

Post-TRIPS Trade Environment – U.S. DMCA to the Max?

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I. Introduction

For nearly twenty years, the United States has used unilateral trade sanctions as well as multilateral and bi-lateral trade agreements to further the policies of protecting U.S. intellectual property interests outside the United States. Before TRIPS, the typical post-World War II trade agreements featured provisions on tariffs, non-tariff measures, anti-dumping and the like. With the creation of the World Trade Organization (“WTO”) and its Trade Related Aspects of Intellectual Property Rights (“TRIPS”) Annex, the U.S. successfully negotiated the requirement that members of the WTO had to provide certain levels of intellectual property rights protection and enforcement as a condition of membership. TRIPS represents an unprecedented extra-territorial extension of the laws of one country into the domestic laws of other sovereign states. Quite simply, to be a member of the WTO requires adherence to certain U.S. IP standards.¹

All very well and good, supporters of IP rights note. Less well noted, however, is the parallel, post-TRIPS limiting of fair use rights through the same contretemps of trade sanctions and IP rights. Out of the continuing interaction of domestic and international IP and trade policies, the U.S. is implementing abroad IP policies that have not been well received at home. In post-TRIPS bi-lateral free trade agreements (“FTAs”) which the U.S. has concluded in 2003 and 2004 with various trading partners, first Singapore², then Australia³, Chile⁴, Morocco⁵ and Central America (“CAFTA”)⁶, the U.S. has required core Digital Millennium Copyright Act

¹ See, e.g. “International Policy and Accords” by Nisha M. Vora available October, 2004 on www.uninfo.state.gov, the website of the United States Information Agency; see also articles on TRIPS on the website of the World Intellectual Property Organization, www.wipo.org; “Implementing Trips – A Test of Political Will” by Charles S. Levy, 31 Law & Pol’y Int’l Bus. 789, 2000; “Intellectual Property in the Uruguay Round – Negotiating Strategies of the Western Industrialized Countries” by Frank Emmert, 11 Mich J. Int’l L. 1317 (1989-1990)

² Concluded January, 2003, and available through the website of the United States Trade Representative, www.ustr.gov

³ Concluded May, 2004

⁴ Concluded June, 2004

⁵ Concluded June, 2004

⁶ Concluded August, 2004 CAFTA members are Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua

provisions.⁷ The Office of the United States Trade Representative – hardly thought traditionally to be a source of intellectual property policy - blandly asserts U.S. objectives in the trade arena that when proposed or enacted as intellectual property law policy in the U.S. are, in fact, highly controversial. The Trade Representative has outlined the policy of his Office, which includes specific legislative efforts required of trading partners, in reports and speeches in 2004. In the 2004 Special 301 Report, Executive Summary, April, 2004, Robert Zoellick the U.S.T.R. notes:

Internet Piracy and the WIPO Copyright Treaties

The Internet has undergone explosive growth and, coupled with increased availability of broadband connections, serves as an extremely efficient global distribution network for pirate products. *The explosive growth of copyright piracy on the Internet is a serious problem. We are continuing to work with other governments, and consult with U.S. industry, to develop the best strategy to address Internet piracy.*

An important first step in the fight against Internet piracy was achieved at WIPO when it concluded two copyright treaties in 1996: the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty referred to as the WIPO Internet Treaties. These treaties help raise the minimum standards of intellectual property protection around the world, particularly with respect to Internet-based delivery of copyrighted works. They clarify exclusive rights in the on-line environment and specifically prohibit the devices and services intended to circumvent technological protection measures for copyrighted works. Both treaties entered into force in 2002.

These treaties represent *the consensus view of the world community* that the vital framework of protection under existing agreements, including the TRIPS Agreement, *should be supplemented to eliminate any remaining gaps in copyright protection on the Internet⁸ that could impede the development of electronic commerce.*

In order to realize the enormous potential of the Internet, a growing number of countries are implementing the WIPO Internet Treaties⁹ and creating a legal environment conducive to investment and growth in Internet-related businesses and technologies. In the competition for foreign direct investment, these countries now hold a decided advantage. We urge other governments to ratify and implement the two WIPO Internet Treaties.

Other Initiatives Regarding Internet Piracy

We are seeking to incorporate the highest standards of protection for intellectual property into appropriate bilateral and regional trade agreement that we negotiate. We have been successful in this effort by incorporating the standards of the WIPO Internet Treaties as substantive obligations in all our FTAs to date, and continue to pursue this goal in other FTAs currently under negotiation and yet to be launched. Moreover, our proposals in these negotiations will further update copyright and enforcement obligations to reflect the technological challenges we face today as well as those that may exist at the time negotiations are concluded.¹⁰

⁷ Only the anti-circumvention and copyright rights management information portions of the DMCA are discussed in this paper. Other aspects, such as ISP liability rules, are not covered, although the free trade agreements that have recently been concluded contain such provisions, as well as other copyright-related provisions such as lengthened, 70-year term of copyright protection and others. Full discussion of the parallels between U.S. law and the intellectual property law provisions of the FTAs is beyond the scope of this paper.

