



**Public Knowledge**

**Assessing Effects of the Trans-Pacific Partnership on Telecommunications,  
Intellectual Property, and the Public Interest**

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## Executive Summary

In this document, Public Knowledge (PK) does not take a stance on the Trans-Pacific Partnership (TPP) as a whole, including whether the U.S. should adopt it. However, in the areas where PK has subject matter expertise, PK believes that policymakers should interpret the TPP in ways that are most consistent with the public interest, or with current U.S. law.

With some exceptions, the TPP is consistent with current U.S. law in the areas PK has analyzed. This is its strength and its weakness. Procedurally, this is a strength, in that if the U.S. adopts the TPP, statutory changes can be zero or minimal. But substantively, this can be a weakness, because to some extent the TPP restates areas of law, particularly in the realm of intellectual property, that call for reform. Nevertheless, a proper appreciation of the effect of trade agreements on domestic law should enable policymakers to continue to explore reforms.

For global consumers and internet users, the effects of the TPP may be mixed. The TPP endorses key Open Internet principles and requires independent telecommunications regulators, which are good policies for consumers and the public interest. It also exports U.S. copyright law in some respects, both in areas where that body of law fails to fully protect the interests of the public and in areas where it can protect access to information and the rights of users. While the TPP fails to specifically reference fair use, which is constitutionally required in the United States, it does require countries to adopt copyright limitations and exceptions as part of their efforts to achieve balance in their copyright systems. Such limitations and exceptions may include a broad and flexible fair use framework or a set of specific exceptions that provide similar scope and flexibility for activities in the digital environment. Provided that all signatory countries ensure that robust limitations and exceptions to copyright law protect the interests of free expression and protect innovative uses of works, negative effects of the copyright provisions of the TPP on the public interest can be ameliorated.

The TPP also requires signatories to adopt safe harbors that protect Internet services from copyright liability, and prohibits signatories from conditioning these safe harbors on requirements to monitor user activities or affirmatively seek out facts indicating infringement. Coupled with language on limitations and exceptions, these provisions can be a force for good in countries that currently lack intermediary liability protections and balanced copyright—although much depends on how countries implement this language and what guidance the U.S. provides.

In other areas, particularly patents and the video marketplace, the TPP's provisions could potentially diverge from current U.S. law. In those areas, Public Knowledge urges policymakers to ensure that any implementations minimally burden the public interest and avoid creating duplicative legal doctrines that may lack the balance of existing law. Some other areas of the TPP could also bear on access to information and the Open Internet, including provisions affecting privacy, data localization, the transfer of information, and trade secrets. This document does not analyze those issues.

## Introduction

The Trans-Pacific Partnership (TPP)<sup>1</sup> is a complex agreement with provisions that touch on most areas of the economy. In addition to its substantive complexity, it is a politically fraught issue, with major political figures adopting a range of positions on the agreement. Given this backdrop, Public Knowledge (PK) will not attempt to issue a bottom-line verdict on the agreement—whether it is on balance good, or on balance bad, and whether the United States (or any country) should ultimately join it. Rather, consistent with PK’s past advocacy on trade issues, this document focuses on how the TPP intersects with substantive policy areas where PK has expertise—primarily in the areas of telecommunications, copyright, and patents.

Critics of the TPP will often—rightly—discuss how particular language might be abused, misinterpreted, or construed narrowly in ways that conflict with existing U.S. law, and that would prevent the evolution of law and public policy in ways that better serve the public interest. This is the correct strategy: For an advocate that sees much potential downside, and no potential upside to a particular trade agreement or an individual provision, it is logical to focus on the most negative possible outcomes.

This document, however, takes a different approach. It puts forth nuanced interpretations of the TPP’s provisions that indicate how it can best serve the interests of consumers and internet users in a few areas where Public Knowledge has some experience—notably, telecommunications, copyright, and patent law. As a practical matter, this often illustrates how the TPP is best interpreted to merely restate current U.S. law in different words, and thus require no statutory changes at the implementation phase in the U.S.. At times, however, it may be that the TPP is at variance with U.S. law. Those instances will be noted.

Even where the TPP is entirely consistent with current U.S. law, the possibility remains that the agreement could affect domestic public policy in two ways. First, because existing law is often subject to multiple interpretations, being “consistent” with U.S. law may, in practice, mean that the TPP is consistent with just one reasonable interpretation of current law. Faced with a choice between competing interpretations, this can create a pressure for judges and policymakers to choose the interpretation that is said to be most consistent with the TPP. Second, in some areas, the state of U.S. law is not satisfactory from a public interest perspective. To the extent that TPP in some sense re-codifies flawed existing policies, it could act to constrain policymakers’ practical options.<sup>2</sup> From a global consumer perspective, we do not endeavour to evaluate the possible effects of the TPP in each signatory country, but merely note that to the extent that current U.S. law protects freedom of expression and new technological business models in the face of lengthening copyright terms and other areas through doctrines such as fair use, other signatory countries can, and should, do the same. Additionally, while it is difficult to compare costs and benefits across such differing policy areas, we note that the TPP in some

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<sup>1</sup> Trans-Pacific Partnership Agreement, Feb. 4, 2016, <https://ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership/tpp-full-text> [hereinafter “TPP”]. Countries who have signed the TPP are referred to variously as “parties,” “contracting parties,” or “signatories.”

<sup>2</sup> These observations, of course, are not limited to the TPP. Many existing trade agreements can have these limiting effects on the future development of U.S. policy. Given its scope and political importance, however, the TPP may pose more of a practical, if not legal, constraint on the future options of policymakers.

respects could positively influence domestic laws globally; for instance, by requiring that signatory countries have in place protections for the Open Internet, enforced by an independent telecommunications regulator.

Finally, it is important to recall that the TPP, like many of the other U.S. trade agreements, is not “self-executing”: Even if passed by both houses of Congress and signed by the President, the TPP will not have the force of domestic law. It will be rather, an international agreement (with its own enforcement process) that sets guidelines for what U.S. law *should* be. The TPP will not take precedence over prior-enacted statutes, and it should not guide a court’s interpretation of current U.S. law. Enforcement of TPP provisions depends as much on international institutions and economic and political considerations as on its plain text. In fact, many of the most potentially constraining provisions appear to be included at the behest of the US, rather than imposed on it by other parties to the agreement, which should inform the political calculation. Even TPP provisions (*e.g.*, investor-state dispute settlement) that grant standing to private parties generally only do so in a narrow way, and the U.S. cannot be compelled to change its law under the terms of the TPP.<sup>3</sup> For these reasons, although it would be better for trade agreements not to codify policies that fail to put consumers and the public interest first, policymakers should continue to explore beneficial reforms without feeling that trade agreements present an insuperable bar to positive adjustments to U.S. law.

### **Telecommunications Regulation**

In addition to many provisions relating to the conduct of commerce via broadband or other forms of telecommunications, Chapter 13 of the TPP addresses the provision of “public

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<sup>3</sup> Nor can investors bring claims about “expropriation” against states for failing to *change* any laws to conform them with the TPP. Rather, the TPP only permits investors to challenge “actions” by governments. TPP Annex 9-B. Additionally, since the TPP only permits challenges against an action by a government that “interferes with a tangible or intangible property right,” *id.*, investors cannot bring challenges against decisions by a government or its courts that determine the scope, or even existence, of a particular property right. For instance, a finding that copyright law does not permit an investor to prevent uses that are outside of the scope of the exclusive rights granted by law, or a finding that a particular patent is not valid, would not constitute an expropriation of a property right, but rather a delineation of the scope of rights, provided the determination was conducted under laws of general applicability.

Furthermore, according to the U.S. Government, investor disputes merely provide “the same kinds of protections that are included in U.S. law.” USTR, The Facts on Investor-State Dispute Settlement, <https://ustr.gov/about-us/policy-offices/press-office/blog/2014/March/Facts-Investor-State%20Dispute-Settlement-Safeguarding-Public-Interest-Protecting-Investors>. This and other statements by the United States indicate that it interprets ISDS to be congruent with U.S. Fifth Amendment takings (including regulatory takings) jurisprudence. However, one of the most significant objections to ISDS is the nature of the decisionmakers and the possibility that ISDS decisions can depart from U.S. Constitutional jurisprudence. *See* Frequently Asked Questions on IP and TPP Investor State Dispute Settlement (ISDS), <http://infojustice.org/archives/34355>. Accordingly, if it joins the TPP the U.S. must carefully monitor the ISDS process to ensure it does not go further than existing takings law, to ensure that foreign investors do not have more rights than domestic companies.

telecommunications services,” *i.e.* the actual offering of traditional voice and/or data transmission services to the general public. The chapter does not address regulation of the “last mile” relationship between the customer and the telecommunications service provider. Rather, Chapter 13 governs laws and policies contracting parties must adopt to facilitate competitive entry by telecommunications providers headquartered in other signatories.

Generally, the provisions are not merely consistent with U.S. telecommunications law, but appear inspired by U.S. law and current Federal Communications Commission (FCC) regulation. The one exception is existing limits on foreign ownership, where the non-discrimination requirement with regard to government owned or partially owned enterprises potentially conflicts with Section 310 of the Communications Act.<sup>4</sup> (Also, Annex A allows the U.S. to exempt rural carriers from certain obligations.)

The specific obligations listed in Chapter 13 are so consistent with U.S. law and existing FCC regulations that it is simplest to compare these side-by-side in the table below.

Telecom Obligation	TPP Article	U.S. Law or Regulation
Defines “telecommunications” to mean any transmission of information by wire or wireless (or light), defines “public telecommunications service” as offering “telecommunications” to the public.	13.1	47 U.S.C. §153(53)
Requirement to ensure that any enterprise of another Party or service supplier of a Party has access to public telecommunications services on reasonable and non-discriminatory terms.	13.4	47 U.S.C. §§201(b), 202(a)
Requirement to interconnect with Party member networks (does not cover unbundled network elements (UNEs) at reasonable rates.	13.5	47 U.S.C. §§201(b), 202(a), 203-205, 208, 251(a), (b)
Number portability.	13.5.4	47 U.S.C. §251(e)
Requirement of public telecommunications service providers to keep confidential any proprietary information obtained from a Party carrier	13.5.3, 13.8.2(a)	47 U.S.C. §222(a), (b)

<sup>4</sup> This section does not consider any potential impact on laws governing foreign ownership or security reviews of transactions

or Party enterprise to provide or receive telecom service.		
Obligation to sell wholesale services (special access) and unbundled network elements (UNEs) at reasonable prices to Party public telecommunications service providers at wholesale rates that make retail competition feasible.	13.7, <sup>5</sup> 13.8, 13.9, 13.10	47 U.S.C. §§201(b), 202(a), 251, 252, 271, 272.
Special rules governing interconnection with major suppliers, leasing circuits	13.11, 13.12, 13.13	47 U.S.C. §§251, 252, 271, 272.
Access to poles, ducts and rights of way owned or controlled by major supplier.	13.14	47 U.S.C. §§224, 251.
Requirement to maintain any universal service obligations in a neutral and non-discriminatory manner.	13.17	47 U.S.C. §254.

***Possible Conflict with Statutory Foreign Ownership Limitations***

Section 310<sup>6</sup> of the Communications Act imposes certain statutory restrictions on foreign ownership of wireless licensees. Section 310(a) prohibits the FCC from granting a wireless license directly to a foreign government, or to a representative of a foreign government. Section 310(b) requires the FCC to conduct a separate public interest analysis when granting or transferring a wireless license for common carrier services.<sup>7</sup> The FCC has, in the past, authorized up to 100% of foreign ownership for common carrier services.<sup>8</sup>

Chapter 13 contains no exemption for discrimination in the grant of a license to a Party or an entity wholly owned by a Party, placing it in direct contradiction with 47 U.S.C. §310(a). Further, although existing FCC policy with regard to Section 310(b) does not conflict with Chapter 13, the TPP might be inconsistent with the FCC altering its existing foreign ownership policy.

<sup>5</sup> The term “major supplier” in Chapter 13 has the same general meaning as “Incumbent Local Exchange Carrier” in the Communications Act.

<sup>6</sup> 47 U.S.C § 310.

<sup>7</sup> Public telecommunications services covered by Chapter 13 are, by definition, common carrier services.

<sup>8</sup> The FCC has been much more reluctant to authorize foreign ownership for broadcast licenses. Chapter 13, however, explicitly does not apply to regulation of broadcasting. TPP 13.2.2. Accordingly, Chapter 13 does not create any conflict with existing foreign ownership limits on broadcast regulation.

Despite the direct conflict with Section 310(a), Public Knowledge does not believe a statutory amendment is needed. Federal law provides the FCC with the means to forbear from enforcement of any law or regulation with respect to telecommunications,<sup>9</sup> and the authority to make whatever rules or determinations necessary to comply with any international treaty obligation relating to radio communications.<sup>10</sup> In the event a Party or representative of a Party applies for a wireless license to provide public telecommunications services, the FCC has the statutory authority to waive Section 310(a) or otherwise forbear from application of Section 310 to comply with the non-discrimination requirements of Chapter 13.

