

Introduction

IP rights enforcement initiatives – a UK perspective

Author

Ruth Orchard

Director general, Anti-Counterfeiting Group

Trying to think as a European – let alone globally – is still not that easy for those in the British Isles, especially when it comes to IP rights enforcement.

There is now a pyramid of policymaking, from the G8/G20 via the Anti-counterfeiting Trade Agreement (ACTA) and the European Commission to national level. Unfortunately, the global enforcement structure does not correspond to policy and much more work is required to streamline the various agencies and initiatives, from Interpol and Europol, national police and intelligence services; the World Customs Organisation, EU Customs and national customs authorities; multi-agency taskforces with an international remit (eg, the US National IP Rights Enforcement Centre); and, in the anomalous UK situation, trading standards officers within local councils, who are responsible for enforcing the criminal provisions of UK IP law (without having powers of arrest).

Some of us look longingly at the developing US strategy, headed by IP Enforcement Coordinator Victoria Espinel, with her direct line to the White House and powers to bring together all stakeholders to achieve the objectives at both domestic and international levels. The US strategy launched in 2010 seems to offer a clear, proactive blueprint for successful IP rights enforcement. While state laws vary, the United States can operate without the complexities of language, politics and the 'national territoriality versus harmonisation' debate which those in Europe must accommodate to reach any kind of consensus and to develop effective initiatives.

On one level, it is encouraging that IP rights enforcement is receiving so much more attention around the world than it was even a few years ago. However, the variations in approach, the sheer number of initiatives and the complexities of dealing with a global crime across so many different jurisdictions and under different agencies can cause significant confusion and duplication. Even keeping track of how many enforcement databases are now in operation, just in Europe, is a challenge, involving rights holders in multiple form-filling while trying to keep track of different levels of detail and responsibility.

The European Commission has long emphasised the need to combat counterfeiting and piracy because of the various impacts on member states (economic and social), while being short on hard evidence – as we all are due to the covert and global nature of the problem. The EU Observatory on Counterfeiting and Piracy (recently re-named as the EU Observatory on Infringement of IP Rights) is one measure being taken to assemble the necessary information and help to establish a coherent strategy for the future. Its day-to-day management has now moved from Brussels to the Office for Harmonisation in the Internal Market (OHIM) in Alicante (see below).

In contrast, the part played by brands in a healthy economy, their importance to economic growth and the corresponding importance of effective enforcement were ignored in last year's UK Hargreaves Review.

There is an acknowledged challenge in finding a common methodology which could be used to gather evidence to:

- establish the economic impact of IP crime; and
- place a value on the importance of effective IP rights enforcement.

Even the Organisation for Economic Cooperation and Development could not achieve the first objective and confined its study to cross-border trade, which was the most measurable aspect of counterfeiting and piracy it could find.

Now the EU Observatory is involved in a renewed attempt by the European Commission to meet that part of the challenge, which has commissioned a study by RAND Europe. Their proposed approach has caused some concern among rights holders, who are providing practical input, but at the time of writing this is still at a confidential pilot stage.

At UK level we are now working with other rights organisations and the UK IP Office to see whether we can agree an approach to the second point which could support more focused UK government policy and operational changes, and give IP crime a higher priority.

Certain other practical partnership initiatives were already in train via the UK IP Crime Group by the time the Hargreaves report appeared, including an online training package for prosecutors, produced by the IP Office and the Crown Prosecution Service (CPS) to help more than 350 prosecutors to build successful cases against counterfeiters and pirates (though this is not publicly available).

More accessible is a new online guide for businesses, "Preventing IP Infringement in the Workplace", produced by selected rights holders working with the IP Office within the IP Crime Group, after research had revealed a worrying level of ignorance about IP crime at work.

The new cross-government IP Crime Strategy, issued by the IP Office in August 2011 on the same day as the government's response to Hargreaves, is more tangible and encouraging than the Hargreaves Review.

For many years the Anti-Counterfeiting Group has campaigned to have joined-up government in this area, with IP and enforcement issues currently spread among six or seven different departments. This new strategy strongly recognises:

- the impact of IP crime and its links with other serious organised crime;
- the various benefits to be derived from effective enforcement; and
- the government's role in ensuring that enforcement agencies have the right powers and skills.

While some of Hargreaves' comments in relation to research are repeated (eg, no single reliable methodology, the need for a stronger evidence base), the strategy acknowledges the effects and highlights the need to address infringement taking place online. Usefully, it identifies market operators, service providers and other commercial players which are part of the picture (eg, shipping and courier companies, Nominet, e-auction sites and online storage facilities), and encourages "new efforts to bring these parties into effective dialogue". It also focuses on the role of technology in preventing counterfeiting and piracy; there are other areas for additional action, including clarity from government and better collaborative working.

Crucially, it also highlights use of the Proceeds of Crime Act in order to recover the criminal gains from IP crime. Thanks to concerted lobbying from rights holders, criminal IP offences are among the 'lifestyle offences' which trigger confiscation proceedings under the Proceeds of Crime Act. The critical role of rights holders is also recognised, with a reference to the success of the national markets strategy as a model for how industry can collaborate and contribute to the enforcement effort, with its accompanying awareness campaign supported by various industry sectors.

