimately would be required, through taxes, to finance the steps taken by authorities according to ACTA.<sup>53</sup> Furthermore, the content of ACTA has been a concern for industrial countries' citizen rights and freedoms as much as it is for developing countries since the treaty includes provision that may impact fundamental freedoms available to individuals under intellectual property

---

<sup>49</sup> Peter K. Yu, *A Tale of Two Development Agendas*, 35 Ohio N.U. L. Rev. 465 (2009) (arguing that the efforts taken by less-developed countries through advancing development agendas at the WIPO, WTO and other international foras to develop an innovation and intellectual property regime considerate of their development needs are "remarkably similar" in motives and goals to their efforts taken between the period of 1960-1970).

<sup>50</sup> E.g., when developing countries managed to introduce the Stockholm Protocol, developed countries failed the protocol by refraining from ratifying it, De Sanctis, *The International Copyright Conventions*, 14 *Copyright* 254, at p. 258 (1978); Peter Burger, *The Berne Convention: Its History and Its Key Role in the Future*, 3 J.L. & Tech. 3, at p.20 (1988).

<sup>51</sup> See, Michael Geist, *The ACTA Threat To The Future Of WIPO* (Apr. 14, 2009), <http://www.ip-watch.org/weblog/2009/04/14/the-acta-threat-to-the-future-of-wipo/> (arguing that ACTA poses a serious danger on the success of the WIPO Development Agenda).

<sup>52</sup> See, Ruth L. Okediji, *Back to Bilateralism? Pendulum Swings in International Intellectual Property Protection*, UOLTJ 125, at p. 141 (2003-2004) (arguing that bilateralism expanded intellectual property protection and enforceability "at the expense of the public interest both in developed and developing countries.")

<sup>53</sup> See, Charles R. McManis, *The Proposed Anti-Counterfeiting Trade Agreement (ACTA): Two Tales of A Treaty*, 46 Hous. L. Rev. 1235 at p. 1237 (2009); Robin Gross, *On the Proposed Anti-Counterfeiting Trade Agreement (ACTA)* (Mar. 25, 2008), [http://ipjustice.org/wp/wp-content/uploads/IPJustice\\_ACTA-white-paper-mar2008.pdf](http://ipjustice.org/wp/wp-content/uploads/IPJustice_ACTA-white-paper-mar2008.pdf) at p. 6.

law and other legal regimes.<sup>54</sup>

Shortly after the launch of the treaty negotiations, scholars started to predict the content of the treaty and to evaluate its possible impact on the international intellectual property regime and on the national laws of other countries. This research has continued with the official release and leaks of ACTA content. In this vein, the next part of this paper evaluates the impact of the legal framework of the treaty on Canadian copyright law.

### III. THE IMPACT OF ACTA ON CANADIAN COPYRIGHT LAW

Canada's situation in the ongoing negotiations of ACTA is unique, as it is participating in the negotiations at the same time that it is carrying out a major reform to its Copyright Act. Thus, the impact of ACTA, the provisions of which are not already well settled, needs to be looked at in light of Bill C-32's proposed amendments to modernize the Copyright Act. The following parts discuss the impact of the ACTA legal framework on the Canadian copyright law.

#### A. *Civil Enforcement*

Civil enforcement is covered under the second chapter of ACTA, which also deals with the legal framework of criminal and technological enforcement of intellectual property rights as well as with border measures. The civil enforcement section in ACTA includes granting judicial authorities in member states the ability to issue desist orders against infringement and to issue orders to keep the infringing goods outside the channels of commerce.<sup>55</sup> Further, the treaty would provide courts with the authority to order the infringer to pay the rights holders all the profit ensuing from the infringement.<sup>56</sup> Amongst the factors that the court may take into consideration when evaluating damages are the profit made from the infringement, the market price of the infringed goods or services, and

---

<sup>54</sup> See, Pamela Samuelson, *The U.S. Digital Agenda at WIPO*, 37 Va.J.Int'l L. 369 at pp.373-374 (1997). (Noting that the digital agenda which the United States officials sought to adopt in the diplomatic conference in Geneva that led to the conclusion of WIPO Internet was almost identical to the digital agenda they had unsuccessfully sought to pass by the Congress, meaning that the U.S. officials tried to have "an end run around Congress").

<sup>55</sup> ACTA July Draft, *supra* note X ch.2, s.1, art.2.X; ACTA Official Draft, *supra* note X ch.2, s.1, art.2.X.

<sup>56</sup> ACTA July Draft, *supra* note X ch.2, s.1, art.2.2(2); ACTA Official Draft, *supra* note X ch.2, s.1, art.2.2(a)(ii).



the suggested sale price.<sup>57</sup> These requirements of ACTA are not expected to have a large impact on Canadian copyright law. The Copyright Act now provides rights holders with a wide range of remedies that include what ACTA would ask for. Copyright owners whose rights have been infringed are entitled to “all remedies,” including injunctions, compensatory and punitive damages, account of profits and delivery up of infringing goods.<sup>58</sup> One of the major obligations that ACTA would impose on the copyright laws of its members is the requirement of establishing a system of statutory damages.<sup>59</sup> Under this regime, copyright statutes provide rights holders with the option to claim from infringers a certain amount of damages, not going beyond or falling below the range determined by the statute, for each work infringed. The underlying policy behind this regime is to overcome the economic and evidentiary hurdles that right holders face in proving actual damages.<sup>60</sup> The system of statutory damages has been described as “frequently arbitrary, inconsistent, unprincipled, and sometimes grossly excessive.”<sup>61</sup> While some of the countries negotiating ACTA have a system of statutory damages, such as the U.S. and Canada,<sup>62</sup> others do not, and will need to amend their relevant laws to give effect to this provision.<sup>63</sup> The Canadian Copyright Act has a statutory damages regime, which can be elected as an alternative to damages and an account of profits.<sup>64</sup> The current range of statutory damages it sets is between \$500 and \$20,000. When the

---

<sup>57</sup> ACTA July Draft, *supra* note X ch.2, s.1, art.2.2(1); ACTA Official Draft, *supra* note X ch.2, s.1, art.2.2(1)(b).

<sup>58</sup> *Copyright Act*, *supra* note X, s. 34.(1). Section 35(1) provides that the copyright owner can ask for both damages and account of profits.

<sup>59</sup> ACTA Official Draft, *supra* note X ch.2, s.1, art.2.2(2); ACTA July Draft, *supra* note X ch.2, s.1, art.2.2(3);

<sup>60</sup> *Telewizja Polsat S.A. v. Radiopol Inc.*, 2006 FC 584, 52 C.P.R. (4th) 445, [2007] 1 F.C.R. 444, 292 F.T.R. 195 (Eng.) at para.40.; ELIZABETH F. JUDGE & DANIEL GERVAIS, *INTELLECTUAL PROEPRTY: THE LAW IN CANADA*, (2005); Pamela Samuelson & Tara Wheatland, *Statutory Damages in Copyright Law: A Remedy in Need of Reform*, 51 Wm. & Mary L. Rev. 439, 510. (2009).

<sup>61</sup> see Pamela Samuelson & Tara Wheatland, *Statutory Damages in Copyright Law: A Remedy in Need of Reform*, 51 Wm. & Mary L. Rev. 439, 441 (2009)

<sup>62</sup> 17 U.S.C.A. § 504(c).

<sup>63</sup> E.g., Australia and New Zealand, see Kimberlee Weatherall, *The Anti-Counterfeiting Trade Agreement: Analysis of the January Consolidated Text* (Apr.2010), <http://works.bepress.com/cgi/viewcontent.cgi?article=1019&context=kimweatherall>.