***FCC and Existing Administrative Law Establish “Transparent Telecommunications Regulatory Body”***

Articles 13.16, 13.18, 13.19, 13.20, 13.21 and 13.22 require that signatories have a “telecommunications regulatory body” empowered to enforce the provisions of Chapter 13 through direct regulation, and empowered to receive and address complaints with regard to violations of the responsibilities of imposed on the signatories under Chapter 13. The Chapter also imposes certain obligations on the telecommunications regulator to operate in a transparent and non-discriminatory manner. These transparency and review obligations apply to any licensing obligations, as well as to “management of scarce resources” such as frequency allocations and allocations of telephone numbers.

The Federal Communications Commission (FCC), as currently constituted, complies with the requirement to have a telecommunications regulatory body. Existing obligations under the Administrative Procedures Act (APA) and the Communications Act more than satisfy the obligations for impartiality, transparency and judicial review required by Chapter 13.

***No Specific Regulations Required, Reliance on Competitive Markets Permitted***

Chapter 13 expressly recognizes that signatories may rely on competitive markets to meet their obligations rather than engage in direct regulation, and authorizes a broad range of regulatory approaches – provided they are non-discriminatory.<sup>11</sup> Chapter 13 expressly permits governments to forbear from application of any particular regulation or service in a manner consistent with U.S. law.<sup>12</sup> Nothing in Chapter 13 would therefore require the FCC or Congress to pass new laws, issue new regulations, or reverse previous forbearance determinations. However, Public Knowledge notes that proposals made by some to drastically limit the authority of the FCC with regard to telecommunications services, or to eliminate the FCC altogether, would appear to violate the express obligations of Chapter 13.

***Signatories Required to “Recognize” Open Internet Benefits***

The E-Commerce chapter also contains specific language that states that signatories “recognize the benefit” of net neutrality protections for internet users.<sup>13</sup> The FCC’s Open Internet

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<sup>9</sup> 47 U.S.C. §§ 160, 161.

<sup>10</sup> 47 U.S.C. § 303(r).

<sup>11</sup> TPP 13.3.

<sup>12</sup> Compare 47 U.S.C. § 161 with TPP 13.3.3.

<sup>13</sup> TPP 14.10

rules, enacted under Title II of the Communications Act,<sup>14</sup> represent how the U.S. currently recognizes this benefit. A substantial weakening of these rules—whether through litigation or legislation—risks bringing the United States out of compliance.

The language of the provision itself implies a fairly robust implementation of Open Internet principles. Consumers should be able to “access” services and applications of their choice. This means that end-user ISPs should not block access to services, whether through leveraging their last-mile networks through techniques such as deep-packet inspection, or through refusing to interconnect with transit networks or CDNs that carry particular traffic. Consumers should also be able to “use” these services—this implies that traffic prioritization or management practices that result in consumers being able to “access” services but their throughput being so reduced as to make them unusable, would be inconsistent with the TPP. Thus, the FCC’s prohibition on the blocking of network traffic by broadband Internet Access Service providers and its prohibition on paid prioritization ensure that U.S. law is consistent with the TPP.

The provision does allow ISPs to engage in reasonable network management, a flexibility the FCC’s rules also allow.<sup>15</sup> ISPs thus are able to ensure their networks continue to function for all users by, for instance, limiting throughput in some ways during times of peak congestion, or by limiting network abuse. However, reasonable network management is not a free pass for ISPs to engage in any traffic management techniques they can think of. They should be reasonable, that is, proportional to the actual network issue they are intended to address. Such practices should generally be aimed at remediating actual network issues that are occurring at the time that the practices are undertaken, rather than aimed at reducing network quality generally, particularly in order to create demand for prioritized treatment.

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<sup>14</sup> See 2015 Open Internet Order, [https://apps.fcc.gov/edocs\\_public/attachmatch/FCC-15-24A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/FCC-15-24A1.pdf)

<sup>15</sup> Network management has always been understood to be solely limited to the efficient operation of a network, and not related to business or policy objectives. For example, the authoritative work “Engineering and Operations in the Bell System” characterized network management as the “function that keeps the network operating near maximum efficiency when unusual traffic patterns or equipment failures would otherwise cause network congestion and inefficiency.” R.D. Jennings, R.F. Linfield & M.D. Meister, Inst. for Telecomm. Sciences, Nat’l Telecomm. and Info. Admin., U.S. Dep’t of Commerce, Network Management: A Review of Emerging Concepts Standards, and Products 20 (1993) (citing R.F. Rey, Engineering and Operations in the Bell System (2d ed. 1983). As Public Knowledge and others have explained, “the function and purpose of network management is to maintain, protect, and ensure the efficient operation of a network, not to scrutinize the quality, source, content, or legality of the data that flows on the network,” and a specific reasonable network management practice “must have been designed to reduce or mitigate congestion, address traffic that is unwanted by users, or address traffic that is harmful to the network. The practice should also be designed to achieve only the stated purpose and effect. Thus, a practice that had a disproportionate impact on lawful content, applications, services, or devices and that was not intimately tied to the needs of maintaining the network would not be considered [reasonable network management].” Public Interest Commenters in GN Docket No. 09-191 (January 14, 2010), 37-41, <https://www.publicknowledge.org/pdf/pic-nn-comments-20100114.pdf>.

Similarly, under the TPP's Open Internet provision, users should be permitted to use the devices of their choice with their broadband connections. The FCC's rules provide for this, and it is important to bear in mind that this provision also extends to wireless broadband internet access. Thus wireless carriers should permit their users to use any compatible handset with their networks—as well as other compatible devices (e.g., internet of things devices that require connectivity).

Finally, the transparency provision is fully consistent with the FCC's existing transparency requirements.<sup>16</sup>

### ***Chapter 13 Supersedes Any Conflicting Obligations Imposed by Other TPP Chapters***

In the event of a conflict between Chapter 13 and any other Chapter of the TPP, Chapter 13 governs.<sup>17</sup> Although Chapter 13 does not apply to cable or broadcast services,<sup>18</sup> it is not difficult to imagine situations in which obligations imposed by other Chapters with regard to the free flow of information, privacy of proprietary information, or intellectual property might conflict with the directives and goals of Chapter 13. In such cases, pursuant to both the TPP and the Communications Act,<sup>19</sup> the FCC would have the exclusive authority to resolve the conflict and ensure that, in accordance with the terms of the TPP, Chapter 13 governs.

## **Spectrum**

The TPP contains relatively few mentions of spectrum—the essential input for wireless technologies. Public Knowledge has a long history<sup>20</sup> of working as a leader on spectrum policy, advocating for the expansion of unlicensed spectrum and other policies to promote competition, innovation, and efficient use of limited, in-demand spectrum resources. The TPP does not address spectrum policy in a manner which would directly impact domestic spectrum law or policy; its language instead broadly preserves national autonomy in making these policy determinations, almost regardless of impact on signatories, while acknowledging several key factors which should be considered.

### ***Autonomy in Spectrum Allocation and Management***

The TPP preserves national autonomy for signatories in spectrum allocation and management.<sup>21</sup> Spectrum allocation policy is discussed in Article 19 of Chapter 13, entitled

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<sup>16</sup> 47 C.F.R. § 8.3 (“A person engaged in the provision of broadband Internet access service shall publicly disclose accurate information regarding the network management practices, performance, and commercial terms of its broadband Internet access services sufficient for consumers to make informed choices regarding use of such services and for content, application, service, and device providers to develop, market, and maintain Internet offerings.”).

<sup>17</sup> TPP 13.24.

<sup>18</sup> TPP 13.2.2.

<sup>19</sup> See 47 U.S.C. §303(r).

<sup>20</sup> See <https://www.publicknowledge.org/issues/public-airwaves>.

<sup>21</sup> While trade agreements may be used as a means of coordinating international resources such as spectrum, the TPP signatories did not address the subject in much depth. Coordination of spectrum issues is more commonly handled internationally through international bodies such as the International Telecommunications Union. For more information on global spectrum

“Allocation and Use of Scarce Resources.” Specifically, TPP notes that any Party’s actions in spectrum assignment and management “are not per se inconsistent with Article 10.5 (Market Access) either as it applies to cross-border trade in services or through the operation of Article 10.2.2 (Scope) to an investor or covered investment of another Party.”<sup>22</sup> This has the effect of reserving for the Parties the right to implement spectrum policies which “may have the effect of limiting the number of suppliers of public telecommunications services”<sup>23</sup>, provided those actions are conducted in a manner consistent with the rest of the agreement.

### ***Considerations When Making Spectrum Allocations***

The TPP preserves the authority of signatories to use mechanisms, such as auctions, to assign spectrum for commercial use. Additionally, TPP language regarding spectrum allocation appears to put forth policy preferences and best practices rather than requirements. Paragraph 4 of Article 13.19 makes recommendations for best practices the Parties “shall endeavour to rely on” in making allocations. This language is not binding but rather simply puts forth ideal considerations. Unlicensed spectrum considerations aren’t specifically mentioned; however, the text advocates for “an open and transparent process that considers the public interest, including the promotion of competition.”<sup>24</sup> Some cause for concern may arise from the text’s direction that Parties endeavour to focus on market-based approaches in assigning spectrum for commercial purposes, as this could be interpreted by some to prefer exclusive licensing via auction over unlicensed approaches or spectrum sharing, depending upon how “market-based approaches” are interpreted. The document continues to specify that auctions may be used, if appropriate, to assign licenses; no other mechanisms are mentioned. However, opening spectrum to general public use, including commercial uses, can rightly be viewed as a form of market-driven assignment. In any event, it is important to remember that these ideas are expressed in terms of ideal goals, not firm commitments. They have no binding effect on U.S. law.

### ***Licensing Process***

TPP requires signatories make information regarding telecommunications service licenses publicly available if the signatory requires licenses for telecommunications providers and for licensing processes to be transparent. These requirements should not require any change to current U.S. law.

Article 13.8 establishes that signatories that require licenses for telecommunications service providers ensure that licensing criteria and procedures, the amount of time licensing decisions take, and the terms and conditions of all licenses in effect be publicly available. Additionally, signatories must, upon request, provide parties applying for licenses with: reasons for a denial of a license, imposition of super-specific conditions on a license, revocation or a license, or refusal to renew a license. Current U.S. communications law has these features.

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coordination, *see* <https://www.publicknowledge.org/coordinating-bodies-of-spectrum-management>.

<sup>22</sup> TPP 13.19.3.

<sup>23</sup> *Id.*

<sup>24</sup> TPP 13.19.4.

## Copyright Term

TPP Article 18.63: Term of Protection for Copyright and Related Rights requires that signatory countries provide for a term of copyright protection of life of the author plus 70 years from the end of the year of publication, or if calculated on a basis other than the life of a natural person, then not less than 70 years from publication.<sup>25</sup> It also provides for a term of 70 years from creation for works that are not published with the authority of the author within 25 years of creation.<sup>26</sup>

Public Knowledge has argued, and still maintains, that 70 years is too long a term.<sup>27</sup> However, given that U.S. law with respect to copyright term length already meets, and indeed, even exceeds, the requirements of the TPP, there is no impact on current law with respect to term length. However, other signatories may need to lengthen their terms.

Article 18.63 does not conflict with existing U.S. copyright law with respect to term length and therefore does not require changes to U.S. law. Current U.S. law is consistent with, and in several ways goes farther than the requirements of this Article. For example, the U.S. provides for a greater term length than required by TPP for a number of different categories of works, including: (1) works made for hire; (2) works published before, but still protected by copyright on, January 1, 1978; and (3) pseudonymous works. In the first two cases, the U.S. provides for 95 years of protection,<sup>28</sup> and in the third case the U.S. provides for 120 years of protection.<sup>29</sup> The TPP requires 70 years of protection for all of these categories of works.<sup>30</sup>

While Article 18.63 (like prior trade agreements) does require a term of protection greater than that required by the Berne Convention,<sup>31</sup> it leaves room for considerable improvement to U.S. law. For example Article 18.63 would permit a reduction in term for works made for hire (from 95 years to 70 years), and pseudonymous works (from 120 years to 70 years).<sup>32</sup>

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<sup>25</sup> Footnote 76 of TPP Chapter 18 clarifies that parties that calculate terms from date of fixation (e.g. the United States), may continue to do so.

<sup>26</sup> In the case of pseudonymous works or jointly authored works, parties may calculate terms in accordance with Article 7(3) or 7*bis* of the Berne Convention, so long as the party implements the term of years specified by TPP 18.63. *See* TPP, Ch. 18 n.77

<sup>27</sup> *See, e.g.,* Stephen Wang, *Celebrating Fifteen Years of the Copyright Term Extension Act*, Public Knowledge (November 4, 2013), <https://www.publicknowledge.org/news-blog/blogs/celebrating-fifteen-years-copyright-term-ex>; Letter from Public Knowledge et. al concerning TPP Copyright Term Length, *available at* [https://www.publicknowledge.org/assets/uploads/blog/CopyrightTerm\\_TPPLetter\\_Print.pdf](https://www.publicknowledge.org/assets/uploads/blog/CopyrightTerm_TPPLetter_Print.pdf).

<sup>28</sup> 17 U.S.C. §§ 302(c), 304.

<sup>29</sup> 17 U.S.C. § 302(c).

<sup>30</sup> TPP 18.63(b),(c).

<sup>31</sup> Article 7.1 of the Berne Convention requires only a term of protection of life of the author plus fifty years.

