Public Knowledge

Inconsistencies Between the TPP and U.S. Law

The Trans-Pacific Partnership ("TPP") is a free trade agreement currently being negotiated by the United States, Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, and Vietnam.[1] Canada, Mexico, and Japan have also expressed interest in joining the Agreement.[2]

The United States joined the TPP negotiations in March 2008.[3] President Bush notified Congress of his intent to negotiate with the TPP members on September 22, 2008, and with potential members Australia, Peru, and Vietnam on December 30, 2008.[4] On November 14, 2009, President Obama announced the United States' intention to engage with the TPP.[5] On December 14, 2009, Ambassador Kirk officially notified Congress of the administration's intent to enter into negotiations on the TPP, "with the objective of shaping a high-standard, broad-based regional agreement."[6] The United States' goals in joining the TPP negotiations seem to be twofold: (1) joining a new Asian-Pacific trading bloc, and (2) shaping the TPP to be consistent with the United States' free trade agreements with other countries.[7]

The most recent publicly available draft text of the TPP's Intellectual Property Chapter is dated February 10, 2011. The parties have not given any further information about the Intellectual Property Chapter since that time. The draft text contains several differences from existing U.S. law, including: the inclusion of transitory reproductions within the author's reproduction right, slightly harsher anticircumvention provisions, a broad definition of "broadcasting" that includes Internet or individually-chosen transmissions, presumptions of copyright ownership, harsher actual and statutory damage provisions, more restrictive provisions regarding court procedures for preliminary injunctions and forfeitures, and government authority to prosecute civil copyright offenses. The draft text also fails to include limitation and exceptions

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[1] *USTR Fact Sheet: Trans-Pacific Partnership*, OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, http://www.ustr.gov/about-us/press-office/fact-sheets/2011/november/united-states-trans-pacific-partnership (last visited Feb. 2, 2012).

[2] *Statement by U.S. Trade Representative Ron Kirk on Announcements from Mexico and Canada Regarding the Trans-Pacific Partnership*, OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, http://www.ustr.gov/about-us/press-office/press-releases/2011/november/statement-us-trade-representative-ron-kirk-announ (last visited Feb. 2, 2012); *Statement by U.S. Trade Representative Ron Kirk on Japan's Announcement Regarding the Trans-Pacific Partnership*, OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, http://www.ustr.gov/about-us/press-office/press-releases/2011/november/statement-us-trade-representative-ron-kirk-japans (last visited Feb. 2, 2012).

[3] IAN F. FERGUSSON & BRUCE VAUGHN, CONG. RESEARCH SERV., R40502, THE TRANS-PACIFIC STRATEGIC ECONOMIC PARTNERSHIP AGREEMENT 1 (2009), http://fpc.state.gov/documents/organization/135949.pdf.

[4] *Id.*

[5] *USTR Fact Sheet: Trans-Pacific Partnership*, *supra* note 1.

[6] *Economic Opportunities and the TPP*, OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, http://www.ustr.gov/about-us/press-office/fact-sheets/2009/december/economic-opportunities-and-tpp (last visited Feb. 2, 2012). The USTR observed relevant procedures from the Bipartisan Trade Promotions Authority Act of 2002, 19 U.S.C. § 3804, although this provision applies only to agreements entered into before July 1, 2007. Request for Comments Concerning Proposed Trans-Pacific Partnership Trade Agreement, 70 Fed. Reg. 66,720 (Dec. 16, 2009).

[7] FERGUSSON & VAUGHN, *supra* note 3, at 2.

to copyright, and includes language regarding the intersection of the importation and distribution rights, the status of which is still unclear under U.S. law.

A detailed comparison of the February 2011 draft text of the TPP and U.S. law follows. U.S. statutory citations are to Title 17 of the U.S. code unless stated otherwise.

