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# RETHINKING THE ANTI-COUNTERFEITING TRADE AGREEMENT'S CRIMINAL COPYRIGHT ENFORCEMENT MEASURES

MIRIAM BITTON\*

*A few developed countries have secretly initiated and negotiated the Anti-Counterfeiting Trade Agreement (ACTA). The ACTA is aimed at enhancing international copyright and trademark enforcement measures. This Article analyses the copyright dimension of ACTA, considering its various provisions and the rationale behind them. The Article does so by thoroughly examining the complex intersection of intellectual property law and criminal law. The Article then draws a few major conclusions and makes contributions to the area of copyright law: it shows how the ACTA in fact merely mimics the U.S. approach towards criminal enforcement of copyright law. Second, and more importantly, it illustrates how the ACTA initiative is therefore flawed in light of the U.S. experience to date with criminal enforcement of copyright law. Lastly, the Article makes a normative contribution by suggesting a better, education-based approach concerning criminal enforcement of copyright law.*

## I. INTRODUCTION

The enforcement of intellectual property law is a continuing, ever-growing, and challenging task for countries around the world. In response to the challenges faced, enforcement issues have arisen at both the national and international levels. International agreements have been introduced over the years in order to advance minimum international standards that will assist national governments, *inter alia*, in combating widespread infringement.

As part of this “war” against intellectual property infringement, criminal sanctions have gained in prevalence. Despite the efforts made, it is

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indisputable that counterfeiting rates have continuously grown in recent years, thereby suggesting that the criminal enforcement systems in place have not significantly deterred or affected people's behavior in this field. Counterfeiting today is a \$600 billion industry worldwide and accounts for 5%–7% of global trade.<sup>1</sup> It is estimated that in the United States alone, counterfeiting accounts for over \$200 billion annually.<sup>2</sup> In the last two decades, counterfeiting has increased by more than 10,000%.<sup>3</sup>

As exemplified by the statistics, counterfeiting in today's globalized environment is a global problem that can only be combated on an international scale. In response to this need for anti-counterfeiting enforcement, a group of developed countries collaborated to negotiate and form the Anti-Counterfeiting Trade Agreement (ACTA),<sup>4</sup> an initiative to increase enforcement of intellectual property rights and combat counterfeiting *beyond* the existing enforcement provisions of the Trade-Related Aspects of Intellectual Property Rights Agreement (TRIPS).<sup>5</sup>

Through the ACTA, the United States, Japan, Switzerland, and the European Communities have initiated a move towards heightened intellectual property rights enforcement.<sup>6</sup> These nations officially announced their intention to start negotiations for the ACTA in 2007.<sup>7</sup> Much of the negotiations were conducted in a shroud of complete secrecy.<sup>8</sup>

<sup>1</sup> *About Counterfeiting*, INT'L ANTI-COUNTERFEITING COAL., <http://www.iacc.org/about-counterfeiting> (last visited July 17, 2011).

<sup>2</sup> *Id.*

<sup>3</sup> *Id.* ("Since 1982, the global trade in illegitimate goods has increased from \$5.5 billion to approximately \$600 billion annually.")

<sup>4</sup> Anti-Counterfeiting Trade Agreement (ACTA), *opened for signature* May 1, 2011, [http://www.mofa.go.jp/policy/economy/i\\_property/pdfs/acta1105\\_en.pdf](http://www.mofa.go.jp/policy/economy/i_property/pdfs/acta1105_en.pdf) (last visited Nov. 28, 2011) [hereinafter ACTA]. As of October 1, 2011, eight of the eleven negotiating parties had signed the Agreement, with the remaining three confirming their intent to sign. The Agreement will enter into force once six of these signatories have deposited their formal instrument of ratification. OFF. OF THE U.S. TRADE REPRESENTATIVE, <http://www.ustr.gov/acta> (last visited Nov. 28, 2011).

<sup>5</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, Dec. 15, 1993, 33 I.L.M. 81 (1994) [hereinafter TRIPS].

<sup>6</sup> Peter K. Yu, *Six Secret (and Now Open) Fears of ACTA*, 64 SMU L. REV. 975, 992 (2011) ("[A]ll the key ACTA negotiating parties . . . had at one time or another submitted their own papers on enforcement to the Council."). The participating parties are Australia, Canada, the European Union (as well as each of its member states), Japan, Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland, and the United States. OFF. OF THE U.S. TRADE REPRESENTATIVE, <http://www.ustr.gov/acta> (last visited Nov. 28, 2011).

<sup>7</sup> Yu, *supra* note 6, at n.55–59.

<sup>8</sup> Joel Rose, *Secrecy Around Trade Agreement Causes Stir*, NPR (Mar. 17, 2010), <http://www.npr.org/templates/story/story.php?storyId=124780647&ft=1&f=1003> ("[It] feels

Yet criticism of the secretive negotiations diminished when the negotiating parties released a draft of the proposed agreement in April 2010 and a final draft in October of the same year.<sup>9</sup> The agreement was ultimately finalized in May 2011.<sup>10</sup>

The ACTA represents the strongest intellectual property enforcement agreement to date negotiated at the international level. The goals of the ACTA include: “(1) strengthening international cooperation, (2) improving enforcement practices, and (3) providing a strong legal framework for [intellectual property rights] enforcement.”<sup>11</sup> It does so by bringing about the following changes to TRIPS’s existing policies and goals:

- (1) [E]xpansive coverage of multiple kinds of IP and changes to the international definitions used in the WTO Agreement on Trade Related Aspects of Intellectual Property Law (TRIPS Agreement);
- (2) the expansion of what constitutes criminal copyright violations;
- (3) more stringent border measures;
- (4) mandating closer cooperation between governments and rights holders . . . ; and
- (5) the creation of a new international institution (an ACTA “Committee”) to address IP enforcement.<sup>12</sup>

This Article explores the ACTA’s criminal provisions pertaining to copyright law. The ACTA, described as a TRIPS-plus agreement, includes several provisions concerning the criminal enforcement of copyright law that have never before been included in an international agreement. Most notably, the ACTA calls for strong penalties on the books: “[E]ach Party shall provide penalties that include *imprisonment as well as monetary fines* sufficiently high to provide a deterrent to future acts of infringement . . . .”<sup>13</sup> The tougher penalties apply to several acts of intellectual property infringement. Under the criminal enforcement provision, criminal sanctions apply to willful trademark counterfeiting, copyright piracy, or “willful importation and domestic use” of counterfeit labels and packaging

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that you’re almost in a bit of a twilight zone . . . . I mean, we’re talking about a copyright treaty. And it’s being treated as akin to nuclear secrets.” (quoting Michael Geist, Faculty of Law, University of Ottawa)).

<sup>9</sup> See OFF. OF THE U.S. TRADE REPRESENTATIVE, <http://www.ustr.gov/acta> (last visited Oct. 22, 2011).

<sup>10</sup> See ACTA, *supra* note 4.

<sup>11</sup> *Ambassador Schwab Announces U.S. Will Seek New Trade Agreement to Fight Fakes*, OFF. OF THE U.S. TRADE REPRESENTATIVE, <http://www.ustr.gov/ambassador-schwab-announces-us-will-look-for-new-trade-agreement-to-fight-fakes> (last visited Oct. 25, 2011) [hereinafter *Ambassador Schwab*].

<sup>12</sup> Margot E. Kaminski, *An Overview and the Evolution of the Anti-Counterfeiting Trade Agreement (ACTA)*, 21 ALB. L.J. SCI. & TECH. 385, 387–88 (2011) (footnotes omitted).

<sup>13</sup> ACTA, *supra* note 4, art. 24 (emphasis added) (footnote omitted). Conversely, TRIPS does not require imprisonment *and* monetary fines. Instead, TRIPS only requires that member states provide for imprisonment *or* fines. See TRIPS, *supra* note 5, art. 61, at 105.

in the course of trade on a commercial scale.<sup>14</sup> In addition, the ACTA demands that criminal penalties apply to the act of aiding and abetting criminal conduct and requires the criminalization of camcording movies in theaters.<sup>15</sup> Perhaps the most controversial provision<sup>16</sup> involves the criminalization of copyright infringement that takes place on the internet.<sup>17</sup> Finally, the ACTA requires that its member states establish anti-circumvention laws to protect the use of online technological protection measures,<sup>18</sup> similar to the United States' Digital Millennium Copyright Act (DMCA).<sup>19</sup>

Although not yet enacted, the ACTA has already been subject to sharp criticisms from non-member states and even member states' domestic citizens for its aggressive approach towards intellectual property enforcement as well as its procedural pitfalls.<sup>20</sup> Moreover, the following four main criticisms have been presented concerning the ACTA's negotiations: the lack of transparency and secrecy in the negotiating process, the limited number of negotiating participants, the undemocratic

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<sup>14</sup> ACTA, *supra* note 4, art. 23, paras. 1–2.

<sup>15</sup> *Id.* paras. 3–4; see also Paul H. Robinson et al., *The Modern Irrationalities of American Criminal Codes: An Empirical Study of Offense Grading*, 100 J. CRIM. L. & CRIMINOLOGY 709, 750 (2010) (reporting that Pennsylvania residents participating in a survey rated the severity of a repeat offender's camcording as equivalent to that of a second-degree misdemeanor with an appropriate punishment of a fine between \$50 and \$200; current law classifies that conduct as a third-degree felony punishable by up to seven years in prison).

<sup>16</sup> The digital crime provision has become controversial because many critics believe it will infringe upon the fundamental right of freedom of expression. See John R. Crook, *U.S. Trade Representative Releases Text of Anti-Counterfeiting Trade Agreement; Critics and Supporters Debate Agreement*, 105 AM. J. INT'L L. 137, 138 (2011).

<sup>17</sup> ACTA, *supra* note 4, art. 27. TRIPS does not provide for any enforcement against copyright infringement online. See TRIPS, *supra* note 5, art. 61, at 105.

<sup>18</sup> ACTA, *supra* note 4, art. 27, para. 5.

<sup>19</sup> Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified as amended in scattered sections of 17 U.S.C. (2006)).

<sup>20</sup> See, e.g., Robin Gross, *IP Justice White Paper on the Proposed Anti-Counterfeiting Trade Agreement (ACTA)*, IP JUST., 4–6 (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); Dunne: *What Are We Signing Up To, Mr. Power?*, UNITED FUTURE (Dec. 4, 2009), <http://www.unitedfuture.org.nz/dunne-what-are-we-signing-up-to-mr-power/> (discussing protests in New Zealand); Michael Geist, *Government Should Lift Veil on ACTA Secrecy*, MICHAEL GEIST (June 9, 2008), <http://www.michaelgeist.ca/content/view/3013/135/>; Vanessa Gera, *Poland Signs Copyright Treaty that Drew Protests*, YAHOO! (Jan. 27, 2012), <http://sg.news.yahoo.com/poland-signs-copyright-treaty-drew-protests-102302237.html> (discussing the Polish parliament debates regarding ACTA).

process, and the lack of accountability.<sup>21</sup>

This Article questions the wisdom of the ACTA's criminal copyright infringement provisions, exploring whether the measures can in fact bring about better protection of intellectual property rights through stricter enforcement, given the American experience with similar measures. This analysis reveals that the ACTA will not be able to achieve its objectives because of its problematic design, which is quite similar to the problematic design of the U.S. law.

The Article proceeds as follows: Part II will generally discuss the intersection of criminal law and intellectual property law, touching upon the complexities surrounding the criminalization of intellectual property infringement. Part III will then turn to the specific branch of copyright law, examining its intersection with criminal law. Part IV will outline the development of criminal copyright infringement provisions and discuss the reasons for the criminalization of copyright law. In Part V, the effects of these criminal sanctions will be examined and their futility shown. Part VI will then turn to examine the international dimension of copyright enforcement, discussing the developments of criminal provisions under international intellectual property law from the adoption of the Berne Convention through the ACTA and describing the key changes introduced by ACTA from TRIPS. This Part will also discuss ACTA's proposed copyright enforcement measures, demonstrate their drawbacks given the American experience, and propose a different approach to enforcement challenges—mainly relying on educational campaigns as a tool for bringing about a real change.

## II. THE INTERSECTION OF CRIMINAL LAW AND INTELLECTUAL PROPERTY LAW

Criminal law has been embedding itself into intellectual property law enforcement at a rapid pace.<sup>22</sup> Given the increasing value of intellectual

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<sup>21</sup> Geist, *supra* note 20; Gross, *supra* note 20, at 4–6.

<sup>22</sup> Stuart P. Green, *Plagiarism, Norms, and the Limits of Theft Law: Some Observations on the Use of Criminal Sanctions in Enforcing Intellectual Property Rights*, 54 HASTINGS L.J. 167, 235–36 (2002) (“Probably no area of criminal law has experienced more growth in recent years than intellectual property, at least in terms of legislative enactments. In the last two decades alone, Congress has criminalized both trademark infringement and theft of trade secrets; broadened the scope of criminal liability for copyright infringement; imposed criminal liability for the manufacture and sale of devices that can be used to circumvent technological protection measures; and made trademark counterfeiting, theft of trade secrets, and copyright violation predicate acts under both the money laundering and RICO statutes.” (footnotes omitted)).

properties to the U.S. economy,<sup>23</sup> the attempt to use criminal sanctions to protect intellectual property rights comes as no surprise. However, because of the unique characteristics of intellectual properties—intangibility, non-excludability, and non-rivalry—the application of criminal law to this domain has met much difficulty and opposition.

#### A. THE COMPLEXITIES SURROUNDING THE CRIMINALIZATION OF INTELLECTUAL PROPERTY INFRINGEMENT

Should intellectual property infringement be criminalized? That is, should criminal sanctions come in place of civil sanctions, in addition to them, or not at all? While the existing theoretical discussion on this question is sparse, various legal commentaries have addressed the general justifications for and against criminalizing intellectual property law.

Intellectual property crimes usually do not involve violence.<sup>24</sup> The harm they cause is often difficult to assess,<sup>25</sup> and the victims of the crimes are not easily identifiable.<sup>26</sup> The question of who should be held culpable for the offense is also not easily answered.<sup>27</sup> Moreover, some intellectual property offenses “are committed in the course of conduct that is otherwise legal, and even socially productive.”<sup>28</sup> These factors have led one scholar to denominate intellectual property offenses as “morally ambiguous.”<sup>29</sup> This uncertainty causes people to question whether such offenses are morally wrong in the first place and consequently whether they are deserving of criminal sanctions.<sup>30</sup> Stuart Green notes that another ambiguity in the intersection between criminal law and intellectual property law comes from their incompatible paradigms: criminal law relies on the

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<sup>23</sup> See EXEC. OFFICE FOR U.S. ATT’YS, U.S. DEP’T OF JUSTICE, PROSECUTING INTELLECTUAL PROPERTY CRIMES 1 (3d ed. 2006) (“[I]n 2005 the overall value of the ‘intellectual capital’ of U.S. businesses—including copyrights, trademarks, patents, and related information assets—was estimated to account for a third of the value of U.S. companies, or about \$5 trillion.”), available at <http://www.cybercrime.gov/ipmanual/ipma2006.pdf>.

<sup>24</sup> Irina D. Manta, *The Puzzle of Criminal Sanctions for Intellectual Property Infringement*, 24 HARV. J.L. & TECH. 469, 475 (2011).

<sup>25</sup> Stuart P. Green, *Moral Ambiguity in White Collar Criminal Law*, 18 NOTRE DAME J.L. ETHICS & PUB. POL’Y 501, 510 (2004) (discussing white-collar crimes generally and the difficulties of identifying their respective harms and victims).

<sup>26</sup> *Id.* at 509.

<sup>27</sup> *Id.* at 510.

<sup>28</sup> *Id.* at 513.

<sup>29</sup> *Id.* at 502–03.

<sup>30</sup> *Id.* at 508–10.

paradigm of theft,<sup>31</sup> while intellectual property relies on the paradigms of infringement, false marking, counterfeiting, and regulatory violations.<sup>32</sup> Each paradigm is based on different moral and doctrinal foundations, and the lack of coherence as to why each paradigm is applied further intensifies the moral ambiguity in criminalizing intellectual property violations.<sup>33</sup>

However, the fact that intellectual property crimes may at times be morally ambiguous does not necessarily mean that criminal law should not be applied to such crimes. Rather, the use of criminal law has to take a nuanced approach in which the moral ambiguity surrounding certain infringing conduct is acknowledged.<sup>34</sup> As Green states, “our system is committed to the notion that only the most clearly harmful and wrongful kinds of conduct should be treated with criminal sanctions,” and thus he cautions against the indiscriminate use of sanctions.<sup>35</sup> Moreover, he warns that, if the ambiguity prevails, “the moral authority of the criminal law will itself be viewed as ambiguous.”<sup>36</sup>

## B. JUSTIFICATIONS FOR USING CRIMINAL SANCTIONS

If intellectual property is protected like tangible property, then one can

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<sup>31</sup> Stuart P. Green, *Plagiarism, Norms, and the Limits of Theft Law: Some Observations on the Use of Criminal Sanctions in Enforcing Intellectual Property Rights*, 54 HASTINGS L.J. 167, 240–41 (2002).