<sup>32</sup> A prospective reduction in term that applies only to new works made for hire or pseudonymous works would plainly be permissible. A reduction of term for existing works may run aground of other legal issues, such as the takings clause. This includes works made for hire and pseudonymous works created after January 1, 1978, and works published prior to January 1, 1978.

However, any further reduction may require creative reforms. For example, Register of Copyrights Maria Pallante has suggested that the Copyright Term Extension Act's twenty year extension of copyright terms might be converted into a twenty year renewal term requiring action by authors rather than an as-of-right automatic extension in her address at Columbia Law School in March 2013.<sup>33</sup> Article 18.63 would on its face appear to pre-empt such a reform. However, similarly creative opportunities to constructively reduce the effect of overly broad terms remain viable under the TPP. These include, for example, reforms targeted at statutory damages for works late in their term of protection.<sup>34</sup>

### **Internet Service Provider Liability and Safe Harbors**

The TPP's provisions relating to Internet Service Provider liability and safe harbors are generally consistent with current U.S. law—specifically, Title 17, Section 512.

As is often the case where copyright law discusses internet issues, the TPP uses the term “Internet Service Provider” to apply to many different kinds of entities—from access services that provide physical broadband connections for individual users, to internet backbone and transit companies, to search engines, to web and storage hosts, to user-generated content sites. Different policy concerns should govern the treatment of these different kinds of service providers, and policymakers considering the TPP's provisions with respect to “Internet Service Providers” should take account of these differences, rather than adopting policies that make no distinction between a Tier 1 Internet backbone and a social networking service. As the TPP acknowledges, all ISPs should enjoy protections from liability of some sort.<sup>35</sup> However the scope of any underlying liability may vary from case to case—and the TPP is not inconsistent with this approach.

Fundamentally, the TPP does not require that signatory countries hold ISPs of any kind liable under copyright for the actions of their users.<sup>36</sup> Direct liability for copyright infringement in the United States requires volitional action on the part of the alleged infringer; in most cases involving ISPs, the direct infringer would be the user, not the service. “Safe harbors” are not necessary in cases where there can be no infringement to begin with—nor does the existence of a safe harbor imply a greater level of liability for an ISP than would exist otherwise. However, in the United States at least, an ISP may in some circumstances be secondarily liable for infringements it, for instance, knowingly facilitates.<sup>37</sup> The safe harbors that the TPP requires

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<sup>33</sup> The Next Great Copyright Act, [http://copyright.gov/docs/next\\_great\\_copyright\\_act.pdf](http://copyright.gov/docs/next_great_copyright_act.pdf).

<sup>34</sup> Statutory Damages are implicated by TPP 18.74(6)-(9).

<sup>35</sup> The Agreement states that “the Parties recognize the importance of facilitating the continued development of legitimate online services operating as intermediaries,” and also “providing enforcement procedures that permit effective action by right holders against copyright infringement...that occurs in the online environment.” TPP 18.82.1.

<sup>36</sup> The requirement that signatory nations create “legal incentives,” 18.82(1)(a) does not require copyright liability—in fact, the TPP states that “the Parties understand that implementation of the obligations ... on ‘legal incentives’ may take different forms.” TPP, Ch. 18 n.50.

<sup>37</sup> Secondary liability requires a greater level of intent than is necessary in cases of direct infringement. *Gershwin Publishing v. Columbia Artists Management*, 443 F. 2d 1159, 1162 (2d Cir. 1971) (“one who, with knowledge of the infringing activity, induces, causes or materially

signatory nations to provide for ISPs can be valuable in providing protections against liability in these circumstances—however, they should not be read as creating a requirement for new liability.

Perhaps most importantly, the TPP repeats U.S. law’s clear statement that “[e]ligibility for the limitations in paragraph 1 shall not be conditioned on the Internet Service Provider monitoring its service or affirmatively seeking facts indicating infringing activity.”<sup>38</sup> Thus, any proposed changes to U.S. law that would require ISPs to monitor or “affirmatively seek facts indicating infringing activity” in order to qualify for the limitations on liability are inconsistent with the TPP. This applies to, among other things, notice-and-staydown requirements or other obligations on ISPs to filter or monitor their networks.

### ***The TPP’s Relationship to U.S. Law Governing Internet Service Provider Liability***

Section J is consistent with, and in some respects more flexible than, the current U.S. framework for ISP safe harbors.

At times, the TPP uses different language than the DMCA. But this is not an inconsistency. For example, U.S. law<sup>39</sup> allows rightsholders to subpoena some kinds of ISPs for subscriber information, when the rightsholder has reason to believe the subscriber is infringing its copyright. This does not apply to “conduit”-type ISPs, such as broadband service providers.<sup>40</sup>

However, the TPP states that signatories must establish procedures, “judicial or in accordance with that Party’s legal system,” that “enable a copyright owner that has made a legally sufficient claim of copyright infringement to obtain expeditiously from an [ISP] information in the provider’s possession identifying the alleged infringer, in cases in which that information is sought for the purpose of protecting or enforcing that copyright.” This article also requires that these procedures must be “consistent with principles of due process and privacy.” The TPP contains no carve-out for conduit-type ISPs.

Nevertheless, a reading of 512(h) that excludes conduit ISPs is consistent with the TPP, since rightsholders still have recourse to the court system to obtain subscriber information. A rightsholder can file a “John Doe” lawsuit, and obtain a court order that the ISP turn over subscriber records. This is consistent with the TPP’s mention of the possibility of “judicial” means. The TPP contains no requirement that a signatory adopt uniform procedures for all

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contributes to the infringing conduct of another, may be held liable as a ‘contributory’ infringer.”) Direct infringement contains no knowledge element.

<sup>38</sup> See 17 U.S.C. § 512(m) (“Nothing in this section shall be construed to condition the applicability of subsections (a) through (d) on - (1) a service provider monitoring its service or affirmatively seeking facts indicating infringing activity, except to the extent consistent with a standard technical measure complying with the provisions of subsection (i); or (2) a service provider gaining access to, removing, or disabling access to material in cases in which such conduct is prohibited by law.”)

<sup>39</sup> 17 U.S.C. § 512(h).

<sup>40</sup> See Comments of United States Telecom Association in Copyright Office’s Section 512 Study, Docket No. COLC-2015-0013, Apr. 1, 2016 at 6 (citing *In re Charter Communications, Inc., Subpoena Enforcement Matter*, 393 F.3d 771, 776 (8th Cir. 2005) for the proposition that 512(h) does not apply to conduit ISPs), <https://www.regulations.gov/#!documentDetail;D=COLC-2015-0013-90013>.

categories of ISP. Thus, the plain meaning of the text of 512(h) is consistent with U.S. law, given the existence of other means to achieve the TPP's requirements.

This is just one example of how the TPP can straightforwardly be read consistently with U.S. law. In fact, as the following discussion shows, the TPP is flexible enough to accommodate many, but not all, potential reforms to Section 512.

***TPP Need Not Unduly Constrain Further Development or Clarification of U.S. Law in this Area***

*Extend Section 512 to Related Issues*

The TPP should not unduly constrain efforts of policymakers in the U.S. to expand ISP liability protections beyond copyright infringement. TPP Article 18 Section J only requires contracting parties to provide such a framework for legal remedies and safe harbors with regard to acts constituting copyright infringement. Outside of those acts, it appears that contracting Parties may, but are not required to, limit Internet Service Providers' liability, provided that those limitations are otherwise consistent with the Parties' obligations under the TPP.<sup>41</sup>

Public Knowledge has advocated for reforms that would extend Section 512's protections to cover related issues. Specifically, Public Knowledge has proposed that ISPs should be able to "take advantage of the same safe harbor against accusations that their users are engaging in unauthorized fixation or trafficking in sound recordings and music videos (1101), circumvention of [Digital Rights Management] (1201), or removal of rights management information (1201)."<sup>42</sup> While the TPP does not mandate limitations with respect to these issues, its implementation should not preclude such extension of safe harbors.

*Eliminate Termination Policy Requirement*

Section 512(i)(1)(A) requires ISPs to "adopt and reasonably implement, and inform subscribers and account holders of the service provider's system or network of, a policy that provides for the termination in appropriate circumstances of subscribers and account holders of the service provider's system or network who are repeat infringers."<sup>43</sup> This provision has, in practice, proven problematic and potentially harmful for consumers, many of whom depend upon access to internet and online services for their livelihood as well as their communication needs. The TPP contains no such requirement for ISPs, and U.S. policymakers should either (1) eliminate this requirement in its entirety, or (2) revise this requirement to clarify that only those subscribers who have been repeatedly adjudicated by a competent body to have infringed copyright are "repeat infringers" within the meaning of the statute.

*Require ISPs to Use a Counter-notice Procedure Prior to Removal*

The TPP only requires that ISPs act "expeditiously" to remove content identified as infringing. While still meeting this requirement, a contracting party may provide for a specific

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<sup>41</sup> See TPP, Ch. 18 n.151 (Providing "[t]he Parties understand that, to the extent that a Party determines, consistent with its international legal obligations, that a particular act does not constitute copyright infringement, there is no obligation to provide for a limitation in relation to that act.").

<sup>42</sup> Public Knowledge, Curb Abuses of Internet Takedowns (July 11, 2012), Internet Blueprint [http://internetblueprint.org/issues/curb-abuses-of-copyright-takedowns/Internet Blueprint](http://internetblueprint.org/issues/curb-abuses-of-copyright-takedowns/Internet%20Blueprint).

<sup>43</sup> 17 U.S.C. § 512(i)(1)(A).

counter-notice period prior to removal, where an ISP provides notice to the user or subscriber whose content is subject to a notice of infringement or whose content would be subject to removal or disablement, and waited for a prescribed statutory period for a counter-notice to be filed.<sup>44</sup>

*Require ISPs to Restore Removed Content Upon Counter-notice Receipt*<sup>45</sup>

Current requirements under Section 512 require ISPs to replace or cease disabling access to removed content subject to a counter-notice in 10 business days.<sup>46</sup> This provision has been criticized for allowing too long of a delay, particularly where removed content may be time-sensitive, and where notices of infringement may be sent to ISPs with motives other than the identification and deterrence of copyright infringement. Article 18.82.4 requires ISPs to replace such content “within a reasonable time.” Consistently with the TPP, Congress can amend section 512 and reduce the statutory period in 512(g).

*Require ISPs to Provide Notice Whenever Content is Removed*

Current U.S. law only requires notice be given to persons whose content was removed or disabled pursuant to a notice of infringement.<sup>47</sup> Some commentators have proposed that this notice requirement be extended to all circumstances in which content is removed based on the ISP’s acquiring knowledge of the infringement.<sup>48</sup> Where the TPP provides that such notice is required whenever an ISP takes action to remove or disable access to content based on its knowledge of the infringement, this reform would be consistent with the TPP.

*Judicial Notice and Takedown*<sup>49</sup>

While Section J authorizes a private notice and takedown regime akin to that established by Section 512,<sup>50</sup> and appears to foreclose options for judicial review,<sup>51</sup> Annex 18-F explicitly

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<sup>44</sup> Jennifer M. Urban & Laura Quilter, Efficient Process or “Chilling Effects”? Takedown Notices Under Section 512 of the Digital Millennium Copyright Act, 22 Santa Clara Computer & High Tech L. Rev. 621, 688-69 [hereinafter Urban & Quilter].

<sup>45</sup> See Jennifer Urban, Joe Karaganis & Brianna Schofield, Notice and Takedown in Everyday Practice, 128, <http://ssrn.com/abstract=2755628>, [hereinafter Everyday Practice Study]; see also Comments of Mozilla, Copyright Office Section 512 Study, Docket No. COLC-2015-0013, Apr. 1, 2016, <https://www.regulations.gov/#!documentDetail;D=COLC-2015-0013-90541> [hereinafter Mozilla 512 Comments].

<sup>46</sup> 17 U.S.C. § 512(g).

<sup>47</sup> See 17 U.S.C. § 512(g)(2). This notice is “required” in order to immunize the ISP from suit by the subscriber.

<sup>48</sup> See Urban & Quilter at 689 n.236.

<sup>49</sup> See Manila Principles on Intermediary Liability, point 2, <https://www.manilaprinciples.org/>

<sup>50</sup> This is evident in Article 18.82.3(a)’s provision that ISPs may obtain knowledge of copyright infringement “such as through receiving a notice of alleged infringer from the right holder or a person authorised to act in its behalf.”