<sup>64</sup> Copyright Act, R.S.C. 1985, c. C-42, s. 38.1 provides “(1) Subject to this section, a copyright owner may elect, at any time before final judgment is rendered, to recover, instead of damages and profits referred to in subsection 35(1), an award of statutory damages for all infringements involved in the proceedings, with respect to any one work or other subject-matter, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than \$500 or more than \$20,000 as the court considers just.” Bill C-32 would lower the range of statutory damages for non-commercial uses to a ceiling of \$5,000 and a floor of \$100. Bill C-32, *supra* note X at s. 46.

court is convinced that the defendant was unaware of the infringement or had no reasonable grounds to believe that they were infringing copyrights, the court may reduce the minimum of the statutory damages to \$200 per work.<sup>65</sup> In special cases, the Copyright Act allows courts to reduce the statutory damages awarded below the stated minimums (\$500 and \$200), when the infringement involves more than one work in one single medium and at the same time when the awarding of these minimums would be “grossly out of proportion to the infringement.”<sup>66</sup> These flexibilities that the Copyright Act provides in its statutory damages system would not conflict with ACTA obligations, for the treaty does not specify the details of the statutory damages it proposes. Further, these flexibilities are in harmony with a proposed provision in the treaty suggesting that the adopted measures with respect to civil enforcement shall be “fair and equitable”<sup>67</sup> and proportionate to the seriousness of the infringement and the rights of third parties involved.<sup>68</sup>

The civil enforcement section in ACTA further provides that infringers, who knowingly infringe or have reasonable ground to know that they are infringing, will be required to pay right holder damages for the infringement in the amount of the harm sustained by the rights holders.<sup>69</sup> The July draft overcame the fear that innocent infringement may be targeted by this provision, which was a possibility in light of the proposals in the official draft.<sup>70</sup> However, the treaty would still cover infringement even when it is non-commercial in nature, a fact that sheds doubt on one of the stated underlying justifications of the treaty, which is to combat large-scale piracy. Even if the ACTA targeted innocent infringers, this would not cause any noncompliance concerns for Canadian copyright law. Although the Copyright Act takes into consideration the knowledge or intention of the infringer in certain instances, such as in awarding criminal penalties and for certain remedies, Canadian copyright law as a general rule does not treat innocent infringement differently from infringement. The Act makes it an infringement to do, without the consent of the right holder, any of the exclusive rights granted to rights holders under the Act.<sup>71</sup> Knowledge of the

---

<sup>65</sup> Copyright Act, *supra* note X, s. 38.1(2).

<sup>66</sup> Copyright Act, *supra* note X, s. 38.1(3).

<sup>67</sup> ACTA July Draft, *supra* note X ch.2, art.2.X(2).

<sup>68</sup> ACTA July Draft, *supra* note X ch.2, art.2.X(2); ACTA Official Draft, *supra* note X ch.2, s.1, art.2.3(4) (discusses proportionality under the section of civil enforcement). It is still unclear whether this will be applicable to the whole legal framework proposed in chapter 1 of the treaty or merely to the civil and criminal enforcement sections.

<sup>69</sup> ACTA July Draft, *supra* note X ch.2, s.1, art.2.2(1).

<sup>70</sup> ACTA Official Draft, *supra* note X ch.2, s.1, art.2.2(1)(a).

<sup>71</sup> Copyright Act, *supra* note X, s.27(1).

infringement or intention to infringe is not a condition to finding that infringement of copyright has been established. In fact, Canadian courts have treated “unconscious copying” as infringement.<sup>72</sup> Innocent infringement does limit the plaintiff’s remedies: if the defendant was not aware and had not reasonable ground for suspecting there was copyright, damages are not available and the plaintiff is entitled only to an injunction.<sup>73</sup> This limitation does not apply if copyright is registered. Further, as noted above for statutory damages, the court may reduce the minimum award for statutory damages to \$200 for innocent infringement.<sup>74</sup> Other remedies speculated by the civil enforcement section include granting courts the authority to award rights holder prevailing in the civil procedure costs, fees and attorney’s fees,<sup>75</sup> which is in harmony with the provisions of the Canadian *Copyright Act*.<sup>76</sup> Furthermore, the civil remedies may include destroying the infringing goods<sup>77</sup> and destroying the materials essentially used in the making of the infringing goods, or taking them out of the channel of commerce.<sup>78</sup> The Copyright Act grants rights holders the right to recover the infringing copies, to issue an order for their seizure, and for destruction of the infringing copies..<sup>79</sup>

Finally, ACTA provides that infringers may be required to submit information on the source of the infringing goods and the individuals involved in any aspect of the infringement.<sup>80</sup> The Canadian Copyright Act will need to be amended to accommodate the information-based remedies that ACTA provides. In other words, the Act needs to incorporate the ACTA requirement by giving courts the authority to oblige infringers to disclose information with respect to the source of the copyright-infringing materials and the individuals involved in the infringement.<sup>81</sup>

---

<sup>72</sup> *Gondos v. Hardy* (1982), 64 C.P.R. (2d) 145 (Ont. H.C.); see ELIZABETH F. JUDGE & DANIEL GERVAIS, *INTELLECTUAL PROEPRTY: THE LAW IN CANADA*, (2005).

<sup>73</sup> Copyright Act, *supra* X, s. 39.

<sup>74</sup> Copyright Act, *supra* X, s. 38(2), (3) and (5).

<sup>75</sup> ACTA July Draft, *supra* note X ch.2, s.1, art.2.2(5).

<sup>76</sup> *Copyright Act*, *supra* note X, s.34(3)

<sup>77</sup> ACTA July Draft, *supra* note X ch.2, s.1, art.2.3(1); ACTA Official Draft, *supra* note X ch.2, s.1, art.2.3(1) 2.3(1).

<sup>78</sup> ACTA July Draft, *supra* note X ch.2, s.1, art.2.3(2); ACTA Official Draft, *supra* note X ch.2, s.1, art.2.3(2).

<sup>79</sup> *Copyright Act*, *supra* note X, s.38(1) and 38(2)

<sup>80</sup> ACTA July Draft, *supra* note X ch.2, s.1, art.2.4; ACTA Official Draft, *supra* note X ch.2, s.1, art.2.4.

<sup>81</sup> ACTA July Draft, *supra* note X ch.2, s.1, art.2.4; ACTA Official Draft, *supra* note X ch.2, s.1, art.2.4.

### B. Criminal Enforcement

The section of ACTA on criminal enforcement obliges member states to criminalize at least “willful trademark counterfeiting or copyright or related rights piracy on a commercial scale.”<sup>82</sup> Under the official draft, with respect to copyright and related rights piracy, it was proposed that the “commercial scale” requirement for criminalization is satisfied not only when piracy is for the purpose of “financial gain or commercial advantage,” but also when it is “significant” and “willful,” even if it does not have “direct or indirect motivation of financial gain.”<sup>83</sup> The July draft, however, has a different proposal, which suggests that the commercial scale requirement is satisfied only when the infringing/piracy acts are “carried out in the context of commercial activity for direct or indirect economic or commercial” use.<sup>84</sup> This section is not likely to require Canada to modify its current treatment to criminal remedies under its copyright law regime given that the Copyright Act already includes a list of copyright-infringing activities that would cover ACTA’s requirements to criminalize willful copyright or related rights piracy. Section 42(1) of the Copyright Act criminalizes certain intentional and commercial copyright infringing activities, including making, selling, renting, offering for sale or rent, exhibiting in public, and importing into Canada an infringing copy of a copyrighted work or other copyrighted subject matter.<sup>85</sup> The Canadian Copyright Act may actually go beyond the July draft and comply with the wider scope of criminalization available in the official draft of ACTA, which provided that the “commercial scale” requirement for criminalizing piracy could be satisfied when it is “significant” and “willful” even if it does not involve a commercial activity or does not have “direct or indirect motivation of financial gain.”<sup>86</sup> The Canadian Copyright Act, similarly, criminalizes the distribution of infringing copies for commercial purposes or “*to such an extent as to affect prejudicially the owner of the copyright.*”<sup>87</sup>

The penalties that the criminal enforcement section in ACTA may require member states to impose for crimes and offences include

---

<sup>82</sup> ACTA July Draft, *supra* note X ch.2, s.3.14(1) leak. ACTA Official Draft, *supra* note X ch.2, s.3, art.2.14(1).

<sup>83</sup> ACTA Official Draft, *supra* note X ch.2, s.3, art.2.14 (a)(b).