⁸ One may well ask: consensus of which world community view and what remaining gaps in copyright protection on the Internet?

⁹ Adherence to the WIPO Internet Treaties is a requirement in the new FTAs

¹⁰ Emphasis added. Available at www.ustr.gov.

Fast track trade agreement negotiation authority, which enables the Executive Branch to conclude far-reaching trade agreements, has only accelerated the process. With the additional authority of the Bipartisan Trade Promotion Authority Act of 2002¹¹, USTR is entering into trade agreements at a lightning pace.¹²

In the words of U.S. Trade Representative Zoellick given at a May, 2004 Electronic Industries Alliance-Government dinner,

“In all these [free trade] agreements, we establish copyright protections for digital downloads, to guard against international piracy of movies, music, and software. When we first started negotiating this with Chile and Singapore, these rules didn’t exist. People just saw intellectual property protection as hard copy. But in a world where you’re going to download into a hard drive, you have to be able to protect that copy so we’ve created a new set of protections and we’re spreading it in other agreements around the world.

To make sure that other countries don’t allow the circumvention of technological protection measures we also have special rules that help control the piracy of software on disks and devices”¹³

The existence of DMCA and the potential of Induce Act provisions as part of FTAs create liability for actions outside the U.S., which may be permissible under fair use in the U.S. Violations of these “DMCA” provisions, as in the U.S., are crimes. Expected narrowing of the DMCA provisions either through judicial interpretation or amendment to law¹⁴ will be unlikely, if not impossible with the FTAs. Furthermore, each FTA has somewhat different “exceptions” to liability, much like the exceptions to Section 1201 of the Digital Millennium Copyright Act (17 U.S. C. Section 1201)¹⁵. Therefore, a patchwork of different provisions is

¹¹ 19 U.S.C.A. Sections __ - ____

¹² “Since wining Trade Promotion Authority with the help with[sic]many of you in 2002, this Administration has already negotiated free trade agreements with 10 countries, and we’re in the process of negotiating or about to start negotiating with 13 more. And these negotiations are now moving on a faster timetable, a faster cycle. Now that we are building on a template, we’re negotiating these free trade agreements in a year or even less. Amb. Robert B. Zoellick Remarks Electronic Industries Alliance 2004 Government-Industry Dinner, May 25, 2004 available at www.ustr.gov.

¹³ Ibid. Emphasis added.

¹⁴ See, e.g., the Digital Media Consumers’ Rights Act _____

¹⁵ The body of the Section 1201 anti-circumvention statute is short, but the exemptions are a whose-who of fair use interests. Besides a broad exception establishing an ongoing administration rule-making proceeding to evaluate the impact of the illegality of circumvention on legitimate access control 17 U.S.C. Section 1201(a)(1)(B)-(E), six further specific exceptions are called out: 1) non-profit library, archive and educational institution exception (Section 1201(d)); 2) reverse engineering Section 1201(f)); 3) encryption research (Section 1201(g)); 4) protection of minors (Section 1201(h)); 5) personal privacy (Section 1201(h)) and 6) security testing (Section 1201(j)).

Each of the concluded FTAs has similar exceptions, although the language of each varies. Contrast, by way of example, the reverse engineering exceptions in Australia: Section 7(e) “Each party shall confine exceptions to any measures .. to the following activities . . . (i) non-infringing reverse engineering activities with regard to a lawfully obtained copy of a computer program, carried out in good faith with respect to particular elements of that computer program that have not been readily available to the person” and Chile Section 5(d) : “Each Party shall confine limitations and exceptions to measures . . . to certain special cases that do not impair the adequacy of legal protection or the effectiveness of legal remedies against the circumvention of effective technological measures. In particular, each Party may establish exemptions and limitations to address the following situations and activities . . . (ii) noninfringing reverse engineering activities with regard to a lawfully obtained copy of a computer program, carried

proliferating internationally. Because IP policy and implementation is truly global, and is tied to trade sanctions, which require criminal penalties and other enforcement measures, watchdogs of fair use must look beyond the borders of the U.S. to protect fair use rights of citizens of the U.S. and citizens of the world around the globe. While the stately pavane of international trade negotiations turns, the DMCA for better or worse, is embedding itself in the laws of the major U.S. trading partners.