<sup>51</sup> See TPP, Ch. 18, n.158 (stating “[t]he Parties understand that a Party that has yet to implement the obligations in paragraphs 3 and 4 will do so in a manner that is both effective and consistent with that Party’s existing constitutional provisions. To that end, a Party may establish an appropriate role for the government that does not impair the timeliness of the process provided in paragraphs 3 and 4, and does not entail advance government review of each individual notice.”)

allows contracting parties to implement a system requiring judicial notice and takedown. Annex 18-f provides that Parties may, “as an alternative to implementing Section J...implement Article 17.11.23 of the *United States – Chile Free Trade Agreement*. . .which is incorporated into and made part of this Annex. Article 17.11.23 in some ways more closely tracks the language of Section 512, but allows Parties to the agreement to establish judicial review of notifications of claimed infringement.<sup>52</sup> Thus, proposals to reform section 512 to require judicial review of takedown notices, or issuance of a judicial order before an ISP is required to remove or disable access to allegedly infringing content are not inconsistent with the TPP’s provisions.<sup>53</sup>

*Enhance Alleged Infringement Notice Requirements, Strengthen Inaccurate Notice Remedies*<sup>54</sup>

In addition, because the TPP provides a baseline of what notices of infringement must contain, but does not limit those requirements, parties are at liberty to implement further requirements for notices of infringement. Thus, requirements for a valid notice under § 512(c)(3), including requirements that the notice include “a statement that the complaining party has a good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law[,]”<sup>55</sup> including that the right holder consider whether the activity is a fair use<sup>56</sup> are consistent with this provision. Indeed, Parties may provide for additional requirements for notices of infringement, including, for example, that rights holders include the preceding statement under penalty of perjury.<sup>57</sup>

Because Article 18.82.5 requires that parties establish monetary remedies for knowing misrepresentations in notices alleging infringement, Parties may provide for monetary remedies that are stronger than those currently provided for by Section 512. Where commentators have

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<sup>52</sup> See TPP 17.23(c)(ii), providing that knowledge may be obtained “through effective notifications of claimed infringement in accordance with subparagraph (f)[.]” See also 17.23(f) providing that “each Party shall establish appropriate procedures through an open and transparent process which is set forth in domestic law, for effective notifications of alleged infringement...” and providing minimum requirements for such effective notifications. The terms “appropriate procedures” and “effective notifications” do not restrict Parties to using private notice and takedown procedures. See Human Rights and Internet Intermediary Regulation in Chile, Global Censorship Chokepoints <https://gc.eff.org/human-rights-and-internet-intermediary-regulation-chile>. Chile’s domestic law interprets these requirements through a notice and takedown regime that only requires ISPs to takedown content following a judicial order. *Id.* See also CDT, Chile’s Notice-And-Takedown System For Copyright Protection:An Alternative Approach, <https://cdt.org/files/pdfs/Chile-notice-takedown.pdf>.

<sup>53</sup> See Krista Cox, Analysis of the Final TPP (leaked)Text on Intellectual Property: Mixed Results, ARL Policy Notes, <http://policynotes.arl.org/?p=1194>, (“Countries may therefore choose between implementing the language in the TPP or the language of the U.S.-Chile trade agreement.”); see also Mozilla comments in 512 study, proposing a requirement that “[t]he rightsholder seek[] and receive[] a judicial decision that the act of posting is in fact infringing in context[.]”

<sup>54</sup> See Manila Principles for Intermediary Liability point 3, <https://www.manilaprinciples.org/>  
<sup>55</sup> 17 U.S.C. § 512(c)(3)(v).

<sup>56</sup> See *Lenz v. Universal Music*, 815 F.3d 1145 (9th Cir. 2016) (amended opinion).

<sup>57</sup> See Everyday Practice Study at 128; see also Mozilla 512 Comments.

noted that users have difficulty in proving damages for wrongfully taken down content, Parties may provide for statutory or exemplary damages for misrepresentations, or misrepresentations that are willfully made.<sup>58</sup> Further, while the TPP’s requirement only applies to knowing misrepresentations, it should not preclude the Parties from providing for such remedies also in cases of reckless misrepresentation.<sup>59</sup> In addition, Parties are free to regulate such notices through other means—for example, Public Knowledge has proposed that the Federal Trade Commission regulate unfair and deceptive notices of infringement.<sup>60</sup> Proposals for the creation and maintenance of a public database for takedown notices are also consistent with the TPP.

#### *Require Infringement Notice Independent Verification*

The TPP allows that Parties may comply with Section J’s requirements by “maintaining a framework in which: a stakeholder organization that includes representatives of both [ISPs] and right holders, established with government involvement;” reviews and determines the validity of each notice of infringement, so long as that framework meets some additional requirements.<sup>61</sup> Proposals to establish such a system would therefore be consistent with the TPP’s requirements, provided they meet the additional criteria.

#### *Standard Technical Measures*<sup>62</sup>

Under Section 512(i)(1)(B) of the DMCA, a Service Provider must “accommodate and not interfere with standard technical measures...used by copyright owners to identify or protect copyrighted works,”<sup>63</sup> so long as such measures meet the statutory criteria laid out in 512(i)(2). This requirement has been criticized for potentially locking in ineffective technologies, interfering with lawful uses of content, and impairing with innovation and competition in internet services.<sup>64</sup> Where such a requirement is notably lacking in TPP section J, proposals to repeal this requirement would be consistent with the TPP’s provisions.

#### *Eliminate Burdensome Registration Requirements for Small ISPs*

Currently, under Section 512(c), ISPs are required to register an agent with the copyright office and to provide the agent’s contact information in a public place accessible on their website in order to qualify for the safe harbor in 512(c). The TPP requires no such condition for qualifying ISPs. Congress should amend this provision to reduce the burdens on Internet Service Providers, by either providing for alternate means of designating an agent,<sup>65</sup> or repealing the requirement entirely.

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<sup>58</sup> See *id.*; see also Mozilla 512 Comments.

<sup>59</sup> See Everyday Practice Study at 128; see also Public Knowledge, Curb Abuses of Copyright Takedowns, (July 11, 2012), Internet Blueprint, <http://internetblueprint.org>.

<sup>60</sup> Reducing Copyright Abuse and Overreach Act, <http://internetblueprint.org/wp-content/uploads/2012/08/Reducing-Copyright-Abuse-and-Overreach-Act.pdf>.

<sup>61</sup> TPP, Ch. 18 n.155.

<sup>62</sup> See Mozilla 512 Comments.

<sup>63</sup> 17 U.S.C. § 512(i)(1)(B).

<sup>64</sup> See Mozilla 512 Comments.

<sup>65</sup> See Public Knowledge, Curb Abuses of Notice and Takedown (July 11, 2012), Internet Blueprint, <http://internetblueprint.org>.

## ***Some Reform Proposals Could Be Viewed as Inconsistent with TPP Provisions***

### ***Broad, Universal Immunity for ISPs***

Safe harbor frameworks like that provided by Section 512 have been criticized as failing to provide sufficient safeguards for Internet users.<sup>66</sup> However, it appears that, were Congress to consider implementing a broad, universal safe harbor for copyright infringement, akin to that provided by Section 230 of the Communications Decency Act, the TPP would make such a reform more politically difficult.<sup>67</sup> This would also apply to proposals to grant only search engines or indexing ISPs broad immunity.

### ***Notice and Notice Systems***

While Annex 18-E to Section J explicitly allows notice-and-notice systems, which require ISPs merely to forward notices of infringement rather than acting to remove content on receipt of such notices, in lieu of the notice and takedown regime described in Section J, this annex applies only to those parties to the agreement which such a system in place “as from the date of agreement in principle of this Agreement.”<sup>68</sup> At the time of agreement in principle, August 5, 2015, Canada was the only party with such a system in place.<sup>69</sup> Therefore, proposals to implement a notice and notice system run the risk of being interpreted as inconsistent with the TPP’s provisions on ISP liability.

## **Circumvention of Technical Protection Measures of Copyrighted Works**

TPP Article 18.68: Technological Protection Measures requires that signatory countries provide for civil liability, and in some cases criminal penalties, for anyone who knowingly circumvents a digital lock (“effective technological protection measure”) that controls access to copyright protected content (for example, software or music files).<sup>70</sup> It also requires that countries provide those penalties when anyone manufactures, imports or distributes tools, components, or services that are primarily designed or marketed for the purpose of circumventing these digital locks (“tools”).<sup>7172</sup> It also makes clear that the purpose of authors

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<sup>66</sup> See Everyday Practice Study at 3 (stating “[t]he findings also raise issues related to due process at the OSP level. Due process safeguards for targets have largely failed.”)

<sup>67</sup> See Urban & Quilter at 688 (stating “[i]n light of the significant flaws apparent in the structure of the act, and in its performance as indicated by this study, some might recommend wholesale repeal of § 512 in favor of a strong universal safe harbor for OSPs”).

<sup>68</sup> TPP Annex 18-E.

<sup>69</sup> Krista Cox, Analysis of the Final TPP (leaked)Text on Intellectual Property: Mixed Results, ARL Policy Notes, <http://policynotes.arl.org/?p=1194>

<sup>70</sup> TPP 18.68.1(a). Article 18.68 requires only that criminal penalties are available where the conduct is willful and for “purposes of commercial advantage or financial gain.” 18.68.1

<sup>71</sup> TPP 18.68.1(b). Article 18.68(1)(b) also allows Parties the flexibility to determine that the provisions prohibiting manufacture, importation or distribution of circumvention tools “apply only in cases in which those activities are undertaken for sale or rental, or if those activities prejudice the interests of the right holder of the copyright or related right.” 18.68.1(b), n. 84.

<sup>72</sup> The civil and administrative remedies, and criminal procedures and penalties required by the TPP with respect to TPMs largely mirrors the remedies currently available under existing U.S. law. While the TPP, however, notably omits to explicitly authorize judicial discretion to reduce

using technological protection measures is “in connection with the exercise of their rights,” to “restrict unauthorised acts in respect of their works”<sup>73</sup>—that is, to prevent infringement.

Under the Digital Millennium Copyright Act, U.S. law already meets these requirements—indeed, current U.S. law (17 U.S.C. §§1201-1204) provides even stronger prohibitions than Article 18.68 requires. Implementing the TPP therefore need not require changes to U.S. law in this area.

In addition, Article 18.68 provides a welcomed degree of flexibility in determining the appropriate scope of anticircumvention prohibitions as well as limitations and exceptions to those prohibitions.<sup>74</sup> This flexibility recognizes existing limitations and exceptions in U.S. law, and allows U.S. courts and Congress to continue to develop the law in this area—including by clarifying that liability for circumvention should not apply unless the circumvention is undertaken with the purpose of infringing a copyright.<sup>75</sup> Given that current limitations and exceptions in U.S. law provide a baseline of permissible limitations and exceptions under Article 18.68, and not a maximum, TPP Article 18.68 need not constrain further development of U.S. law in this area.

### ***TPP Article 16.86 Does Not Require U.S. Anticircumvention Law Changes***

Article 16.86 does not conflict with existing U.S. anticircumvention law and therefore does not require changes to U.S. law. Article 18.68 requires that contracting Parties to the TPP prohibit both circumvention of “effective technological measure[s] that control[] access to [] protected work[s]” and the manufacture, importation, distribution, sale or rental, or offering to the public of “devices products, components or services” that are marketed or designed for the purpose of circumvention, and provide that such acts trigger civil liability, and criminal penalties where the conduct is willful and for purposes of commercial and financial gain. Current U.S. law is consistent with, and in several ways goes farther than the requirements of this Article. For example, while Article 18.68.1(a) requires Parties to prohibit circumvention where a person “knowingly or has reasonable grounds to know circumvents without authority,”<sup>76</sup> and excludes

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or remit damages for innocent violators, as 1203(c)(5)(A) provides, the TPP does require that violations be “knowing[]” or with “reasonable grounds to know,” TPP 18.68.1, and that technological measures that may be circumvented accidentally are not “effective” for the purposes of these provisions. TPP Ch. 18., n.95. These provisions should be interpreted to authorize the specific provisions in 1203(c)(5)(A). For further analysis of the TPP’s provisions on remedies, please refer to the section addressing those provisions.

<sup>73</sup> TPP 18.86(1).

<sup>74</sup> TPP 18.68.4; *see also* TPP 18.3: Principles.

<sup>75</sup> *See* TPP 18.68.3 (stating “[e]ach party shall provide that a violation of a measure implementing this Article is independent of any infringement that might occur under the Party’s law on copyright and related rights”, except “a Party is not required to treat the criminal act of circumvention set forth in paragraph 1(a) as an independent violation, where the party criminally penalises such acts through other means”). For U.S. federal court opinions holding that liability under Section 1201 requires some connection to copyright infringement *see The Chamberlain Group, Inc. v. Skylink Technologies, Inc.*, 371 F.3d 1178 (Fed. Cir. 2004); *Lexmark v. Static Control Components*, 387 F. 3d 522 (6th Cir. 2004); *see also* the Unlocking Technology Act, H.R. 1587. 114th Congress.

<sup>76</sup> TPP 18.68.1(a).

from the definition of effective technological measure those that may be circumvented accidentally,<sup>77</sup> Section 1201 of the Digital Millennium Copyright Act prohibits all circumvention, even those where the person is unaware that they are “circumvent[ing] without authority” or where the circumvention is accidental.<sup>78</sup> And, where Article 18.68 excludes from its prohibition the importation or sale of devices that render inactive technological measures aimed solely at market segmentation for films,<sup>79</sup> U.S. law contains no such exception.

Further, Article 18.68.1(b) allows Parties the flexibility to determine that the provisions prohibiting manufacture, importation or distribution of circumvention tools “apply only in cases in which those activities are undertaken for sale or rental, or if those activities prejudice the interests of the right holder of the copyright or related right.”<sup>80</sup> Section 1201 contains no such limitation.