<sup>32</sup> *Id.*

<sup>33</sup> *Id.* at 241 (“Despite the significance—both moral and doctrinal—of such paradigms, it is often difficult to determine why Congress chose to use one rather than another. From the perspective of intellectual property law, to refer to what are essentially copyright or patent violations as ‘theft’ may seem inconsistent with the idea of ‘infringement’ and ‘false marking’ as sui generis. From the perspective of criminal law, moreover, words like ‘theft’ and ‘stealing’ have particular expressive and moral resonances that are unlikely to find easy equivalence in the law of intellectual property.” (footnote omitted)); see also Grace Pyun, *The 2008 Pro-IP Act: The Inadequacy of the Property Paradigm in Criminal Intellectual Property Law and its Effect on Prosecutorial Boundaries*, 19 DEPAUL J. ART TECH. & INTELL. PROP. L. 355, 379–85 (2009) (discussing how the PRO-IP Act justifies the criminalization of IP offenses through the use of the property paradigm and outlining why the use of the paradigm is unjustified given the differences between property and IP).

<sup>34</sup> Green, *supra* note 25, at 518–19 (suggesting several possibilities by which ambiguity could be reduced; these include defining the damages caused by IP offenses and more clearly delineating who is harmed by IP offenses).

<sup>35</sup> *Id.*; see also Manta, *supra* note 24, at 476 (“Penal statutes must proscribe a nontrivial harm or evil; hardship and stigma may be imposed only for conduct that is in some sense wrongful; violations of criminal laws must result in punishments that are deserved; and the burden of proof should be placed on those who advocate the imposition of criminal sanctions.” (quoting DOUGLAS HUSAK, *OVERCRIMINALIZATION: THE LIMITS OF THE CRIMINAL LAW* 103 (2008))).

<sup>36</sup> Green, *supra* note 25, at 518.

argue that infringements of intellectual property rights should be punished as deprivations of tangible property.<sup>37</sup> Irina Manta notes that there are similarities between the harms caused by intellectual property infringement and the harms caused in property crimes.<sup>38</sup> For example, as with property crimes, an infringer can reduce the economic value of a good.<sup>39</sup> In addition, just as infringement can reduce the incentive to develop intellectual property goods, so too does property crime hinder “various productive endeavors” using tangible property.<sup>40</sup> Nevertheless, she points out that intellectual property violations more often occur accidentally and may consequently be less wrongful than property violations.<sup>41</sup>

Because intellectual property is such an important part of the United States’ economy and because civil remedies do not sufficiently deter the violations, some legal commentaries have emphasized the importance of transitioning from civil remedies to criminal penalties.<sup>42</sup> According to the Department of Justice’s intellectual property prosecution manual, “criminal sanctions are often warranted to punish and deter the most egregious violators: repeat and large-scale offenders, organized crime groups, and those whose criminal conduct threatens public health and safety.”<sup>43</sup> Along this line of thinking, Maureen Walterbach advocates for a more targeted approach laying down tougher sanctions (usually criminal ones) when dealing with intellectual property crimes committed by organized crime groups.<sup>44</sup> Given the danger such groups pose to society, and the scale to which intellectual property crimes have grown, the author argues that the problems posed by both trends separately will only be exacerbated when they converge; consequently, tougher sanctions need to be imposed.<sup>45</sup>

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<sup>37</sup> See Manta, *supra* note 24, at 475–77 (delineating how economic harm committed to property gives rise to the imposition of sanctions and stating that, at times, economic harm is not even needed for the sanctions to be imposed).

<sup>38</sup> *Id.* at 473–80.

<sup>39</sup> *Id.* at 479.

<sup>40</sup> *Id.* at 479–80.

<sup>41</sup> *Id.* at 480.

<sup>42</sup> See, e.g., John R. Grimm, Stephen F. Guzzi & Kathleen Elizabeth Rupp, *Intellectual Property Crimes*, 47 AM. CRIM. L. REV. 741, 743 (2010) (“The marked increase in intellectual property theft, combined with the ineffective deterrence provided by civil remedies, has led the federal as well as state and local governments to enact criminal statutes to protect intellectual property.”).

<sup>43</sup> EXEC. OFFICE FOR U.S. ATT’YS, U.S. DEP’T OF JUSTICE, *supra* note 23, at 5–6.

<sup>44</sup> Maureen Walterbach, Note, *International Illicit Convergence: The Growing Problem of Transnational Organized Crime Groups’ Involvement in Intellectual Property Rights Violations*, 34 FLA. ST. U. L. REV. 591 (2007).

<sup>45</sup> *Id.* at 596–97.

## C. ARGUMENTS AGAINST APPLYING CRIMINAL SANCTIONS

Intellectual property infringement is widespread, rampant, and can be committed on a grand scale thanks to technological advances. However, some legal scholars have criticized the justification for implementing criminal sanctions in this context.<sup>46</sup> Although civil remedies may not deter such violations, this can be attributed to the fact that a large percentage of the population does not view many intellectual property crimes as morally wrong. In order for a law to be effective, people must believe that there is a justified moral premise standing behind it and that the law is legitimate in terms of the trustworthiness of the institution that created it.<sup>47</sup> “Thus, the vast majority of people refrain from committing criminal acts such as murder, rape, and even theft not because they fear sanctions if caught, but because they have internalized the norms against such acts.”<sup>48</sup> According to Green, compliance with intellectual property laws will not occur if punitive criminal sanctions alone are instated. Rather, the public needs to be persuaded that violating intellectual property laws “is morally wrong (if in fact it is) and that the laws prohibiting such misappropriation are legitimate.”<sup>49</sup>

Other objectors to the use of criminal law in enforcing intellectual property rights argue that increased protections tend to limit the expansion of the public domain, and the First Amendment right of free speech is impeded by overbroad intellectual property protections.<sup>50</sup>

Further, Geraldine Moohr cautions against using criminal sanctions

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<sup>46</sup> E.g., Green, *supra* note 31, at 235–37.

<sup>47</sup> *Id.* at 237–38 (citing Tom R. Tyler, *Compliance with Intellectual Property Laws: A Psychological Perspective*, 29 N.Y.U. J. INT’L L. & POL. 219, 225 (1996–1997)).

<sup>48</sup> *Id.* at 238; *see also* Pyun, *supra* note 33, at 391 (“[I]t is difficult to impose upon society the view that IP offenses are immoral unless society thinks that the offense is harmful to begin with.”).

<sup>49</sup> Green, *supra* note 31, at 239; *see also* Pyun, *supra* note 33, at 393–94 (“In order for the government to create a meaningful progress in the long term effectiveness of criminal IP laws and to establish a more balanced policy of IP owner rights and public access, the DOJ needs to implement the law that targets the behavior and not the property. The key is to set clearer boundaries between civil and criminal IP sections and the DOJ must be clear to limit its role in the criminal realm.”).

<sup>50</sup> Pyun, *supra* note 33, at 594–95; *see also* Lucille M. Ponte, *Coming Attractions: Opportunities and Challenges in Thwarting Global Movie Piracy*, 45 AM. BUS. L.J. 331, 335 (2008) (“Furthermore, First Amendment advocates are concerned that the further criminalization of copyright violations places a chilling effect on free speech and continues to dismantle fair use principles in this march toward zero tolerance against movie copyright violations.”).

before the effectiveness of civil sanctions is thoroughly examined.<sup>51</sup> She asserts that criminal sanctions deter “legitimate conduct” more than civil sanctions do.<sup>52</sup> Moreover,

[t]he record of economic growth indicates that civil remedies appear to motivate adequately the creation of new products, while not over-compensating in a way that inhibits long-term innovation and economic growth. Civil remedies more effectively address the real harm that results when an information product is taken: the loss of value to its holder.<sup>53</sup>

### III. THE INTERSECTION BETWEEN CRIMINAL LAW AND COPYRIGHT LAW

The justifications for the use of criminal law vary from one branch of intellectual property law to another because of the differing rationales at the foundation of each branch as well as the differing effects that the sanctions will have.<sup>54</sup>

The increasing infringement of copyrighted products (such as music, DVDs, and business software) has been met with increasingly stringent criminal penalties globally and in the U.S.<sup>55</sup> While the reasons for criminalizing copyright infringement lean towards protecting “financial stability, employment, and creative innovation,”<sup>56</sup> the trend toward

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<sup>51</sup> Geraldine Szott Moohr, *The Problematic Role of Criminal Law in Regulating Use of Information: The Case of the Economic Espionage Act*, 80 N.C. L. REV. 853, 918 (2002).

<sup>52</sup> *Id.* at 919.

<sup>53</sup> *Id.*

<sup>54</sup> *Id.* (pointing out that the lessons learned from legislation criminalizing violations of trade secret law will not necessarily apply to patent law and copyright law); Manta, *supra* note 24, at 500–05 (describing the differences between patents and soft intellectual property; this difference can explain why patent law has not been criminalized); Pyun, *supra* note 33, at 357 (noting that trademark and copyright law “are rooted in different purposes and the legislation behind each used different justifications and policy considerations. The question arises whether such consolidation of IP criminal penalties are appropriate in light of this history.”); Alex Steel, *Problematic and Unnecessary? Issues with the Use of the Theft Offense to Protect Intangible Property*, 30 SYDNEY L. REV. 575, 599 (“Intellectual property rights share many common characteristics, but being largely creatures of statute, they also are significantly different in important respects. It is therefore difficult to discuss intellectual property generally.”).

<sup>55</sup> For a list of laws criminalizing copyright infringement, see *infra* Part IV. See also Michael M. DuBose, *Criminal Enforcement of Intellectual Property Laws in the Twenty-First Century*, 29 COLUM. J.L. & ARTS 481, 484, 486–89 (2006) (describing the low risks, low costs, and high commercial value associated with pirated DVDs and software and the need to combat such piracy through updated criminal laws).

<sup>56</sup> Robin Andrews, Note, *Copyright Infringement and the Internet: An Economic Analysis of Crime*, 11 B.U. J. SCI. & TECH. L. 256, 256 (2005) (citing Karen J. Bernstein, Note, *Net Zero: The Evisceration of the Sentencing Guidelines Under the No Electronic Theft Act*, 27 NEW ENG. J. ON CRIM. & CIV. CONFINEMENT 57, 59–62 (2001)).

criminalizing infringement has not escaped critical review. This Section will provide an overview of the specific issues at the heart of the juncture of criminal law and copyright law.<sup>57</sup>

#### A. MORAL WRONGNESS AND HARM

What are the primary rationales that exist for applying criminal law in the first place? According to one analysis, conduct must be morally wrong, or harmful, or both in order to justify the use of criminal sanctions.<sup>58</sup> However, the question of what constitutes moral wrongness or harm is not clearly answerable with respect to copyright infringement. In terms of morality, Geraldine Moohr explains that the “source of that dimension is unclear; it may rest on community norms or on principles derived from conceptions of what is right and good.”<sup>59</sup> Moohr also delineates three limitations governing the identification of harms that justify the use of criminal sanctions.<sup>60</sup> First, the use of criminal sanctions in order to deter harm must only occur after all other options have been exhausted.<sup>61</sup> Second, the harmful conduct must also harm a broader societal interest besides that of the individual.<sup>62</sup> Third, criminal sanctions should not be instituted if the cost of doing so is greater than the benefit derived.<sup>63</sup> In a somewhat similar vein, Joel Feinberg justifies criminal sanctions for actions that would cause considerable harm, given the “magnitude of the harm, probability of its occurrence, and social value of the activity that leads to the harm.”<sup>64</sup>

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<sup>57</sup> It is important to note that criminal copyright provisions address commercial copyright infringement and personal use infringement. Commercial copyright infringement involves infringement for the purpose of competing with the copyright owner for profits. Personal use infringement consists of infringement that is not for profit. The issues that arise from criminalizing copyright law primarily relate to the increasing criminalization of personal use infringement. See Geraldine Szott Moohr, *The Crime of Copyright Infringement: An Inquiry Based on Morality, Harm, and Criminal Theory*, 83 B.U. L. REV. 731, 735–38 (2003) (describing the history of the criminalization of copyright law and the difference between competitive infringement and non-commercial infringement).

<sup>58</sup> *Id.* at 747–52.

<sup>59</sup> *Id.* at 749.

<sup>60</sup> *Id.* at 752–53.

<sup>61</sup> *Id.* at 752.

<sup>62</sup> *Id.* at 752–53.

<sup>63</sup> *Id.* at 753.

<sup>64</sup> Lori A. Morea, *The Future of Music in a Digital Age: The Ongoing Conflict Between Copyright Law and Peer-to-Peer Technology*, 28 CAMPBELL L. REV. 195, 228 (2006).

### 1. *Morality and Social Norms*

With regard to the morality considerations behind criminal law, Moohr argues that stealing property and infringing a copyright do not reside on the same moral plane and therefore require different treatment under criminal law.<sup>65</sup> Moreover, the fact that a substantial segment of society does not view infringement as morally wrong<sup>66</sup> undermines the case for criminalizing infringing conduct.<sup>67</sup>

From a behavioral economics perspective, Robin Andrews warns that when people see that many of their peers are committing infringing acts without being punished and that the pervading social norm is that such infringement is not morally wrong, they will be less likely to obey the law.<sup>68</sup> Consequently, the law will have the opposite effect of what it was intended to accomplish.<sup>69</sup> He directs the focus of legislators towards creating policies that tackle the gap between legal prohibitions and societal norms.<sup>70</sup> Similarly, Mark Schultz suggests that people need to be convinced that abiding by the law is the “right thing to do.”<sup>71</sup> However, changing the social norms that embrace infringement activities is not a simple endeavor. “Norms likely arise from a variety of sources, including religion, philosophy, culture, education, and biology. There is likely no universal or easy way to establish a social norm.”<sup>72</sup> More importantly,

<sup>65</sup> Moohr, *supra* note 57, at 765–66.

<sup>66</sup> Moohr attributes this to the existence of a social norm that supports the free use of information and to consumer confusion stemming from the difficulty in differentiating between criminal infringement and legal conduct. *Id.* at 767–73.

<sup>67</sup> *Id.* at 773–74.

<sup>68</sup> Andrews, *supra* note 56, at 278–81; *see also* Mark F. Schultz, *Fear and Norms and Rock & Roll: What Jambands Can Teach Us About Persuading People to Obey Copyright Law*, 21 BERKELEY TECH. L.J. 651, 662–63 (2006) (discussing how tough sanctions and a low probability of getting caught limit the effectiveness of deterrence-based strategies).

<sup>69</sup> Andrews, *supra* note 56, at 279–80.

<sup>70</sup> *See id.* at 280 (suggesting that society’s conception of IP rights needs to be aligned with its conception of property and personality rights); *see also* Ben Depoorter & Sven Vanneste, *Norms and Enforcement: The Case Against Copyright Litigation*, 84 OR. L. REV. 1127, 1175 (2005) (“Policymakers should take note of the pervasiveness of the anticopyright norms of experienced file sharers when considering recent proposals to criminalize noncommercial copyright infringements . . . . In a regime of severe sanctions, users of file-sharing technology become more anticopyright and resort to more downloading whenever enforcement is temporarily suspended. Such norm effects are particularly relevant in the context of copyright law because technological changes and copyright-circumvention technology inevitably create lapses in copyright enforcement.” (footnote omitted)).

<sup>71</sup> Schultz, *supra* note 68, at 665.

<sup>72</sup> *Id.* at 667–68 (footnote omitted) (citing Richard McAdams & Eric B. Rasmussen, *Norms in Law and Economics*, in THE HANDBOOK OF LAW AND ECONOMICS (A. Mitchell

attempting to change social norms with tougher criminal penalties and enforcement will result in a public backlash that will undermine those criminal laws.<sup>73</sup>

Why do copyright infringement crimes appear to lack the moral wrongness that is needed for the proper application of criminal sanctions? One commentator has provided an interesting explanation by dividing infringers into three categories.<sup>74</sup> The first category is those who infringe on a large scale in order to attain commercial gains from others' works.<sup>75</sup> Society usually views these lawbreakers as deserving of punishment.<sup>76</sup> The second category of infringers includes people who, with good intentions and no financial motive, infringe on a smaller scale in order to promote learning or creativity.<sup>77</sup> These infringers are viewed as undeserving of punishment.<sup>78</sup> Yet, the advent of technological advancements has resulted in a third category of infringers, "who have no particular profit motive, but who use the Internet to cause, or to avail themselves of, infringements multiplied on a huge scale."<sup>79</sup> While copyright owners are harmed by such infringers, the infringers themselves are not receiving any commercial gain, and thus society has difficulty accepting severe penalties for such infringers.<sup>80</sup>

Moreover, Hardy also notes that the public's conception of tangible property and intangible property is different, and this contributes to the

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Polinsky & Steven Shavell, eds., 2006)).

