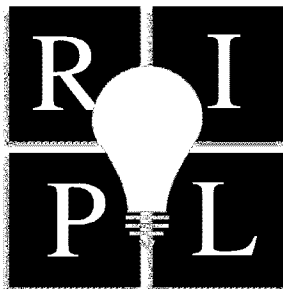


THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



SPECIAL 301: TRIPS-PLUS – ALIVE AND KICKING

VICKI ALLUMS

ABSTRACT

Despite significant strides and multilateral agreements, including requirements for enforcing intellectual property, trademark counterfeiting and copyright piracy remain a persistent problem for intellectual property owners as reflected in the 2006 Special 301 Report issued by the Office of the United States Trade Representative on April 28, 2006. Border measures are a key tool in the United States fight against counterfeiting and piracy at U.S. borders in the global economy where goods are manufactured in different countries and sold worldwide. How does the United States prevent infringing works from crossing its borders and assist its trading partners in creating border enforcement systems, which comply with the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) and provide the most effective protection? The answer is TRIPS-plus border measures, which have been adopted by U.S. Customs and Border Protection and advocated by the U.S. Government in bilateral negotiations with its trading partners through the Special 301 process.

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SPECIAL 301: TRIPS-PLUS – ALIVE AND KICKING

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As both an intellectual property lawyer and a former international trade/customs lawyer, I am delighted to have the opportunity to discuss border measures, a critical element of an effective intellectual property enforcement system. It is easy to overlook the significance of border measures in the enforcement of intellectual property. This article will address the requirements of an effective TRIPS-compliant border enforcement system, how the United States uses its domestic trade law to require its trading partners to adopt TRIPS-plus border measures, and why these procedures provide the most effective protection against shipments of infringing goods.¹

U.S. Customs and Border Protection (“Customs” or “CBP”)² annual statistics of infringing goods imported into the United States for the years 2005 and 2004 provide a snap shot of the continuing trademark counterfeiting and copyright piracy problems faced by U.S. intellectual property owners.³ In Fiscal Year (“FY”) 2005, there were over 8,000 seizures of counterfeit and pirated merchandise coming into the United States.⁴ The merchandise was valued at approximately ninety-three million dollars⁵ and included a variety of different commodities: wearing apparel; computers; hardware; media; motion pictures; CD-ROMs; DVDs; and software. In FY 2004, the value was over \$138 million.⁶ The scope of the problem is reflected in the 2006 “Special 301” report, which states that “the global scope of this problem requires stronger and more effective border enforcement measures to stop the products from entering the United States.”⁷

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¹ See generally www.wto.org; www.ustr.gov; www.cbp.gov; www.uspto.gov; www.copyright.gov; www.commerce.gov; www.usdoj.gov; www.state.gov (providing additional information on protecting intellectual property).

² U.S. Customs and Border Protection, www.cbp.gov.

³ U.S. Customs and Border Protection, www.cbp.gov/xp/cgov/newsroom/news_releases/042006/04032006_5.xml.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ Office of the United States Trade Representative, 2006 Special 301 Report, http://www.ustr.gov/assets/Document_Library/Reports_Publications/2006/2006_Special_301_Review/asset_upload_file473_9336.pdf.

The Agreement on Trade Related Aspects of Intellectual Property (“TRIPS”)⁸ is the first international agreement to include minimum standards of enforcement for intellectual property, with which member countries of the World Trade Organization (“WTO”) must comply. The TRIPS Agreement requires that member countries adopt an integrated enforcement system that includes civil and administrative procedures, provisional measures, border measures, and criminal procedures.⁹ In addition, the basic principles governing the TRIPS Agreement, including national treatment, most-favored nation treatment, and transparency, are also applicable to the enforcement provisions.

TRIPS, Part III, Section 4 describes the specific requirements for border measures, which must be available for counterfeit trademarked and pirated copyrighted goods — the most egregious offenses. Countries may apply these measures to other intellectual property violations and infringing goods destined for export. The key requirements of a TRIPS compliant border system are: a competent authority (administrative or judicial) with whom an intellectual property owner can lodge an application; prima facie evidence of infringement; procedures allowing the intellectual property owner to provide a security or equivalent insurance; procedures governing the detention and forfeiture of the infringing goods; and effective remedies, such as destruction of the infringing goods.

The border enforcement system adopted by Customs¹⁰ includes all elements required by Section 4 of TRIPS, but also an enhanced and more effective level of protection, which is contemplated by Article 58 (*ex officio* action) of the TRIPS Agreement and advocated by the U.S. Government in bilateral agreements with its trading partners through the Special 301 process.¹¹ Under a TRIPS-plus border enforcement system, the competent authorities act on their own initiative and on a continuous basis, often without assistance from the intellectual property owner. They decide whether imported goods infringe a recorded trademark or copyright based on an application recorded with Customs by the intellectual property owner, which includes a registration certificate issued by the U.S. Patent and Trademark Office and the U.S. Copyright Office, a description of goods bearing the legitimate trademark or copyright, the legitimate places of manufacture, and other key facts necessary for Customs or other border officials.