Article 16.86 also allows Parties to exempt “non-profit librar[ies], museum[s], archive[s], educational institution[s], or public non-commercial broadcasting entities” from criminal penalties, and from civil remedies where those entities acted “in good faith without knowledge that the conduct is prohibited.”<sup>81</sup> This exemption is slightly broader than that provided in U.S. law.<sup>82</sup>

Article 16.86.2 makes clear that Parties are not required to dictate the design of particular products or components to correspond to specific forms of TPMs.<sup>83</sup> This mirrors Section 1201’s provision that “[n]othing in this section shall require that the design of, or design and selection of parts and components for, a consumer electronics, telecommunications, or computing product provide for a response to any particular technological measure...”<sup>84</sup>

Finally, Article 18.68 grants Parties flexibility in implementing limitations and exceptions to both 18.68.1(a) and (b), provided that those limitations “enable non-infringing uses if there is an actual or likely adverse impact of those measures on those non-infringing uses as determined through a legislative, regulatory, or administrative process in accordance with the Party’s law, giving due consideration to evidence when presented in that process, including with respect to whether appropriate and effective measures have been taken by rights holders to enable the beneficiaries to enjoy the limitations and exceptions to copyright and related rights under that Party’s law.”<sup>85</sup> Section 1201(a)’s triennial rulemaking procedure<sup>86</sup> is consistent with this provision, and, where this provision provides flexibility for countries in implementing such limitations and exceptions, Congress would have the latitude to alter this procedure, or to implement new exceptions and limitations.

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<sup>77</sup> TPP 18.68.5, n. 94.

<sup>78</sup> 17 U.S.C. § 1201(a)(1)(A).

<sup>79</sup> TPP 18.68, n. 81.

<sup>80</sup> TPP 18.68.1(b) n. 84.

<sup>81</sup> TPP 18.68.1.

<sup>82</sup> *See* 17 U.S.C. §§1201(d); 1203(5); 1205(b).

<sup>83</sup> 17 U.S.C. § 1201(c)(3).

<sup>84</sup> 17 U.S.C. § 1201(c)(3)

<sup>85</sup> TPP 18.68(4).

<sup>86</sup> 17 U.S.C. § 1201(a)(1).

In addition, Article 18.68.4 allows limitations and exceptions to that Article's "tools" provision.<sup>87</sup> Section 1201's exemption process currently does not expressly provide for such limitations and exceptions.<sup>88</sup> Article 18.68.4, footnote 91 makes clear that Parties' whose limitations and exceptions are otherwise consistent with this provision are not required to make a new determination of their validity.<sup>89</sup> This footnote ensures that Section 1201's current permanent exemptions (for security testing, and reverse engineering, for example) are consistent with the TPP.<sup>90</sup> Thus, where Article 18.68 requires Parties to commit to a minimum level of protection for TPMs,<sup>91</sup> and where Section 1201 of the DMCA provides for further protections, U.S. law need not be altered in implementation of Article 18.68.

Further, because Article 18.68 provides countries with a degree of flexibility in determining the scope of the prohibitions, and limitations and exceptions, Article 18.68 need not restrict the ability of courts and Congress to continue to develop the law in this area.

***TPP Article 18.68 Need Not Restrict Development of U.S. Law in This Area***

Article 18.68.3 requires signatory countries to "provide that a violation of a measure implementing this article is independent of any infringement that might occur under the Party's law on copyright and related rights." While this provision may be interpreted to require countries to uncouple liability for circumvention from copyright infringement, Article 18.68 does not require this interpretation. By stating that countries must "provide that a violation of a measure implementing this article is independent of any infringement that might occur," Article 18.68 leaves room for an interpretation that imposes liability for circumvention *in addition to* copyright infringement whenever copyright infringement is the purpose of the circumvention. This interpretation would allow both courts and Congress to continue to shape the appropriate scope of U.S. anticircumvention prohibitions, and is consistent with the TPP's general recognition that the purpose of anticircumvention rules is to prevent infringement.

Article 18.68 also provides signatory countries with flexibility in shaping limitations and exceptions to prohibitions on circumvention "tools." By providing that limitations and exceptions to those prohibitions "shall be permitted only to enable the legitimate use of a limitation or exception permissible under this Article by its intended beneficiaries and does not authorize the making available of devices, produces, components, or services beyond those intended beneficiaries[,]" signatory countries are free to determine (either broadly or narrowly) who qualifies as the intended beneficiaries of any given exception or limitation.

Lastly, where Article 18.68 provides that Parties may not implement limitations and exceptions that "undermine the adequacy of that Party's legal system for the protection of

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<sup>87</sup> TPP 18.68.4.

<sup>88</sup> See 17 U.S.C. §§ 1201(a)(2); 1201(b).

<sup>89</sup> TPP 18.68.4 n.91.

<sup>90</sup> See 17 U.S.C. §§ 1201(f),(g).

<sup>91</sup> TPP 18.5: Nature and Scope of Obligations (stating "[a] party may, but shall not be obliged to, provide more extensive protection for, or enforcement of, intellectual property rights under its law than is required by this Chapter, provided that such protection or enforcement does not contravene the provisions of this Chapter. Early Party shall be free to determine the appropriate method of implementing the provisions of this Chapter within its own legal system and practice.")

effective technological measures, or the effectiveness of legal remedies against the circumvention of such measures, that authors, performers, or producers of phonograms use in connection with the exercise of their rights, or that restrict unauthorized acts in respect of their works, performances or phonograms, as provided for in this Chapter[.]” this provision should be read only to require that signatory countries provide effective legal remedies for circumventions with the purpose to infringe copyright and that, given footnote 84, “prejudice the interests of the right holder”.

The TPP’s Investment Chapter does not preclude U.S. efforts to provide further exceptions and limitations to its anticircumvention prohibitions, provided those exceptions and limitations are consistent with Article 18.68.

The TPP’s Investment Chapter allows investors to bring claims to an international panel of arbitrators when a signatory country’s actions either directly or indirectly expropriate their investments in intellectual property rights without compensation.<sup>92</sup> These provisions are in character largely consistent with Fifth Amendment takings jurisprudence, though there is a risk that the nature of dispute resolution under the TPP could cause the doctrines to diverge. Nevertheless, public interest laws of general applicability that define the scope of copyrights, such as expanding limitations and exceptions, should not be challengeable under the Investment Chapter, provided the USTR’s characterization of the effect of the Investment Chapter holds true.

While this chapter provides a means for Investors to challenge government actions that impact their investments, these claims must be reasonable given that (i) existing limitations and exceptions in U.S. law comply with Article 18.68’s requirements, and (ii) Article 18.68 provides countries with a degree of flexibility to establish limitations and exceptions that go beyond those currently provided under U.S. law.<sup>93</sup>

Annex 9-B defines indirect expropriation as “an action or series of actions by a Party” that “has an effect equivalent to “interfer[ance] with a tangible or intangible property right or property interest in an investment,” “without formal transfer of title or outright seizure.” In determining whether an indirect expropriation has occurred, arbitrators must consider not only the “economic impact of the government action” but also “the character of the government action” and “the extent to which the government action interferes with distinct, reasonable, investment-backed expectations[.]”<sup>94</sup>

Whether an investor’s expectations are reasonable depends, in part, on “whether the government provided the investor with binding written assurances and the nature and extent of governmental regulation or the potential for government regulation in the relevant sector.”<sup>95</sup> Because Article 18.68 provides a degree of flexibility to countries in developing limitations and exceptions, and because Article 18.68’s provisions “prevail to the extent of [any] inconsistency”

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<sup>92</sup> TPP Article 9.1 (“Investment means every asset that an investor owns or controls, directly or indirectly, that has the characteristics of an investment, including such characteristics as the commitment of capital or other resources, the expectation of gain or profit, or the assumption of risk. Forms that an investment may take include: . . . (f) intellectual property); TPP 9.7.

<sup>93</sup> TPP Annex 9-B.3; TPP 9.3.1.

<sup>94</sup> TPP Annex 9-B.3.

<sup>95</sup> TPP Annex 9-B.3(b).

with the Investment chapter,<sup>96</sup> investor’s claims that attempt to challenge existing exceptions and limitations in U.S. or to preclude future developments in this area will not be “reasonable” if those developments fall within a permissible interpretation of Article 18.68.

Lastly, Annex 9-B expressly excludes from the definition of expropriations “non-discriminatory regulatory actions by a Party that are designed and applied to protect legitimate public welfare objectives[.]”<sup>97</sup> Public welfare objectives may include the social and economic benefits that flow from exceptions and limitations in protection of intellectual property and technological protection measures. In conclusion, while there is legitimate concern that investors may attempt to hamstring domestic policy choices through threats of arbitration, policy choices that fall within the range of flexibility in Article 18.68, and that “protect legitimate public welfare objectives” should not be vulnerable to such challenges.

Therefore, the TPP’s Investment provisions should not restrain further development of limitations and exceptions.

### **Civil Copyright Remedies and Provisional Measures**

TPP Article 18.74: Civil and Administrative Procedures and Remedies requires that signatory countries provide a number of procedures and remedies to rightholders, including granting judicial authorities the authority to:

1. order injunctive relief prohibiting the entry of infringing goods into the channels of commerce.<sup>98</sup>
2. award actual damages in cases where the infringer acted knowingly, or with reasonable grounds to know.<sup>99</sup>
3. award the infringer’s profits that are attributable to the infringing activity, where the activity was engaged in knowingly or with reasonable grounds to know.<sup>100</sup>
4. award statutory damages<sup>101</sup> or additional punitive damages<sup>102</sup>
5. award court costs, and attorney fees to the prevailing party, if appropriate.<sup>103</sup>
6. order the destruction of infringing goods and the materials and implements used in the creation of the infringing goods
7. order discovery and disclosure of relevant information
8. impose sanctions for violations of court orders
9. order compensation for wrongfully enjoined or restrained parties in cases of abuse of enforcement procedures, including the payment of attorney fees and costs.

TPP Article 18.75 requires that signatory countries provide rightholders with access to ex parte requests for relief and such provisional orders be subjected to the requesting party

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<sup>96</sup> TPP 9.3(1).

<sup>97</sup> TPP Annex 9-B.3(b).

<sup>98</sup> TPP 18.74.2.

<sup>99</sup> TPP 18.74.3.

<sup>100</sup> TPP 18.74.5.

<sup>101</sup> Referred to as “pre-established damages” in the TPP text.

<sup>102</sup> The TPP refers to “additional damages”, which footnote 113 clarifies as including exemplary or punitive damages.

<sup>103</sup> TPP 18.74.10.

producing adequate evidence establishing infringing activity, and providing a security in order to prevent abuse. In addition, judicial authorities must have the authority to order the seizure of allegedly infringing materials, materials and instruments relevant to the infringing activity, and relevant documentary evidence.

When implementing these and other enforcement provisions, TPP signatories are required to take into account “the interests of relevant stakeholders, including right holders, service providers, users and the public”<sup>104</sup> as well as “the need for proportionality between the seriousness of the infringement of the intellectual property right and the applicable remedies and penalties, as well as the interests of third parties.”<sup>105</sup> Such requirements should enable parties to place limits on the size, scope, and proportionality of different enforcement mechanisms, including damages awards.

Articles 18.74 and 18.75 do not conflict with existing U.S. copyright law with respect to civil remedies and provisional measures and therefore do not require changes to U.S. law. For example, U.S. law provides for relief in the case of importation of infringing goods in 17 U.S.C. § 602.<sup>106</sup> Actual damages, disgorgement of profits, and statutory damages are authorized in 17 U.S.C. § 503. The discretionary award of costs and attorney fees to prevailing parties are authorized by 17 U.S.C. § 505.

The seizure during the pendency of an action of allegedly infringing goods, materials and implements relevant to infringing activity, and relevant documents is authorized by 17 U.S.C. § 503, as is the subsequent destruction of the goods, materials, and implements upon a finding of infringement.<sup>107</sup> 17 U.S.C. §502 in combination with F.R.C.P. 65 authorize injunctive relief, including ex parte temporary restraining orders. F.R.C.P. 26 et seq. authorizes courts to order discovery and disclosure of relevant evidence, and the courts are similarly empowered to hold parties in civil contempt for violation of court orders. Finally, copyright misuse is an equitable defense under U.S. Copyright law.

The TPP language includes some requirements as to factors to be considered in certain instances. In particular, judicial authorities must have the authority to consider “any legitimate measure of value” when determining an award of actual damages, and consider the nature of the infringing activity and the need to deter infringement in awarding statutory damages. However, no statutory changes are required in order to authorize judicial authorities to consider these factors – as actual damages are not defined in the U.S. statute and no factors are currently enshrined in the statute for determining statutory damages, judges already have the necessary authority under the common law to consider (and disregard, if they so choose) those factors.

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<sup>104</sup> TPP 18.4.

<sup>105</sup> TPP 18.72.5.

<sup>106</sup> TPP Article 18 does not contain a definition for “channels of commerce”, which therefore can be reasonably interpreted as applying to importation of goods. This is especially true in light of the relevant language’s reference to TRIPS Article 44 which is explicitly about importation.

<sup>107</sup> Section 503’s provisions on “articles by means of which such copies or phonorecords may be reproduced” and “records” should be read as consistent with the TPP’s provisions on “materials and implements that have been used in the manufacture or creation of the infringing goods,” TPP 18.74(12)(b), and “materials and implements relevant to the infringement.” TPP 18.75(3).