The government's International Strategy, published on the same day, also contains stronger statements about the importance of effective IP rights enforcement than the government response to Hargreaves. An emphasis on the need for improvements in source countries where counterfeits originate (eg, China, India, Turkey, Russia, South America) is particularly welcome. All of the main source countries are outside the European Union and the United States, which in turn are the major consumer markets for all kinds of counterfeits.

Compared with the enforcement strategy being driven in the United States by the IP enforcement coordinator, these

documents largely represent a general statement of intent rather than a plan of action, but they do demonstrate a significant shift in the government's attitude to IP crime and a move towards better alignment with the approach of the European Commission.

As in other areas of enterprise, the European Union plays an increasingly influential role in IP rights enforcement, trying to harmonise laws and procedures and creating collaborative and information exchange mechanisms at EU level.

The EU Customs Regulation (3295/1994) was the first regulation specifically to allow border control of imports of fake goods. Ten years later it was replaced by EU Regulation 1383/2003, which is now undergoing extensive review.

A new draft proposal is currently passing through the tortuous co-decision procedure (whereby the European Parliament, Council of Ministers and commission propose and negotiate EU legislation) with several pressing issues such as the way goods in transit through Europe are currently dealt with, and how information from Customs should be used in rights holders' own enforcement actions.

The EU IP Rights Enforcement Directive (2004/48/EC) was the next significant development and the first concrete outcome of the commission's 2000 Action Plan. It is limited to civil measures and there is controversy over the attempts so far to issue a corresponding criminal directive (see below). It too is currently under review (see below).

Also in 2004, the commission also issued an IP rights enforcement strategy for third countries, since any problems which occur outside EU borders cannot be directly addressed via EU measures and IP crime occurs on a global scale.

One of the main objectives was to identify the priority countries on which the commission should focus its attention. This was reminiscent of, but did not go nearly as far as, the Special 301 Report produced annually by the Office of the US Trade Representative after consultation with all stakeholders, with prioritised watch lists for various countries.

Increasing interest within the European Commission in IP rights and their enforcement has inspired a proliferation both of initiatives and of IP rights units in various directorates. Rights holders have campaigned for a central point of contact and the Internal Market and Services Directorate General now fulfils that need, as the lead directorate for IP rights

enforcement policy and initiatives. There are three relevant units, dealing respectively with copyright, trademarks and patents, and enforcement. Enforcement is the remit of Unit D3, recently renamed the 'Fight against Counterfeiting and Piracy Unit' and headed by Jean Bergevin.

There have been several significant practical initiatives at EU level over the past few years.

The Internet Stakeholder Dialogue was established in 2008 to 2009 with the Internal Market and Services Directorate General as facilitator. Having the commission directly involved gave the negotiations considerable impetus to create a voluntary protocol for dealing with counterfeits online. The meetings were confidential and a memorandum of understanding was finally signed in May 2011. This was a groundbreaking initiative, bringing together a representative group of leading rights holders and internet platforms in a joint effort to reduce the sale of counterfeits via e-commerce platforms. The memorandum of understanding will have an assessment period of one year to review and measure progress, under the auspices of the commission services. The agreement on the memorandum of understanding demonstrates that voluntary arrangements can, in certain circumstances, provide flexibility to adapt quickly to technological developments and deliver efficient solutions.

The EU Observatory on Infringement of IP Rights was launched in April 2009 (as the Observatory on Counterfeiting and Piracy) following the Resolution on a Comprehensive European Anti-counterfeiting and Anti-piracy Plan in September 2008. It was originally managed wholly within Unit D3, which continues to have responsibility for it on behalf of the commission. It has several working groups, handling legal review, consumer awareness, mapping of national IP rights systems and best practice.

In May 2011 the European Commission announced its blueprint for IP rights "to boost creativity and innovation", which recognised the continuing threat of counterfeiting and piracy.

In response, the EU Observatory has now been relocated within OHIM as mentioned above after some robust debate among member states about the terms on which this proposal could work. OHIM has not previously held an enforcement remit, but does hold billions of euros in overpaid Community trademark registration fees.

The trademark owners that have paid

these fees might have expected reimbursement. Instead, it is proposed that the fund thus created be spent benefiting all rights holders – among other things, by establishing the observatory in Alicante. While OHIM is recognised as being very effective in its registration remit, this is a radical departure, with an ambitious delivery plan, which all stakeholders are keen to support.

As part of the commission's overall strategy for IP rights enforcement, the IP Rights Enforcement Directive is also now under review, with a report due from the commission in early 2012 following a consultation in early 2011. One of the review's main objectives is to strengthen IP rights enforcement on the Internet, as the directive was not originally framed to address the growing challenge of online counterfeiting and piracy. It is no accident that the 2011 G8 Summit was preceded by an 'eG8 forum' in Paris, which placed the Internet centrally on the G8's agenda for the first time. This helped to highlight the continuing challenges posed by the Internet for legitimate business, consumers and law enforcement, which demand a radical shift in enforcement methods and more coherence internationally. It lent urgency to the need for a workable international legal/enforcement structure.