<sup>84</sup> ACTA July Draft, *supra* note X ch.2, s.3, art.2.14(1) leak.

<sup>85</sup> *Copyright Act*, *supra* note X, s.42.(1)(a)(b)(d)(e).

<sup>86</sup> ACTA Official Draft, *supra* note X ch.2, s.3, art.2.14 (a)(b).

<sup>87</sup> *Copyright Act*, *supra* note X, s. 42.(1)(c)

imprisonment and monetary fines.<sup>88</sup> The infringing goods would be subject to seizure, forfeiture and destruction.<sup>89</sup> Correspondingly, a person found guilty of committing any of the section 42(1) offences is liable under the Canadian Copyright Act “on summary conviction, to a fine not exceeding twenty-five thousand dollars or to imprisonment for a term not exceeding six months or to both, or [] on conviction on indictment, to a fine not exceeding one million dollars or to imprisonment for a term not exceeding five years or to both.”<sup>90</sup> Moreover, the Copyright Act subjects the infringing copies to destruction or delivery up.<sup>91</sup>

Since ACTA allows member states to exempt end consumers from criminal liability when receiving pirated copies,<sup>92</sup> the Copyright Act’s silence with respect to the criminal liability of end consumers would not render the Canadian Copyright Act non-compliant with the ACTA. Canadian copyright law also complies with the obligation to criminalize the unauthorized recording of a movie,<sup>93</sup> since Canada amended its Criminal Code in 2007 to include this offence.<sup>94</sup>

There are some areas where ACTA may require some modification to the Copyright Act’s treatment of criminal remedies. While the treaty may have a provision, suggested by the EU, requiring countries to adopt measures to “establish the liability of legal persons” for the said offences,<sup>95</sup> the Copyright Act does not have criminal liability for corporations. Also, ACTA would possibly, under the EU suggestion, criminalize inciting, aiding and abetting the offences mentioned in the criminal enforcement section of ACTA.<sup>96</sup> However, the Copyright Act does not have a provision covering these proposed offences. One more important obligation that the criminal enforcement section in ACTA speculates is to require member states to provide their competent

---

<sup>88</sup> ACTA July Draft, *supra* note X ch.2, s.3, art.2.15; ACTA Official Draft, *supra* note X ch.2, s.3, art.2.15(3)

<sup>89</sup> ACTA Official Draft, *supra* note X ch.2, s.3, art.2.16.; ACTA July Draft, *supra* note X ch.2, s.3, art. 2.16.

<sup>90</sup> *Copyright Act*, *supra* note X, s. 42.(1)(f)(g).

<sup>91</sup> *Copyright Act*, *supra* note X, s. 42(3).

<sup>92</sup> ACTA July Draft, *supra* note X ch.2, s.3, art.2.14(1) leak.

<sup>93</sup> ACTA Official Draft, *supra* note X ch.2, s.3, art.2.14(3); ACTA July Draft, *supra* note X ch.2, s.3, art.2.14(3). The EU and Singapore suggested deleting this provision.

<sup>94</sup> *Criminal Code*, R.S.C., 1985, c. C-46, s. 432, Department of Justice Canada <<http://laws.justice.gc.ca/en/showdoc/cs/C-46///en?page=1>>; R.S.C, 1985, c. 27 (1st Supp.), s. 58; 2007, c. 28, s. 1.

<sup>95</sup> ACTA July Draft, *supra* note X, ch.2, s.3, art.2.14(4); ACTA Official Draft, *supra* note X ch.2, s.3, art.2.15(1).

<sup>96</sup> ACTA Official Draft, *supra* note X, ch.2, s.3, art.15(2); 2.14(3) EU suggestion. Please note that the subsection here confusingly has the same number of the subsection

authorities with *ex officio* criminal enforcement, enabling criminal procedures to be initiated without having to be predicated on a complaint from rights holders.<sup>97</sup> Since Canadian authorities have no *ex officio* competence under the copyright law with respect to investigating and prosecuting offences pertinent to copyright infringement, ACTA may require Canada to reexamine its position with respect to this matter.<sup>98</sup>

### C. Border Measures

The border measures section in ACTA deals with member states' authority with respect to goods that are suspected of infringing intellectual property rights when they are imported, exported, in transit, or under custom supervision.<sup>99</sup> While infringement of all forms of intellectual property is covered under this section as a rule, there is a possibility for an exception allowing member states to exclude certain forms of intellectual property rights, other than copyright, trademarks, and geographical indications, from these measures.<sup>100</sup> The scope of this exception and what rights may fall under it is very controversial.

The border measures section includes a *de minimis* provision that would allow member states to exclude goods that are non-commercial in quantity and nature and contained in travellers' baggage (or "sent in small consignment") from the actions described in this section.<sup>101</sup> This exception is intended to overcome the fear that ACTA would subject travellers' baggage, portable computers, and portable media recorders to inspection for copyright-infringing materials. The section is likely to have a provision that requires member states to provide procedures enabling right holders to ask custom authorities to suspend the release of goods suspected of intellectual property infringement.<sup>102</sup> It is not obvious whether the scope of this measure may be limited only to "pirated

---

requiring the criminalization of camcording.

<sup>97</sup> ACTA Official Draft, *supra* note X, ch.2, s.3, art.2.17; ACTA July Draft, *supra* note X ch.2, s.3, art.2.17.

<sup>98</sup> ACTA Official Draft, *supra* note X ch.2, s.3, art.2.17; ACTA July Draft, *supra* note X ch.2, s.3, art.2.17.

<sup>99</sup> ACTA July Draft, *supra* note X ch.2, s.2, art.2.x(1); ACTA Official Draft, *supra* note X ch.2, s.2, art.2.x(1).

<sup>100</sup> ACTA July Draft, *supra* note X ch.2, s.2, art.2.x(2); ACTA Official Draft, *supra* note X ch.2, s.2, art.2.x(2) official.

<sup>101</sup> ACTA July Draft, *supra* note X ch.2, s.2, art.2.X; ACTA Official Draft, *supra* note X ch.2, s.2, art. 2.X.

<sup>102</sup> ACTA July Draft, *supra* note X ch.2, s.2, art.2.6; ACTA Official Draft, *supra* note X ch.2, s.2, art.2.6.

copyright works” or “counterfeit trademarks goods” or will extend to cover “intellectual property infringement” in general. It is also not clear whether the measure will be limited to shipments for “import” or may extend to cover export and in transit shipments. All these options are possible according to the current draft.<sup>103</sup> There is a possibility under the draft to grant custom authorities *ex officio* authority (“may act upon their own initiative” without any request from right holders) to take the measure of suspending the release of the suspected infringing goods.<sup>104</sup> The section includes a provision asking member states to give its authorities the power to request a reasonable security from right holders in order to protect the defendant and authorities from any abuse of procedures by right holders.<sup>105</sup> The draft gives custom authorities the ability to decide whether the suspended goods suspected of infringement are truly infringing or not.<sup>106</sup> Upon finding infringement, authorities may order the destruction of the goods, or if the goods are not destroyed, some countries have suggested that the goods be kept “outside the channels of commerce.”<sup>107</sup> To identify infringing shipments, but without prejudice to the countries’ law of privacy and confidential information, authorities may provide rights holders with information about goods or specific shipments.<sup>108</sup>

Canada’s Copyright Act includes some provisions on border measures. The Act prohibits certain acts of secondary infringement, including the importation of copies that would have infringed copyright if they had been made in Canada.<sup>109</sup> The Copyright Act has procedural mechanisms for the copyright owner or exclusive licensee to apply for a court order to stop copies and related rights material at the border that would constitute secondary infringement by importation.<sup>110</sup> However, the more expansive

---

<sup>103</sup> ACTA July Draft, *supra* note X ch.2, s.2, art.2.6; ACTA Official Draft, *supra* note X ch.2, s.2, art.2.6.

<sup>104</sup> ACTA July Draft, *supra* note X ch.2, s.2, art.2.7; ACTA Official Draft, *supra* note X ch.2, s.2, art.2.7.