<sup>73</sup> See Geoffrey Neri, Note, *Sticky Fingers or Sticky Norms? Unauthorized Music Downloading and Unsettled Social Norms*, 93 GEO L.J. 733, 746–48 (2005) (describing the backlash that occurs when social norms do not correlate with criminal laws and noting that backlashes will occur when the law is used too forcefully in order to change those norms (citing Dan M. Kahan, *Gentle Nudges vs. Hard Shoves: Solving the Sticky Norms Problem*, 67 U. CHI. L. REV. 607, 607 (2000); Lawrence Lessig, *The Regulation of Social Meaning*, 62 U. CHI. L. REV. 943, 1017 (1995))).

<sup>74</sup> I. Trotter Hardy, *Criminal Copyright Infringement*, 11 WM. & MARY BILL RTS. J. 305, 326–32 (2002).

<sup>75</sup> *Id.* at 326–27.

<sup>76</sup> *Id.* at 327.

<sup>77</sup> *Id.* at 326.

<sup>78</sup> *Id.* at 327.

<sup>79</sup> *Id.* at 326.

<sup>80</sup> *Id.* at 328 ("Part of the public's and the courts' vexation with copyright law today stems from a new category of infringer, one that seems to fall half way between the good and the bad. Examples these days are legion: the teenagers who make a sport of finding and publicizing ways to defeat copy-protection technologies; or the computer scientists who believe that the research ethic requires them to publish their findings of vulnerabilities in a commercial encryption technology; or the college students who accumulate a collection of MP3 music files for their own enjoyment." (footnotes omitted)).

inconsistency between criminal copyright laws and social norms.<sup>81</sup>

Nearly all of us, though, grow up from childhood with a heavy and inevitable exposure to the concept of tangible property, but an inevitably light exposure to concepts of intangible property like copyrights. We are thus predisposed to find the rules of tangible property ownership to be appropriate and sensible, but not equivalently predisposed to find those of intangible property ownership the same.<sup>82</sup>

Furthermore, the harm caused by copyright infringement is not always immediately felt. Only multiple violations over the course of time add up to produce an “aggregate” harm.<sup>83</sup> Hardy concludes that the public regards immediately felt harm more seriously than harm that accumulates in the long term, which is why infringement does not seem to be morally wrong.<sup>84</sup> Finally, “[i]ndifference to intellectual property rights may also arise from growing consumer expectations about receiving information and entertainment on demand and customized to their tastes and interests.”<sup>85</sup>

## 2. Harm

While one of the justifications for employing criminal law is the need to punish harmful conduct, oftentimes in copyright infringement cases the harm suffered by copyright owners has been exaggerated.<sup>86</sup> For example, people who download music illegally are not necessarily those who would have purchased the music in the first place at the higher price. Consequently, including the “losses” stemming from their lack of purchases is inaccurate because it is unlikely that they would have purchased a CD in the first place.<sup>87</sup> Furthermore, unlike shop owners who absorb a direct loss from the theft of a product that they had to purchase themselves, copyright

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<sup>81</sup> See *id.* at 332–34.

<sup>82</sup> *Id.* at 341.

<sup>83</sup> *Id.* at 336–38.

<sup>84</sup> *Id.* at 334–39; see also Raymond Paternoster, *How Much Do We Really Know About Criminal Deterrence?*, 100 J. CRIM. L. & CRIMINOLOGY 765, 769 (2010) (explaining Beccaria’s position that punishments that are certain, severe enough to sufficiently offset the anticipated gains of crime, and *arrive immediately after the crime would make for a more effective legal system* than the system that existed at the time, which combined great cruelty and the seemingly random exercise of mercy (emphasis added)).

<sup>85</sup> Ponte, *supra* note 50, at 347.

<sup>86</sup> See Eric Goldman, *A Road to No Warez: The No Electronic Theft Act and Criminal Copyright Infringement*, 82 OR. L. REV. 369, 426–31 (2003) (discussing the difficulty in measuring the loss suffered by copyright owners, which puts the use of excessive criminal penalties in question); Neri, *supra* note 73, at 741–42 (criticizing the music industry’s economic loss claims); Ponte, *supra* note 50, at 335 (questioning the economic loss claims made by the movie industry).

<sup>87</sup> Goldman, *supra* note 86, at 426–27.

owners do not suffer a similar loss when their products are illegally copied.<sup>88</sup> Eric Goldman is critical of criminal copyright statutes whose “focus on technical, not substantive, harm puts otherwise socially-permissible activities in jeopardy.”<sup>89</sup> The question follows: If the harm caused is difficult to measure, should criminal sanctions instead of other remedies be used to rectify the harm?<sup>90</sup>

According to Moohr, personal-use infringement does not meet the limitations governing the principle of harm.<sup>91</sup> Measuring the harm that occurs through criminal copyright infringement is often difficult and the losses claimed by various copyright industries are oftentimes overstated.<sup>92</sup> In addition, she concludes that broader societal interests (such as copyright’s goal of promoting creation) are not harmed by infringement.<sup>93</sup> Moreover, socially valuable behavior associated with infringement may be chilled if criminal sanctions are introduced.<sup>94</sup>

## B. COPYRIGHT VS. PROPERTY

Though some have compared copyright infringement to property theft and used this comparison as a justification for instituting criminal sanctions,<sup>95</sup> the equivalence of rights in copyrighted works and rights in tangible property is questionable.<sup>96</sup> In distinguishing copyright from tangible property, Lydia Loren notes that:

One of the most salient aspects of copyright is that, unlike tangible property, the public’s interest is paramount, not the interests of the property owner, *i.e.*, the

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<sup>88</sup> *Id.* at 427–28.

<sup>89</sup> *Id.* at 428.

<sup>90</sup> *Id.* (“Because we cannot determine with precision when real loss occurs, at what point should loss suffered by a copyright owner be recognized as criminal harm?”).

<sup>91</sup> Moohr, *supra* note 57, at 753–57.

<sup>92</sup> *Id.* at 754–57.

<sup>93</sup> *Id.* at 757–64.

<sup>94</sup> *Id.* at 760–61 (“Economic studies show that consumers are often better innovators than original producers, largely because they use the products. Yet the DMCA, and to a lesser extent the criminal infringement law, discourages consumers from tinkering with products, even those they own. Treating code-breaking and unauthorized use as criminal may impede consumer innovation as it effectively bars entrants from new markets.”).

<sup>95</sup> See, e.g., Lydia Pallas Loren, *Digitization, Commodification, Criminalization: The Evolution of Criminal Copyright Infringement and the Importance of the Willfulness Requirement*, 77 WASH. U. L. Q. 835, 852–53, 856–60 (1999) (noting “the increasingly prevalent view of copyrighted works as property just like jewelry, automobiles, and television sets” and examining the trend of treating copyright as property).

<sup>96</sup> See *id.* at 856–60 (describing the differences between property and copyright); Pyun, *supra* note 33, at 379–82 (describing the differences between IP and tangible property).

copyright owner . . . . Copying a copyrighted work does not deprive the copyright owner of the use of that work. Non-commercially motivated infringement may not even deprive the copyright owner of revenue the copyright owner might otherwise receive.<sup>97</sup>

Furthermore, applying the property paradigm to copyright law is complicated by the non-excludable nature of ideas and information. The non-excludable aspect of intellectual property makes comparisons to tangible property less intuitive and, therefore, the application of severe criminal sanctions less appropriate.<sup>98</sup>

### C. COPYRIGHT POLICY

Other commentators have asked whether criminalizing copyright law is compatible with the original purpose of copyright law and the Constitution.<sup>99</sup> Noting that copyright law was intended to foster knowledge through the use of economic incentives<sup>100</sup> (e.g., granting copyrights), they argue that criminalizing infringement only addresses one of the goals of copyright law (protecting the authors) at the expense of the other stated

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<sup>97</sup> Loren, *supra* note 95, at 857, 859.

<sup>98</sup> See Neri, *supra* note 73, at 739–42 (“[L]aws protecting property are most necessary when the object of that law is scarce and cannot be shared without depriving the owner of it. In such a case, to exercise one basic property right—the right to possession, use, and enjoyment—one must to some extent exercise another—the right to exclude. If an individual with a loaf of bread wants to use and enjoy that commodity, she must exclude or at least limit others from using and enjoying it. But in the case of ‘Oh, Pretty Woman,’ the owner of the song’s copyright may still exercise the basic property right to use and enjoy the song without exercising the right to exclude others.”).

<sup>99</sup> E.g., Diane L. Kilpatrick-Lee, *Criminal Copyright Law: Preventing a Clear Danger to the U.S. Economy or Clearly Preventing the Original Purpose of Copyright Law?*, 14 U. BALT. INTELL. PROP. L.J. 87, 117–18 (2005) (examining whether 18 U.S.C. § 2319 and 17 U.S.C. § 506(a) are in line with the original goals of copyright law); Loren, *supra* note 95, at 836 (“If copyright law is to continue to advance its constitutionally mandated goal, the balance between the rights of copyright owners and the rights of the users of copyrighted works must not be weighted too heavily in favor of copyright owners.”); Morea, *supra* note 64, at 227 (remarking that Congress’s propensity to overprotect copyright owners with criminal sanctions negates the Copyright and Patent Clause in the Constitution (citing Note, *The Criminalization of Copyright Infringement in the Digital Era*, 112 HARV. L. REV. 1705, 1722 (1999))).

<sup>100</sup> Neri, *supra* note 73, at 736–37 (discussing the constitutional provision that “grants Congress the power to legislate in the area of copyright in order to ‘promote the Progress of Science and useful Arts’”. In interpreting this clause, the Supreme Court has emphasized that its ‘primary objective . . . is not to reward the labor of authors,’ but to effect that progress. Conceived and interpreted in unmistakably utilitarian terms, the Copyright Clause has been consistently interpreted by the [sic] as protecting creators’ interests *not* in order to personally enrich those creators, but as a means to a public benefits end.” (footnotes omitted)).

purpose of copyright law, to advance creation and knowledge.<sup>101</sup> Moreover, because the need for economic incentives to spur creative activity lies in question, further doubt is cast upon the rationale of criminalizing copyright laws in order to protect copyright owners.<sup>102</sup>

#### D. CRIMINAL LAW, THE FIRST AMENDMENT, AND FAIR USE

Criminalizing copyright law also implicates First Amendment rights. Heneghan notes that “First Amendment advocates are concerned that the further criminalization of copyright violations places a chilling effect on free speech and continues to dismantle fair use principles in this march toward zero tolerance against movie copyright violations.”<sup>103</sup> Loren notes that Congress has instated copyright provisions with care to ensure public access to information as well as to promote free speech.<sup>104</sup>

#### E. THE COSTS OF APPLYING CRIMINAL LAW

Geraldine Moohr applies a cost–benefit analysis in order to determine whether criminal law and copyright law should intersect.<sup>105</sup> Noting that infringement harms the copyright owner and “the national policy of encouraging creative effort,” she examines whether there is an educative benefit that can be realized from criminalizing infringement.<sup>106</sup> There is an assumption that criminalizing a behavior signals to members of the public that they should avoid the behavior because it is morally wrong. She concludes that any educative benefit from criminal provisions is liable to be offset by the existing social norms that hold information as free to use. Moohr then examines the costs of enlisting criminal law:

Those costs include financial expenses that can be predicted and quantified as dollar amounts, such as the community’s costs of enforcement and incarceration. Economic

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<sup>101</sup> Kilpatrick-Lee, *supra* note 99, at 117–18 (explaining that copyright statutes should aim to protect the copyright owner but at the same time, should not only benefit the copyright owner); Moohr, *supra* note 57, at 761 (reiterating that copyright law is also intended to promote public access and not just to protect copyright owners).

<sup>102</sup> Moohr, *supra* note 57, at 758–59.

<sup>103</sup> Brian P. Heneghan, *The NET Act, Fair Use, and Willfulness—Is Congress Making a Scarecrow of the Law?*, 1 J. HIGH TECH. L. 27, 35–37 (2002) (discussing the relevance of fair use as a defense in regard to the NET Act); Loren, *supra* note 95, at 865–70 (describing why the fair use defense is limited under the NET Act due to the prohibition on non-commercial infringement); Ponte, *supra* note 50, at 335.

<sup>104</sup> Loren, *supra* note 95, at 861.

<sup>105</sup> Geraldine Szott Moohr, *Defining Overcriminalization Through Cost-Benefit Analysis: The Example of Criminal Copyright Laws*, 54 AM. U. L. REV. 783 (2005).

<sup>106</sup> *Id.* at 792–94, 797–99.

harm to families of the convicted and the value of the imprisoned felon's lost income can also be estimated and should be included in the tally.<sup>107</sup>

In addition, Moohr describes the non-monetary harm caused to copyright policy where excessive protection of copyright owners frustrates the other copyright policy of promoting public access in order to encourage creation and learning.<sup>108</sup> Such overprotection may stymie creation. Moreover, because personal-use infringement is not viewed as morally wrong, using criminal law to combat it may lower the public's respect for criminal law itself "and thereby diminish both its legitimacy and its general effectiveness."<sup>109</sup>

In sum, the moral ambiguity of personal-use infringement and the obscure harm caused to copyright owners shake the pillars supporting the application of criminal law. With social norms operating against criminal infringement provisions and no satisfactory correlation to be found between copyright infringement and property theft, legal commentators are left with ample theoretical content to debate. Finally, the balance between copyright policies, fair use, and free speech rights is an issue that must be resolved in order to enable smooth passing in the intersection between copyright and criminal law.

Viewed in this light, the next Part will explore the increasing criminalization of copyright infringement.

#### IV. THE INCREASING CRIMINALIZATION OF COPYRIGHT INFRINGEMENT: A U.S. CASE STUDY

For over one hundred years, numerous criminal provisions have been passed by the U.S. Congress to address the various forms of copyright infringement. The following Section will outline the historical progression of the U.S. legislation that has been criminalizing copyright infringement, as well as the reasons behind the recent enhancement of penalties.<sup>110</sup>

The first criminal copyright provision was enacted in 1897,<sup>111</sup> stipulating that unlawful performances and representations of copyrighted dramatic and musical works were misdemeanors.<sup>112</sup> However, in order to

<sup>107</sup> *Id.* at 801.

<sup>108</sup> *Id.* at 801–04.

<sup>109</sup> *Id.* at 804–05.

<sup>110</sup> See William Stuntz, *The Pathological Politics of Criminal Law*, 100 MICH. L. REV. 505, 508 (2001) ("American criminal law's historical development has borne no relation to any plausible normative theory—unless 'more' counts as a normative theory.").

<sup>111</sup> Act of Jan. 6, 1897, ch. 4, 29 Stat. 481.

<sup>112</sup> *Id.*; see also Lori A. Morea, *supra* note 64, at 209–10.

be held culpable, the infringement had to be “willful and for profit.”<sup>113</sup> Congress added criminal penalties because copyright holders had protested that people were unlawfully performing their works in locations that were difficult to detect and, as a result, their rights were unenforceable.<sup>114</sup>

In 1909, criminal sanctions were extended to cover every type of copyrighted work.<sup>115</sup> The 1909 Copyright Act “provided misdemeanor penalties of up to one year in jail or a fine between \$100 and \$1,000, or both, for ‘any person who willfully and for profit’ infringed upon a protected copyright.”<sup>116</sup> Moreover, “aiding and abetting willful and for-profit infringement” was also penalized with criminal sanctions.<sup>117</sup> Thus, the 1909 Act was an attempt to reduce the number of unlawful performers and, if they could not be stopped, punish those who were assisting them.<sup>118</sup>

Criminal provisions remained the same until the 1970s when additional protections were provided. The Sound Recording Act of 1971 awarded sound recordings copyright protection for the first time.<sup>119</sup> In addition, the “Act criminalized willful, for-profit infringement of sound recordings in response to the belief that the exclusion of such recordings from criminal provisions in the 1909 Copyright Act had led to an estimated annual volume of record and tape piracy exceeding \$100 million.”<sup>120</sup> Congress took additional steps in 1974 in order to have a greater deterrent effect. It added criminal liability for “knowingly and willfully” aiding and abetting an infringement.<sup>121</sup>

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<sup>113</sup> Act of Jan. 6, 1897, ch. 4, 29 Stat. 481.