TPP IPR Section Number	TPP Text	Difference from U.S. Law
Art. 4.1	"Each Party shall provide that authors, performers, and producers of phonograms have the right to authorize or prohibit all reproductions of their works, performances, and phonograms, in any manner or form, permanent or temporary (including temporary storage in electronic form)."	§ 106(1) only prohibits reproduction in "copies or phonorecords," not "in any manner or form." § 101 requires that a copy be "fixed," or "sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration." The TPP does not define "copy" but suggests that transitory reproductions will qualify.
Art. 4.2	"Each Party shall provide to authors, performers, and producers of phonograms the right to authorize or prohibit the importation into that Party's territory of copies of the work, performance, or phonogram made without authorization, or made outside that Party's territory with the authorization of the author, performer, or producer of the phonogram."	It is not clear whether this conflicts with § 109, because the relationship between § 109 and § 602(a)(1) in the U.S. is still unsettled, particularly after the U.S. Supreme Court's evenly split decision in *Costco v. Omega*. Art. 4.2 may conflict with U.S. law by not limiting the importation right with the first sale doctrine.
Art. 4.5	"Each Party shall provide that, where the term of protection of a work (including a photographic work), performance, or phonogram is to be calculated: (a) on the basis of the life of a natural person, the term shall be not less than the life of the author and 70 years after the author's death; and (b) on a basis other than the life of a natural person, the term shall be: (i) not less than 95 years from the end of the calendar year of the first authorized publication of the work, performance, or phonogram, or (ii) failing such authorized publication	The TPP mirrors the duration provisions of §§ 302(a)-(b), but the TPP establishes these limits as minimums, while U.S. law sets the limits as the standard. Also, § 302(e) provides that after 95 years from publication or 120 years from creation, a person who files a certified report that nothing in the record indicates that the author has been alive for the last 70 years is entitled to the presumption that the author has been dead for at least 70 years.

	within 25 years from the creation of the work, performance, or phonogram, not less than 120 years from the end of the calendar year of the creation of the work, performance, or phonogram."	
Art. 4.7(b)	"Each Party shall provide that for copyright and related rights, any person acquiring or holding any economic right in a work, performance, or phonogram . . . by virtue of a contract, including contracts of employment underlying the creation of works, performances, and phonograms, shall be able to exercise that right in that person's own name and enjoy fully the benefits derived from that right."	This provision is likely in line with U.S. law, but it is possible that "shall be able to exercise that right in that person's own name" could be construed to grant authorship to employers or contractors without meeting the requirements the work made for hire definition in § 101. Also, this provision could be interpreted in a manner that conflicts with the termination rights established in § 203.
Art. 4.8	[Placeholders for provision on (1) exceptions and limitations, (2) Internet retransmission, and (3) any other appropriate copyright/related rights provisions]	Because the text has not been drafted (or leaked) yet, it is unclear whether anything in this article will differ from current U.S. law.
Art. 4.9		Art. 4.9 largely mirrors the anticircumvention provisions in U.S. law, found at 17 U.S.C. § 1201–1204, but is significantly more restrictive than Art. 11 of the WIPO Copyright Treaty, which merely requires that WCT Parties "provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights . . . ."
Art. 4.9(a)(ii)(C)	[forbidding trafficking of products or services that] are primarily designed, produced, or performed for the purpose of enabling or facilitating the circumvention of any effective technological measure . . . ."	§ 1201(a)(2)(A) is similar, but only includes goods or services designed or produced "for the purpose of circumventing," not "for the purpose of enabling or facilitating the circumvention . . . ."
Art. 4.9(a)	"Such criminal procedures and penalties shall include the application to such activities of the remedies and authorities listed in subparagraphs (a), (b), and (f) of Article [15.5] as applicable to infringements, *mutatis mutandis*."	Art. 15.5 requires "the imposition of actual terms of imprisonment when criminal infringement is undertaken for commercial advantage or private financial gain," while § 1204 provides for fines *or* imprisonment for criminal anticircumvention violations.