This paper will discuss the coming into being of the WIPO Internet Treaties¹⁶, the provisions of the implementing legislation of them, the Digital Millennium Copyright Act¹⁷ stemming from the Internet Treaties, the provisions of the Induce Act¹⁸ and DMCA-derived provisions in the 2003-2004 FTAs of Singapore, Australia, Chile, Morocco and Central America.¹⁹

II. Background

Since at least 1988, the United States has tied trade preferences to intellectual property rights protection. Where once the discussion of free trade was limited to tariff and non-tariff barriers, dumping and the like, now it expanded so that insufficient protection for intellectual property rights was itself considered a trade barrier. The first efforts were unilateral, and created sanctions and incentives to foreign trading partners to protect the intellectual property interests of U.S. citizens in their jurisdictions. The Trade and Tariff Act of 1974 as amended did two things. It: 1) conditioned the receipt of preferences under the Generalized System of Preferences to imports from developing countries on whether such country's practices of foreign national's intellectual property rights²⁰ and 2) created a reporting and enforcement procedure, Section 301.²¹ Failure to meet U. S. standards is justification for unilateral trade sanctions against the offending country.²² The tying of

out in good faith with respect to particular elements of that computer program that have not been readily available to that person [*Footnote*: For greater certainty, elements of a computer program are not readily available to a person seeking to engage in noninfringing reverse engineering when they cannot be obtained from the literature on the subject, from the copyright holder, or from sources in the public domain] for the sole purpose of achieving interoperability of an independently created computer program with other programs”.

¹⁶ The “WIPO Internet Treaties” are the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaties of 1996.

¹⁷ 17 U.S.C. Sections 1201 et seq.

¹⁸ See S 2560 Introduced June 22, 2004, and amended variously, but not enacted

¹⁹ See attachments to this paper for the intellectual property law provisions of these FTAs; full texts are available on the website of the United States Trade Representative, www.ustr.gov

²⁰ Title V of the Trade Act of 1974, 19 U.S.C. Sections 2461-2467

²¹ Under Section 301, in an annual review the United States Trade Representative determines if an act, policy or practice of a foreign country “is unjustifiable and burdens or restricts United States commerce” 19 U.S.C. Section 2411, Section 301(a)(1)(B)(ii). Section 301(d)(3)(B) provides that “[a]cts, policies and practices that are unreasonable include, but are not limited to, any act, policy, or practice, or any combination of acts, policies, or practices, which (i) denies fair and equitable – (II) provisions of adequate and effective protection of intellectual property rights notwithstanding the fact that the foreign country may be in compliance with the specific obligations of the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Agreements Act

²² In the article, “U.S. Announces Major New Initiative to Fight Global Trade in Fakes” by Richard Mills/Neena Moorjani dated October 4, 2004, the USTR states: “. . . the United States has also acted forcefully when other

intellectual property rights protection to trade accelerated in the 1980s, resulting in two separate but allied actions: 1) initiation of the Uruguay Round of the General Agreement of Tariffs and Trade in 1986²³ and 2) passage of the Omnibus Trade and Competitiveness Act of 1988.²⁴

The Omnibus Trade and Competitiveness Act created “Special 301”, an annual review of U.S. trading partners’ intellectual property laws and practices that affected U.S. rights holders. Section 301 empowers the United States Trade Representative to place countries on a “watch” or “priority watch”. Characterized as a “velvet fist in an iron glove”, Super 301 mandates finger-pointing in a highly visible manner, where trading partners are labeled as unfair traders and put on “watch lists” or “priority watch lists” for failure to have sufficient intellectual property law protection in their jurisdictions for U.S. IP rights holders.²⁵The Omnibus Act also states the principal negotiating objectives of the United States regarding intellectual property.²⁶ These objectives became the negotiating points in the Uruguay Round, which resulted in the creation of the World Trade Organization and the Trade Related Aspects of Intellectual Property (TRIPS). TRIPS created a “floor” of minimum standards of intellectual property rights protection that all WTO members had to meet as a condition of membership in the WTO. TRIPS incorporated much of the Berne Convention on copyright rights and the Paris Convention on patent, trademark and trade secret rights.²⁷TRIPS came into force in December, 1994.²⁸ With the enactment of TRIPS as part of the WTO, U.S. trade objectives supporting intellectual property reached a staggeringly global multilateral plateau.

Meanwhile, as the negotiations to create the TRIPS obligations as part of the WTO went forward, certain

countries have failed to protect IPR. For example, the United States imposed \$75 million in trade sanctions on Ukraine, which are still in effect, and removed \$250 million in preferential access for Argentina.

