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WHAT'S NEW IN THE NEIGHBORHOOD – THE EXPORT OF THE DMCA IN POST-TRIPS FTAs

ANNE HIARING*

I. INTRODUCTION

The Digital Millennium Copyright Act (DMCA) is controversial in the U.S. Enacted in 1998, effective in 2000, it makes unlawful the circumvention of copyright protection systems and the tampering with copyright management information, also known as digital rights management.¹ The controversy stems from the perhaps unintended consequences of the Act. Most critics note that the exercise of the right to use copyrighted works fairly – for purposes of scholarship or research; for quotes in a variety of contexts; to enable “time-shifting;” use of the internet through legitimate file-sharing, and the like – enshrined in the fair use exemption, is made unlawful by the provisions of the DMCA.² A battle has erupted between the controllers of content, typified by the Recording Industry of America (RIAA) and the Motion Picture Associa-

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1. 17 U.S.C. §§ 1201, 1202.

2. See, e.g., the discussion of Mike Godwin, Senior Technology Counsel at Public Knowledge, in *What Every Citizen Should Know About DRM a.k.a., “Digital Rights Management”* available online at <www.publicknowledge.org>; Center for Democracy & Technology, *Mapping the Digital Video Copyright Landscape: Stakeholder Interests and the Internet* (March, 2004) <www.cdt.org>; Pamela Samuelson, *DRM {and,or,vs.} the Law*, 46(4) COMMUNICATIONS OF THE ACM 41 (2003); D. Burk and J. Cohen, *Fair Use Infrastructure for Rights Management Systems*, 15 HARV. J.L. & TECH. 41-83 (2001).

tion of America (MPAA), and innovators in technology whose products make content available to consumers.³

The existence of DMCA and the potential of Induce Act provisions as part of FTAs create liability for actions outside the U.S., which may be permissible under fair use inside the U.S. Violations of these "DMCA" provisions, as in the U.S., are crimes. Narrowing of the DMCA provisions either through judicial interpretation or amendment to law⁴ will be unlikely, if not impossible with the FTAs. Furthermore, each FTA has somewhat different "exceptions" to liability, much like the exceptions to Section 1201 of the Digital Millennium Copyright Act (17 U.S.C. Section 1201).⁵ Therefore, a patchwork of different provisions is proliferating internationally. Because IP policy and implementation is truly global, and is tied to trade agreements which require criminal penalties and other enforcement measures, watchdogs of fair use must look beyond the borders of the U.S. to protect fair use rights of citizens of the U.S. and citizens of the world around the globe. While the stately pavane of international trade negotiations turns, the DMCA, for better or worse, is embedding itself in the laws of the major U.S. trading partners.

3. Refer for example to the briefs of *amicus curiae* in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764 (2005). Arrayed against the MPAA and RIAA, who wanted the Supreme Court to find the file-sharing unlawful in *Grokster*, were the Consumer Electronics Association, Microsoft, and Intel, who supported the technological capability to file share as a fair use.

4. See, e.g., the Digital Media Consumers' Rights Act of 2005, available through The Library of Congress THOMAS site, <<http://thomas.loc.gov>> and commented upon by Public Knowledge at <www.publicknowledge.org/issues/hr1201>.

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

Each of the concluded FTAs has similar exceptions, although the language of each varies. Contrast, by way of example, the reverse engineering exceptions in Australia: § 7(e) "Each party shall confine exceptions to any measures ... to the following activities ... (i) non-infringing reverse engineering activities with regard to a lawfully obtained copy of a computer program, carried out in good faith with respect to particular elements of that computer program that have not been readily available to the person;" and Chile: § 5(d)

Each Party shall confine limitations and exceptions to measures ... to certain special cases that do not impair the adequacy of legal protection or the effectiveness of legal remedies against the circumvention of effective technological measures. In particular, each Party may establish exemptions and limitations to address the following situations and activities ... (ii) noninfringing reverse engineering activities with regard to a lawfully obtained copy of a computer program, carried out in good faith with respect to particular elements of that computer program that have not been readily available to that person [Footnote: For greater certainty, elements of a computer program are not readily available to a person seeking to engage in noninfringing reverse engineering when they cannot be obtained from the literature on the subject, from the copyright holder, or from sources in the public domain] for the sole purpose of achieving interoperability of an independently created computer program with other programs.

This paper explores the fact that the DMCA is being “exported” into the laws of other countries through bi- and multi-lateral free trade agreements that were first finalized in 2003 in the FTA with Singapore. While most commentators focus on the law and developments in the United States, this author believes that the U.S. policy of using the club of trade sanctions and the carrot of trade benefits to support specific copyright law policies should be carefully watched. In fact, as laws such as the DMCA must be enacted by the U.S.’ trading partners, the possibility of ameliorating their impact diminishes, as most favored nations provisions trigger application of these norms outside the scope of U.S. legislative policy.