Art. 4.9(a) & Art. 12.12(b)	". . . each Party shall provide that any person who [commits an anticircumvention violation] shall be liable, and subject to the remedies set out in Article 12.12." ". . . each Party shall provide that its judicial authorities shall, at the least, have the authority to . . . provide an opportunity for the right holder to elect between actual damages . . . or pre-established damages . . . ."	§ 1203(c)(5) grants courts discretion to reduce or remit damages in cases of innocent violations, and mandates that courts remit damages for innocent violations by libraries, archives, educational institutions, or public broadcasting entities.
Art. 4.9(c)	"Each Party shall provide that a violation of a measure implementing this paragraph is a separate cause of action, independent of any infringement that might occur under the Party's law on copyright and related rights."	U.S. courts have split on the question of whether an anticircumvention violation requires an infringement of copyright. *See MDY Industries LLC v. Blizzard Entm't, Inc.*, Nos. 09-15932 & 16044 (9th Cir., Dec. 14, 2010)); *but see Storage Tech. Corp. v. Custom Hardware Engineering*, 2004 WL 1497688 (D. Mass, July 2, 2004), *vacated on appeal*, 421 F.3d 1307 (Fed. Cir. 2005); *The Chamberlain Grp., Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178 (Fed. Cir. 2004).
Art. 4.9(d)(viii)	"noninfringing uses of a work, performance, or phonogram in a particular class of works, performances, or phonograms when an actual or likely adverse impact on those noninfringing uses is demonstrated in a legislative or administrative proceeding by substantial evidence; provided that any limitation or exception adopted in reliance upon this clause shall have effect for a renewable period of not more than three years from the date of conclusion of such proceeding."	§ 1201(a)(1)(C), which governs the Librarian of Congress's anticircumvention exemption determination, does not require a "substantial evidence" standard, but rather that the Librarian shall determine "whether persons who are users of a copyrighted work are, or are likely to be in the succeeding 3-year period, adversely affected by the prohibition under subparagraph (A) in their ability to make noninfringing uses under this title of a particular class of copyrighted works." The Register of Copyrights has interpreted this to mean that proponents of a § 1201 exemption must provide "sufficient evidence" of a substantial adverse effect, noting "[h]ow much evidence is sufficient will vary with the factual context of the alleged harm," and "is never the only

		consideration in the rulemaking process." 73 FR 58075.
Art. 4.10(a)(iii)	"each Party shall provide that any person who without authority, and knowing, or, with respect to civil remedies, having reasonable grounds to know, that it would induce, enable, facilitate, or conceal an infringement of any copyright or related right . . . (iii) distributes, imports for distribution, broadcasts, communicates or makes available to the public copies of works, performances, or phonograms, knowing that rights management information has been removed or altered without authority . . ."	§ 1202(b)(3) only prohibits a person from distributing, importing for distribution, or publicly performing works, while the TPP also includes broadcasting, communicating, and making available works.
Art. 4.10(c)	"Rights management information means: (i) information that identifies a work, performance, or phonogram; the author of the work, the performer of the performance, or the producer of the phonogram; or the owner of any right in the work, performance, or phonogram; (ii) information about the terms and conditions of the use of the work, performance, or phonogram; or (iii) any numbers or codes that represent such information, when any of these items is attached to a copy of the work, performance, or phonogram or appears in connection with the communication or making available of a work, performance or phonogram, to the public."	This is similar to § 1202(c), but does not include the exception for "public performances of works by radio and television broadcast stations" included in §§ 1202(c)(4)-(5).
Art. 5	"Without prejudice to Articles 11(1)(ii), 11*bis*(1)(i) and (ii), 11*ter*(1)(ii), 14(1)(ii), and 14*bis*(1) of the Berne Convention, each Party shall provide to authors the exclusive right to authorize or prohibit the communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that	Although there is a circuit split on this issue, there is little statutory support for the position that the § 106(3) distribution rights includes a "making available" right absent actual transfer.

	members of the public may access these works from a place and at a time individually chosen by them."	
Art. 6.5(a)	"broadcasting means the transmission to the public by wireless means or satellite of sounds or sounds and images, or representations thereof, including wireless transmission of encrypted signals where the means for decrypting are provided to the public by the broadcasting organization or with its consent; "broadcasting" does not include transmissions over computer networks or any transmissions where the time and place of reception may be individually chosen by members of the public"	The Copyright Act does not define broadcasting, except as an FCC-licensed terrestrial broadcast station for purposes of compulsory licenses in § 114(j)(3), and the TPP adds that broadcasting does not include Internet transmissions or individually-chosen transmissions.
Art. 10.2	"In civil, administrative, and criminal proceedings involving copyright or related rights, each Party shall provide for a presumption that, in the absence of proof to the contrary, the person whose name is indicated in the usual manner as the author, producer, performer, or publisher of the work, performance, or phonogram is the designated right holder in such work, performance, or phonogram. Each Party shall also provide for a presumption that, in the absence of proof to the contrary, the copyright or related right subsists in such subject matter."	Neither of these presumptions exists in U.S. copyright law. Fulfilling notice requirements only affects a defendant's claim of innocent infringement under §§ 401, 402, 405.
Art. 12.3(b)	". . . in determining damages for infringement of intellectual property rights, its judicial authorities shall consider, *inter alia*, the value of the infringed good or service, measured by the suggested retail price or other legitimate measure of value submitted by the right holder."	Under § 504(b), the copyright owner may recover actual damages and any of the infringer's profits attributable to the infringement. U.S. jurisprudence has established that the market value of the work is determined by "what a willing buyer would have been reasonably required to pay to a willing seller for plaintiffs' work." *Frank Music Corp. v. MGM Inc.*
Art. 12.4	"In civil judicial proceedings, each Party shall, at least with respect to works, phonograms, and performances	§ 504(c) provides the option of statutory damages, but law does not require that these damages be high