²³ 19 U.S.C. Section 1001 et seq

²⁴ Act of Dec. 8, 1994, Pub. L. No. 103-465, 103rd Cong., 2d Sess, 108 Stat. 4809; available on the website of the United States Trade Representative www.ustr.gov

²⁵ See “Velvet Fist in an Iron Glove: The Omnibus Trade and Competitiveness Act of 1988” by Ronald A. Cass in Vol 14, No. 1 Regulation, Winter 1991, also available at www.cato.org/pubs/regulation

²⁶ 19 U.S.C. Section 2901, Section 1101(b)(10) provides : “Intellectual property. The principal negotiating objectives of the United States regarding intellectual property are – (A) to seek the enactment and effective enforcement by foreign countries of laws which – (i) recognize and adequately protect intellectual property, including copyrights, patents, trademarks, semi-conductor chip layout designs, and trade secrets, and (ii) provide protection against unfair competition, (B) to establish in the GATT obligations – (I) to implement adequate substantive standards based on – (I) the standards in existing international agreements that provide adequate protection, and (II) the standard in national laws if international agreements standards are inadequate or do not exist, (ii) to establish effective procedures to enforce, both internally and at the border, the standards implemented under clause (i) and (iii) to implement effective dispute settlement procedures that improve on existing GATT proceeds; (C) to recognize that the inclusion in the GATT of– (i) adequate and effective substantive norms and standards for the protection and enforcement of intellectual property rights and (ii) dispute settlement provisions and enforcement procedures, is without prejudice to other complementary initiatives undertaken in other international organizations; and (D) to supplement and strengthen standards for protection and enforcement in existing international intellectual property conventions administered by other international organizations an, including their expansion to cover new and emerging technologies and elimination of discrimination or unreasonable exceptions to preconditions to protection.”

²⁷ See Article 2, Section 1, incorporating most of the Paris Convention and Article 9 Section 1, incorporating most of the Berne Convention

²⁸ Uruguay Rounds Agreement Act (“URAA”), see fnt. 23

copyright industries in the U.S. wanted further protection of copyright on the “information superhighway”. Policy drafting proceeded apace in the United States Trademark Office (not the Copyright Office), resulting in a draft “Green Paper” in 1994 and in September, 1995 issuance of the “White Paper on Intellectual Property and the National Information Infrastructure”.²⁹ First the draft Green Paper, then the final White Paper met with a storm of criticism³⁰. The “National Information Infrastructure Copyright Protection Act of 1995”, SB 1284 and the accompanying House Bill, HR 2441, went down in flames. Proponents of fair use, from librarians to the Electronic Frontier Foundation, howled over the recommendations which included creation of an additional “transmission” right, electronic forwarding as “distribution” and, a recommendation which survived, using anti-circumvention rules in a way that could preclude legitimate reverse-engineering and protection of individual privacy rights.

In the face of the protest, the drive for “internet copyright protection” went underground in the U.S. and surfaced in negotiations in a multi-lateral international forum, albeit one not related to trade. Namely, the United States took the initiative in 1995 before the World Intellectual Property Organization (“WIPO”) to conclude multilateral treaties that would address the White Paper’s concerns. This resulted in the so-called WIPO “internet treaties”, the WIPO Producers and Phonograms Treaty of 1996 and the WIPO Copyright Treaty of 1996, to which the U.S. acceded. The key features of the WIPO Internet Treaties are prohibitions on the alteration of copyright management information and prohibition of the circumvention of copy protect mechanisms³¹. Accession to these treaties then created the need for implementing legislation in the U.S. This resulted eventually in the Digital Millennium Copyright Act of 1998, or the DMCA³².

Although multilateral treaties, the WIPO treaties shared the same weaknesses of Berne – no enforcement mechanisms and no tying of compliance to trade sanctions. Accordingly, the U.S. has sought to bring the policies of the WIPO Internet Treaties and the DMCA into the trade fold. It has been able to do so not through a further WTO round, but through bi-lateral trade agreements and to date one multi-lateral regional agreement, CAFTA.

In 2003, the U.S. concluded the first such free trade agreement with DMCA provisions, the FTA with Singapore. 2004 brought the conclusion of four more, with Australia, Chile, Morocco and Central America.

The relevant provisions of the WIPO Internet Treaties, the DMCA and the 2003-2004 FTAs are set forth below.

²⁹ Available at www.thomas.loc.gov (FIX)

³⁰ See, e.g., Pamela Samuelson, “The Copyright Grab” Wired Magazine, January 1996 available at www.wired.com

³¹ See text, following.

³² Signed into law October 28, 1998. Other provisions of the DMCA address internet service provider liability, which was not address in the WIPO Internet Treaties. Only the portions of the DMCA dealing with copyright management information, anti-circumvention and liability for inducement to infringe copyright emerged in the WIPO Internet Treaties, and only those provisions are discussed in this paper.

III. WIPO Internet Treaties

Each of the treaties contains virtually identical language requiring member states to outlaw circumvention of technological measures used to protect copyrighted works and prevent tampering with copyright management information.

What “anti-circumvention” seeks to prevent is the use of copyrighted works that have copy-protect mechanisms. This creates a separate wrong distinct from copyright infringement. The issue with respect to “copyright management information” is essentially to prevent disguise of counterfeit or other unauthorized works.

A. WIPO Copyright Treaty

Article 11

Obligations concerning Technological Measures

Contracting Parties shall provide *adequate legal protection and effective legal remedies against the circumvention of effective technological measures* that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.