<sup>114</sup> I. Trotter Hardy, *supra* note 74, at 315 (citing *Revision of Copyright Laws: Hearings Before the Comms. on Patents of the S. and H. of Reps. on Pending Bills to Amend and Consolidate the Acts Respecting Copyright*, 60th Cong. 24 (1908); H.R. REP. NO. 91-53, at 2 (1894)).

<sup>115</sup> Copyright Act of 1909, ch. 320, 35 Stat. 1075; Lanier Saperstein, Comment, *Copyrights, Criminal Sanctions and Economic Rents: Applying the Rent Seeking Model to the Criminal Law Formulation Process*, 87 J. CRIM. L. & CRIMINOLOGY 1470, 1474–75 (1997).

<sup>116</sup> Saperstein, *supra* note 115, at 1475.

<sup>117</sup> Note, *The Criminalization of Copyright Infringement in the Digital Era*, *supra* note 99, at 1707–08.

<sup>118</sup> *Id.* at 1707 (describing the attempt to punish “criminally liable theater managers and agents”).

<sup>119</sup> Sound Recording Act of 1971, Pub. L. No. 92-140, 85 Stat. 391; Note, *The Criminalization of Copyright Infringement in the Digital Era*, *supra* note 99, at 1707–08.

<sup>120</sup> Note, *The Criminalization of Copyright Infringement in the Digital Era*, *supra* note 99, at 1708 (citing Mary Jane Saunders, *Criminal Copyright Infringement and the Copyright Felony Act*, 71 DENV. U. L. REV. 671, 674 (1994) (citing H.R. REP. NO. 92-487, at 2 (1971))).

<sup>121</sup> *Id.* (citing H.R. REP. NO. 93-1581, at 4 (1974)).

Because lost profits in the movie and sound recording industry were attributed to infringement, higher fines and penalties were introduced in the 1976 Copyright Act.<sup>122</sup> General fines were increased to \$10,000, and the infringer of sound recordings or motion pictures could be fined up to \$25,000.<sup>123</sup> Moreover, repeat offenders were to be punished with even higher fines and longer jail sentences, thereby shifting infringement from a misdemeanor to a felony.<sup>124</sup> The Act also “changed the wording of the mens rea requirement from ‘for profit’ to ‘for purposes of commercial advantage or private financial gain.’ This change clarified that the defendant’s activities need be motivated only by the desire of financial gain; whether the defendant actually received a financial benefit is immaterial.”<sup>125</sup>

During the years following the 1976 Act, the movie and sound recording industries persuaded Congress that sound recording, audiovisual, and motion picture infringement needed to be punished with felony provisions because “misdemeanor penalties did not deter large scale copyright pirates” and the Department of Justice was less likely to enforce a misdemeanor offense than it was a felony offense.<sup>126</sup> Thus, in 1982 the statute was amended again. Different categories of felonious acts were created and harsher fines and longer jail sentences were imposed for acts of infringement that had been previously categorized as misdemeanors.<sup>127</sup>

The 1982 amendments did not protect the computer and software industries, to their chagrin. The rapid growth in the software industry had been accompanied by a boom in large-scale piracy.<sup>128</sup> The large losses in

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<sup>122</sup> Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (1976); Note, *The Criminalization of Copyright Infringement in the Digital Era*, *supra* note 99, at 1708–09 (citing Saunders, *supra* note 120).

<sup>123</sup> Saperstein, *supra* note 115, at 1478.

<sup>124</sup> Pyun, *supra* note 33, at 360.

<sup>125</sup> Note, *The Criminalization of Copyright Infringement*, *supra* note 99, at 1708.

<sup>126</sup> Loren, *supra* note 95, at 842–43.

<sup>127</sup> Morea, *supra* note 64, at 2011 (“In 1982, Congress amended the Copyright Act to allow for new maximum fines as high as \$250,000 and possible imprisonment of five years in cases where the individual was involved in reproducing or distributing more than 1000 copies of one or more copyrighted sound recordings, or more than sixty-five copies of one or more motion pictures or audiovisual works. In addition, another category of felonies was established, which allowed for fines of up to \$250,000 and a maximum of two years in prison for the reproduction or distribution of at least 100 copies in the same time period. These penalties were placed in a new section, 2319 of the United States Code, while the criminal offenses were defined in 506(a) of title 17 (the Copyright Act).”).

<sup>128</sup> Saperstein, *supra* note 115, at 1480–81; Note, *The Criminalization of Copyright Infringement*, *supra* note 99, at 1711.

revenues attributed to software piracy led Congress to enact the Copyright Felony Act of 1992.<sup>129</sup> “Prior to the passage of this Act, only unauthorized copying of sound recordings, motion pictures, or audiovisual works constituted a federal felony. The [1992] Copyright Felony Act protects all copyrighted works and lowered the numerical and monetary thresholds for felony sanctions.”<sup>130</sup>

However, up until the passage of the No Electronic Theft Act (NET Act) in 1997,<sup>131</sup> people who infringed upon copyrighted works for non-commercial purposes were not subject to criminal penalties. This changed after the case of *United States v. LaMacchia*.<sup>132</sup> LaMacchia was an MIT student who facilitated the unlawful uploading and downloading of software programs through an electronic bulletin board that he had set up.<sup>133</sup> The court could not find him guilty under the Copyright Act because of the fact that LaMacchia had infringed with no financial motivation.<sup>134</sup> This case was particularly poignant for the software industry because it symbolized the kind of damage that could be done with simple and accessible digital technology.<sup>135</sup> Congress was thus spurred by the courts and the affected industries to broaden the scope of criminal liability to deter copyright offenders who had no financial motivation.<sup>136</sup> Accordingly, the NET Act allowed “the prosecution of individuals who willfully violated copyright laws without apparent profit objectives under felony provisions of the Copyright Act.”<sup>137</sup>

In 1998, the Digital Millennium Copyright Act took the increasing

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<sup>129</sup> Copyright Felony Act, Pub. L. No. 102-561, 106 Stat. 4233 (1992); Note, *The Criminalization of Copyright Infringement*, *supra* note 99, at 1711–12.

<sup>130</sup> Grimm, Guzzi & Rupp, *supra* note 42, at 763.

<sup>131</sup> No Electronic Theft Act, Pub. L. No. 105-147, 111 Stat. 2678 (1997).

<sup>132</sup> *United States v. LaMacchia*, 871 F. Supp. 535 (D. Mass. 1994).

<sup>133</sup> *Id.* at 536.

<sup>134</sup> *Id.* at 540, 545.

<sup>135</sup> Note, *The Criminalization of Copyright Infringement*, *supra* note 99, at 1712 (“Anyone can now commit major copyright infringement because of the widespread accessibility of copying technology and the technology’s ability to make perfect reproductions.”).

<sup>136</sup> Morea, *supra* note 64, at 215 (“The basic idea underlying the NET Act was that infringers who did not act for financial gain should still face severe consequences for their actions, which would hopefully deter the wrongful behavior of individuals such as David LaMacchia.”). Besides the *LaMacchia* case and industry support, Loren attributes the NET Act to the “increasingly prevalent view of copyright as property equivalent to automobiles and jewelry.” Loren, *supra* note 95, at 850.

<sup>137</sup> Morea, *supra* note 64, at 216.

criminalization even one step further,<sup>138</sup> criminalizing the use and trafficking of technologies used to circumvent the access controls installed in copyrighted works.<sup>139</sup>

The Anti-Counterfeiting Amendments Act of 2004 criminalized trafficking “counterfeit and illicit labels” attached to copyrighted works.<sup>140</sup> To combat movie piracy, the Family Entertainment and Copyright Act of 2005 was enacted to impose criminal penalties on anyone who uses an audiovisual recording device in a movie theater.<sup>141</sup>

Finally, in 2008 Congress passed the Prioritizing Resources and Organization for Intellectual Property Act (PRO-IP Act).<sup>142</sup> The Act addresses counterfeiting and infringement together, expanding forfeiture and restitution arrangements.<sup>143</sup> It “designates criminal copyright infringement ‘a felony,’ replacing the more ambiguous term of ‘offense,’ effectively eliminating IP misdemeanors.”<sup>144</sup> Among other reasons, Congress saw fit to pass the bill because it reasoned that billions of dollars in profits were lost due to infringement and because infringement funds terrorist activities.<sup>145</sup>

Thus, in the last one hundred years, criminal copyright infringement in the U.S. has not only been expanded to include every type of copyrighted work but has also been subjected to tougher sanctions. Congress has responded to the increasing piracy rates, large-scale infringements, and relative ease of copying works in the digital era by imposing increasingly harsh penalties for infringing conduct. The effect of these criminal

<sup>138</sup> Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998).

<sup>139</sup> Hardy, *supra* note 74, at 320–22.

<sup>140</sup> Anti-Counterfeiting Amendments Act, Pub. L. No. 108-482, 118 Stat. 3912 (2004); Grimm, Guzzi & Rupp, *supra* note 42, at 766 (describing the provisions of the Act).

<sup>141</sup> Family Entertainment and Copyright Act of 2005, Pub. L. No. 109-9, 119 Stat. 218; Grimm, Guzzi & Rupp, *supra* note 42, at 764 (describing the provisions of the Act).

<sup>142</sup> Prioritizing Resources and Organization for Intellectual Property (PRO-IP) Act of 2008, Pub. L. No. 110-403, 122 Stat. 4256.

<sup>143</sup> Pyun, *supra* note 33, at 376–78.

<sup>144</sup> *Id.* at 376.

<sup>145</sup> Section 503 of the PRO-IP Act states that

counterfeiting and infringement results in billions of dollars in lost revenue for United States companies each year and even greater losses to the United States economy in terms of reduced job growth, exports, and competitiveness; the growing number of willful violations of existing Federal criminal laws involving counterfeiting and infringement by actors in the United States and, increasingly, by foreign-based individuals and entities is a serious threat to the long-term vitality of the United States economy and the future competitiveness of United States industry; terrorists and organized crime utilize piracy, counterfeiting, and infringement to fund some of their activities . . . .

provisions will be discussed in the next Part.

## V. THE EFFECTS OF CRIMINAL COPYRIGHT PROVISIONS

Whether criminal copyright provisions have actually reduced infringement is a matter up for debate. Most of the empirical analysis on the subject points to increasing piracy and infringement rates, which underscores the lack of impact that criminal copyright provisions may be having. With the enhancement of criminal penalties, many commentators cried out against the potentially negative effects such penalties would have on the advancement of free speech and the preservation of fair use. Yet, the fruition of such negative effects is also contested. The following Section outlines the available commentary on the effects of criminal copyright provisions.

### A. DETERRENT EFFECT AND ENFORCEMENT

Ascertaining the effectiveness of criminal copyright provisions is difficult. As recently as June 2010, the U.S. Intellectual Property Enforcement Coordinator (IPEC) called on federal agencies to “review existing civil and criminal penalties to ensure that they are providing an effective deterrent to infringement.”<sup>146</sup> In the white paper that followed in March 2011, IPEC did not address the effectiveness of the current criminal copyright provisions in place but noted that continuing online piracy was a key concern.<sup>147</sup> IPEC recommended that Congress increase sentence lengths for members of organized crime groups involved in intellectual property infringement, repeat infringers, and copyright offenders who sell infringing goods that are used in national defense and law enforcement.<sup>148</sup> Moreover, the white paper recommended that the use of technologies such as streaming to infringe upon copyrights should be upgraded to a felony offense.<sup>149</sup>

In order for criminal copyright provisions to be effective, they have to be enforced. However, criminal prosecution is significantly less common

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<sup>146</sup> EXEC. OFFICE OF THE PRESIDENT OF THE U.S., 2010 JOINT STRATEGIC PLAN ON INTELLECTUAL PROPERTY ENFORCEMENT 19 (2010), *available at* [http://www.whitehouse.gov/sites/default/files/omb/assets/intellectualproperty/intellectualproperty\\_strategic\\_plan.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/intellectualproperty/intellectualproperty_strategic_plan.pdf).

<sup>147</sup> *See* EXEC. OFFICE OF THE PRESIDENT OF THE U.S., ADMINISTRATION’S WHITE PAPER ON INTELLECTUAL PROPERTY ENFORCEMENT LEGISLATIVE RECOMMENDATIONS 1 (2011), *available at* [http://www.whitehouse.gov/sites/default/files/ip\\_white\\_paper.pdf](http://www.whitehouse.gov/sites/default/files/ip_white_paper.pdf).

<sup>148</sup> *Id.* at 1–2.

<sup>149</sup> *Id.* at 2.

than civil prosecution.<sup>150</sup> Copyright infringement and piracy are particularly difficult to counter with enforcement because infringers are able to avoid detection through the use of developing technologies. Prosecuting infringers is further burdened by the high costs of bringing forth a suit.<sup>151</sup> Not surprisingly, for the year 2010, the DOJ reported that its attorneys received 132 investigative matters concerning 18 U.S.C. § 2319, which prohibits criminal infringement of a copyright; these matters involved a total of 174 defendants.<sup>152</sup> Of the 132 investigative matters, 84 were resolved or terminated and only 74 cases were actually filed against 83 defendants.<sup>153</sup> Only 31 defendants received a prison sentence.<sup>154</sup> Of these, only 17 defendants received more than a year in prison: 12 defendants received between one and two years, 3 defendants received between two and three years, and 2 defendants received between three and five years.<sup>155</sup>

As noted previously, the success of criminal enforcement measures is uncertain.<sup>156</sup> Recent studies on piracy rates have found that 17.5% of internet traffic in the United States was estimated to be infringing activity.<sup>157</sup> Infringing traffic on peer-to-peer networks was the highest, amounting to 13.8% of all internet traffic.<sup>158</sup> Indeed, about half of all

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<sup>150</sup> Kim F. Natividad, *Stepping It Up and Taking It to the Streets: Changing Civil & Criminal Copyright Enforcement Tactics*, 23 BERKELEY TECH. L.J. 469, 480 (2008).

<sup>151</sup> *Id.* at 470.

<sup>152</sup> See U.S. DEP'T OF JUSTICE, FY 2010 PERFORMANCE AND ACCOUNTABILITY REPORT app. E (2010). The automated case management system used to collect data for the U.S. Attorneys' Offices does not separately identify copyright infringement cases where the infringer advertises the infringing work online or makes the infringing work available on the internet for download, reproduction, performance, or distribution by others. *Id.* It is an offense under 18 U.S.C. § 2319 to willfully infringe a copyright for purposes of commercial advantage or private financial gain, or through large-scale, unlawful reproduction or distribution of a copyrighted work, regardless of whether there was a profit motive. *Id.*

<sup>153</sup> See *id.*

<sup>154</sup> See *id.*

<sup>155</sup> See *id.*

<sup>156</sup> See also Representative Zoe Lofgren's remarks to Victoria Espinel, U.S. Intellectual Property Enforcement Coordinator: "there is a lot of large-scale commercial piracy that is going on, and the Department is doing very little about it. I think that that is something that needs attention. And some of the people who are into copyright enforcement in Silicon Valley . . . thought [enforcement] was small time and the big fish are getting away. And I think that that needs some attention." *Office of the U.S. Intellectual Property Enforcement Coordinator: Hearing Before the Subcomm. on Intellectual Prop., Competition, and the Internet of the H. Comm. on the Judiciary*, 112th Cong. 22–23 (2011) (Rep. Zoe Lofgren's remarks to Victoria Espinel, U.S. Intellectual Prop. Enforcement Coordinator).

<sup>157</sup> *An Estimate of Infringing Use on the Internet*, ENVISIONAL 3 (Jan. 2011), [http://documents.envisional.com/docs/Envisional-Internet\\_Usage-Jan2011.pdf](http://documents.envisional.com/docs/Envisional-Internet_Usage-Jan2011.pdf).

<sup>158</sup> *Id.* at 3.

Americans ages twelve to twenty-two with access to the internet have illegally downloaded music from peer-to-peer networks.<sup>159</sup> Downloading music from file-sharing networks is not limited to teens and young adults. Over a quarter of internet users between the ages of thirty and forty-nine and 12% of users over fifty partake in illegal file-sharing.<sup>160</sup> Moreover, in their 2010 Global Piracy Study, the Business Software Alliance reported that pirated software accounted for 20% of all software used in the United States.<sup>161</sup>

These numbers and studies indicate that piracy is thriving in the United States and around the globe. Consequently, the effect of U.S. enforcement efforts in curbing infringement activities is yet to be seen.