Border measures advocated by the U.S. Government in bilateral negotiations with its trading partners through the Special 301 process include many of the same

⁸ Agreement on Trade-Related Aspects of Intellectual Property Rights, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments – Results of the Uruguay Round, Apr. 15, 1994, 1869 U.N.T.S. 299 (1994)

⁹ *Id.*

¹⁰ See 19 U.S.C. §§ 1499, 1595(a)(c) (2000); 15 U.S.C. §§ 1124–25 (2000); 17 U.S.C. §§ 602–03 (2000); 19 U.S.C. § 1526 (2000); 18 U.S.C. § 2318–20 (2000); 19 C.F.R. § 133 (2000). TIMOTHY P. TRAINER & VICKI E. ALLUMS, PROTECTING INTELLECTUAL PROPERTY ACROSS BORDERS (Thompson/West ed., 2006) (containing a detailed description of Customs enforcement authority and procedures).

¹¹ See Trade Act of 1974, § 301, Pub. L. No. 93-618, 88 Stat. 1978 (1974) (codified as amended at 19 U.S.C. § 2411-20 (1994 & Supp. IV 1998)). The Special 301 provisions require the Office of the United States Trade Representative to identify those countries that deny adequate and effective protection for intellectual property or deny fair and equitable market access for persons that rely on intellectual property protection. *Id.*

elements found in the ex officio border system adopted by Customs. An ex officio system is different from a border system in which a judicial or administrative authority decides the infringement determination and then orders Customs or other border officials to detain and/or seize the infringing shipment.

This system is complex, and requires several key elements. First, it must include a recordation process and provide a central registry or database containing information about recorded trademarks and copyrights. Second, Customs officials must have the authority to conduct random inspections of imported merchandise, target and identify infringing goods, and provide information about infringing shipments to intellectual property owners. Third, the border procedures must apply to both import and export goods. Fourth, Customs officials must have the authority to detain suspected infringing goods and seize and forfeit goods found to be determining. Fifth, Customs must have the authority to destroy infringing goods. Customs authority must have lawyers or other experts with expertise in intellectual property law who advise customs officials in making infringement determinations and train the officials, along with intellectual property owners, to identify legitimate versus infringing goods.

Why does the U.S. Government promote an ex officio border system in bilateral negotiations with its trading partners through the Special 301 process? The key advantage to this type of system is clearly its effectiveness. In other words, it works! Enforcement under a TRIPS-plus border system is on-going and allows for prompt action by Customs officials, thus, avoiding the delays inherently involved in seeking judicial action. Customs and border officials are always on the lookout for infringing goods, and are able to act quickly and decisively to detain and/or seize violative shipments. An ex officio border system also serves as a greater deterrent because infringers know that their shipments are likely to be targeted by customs officials and will be detained and/or seized. Moreover, an ex officio system is also cost effective for both intellectual property owners who typically pay a one-time recordation fee and for governments who make an initial financial investment in creating the system, but save in the long-run once it is in place. Finally, an ex officio system also fosters collaboration and cooperation between all of the stakeholders — policy makers, enforcement officials, and intellectual property owners — in the protection of intellectual property at the border.

What are the two important elements necessary to create an ex officio border system? “Political will,” a term also used by Ralph Oman,¹² former Register of the U.S. Copyright Office, and resources. Creating an ex officio border system requires “political will” by the government to have the requisite laws and regulations investing strong enforcement authority in customs and border officials. A government must also have the requisite resources, such as legal experts, well-trained officials and a computerized or paper database of recordations.

¹² Ralph Oman, Dechert LLP, Address at The John Marshall Law School Center for Intellectual Property Law Special 65th Anniversary Conference: The Role of the United States in World Intellectual Property Law, Copyright Piracy in China, the U.S. Weighs its Options (May 25, 2006).

In conclusion, an ex officio border system is a critical component of protecting intellectual property.¹³ One question I leave you with to ponder is — Should an ex officio TRIPS-plus standard for border enforcement become the model for most countries? Intellectual property owners, intellectual property and international trade customers, and practitioners, like me, with significant experience in this area, would argue that an ex officio border system offers the most effective protection at the border and should become the standard adopted by most countries to ensure maximum protection of intellectual property in the global economy.

¹³ See generally Office of the United States Trade Representative, 2006 Special 301 Report, http://www.ustr.gov/assets/Document_Library/Reports_Publications/2006/2006_Special_301_Review/asset_upload_file473_9336.pdf (noting that in addition to making sure that its trading partners have an ex officio border system, the U.S. is also pursuing severe criminal sanctions against manufacturers and exporters of counterfeit merchandise).