Article 12

Obligations concerning Rights Management Information³³

(1) Contracting Parties shall provide adequate and effective legal remedies against any person *knowingly performing* any of the following acts knowing, or with respect to civil remedies having *reasonable ground* to know, *that it will induce, enable, facilitate or conceal an infringement* of any right *covered by this Treaty* or the Berne Convention:

- (i) to *remove or alter* any electronic rights *management information* without authority;

B. WIPO Performances and Phonograms Treaty

Article 18

Obligations concerning Technological Measures

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

³³ (ii) to distribute, import for distribution, broadcast or communicate to the public, without authority, works or copies of works knowing that electronic rights management information has been removed or altered without authority.

(2) As used in this Article, “rights management information” means information which identifies the work, the author of the work, the owner of any right in the work, or information about the terms and conditions of use of the work, and any numbers or codes that represent such information, when any of these items of information is attached to a copy of a work or appears in connection with the communication of a work to the public.

Article 19

Obligations concerning Rights Management Information³⁴

(1) Contracting Parties shall provide adequate and effective legal remedies against any person ***knowingly performing any*** of the following ***acts knowingly, or with respect to civil remedies having reasonable grounds to know, that it will induce, enable, facilitate or conceal an infringement of any right covered by this Treaty:***

- (i) to ***remove or alter any electronic rights management information*** without authority
- (ii) to distribute, import for distribution, broadcast, communicate or make available to the public, without authority, performances, copies of fixed performances or phonograms knowing that electronic rights ***management information has been removed or altered without authority.***

IV. The Digital Millennium Copyright Act

Contrast the language in the above WIPO treaties with the language in the Digital Millennium Copyright Act, now part of the Copyright Act, 17 U.S.C. Sections 1201 and 1202. It is virtually identical. Section 1201 divides technological measures into those that prevent unauthorized access to a work and those that prevent unauthorized copying. It is illegal to circumvent technological measures that block access to a work.³⁵ There is no fair use of “access”, under the DMCA. Services or devices that are 1) primarily designed or produced to circumvent or 2) have only limited commercially significant purpose or use other than to circumvent or 3) are marketed for use in circumventing are also illegal.

The second aspect deals with “copyright management information” and prohibits false CMI as well as removal or alteration of CMI, if done with the intent to induce, enable, facilitate or conceal infringement.

The DMCA provides for civil actions to enforce violations, including injunctive and monetary relief and also makes willful violation of either section criminal, with penalties of \$500,000 to \$1,000,000 plus 5 to 10 years in jail.

§ 1201. Circumvention of copyright protection systems

(a) Violations Regarding Circumvention of Technological Measures. – (1)(A) No person shall circumvent a technological measure that effectively controls access to a work protected under this title. The prohibition contained in the preceding sentence shall take effect at the end of the 2-year period beginning on the date of the enactment of this chapter.

³⁴ (2) As used in this Article, “***rights management information***” means information which identifies the performer, the performance of the performer, the producer of the phonogram, the phonogram, the owner of any right in the performance or phonogram, or information about the terms and conditions of use of the performance or phonogram, and any numbers or codes that represent such information, when any of these items of information is attached to a copy of a fixed performance or a phonogram or appears in connection with the communication or making available of a fixed performance or a phonogram to the public. *[Emphasis added.]*

³⁵ See “The Digital Millennium Copyright Act of 1998 U.S. Copyright Office Summary, December, 1998, available on the Copyright Office website, www.loc.gov.

§ 1202. Integrity of copyright management information

(a) False Copyright Management Information.³⁶ – No person shall knowingly and with the intent to induce, enable, facilitate, or conceal infringement –

- (1) provide copyright management information that is false, or
- (2) distribute or import for distribution copyright management information that is false.

(b) Removal or Alteration of Copyright Management Information. – No person shall, without the authority of the copyright owner or the law-

- (1) intentionally remove or alter any copyright management information,
- (2) distribute or import for distribution copyright management information knowing that the copyright management information has been removed or altered without authority of the copyright owner or the law, or
- (3) distribute, import for distribution, or publicly perform works, copies of works, or phonorecords, knowing that copyright management information has been removed or altered without authority of the copyright owner or the law, knowing, or, with respect to civil remedies under section 1203, having reasonable grounds to know, that it will induce, enable, facilitate, or conceal an infringement of any right under this title.