#### B. THE NET ACT

The increasing criminalization of copyright infringement in the NET Act led to fears that small-scale infringers would be prosecuted, fair use would be disregarded, universities would remove potentially infringing material from the internet, and minors would be prosecuted.<sup>162</sup> According to Eric Goldman, at least up until 2003, these fears did not come to fruition, as the DOJ's prosecutions focused upon large-scale commercial infringements committed without the intent to gain profits.<sup>163</sup>

Although there were prosecutions under the NET Act, Goldman argues that the legislation has not had an impact on piracy and infringement rates.<sup>164</sup> Studies on piracy rates have not demonstrated any dips due to the

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<sup>159</sup> See Miriam Bitton, *Modernizing Copyright Law*, 20 TEX. INTELL. PROP. L.J. 65, 97 (2011).

<sup>160</sup> *Id.*

<sup>161</sup> See *09 Piracy Report*, BUSINESS SOFTWARE ALLIANCE (May 2010), [http://portal.bsa.org/globalpiracy2009/studies/09\\_Piracy\\_Study\\_Report\\_A4\\_final\\_111010.pdf](http://portal.bsa.org/globalpiracy2009/studies/09_Piracy_Study_Report_A4_final_111010.pdf).

<sup>162</sup> Goldman, *supra* note 86, at 393–96; see also Brian P. Heneghan, *The NET Act, Fair Use, and Willfulness—Is Congress Making a Scarecrow of the Law?*, 1 J. HIGH TECH. L. 27 (2002) (discussing the potential pitfalls of the NET Act and arguing that the Act itself just may not be necessary in the first place in terms of stopping piracy and infringement because criminal penalties are not the correct tool for correcting infringing behavior); Loren, *supra* note 95, at 861–71 (discussing the potential overbreadth of the NET Act, the lack of clarity regarding the fair use defense, and the fear that prosecutors will pursue small-scale offenders who infringe without a profit motive); Neri, *supra* note 73, at 755–57 (detailing the potential administrative and public backlash to laws that are incompatible with social norms; Neri concludes that administrative backlash to the NET Act is demonstrated by the limited prosecutions up until 2003, and that a public backlash has not occurred because the Act is rarely applied).

<sup>163</sup> Goldman, *supra* note 86, at 392.

<sup>164</sup> *Id.* at 397–99.

NET Act.<sup>165</sup> Goldman explains that the lack of any empirical proof on the positive effect of the Act is due to a number of factors, the first of which is a lack of enforcement.<sup>166</sup> In addition, the number of cases the DOJ prosecutes corresponds to its limited budget. Finally, public awareness of the NET Act's existence is also uncertain. These factors, coupled with the social norms supporting infringement behavior and the low probability of "getting caught" reduce public compliance.<sup>167</sup> Moreover, Goldman explains that other civil law remedies and criminal laws deter infringers more than criminal copyright provisions do. Those other laws thereby reduce the effectiveness of the NET Act's criminal penalties.<sup>168</sup> If anything, Goldman asserts that the NET Act imposes social costs. Many Americans can be considered criminals due to the Act's broad provisions, which would also hold peer-to-peer file-sharing in violation if certain "financial thresholds" were crossed.<sup>169</sup>

### C. THE DMCA

In March 2010, the Electronic Frontier Foundation released a report entitled *Unintended Consequences: Twelve Years Under the DMCA*.<sup>170</sup> According to the report, the DMCA jeopardized free speech and scientific research, along with fair use, competition, and innovation. The report cites a long list of cases in which free speech was threatened and scientific research inhibited by the threat of civil and criminal penalties and DMCA lawsuits. Among them, the report describes how in 2003, J. Alex Halderman, a graduate student at Princeton,

was threatened with a DMCA lawsuit after publishing a report documenting weaknesses in a CD copy-protection technology developed by SunnComm. Halderman revealed that merely holding down the shift key on a Windows PC would render SunnComm's copy protection technology ineffective. Furious company

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<sup>165</sup> A BSA study showed that warez trading sites increased from 100,000 in 1997 to 900,000 in 1999. Another BSA survey from May 2002 showed that more than 80% of all Internet users who have downloaded commercial software have downloaded software without paying for it, and 25% of users who download software never pay for it. And assuming peer-to-peer (P2P) file-sharing violates the Act, piracy has taken off since the Act's passage; an estimated fifty-seven million Americans use P2P file-sharing services and 42% of those individuals have burned a music CD rather than purchase it.

*Id.* at 398.

<sup>166</sup> *Id.* at 399–400.

<sup>167</sup> *Id.* at 400–02.

<sup>168</sup> *Id.* at 410–14.

<sup>169</sup> *Id.* at 414–16.

<sup>170</sup> *Unintended Consequences: Twelve Years Under the DMCA*, ELECTRONIC FRONTIER FOUND. (Mar. 2010), <https://www.eff.org/wp/unintended-consequences-under-dmca>.

executives then threatened legal action. The company quickly retreated from its threats in the face of public outcry and negative press attention. Although Halderman was spared, the controversy again reminded security researchers of their vulnerability to DMCA threats for simply publishing the results of their research.<sup>171</sup>

Critics of criminal copyright laws argue that free speech is inhibited or “chilled” by criminal copyright provisions. But in a congressional hearing in April 2011, Kent Walker, the general counsel for Google, Inc., reported that through the DMCA’s notice-and-takedown system, Google had been able to deny access to infringing works that copyright owners reported to them. Those infringing works amounted to less than 1% of the millions of works that Google provides access to. Thus, the DMCA’s notice-and-takedown system, in which the responsibility for identifying and taking down infringing works is shared by the copyright owner and the online service providers, enables millions to exercise their right to free speech because their “speech” will only be blocked if it infringes copyright. Blogs, talkbacks, and uploaded videos are not pre-screened but rather removed ad hoc only if they contain infringing material. Moreover, the DMCA’s safe harbors have ensured that online service providers such as Facebook, MySpace, YouTube, eBay, and Twitter can thrive.<sup>172</sup>

The DMCA has been described as ineffective at preventing digital piracy, and only a limited number of criminal cases have been brought under it.<sup>173</sup> However, its enforcement by the RIAA and MPAA has led universities to warn their students to stay away from infringement activities so as to avoid DMCA penalties.<sup>174</sup> The effectiveness of these warnings, however, is unclear at best, given the high piracy rates among college students.

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<sup>171</sup> *Id.*

<sup>172</sup> See *Promoting Investment and Protecting Commerce Online: Legitimate Sites v. Parasites, Part II: Hearing Before the Subcomm. on Intellectual Prop., Competition, and the Internet of the H. Comm. on the Judiciary*, 112th Cong. (2011) (statement of Kent Walker, Senior Vice President and General Counsel of Google, Inc.), available at <http://judiciary.house.gov/hearings/pdf/Walker04062011.pdf> (last visited Mar. 30, 2012).

<sup>173</sup> John B. Clark, Note, *Copyright Law and the Digital Millennium Copyright Act: Do the Penalties Fit the Crime?*, 32 NEW ENG. J. ON CRIM. & CIV. CONFINEMENT 373, 374 (2006); John Holland, Note, *Making Money Instead of Excuses: A Market-Based Alternative to the Digital Millennium Copyright Act That Protects Copyrights Without Diminishing Expression*, 7 GEO. J.L. & PUB. POL’Y 279, 292–95 (2009) (describing the ineffectiveness of the DMCA).

<sup>174</sup> Clark, *supra* note 173, at 395. See, for example, the warning issued by the University of Missouri, St. Louis about the penalties stemming from violation of the DMCA. *IT Security at UM-St. Louis*, U. MO.-ST. LOUIS, <http://www.umsl.edu/technology/itsecurity/dmca.html> (last visited Nov. 8, 2011).

#### D. THE PRO-IP ACT

The PRO-IP Act has been criticized for favoring industry rights over social norms, and consequently, requiring the DOJ to prosecute crimes that society does not view as such.<sup>175</sup> Grace Pyun has argued that the PRO-IP Act broadens the gap between the public and legislature and forces law enforcement officials to implement laws that do not strike a proper balance between the rights of copyright owners and those of the average citizen.<sup>176</sup>

#### E. SUMMARY

In summary, despite the ongoing changes to copyright criminal provisions and the increasing sanctions over the years, there has been a constant global growth in piracy rates of copyrighted works. In light of this gap between the strong laws on the books on the one hand and the laws' insignificant effects in the U.S. on the other hand, the next Part will explore the international treatment of copyright criminal enforcement. The new ACTA initiative will be introduced and compared to existing enforcement regimes. The next Part will also question the utility of ACTA's criminal enforcement provisions, given the United States' experience to date with copyright criminal enforcement, and suggest a better approach for the criminal enforcement of intellectual property rights.

### VI. CRIMINALIZATION OF COPYRIGHT INFRINGEMENT UNDER INTERNATIONAL LAW: FROM BERNE TO ACTA

This Part will discuss the way international law has handled intellectual property law enforcement to date. First, the TRIPS agreement will be discussed. As the first international agreement that has provided effective enforcement measures against violations of intellectual property rights, the TRIPS agreement will provide a baseline for comparison to the TRIPS-plus standards enumerated in ACTA. Next, a brief history of the ACTA will be provided and the reasons for its initiation and its objectives for heightened intellectual property rights enforcement will be discussed. Finally, a critical analysis of the ACTA is presented, touching upon its flawed design and unrealistic goals, as well as offering some better designs for a more efficient enforcement framework.

Before the TRIPS agreement took effect in 1995,<sup>177</sup> enforcement of intellectual property rights was hardly mentioned in other international

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<sup>175</sup> Pyun, *supra* note 33, at 388–94.

<sup>176</sup> *Id.*

<sup>177</sup> TRIPS, *supra* note 5.

treaties.<sup>178</sup> TRIPS came to fill that vacuum with comprehensive international standards for the enforcement of intellectual property rights and the creation of a dispute settlement mechanism through the World Trade Organization (WTO). Through Part III of the TRIPS agreement, ground rules for judicial and administrative procedures, remedies, and criminal enforcement were established.

The following Section will first provide an overview of the TRIPS enforcement provisions, with a particular focus upon its criminal enforcement provisions. Next, the criticism concerning the effectiveness of the enforcement provisions will be outlined. Then the WTO's most recent panel report addressing enforcement provisions will be analyzed, and finally, its ramifications for future enforcement will be discussed.

#### A. TRIPS ENFORCEMENT PROVISIONS

##### *1. Part I Through Part IV: Articles 41–60*

Section 1 of Part III of TRIPS requires the signatory states to ensure the availability of enforcement procedures that “permit effective action against any act of infringement . . . , including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements.”<sup>179</sup> The International Intellectual Property Alliance (IIPA) has interpreted “availability” in Section 1 to refer not only to legislation but also to the enforcement of that legislation.<sup>180</sup> Consequently, laws that set criminal penalties alone do not meet the requirements of Section 1; those remedies must also be enforced in order to be in compliance with TRIPS. “Effective action” houses all the available remedies (civil, criminal, and border measures).<sup>181</sup> A remedy is a “deterrent” if it reduces infringement rates.<sup>182</sup>

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<sup>178</sup> Articles 13(3) and 15 address enforcement in the Berne Convention. Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, *revised at Paris* July 24, 1971, 828 U.N.T.S. 221. Articles 9 and 10 address enforcement in the Paris Convention. Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, *revised at Stockholm* July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305.

<sup>179</sup> TRIPS, *supra* note 5, art. 41.1.

<sup>180</sup> INT'L INTELLECTUAL PROP. ALLIANCE, COPYRIGHT ENFORCEMENT UNDER THE TRIPS AGREEMENT 3 (2004), *available at* [http://www.iipa.com/rbi/2004\\_Oct19\\_TRIPS.pdf](http://www.iipa.com/rbi/2004_Oct19_TRIPS.pdf).

<sup>181</sup> *Id.*

<sup>182</sup> *Id.* *But see* Report of the Panel, *China—Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, § 7.578, WT/DS362/R (Jan. 26, 2009), *available at* [http://www.wto.org/english/tratop\\_e/dispu\\_e/362r\\_e.pdf](http://www.wto.org/english/tratop_e/dispu_e/362r_e.pdf) (describing the term “deterrent” in Article 61 as a flexible, imprecise concept whose interpretation depends upon

## 2. Criminal Enforcement Provisions: Article 61

Article 61 obligates signatory states to adopt criminal procedures and penalties in cases where willful trademark counterfeiting or copyright piracy has occurred. Such infringements must be on a commercial scale. Furthermore, the criminal penalties must include imprisonment or a substantial monetary fine or both, of a magnitude sufficient to deter infringement. The remedies available must also be consistent with those “applied for [property] crimes of a corresponding gravity.”<sup>183</sup> In addition, where appropriate, the remedies must include the seizure, forfeiture, and destruction of the infringing goods and any materials that have been used to commit the crime of infringement.<sup>184</sup> Article 61 gives member states the discretion to provide criminal procedures and penalties for the infringement of intellectual property rights, besides trademark counterfeiting and copyright piracy. Thus, for example, criminal procedures and penalties can be applied to infringement that was not willful or committed on a commercial scale.

Moreover, seizure, forfeiture, and destruction can come together as a package.<sup>185</sup> Returning seized goods only facilitates continued piracy and negates the requirement that remedies must act as deterrents.

### B. THE EFFECTIVENESS OF TRIPS ENFORCEMENT PROVISIONS

From the outset, the minimum enforcement standards required by TRIPS were criticized by scholars as being too vague and difficult to enforce in practice. Professors Jerome Reichman and David Lange called the enforcement provisions the Achilles’ heel of the TRIPS agreement.<sup>186</sup> They contended that the provisions are “crafted as broad legal standards, rather than as narrow rules, and their inherent ambiguity will make it harder for mediators or dispute-settlement panels to pin down clear-cut violations of international law.”<sup>187</sup> This vague minimum standard, and the fact that

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circumstances).

<sup>183</sup> TRIPS, *supra* note 5, art. 61; *see also* DANIEL GERVAIS, *THE TRIPS AGREEMENT: DRAFTING HISTORY AND ANALYSIS* 492 (3d ed. 2008) (interpreting “similar gravity” as corresponding to “serious crimes against property”).

<sup>184</sup> Gervais, *supra* note 183, at 492 (noting that the materials used to help commit the offense include manufacturing and reproduction equipment).

<sup>185</sup> TRIPS, *supra* note 5, arts. 46, 61.

<sup>186</sup> J. H. Reichman & David Lange, *Bargaining Around the TRIPS Agreement: The Case for Ongoing Public-Private Initiatives to Facilitate Worldwide Intellectual Property Transactions*, 9 *DUKE J. COMP. & INT’L L.* 11, 34–40 (1998) (discussing the weaknesses in the enforcement provisions).

<sup>187</sup> *Id.* at 35; *see also* Donald P. Harris, *The Honeymoon Is Over: The U.S.-China WTO*

the provisions are worded to provide deference to different legal systems, make it even more difficult for rights holders to effectively enforce their rights.<sup>188</sup> Christine Thelen noted that developing countries would find it especially challenging to enforce because they lacked the institutions necessary to do so.<sup>189</sup> Even more troubling for TRIPS was the observation that it could render the existence of prosecutorial discretion a violation of international law.<sup>190</sup> Moreover, according to some commentators, the ACTA is a product of developed nations' frustration with the TRIPS agreement, whose enforcement mechanisms were viewed as ineffective.<sup>191</sup>

The 2009 WTO Panel Report, *China—Measures Affecting the Protection and Enforcement of Intellectual Property Rights* (Panel Report), was the first to interpret the enforcement provisions of the TRIPS agreement comprehensively.<sup>192</sup> As such, it had the potential to provide valuable guidance in interpreting how some of the vaguer provisions should be understood and implemented by signatory states. As set forth below, the decision unsurprisingly exposed the TRIPS agreement's weaknesses rather than its strengths.

The remainder of this subpart shows how the China–U.S. dispute over the Panel Report exposed the deficiencies of TRIPS and prompted the

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*Intellectual Property Complaint*, 32 FORDHAM INT'L L.J. 96, 116 (2008) (noting that member states are given “considerable latitude in fashioning laws to meet their enforcement obligations” because the enforcement provisions contain “vague phrases such as ‘effective,’ ‘reasonable,’ ‘undue,’ ‘unwarranted,’ ‘fair and equitable,’ and ‘not . . . unnecessarily complicated or costly’”).

<sup>188</sup> Reichman & Lange, *supra* note 186, at 35–36.

<sup>189</sup> Christine Thelen, Comment, *Carrots and Sticks: Evaluating the Tools for Securing Successful TRIPS Implementation*, 24 TEMP. J. SCI. TECH. & ENVTL. L. 519, 525–26 (2005); see also Rama John Ruppenthal, Note, *TRIPS Through the Far East: High Tech Product Piracy and the Need for Alternative Regional Solutions*, 20 WIS. INT'L L.J. 143, 169–70 (explaining how TRIPS enforcement measures are intended for nations and not regions, and thus do not properly address piracy in East Asia, where piracy takes place on a regional level).