The Civil Remedies and Provisional Measures sections of the TPP open the door to a number of avenues of reform. In particular, the TPP language leaves open a number of pathways to improving U.S. statutory damages. For example, the TPP only requires damages of any class to be awarded where the infringement is done knowingly, or with reasonable grounds to know that the activity is infringing. This is a higher culpability standard than the currently required under U.S. law.

Furthermore, the TPP does not require higher damages be awarded in the case of willfulness, as is currently permitted under U.S. law. The TPP would thereby allow reform of damages from both directions – by eliminating the willfulness enhancement, and by raising the floor of culpability that needs to be established.

The TPP language would permit reforms like those proposed in the Commerce Department White Paper,<sup>108</sup> which recommended the codification of a number of factors that judges must consider before determining the appropriate level of statutory damages to be awarded.

### **Criminal Copyright Remedies**

Current law in the United States is consistent with the TPP’s standards for criminal copyright law. Thus, no statutory changes would be required to make domestic law consistent with TPP.

#### ***Willfulness***

Policymakers should be wary of attempts by certain industries to use the TPP as a justification for increased criminalization of intellectual property issues. Efficient enforcement is most likely in situations where a single entity can both see the costs, and recognize the benefits of enforcement. By contrast, with criminal enforcement, the costs are borne by the public, but the benefits may be realized only by private parties. Thus, the United States should ensure that “willful” infringement is only prosecuted in cases of true criminal willfulness. Specifically, a “willfulness” standard exported from civil copyright cases for enhanced damages should not necessarily be enough to impute willfulness in a criminal context.

#### ***Aiding and Abetting***

The United States has a general “aiding and abetting” statute, 18 U.S.C. § 2, which applies to cases of criminal copyright infringement.<sup>109</sup> U.S. law is therefore consistent with Article 18.77 of the TPP, which requires that “each Party shall ensure that criminal liability for aiding and abetting is available under its law.” To be clear, however, the *mens rea* for criminal aiding and abetting must be drawn from criminal law, and judge-made doctrines of secondary liability<sup>110</sup> in a civil infringement context (such as vicarious, contributory, and inducement liability) can have no bearing on the applicability of criminal infringement under 18 U.S.C. § 2.

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<sup>108</sup> “White Paper on Remixes, First Sale, and Statutory Damages.” Internet Policy Task Force, Department of Commerce, <http://www.uspto.gov/sites/default/files/documents/copyrightwhitepaper.pdf>.

<sup>109</sup> See *U.S. v. Sachs*, 801 F.2d 839 (1986).

<sup>110</sup> *Sony v. Universal*, 464 US 417, 434-35 (1984) (“The Copyright Act does not expressly render anyone liable for infringement committed by another.”)

### ***Significant Act Liability***

The TPP states that there should be criminal liability for “significant acts [of infringement], not carried out for commercial advantage or financial gain.”<sup>111</sup> A surface reading might indicate this is at variance with domestic law, which creates criminal liability for “for purposes of commercial advantage or private financial gain.”<sup>112</sup> However, the TPP specifically allows that signatories would be consistent with this requirement “by addressing such significant acts under its criminal procedures and penalties for non-authorized uses of protected works, performances and phonograms in its law,”<sup>113</sup> and that a signatory “may provide that the volume and value of any infringing items may be taken into account in determining whether the act has a substantial prejudicial impact on the interests of the copyright or related rights holder in relation to the marketplace.”<sup>114</sup> With these qualifications, it is clear that domestic law is already consistent, because 17 U.S.C. § 506(a)(1)(B) criminalizes willful infringement, by “reproduction or distribution, including by electronic means, during any 180-day period, of 1 or more copies or phonorecords of 1 or more copyrighted works, which have a total retail value of more than \$1,000.” This form of criminal liability encompasses “significant acts” within the meaning of the TPP, and contains no requirement of commercial advantage or financial gain.

### ***Importation***

The TPP states that signatories “shall treat wilful importation or exportation of counterfeit trademark goods or pirated copyright goods on a commercial scale as unlawful activities subject to criminal penalties.” Because importations and exportations constitute “distributions” within the meaning of copyright law, and because the United States already has criminal remedies available for violations of the distribution right, domestic law is already consistent with this provision.

### ***Circumvention***

The TPP requires that criminal penalties be available for circumventions of technical protection measures.<sup>115</sup> While it is unwise policy to criminalize circumventions, especially when there is no underlying infringement,<sup>116</sup> 17 U.S.C. § 1204 is already consistent with this provision of the TPP.

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<sup>111</sup> TPP 18.77(1)(b).

<sup>112</sup> 17 U.S.C. § 506.

<sup>113</sup> TPP Ch. 18, fn. 127.

<sup>114</sup> TPP Ch. 18, fn. 128. Footnote 126 also states that “a Party may comply with subparagraph (b) by addressing such significant acts under its criminal procedures and penalties for non-authorized uses of protected works, performances and phonograms in its law.” While somewhat unclear, this appears to contemplate anti-bootlegging provisions such as 18 U.S.C. § 2319A. This is another reason why U.S. law is already consistent with the TPP’s language on significant act liability.

<sup>115</sup> TPP 18.68.

<sup>116</sup> It may be possible to read the TPP’s provision that criminal penalties be available for circumventions that are willful and “for the purposes of commercial advantage or financial gain” as only applicable when there is an underlying infringement, because the TPP specifies that “authors, performers, and producers of phonograms” use TPMs “in connection with the exercise of their rights” and to “restrict unauthorized acts in respect of their works.” TPP 18.68. First,

### ***Camcording***

“Camcording”—the unauthorized recording of movies in a theatre—is not a source of high-quality infringing copies of motion pictures. Also, anti-camcording statutes can be misapplied to criminalize the incidental recording of movies by theatre-goers who, for instance, are simply recording video of their friends. Thus, while U.S. law is already consistent with the TPP’s requirement (18.77(4)) that camcording be specifically criminalized via 18 U.S.C. § 2319B, it bears mentioning that the general availability of criminal penalties for infringement would, without more, be consistent with TPP’s statement that signatories “maintain measures” against camcording. Thus the TPP would not be an obstacle to the repeal 18 U.S.C. § 2319B or its reform to exempt incidental, non-harmful copying.

### ***Asset Seizure and Other Enforcement Issues***

Public Knowledge has not identified any areas in which U.S. law is at variance with the TPP with respect to, for example, asset seizure. However it is notable that the TPP generally only requires that judicial (or other “competent”) authorities have the *authority* to order seizures, in circumstances consistent with domestic law and judicial discretion. The TPP cannot be read to require that seizure be granted in any given circumstance.

### **Limitations and Exceptions to Copyright**

There are many ways the TPP restates existing U.S. copyright policies and standards found in other international agreements, and exports them to other countries. To the extent that existing U.S. policies should be reformed, this is negative. For example, the TPP requires a copyright term of 70 years after the death of the author. This is the law in the U.S. today—but in some signatory countries, like Vietnam, the term is 50 years after the death of the author. 70 years after the death of the author is too long a term, as it confers monopoly privileges beyond what is necessary to incentivize the creation of new works. If anything U.S. law should go back to the 50-year term set by the Berne Convention, rather than the 70-year term that has become the norm in trade agreements.

On the other side of the ledger, however, are new requirements for limitations and exceptions—a first for a U.S. trade agreement. TPP Article 18.66 requires signatories to “promote balance in copyright systems including through exceptions and limitations to copyright for legitimate purposes, such as criticism, comment, news reporting, scholarship, and research.”

The TPP also re-states the 3-step test,<sup>117</sup> stating “each Party shall confine limitations or exceptions to exclusive rights to certain special cases that do not conflict with a normal exploitation of the work, performance or phonogram, and do not unreasonably prejudice the legitimate interests of the right holder.”<sup>118</sup> The doctrine of fair use, which allows uses “for

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criminal provisions should be construed narrowly, meaning if there is no “unauthorised act” with respect to a work, then the TPP’s requirement for criminal penalties need not apply. At a minimum, if there is no underlying infringement, there should be a high bar to demonstrating commercial advantage or financial gain.

<sup>117</sup>Geiger, Christophe; Gervais, Daniel; and Senftleben, Martin. “The Three-Step Test Revisited: How to Use the Test’s Flexibility in National Copyright Law.” (2013). PIJIP Research Paper no. 2013-04.

<sup>118</sup> TPP 18.65.

purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research”<sup>119</sup> is compatible with the three-step test—necessarily so, since the United States has repeatedly signed, and negotiated agreements that contain this test.<sup>120</sup> In addition, the similarity (often verbatim) between the language of the fair use test and the TPP’s above-quoted language on limitations and exceptions demonstrates that the TPP is, and is intended to be, a vehicle by which signatories that currently lack limitations and exceptions as effective as fair use can adopt such a doctrine.

Ambassador Froman recently argued that TPP is necessary to protect “the democratic values of free speech and expression that we stand for.”<sup>121</sup> While copyright itself is also intended to promote free expression, excessive copyright policies such as retroactive term extensions can also limit it. In the United States, this tension is resolved through copyright law’s “built-in First Amendment accommodations,” and “traditional First Amendment safeguards,” such as the idea/expression dichotomy, and fair use.<sup>122</sup> Because fair use is permissible under the international three-step test, and because it resolves the tension between copyright and free expression, signatory countries should find that the TPP makes it vital for them to adopt fair use or a similar doctrine into their own laws. Adopting fair use is one clear way a signatory can satisfy the TPP’s obligation that it “endeavour to achieve an appropriate balance in its copyright system...by means of limitations and exceptions.” Absent free expression accommodations of a similar scope and flexibility as fair use, signatory countries may find that the TPP, through its tightening of copyright law (and by generally making copyright reforms inconsistent with the TPP less feasible), in fact damages, rather than promotes, the free expression rights of their citizens and the free flow of information.

In this vein, it bears remembering that narrower concepts like fair dealing, or codified lists of limitations and exceptions, are fully compatible with fair use. The United States, for instance, has codified limitations and exceptions for certain purposes (*e.g.* library use,<sup>123</sup> and accessibility<sup>124</sup>) in addition to fair use. These codified limitations and exceptions do not limit the scope of fair use<sup>125</sup> nor does fair use make them unnecessary. Rather, specific lists of limitations and exceptions can provide certainty to users that particular uses are lawful without removing the possibility of a fair use argument in other cases. Similarly, Brazil has recently proposed to strengthen fair use,<sup>126</sup> in addition to its existing codified limitations and exceptions, further highlighting the compatibility of these approaches. Consequently, beyond the adoption of fair

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<sup>119</sup> 17 U.S.C. § 107.

<sup>120</sup> See also Australian Law Reform Commission, *The Case for Fair Use: Fair Use Complies with the Three-Step Test*, <https://www.alrc.gov.au/publications/4-case-fair-use/fair-use-complies>.

<sup>121</sup> Remarks by Ambassador Michael Froman at Stanford University, “Shaping the Global Trading System in the 21st Century” (February 16, 2016), <https://ustr.gov/about-us/policy-offices/press-office/speechestranscripts/2016/february/remarks-ambassador-michael>.

<sup>122</sup> *Eldred v. Ashcroft*, 537 U.S. 186, 219-220 (2003).

<sup>123</sup> 17 U.S.C. § 108.

<sup>124</sup> 17 U.S.C. § 121.

<sup>125</sup> See *Authors Guild v. HathiTrust*, 902 F. Supp. 2d 445, 456-57 (2014) (“Section 108 provides rights to libraries *in addition* to fair-use rights that might be available....fair use does not undermine Section 108, but rather supplements it”).

<sup>126</sup> Consulta Pública para Modernização da Lei de Direito Autoral, Frente integrada assume compromisso de defesa do direito autoral, <http://www2.cultura.gov.br/consultadireitoautoral>.

use, parties considering compliance with Article 18.66 may also wish to adopt additional specific limitations and exceptions that are appropriate for the digital environment.

This view follows from the text of the TPP in other ways. The TPP requires that signatories “recognise the importance of a rich and accessible public domain”<sup>127</sup> and understand that intellectual property rights must be implemented “taking into account the interests of relevant stakeholders, including right holders, service providers, users and the public.”<sup>128</sup> TPP also recognizes the need of signatories to “facilitate diffusion of information, knowledge, technology, culture, and the arts” through their intellectual property systems.<sup>129</sup> Fair use provides the best way for signatory countries to conform with these understandings.

Thus, while on balance many of the TPP’s provisions on copyright are, at best, neutral from a public interest perspective, a consistent and principled implementation of the TPP by any signatory requires that they ensure that new protections for copyright owners are offset by new protections for the public of a similar scope as fair use. From a United States perspective, policymakers should seek to ensure that our trade negotiators seek to export these vital safeguards for free expression, and not just increased legal rights for select industries, including as part of the international implementation of TPP.

### **Other Copyright Issues**

#### *Rights Management Information (RMI)*

TPP Article 18.69 requires signatories to adopt protections for rights management information. This is already codified in U.S. law at 17 U.S.C. §1202, where RMI is referred to as Copyright Management Information.

However, there are a few points of difference between existing U.S. law and the TPP:

1. U.S. Law has a broader definition of RMI/CMI than TPP, but this does not require any change in U.S. law.
2. U.S. law exempts non-profit libraries, archives, educational institutions and public broadcasting entities from criminal penalties for violations of § 1202<sup>130</sup>, while the TPP permits parties to extend that exemption to museums. This would not require a change in U.S. law as the exemption is not mandatory.
3. U.S. law includes additional exemptions for broadcast stations and cable systems which are not explicitly sanctioned by the TPP.<sup>131</sup> However, these limitations are permitted under a three-step test analysis.