V. Inducing Infringement of Copyright Act of 2004, S. 2560³⁷

An interesting parallel between the WIPO Internet Treaties and the Induce Act is the concept of liability for “inducement” as a basis of liability. The language of “inducement” first appeared with respect to liability for altering the rights management information. Article 12 of the Copyright Treaty and Article 19 of WIPO Performances and Phonograms Treaty. To paraphrase Article 12, anyone who knowingly performs acts or has reasonable grounds to know that acts of removal or alteration of electronic rights management information will *induce* or conceal an infringement of the WIPO Copyright Treaty or the Berne Convention is liable. A parallel provision involves inducement to distribute works with altered or removed electronic rights management

³⁶ **(c) Definition.** –As used in this section, the term “copyright management information” means any of the following information conveyed in connection with copies or phonorecords of a work or performances or displays of a work, including in digital form, except that such term does not include any personally identifying information about a user of a work or of a copy, phonorecord, performance, or display of a work:

- (1) The title and other information identifying the work, including the information set forth on a notice of copyright.
- (2) The name of, and other identifying information about, the author of a work.
- (3) The name of, and other identifying information about, the copyright owner of the work, including the information set forth in a notice of copyright.
- (4) With the exception of public performances of works by radio and television broadcast stations, the name of, and other identifying information about, a performer whose performance is fixed in a work other than an audiovisual work.
- (5) With the exception of public performances of works by radio and television broadcast stations, in the case of an audiovisual work, the name of, and other identifying information about, a writer, performer, or director who is credited in the audiovisual work.
- (6) Terms and conditions for use of the work.
- (7) Identifying numbers or symbols referring to such information or links to such information.
- (8) Such other information as the Register of Copyrights may prescribe by regulation, except that the Register of Copyrights may not require the provision of any information concerning the user of a copyrighted work.

³⁷ Introduced by Senators Hatch, Leahy, Frist, Daschle, Graham and Boxer June 22, 2004

information.

The concept of “inducement” also found its way into the DMCA. To paraphrase Article 1202(a), 17 U.S.C. Section 1202(a), it is unlawful to provide false copyright management information or distribute false copyright management information knowingly *and* with the intent to *induce* or conceal infringement.

Thus in the WIPO Internet Treaties and the Section 1202 of the DMCA the liability for inducement to infringe is limited to infringement resulting from alteration of rights management information. The Induce Act, however, opens up liability for inducement to infringe to any type of behavior – not just tampering with rights management information – that could lead to infringement. The anti-induce provisions of the Induce Act have not yet appeared in the FTAs that the U.S. is concluding. However, nothing exists to stop such inclusion, except for political pressure in the U.S. and abroad.

The Induce Act as first introduced, provided:

Section 2. Intentional Inducement of Copyright Infringement

Section 501 of the title 17, United States Code, is amended by adding at the end the following:

“(g)(1) In this subsection the term ‘intentionally induces’ means intentionally aids, abets, induces, counsels, or procures, and intent may be shown by acts from which a reasonable person would find intent to induce infringement based upon all relevant information about such acts then reasonably available to the actor, including whether the activity relies on infringement for its commercial viability.

(2) Whoever intentionally induces any violation identified in subsection (a) shall be liable as an infringer. [Section 501 pertains infringement of copyright.]

(3) Nothing in this section shall enlarge or diminish the doctrines of vicarious or contributory liability for copyright infringement or require any court to unjustly withhold or impose any secondary liability for copyright infringement.”³⁸

Thus, the Induce Act completely opens up to liability any act of inducement to violate any of the rights that a copyright holder enjoys.

VI. The Free Trade Agreements of 2003 and 2004

In 2003, the United States concluded with Singapore the first Free Trade Agreement with post-TRIPS intellectual property law provisions. 2004 brought the conclusion of four more treaties. Each has provisions that mirror the DMCA, and each requires the signatory to adhere to the WIPO Internet Treaties. All the

³⁸ Ibid.

substantive elements of the DMCA are included in each, including making violation a crime and an offense separate from copyright infringement. Each also has exceptions to the application, none of which is the same.³⁹

As each FTA signatory enacts domestic DMCA legislation, the acts which are unlawful under the DMCA in the U.S. become unlawful, and criminal, in each jurisdiction. Thus, U.S. companies and indeed any entity doing business in Singapore, Australia, Chile, Morocco and Central America (and soon to be joined by Bahrain, the U.A.E., Thailand and others) will become subject to similar, but different DMCA prohibitions.

It is unlikely that signatories will not comply with these agreements. The FTAs reduce tariffs on goods of subject nations to zero in most cases, thus providing tremendous trade advantages to signatories. The FTA signatories are likely to fulfill their obligations under the FTAs, since failure to comply could ultimately subject the signatory nation to revocation of the FTA – and the resultant revocation of important trade privileges with the United States.

The relevant provisions of these agreements are set forth below. The more complete texts are appended to this paper.