This paper will first discuss the historical use of trade regulation to regulate intellectual property law protection outside the U.S., then will discuss the history of the WIPO Internet Treaties,⁶ the implementation of them in the DMCA, the provisions of the Induce Act,⁷ and the DMCA-derived provisions in the 2003 FTA with Singapore.⁸

II. THE MARRIAGE OF TRADE LAWS AND INTELLECTUAL PROPERTY LAW PROTECTION.

For the last thirty years, trade regulation has played a key role in intellectual property rights protection of U.S. interests. The United States first used the threat of unilateral trade sanctions and now uses the benefits of multilateral and bi-lateral trade agreements to further the policies of protecting U.S. intellectual property interests outside the United States. Before TRIPS, the typical post-World War II trade agreements featured provisions on tariffs, non-tariff measures, anti-dumping and the like. With the creation of the World Trade Organization (WTO) and its Trade Related Aspects of Intellectual Property Rights (TRIPS) Annex, the U.S. successfully negotiated the requirement that members of the WTO provide certain levels of intellectual property rights protection and enforcement as a condition of membership. TRIPS represents an unprecedented extra-territorial extension of the laws of one country into the domestic laws of other sovereign states. Quite simply, to be a member of the WTO requires adherence to certain U.S. IP standards.⁹

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

7. See § 2560 (introduced June 22, 2004, and amended variously, but not enacted).

8. See Appendix to this paper for the intellectual property law provisions of the Singapore FTA; full texts of all post-TRIPS FTAs are available on the website of the United States Trade Representative, <www.ustr.gov>.

9. See, e.g. Nisha M. Vora, *International Policy and Accords* (Oct. 2004) <www.uninfo.state.gov> (the website of the United States Information Agency); see also, articles on

Since 1994 and the failure to hold further successful WTO rounds, the U.S. has re-directed its policy of extraterritorial intellectual property rights protection to other fora.¹⁰ The U.S. has required its trading partners to provide core DMCA protections in their domestic legislation as part of every post-TRIPS bi-lateral free trade agreement ("FTA") which the U.S. has concluded, first with Singapore,¹¹ then Australia,¹² Chile,¹³ Morocco¹⁴ and Central America (CAFTA).¹⁵ The Office of the United States Trade Representative – hardly thought traditionally to be a source of intellectual property policy – blandly asserts U.S. objectives in the trade arena that when proposed or enacted as intellectual property law policy in the U.S. are, in fact, highly controversial. The Trade Representative has outlined the policy of his Office, which includes specific legislative efforts required of trading partners, in reports and speeches in 2004. In the 2004 Special 301 Report, Executive Summary, April 2004, Robert Zoellick the United States Trade Representative (USTR) notes:

Internet Piracy and the WIPO Copyright Treaties

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

An important first step in the fight against Internet piracy was achieved at WIPO when it concluded two copyright treaties in

TRIPS on the website of the World Intellectual Property Organization, <www.wipo.org>; Charles S. Levy, *Implementing Trips – A Test of Political Will* 31 LAW & POL'Y INT'L BUS. 789 (2000); Frank Emmert, *Intellectual Property in the Uruguay Round – Negotiating Strategies of the Western Industrialized Countries* 11 MICH. J. INT'L L. 1317 (1989-1990). Not only U.S. interests are embodied in TRIPS – European interests are also addressed, specifically in protections for geographical designations of wines and spirits. However, the driving force of the TRIPS provisions and the law most reflected in them is the law and policy of U.S. intellectual property rights ("IPR") owners.

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

11. Concluded January, 2003, and available through the website of the United States Trade Representative (USTR), <www.ustr.gov>.

12. Concluded May, 2004.

13. Concluded June, 2004.

14. Concluded June, 2004.

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

1996: the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty referred to as the WIPO Internet Treaties. These treaties help raise the minimum standards of intellectual property protection around the world, particularly with respect to Internet-based delivery of copyrighted works. They clarify exclusive rights in the on-line environment and specifically prohibit the devices and services intended to circumvent technological protection measures for copyrighted works. Both treaties entered into force in 2002.

These treaties represent *the consensus view of the world community* that the vital framework of protection under existing agreements, including the TRIPS Agreement, *should be supplemented to eliminate any remaining gaps in copyright protection on the Internet*¹⁶ *that could impede the development of electronic commerce.*

In order to realize the enormous potential of the Internet, a growing number of countries are implementing the WIPO Internet Treaties¹⁷ and creating a legal environment conducive to investment and growth in Internet-related businesses and technologies. In the competition for foreign direct investment, these countries now hold a decided advantage. We urge other governments to ratify and implement the two WIPO Internet Treaties.