<sup>105</sup> ACTA July Draft, *supra* note X ch.2, s.2, art.2.9; ACTA Official Draft, *supra* note X ch.2, s.2, art.2.9.

<sup>106</sup> ACTA July Draft, *supra* note X ch.2, s.2, art.2.10; ACTA Official Draft, *supra* note X ch.2, s.2, art.2.10.

<sup>107</sup> ACTA July Draft, *supra* note X ch.2, s.2, art.2.11; ACTA Official Draft, *supra* note X ch.2, s.2, art.2.11.

<sup>108</sup> ACTA July Draft, *supra* note X ch.2, s.2, art.2.13; ACTA Official Draft, *supra* note X ch.2, s.2, art.2.13.

<sup>109</sup> *Copyright Act*, *supra* note X, s. 27(2).

<sup>110</sup> *Copyright Act*, *supra* note X, ss. 44, 44.2 and 44.4. Section 45 provides exceptions for individuals, government, libraries, archives, museums, and educational institutions to import copies if the relevant copyright owner where they were made consented and also

provisions of ACTA for border measures are not included in the current statute, and thus ACTA is expected to have a conspicuous impact on Canadian copyright law in this domain. The border measures requirements that ACTA is proposing, such as granting custom authorities with *ex officio* authority, would be highly disruptive of established user rights and exceptions under Canadian copyright law, such as fair dealing, where the complex nature of the inquiry demands that the proper preserve for the inquiry is the courts rather than custom officials.<sup>111</sup>

#### D. Enforcement in the Digital Environment

The ACTA section of enforcement in the digital environment is highly bracketed.<sup>112</sup> There is still no agreement whether the rights covered under this section are all “intellectual property rights” or only “trademarks and copyright and related rights.” The section requires providing the same civil and criminal enforcement to intellectual property rights (or trademarks and copyright and related rights) against infringements in the digital environment or carried out by the internet.<sup>113</sup> There is a suggestion by the EU, Switzerland, and New Zealand for a provision stating that the digital environment enforcement measures need to be “fair and proportionate.”<sup>114</sup> These countries also suggest that this provision be moved to section “A” of the first chapter and, therefore, be applicable to the whole treaty.<sup>115</sup> The enforcement in the digital environment deals with four major issues that are expected to impact Canadian copyright law.

##### 1. Third Party Liability

The digital enforcement section of ACTA requires members states to establish a system of third party liability which makes anyone who “authorizes for a direct financial benefit, induces through or by conduct

---

provides exceptions for used books (excluding textbooks) to be imported.

<sup>111</sup> Michael Geist, ACTA Emergency Communique: Add Your Name Today (Jun.21, 2010), <http://www.michaelgeist.ca/content/view/5134/125/>; International Experts Find that Pending Anti-Counterfeiting Trade Agreement Threatens Public Interests (Jun. 23, 2010), <http://www.wcl.american.edu/pijip/go/acta-communique>.

<sup>112</sup> Canada has reserved its position on this section.

<sup>113</sup> ACTA July Draft, *supra* note X ch.2, s.4, art.2.18(1); ACTA Official Draft, *supra* note X ch.2, s.4, art.2.18(1).

<sup>114</sup> ACTA Official Draft, *supra* note X ch.2, s.4, art.2.18(2); ACTA July Draft, *supra* note X ch.2, s.4, art.2.18(1).

<sup>115</sup> ACTA July Draft, *supra* note X ch.2, s.4, art.2.18(1); ACTA Official Draft, *supra* note X ch.2, s.4, footnote 46.



directed to promoting infringement, or knowingly and materially aids any act of copyright or related rights infringement by another” liable.<sup>116</sup> The treaty would subject individuals violating this by means of these acts to the civil remedies available under this section, without prejudice to the exception and limitations available under the laws of the relevant country.<sup>117</sup> This provision presents an example where ACTA goes beyond its purpose as an enforcement treaty to a treaty providing substantive rights over intellectual property, especially given that the third-party liability regime has no foundations in the international intellectual property regime.<sup>118</sup> Still, there is no agreement on the scope of the rights covered under this provision and to which of the intellectual property rights—patent, industrial design, trademark and copyright or related rights—it applies.

ACTA’s treatment of third-party liability is problematic. The ACTA definition of third-party liability is troubling for the Canadian copyright law. It provides legal remedies in cases where the Canadian law does not establish infringement or award remedies. For example, unlike the situation in the U.S,<sup>119</sup> which distinguishes vicarious and contributory infringement and recognizes that someone who does not directly infringe copyright may nevertheless infringe by contributing or encouraging infringement, under Canadian copyright law there is the single concept of secondary infringement which does not expressly include mere contribution to infringement. Current Canadian law also does not include inducement-based infringement. This situation would change if Bill C-32 passes since it provides:

---

<sup>116</sup> It is proposed that the definition third party liability be as follows: “third party liability means liability for any person who authorizes for a direct financial benefit, induces through or by conduct directed to promoting infringement, or knowingly and materially aids any act of copyright or related rights infringement by another. Further, the Parties also understand that the application of third party liability may include consideration of exceptions or limitations to exclusive rights that are confined to certain special cases that do not conflict with a normal exploitation of the work, performance or phonogram, and do not unreasonably prejudice the legitimate interests of the right holder, including fair use, fair dealing, or their equivalents.” See ACTA July Draft, *supra* note X ch.2, s.4, footnote 46; ACTA Official Draft, *supra* note X ch.2, s.4, footnote 47.

<sup>117</sup> (2.18.3); ACTA July Draft, *supra* note X ch.2, s.4, art.2.18(2).

<sup>118</sup> Library Copyright Alliance, Concerns with April 2010 ACTA Text (Apr. 23, 2010), <http://www.librarycopyrightalliance.org/bm~doc/consolidatedtextcomments423.pdf>.

<sup>119</sup> E.g., *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.* 545 U.S. 913 (2005); *ARISTA RECORDS LLC, et. al, v. LIME GROUP LLC et al.*, (Case 1:06-cv-05936-KMW Document 216 Filed 05/11/201); *COLUMBIA PICTURES INDUSTRIES, INC., et al.,v. GARY FUNG, et al.* (Case 2:06-cv-05578-SVW-JC Document 391 Filed 12/21/2009).

(2.3) It is an infringement of copyright for a person to provide, by means of the Internet or another digital network, a service that the person knows or should have known is designed primarily to enable acts of copyright infringement if an actual infringement of copyright occurs by means of the Internet or another digital network as a result of the use of that service.<sup>120</sup>

Under Canadian law, the statutory right to authorize the rights holder's exclusive rights is an autonomous right that is separate from the performance of those acts.<sup>121</sup> Infringement cases involving a third party providing technologies or tools by which infringement takes place could be covered under the notion of infringement by means of "authorization," which is a primary type of infringement rather than secondary, and has a different meaning than the meanings afforded to it in other jurisdictions. It breaches the authorization right of copyright holders embodied in section 3(1) of the Copyright Act. The Supreme Court of Canada had the chance to clarify the meaning of "authorization" under the Copyright Act in two leading cases.

In *CCH Canadian Ltd. v Law Society of Upper Canada*,<sup>122</sup> the Supreme Court addressed whether a library providing photocopying services to its users amounted to authorizing these users to infringe the copyrights of some of the publishers of the resources available in the library. The Supreme Court held that such activity did not "constitute authorization to use the photocopiers to breach copyright law."<sup>123</sup> The Supreme Court added: "[A] person does not authorize copyright infringement by authorizing the mere use of equipment (such as photocopiers) that could be used to infringe copyright. In fact, courts should presume that a person who authorizes an activity does so only so far as it is in accordance with the law."<sup>124</sup> The Supreme Court identified the meaning of "authorization" as to "[g]ive approval to; sanction, permit; favour, encourage."<sup>125</sup> Further it held that the Law Society did not have enough control over the users of the library to have "sanctioned, approved or countenanced the infringement."<sup>126</sup>

---

<sup>120</sup> Bill C-32, *supra* note X, ss. 27(2.3).

<sup>121</sup> Copyright Act, *supra* note X, ss. 3 and 27.