Singapore 2003 Free Trade Agreement with the U.S.
Article 16.4 Obligations Common to Copyright and Related Rights

7. (a) ***In order to provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures*** that authors, performers, producers of phonograms, and their successors in interest use in connection with the exercise of their rights and that restrict unauthorized acts in respect of their works, performances, and phonograms, each Party shall provide that any person who:

(i) ***knowingly, or having reasonable grounds to know, circumvents*** without authority any effective technological measure that controls access to a protected work, performance, phonogram, or other subject matter; or

(ii) ***manufactures, imports, distributes, offers to the public, provides, or otherwise traffics in devices, products, or components or offers to the public or provides services, which:***

(A) ***are promoted, advertised, or marketed for the purpose of circumvention of any effective technological measure, or***

(B) ***have only a limited commercially significant purpose or use other than to circumvent any effective technological measure, or***

(C) ***are primarily designed, produced, or performed for the purpose of enabling or facilitating the circumvention of any effective technological measure;***

shall be liable . . .

8. ***In order to provide adequate and effective legal remedies to protect rights management information:***⁴⁰

³⁹ See discussion at footnote

⁴⁰ (b) For purposes of this paragraph, **rights management information** means information which 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; information about the terms and

- (a) each Party shall provide that any person who without authority, and knowingly, or, with ***respect to civil remedies, having reasonable grounds to know, that it will induce***, enable, facilitate, or conceal an infringement of any copyright or related right,
- (i) ***knowingly removes or alters*** any rights management information;
 - (ii) distributes ***or imports*** for distribution rights management information knowing ***that the rights management*** information has been altered without authority; or
 - (iii) ***distributes, imports for distribution, broadcasts, communicates, or makes available to the public copies of works or phonograms, knowing that rights*** management information has been removed or altered without authority,

shall be liable and subject to the remedies in Article 16.9.5. Each Party ***shall provide that any person, other than*** a nonprofit library, archive, educational institution, or public noncommercial broadcasting entity, who is found to have engaged willfully and for purposes of commercial advantage or private financial gain in such activities shall be guilty ***of a criminal offense***.

Australia 2004 Free Trade Agreement with the U.S.

Article 17.4: Copyright

7. (a) In order to provide ***adequate legal protection and effective legal remedies against the circumvention of effective technological measures*** that authors, performers, and producers of phonograms use in connection with the exercise of their rights and that restrict unauthorized acts in respect of their works, performances, and phonograms, each Party shall provide that any person who:

- (i) ***knowingly, or having reasonable grounds to know, circumvents without authority any effective technological measure that controls access to a protected work, performance, or phonogram, or other subject matter; or***
- (ii) ***manufactures, imports, distributes, offers to the public, provides, or otherwise traffics in devices, products, or components, or offers to the public, or provides services that:***
 - (A) ***are promoted, advertised, or marketed for the purpose of circumvention of any effective technological measure;***
 - (B) ***have only a limited commercially significant purpose or use other than to circumvent any effective technological measure; or***
 - (C) ***are primarily designed, produced, or performed for the purpose of enabling or facilitating the circumvention of any effective technological measure . . .***

shall be liable

8. In order to provide adequate and effective legal remedies to protect ***rights management information***⁴¹:

conditions of the use of the work, performance, or phonogram; and 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 conjunction with the communication or making available of a work, performance, or phonogram to the public. Nothing in this paragraph obligates a Party to require the owner of any right in the work, performance, or phonogram to attach rights management information to copies of it or to cause rights management information to appear in connection with a communication of the work, performance, or phonogram to the public.

- ⁴¹ (c) rights management information means:
- (i) electronic information that identifies a work, performance, or phonogram; the author of the work; the performer of the performance; the producer of the phonogram; or the owner of any right in the work, performance, or phonogram; or
 - (ii) electronic information about the terms and conditions of the use of the work, performance, or phonogram; or
 - (iii) any electronic numbers or codes that represent such information,

(a) 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:**

- (i) knowingly removes or alters any rights management information;**
- (ii) distributes or imports for distribution rights management information knowing that the rights management information has been removed or altered without authority; or**
- (iii) distribute to the public, 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,**

shall be liable . . .

Chile 2004 Free Trade Agreement with the U.S.

Article 17.5: Copyright

5. In order to provide adequate legal protection and effective legal remedies against the **circumvention of effective technological measures** that are used by authors, performers, and producers of phonograms in connection with the exercise of their rights and that restrict unauthorized acts in respect of their works, performances, and phonograms, protected by copyright and related rights:

(a) each Party shall provide that **any person who knowingly circumvents** without authorization of the right holder or law consistent with this Agreement **any effective technological measure** that controls access to a protected work, performance, or phonogram **shall be civilly liable and, in appropriate circumstances, shall be criminally liable**, or said conduct shall be considered an aggravating circumstance of another offense. **No Party is required to impose civil or criminal liability for a person who circumvents any effective technological measure that protects any of the exclusive rights of copyright or related rights in a protected work, but does not control access to such work.**

6. In order to provide adequate and effective legal remedies to protect **rights management information**:

(a) 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 will induce**, enable, facilitate, or conceal an infringement of any copyright or related right,

- (i) knowingly removes or alters any rights management information;**
- (ii) distributes or imports for distribution rights management information knowing that the rights management information has been altered without authority; or**
- (iii) distributes, imports for distribution, broadcasts, communicates, or makes available to the public copies of works or phonograms, knowing that rights management information has been removed or altered without authority,**

shall be liable

Morocco 2004 Free Trade Agreement with the U.S.