<sup>190</sup> Tuan N. Samahon, Note, *TRIPS Copyright Dispute Settlement After the Transition and Moratorium: Nonviolation and Situation Complaints Against Developing Countries*, 31 LAW & POL'Y INT'L BUS. 1051, 1052 (2000) (“What happens after January 1, 2000, when developing country WTO members have appropriate intellectual property measures and enforcement provisions on their books, but limited or no actual enforcement occurs? May a developing country reply to a TRIPS violation claim that its statutory enactments fulfill WTO obligations and that actual enforcement of its laws is uniquely a matter of prosecutorial or judicial discretion?”).

<sup>191</sup> Kimberlee Weatherall, *Politics, Compromise, Text and the Failures of the Anti-Counterfeiting Trade Agreement*, 33 SYDNEY L. REV. 229, 237 (2011).

<sup>192</sup> Report of the Panel, *supra* note 182.

adoption of ACTA, with stronger requirements for criminal penalties. The discussion of ACTA's criminal penalties resumes in Section C.

### *1. The Case*

The United States turned to the WTO dispute settlement body, claiming that China's laws were not in accordance with the TRIPS agreement.<sup>193</sup> First, the United States claimed that China's thresholds for criminal liability were too high, thereby exempting counterfeiting and piracy acts from criminal procedures and penalties in violation of Articles 61 and 41. Second, the United States contended that China's measures regarding the disposal of confiscated, infringing goods were incompatible with its obligations under Article 59 and 46. Third, the United States claimed that unauthorized works (i.e., those that did not pass Chinese censorship) were not awarded copyright protection, in violation of the Berne Convention (which is incorporated through Article 9.1 of the TRIPS agreement) and Article 41.1 of the TRIPS agreement.

It is also important to note that the United States limited its claims to Chinese law, as opposed to Chinese enforcement in practice.<sup>194</sup> While the panel's decision touched on the details of Chinese treatment of impounded infringing goods and the extent to which a country can deny copyright protection, the heart of the decision, from our perspective, is how the panel approached the thresholds of criminal liability.

### *2. The Panel's Decision*

The United States claimed that China's criminal thresholds were too high, thereby preventing the imposition of criminal liability for copyright piracy and trademark counterfeiting. Before ascertaining whether the United States' claim was valid, the panel had to interpret what "willful and trademark counterfeiting or copyright piracy on a commercial scale" meant, in order to determine whether the cases that fell below the criminal thresholds constituted counterfeiting or piracy.<sup>195</sup> If there were such cases that were excluded by Chinese law, then China would not be in compliance with Article 61.

The focal point of the dispute was in the interpretation of "commercial

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<sup>193</sup> *Id.* §§ 2.2–4, 8.1–2.

<sup>194</sup> Jan Bohanes & Adrian Emch, *WTO Panel Report on China-IPR: A Mixed Result*, CHINA L. & PRAC., Mar. 2009, at 19–20, available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1516907](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1516907).

<sup>195</sup> Report of the Panel, *supra* note 182, §§ 7.479, 7.517.

scale.” The United States claimed that the term encompassed not only actions “of a sufficient extent or magnitude to qualify as ‘commercial scale’ in the relevant market,”<sup>196</sup> but also commercial activities undertaken with a motive for profit.<sup>197</sup> China, in turn, argued that the United States’ definition completely removed “scale” from the term itself and should therefore be rejected.<sup>198</sup> The panel recognized the term as flexible, imprecise, and contingent upon circumstances.<sup>199</sup> The panel rejected the United States’ definition, opting to define commercial scale as “counterfeiting or piracy carried on at the magnitude or extent of typical or usual commercial activity with respect to a given product in a given market . . . . The magnitude or extent of typical or usual commercial activity relates, in the longer term, to profitability.”<sup>200</sup> “Commercial scale” also applies in cases of technological infringement (i.e., the term is technology-neutral).<sup>201</sup> Moreover, in response to China’s claim that Article 41.5 does not require member states to allocate more resources toward prosecuting intellectual property infringement (which China claimed would occur if it must lower its criminal threshold and thereby prosecute more cases), the panel further stated that its interpretation was limited to “the issue of what acts of infringement must be criminalized and not those which must be prosecuted.”<sup>202</sup>

The panel opined that the United States must back up with evidence its claim that China excluded willful, commercial-scale piracy and counterfeiting.<sup>203</sup> It dismissed the United States’ claim on evidentiary grounds, stating that the evidence provided was “too little and too random to demonstrate a level that constitutes a commercial scale for any product in China.”<sup>204</sup> The panel could not “distinguish between acts that, in China’s marketplace, are on a commercial scale, and those that are not.”<sup>205</sup> The press articles which the United States provided to prove its claims were also found to be insufficient to make a *prima facie* case against China.<sup>206</sup>

The United States also claimed that the criminal thresholds that

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<sup>196</sup> *Id.* § 7.480.

<sup>197</sup> *Id.*

<sup>198</sup> *Id.* § 7.481.

<sup>199</sup> *Id.* § 7.578. In that same section, the panel also noted that terms such as “deterrent” and “corresponding gravity” were of a similar, flexible nature.

<sup>200</sup> *Id.* § 7.577.

<sup>201</sup> *Id.* § 7.657.

<sup>202</sup> *Id.* § 7.596.

<sup>203</sup> *Id.* § 7.602.

<sup>204</sup> *Id.* § 7.617.

<sup>205</sup> *Id.* § 7.609.

<sup>206</sup> *Id.* § 7.629.

applied only took into account value and volume, as opposed to other “indicia of commercial scale operations, such as the presence of unfinished products and fake packaging.”<sup>207</sup> The panel dismissed this claim as well, citing as grounds for dismissal the lack of evidence that such indicia was not taken into account.<sup>208</sup> In addition, the panel addressed the question of whether the term “commercial scale” requires authorities to take this other indicia into account. The panel found it unlikely that Article 61 created a broader “obligation addressing issues of evidence and procedure.”<sup>209</sup>

Finally, the panel emphasized that it did not provide any position on whether Article 61 applied to “counterfeiting and piracy committed without any purpose of financial gain.”<sup>210</sup> As Peter Yu aptly summarized, “*without determining whether China had satisfied its TRIPS obligations, the WTO panel found that the United States had failed to substantiate its claim.*”<sup>211</sup>

### 3. Ramifications

The Panel Report is largely seen as having failed to improve intellectual property enforcement.<sup>212</sup> Joost Pauwelyn remarked that the report casts doubt as to TRIPS’s ability to ensure intellectual property enforcement in signatory states.<sup>213</sup> According to Peter Yu, the report “also signals to other less developed countries that the TRIPS agreement does not require the high TRIPS-plus standards of intellectual property protection and enforcement that are now being advanced through bilateral, plurilateral, and regional trade and investment agreements as well as the proposed ACTA.”<sup>214</sup> The report further reinforces the considerable leeway given to members in implementing TRIPS.<sup>215</sup>

Given that the claims and report focused only on China’s legislation and not upon the quality of its enforcement, it remains unclear what the rules would be if a TRIPS signatory state enacted criminal penalties but did not effectively enforce the legislation. This point is particularly poignant

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<sup>207</sup> *Id.* § 7.633.

<sup>208</sup> *Id.* § 7.652.

<sup>209</sup> *Id.* § 7.651.

<sup>210</sup> *Id.* § 7.662.

<sup>211</sup> Peter K. Yu, *The TRIPS Enforcement Dispute*, 89 NEB. L. REV. 1046, 1069 (2011) (emphasis added).

<sup>212</sup> *Id.* at 41.

<sup>213</sup> Joost Pauwelyn, *The Dog That Barked but Didn’t Bite: 15 Years of Intellectual Property Disputes at the WTO*, 33, 35 (Nov. 2010), available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1708026](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1708026).

<sup>214</sup> Yu, *supra* note 211, at 41.

<sup>215</sup> Weatherall, *supra* note 191, at 237; Yu, *supra* note 211, at 45.

with China, which, even if forced to lower criminal thresholds, would not have to change its enforcement of such laws.<sup>216</sup>

In addition, Peter Yu notes that the Panel Report emphasized that initiating the enforcement of intellectual property rights through Sections II, III, and IV is the responsibility of the rights holder.<sup>217</sup> This places the burden on the rights holder rather than the government. Likewise, the panel also “rejected the use of recently-negotiated bilateral, plurilateral, and regional trade and investment agreements as a relevant subsequent practice for determining the term ‘commercial scale.’”<sup>218</sup> The decision benefits countries who are not signatories to such agreements.<sup>219</sup> Finally, because there was not a clear winner in the dispute, less developed countries need not be deterred from bringing forth a claim against developed countries.<sup>220</sup>

In summary, the China–U.S. WTO dispute exposed the weaknesses of the TRIPS agreement and has played a role in bringing about the serious consideration of ACTA. Because developed countries criticized the TRIPS agreement for being outdated, failing to recognize digital advancements, and not adequately addressing piracy and counterfeiting as illustrated by the China–U.S. case, developed countries began to push for heightened enforcement standards for intellectual property rights and ultimately to the negotiations of the ACTA.<sup>221</sup>

### C. THE ACTA AGREEMENT

The ACTA aims to increase international cooperation and enforcement

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<sup>216</sup> Jung Yun Yang, *Bringing the Question of Chinese IPR Enforcement to the WTO Under TRIPS: An Effective Strategy or a Meaningless and Overused Tactic by the U.S.?*, 10 PITT. J. TECH. L. & POL’Y 1, 14–15 (2010) (“The problem at issue does not seem to arise from China’s reluctance to amend and enact domestic laws, giving higher IPRs, but rather from China’s failure to enforce such laws.”).

<sup>217</sup> Yu, *supra* note 211, at 45–46; Report of the Panel, *supra* note 182, § 7.247.

<sup>218</sup> Yu, *supra* note 211, at 46.

<sup>219</sup> *Id.*

<sup>220</sup> *Id.* at 47.

<sup>221</sup> See Reichman & Lange, *supra* note 186, at 34–39 (discussing the weaknesses in the enforcement provisions). Note, however, that some scholars and activists suggest that ACTA is simply an attempt to get even stronger property rights. See, e.g., Elizabeth Judge & Saleh Al-Sharieh, *The Impact of the Anti-Counterfeiting Trade Agreement (ACTA) on Canadian Copyright Law* 6 (Program on Info. Justice & Intellectual Prop., Am. U. Wash. C. L. Digital Commons, Research Paper No. 13, 2010), available at <http://digitalcommons.wcl.american.edu/cgi/viewcontent.cgi?article=1014&context=research> (“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 order to combat the proliferation of trademark counterfeiting and copyright piracy in the twenty-first century.<sup>222</sup> Derided as the “Anti-China Trade Alliance,”<sup>223</sup> the ACTA has caused a firestorm of debate, in part because the negotiations preceding it were veiled in secrecy. This Section intends to briefly trace the development of the ACTA as well as the justifications behind its inception. The ACTA’s provisions in general and those pertaining to criminal copyright enforcement will be outlined, as well as what it adds beyond TRIPS<sup>224</sup> and existing treaties. The Section will conclude with a review of the literature criticizing the ACTA and the presentation of a new approach that would create a more effective international copyright enforcement regime.

### *1. Background*

The ACTA was a product of many developed countries’ desire to strengthen intellectual property rights protection and enforcement in light of the continued “proliferation of counterfeit and pirated goods as well as the proliferation of services that distribute infringing material.”<sup>225</sup> Those countries wanted to establish more stringent standards for enforcement of copyright protections than the toothless minimum standards found in the TRIPS agreement.<sup>226</sup> Notably, the agreement was negotiated outside of the accepted WTO and WIPO<sup>227</sup> forums because of frustration with the “apparent multilateral stalemate on enforcement” in those forums.<sup>228</sup> A more exclusive negotiating forum would enable developed countries to establish standards that lean towards a maximalist approach to copyright protection and away from a minimalist approach.<sup>229</sup>

The framework for the ACTA agreement was first developed by Japan

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<sup>222</sup> ACTA, *supra* note 4, pmb1.

<sup>223</sup> Yu, *supra* note 6, at 998 (quoting Susan Scafidi, *ACTA Up!*, COUNTERFEIT CHIC (Oct. 24, 2007, 11:51 AM), [http://www.counterfeitchic.com/2007/10/acta\\_up.php](http://www.counterfeitchic.com/2007/10/acta_up.php)). “ACTA” officially stands for the Anti-Counterfeiting Trade Agreement.

<sup>224</sup> TRIPS, *supra* note 5.

<sup>225</sup> ACTA, *supra* note 4, pmb1.

<sup>226</sup> Emily Ayoob, *The Anti-Counterfeiting Trade Agreement*, 28 CARDOZO ARTS & ENT. L.J. 175, 182–83 (2010).

<sup>227</sup> WIPO is the World Intellectual Property Organization, an agency of the United Nations.

<sup>228</sup> Weatherall, *supra* note 191; *see also* Kaminski, *supra* note 12, at 388.

<sup>229</sup> Weatherall, *supra* note 191; *see also* Kaminski, *supra* note 12, at 388–89 (describing how countries with maximalist IP goals switched from the WIPO forum to the WTO forum, and then from the WTO forum to the ACTA forum in order to establish stronger protection and enforcement standards).

in 2005.<sup>230</sup> Following Japan's proposal of an anti-counterfeiting treaty, the U.S. also called for countries that protect intellectual property rights to work together to formulate a new plan for strengthening enforcement.<sup>231</sup> In 2007, the United States announced its intent to negotiate an anti-counterfeiting trade agreement with Canada, the European Union, Japan, Korea, Mexico, New Zealand, and Switzerland.<sup>232</sup> The goal of the undertaking was to "set a new, higher benchmark for enforcement."<sup>233</sup> Several informal discussions took place in 2007, and by the middle of 2008 the participating countries had entered into negotiations.<sup>234</sup> Eleven rounds of negotiations followed before the countries finalized the ACTA.<sup>235</sup> The agreement was altered several times, as it came under open criticism when leaked to the public.<sup>236</sup> However, by the end of 2010, the final agreement was released.<sup>237</sup> Legal verification was completed by April 2011, and the ACTA agreement has been open to signature since May 2011.<sup>238</sup>

## 2. Provisions

The ACTA is divided into six chapters. The discussion below will highlight the ACTA's key enforcement provisions while paying special attention to its criminal enforcement measures pertaining to copyrights. In ACTA's first chapter, the nature and scope of a party's obligations are described along with general definitions.

Chapter II of the ACTA establishes the legal framework for enforcing intellectual property rights. Section 2 of chapter II obligates member states to make available civil judicial procedures for enforcing intellectual property rights.<sup>239</sup> Section 3 of chapter II sets forth the rules governing

<sup>230</sup> Kaminski, *supra* note 12, at 389; Yu, *supra* note 6, at 980.

<sup>231</sup> Yu, *supra* note 6, at 6–7 (citing Declaration of Stanford McCoy at 4–5, EFF v. Office of the U.S. Trade Rep., No. 08–1599 (RMC), (D.D.C. filed 2009)).

<sup>232</sup> Ambassador Schwab, *supra* note 11. Australia, Singapore, and Morocco eventually joined the negotiations, with the noteworthy absence of China and India—countries with excessive piracy and counterfeiting rates. See David M. Quinn, *A Critical Look at the Anti-Counterfeiting Trade Agreement*, 17 RICH. J.L. & TECH. ¶¶ 3–4 (2011), <http://jolt.richmond.edu/v17i4/article16.pdf>.

<sup>233</sup> Ambassador Schwab, *supra* note 11.

<sup>234</sup> Kaminski, *supra* note 12, at 389.

<sup>235</sup> Ambassador Schwab, *supra* note 11.

<sup>236</sup> Quinn, *supra* note 232, ¶ 31; Yu, *supra* note 6, at 1016–17.

<sup>237</sup> ACTA, *supra* note 4.

<sup>238</sup> Foreign Affairs and International Trade Canada, Anti-Counterfeiting Trade Agreement, available at [http://www.international.gc.ca/trade-agreements-accords-commerciaux/fo/intellect\\_property.aspx?view=d](http://www.international.gc.ca/trade-agreements-accords-commerciaux/fo/intellect_property.aspx?view=d).