However, rather than introduce controversial measures such as the French 'three strikes' approach, the commission wishes to focus more on the removal of websites with infringing content. Internet service providers (ISPs) would be asked to cooperate both in providing information to investigators and in acting swiftly to take down problem websites.

Interestingly, while better articulation with the EU Data Protection and Data Retention Directives is also an objective, there are no plans to revisit the EU E-commerce Directive, even though the safe harbour provisions (Articles 12 to 14) broadly protect ISPs and providers of information society services from liability for what goes on over their networks. The review includes new proposals for take-down procedures which will summarily remove offending websites from cyberspace altogether. Again, this is to some extent following the US lead, where the law enforcement agencies now have procedures for taking down sites hosting illegal activity without a court order.

The United Kingdom is also a step ahead of the directive's revision, in a slightly different direction. The Metropolitan Police eCrime Unit has had significant success in recent years, working with brand owners to

take down thousands of websites, many of which were not only selling fakes, but were actually fake sites and difficult to trace.

Operation Papworth has been active since 2008 and to date there have been two main projects – the first targeting 1,200 UK-based websites, and the second expanding its reach to over 2,000 top-level domains as far away as China. They have also removed over 11,000 websites from the 'cx.cc' and 'cz.cc' domain trees and are getting ready to suspend approximately 500 more UK-based websites.

Additionally, Nominet (the registry for '.uk' domains) established an issue group last year to consider measures for dealing with criminality on the Internet, which would create a voluntary but effective protocol for requesting take-down or suspension of illegal sites or those hosting criminal activity, including counterfeiting and piracy. A report of its conclusions was being drafted but has not yet been published.

Finally, one unresolved situation perfectly illustrates the difficulties involved in harmonisation. Ever since the IP Rights Enforcement Directive was introduced, which included no criminal measures, attempts have been made to launch another directive which would codify criminal penalties for IP rights offences and achieve a certain level of harmonisation across the European Union.

One of the main concerns, shared by the United Kingdom and other member states, is whether the commission is competent to harmonise criminal law and practice. With the introduction of the Lisbon Treaty, the co-decision procedure could force member states to introduce new criminal offences into their national laws without the prior consent of the national parliament.

At the time of writing, Unit D3 is leading on what will be the third attempt to produce a draft of a new directive for referral into the co-decision procedure which would propose new criminal penalties for IP offences. The ground for this was prepared by a working group within the observatory in its old incarnation. D3 will also lead on the newly positioned observatory's work within the commission.

The final sting in the tail on the issue of criminal penalties and competence is ACTA, a multilateral treaty to combat counterfeiting and piracy. Negotiated over the past two years with what some regard as unacceptable secrecy (though such a level of confidentiality is common to all treaties while in preparation), Articles 23 to 26 of ACTA require the 37 signatory countries to introduce "criminal procedures and penalties to be applied at least in cases of

wilful trademark counterfeiting or copyright or related rights piracy on a commercial scale".

A heated debate continues with the European Union as to whether ACTA as a whole is compliant with EU law. The European Parliament's website was hacked as individual member states were being called on to ratify the treaty, and 'hacktivists' Anonymous have threatened anyone who supports ACTA with cyber-terrorism. The European Commission has recently taken the initiative and referred this issue to the Court of Justice of the European Union, formerly the European Court of Justice, to rule on the legality of ACTA, which could take several years; while in the United States, the US trade representative's opinion that ACTA need not be voted in by Congress has also been challenged.

Unfortunately, this kind of confusion is not uncommon in attempts at harmonisation, certainly in the IP field, but the ferocity of the anti-ACTA internet campaign has been quite shocking, triggered by deliberate misinformation about ACTA's impact on human rights and free access to illegal downloads. The attacks are neither democratic nor for the right reasons. The national implementation of EU directives can become problematic at the best of times. For example, despite the threat of penalties, the IP Rights Enforcement Directive had not been implemented by several key member states five years after its introduction. The US experience shows how much support and action is needed at the highest level to achieve a coherent national strategy, let alone combine forces (and databases) to create an effective global plan. This should be high on every nation's agenda. [WTR](#)



Biographies

Anti-Counterfeiting Group

Anti-Counterfeiting Group
PO Box 578, High Wycombe HP11 1YD
United Kingdom
Tel +44 149 444 91 65
Fax +44 149 446 50 52
Web www.a-cg.org



Ruth Orchard
Director general
info@a-cg.com

Ruth Orchard read English literature at Cambridge University before qualifying as a solicitor. She was soon made partner of a London firm, specialising in intellectual property. After leaving private practice, she became company secretary at the Performing Right Society, representing composers and publishers of music. After several years of consultancy, Ms Orchard was appointed general director of the Britten-Pears Foundation, a major music charity, where she spent five years before joining the Anti-Counterfeiting Group (ACG) in July 2003. She proved equal to the steep learning curve which awaited her and has worked hard to enhance ACG's reputation as the champion of around 170 organisations in many different countries, tackling the 'big picture' issues at all levels, from political to practical enforcement, and helping brands and law enforcement to support each other in the global fight against counterfeiting.