<sup>122</sup> *CCH Canadian Ltd. v Law Society of Upper Canada*, [2004] 1 S.C.R. 339 [hereinafter CCH].

<sup>123</sup> *CCH*, *supra* note X at para.42

<sup>124</sup> *CCH*, *supra* note X at para.43.

<sup>125</sup> *CCH*, *supra* note X at para.38

<sup>126</sup> *CCH*, *supra* note X at para.45.

In *Canadian Association of Internet Service Providers v Society of Composers, Authors and Music Publishers of Canada*,<sup>127</sup> the Supreme Court concluded that ISPs were not liable to pay a tariff to a collective society for the communication of musical works in the collective's repertoire over the internet and found, in part, that ISPs were not "authorizing" copyright infringement. The Supreme Court held that "when massive amounts of non-copyrighted material are accessible to the end user, it is not possible to impute to the Internet Service Provider, based solely on the provision of Internet facilities, an authority to download copyrighted material as opposed to non-copyrighted material."<sup>128</sup> The Court followed the teachings of *CCH*<sup>129</sup> that the knowledge that people may be engaged in copyright infringement by means of a neutral or dual-use technology (such as a photocopier in the library) did not constitute authorization of copyright infringement.<sup>130</sup> The Court held that to find authorization the defendants must have "approved, sanctioned, permitted, favoured or encouraged" the infringement.<sup>131</sup>

ACTA would thus introduce to Canada a notion of third-party liability that is not in harmony with the status quo of the Canadian copyright law.

## 2. ISPs Safe Harbor

The third-party liability system in ACTA obliges (allows according to Switzerland) member states to adopt a system limiting the civil liability of internet service providers (hereinafter ISPs). The treaty speculates a provision that would have "a safe harbour"<sup>132</sup>-like effect on ISPs' liability.<sup>133</sup> The July draft slightly overcomes some of the confusion that ISP liability issue raises in the official draft. The section would limit ISP liability at least for copyright or related rights infringements in three circumstances. First, ISP liability is limited, when the infringement of a copyright or a related right takes place by "automatic technical process"<sup>134</sup> as part of the transmission of material when the online service provider

---

<sup>127</sup> *Canadian Association of Internet Service Providers v Society of Composers, Authors and Music Publishers of Canada*, 2004 SCC 45 [*Tariff 22 case*].

<sup>128</sup> SOCAN 123.

<sup>129</sup> *CCH Canadian Ltd. v Law Society of Upper Canada*, [2004] 1 S.C.R. 339 [hereinafter *CCH*].

<sup>130</sup> *Tariff 22 case*, *supra* note X at para. 123&124.

<sup>131</sup> *Tariff 22 case*, *supra* note X at para.127.

<sup>132</sup> 17 U.S.C.A. § 512.

<sup>133</sup> ACTA July Draft, *supra* note X ch.2, s.4, art. 2.18(3).

<sup>134</sup> "Japan is proposing that this technical process makes the ISP unable to prevent the infringement"

did not initiate the transmission, did not select or modify the material, and did not select the recipient of the material.”<sup>135</sup> In other words, this exception protects an ISP from liability that may ensue from its function as “conduit” or “channel” for transmitting the infringing materials.

Second, ISP liability is limited when the infringement of a copyright or a related right takes place by “the automatic, intermediate, and temporary storage of material made available online by a person other than the online service provider and transmitted by the online service provider to its users without modification of the material.”<sup>136</sup> In other words, the ISP is exempted from liability for its caching activities. This exception is limited by a “notice and take down” burden whereby an ISP’s immunity is conditioned upon “expeditiously<sup>137</sup> removing or disabling access to material upon receipt of a legally sufficient notice of alleged infringement concerning material that has previously been removed from the originating site.”<sup>138</sup>

Third, ISP liability is limited when the infringement of a copyright or a related right takes place by “storage of material provided by a user of the online service provider.”<sup>139</sup> This paragraph exempts an ISP from the legal liability that may ensue from hosting infringing material. Canada, the U.S, and the EU are in favour of extending this provision to exempt “referring or linking users to an online location containing infringing material or activity.”<sup>140</sup> The whole provision of the hosting exception is not finalized: it is still bracketed. The applicability of the hosting, referring or linking exemption is possibly to be conditioned upon the ISP not receiving financial gain directly attributable to the infringement; the ISP expeditiously removing the content or disabling the access to it once it has actual knowledge of the infringement (through a legal notice for example) or reasonable ground to be aware of it; and the ISP not being aware of a court decision holding that the hosted material is infringing.<sup>141</sup>

In providing ISPs with immunity under this section, countries cannot impose an obligation on ISPs to assume a monitoring activity while

---

<sup>135</sup> ACTA July Draft, *supra* note X ch.2, s.4, art.2.18(3)(a)(i).

<sup>136</sup> ACTA July Draft, *supra* note X ch.2, s.4, art.2.18(3)(a)(ii).

<sup>137</sup> Canada is suggesting to add “or within a definite period of time” after the word “expeditiously.” Japan is suggesting more restrictive language that requires the ISP to take down the content once it knows or has reasonable grounds to about the infringement.

<sup>138</sup> ACTA July Draft, *supra* note X ch.2, s.4, art.2.18(3)(b).

<sup>139</sup> ACTA July Draft, *supra* note X ch.2, s.4, art.2.18(3)(a)(iii).

<sup>140</sup> ACTA July Draft, *supra* note X ch.2, s.4, art.2.18(3)(a)(iii).

<sup>141</sup> ACTA July Draft, *supra* note X ch.2, s.4, art.2.18(3)(c).

providing its services.<sup>142</sup>

Japan is proposing a provision requiring member states to grant their judicial authorities the ability to order an ISP to release the information of the relevant subscriber to the right holders when right holders have made a legal and reasonable claim that the subscriber has infringed their rights.<sup>143</sup> It is also proposing a provision speculating the establishment of guidelines between ISPs and right holders with respect to “dealing effectively” with infringement of IP rights on the internet.<sup>144</sup> The ISP liability regime under ACTA does not adopt the so called “graduated response or three strike” sanction, a measure whereby ISPs punish their customers who have been warned three times that their online activities is suspected of infringing copyrights by cutting their internet service. This measure is available in South Korea, France, and Taiwan.<sup>145</sup>

Under Canadian copyright law, by the nature of their functions, ISPs find themselves involved in communicating and temporarily reproducing copyrighted works or copyright infringing content and authorizing such acts.<sup>146</sup> These activities render ISPs vulnerable to liability under copyright law for primary or secondary infringement of copyright.<sup>147</sup> The Canadian Copyright Act does not have a comprehensive treatment of ISPs liability, although the Supreme Court of Canada has held that the provision exempting passive conduits from infringement of the rights holder’s right to communicate to the public by telecommunication applies to certain activities of ISPs.<sup>148</sup> In *SOCAN*, the Supreme Court concluded that “the Copyright Act, as a matter of legislative policy established by Parliament, does not impose liability for infringement on intermediaries who supply software and hardware to facilitate use of the Internet.”<sup>149</sup> The Supreme Court found that ISPs benefit from the immunity provided by section 2.4(1)(b)<sup>150</sup> when they purely act as a “conduit” for communication to the

---

<sup>142</sup> ACTA July Draft, *supra* note X ch.2, s.4, art.3 bis.

<sup>143</sup> ACTA July Draft, *supra* note X ch.2, s.4, art. 3.ter.

<sup>144</sup> ACTA July Draft, *supra* note X ch.2, s.4, art.3 quarter.

<sup>145</sup> Gwen Hinze, Preliminary Analysis of the Officially Released ACTA Text (Apr.22, 2010), <http://www.eff.org/deeplinks/2010/04/eff-analysis-officially-released-acta-text>.

<sup>146</sup> *Copyright Act*, *supra* note X, s.3.(1).