#### *Temporary Copies, Formalities, First Sale, and Orphan Works*

The final TPP is silent on formalities and temporary copies—a positive change from earlier leaked drafts, and prior U.S. trade agreements. The TPP does not directly address orphan works, other than as to the length of term for anonymous works. TPP Article 18.11 explicitly leaves the determination of exhaustion of intellectual property rights to individual countries. The

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<sup>127</sup> TPP 18.15.

<sup>128</sup> TPP 18.4.

<sup>129</sup> TPP 18.4.

<sup>130</sup> 17 U.S.C. § 1204(b).

<sup>131</sup> 17 U.S.C. § 1202(e).

TPP does not require changes to U.S. copyright law with respect to formalities, temporary copies, first sale, or orphan works. By remaining mostly silent on these issues, TPP leaves room for improvement in U.S. law on each of these issues.

### **Video Competition**

The TPP contains provisions that refer to, or could be interpreted to affect, the video marketplace—that is, the market for the production and distribution of video programming, particularly by broadcasters, and cable and satellite providers. This is an area of interest for Public Knowledge because the video marketplace is increasingly transitioning to broadband-based delivery mechanisms, which can benefit the public interest by increasing competition, choice, and diversity. While some of the TPP’s provisions are ambiguous and thus subject to unfavorable interpretations, by Public Knowledge’s reading, none of them *require* that the U.S. change its laws in ways unfavorable to consumers and evolving technological and business models.

#### ***Internet Retransmission***

The TPP specifically allows signatories to create compulsory copyright licenses (or limitations and exceptions) for the retransmission of broadcast copyrighted content.<sup>132</sup> This ensures that the TPP is consistent with, among other things, the United States’ compulsory copyright licenses for pay TV providers, such Section 111 of the Copyright Act.<sup>133</sup> These licenses ensure that while cable providers must get consent of broadcasters to carry a broadcast signal, they do not have to individually negotiate with or obtain licenses from the copyright holder for each program the broadcaster may transmit. However, in a footnote, the TPP also states “retransmissions do not include those delivered and accessed over the Internet.”<sup>134</sup>

Similar language can already be found in various bilateral trade agreements the United States has entered into. For example, the Free trade agreement between the United States of America and the Republic of Korea (KORUS) states that “neither Party may permit the retransmission of television signals (whether terrestrial, cable, or satellite) on the Internet without the authorization of the right holder or right holders of the content of the signal and, if any, of the signal.”<sup>135</sup> Additionally, the United States Copyright Office has also stated that, in its view, existing compulsory licenses should not be extended to “the Internet.”<sup>136</sup>

Language in trade agreements such as this can have many implications. Parties such as the International Federation of the Phonographic Industry have publicly argued that international copyright agreements require certain *interpretations* of U.S. law, even if those agreements were not accompanied by specific statutory changes.<sup>137</sup> While there is little legal basis for such assertions, policymakers should be aware of how trade agreements can be abused rhetorically to harm the public interest.

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<sup>132</sup> TPP 18.62.

<sup>133</sup> 17 U.S.C. § 111.

<sup>134</sup> TPP Ch. 18, n.73.

<sup>135</sup> KORUS Chapter 18, 10(b).

<sup>136</sup> Copyright Office, Satellite Home Viewer Extension and Reauthorization Act, Section 109 Report (2008), <http://www.copyright.gov/reports/section109-final-report.pdf>.

<sup>137</sup> See <https://www.documentcloud.org/documents/1034097-13-461-tsac-ifpi.html>

In Public Knowledge’s view, many existing online video services meet the statutory requirements for qualifying for a compulsory license—and courts have agreed. For example, one district court has found that FilmOn, a subscription video service that paying subscribers access via their broadband connections is a “cable” service for the purposes of copyright law.<sup>138</sup> This at least shows that some U.S. courts do not feel themselves bound by existing trade agreements which could be read to prohibit such an interpretation.<sup>139</sup>

As a practical matter, existing trade agreements with language similar to the prohibition contained in the TPP may not have been coupled with implementing changes to U.S. law because trade negotiators and other policymakers felt that the statute could not be read to permit results such as FilmOn. Now, realizing that they were wrong, they might propose TPP implementation language expressly designed to preclude that result—*e.g.*, amending 47 U.S.C. § 111.

However, there is no cause for this provision of the TPP to be “implemented” via statutory changes. There are a few reasons for this. First, the question of whether existing copyright compulsory licenses do apply to online systems is being actively litigated, and courts may find, ultimately, that it does not. Specific statutory changes would therefore be premature.

Second, such statutory changes could conflict with communications law and policy. The FCC has proposed that certain kinds of online systems could qualify as “multichannel video programming distributors” for communications law purposes, just as cable and satellite providers do.<sup>140</sup> It would be absurd if one and only one class of MVPD was prohibited from using a compulsory retransmission license. The U.S. should seek to avoid interpretations and implementations of the TPP that could have such wide-ranging consequences that are not specifically contemplated by the agreement’s language.

Finally, even if the existing copyright compulsory licenses do apply to certain online providers, it is reasonable to read the TPP’s language (as well as similar language in existing

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<sup>138</sup> See Preliminary Decision in *Fox Studios v. FilmOn X*, Central District of California, Case No. CV-12-6921, <https://www.publicknowledge.org/documents/filmon-preliminary-decision>. 17 U.S.C. § 111(f)(3) defines a cable system as “a facility, located in any State, territory, trust territory, or possession of the United States, that in whole or in part receives signals transmitted or programs broadcast by one or more television broadcast stations licensed by the Federal Communications Commission, and makes secondary transmissions of such signals or programs by wires, cables, microwave, or other communications channels to subscribing members of the public who pay for such service.” Some other courts have reached different conclusions, but it is clear that the issue is unsettled. See *FilmOn X v. Window to the World Communications*, 2016 WL 1161276 (N.D. Ill.).

<sup>139</sup> A trade agreement might require the U.S. to change its laws to prohibit particular outcomes. If the U.S. fails to do this, then perhaps the U.S. is out of compliance with the trade agreement. But a court should not take it upon itself to correct this “error”—the law is still the law, and a trade agreement is merely an agreement about what the law should be. In the present case, however, it is possible to interpret the trade agreement and TPP language in ways that do not prevent extending cable compulsory licenses to cable-like services like FilmOn.

<sup>140</sup> Promoting Innovation and Competition in the Provision of Multichannel Video Programming Distribution Services, Notice of Proposed Rulemaking, MB Docket No. 14-261 (2014), [https://apps.fcc.gov/edocs\\_public/attachmatch/FCC-14-210A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/FCC-14-210A1.pdf).

trade agreements) as not referring to secure, regulated, subscription-based pay TV systems merely because they are available over broadband.

While the TPP is bereft of “legislative history”-style material that would help guide the interpretation of certain of its provisions, the Copyright Office’s analysis in the Section 109 report offers a likely guide to the reasoning underlying such a prohibition. In discussing the Internet the Copyright Office used such phrases as “openly distributing video programming, including broadcast content, over the Internet.”<sup>141</sup> Notably, the Copyright Office puts forth five criteria that determine whether a particular video system is a “cable” system for the purpose of the compulsory license. Online systems such as FilmOn’s meet these criteria. FilmOn (1) uses “facilities” (the servers and equipment that it owns, as well as the infrastructure of the Internet), (2) that are “located in any state,” (3) to “receive[] signals transmitted or programs broadcast by one or more television broadcast stations licensed by the FCC,” (4) with which it makes “secondary transmissions of such signals or programs by wires, cables, microwave, or other communications channels,” and (5) it “offers its product “to subscribing members of the public who pay for [the] service.”<sup>142</sup>

Similarly, the best reading of what “retransmissions” “delivered and accessed over the Internet” means in the context of the TPP should refer to objective criteria by which Internet retransmissions are actually different from traditional cable or other pay TV retransmissions. Without such an interpretation the prohibition on Internet retransmissions is nothing more than a free-floating, technologically specific prohibition which is arguably inconsistent with the TPP’s overall approach to trade and technology—for example,<sup>143</sup> While the TPP’s language would seem to prohibit the United States from extending compulsory licensing to all Internet sites or users, or to services that make their video content available “openly,” it should not be read to require legal discrimination against secure Internet-based pay TV systems that are in identical to traditional cable systems except for the nature of their last-mile delivery. For example, were the FCC to recognize that online systems can operate as multichannel video providers under the law, an implementation of the TPP that prohibited courts from acknowledging that such systems can qualify for the same copyright licenses as other MVPDs would constitute a barrier to trade and investment that is contrary to the letter, spirit, and purpose of the TPP.<sup>144</sup>

For these reasons, specific statutory implementations of the TPP with respect to Internet retransmissions of broadcast content are unnecessary.

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<sup>141</sup> Section 109 Report 181, <http://www.copyright.gov/reports/section109-final-report.pdf>.

<sup>142</sup> Section 109 Report 195.

<sup>143</sup> It is true that many in the content industry are opposed to all retransmission compulsory licenses, whether applied to traditional MVPDs or online services. However, while those licenses exist, they must be applied equitably and in a technology-neutral manner, and not in a way that favors incumbents or particular technological models.

<sup>144</sup> Indeed, the use of the term “the Internet” could be interpreted to apply to traditional MVPD services that merely use Internet Protocol-based delivery, such as AT&T’s U-Verse or Google Fiber TV. An interpretation that focuses on substantive differences between open Internet delivery and secure MVPD systems that may be offered over various transmission platforms would likewise avoid this result.

### ***Performer Rights***

The TPP, like other international agreements the U.S. has recently signed, requires that performers in creative works (as opposed to authors or creators of creative works) be granted quasi-IP rights. (In the international law context, copyright-like rights that are granted to people other than actual authors, such as performers, producers, or broadcasters, as known as “related rights.” In the U.S., by contrast, performers in some contexts may be considered authors.)

These new kinds of rights could affect the video marketplace in a number of ways. For example, it is arguable that existing statutory licensing schemes only apply to copyrights, not related rights. Similarly, carriage and distribution contracts of all kinds likely do not address these new kinds of rights, opening up commercial distribution deals to various legal challenges.

However, no implementing language for these new kinds of quasi-IP rights should be required in relation to the TPP. These issues are best considered in the context of the Beijing Treaty on Audiovisual Performances,<sup>145</sup> a vehicle where Congress has a better ability to consider the broad ramifications of creating new quasi-copyrights for non-authors.

### ***Broad Provisions***

In the area of the video marketplace regulation, as with many issue areas, the TPP contains many broad provisions placed in a variety of Chapters that could be invoked to either challenge existing U.S. law, prevent the evolution of U.S. law, advocate for particular implementing language, or to attempt to constrain courts. These provisions are so broad that it is difficult to answer in the abstract whether a particular challenge would succeed. However it is also fairly clear that the provisions in question cannot be fairly read to require specific implementing language, although they may be invoked in various contexts in years to come.

For example, the chapter on Technical Barriers to Trade<sup>146</sup> could be a basis for challenging particular FCC rules on spectrum, standardization, device certification, and related matters that affect the video marketplace (and other areas). It imposes substantive and procedural requirements on regulators and agencies such as the FCC might not be sure whether their existing processes are compliant. However, if these provisions were to be interpreted consistently with the Administrative Procedures Act and related law, they would raise fewer issues.

Additionally, FCC rule changes or enforcement—for example, rules requiring telecommunications companies to follow common carriage principles, or enforcement of “good faith” negotiation requirements in media—could in theory be characterized as an “expropriation” of a tangible or intangible property interest and challenged under the investment chapter. Such challenges would be analogous to how FCC actions are regularly—and usually, unsuccessfully—challenged as “takings” under the Fifth Amendment. These investment provisions are less concerning if they are viewed as analogous to takings doctrine rather than going further.

Finally, the Telecommunications Chapter of the TPP requires that there exist a competent, independent, impartial regulatory body with authority to promote the public interest in telecommunications. That chapter disclaims its application to traditional media and broadcast law with respect to some issues. However, media and telecommunications law are increasingly intertwined—for example, video is often delivered via telecommunications platforms such as

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<sup>145</sup> Beijing Treaty on Audiovisual Performances, <http://www.wipo.int/treaties/en/ip/Beijing>.

<sup>146</sup> TPP Ch. 8.

broadband. The FCC's move to subject broadband providers to telecommunications rules under the Communications Act has proved to be a significant benefit to online video competition. It is therefore apparent that the promotion of sound telecommunications policy can directly benefit media policy.

But in any event, the existence of a competent telecommunications regulator (such as the FCC) will benefit other areas that regulator has jurisdiction over, such as media law, even if the telecommunications chapter does not address those issues directly. While no specific legislative implementations are necessary with respect to this chapter, various bills that have been proposed in Congress that would cabin FCC authority in various areas may be inconsistent with it.