Article 15.5: Copyright and Related Rights

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. Nothing in this paragraph shall obligate a Party to require the owner of any right in the work, performance, or phonogram to attach rights management information to copies of the work, performance, or phonogram, or to cause rights management information to appear in connection with a communication of the work, performance, or phonogram to the public.

8. (a) In order to provide adequate legal protection and effective legal remedies against the ***circumvention of effective technological measures*** that authors, performers, and producers of phonograms use in connection with the exercise of their rights and that restrict unauthorized acts in respect of their works, performances, and phonograms, each Party shall provide that any person who:
- (i) ***circumvents without authority any effective technological measure that controls access to a protected work, performance, phonogram, or other subject matter; or***
 - (ii) ***manufactures, imports, distributes, offers to the public, provides, or otherwise traffics in devices, products, or components, or offers to the public or provides services, that:***
 - (A) ***are promoted, advertised, or marketed for the purpose of circumvention of any effective technological measure,***
 - (B) ***have only a limited commercially significant purpose or use other than to circumvent any effective technological measure, or***
 - (C) ***are primarily designed, produced, or performed for the purpose of enabling or facilitating the circumvention of any effective technological measure,***

shall be liable . . .

9. In order to provide adequate and effective legal remedies to ***protect rights management information:***
- (a) 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,***
- (i) ***knowingly removes or alters any rights management information;***
 - (ii) ***distributes or imports for distribution rights management information knowing that the rights management information has been removed or altered without authority; or***
 - (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,***

shall be liable . . .

CAFTA (Central American Free Trade Agreement) 2004 Free Trade Agreement with the U.S.

Article 15:5 Obligations Pertaining to Copyright and Related Rights

6. (a) In order to provide adequate legal protection and effective legal remedies against the ***circumvention of effective technological measures*** that authors, performers, and producers of phonograms use in connection with the exercise of their rights and that restrict unauthorized acts in respect of their works, performances, and phonograms, each Party shall provide that any person who:
- (i) ***circumvents without authority any effective technological measure that controls access to a protected work, performance, phonogram, or other subject matter; or***
 - (ii) ***manufactures, imports, distributes, offers to the public, provides, or otherwise traffics in devices, products, or components, or offers to the public or provides services, that:***
 - (A) ***are promoted, advertised, or marketed for the purpose of circumvention of any effective technological measure; or***
 - (B) ***have only a limited commercially significant purpose or use other than to circumvent any effective technological measure; or***
 - (C) ***are primarily designed, produced, or performed for the purpose of enabling or facilitating the circumvention of any effective technological measure,***

shall be liable. . . .

8. In order to provide adequate legal protection and effective legal remedies to protect **rights management information**⁴²:

(a) 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,**

(i) knowingly removes or alters any rights management information;

(ii) distributes or imports for distribution rights management information knowing that the rights management information has been removed or altered without authority; or

(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,

shall be liable. . .

VI. Conclusion

While the debate continues in the U.S. over interpretation of the anti-circumvention and rights management information aspects of the DMCA and protest continues to stave off the Induce Act, the United States Trade Representative is rapidly moving forward with the implementation of the DMCA in the domestic laws of U.S. trading partners, and could include Induce Act provisions in future FTA. Those interested in protecting the rights threatened by the Digital Millennium Copyright Act and the Induce Act would be well served by looking carefully at the authority of the Trade Representative to implement intellectual property law policy outside the U.S.

The big picture is not just in front of the U.S. Congress. The provisions of the DMCA, in varying forms, are being enacted around the globe. The ping-pong strategy of working Congress, working WIPO and working on the international trading table will result in more and more substantive change to the intellectual property law rights of nations around the globe. U.S. policy watchers can be assured that the creation of DMCA and potential Induce Act provisions in the FTAs is only a first step in the attempt to secure binding global norm to which the U.S. will have to adhere – much as the U.S. had to enact the DMCA to comply with the WIPO Internet Treaties. To prevent realization of undesirable global norms, watchers will have to follow and vigorously participate in the formulation of FTAs.

⁴² (c) Rights management information means:

(i) information that identifies a work, performance, or phonogram, the author of the work, the performer of the performance, the producer of the phonogram, or the owner of any right in the work, performance, or phonogram; or

(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. Nothing in this paragraph shall obligate a Party to require the owner of any right in the work, performance, or phonogram to attach rights management information to copies of the work, performance, or phonogram, or to cause rights management information to appear in connection with a communication of the work, performance, or phonogram to the public.