<sup>147</sup> *Copyright Act*, *supra* note X, s. 27. (1)(2)., see also, Andrew Bernstein & Rima Ramchandani, *Don't Shoot the Messenger! A Discussion of ISP Liability*, 1 CJLT 77, at p.82(2002); SHERYL N. HAMILTON, Made in Canada: A Unique Approach to Internet Service Provider Liability and Copyright Infringement, in *IN THE PUBLIC INTEREST: THE FUTURE OF CANADIAN COPYRIGHT LAW* 285, 289 (Michael Geist ed., 2005).

<sup>148</sup> Consultation Paper on Digital Copyright Issues (Jun. 22, 2001), [http://www.ic.gc.ca/eic/site/crp-prda.nsf/vwapj/digital.pdf/\\$FILE/digital.pdf](http://www.ic.gc.ca/eic/site/crp-prda.nsf/vwapj/digital.pdf/$FILE/digital.pdf), at p. 30.

<sup>149</sup> *SOCAN*, *supra* note X at para.101.

<sup>150</sup> *Copyright Act*, *supra* note X, s.2.4(1)(b), “a person whose only act in respect of the

public and do not “engage in acts that relate to the content of the communication.”<sup>151</sup> The Supreme Court added that section 2.4(1)(b) “is not a loophole but an important element of the balance struck by the statutory copyright scheme.”<sup>152</sup> The Court held that “a lack of actual knowledge of the infringing contents, and the impracticality (both technical and economic) of monitoring the vast amount of material moving through the Internet, which is prodigious” are distinguishing qualities of an ISP having the status of a “conduit.”<sup>153</sup> To benefit from section 2.4(1)(b), the means which the ISP provides must be “necessary”: the Supreme Court explained that “[i]n context, the word “necessary” in s. 2.4(1)(b) is satisfied if the means are reasonably useful and proper to achieve the benefits of enhanced economy and efficiency.”<sup>154</sup> The Supreme Court confirmed that only an ISP’s function as an intermediary or conduit is exempted from liability by means of section 2.4(1)(b). This immunity ceases to exist when an ISP’s activities “cease to be content neutral” and thus does not apply to non-intermediary roles by an ISP, such as being content providers.<sup>155</sup>

With respect to the issue of “caching,” the Supreme Court held that “[t]he creation of a ‘cache’ copy, after all, is a serendipitous consequence of improvements in Internet technology, is content neutral, and in light of s. 2.4(1)(b) of the Act ought not to have any legal bearing on the communication between the content provider and the end user.”<sup>156</sup> It added, that “[c]aching’ is dictated by the need to deliver faster and more economic service, and should not, when undertaken only for such technical reasons, attract copyright liability.”<sup>157</sup> Nevertheless, the Supreme Court hinted, in dictum, that “notice of infringing content, and a failure to respond by “taking it down” may in some circumstances lead to a finding of “authorization,” which constitutes primary infringement.<sup>158</sup> The Supreme Court stated that a solution to this issue lies in legislation that includes a “notice and take down” system.<sup>159</sup> This suggestion does

---

communication of a work or other subject-matter to the public consists of providing the means of telecommunication necessary for another person to so communicate the work or other subject-matter does not communicate that work or other subject-matter to the public.”

<sup>151</sup> *SOCAN, supra* note X at para.92.

<sup>152</sup> *SOCAN, supra* note X at para.89.

<sup>153</sup> *SOCAN, supra* note X at para.101.

<sup>154</sup> *SOCAN, supra* note X at para.91.

<sup>155</sup> *SOCAN, supra* note X at para.102&124

<sup>156</sup> *SOCAN, supra* note X at para.115.

<sup>157</sup> *SOCAN, supra* note X at para.116.

<sup>158</sup> *SOCAN, supra* note X at para.127.

<sup>159</sup> *SOCAN, supra* note X at para.127.

not reflect the practice that ISPs are engaged with respect to allegations of copyright infringement by their subscribers. Outside courts, ISPs are voluntarily committed to a “notice and notice” system to deter copyright infringements through the services of ISPs. Under this systems right holders can send a notice to the ISP complaining that specific ISP’s subscribers are infringing upon their copyrights.<sup>160</sup> Consequently, the ISP forwards this notice to the relevant subscribers advising them that they are abusing the ISP’s services by engaging in allegedly copyright infringing activities.<sup>161</sup> The ISP would inform the subscribers with the details of the rights holders’ allegations, and advice them to contact the complaining right holders.<sup>162</sup> Finally, the ISP would send a notice to the right holders indicating that the ISP has passed their notice to the relevant subscriber.<sup>163</sup> The role of the ISP ends here; if the relevant subscriber does not comply with the notice and refrain from infringing copyright, rights holders would need to their options against the alleged infringers through the available means under the copyright law.<sup>164</sup> This system has been proved effective in that ISPs notice a noticeable amount of alleged infringing content is removed voluntarily by the customers receiving these notices.<sup>165</sup> According to the former President of the Canadian Association of Internet Providers, Jay Thomson, the “notice and notice” this system to is already “highly successful[], resolving 80-90% of the infringement complaints received.”<sup>166</sup>

With ACTA safe harbor provisions in mind, a look to ISP immunity under section s. 2.4(1)(b), under *SOCAN*, and under the voluntary “notice and notice” system leads to the following conclusions. First, Canada will need to codify its law with respect to liability of ISPs in order to comply with the requirements of ACTA. Second, while practically Canadian law provides ISPs with a safe harbor with respect to their caching and hosting activities as well as their roles as “channels” or “conduits,” which are essentially the exceptions that ACTA requires member states to grant ISPs

---

<sup>160</sup> SHERYL N. HAMILTON, *Made in Canada: A Unique Approach to Internet Service Provider Liability and Copyright Infringement*, in *IN THE PUBLIC INTEREST: THE FUTURE OF CANADIAN COPYRIGHT LAW* 285, 296 (Michael Geist ed., 2005).

<sup>161</sup> *Id.*

<sup>162</sup> *Id.*

<sup>163</sup> *Id.*

<sup>164</sup> *Id.*

<sup>165</sup> Michael Geist, *The Effectiveness of Notice and Notice* (Feb. 15, 2007), <http://www.michaelgeist.ca/content/view/1705/125/>.

<sup>166</sup> Jay Thomson, *Oral Remarks of the Canadian Association of Internet Providers (CAIP)*(Nov.4, 2003), <http://www.cata.ca/files/PDF/caip/copyright/03-November-04HeritageCommittee.pdf>.

to be immune against copyright liability, ACTA may require Canada to abandon its unique “notice and notice” system, and legislatively adopt a “notice and take-down” system.

Since Canada aims at reforming the ISP liability system in Phase 3 of its copyright reform process and includes such provisions in Bill C-32, it is interesting to see whether the provisions on ISP liability in this Bill will be compliant with the provisions of ACTA. Bill C-32 proposes amendments to clarify ISP liability. It exempts ISPs when they are acting as pure “intermediaries” with respect to their communication,<sup>167</sup> when they practice caching for technical reasons,<sup>168</sup> and when they host content.<sup>169</sup> Further, Bill C-32 would codify the Canadian “notice and notice” system to deal with online infringement activities.<sup>170</sup> While an ISP is not required to remove allegedly infringing content, it is required to retain the relevant subscriber’s information for six months or for a year if the matter is litigated.<sup>171</sup> It is clear that Bill C-32 would comply with ACTA with respect to its ISPs safe harbor provisions; however, its system of “notice and notice” would conflict with the ACTA.

### 3. The Protection of Technological Protection Measures

ACTA would require member states to provide legal protection to technological protection measures (TPMs) and rights management information (RMI). The inclusion of this obligation in ACTA is unjustified given the presence of another international legal framework for the protection of TPMs and RMI in the WIPO Copyright Treaty<sup>172</sup> and WIPO Performance and Phonograms Treaty<sup>173</sup> (WIPO Internet Treaties). Furthermore, protecting TPMs and RMI does not comply with the claimed purpose of ACTA as an enforceability treaty, as these provisions are considered to be another layer of copyright protection: differently put, they create new substantive rights.

The section in the official draft received more refinement in July draft. Accordingly, the ACTA July draft prohibits the circumvention of an access control TPM, but it does not mandate the prohibition of

---

<sup>167</sup> Bill C-32, *supra* note X, ss.31.1 (1).