<sup>239</sup> ACTA, *supra* note 4, art. 7, para. 1.

border measures, which do not apply to patents and trademarks.<sup>240</sup> Border measures apply not only to imports but also to exports and in-transit goods.<sup>241</sup> Customs authorities must be given the authority to act on their own initiative, and rights holders must be allowed to request competent authorities to “suspend the release of suspected goods.”<sup>242</sup>

Most importantly, criminal enforcement is tackled in Section 4 of Chapter II. This section applies to copyrights, patents, and trademarks. Article 23 requires member states to provide for criminal penalties for willful “trademark counterfeiting or copyright or related rights piracy on a commercial scale.”<sup>243</sup> Commercial scale is defined to include acts “carried out as commercial activities for direct or indirect economic or commercial advantage.”<sup>244</sup> Criminal penalties must also be available in cases of label and packaging offenses and unlawful copying of movies in cinemas.<sup>245</sup> Aiding and abetting infringement must also be subject to criminal liability.<sup>246</sup> All offenses must be punishable with imprisonment *and* monetary fines.<sup>247</sup> Article 25 dictates that competent authorities must have seizure, forfeiture, and destruction powers and describes how those powers should be applied. Article 26 enables ex officio enforcement—the power to detain articles suspected of being counterfeit or infringing by customs officials acting without a judicial detention order.

Section 5 of chapter II addresses the heated topic of enforcing intellectual rights in the digital environment. Article 27 extends civil and criminal enforcement to infringing acts that occur on the internet. Enforcement procedures apply to “unlawful use of means of widespread distribution for infringing purposes,”<sup>248</sup> which could “target both commercial and non-commercial peer-to-peer file-sharing.”<sup>249</sup> Such procedures must be implemented so that they do not violate freedom of expression, fair process, or privacy principles.<sup>250</sup> In addition, Article 27 calls on member states to “provide adequate legal protection and effective

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<sup>240</sup> *Id.* at E-9 n.6.

<sup>241</sup> *Id.* at E-9.

<sup>242</sup> *Id.* at E-9 to -10.

<sup>243</sup> ACTA, *supra* note 4, art. 23.

<sup>244</sup> *Id.* at E-12.

<sup>245</sup> *Id.* at E-12 to -13.

<sup>246</sup> *Id.* at E-13.

<sup>247</sup> *Id.*

<sup>248</sup> *Id.* at E-15.

<sup>249</sup> Quinn, *supra* note 232, ¶ 15.

<sup>250</sup> ACTA, *supra* note 4, art. 27, para. 2.

legal remedies against the circumvention” of technological measures used to protect rights holders’ works. Furthermore, the ACTA sets forth provisions protecting electronic rights management information.<sup>251</sup> These provisions are similar to the DMCA.<sup>252</sup>

Chapter III addresses best enforcement practices and Chapter IV discusses international cooperation. Chapter V establishes the “ACTA Committee,” a separate body from the WIPO and WTO.<sup>253</sup> Among other things, it has the authority to review the implementation of the agreement, proposed amendments to the agreement, and the terms for becoming a party to the agreement.<sup>254</sup> Chapter VI contains final provisions pertaining to matters such as signing the agreement, withdrawing from the agreement, and ascension.<sup>255</sup>

### 3. The ACTA and TRIPS

The ACTA builds upon the minimal TRIPS standards by heightening the standards for civil enforcement, border measures, and criminal enforcement, as well as adding requirements that do not exist in other treaties.<sup>256</sup>

At the very start of the agreement, when defining “counterfeit trademark goods” and “pirated copyright goods,” the ACTA expands upon the definition given in TRIPS, defining goods as infringing in accordance with the law of the country where procedures “are invoked,”<sup>257</sup> instead of the “country of importation.”<sup>258</sup> This grants customs authorities the authority to seize goods that are merely passing through their country (as opposed to only the goods shipped to their country).<sup>259</sup> In addition, ACTA defines “intellectual property” broadly, thereby protecting a greater scope of intellectual property rights than TRIPS did.<sup>260</sup> Moreover, the definition of “person” includes legal persons, which will “heighten liability for companies challenged as direct infringers, such as search engines or peer-

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<sup>251</sup> *Id.*

<sup>252</sup> Quinn, *supra* note 232, ¶ 15.

<sup>253</sup> ACTA, *supra* note 4, art. 36.

<sup>254</sup> *Id.* art. 36, para. 2.

<sup>255</sup> *Id.* arts. 39, 41, 43.

<sup>256</sup> Kaminski, *supra* note 12, at 390–91 (discussing how the ACTA built upon the TRIPS agreement outside of the WTO).

<sup>257</sup> ACTA, *supra* note 4, art. 5(d).

<sup>258</sup> TRIPS, *supra* note 5, art. 51.

<sup>259</sup> Kaminski, *supra* note 12, at 395–96.

<sup>260</sup> *Id.* at 396–97.

to-peer services.”<sup>261</sup>

In the area of civil enforcement, the ACTA stipulates that courts must be given the authority to order the destruction of infringing goods, whereas such a stipulation does not exist in TRIPS.<sup>262</sup> Where TRIPS required that the seriousness of the infringement be taken into account when awarding civil and administrative remedies, the ACTA contains no such provision.<sup>263</sup> In contrast to TRIPS, provisional measures and injunctions are extended to apply to third parties, such that they can be ordered against internet service providers.<sup>264</sup> Perhaps one of the most significant ACTA additions to the TRIPS standards is in regard to damages. Article 9.1 mandates that when “determining the amount of damages for infringement of intellectual property rights . . . judicial authorities shall have the authority to consider . . . any legitimate measure of value the right holder submits.”<sup>265</sup> This gives rights holders a generous alternative to TRIPS,<sup>266</sup> where courts only have authority to order damages “adequate to compensate for the injury the right holder has suffered because of an infringement.”<sup>267</sup> In addition, the ACTA requires that statutory damages be available for copyright or related rights infringement and trademark counterfeiting, an obligation that goes beyond TRIPS’s requirements.<sup>268</sup>

Similarly, the ACTA’s section on border measures enhances TRIPS’s standards. Border measures are applied to every intellectual property right besides patents and trademarks.<sup>269</sup> The exemption of *de minimis* imports from border measures are notably reduced from “small quantities of goods of a non-commercial nature contained in travellers’ personal luggage or sent in small consignments”<sup>270</sup> to only “small quantities of goods of a non-

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<sup>261</sup> *Id.* at 397.

<sup>262</sup> ACTA, *supra* note 4, art. 10.1; Kaminski, *supra* note 12, at 398.

<sup>263</sup> TRIPS, *supra* note 5, art. 46; Kaminski, *supra* note 12, at 398.

<sup>264</sup> ACTA, *supra* note 4, art. 8, para. 1, art. 12, para. 1; Kaminski, *supra* note 12, at 398–99.

<sup>265</sup> ACTA, *supra* note 4, art. 9.1.

<sup>266</sup> This provides the right holder with an alternative to the “strict proof-of-loss method of calculating damages.” See *Legal Information, Frequently Asked Questions on the Anti-Counterfeiting Trade Agreement (ACTA)*, SWISS FED. INST. OF INTELL. PROP., <https://www.ige.ch/en/legal-info/legal-areas/counterfeiting-piracy/acta/frequently-asked-questions.html> (last visited Nov. 8, 2011).

<sup>267</sup> TRIPS, *supra* note 5, art. 45.

<sup>268</sup> ACTA, *supra* note 4, art. 9, para. 3; Kaminski, *supra* note 12.

<sup>269</sup> ACTA, *supra* note 4, art. 13 n.6.

<sup>270</sup> TRIPS, *supra* note 5, art. 60.

commercial nature contained in travellers' personal luggage."<sup>271</sup> Customs officials may also seize in-transit goods that are not entering the country but are only passing through.<sup>272</sup> Thus, the ACTA:

gives rise to the seizure of goods that do not infringe in either the originating or importing country thereby (1) maximizing IP internationally to the standard of the IP maximalist countries through which goods are shipped, and (2) challenging the sovereignty of the shipping countries, whose citizens risk confiscation of their goods by third-party countries.<sup>273</sup>

Furthermore, the ACTA applies border measures to exports as well as imports, where TRIPS only applied to imports.<sup>274</sup>

Margot Kaminski points out that the border measures of the ACTA alter the previous balance struck between the interests of rights holders and importers to weigh in favor of rights holders.<sup>275</sup> For instance, where TRIPS required a higher burden of proof in order to seize goods, the ACTA permits customs authorities to seize goods (*ex officio*) if they are "suspect."<sup>276</sup> Rights holders can also request that customs authorities provide them with information about particular shipments of goods, even if those shipments are not suspect.<sup>277</sup> Moreover, the process for requesting that goods be seized is also easier in the ACTA and applies to a greater variety of intellectual property rights than the application process in TRIPS.<sup>278</sup> Compared to TRIPS, the ACTA also reduces the penalties applied to applicants who abuse the application process and the liability of customs officials.<sup>279</sup> With regard to the avenues of recourse for importers, the ACTA also limits the paths opened in TRIPS.<sup>280</sup>

Criminal enforcement is significantly strengthened in the ACTA agreement. The scope of enforcement is broadened to include piracy of

<sup>271</sup> ACTA, *supra* note 4, art. 14, para. 2.

<sup>272</sup> *Id.* art. 16, para. 2.

<sup>273</sup> Kaminski, *supra* note 12, at 403.

<sup>274</sup> ACTA, *supra* note 4, art. 16, para. 1; Kaminski, *supra* note 228, at 404.

<sup>275</sup> Kaminski, *supra* note 12, at 401.

<sup>276</sup> ACTA, *supra* note 4, art. 16.; Kaminski, *supra* note 228, at 401. Because this provision authorizes warrantless searches without probable cause, it might appear to create possible conflicts with the Fourth Amendment if ACTA is implemented in the United States. However, searches at the border have long been treated as reasonable searches under the Fourth Amendment, regardless of probable cause. *See* United States v. Ramsey, 431 U.S. 606, 619 (1977).

<sup>277</sup> Kaminski, *supra* note 12, at 404.

<sup>278</sup> *Id.* at 404–05.

<sup>279</sup> *Id.* at 405–06.

<sup>280</sup> *Id.* at 406–07.

copyright-related rights, whereas TRIPS applied only to trademark counterfeiting and copyright piracy.<sup>281</sup> While TRIPS did not define “commercial scale,” the ACTA defines it as acts “carried out as commercial activities for direct or indirect economic or commercial advantage.”<sup>282</sup> According to Kaminski, “indirect economic or commercial advantages” may also apply to online infringement, thereby including “such benefits as advertising revenue or the prevention of expenditures.”<sup>283</sup>

The ACTA criminalizes infringement activities that were not even discussed in TRIPS.<sup>284</sup> Labeling and packaging (trademark) offenses, recording movies in theaters, and aiding and abetting infringement are all criminalized.<sup>285</sup> Kaminski notes that the extension of criminal liability to legal persons who aid and abet may also include “companies such as Google or Facebook, for infringement by their members.”<sup>286</sup>

TRIPS mandated that crimes be punishable with imprisonment or fines, and the ACTA mandates that crimes be punishable with imprisonment *and* fines.<sup>287</sup> The ACTA also broadens provisions regarding seizure, forfeiture, and destruction of “of defendants’ assets.”<sup>288</sup> Finally, the ACTA permits ex officio enforcement.<sup>289</sup>

In the area of digital enforcement, the ACTA breaks new ground that TRIPS did not even touch. Here, the WIPO Copyright Treaty<sup>290</sup> bears relevance, as the ACTA adds onto the obligations contained in that treaty.<sup>291</sup> The ACTA imposes liability for infringement through digital networks, which may include downloading and uploading on peer-to-peer networks.<sup>292</sup> In addition, the ACTA sets new international standards for acts of circumvention.<sup>293</sup> Legal protection and remedies must be applied when “effective technological measures” are circumvented.<sup>294</sup> According to

<sup>281</sup> ACTA, *supra* note 4, art. 23, para. 1; TRIPS, *supra* note 5, art. 61.

<sup>282</sup> ACTA, *supra* note 4, art. 23, para. 1.

<sup>283</sup> Kaminski, *supra* note 12, at 408.

<sup>284</sup> *Id.*

<sup>285</sup> *Id.*

<sup>286</sup> ACTA, *supra* note 4, art. 23, para. 5; Kaminski, *supra* note 12, at 408–09.

<sup>287</sup> ACTA, *supra* note 4, art. 24; TRIPS, *supra* note 5, art. 61.

<sup>288</sup> Kaminski, *supra* note 12, at 409–10.

<sup>289</sup> ACTA, *supra* note 4, art. 26; Kaminski, *supra* note 228, at 410.

<sup>290</sup> WIPO Copyright Treaty, art. 10, adopted Dec. 20, 1996, 36 I.L.M. 65, available at <http://www.wipo.int/treaties/en/ip/wct/>.

<sup>291</sup> Kaminski, *supra* note 12, at 410.

<sup>292</sup> ACTA, *supra* note 4, art. 27, para. 2; Kaminski, *supra* note 12, at 411.

<sup>293</sup> Kaminski, *supra* note 12, at 412–13.

<sup>294</sup> ACTA, *supra* note 4, art. 27, para. 5.

Kaminsky, effective technological measures can be “[s]ubstandard or poorly designed digital rights management,” which expands the scope of protection.<sup>295</sup> Moreover, marketing circumvention devices are prohibited, as well as manufacturing products that are primarily designed to circumvent.<sup>296</sup> Kaminsky argues that these provisions set a new international standard that stifle innovation “as new products or programs that have not yet found a market will be prohibited under this language so long as it can be shown that they circumvent technological measures.”<sup>297</sup> With regard to digital management rights, the ACTA prohibits “mak[ing] available” to the public copies of works whose digital management information has been removed.<sup>298</sup> Kaminsky notes that this adds to the WIPO Copyright Treaty because “making available” applies to peer-to-peer networks.<sup>299</sup>

Finally, the ACTA differs from TRIPS by focusing on international cooperation through information sharing and assisting other member states in ratcheting up their enforcement capabilities.<sup>300</sup> The ACTA also establishes a new international forum for intellectual property enforcement, called the ACTA Committee.<sup>301</sup>

#### 4. Criticism

Initially, the process behind the development of the ACTA had been heavily criticized for being enveloped in secrecy and negotiated outside of the accepted international intellectual property forums.<sup>302</sup> Although part of this criticism was forestalled with the release of the agreement to the public in April 2010, commentators have continued to underscore the importance of negotiating sensitive enforcement issues in a public forum where the interests of affected parties can be expressed and debated.<sup>303</sup> Moreover,

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<sup>295</sup> Kaminski, *supra* note 12, at 413.

<sup>296</sup> ACTA, *supra* note 4, art. 27.

<sup>297</sup> Kaminski, *supra* note 12, at 413.

<sup>298</sup> ACTA, *supra* note 4, art. 27, para. 7(b).

<sup>299</sup> Kaminski, *supra* note 12, at 414.

<sup>300</sup> ACTA, *supra* note 4, arts. 34–35.

<sup>301</sup> ACTA, *supra* note 4, art. 36.

<sup>302</sup> Margaret Chon, *Global Intellectual Property Governance (Under Construction)*, 12 THEORETICAL INQ. L. 349, 378–79 (2011) (describing how the lack of transparency raises questions concerning accountability and policy laundering); Quinn, *supra* note 232, ¶ 23; Yu, *supra* note 6, at 1074 (critically observing that because the ACTA was developed outside of the WTO, “[i]t throws away the many hard-earned bargains less-developed countries have won through the TRIPS negotiation process”).

<sup>303</sup> Note, *Keeping Our Balance in the Face of Piracy and Counterfeiting: Limiting the*

from an American perspective, negotiations behind closed doors may result in treaties that require Congressional ratification and subsequent changes made to U.S. law. This kind of “heavy-handed legislating” has been criticized as “policy laundering.”<sup>304</sup>

Kimberlee Weatherall critiques the claims that the ACTA will improve international law enforcement cooperation and enforcement standards.<sup>305</sup> In regard to international cooperation, Weatherall compares the ACTA with other plurilateral agreements and finds that the ACTA seeks to advance cooperation through general provisions that lack the specific language contained in other agreements.<sup>306</sup> Weatherall criticizes the ACTA, in comparison, for being “a lightweight, containing only rudimentary ‘motherhood’ provisions stating aspirations rather than establishing real, tangible tools for cooperation.”<sup>307</sup> Moreover, in order to be effective, Weatherall argues that the ACTA should have specified which acts of infringement were appropriate for international cooperation, instead of just using blanket terms such as “copyright piracy” and “trademark counterfeiting.”<sup>308</sup> These terms include a wide range of infringements undeserving of international cooperation.<sup>309</sup> Instead, the focus should have been upon willful, large-scale infringements.<sup>310</sup>

Furthermore, Weatherall contends that the ACTA does not create a “gold standard” of enforcement, because its provisions are unclear.<sup>311</sup> For instance, Article 9.3 does not mandate that member states instill a system for awarding additional damages. Instead, it offers three different systems that parties may adopt.<sup>312</sup> Weatherall argues that these systems are incoherent and do not lead to equivalent outcomes.<sup>313</sup> Consequently, with

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*Scope of Intellectual Property Rights Enforcement Provisions in Free Trade Agreements*, 42 GEO. WASH. INT'L L. REV. 159, 189–90 (2010) (“By creating a new framework, outside of existing international bodies such as the WTO and WIPO, the ACTA is shielded from the necessary robust debates on the proper scope of enforcement.”).