	protected by copyright or related rights, and in cases of trademark counterfeiting, establish or maintain a system that provides for pre-established damages, which shall be available upon the election of the right holder. Pre-established damages shall be in an amount sufficiently high to constitute a deterrent to future infringements and to compensate fully the right holder for the harm caused by the infringement."	enough to "constitute a deterrent to future infringements," as the TPP requires.
Art. 12.7(b)	"Each Party shall provide that in civil judicial proceedings . . . (b) its judicial authorities shall have the authority to order that materials and implements that have been used in the manufacture or creation of such pirated or counterfeit goods be, without compensation of any sort, promptly destroyed or, in exceptional circumstances, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements . . . ."	§ 503(b) permits a court to "order the destruction or other reasonable disposition of . . . all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which such copies or phonorecords may be reproduced." This is narrower than the TPP's inclusion of all "materials and implements" used in the manufacture or creation of the goods.
Art. 12.8	"Each Party shall provide that in civil judicial proceedings concerning the enforcement of intellectual property rights, its judicial authorities shall have the authority to order the infringer to provide any information that the infringer possesses or controls regarding any persons or entities involved in any aspect of the infringement and regarding the means of production or distribution channel of such goods or services, including the identification of third persons involved in the production and distribution of the infringing goods or services or in their channels of distribution, and to provide this information to the right holder."	This provision does not include exceptions for information that is privileged from disclosure by state law or the Rules of Evidence. The TPP's use of "infringer" instead of "alleged infringer" creates uncertainty as to whether the provision only applies after judgment or if the TPP is presuming guilt.
Art. 12.12(c)	"In civil judicial proceedings concerning the acts described in Article 4.[9] (TPMs) and Article 4.[10] (RMI), each Party shall	This provision is not in conflict with § 505, but § 505 is more broad and balanced because it also gives the court authority to award costs and fees to the

	provide that its judicial authorities shall, at the least, have the authority to . . . (c) order payment to the prevailing right holder at the conclusion of civil judicial proceedings of court costs and fees, and reasonable attorney's fees, by the party engaged in the prohibited conduct . . . ."	prevailing party, whether plaintiff or defendant.
Art. 13.1	"Each Party shall act on requests for provisional relief *inaudita altera parte* expeditiously, and shall, except in exceptional cases, generally execute such requests within ten days."	U.S. law contains no requirement that the court execute grants on preliminary motions within 10 days. The TPP also fails to mention that a party may obtain a preliminary injunction only if she shows that (1) she is likely to succeed on the merits, (2) she will suffer irreparable harm from the defendant's conduct, (3) less harm will result to the defendant if the preliminary injunction issues than to the plaintiff if the preliminary injunction does not issue, and (4) the public interest weighs in favor of the plaintiff.
Art. 15.1(a)	"Willful copyright or related rights piracy on a commercial scale includes: (a) significant willful copyright or related rights infringements that have no direct or indirect motivation of financial gain . . . ."	Under § 506(a)(1), criminal willful copyright infringement that is not for commercial advantage or private financial gain is limited to: copies with a total retail value of $1,000, or by making the work available on a computer network open to the public if the defendant knew that the work was intended for commercial distribution.
Art. 15.5(a)	"With respect to the offences described in Article 15.[1]-[4] above, each Party shall provide: (a) penalties that include sentences of imprisonment as well as monetary fines sufficiently high to provide a deterrent to future infringements, consistent with a policy of removing the infringer's monetary incentive. Each Party shall further establish policies or guidelines that encourage judicial authorities to impose those penalties at levels sufficient to provide a deterrent to future infringements, including the imposition of actual terms of	While U.S. law currently provides criminal penalties including imprisonment and fines for copyright violations, the U.S. does not have an official policy of ensuring that the fines are sufficiently high as to have a deterrent effect, and the U.S. does not have any policies or guidelines encouraging judges to deter future infringement. The guidelines that come closest to satisfying this provision are the U.S. Sentencing Guidelines, although they are not exclusively devoted to deterrence as a theory of punishment.