<sup>168</sup> Bill C-32, *supra* note X, ss.31.1 (3).

<sup>169</sup> Bill C-32, *supra* note X, ss. (31.1 (6)).

<sup>170</sup> Bill C-32, *supra* note X, ss. (41.25(1) & 41.26(1)).

<sup>171</sup> Bill C-32, *supra* note X, ss.41.26(1).

<sup>172</sup> *WIPO Copyright Treaty*, 20 December 1996, 36 I.L.M.65.

<sup>173</sup> *WIPO Performance and Phonograms Treaty*, 20 December 1996, 36 I.L.M.76.



circumventing copy control TPM.<sup>174</sup> Nevertheless, it prohibits trafficking in all TPMs' circumvention-enabling tools.<sup>175</sup> Unlike, the official draft, the July draft does not specify that criminal remedies would be available against individuals circumventing TPMs or RMI.

The treaty would allow member states to provide exceptions to the provisions prohibiting the circumvention of TPMs or rights information management, provided that these exceptions would not impair the legal protection provided to TPMs or the remedies available against their circumvention.<sup>176</sup> However, the circumvention of TPMs is prohibited even if access is sought for a purpose allowed under the law. Japan is of the opinion that the anti-circumvention prohibition applies "without prejudice to the rights, limitations, exceptions, or defence to copyright or related rights infringement."<sup>177</sup>

Canada has a long story with the protection of TPMs. In 1996, Canada signed both the WIPO Copyright Treaty (WCT)<sup>178</sup> and the WIPO Performance and Phonograms Treaty (WPPT).<sup>179</sup> These two treaties include provisions that would, inter alia, oblige member states to "provide adequate legal protection and effective legal remedies against the circumvention of" TPMs and RMI.<sup>180</sup> Canada has not ratified these treaties yet; thus, the Canadian *Copyright Act* remains without anti-circumvention provisions. The Canadian Government's task to amend the *Copyright Act* to accommodate the provisions of the WIPO Internet

---

<sup>174</sup> ACTA July Draft, *supra* note X ch.2, s. 4, art. 2.18(4)(a)& footnote 56.

<sup>175</sup> ACTA July Draft, *supra* note X ch.2, s. 4, art. 2.18(4)(b)

<sup>176</sup> ACTA Official Draft, *supra* note X ch.2, s. 4, art. 2.18(5); see also ACTA July Draft, *supra* note X ch.2, s.4, art. 2.18.X.

<sup>177</sup> ACTA July Draft, *supra* note X ch.2, s. 4, footnote 57.

<sup>178</sup> *WIPO Copyright Treaty*, 20 December 1996, 36 I.L.M.65 (entered into force 2 March 2002) online: WIPO < [http://www.wipo.int/treaties/en/ip/wct/trtdocs\\_wo033.html](http://www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html) > [WCT].

<sup>179</sup> *WIPO Performance and Phonograms Treaty*, 20 December 1996, 36 I.L.M.76 (entered into force 20 May 2002) online: WIPO < [http://www.wipo.int/treaties/en/ip/wppt/trtdocs\\_wo034.html](http://www.wipo.int/treaties/en/ip/wppt/trtdocs_wo034.html) > [WPPT].

<sup>180</sup> Article 11 of the WCT provides: "Contracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law."

Article 18 of the WPPT provides: "Contracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by performers or producers of phonograms in connection with the exercise of their rights under this Treaty and that restrict acts, in respect of their performances or phonograms, which are not authorized by the performers or the producers of phonograms concerned or permitted by law."

Treaties has proven difficult. Two attempts for reform failed: the first was the 2005 Bill C-60 and the second was the 2008 Bill C-61. In June 2010, the Canadian Government took another attempt, the success of which is still to be seen, by tabling Bill C-32 to amend the copyright to give effect to the WIPO internet treaties and modernize the Copyright Act in light of internet “challenges and opportunities.”<sup>181</sup> While Bill C-32 includes anti-circumvention provisions that are supposed to bring Canada into compliance with its obligations under the WIPO Internet Treaties, the country’s engagement in ACTA, where anti-circumvention rules are being negotiated, adds the question of whether or not the proposed Bill would satisfy the requirements of protecting TPMs and RMI under the ACTA.

Bill C-32 regulates the protection of technological protection measures which would add new sections 41 *et seq* to the Copyright Act. The section starts by defining “technological protection measure” as “any effective technology, device or component that, in the ordinary course of its operation, (a) controls access to a work, to a performer’s performance fixed in a sound recording or to a sound recording and whose use is authorized by the copyright owner; or (b) restricts the doing—with respect to a work, to a performer’s performance fixed in a sound recording or to a sound recording—of any act referred to in section 3, 15 or 18 and any act for which remuneration is payable under section 19.” This definition categorizes a TPM according to the purpose it serves in a copyrighted work or protected subject matter as an “access control TPM” that prevents unauthorised access to the work or subject matter and a “copy control TPM” which limits certain uses of the copyrighted work or subject matter. The scope of the technological mechanisms that fall under the definition of “circumvention” varies according to whether circumvention is directed against a copy-control TPM or an access-control TPM. Accordingly, circumvention of a copy-control TPM is “to avoid, bypass, remove, deactivate or impair the [TPM],” whereas the circumvention of an access-control TPM includes in addition to that list of prohibited activities “descrambling a scrambled or decrypting an encrypted work.” The definition of a TPM in Bill C-32 is similar to the definition of a TPM under the provisions of ACTA; it includes both access-control and copy-control TPMs.<sup>182</sup>

Bill C-32 prohibits the circumvention of an access-control TPM, not a

---

<sup>181</sup> Bill C-32, *supra* note X, preamble & summary.

<sup>182</sup> ACTA July Draft, *supra* note X, footnote 53. ACTA Official Draft, *supra* note X, footnote 64.

copy-control TPM.<sup>183</sup> This justifies the earlier distinction in definition between an access-control TPM and a copy-control TPM. Similarly, ACTA obliges member states to outlaw the circumvention of access-control TPMs, but leaves it optional to these countries to prohibit copy-control TPMs. This is the view of EU, Japan, Switzerland, Singapore, Morocco, and Australia.<sup>184</sup> On the other hand, the U.S continues to advocate for extending the prohibition against circumvention to protect both types of TPMs.<sup>185</sup> Both Bill C-32 and ACTA prohibit trafficking in circumvention tools targeting both types of TPMs; however, the scope of the acts that qualify as trafficking under Bill C-32 is wider than its counterpart under ACTA. The bill prohibits offering or providing services to the public in three cases: if these services are mainly targeting circumventing TPMs, if they are marketed as such, or if they have no commercial value other than when used for purposes of TPMs' circumvention.<sup>186</sup> The prohibition extends to cover dealing with circumvention technologies, tools and components by means of manufacturing, importing, distributing, providing, offering for sale or renting, selling or renting in three cases: when the technology, device, or component is mainly made for the purpose of circumventing TPMs, if it is marketed as such, or if it has no significant value but for the purpose of circumventing TPMs.<sup>187</sup> In contrast, the prohibited trafficking acts under ACTA are: manufacturing, importation, distribution, and (maybe offering to distribute),<sup>188</sup> "a device that has predominant function of circumventing an effective technological measure and that is . . . marketed for the purpose of circumventing an effective technological measure; primarily designed or produced for the purpose of circumventing an effective technological measure; or has only a limited commercially significant purpose other than circumventing an effective technological measure."<sup>189</sup> In other words, even if distribution under ACTA is understood as enclosing "renting and selling," Bill C-32 provides additionally prohibits "offering or providing services" of circumvention to the public.<sup>190</sup> More importantly, the terminology used to refer to circumvention tools the trafficking in which is prohibited under Bill C-32 is more inclusive than

---

<sup>183</sup> Bill C-32, *supra* note X, ss.41.1(1)(a).

<sup>184</sup> ACTA July Draft, *supra* note X ch.2, s.4, art.2.18(4)(a) & footnote 56.

