

Global Trends in Intellectual Property Enforcement: Implications for India


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A Changing India

- ▶ The India of 2010 is not the India of 2000, and interests in intellectual property (IP) enforcement have shifted
- ▶ Some industrial sectors in India are developing “offensive” IP interests in trademarks (telecommunications, consumer products), patents (pharmaceuticals, energy generation), copyright (software and entertainment), geographical indications (rice, tea), protection of traditional medicines

Emergence entails defensive measures

- ▶ Europe, the United States and Japan increasingly perceive exports from India, China and other major emerging markets as a competitive threat, including in newly evolving markets (e.g., Africa)
 - ▶ Traditional mechanisms of market protection such as Antidumping actions are cumbersome, and not designed for global competitive strategies
 - ▶ Intellectual property increasingly perceived as a strategic market protection mechanism
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New focus on “border measures” mechanisms

- ▶ Distinction between IPRs and traditional border measures
 - Tariffs applied by government authorities with relative transparency; quotas and related measures internal governmental matters applied by customs
 - IPRs protection measures applied at request of private right holders based on registration and application to customs authorities
 - Customs authorities have no capacity to determine validity of underlying registrations, or legitimacy of requests for application of measures
 - Shift to private border controls

Transformation of border measure mechanisms

- ▶ US section 337 bureaucratically complex involving application to International Trade Commission (ITC)
- ▶ Trademark and copyright may be registered with customs authorities (formerly Treasury Department, presently Department of Homeland Security); shift in institutional perspective as Treasury skeptical of IP enforcement at border (e.g., *Kmart* and *Lever* cases)
- ▶ Appointment of White House IP Enforcement Coordinator – “IP Czar” – Victoria Espinel

European Union

- ▶ Progression of border measures enforcement from traditional trademark counterfeiting and copyright piracy (1994 Regulation) to broad IP Border Measures Regulation (1383/2003)
 - Covers infringement as broadly understood, across all forms of IPRs (patent, trademark, copyright, geographical indications, design rights, plants), although not data exclusivity
 - Basis of seizures of Indian Generic drugs in transit
 - Application of Dutch patent law to transshipments at Schipol airport
 - Regulation 1383/2003 presently under review

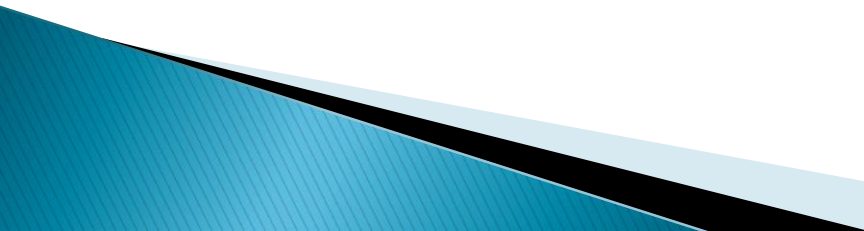
Transition to Anticounterfeiting Trade Agreement (ACTA)

- ▶ Recognition as with foundation of TRIPS Agreement that OECD enforcement measures do not solve problem of protecting developing and emerging markets
- ▶ Title of ACTA “deceptive” – purpose extension beyond traditional concepts of counterfeiting and piracy
 - Broadly applies to all forms of IPRs covered by TRIPS Agreement, which includes protection of regulatory data

Key elements

- ▶ Encourages significant damages awards, e.g., damages based on “suggested retail price” of goods
- ▶ Extends injunctions to third-party actors
- ▶ Requires border measures for all forms of IPRs (except now excluding patents)
 - Border measures must be applied to exports as well as imports
 - Application to goods in transit discretionary, but approved
- ▶ Requires that customs authorities be permitted to act “ex officio”, and private applications available for all forms of covered IPRs

Key elements (con'd)

- ▶ Includes no requirements for notification of accused infringer, or time periods for necessary action by customs authorities (discretionary to make a determination regarding infringement)
 - ▶ Allows right holder posting of bond as security for potential liability, and does not permit posting of bond or other mechanism for securing release of goods by accused infringer, other than by judicial order
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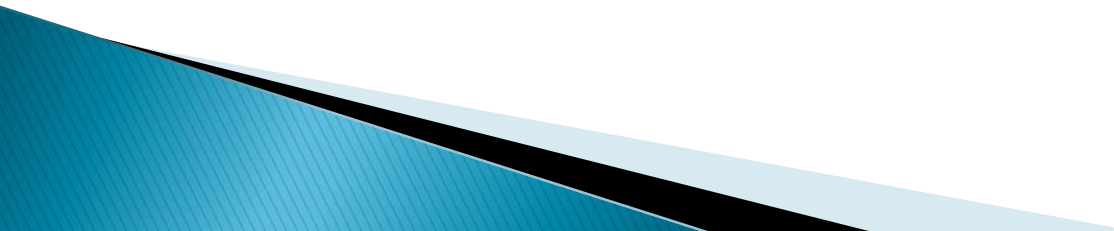
Key elements (con'd)

- ▶ Authorizes destruction of materials and implements used in infringing activity (also permitted under TRIPS, but with greater procedural protection)
- ▶ Significantly reduces threshold of criminal liability, overruling interpretative decision by WTO panel in *China-Enforcement* case (no longer requirement of commercial “scale”)
- ▶ Permits seizure of assets deriving from criminal activity, going beyond the direct assets

Key elements (con'd)

- ▶ Establishes criminal liability for importation of labels and packaging bearing protected mark
- ▶ Significant potential implications not only for generic drug exporters, because labels often substantially similar based on INNs, but also for parallel traders because may be considered “labeling without consent”
 - Some US jurisprudence considers resale under trademark owner label an act of reproducing label

Institutional development

- ▶ Establishes new OECD driven IP protection institution outside existing multilateral system
 - ▶ May impose additional requirements in “accession agreements” for new members
 - ▶ May propose new rules (though presumably subject to legislative approval processes)
 - ▶ Likely to be incorporated as condition of new bilateral and regional arrangements
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Cumulative impact

- ▶ Provides IP right holders with substantially stronger enforcement rights at borders, and shifts basis of enforcement from private right holder to customs authority (through *ex officio* action)
 - ▶ Mere initiation of border measures detention places exporter in financial and temporal difficulty
 - ▶ Even without broad extension to developing and emerging market economies, broadly extends market access barriers in OECD economies
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