	imprisonment when criminal infringement is undertaken for commercial advantage or private financial gain."	
Art. 15.5(b)	"Each Party shall provide that items that are subject to seizure pursuant to any such judicial order need not be individually identified so long as they fall within general categories specified in the order . . . ."	The 4th Amendment requires that warrants issue only upon probable cause and "particularly describing the place to be searched, and the persons or things to be seized." Depending upon how "general" is interpreted, the TPP may not require sufficient particularity under the 4th Amendment.
Art. 15.5(c)	". . . that its judicial authorities shall have the authority to order, among other measures, the forfeiture of any assets traceable to the infringing activity, and shall order such forfeiture at least in cases of trademark counterfeiting . . . ."	18 U.S.C. § 2323 subjects only the following items to forfeiture for criminal copyright infringement: the infringing articles, property used or intended to be used to commit or facilitate the infringement, proceeds or property derived from proceeds as a direct or indirect result of the infringement.
Art. 15.5(g)	". . . that its authorities may initiate legal action *ex officio* with respect to the offenses described in this Chapter, without the need for a formal complaint by a private party or right holder."	To the extent that the TPP criminal offenses cover conduct that is not criminal under U.S. law (see above), the U.S. government would not have authority to initiate a criminal legal action to redress the harm.
Art. 16.3		This provision in large part mirrors § 512, so while the U.S. is likely already in compliance, the specificity of the provision leaves little room for other countries for whom the § 512 regime may not be ideal.
Art. 16.3(a)	". . . each Party shall provide, consistent with the framework set out in this Article: (a) legal incentives for service providers to cooperate with copyright owners in deterring the unauthorized storage and transmission of copyrighted materials . . . ."	This provision is ambiguous, although the U.S. could arguably already be in compliance through the notice-and-takedown system under § 512. The TPP provision may encourage a graduated response mechanism, or something to that effect.
Art. 16.3(b)		The TPP does not include a limitation on liability of nonprofit educational institutions, as § 512(e) does.
Art. 16.3(b)(vi)(B)	". . . accommodating and not interfering with standard technical measures accepted in the Party's	This provision is similar to § 512(i)(1)(B), but is actually more specific about which technical

	territory that protect and identify copyrighted material, that are developed through an open, voluntary process by a broad consensus of copyright owners and service providers, that are available on reasonable and nondiscriminatory terms, and that do not impose substantial costs on service providers or substantial burdens on their systems or networks."	measures must be accommodated.
Art. 16.3(b)(x)	"If the service provider removes or disables access to material in good faith based on claimed or apparent infringement, each Party shall provide that the service provider shall be exempted from liability for any resulting claims, provided that, in the case of material residing on its system or network, it takes reasonable steps promptly to notify the person making the material available on its system or network that it has done so and, if such person makes an effective counter-notification and is subject to jurisdiction in an infringement suit, to restore the material online unless the person giving the original effective notification seeks judicial relief within a reasonable time."	This provision is similar to § 512(g)(1), but U.S. law does not require that the alleged infringer be subject to jurisdiction in court before the service provider restores the material online.
Side Letter 1, Section (a), Footnote 35	"In the case of notices regarding an information location tool pursuant to paragraph (b)(i)(D) of Article 16.3, the information provided must be reasonably sufficient to permit the service provider to locate the reference or link residing on a system or network controlled or operated by or for it, except that in the case of a notice regarding a substantial number of references or links at a single online site residing on a system or network controlled or operated by or for the service provider, a representative list of such references or links at the site may be provided, if accompanied by	§ 512(c)(3)(iii) requires that the copyright owners provide "Identification of the material that is claimed to be infringing or to be the subject of infringing activity and that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate the material." In *Viacom v. YouTube* the court held that Viacom was required to submit the individual URL of claimed infringing videos and rejected the representative list that Viacom has provided, which at least arguably establishes a stricter standard than the

	information sufficient to permit the service provider to locate the references or links."	TPP provision.

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