<sup>185</sup> ACTA July Draft, *supra* note X ch.2, s.4, art.2.18(4)(a) & footnote 53.

<sup>186</sup> Bill C-32, *supra* note X, ss.41.1(1)(b).

<sup>187</sup> Bill C-32, *supra* note X, ss.41.1(1)(c).

<sup>188</sup> (according to U.S proposal)

<sup>189</sup> ACTA July Draft, *supra* note X ch.2, s.4, art.2.18(4)(b)(i)(ii)(iii).

<sup>190</sup> Bill C-32, *supra* note X, ss.41.1(1)(b).

the terminology used in ACTA. Bill C-32 prohibits trafficking in circumvention technologies, devices, or components, while ACTA prohibits trafficking in circumvention devices (the U.S is proposing to include a circumvention product).<sup>191</sup>

Under Bill C-32 three categories of copyright subject matter are protected: copyrighted works, a performer's performance fixed in a sound recording, or a sound recording. ACTA is the same: it protects TPMs integrated into the works of "authors, and performers and producers of phonograms."<sup>192</sup>

Bill C-32 has a bundle of exceptions pertinent to circumvention or trafficking in its enabling tools. These exceptions are solely for the purposes of facilitating law enforcement investigations and the protection of national security;<sup>193</sup> making computer programs interoperable;<sup>194</sup> doing encryption research; verifying and preventing the unauthorised collection of personal information;<sup>195</sup> testing the reliability of the security of a computer, computer system, or computer network and fixing their flaws;<sup>196</sup> making the work perceptible to the person with a perceptual disability;<sup>197</sup> gaining access to a telecommunications service through the radio<sup>198</sup> and making an ephemeral recording of protected work or subject matter in a broadcasting undertaking.<sup>199</sup> These exceptions are not absolute. The Bill provides that in some instances exceptions are not applicable: namely, when they involve acts that may constitute copyright infringement or violation of any federal or provincial law,<sup>200</sup> when they render the TPM "unduly impair[ed],"<sup>201</sup> when they are done without the permission of the owner of the work or without the consent of the owner or administrator of the computer system,<sup>202</sup> or when the individual benefiting from the exception has obtained the TPM-protected subject matter unlawfully.<sup>203</sup> The exceptions to the circumvention of TPMs and trafficking in its enabling services and tools, taken with their constraints,

---

<sup>191</sup> ACTA July Draft, *supra* note X ch.2, s.4, art.2.18(4)(b).

<sup>192</sup> *Id.* ch.2, s.4, art.2.18(4).

<sup>193</sup> Bill C-32, *supra* note X, ss.41.11(1)(2)&(3).

<sup>194</sup> *Id.* ss.41.12(1)-(4).

<sup>195</sup> *Id.* ss.41.14(1)(a)&(b).

<sup>196</sup> *Id.* ss.41.15(1)-(3).

<sup>197</sup> *Id.* ss.41.16(1)&(2).

<sup>198</sup> *Id.* ss.41.18(1)&(2).

<sup>199</sup> *Id.* s.41.17.

<sup>200</sup> *Id.* ss.41.12(6)&(7) & .41.13(2).

<sup>201</sup> *Id.* ss.41.16(2) & 41.14(2).

<sup>202</sup> *Id.* ss.41.13(1)(c)& 41.15(1).

<sup>203</sup> *Id.* s.41.13(1)(b).

would not raise any noncompliance concerns with ACTA's anti-circumvention provisions. ACTA would allow member states to provide exceptions to the provisions prohibiting the circumvention of TPMs or rights information management, provided that "they do not significantly impair the adequacy of legal protection of those [technological (according to Canadian proposal)] measures or the effectiveness of legal remedies for violations of those measures."<sup>204</sup>

The exceptions provided in Bill C-32, nevertheless do not extend to allow the circumvention of TPMs for purposes otherwise allowed by Canadian copyright law, such as the right of fair dealing or private use. The question is whether an exception for a purpose like fair dealing would be compliant with ACTA. As a general rule, ACTA requires that circumvention be prohibited independent of copyright infringement. ACTA, however, allows exceptions provided that "they do not significantly impair the adequacy of legal protection" provided to TPMs. Hence the fact that fair dealing is not infringement would not save an exception allowing the circumvention for fair dealing purposes since the treaty specifically provides that it is not a requirement for the prohibition to apply that circumvention result in copyright infringement.

With respect to remedies, Bill C-32 provides both civil and criminal remedies against individuals involved in the prohibited circumvention activities. Specifically, a rights holder is entitled to all remedies available under the law for copyright infringement against an individual who circumvents an access-control TPM,<sup>205</sup> but cannot claim statutory damages against an individual circumventing an access-control TPM for personal use.<sup>206</sup> Nevertheless, all remedies, including statutory damages, are available against individuals trafficking in anti-circumvention enabling tools or services.<sup>207</sup> The court may reduce the damages awarded against innocent infringers, who satisfy the court that they were unaware or did not have reasonable grounds to know that their acts were prohibited by this section.<sup>208</sup> Where the defendant is a library, archive, or a museum and convinces the court that it did not know or had no reasonable grounds to know that its activities are infringing, the only remedy available for the plaintiff is injunction.<sup>209</sup> Individuals acting on behalf of these institutions

---

<sup>204</sup> ACTA July Draft, *supra* note X ch.2, s.4, art. 2.18.(X).

<sup>205</sup> Bill C-32, *supra* note X, ss.41.1(2).

<sup>206</sup> *Id.* ss.41.1(3)

<sup>207</sup> *Id.* ss.41.1(3).

<sup>208</sup> *Id.* ss.41.19.

<sup>209</sup> *Id.* ss.41.2.

are not subject to the criminal liability described in the Bill.<sup>210</sup> Bill C-32 subjects persons intentionally circumventing TPMs for commercial purposes to criminal penalties that may reach up to \$ 1 million and/or imprisonment for five years.<sup>211</sup>

While the official draft of ACTA included wording proposing the establishment of both civil and criminal liability against circumvention-based prohibitions, the July draft no longer has this wording. The latter merely obliges member countries to provide “effective legal remedies” or “adequate legal protection,” which means that Bill C-32 goes beyond the requirements of the ACTA.

The Bill also prohibits intentionally altering or removing “rights management information,”<sup>212</sup> without the consent of the owner of the copyright in the work, if the person knew or should have known that the removal or alteration would facilitate or conceal copyright infringement or harm the right to equitable remuneration for public performance and communication to the public under section 19.<sup>213</sup> The Bill makes liable anyone who knowingly and without the owner’s consent distributes the work of which the rights management information has been removed or altered, sells, rents, or imports it into Canada for these purposes, or communicates it to the public by telecommunication. Similarly, ACTA prohibits the circumvention of rights management information and prohibits the circulation of works of which the rights management information has been removed.

It is important to note that if Bill C-32 fails to pass, Canada would expose itself to more pressure as a country not complying with its international intellectual property obligations.

#### IV. CONCLUSION

With the advent of ACTA, the snowball of the protection and enforceability of intellectual property rights will continue growing.

---

<sup>210</sup> *Id.* s.48.

<sup>211</sup> *Id.*

<sup>212</sup> The Bill defines “rights management information” as “information that (a) is attached to or embodied in a copy of a work, a performer’s performance fixed in a sound recording or a sound recording, or appears in connection with its communication to the public by telecommunication; and (b) identifies or permits the identification of the work or its author, the performance or its performer, the sound recording or its maker or the holder of any rights in the work, the performance or the sound recording, or concerns the terms or conditions of the work’s, performance’s or sound recording’s use.” *Id.* ss. 41.22(4).

<sup>213</sup> *Id.* ss.41.22(1).

Canadians, like other citizens whose countries may adhere to this treaty, would notice major changes to the legal systems regulating their rights and obligations with respect to intellectual property. With respect to copyright law, by deciding to be a party of ACTA, Canada would be facing a true challenge of fulfilling its international obligations and at the same time preserving its carefully drawn copyright law and policy. This task, in light of the content of ACTA, is significant.