### **Requirements for ccTLD Domain Registrars**

Article 18.28 provides for requirements of signatory countries with regard to their system of management of country-code top-level domain (ccTLD) domain names. It requires that countries make available, in relation to their system for managing ccTLD domain names, a dispute resolution procedure, a publicly accessible database of registrant information, and appropriate remedies for the case of willful and bad faith use, with intent to profit, of a domain name that is the same or similar to a trademark. These requirements are fulfilled through the U.S. system of management for the usTLD (.us)—both through requirements in Neustar's contract for administering the usTLD, as well as through U.S. anti-cybersquatting law. Therefore, these requirements need not result in change to U.S. law or current policy for administering the usTLD.

These policies, however, have been highly criticized by U.S. advocates.<sup>147</sup> To the extent that these requirements could present obstacles to public interest policy reforms, Congress should reject implementation language that would further solidify these policies into statutory requirements, or that would extend them beyond the .us ccTLD.

Article 18.28.1(a) requires each country to make available (with respect to their management system of their ccTLD) a dispute resolution process that is either modelled on ICANN's Uniform Domain Name Dispute Resolution Policy (UDRP), or that is "(i) designed to resolve disputes expeditiously and at low cost; (ii) is fair and equitable; (iii) is not overly burdensome; and (iv) does not preclude resort to judicial proceedings."

Currently, Neustar's approved policy with respect to the .us ccTLD is consistent with these requirements. While the UDRP has come under criticism as overly favorable to trademark holders, Article 18.28.1(a) does not mandate use of the UDRP, and provides some flexibility to countries to shape their dispute resolution policies for their ccTLDs to be more protective of consumer and user rights.

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<sup>147</sup> For example, proposals to make registrant information publicly available can harm privacy and even put users in danger. See Sarah Jeong and Kendra Albert, *An Unassuming Web Proposal Would Make Harassment Easier*, Wired (July 2, 2015), <https://www.wired.com/2015/07/unassuming-web-proposal-make-harassment-easier>. Domain name dispute procedures themselves have also been identified as prone to abuse. See Keith Blackman, *The Uniform Domain Name Dispute Resolution Policy: A Cheaper Way To Hijack Domain Names And Suppress Critics*, 15 Harv. J. L. Tech. 211 (2001).

Perhaps most problematic, Article 18.28.1(b) requires countries to make available “online public access to a reliable and accurate database of contact information concerning domain name registrants” with regard to their ccTLD system. This requirement is consistent with current policies in place for the usTLD, because Neustar’s contract for the administration of the usTLD requires that Neustar prohibit the use of privacy or proxy services by registrars of .us domain names. In general, policies like this harm user privacy, and are unnecessary to serve law enforcement or any other purposes.<sup>148</sup> Indeed, in 2015 and 2016 both ICANN and the usTLD Stakeholder Council undertook reviews of their policies on privacy and proxy services, indicating that this is an area still undergoing policy development.<sup>149</sup>

As a result, signatories should take heed of the TPP requirement to implement both 18.28.1(a) and 18.28.1(b) “in accordance with each Party’s law and, if applicable, relevant administrator policies regarding protection of privacy and personal data.” In the U.S., Congress should therefore reject any implementation language that would risk further cementing an unfortunate policy that may undermine both ongoing policy determinations as well as significant free expression and privacy values with regard to the usTLD. Article 18.28(2) also requires countries to make “appropriate remedies” available, potentially including “revocation, cancellation, transfer, damages or injunctive relief,” “at least in cases in which a person registers or holds, with a bad faith intent to profit, a domain name that is identical or confusingly similar to a trademark.”<sup>150</sup> Current U.S. law<sup>151</sup> is consistent with these requirements.

Because U.S. policy is already consistent with the TPP in this regard, no specific implementation is required. However, the U.S. should avoid extending similar anti-privacy or other policies that harm the public interest to other TLDs or enacting them as statutory requirements

## Patents

Chapter 18 of the TPP also contains patent protection norms. Patent-specific provisions appear in Articles 18.37 through 18.46. Articles 18.47 through 18.54 relate to patent term extensions and patent-like exclusivity protections for certain products such as agricultural chemical products, pharmaceuticals, and biologics. Articles 18.55 through 18.56 deal with industrial design protection, which is currently implemented in the United States through design patents. Additionally, portions of section I relating to enforcement encompass patents as well as other forms of intellectual property.

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<sup>148</sup> For arguments supporting broad availability of privacy and proxy services, *see* Comments of Center for Democracy and Technology, New America’s Open Technology Institute, and Public Knowledge to ICANN on the GNSO’s Initial Privacy & Proxy Services Accreditation Issues Working Group, <https://www.publicknowledge.org/documents/comments-to-icann-on-the-gnsos-initial-privacy-proxy-services-accreditation>. The availability of warrants and other legal process ensures that privacy-protecting services cannot be used as a shield for unlawful behavior.

<sup>149</sup> *See id.*, *see also* usTLD Stakeholder Council Minutes, Mar. 30, 2016 <http://www.neustar.us/ustld-stakeholder-council/ustld-stakeholder-council-minutes-march-30-2016/>

<sup>150</sup> TPP 18.28.2.

<sup>151</sup> 15 U.S.C. § 1125(d).

***Ambiguities in the TPP suggest problematic overbreadth of patent protection and impacts in U.S. law***

Much of the discussion of patents in the TPP is unremarkable, codifying uncontroversial portions of United States patent law and exporting them to other signatories. But while some provisions might foster public interest issues such as transparency of the patent system, others might raise serious concerns due to the open ended language used.

Several of the provisions are indeed important contributions to the public interest with respect to patent law. For example, Article 18.44 requires publication of patent applications 18 months after the earliest priority date; such a requirement is included to “recognis[e] the benefits of transparency in the patent system.” Interestingly, it suggests that United States law, which currently allows a patent applicant to refuse early publication, may actually violate this provision. And Article 18.14 relies on “the importance of improving the quality and efficiency” of patent examination “for the benefit of all users of the patent system and the public as a whole,” to provide for sharing of prior art searching information to improve patent examination.

Nevertheless, several sections raise concerns due to unclear language. Article 18.37, for example, requires signatories to “make patents available for any invention, whether a product or process, in all fields of technology,” so long as the invention satisfies novelty, obviousness, and utility. Read literally, this section suggests that the subject matter eligibility requirements under United States law are impermissible under the TPP. Such a reading would be greatly concerning, as those subject matter eligibility requirements underlie key protections for the public from excessively broad software and other patents.

It is likely that this simple reading of Article 18.37 is incorrect. The same provision appeared before in Article 27 of the TRIPS agreement, and that provision has never been cited as prohibiting the subject matter eligibility requirements under U.S. law. The likely reason is that matter falling outside those requirements is not considered an “invention” or related to a “field of technology” and thus not subject to the language of the provision in the first place. Thus, the provision could be interpreted as consistent with U.S. law, therefore requiring no specific implementation.

Certain provisions relating to enforcement and remedies for patent infringement also raise concerns of ambiguity and potential overbreadth. Article 18.71.1 requires signatory countries to provide “enforcement procedures...so as to permit effective action against any act of infringement of intellectual property rights covered by this Chapter, including...remedies that constitute a deterrent to future infringements.” This language is ambiguous as to whether deterrent remedies are required (if the word “including” modifies “enforcement procedures”) or merely permitted (if “including” modifies “effective action”). Read to require deterrent remedies, the provision would be strongly inconsistent with United States law, which provides that default patent infringement remedies should be solely compensatory, while enhanced damages (the deterrent remedy) are only available in situations of bad faith infringement.

Article 18.71.5, on the other hand, requires intellectual property remedies to “take into account the need for proportionality between the seriousness of the infringement of the intellectual property right and the applicable remedies and penalties.” This proportionality requirement suggests that the proper reading of Article 18.71.1 is that deterrent remedies are permissive, not required.

The proportionality requirement of Article 18.71.5 takes on special importance in view of the United States Supreme Court's recent grant of certiorari in the Samsung v. Apple case.<sup>152</sup> The question there is whether a special damages statute for design patents requires an award of total profits on an entire infringing product, regardless of the scope of the patent infringed or the value of features of that product unrelated to the patent. The Court of Appeals for the Federal Circuit held that a total profit award is required. The adoption of article 18.71.5 would strongly suggest either that the Federal Circuit erred in that decision or that the special design patent damages statute is impermissible.

Article 18.72 provides for a presumption in any "civil or administrative enforcement proceeding involving a patent that has been substantively examined and granted," that "each claim in the patent be considered *prima facie* to satisfy the applicable criteria of patentability." The application of this presumption of validity in an administrative proceeding would undoubtedly conflict with United States post-grant practice before the USPTO, because those post-grant proceedings do not apply a presumption of validity to patents under reconsideration. Likely those post-grant proceedings do not fall within the scope of this article because those proceedings are limited to determinations of validity of patents and thus not "administrative enforcement" proceedings. Nevertheless, a footnote to the article does consider administrative proceedings "to determine the validity of a registered trademark or patent," possibly suggesting problematically that those post-grant proceedings do fall within the scope of this article.

Provisions relating to destruction of infringing goods and related matter also raise serious questions. The Patent Act has no provision for destruction of goods infringing patents (by contrast to copyright and trademark law). But Article 18.74.12(b) requires signatories to permit courts and administrative agencies to "order that materials and implements that have been used in the manufacture or creation of the infringing goods be...destroyed or disposed of outside the channels of commerce." And Article 18.76.7 requires that "the competent authorities have the authority to order the destruction of goods following a determination that the goods are infringing." While both of these sections fall within a context specifically relating to only copyrights and/or trademarks, the words themselves suggest that patent infringement could trigger these destruction provisions. To permit this would be contrary both to United States law and to good public policy. Again, unclarity in the language of these provisions potentially leads to serious overbreadth of the patent provisions in the TPP.

### ***TPP Impact on Agricultural and Pharmaceutical Matters***

A large portion of the patent provisions of the TPP is devoted to term extensions and quasi-patent protection of specific subject matter, namely agricultural chemical products, pharmaceuticals, and biologics. Other organizations such as Public Citizen have considered these provisions in detail based on their experience in the access-to-medicine field, and Public Knowledge defers to their expertise in that specific subject matter. Nevertheless, Public Knowledge makes the following general observations.

The expansion of rights in these three specific areas is concerning from the standpoint of the role of intellectual property with respect to the public. It is incontestable United States policy that intellectual property, especially patent rights, must be carefully balanced between granting

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<sup>152</sup> Supreme Court Order List, March 21, 2016, [http://www.supremecourt.gov/orders/courtorders/032116zor\\_h3ci.pdf](http://www.supremecourt.gov/orders/courtorders/032116zor_h3ci.pdf).

monopolies to inventors and ensuring public access to and competition over ideas and products; patents are not granted for the sake of rewarding inventors but rather to benefit the public through incentives for new inventions. Patent rights should thus only be expanded—and indeed only *can* be expanded without running afoul of the Constitution—to the extent that they ultimately serve that public benefit, namely to “promote the progress of science and useful arts.”<sup>153</sup>

The agricultural chemicals, pharmaceuticals, and biologics provisions are further notable for being ad-hoc rejections of the longstanding principle of technology neutrality. It has long been United States policy that the scope of patent rights should not depend on the field of the invention being patented. So these provisions strongly undercut that general rule, suggesting that some inventions are more worthy of greater protection.

Certainly there are sympathetic reasons for granting inventions in the life sciences certain advantages, in view of the nature of market conditions, and certainly the United States already does this with existing statutes for patent term extension, for example. But if marketplace realities are relevant to tailoring the scope of intellectual property protection in these domains, marketplace realities should be relevant to tailoring the scope of protection in other domains as well. In particular, there have been repeated calls for a shortening of patent term in the software field, in view of rapid marketplace evolution and lack of regulatory compliance barriers in that field. Such calls have been resisted due to that general principle of technology neutrality. But if technology neutrality continues to be undercut as the TPP would do, then there ought to be a corresponding reconsideration of the scope of patent rights in the software field as a result.

To the extent that these provisions require the United States to increase the scope of patent rights or create new patent-like rights, the provisions are potentially problematic. In view of the constitutionally-mandated public purpose of patent rights, any expansion of those rights must be done consistent with that constitutional mandate and, at a minimum, consistent with Congress’s interpretation of that mandate for balance.

The TPP, however, was not negotiated in Congress, but rather by the U.S. Trade Representative and representatives of other nations. Congress must skeptically examine provisions that amount to executive recommendations on the proper scope of exclusive intellectual property rights, or that attempt to create, in parallel to the patent system, new areas of law that are aimed at the same general goals as patent protection but that lack the patent system’s pro-competitive, pro-public accommodations.

At a minimum, to the extent that any new rights would be duplicative of existing rights (even if those rights are subject to limitations), they do not require specific statutory implementation. Additionally, any new rights must have the same competitive and public interest protections as the patent system, even if the TPP is silent on this issue. An implementation of this kind would be consistent with past U.S. implementations of international intellectual property agreements and would best preserve Congress’s role in setting domestic policy.

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<sup>153</sup> U.S. Const, Art. I, Sec. 8.

## **Conclusion**

With some exceptions, the TPP is consistent with current U.S. law. If the agreement were to be ratified, policymakers should seek minimal statutory implementation, and should be skeptical of claims that the U.S. must change its law to come into compliance. At the same time, policymakers should have a realistic understanding of the TPP's practical and political effects, and should continue to explore any and all policy reforms that are in the public interest.