<sup>304</sup> *Id.* at 183–84; see Quinn, *supra* note 232, ¶ 27 (noting that whether the ACTA is an executive agreement or a treaty (and therefore subject to Senate approval) is up for debate).

<sup>305</sup> Weatherall, *supra* note 191, at 230–31; see also Yu, *supra* note 6, at 1073 (questioning whether the ACTA is likely to set more effective international intellectual property enforcement norms when TRIPS failed to do so).

<sup>306</sup> Weatherall, *supra* note 191, at 238–40.

<sup>307</sup> *Id.* at 239.

<sup>308</sup> *Id.* at 241–42.

<sup>309</sup> *Id.*

<sup>310</sup> *Id.* at 242.

<sup>311</sup> *Id.* 243–44.

<sup>312</sup> ACTA, *supra* note 4, art. 9, para. 3.

<sup>313</sup> Weatherall, *supra* note 191, at 259.

each nation adopting a different system (which accommodates its own domestic legislation), the level of punitive damages will vary from state to state, thereby bypassing the ACTA's aim to establish clear standards.<sup>314</sup> In sum, Weatherall claims that the ACTA avoids setting coherent standards in favor of "politically expedient" provisions.<sup>315</sup>

Margot Kaminski has criticized the ACTA on several fronts. In its preamble, the ACTA describes piracy and counterfeiting as funding organized crime, when the connection between online infringement and organized crime has yet to be proven.<sup>316</sup> The preamble also hints toward graduated-response terminations of internet connections of people who repeatedly infringe online.<sup>317</sup> Kaminski also criticizes the lack of exceptions given in the preamble for fair use and other principles.<sup>318</sup>

Kaminski notes that with regard to privacy and disclosure of information, the ACTA does not have an auditing system that will ensure its stipulation that "the Party receiving the information shall, subject to its law and practice, refrain from disclosing or using the information for a purpose other than that for which the information was provided."<sup>319</sup> Kaminski criticizes the damages system in the ACTA, which allows judicial authorities to award damages based on "any legitimate measure of value the right holder submits."<sup>320</sup> Because it is very hard to measure the losses accrued from infringement, she considers this measurement inappropriate.<sup>321</sup> Furthermore, Article 11 allows the judicial authorities to order infringers (who could be internet service providers) to disclose the identity of people involved in the infringement. According to Kaminski, this encourages "the breach of privacy of internet users for the benefit of right holders."<sup>322</sup>

In terms of border measures, Kaminski states that the authority to seize in-transit goods undermines the sovereignty of shipping countries.<sup>323</sup> With regard to criminal enforcement, the definition of "commercial scale" is

<sup>314</sup> *Id.*

<sup>315</sup> *Id.* at 231.

<sup>316</sup> Kaminski, *supra* note 12, at 393.

<sup>317</sup> *Id.*; ACTA, *supra* note 4, pmb. ("Desiring to promote cooperation between service providers and right holders to address relevant infringements in the digital environment.").

<sup>318</sup> Kaminski, *supra* note 12, at 394–95.

<sup>319</sup> ACTA, *supra* note 4, art. 4, para. 2; Kaminski, *supra* note 12, at 395.

<sup>320</sup> ACTA, *supra* note 4, art. 9, para. 1; Kaminski, *supra* note 12, at 399–400.

<sup>321</sup> Kaminski, *supra* note 12, at 399–400.

<sup>322</sup> *Id.* at 401.

<sup>323</sup> *Id.* at 403.

worrisome because it has the potential to apply to a wide scope of people (from online infringers to shipping companies).<sup>324</sup> Moreover, making imprisonment a mandatory penalty is problematic because “criminal law systems of different countries handle judicial and prosecutorial discretion in different ways, so one country’s enforcement may be far more draconian in practice than others.”<sup>325</sup> The application of criminal liability for aiding and abetting to legal persons puts innovation at risk “for global online companies.”<sup>326</sup> In the digital environment enforcement front, Kaminski warns that prohibiting the manufacture, distribution, or importation of a device which has “only a limited commercially significant purpose other than circumventing an effective technological measure,” will squash start-up ventures.<sup>327</sup>

Kaminski finds enforcement practices that mandate raising public awareness about respecting intellectual property rights, “the co-opting of government resources by private parties with an agenda regarding public perception.”<sup>328</sup> In regard to the ACTA Committee, Kaminski points out the transparency of the Committee’s operations are not guaranteed in the ACTA.<sup>329</sup> Moreover, Michael Geist has observed that the ACTA Committee could be a threat to the WIPO forum, by taking on similar responsibilities.<sup>330</sup>

#### 5. ACTA: The Road Ahead

The ACTA has been the subject of many criticisms pertaining to its different provisions in general and its criminal enforcement measures in particular. This Article focused on the ACTA’s criminal enforcement measures by exploring the theoretical foundations for employing criminal law in the intellectual property law field as well as exploring the American experience in this field and what lessons can be learned from it. Given the findings and criticisms outlined above, it is important to ask whether the ACTA will achieve its goals. This Article thoroughly explored the

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<sup>324</sup> *Id.* at 407–08.

<sup>325</sup> *Id.* at 409.

<sup>326</sup> *Id.*

<sup>327</sup> *Id.* at 413–14.

<sup>328</sup> *Id.* at 415–16.

<sup>329</sup> *Id.* at 417–18.

<sup>330</sup> Kaminski, *supra* note 12, at 417–18 (noting that the ACTA committee does not have to defer to the WTO’s dispute settlement system); Yu, *supra* note 6, at 1082 (citing Michael Geist, *Toward an ACTA Super-Structure: How ACTA May Replace WIPO*, MICHAEL GEIST (Mar. 26, 2010), <http://www.michaelgeist.ca/content/view/4910/125/>).

intersection between copyright law and criminal law and touched upon major findings pertaining to this intersection. The theoretical analysis of this intersection has revealed the presence of many difficulties pertaining to using criminal law sanctions in the copyright law realm. The moral ambiguity of personal-use infringement and the obscure harm caused to copyright owners shake the pillars supporting the application of criminal law. Additionally, as others have argued, social norms are operating against criminal infringement provisions, and many people do not find any correlation between copyright infringement and theft or other property-oriented perspectives.

While the social norms argument<sup>331</sup> has not yet been empirically established, there is no doubt that copyright infringement is indeed widespread, suggesting that criminal enforcement is ineffective. Therefore, any enhancement in criminal sanctions *without more* will not necessarily bring about a significant change. Because the ACTA is modeled after the United States' copyright criminal provisions, it is hard to see how it will bring about change, given the similarly stronger laws on the books. As the discussion in Part IV illustrated, the U.S. provided penalties for copyright infringement that included both imprisonment and fines many years before the ACTA was introduced.<sup>332</sup> Those stronger penalties were applied to several acts of copyright law infringement under U.S. law. Additionally, applying criminal penalties to the act of aiding and abetting criminal conduct pertaining to copyright infringement has been part of U.S. law since 1897 although introduced to the ACTA only during the twenty-first century.<sup>333</sup> Moreover, "camcording" has also been criminalized before it was introduced into the ACTA.<sup>334</sup> Lastly, the U.S. had also introduced copyright enforcement measures concerning the online world early on. It enacted the DMCA in the late 1990s, complying with its obligations under the WIPO Copyright Treaty. It also adapted its copyright legislation so it responds to the introduction of the internet and the new digital world. The ACTA similarly requires the introduction of measures responding to the online environment. Given the U.S.'s role in initiating and promoting the ACTA, it is not surprising that there is great similarity between the ACTA and the U.S. regime.

As the discussion in Part V showed, there are many factors that contributed to the failure of the U.S. enforcement scheme. Therefore, it is

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<sup>331</sup> See Moohr, *supra* note 57, at 767–73.

<sup>332</sup> See, e.g., 17 U.S.C. § 506 (2006).

<sup>333</sup> Act of Jan. 6, 1897, ch. 4, 29 Stat. 481.

<sup>334</sup> See 18 U.S.C. § 2319B (2006).

imperative to explore the lessons learned from the U.S. experience to the extent we have data and consider what steps should be taken in order to make the ACTA a more successful enforcement scheme.

The U.S. copyright enforcement scheme has not accomplished its goals. It did not manage to reduce piracy rates over the years, and those rates have constantly grown. The possible reasons for the failure of these enforcement schemes are complex and cannot be accurately determined and measured. However, given the discussion in Part V, it seems that the reasons stem from the reality that the copyright provisions were not actually enforced or prosecuted to the same extent as civil enforcement measures. In fact, criminal enforcement was significantly lower. There are many reasons for the low enforcement level. In the case of the United States, we can point to the burdensome high costs of bringing suits as a restraint on enforcement. Additionally, some infringers are able to avoid detection through the use of developing technologies. Moreover, enforcement efforts have focused mainly upon large-scale commercial infringements without the intent to gain profits rather than the more common, small-scale, non-commercial infringement.

Furthermore, it is doubtful whether there is public awareness and acceptance of the legal changes and enhanced criminal penalties pertaining to copyright infringement. Lastly, according to some scholars, social norms supporting infringement behavior and the low probability of getting caught also contribute to the decrease in public compliance.

Based on these explanations, it seems that the following steps can be taken in order to reduce piracy rates: First, more resources should be dedicated to combating piracy. If more resources are dedicated to combating infringement, it is likely that they will lead to greater deterrence and an increased likelihood of catching infringers. Second, focusing on non-commercial, small-scale infringers is an additional route that can be taken. Third, it is also possible to increase sentence lengths and fines in order to achieve greater deterrence.

While such suggestions can be made at the national level, such suggestions are unworkable for many reasons. At the national level, increased penalties, as well as a new emphasis on non-commercial, small-scale infringers might result in negative effects on the advancement of free speech and the preservation of free use. Increased penalties and pursuing non-commercial small-scale infringers can have a chilling effect on many members of the public who might avoid taking actions that might be legal. As for the budget constraints, it is hard to tell how many resources will be required to achieve optimal deterrence in an age of widespread online and digital piracy. Additionally, it is unclear whether criminal enforcement of

copyrights is or should be prioritized before greater enforcement of other crimes.

Such solutions are even less workable in the international environment where it seems very likely that an increased budget for enforcement is not really a feasible solution. This is especially the case with developing and less-developed countries, as well as with other developed economies where no additional resources can be dedicated to criminal enforcement. This is evident especially in light of those countries' compliance with the TRIPS agreement, where their inability to comply, stems, *inter alia*, from budgetary constraints.

Assuming such solutions cannot be adopted and realizing that the TRIPS agreement is indeed outdated and ineffective given the major technological changes that have occurred since its adoption, a new approach concerning criminal enforcement should be adopted. The better route to take should focus on a few changes: consideration of adoption of lower copyright protection thresholds; comprehensive educational campaigns; better clarity and guidance pertaining to the ACTA proposed measures; and budgetary assistance programs by the developed world.

First, given the extensive critique of copyright laws on the books, it is evident that it is necessary to re-examine existing copyright regimes and consider the adoption of a new regime that is more responsive to the new creative environment. Such a proposal will arguably result in less resistance to copyright regimes and better compliance. Suggestions along this line were raised by many scholars over the years and will not be discussed in greater detail.<sup>335</sup> It should be noted, however, that it is unlikely that such proposals will be adopted given developed countries' aggressive approach toward intellectual property rights enforcement and their dominance in the WTO and the ACTA.

Second, given the widespread infringement of copyrights worldwide, and, according to some scholars, the emergence of a social norm against compliance with copyright law, educational campaigns should be an integral part of any initiative. Indeed, Article 31 of the ACTA requires that each member state shall "as appropriate, promote the adoption of measures to enhance public awareness of the importance of respecting intellectual property rights and the detrimental effects of intellectual property rights infringement."<sup>336</sup> However, this Article is vague, unclear, and does not

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<sup>335</sup> See generally JAMES BOYLE, *THE PUBLIC DOMAIN: ENCLOSING THE COMMONS OF THE MIND* (2008) (discussing the centrality of the public domain for the production of culture and knowledge and the effects of copyright and patent policy on the public domain).

<sup>336</sup> ACTA, *supra* note 4, art. 31.

specify what exactly can and should be done to achieve the goal of getting the public to respect intellectual property rights. The ACTA should provide better clarity by providing a more comprehensive and clear program for an educational campaign. In crafting such educational campaigns, the drafters of the ACTA should rely upon other experiences with educational campaigns. It should be pointed out that in a recent report conducted by SSRC, *Media Piracy in Emerging Economies*, the authors conclude that copyright education campaigns are useless because consumers are not ignorant, but rather like their cheap copies:

The consumer surplus generated by piracy is not just popular but also widely understood in *economic-justice terms*, mapped to perceptions of greedy U.S. and multinational corporations and to the broader structural inequalities of globalization in which most developing-world consumers live. Enforcement efforts, in turn, are widely associated with U.S. pressure on national governments and are met with indifference or hostility by large majorities of respondents.<sup>337</sup>

Thus, educational campaigns should also address and cope with people's perceptions regarding copyright owners' economic motives and deal with the injustice allegations commonly raised regarding copyright protection.

Third, as the discussion above showed, one of the ACTA's flaws is the lack of clarity regarding the required reforms. The ACTA provides a general outline concerning criminal enforcement measures rather than specifically outlining what exact changes need to be made. It will be better if the ACTA specifically outlines what changes are required so better harmonization is achieved as well as better and more effective results.

Fourth, and lastly, it is critical, given the experience with implementing the TRIPS agreement, to consider the introduction of budgetary assistance programs by the developed world in order to make the implementation of the ACTA possible. Enhanced criminal enforcement programs, as well as ACTA's other measures, require resources. Given the experience with the TRIPS agreement, whose implementation was postponed many times due to inability to have enforcement measures in place, it is very likely that developing and less-developed countries will need additional resources that they do not currently have to implement such advanced enforcement measures.

## VII. CONCLUSIONS

In sum, from its beginnings, the ACTA has undergone many changes

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<sup>337</sup> See SOC. SCI. RES. COUNCIL, *MEDIA PIRACY IN EMERGING ECONOMIES* 34 (2011) (emphasis added), available at <http://piracy.ssrc.org/wp-content/uploads/2011/06/MPEE-PDF-1.0.4.pdf>.

that have silenced the loud outcries against it. Despite these adjustments, the ACTA remains controversial, especially because it is viewed as a product of country-club politics. This Article has focused on the ACTA's criminal enforcement measures pertaining to copyright infringement. Descriptively, it provided a careful theoretical foundation for employing criminal law in the copyright law field, highlighting the complexities introduced by the intersection of criminal law and copyright law. It has also provided a thorough analysis of the increasing criminalization of copyright law in the U.S. and provided existing data pertaining to its effects. This analysis showed that the U.S. has not managed to successfully combat copyright piracy.

Next, the Article moved on to explore the criminalization of copyright law internationally, discussing the changes that were introduced over time since the adoption of the Berne Convention and through the ACTA initiative. The Article has shown how the TRIPS agreement has been highly criticized for being outdated given technological changes and that the China–U.S. dispute had served as a major trigger in considering a new enforcement scheme. The Article has shown how the ACTA is modeled after the U.S. criminal enforcement scheme and how the U.S. experience is relevant to crafting any international enforcement scheme. Normatively, the Article argues that the ACTA should be designed differently in light of the theoretical difficulties introduced and the U.S. experience in criminalizing copyright infringement. The ACTA should focus more on clarity pertaining to the legislative fixes that should be adopted at the national level; rely on educational campaigns to enhance people's understanding regarding copyright infringement; offer developing and less-developed countries monetary assistance concerning enforcement; and consider lowering the minimum standards initially introduced into the TRIPS agreement in order to better reflect the new creative environment.

Despite the strong criticisms of the ACTA, the enforcement of intellectual property rights is a major challenge to the developed world's industries and governments. There is no doubt that the TRIPS agreement enforcement measures need to be reconsidered given the technological changes we have witnessed since its adoption. Therefore, the introduction of the ACTA is not surprising. However, given what we know about criminal enforcement and its effects to date, policymakers should reconsider the wisdom of the ACTA in order to bring about a better framework that is actually responsive to the new creative environment.