Other Initiatives Regarding Internet Piracy

*We are seeking to incorporate the highest standards of protection for intellectual property into appropriate bilateral and regional trade agreement that we negotiate. We have been successful in this effort by incorporating the standards of the WIPO Internet Treaties as substantive obligations in all our FTAs to date, and continue to pursue this goal in other FTAs currently under negotiation and yet to be launched. Moreover, our proposals in these negotiations will further update copyright and enforcement obligations to reflect the technological challenges we face today as well as those that may exist at the time negotiations are concluded.*¹⁸

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

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

18. Emphasis added. Available at <www.ustr.gov>.

Fast track trade agreement negotiation authority, which enables the Executive Branch to conclude far-reaching trade agreements, has only accelerated the process. With the additional authority of the Bipartisan Trade Promotion Authority Act of 2002,¹⁹ USTR is entering into trade agreements at a lightning pace.²⁰

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

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

*To make sure that other countries don't allow the circumvention of technological protection measures we also have special rules that help control the piracy of software on disks and devices.*²¹

A. TRADE SANCTIONS AS INCENTIVE TO PROTECT INTELLECTUAL PROPERTY RIGHTS

The United States has tied trade preferences to intellectual property rights protection since 1974. The Trade and Tariff Act of 1974 did two things. It: 1) conditioned the receipt of preferences under the Generalized System of Preferences to imports from developing countries on whether such country's practices of foreign national's intellectual property rights²² and 2) created a reporting and enforcement procedure, Section 301.²³ Failure to meet U. S. standards of protection for U.S. intellec-

19. 19 U.S.C.A. §§ 3801–3813 (West Supp. 2004).

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

21. *Id.* (emphasis added).

22. Title V of the Trade Act of 1974, 19 U.S.C. § 2411 et seq.; 19 U.S.C. §§ 2461–2467.

23. Under § 301, in an annual review the United States Trade Representative determines if an act, policy or practice of a foreign country "is unjustifiable and burdens or restricts United States commerce" 19 U.S.C. § 2411, § 301(a)(1)(B)(ii). § 301(d)(3)(B) provides that:

tual property rights became justification for levying unilateral trade sanctions against the offending country.²⁴

The tying of intellectual property rights protection to trade accelerated in the 1980s, resulting in two separate but allied actions: 1) initiation of the Uruguay Round of the General Agreement of Tariffs and Trade in 1986²⁵ and 2) passage of the Omnibus Trade and Competitiveness Act of 1988.²⁶ The Omnibus Trade and Competitiveness Act created “Section 301”, an annual review of U.S. trading partners’ intellectual property laws and practices that affected U.S. rights holders. Section 301 empowers the United States Trade Representative to place countries on a “watch” or “priority watch.” Characterized as a “velvet fist in an iron glove,” Section 301 mandates finger-pointing in a highly visible manner, where trading partners are labeled as unfair traders and put on “watch lists” or “priority watch lists” for failure to have sufficient intellectual property law protection in their jurisdictions for U.S. IP rights holders.²⁷ The Omnibus Act also states the principal negotiating objectives of the United States regarding intellectual property.²⁸

[a]cts, policies and practices that are unreasonable include, but are not limited to, any act, policy, or practice, or any combination of acts, policies, or practices, which (i) denies fair and equitable – (II) provisions of adequate and effective protection of intellectual property rights notwithstanding the fact that the foreign country may be in compliance with the specific obligations of the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Agreements Act.

24. In the article, *U.S. Announces Major New Initiative to Fight Global Trade in Fakes* by Richard Mills/Neena Moorjani (October 4, 2004), the USTR states: “. . . the United States has also acted forcefully when other countries have failed to protect IPR. For example, the United States imposed \$75 million in trade sanctions on Ukraine, which are still in effect, and removed \$250 million in preferential access for Argentina.”

25. 19 U.S.C. § 1001 et seq.

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

27. See, Ronald A. Cass, *Velvet Fist in an Iron Glove: The Omnibus Trade and Competitiveness Act of 1988*, 14(1) REGULATION (Winter 1991) (also available at <www.cato.org.pubs/regulation>).

28. 19 U.S.C. § 2901, § 1101(b)(10) provides:

Intellectual property. The principal negotiating objectives of the United States regarding intellectual property are – (A) to seek the enactment and effective enforcement by foreign countries of laws which – (i) recognize and adequately protect intellectual property, including copyrights, patents, trademarks, semi-conductor chip layout designs, and trade secrets, and (ii) provide protection against unfair competition, (B) to establish in the GATT obligations – (i) to implement adequate substantive standards based on – (I) the standards in existing international agreements that provide adequate protection, and (II) the standard in national laws if international agreements standards are inadequate or do not exist, (ii) to establish effective procedures to enforce, both internally and at the border, the standards implemented under clause (i) and (iii) to implement effective dispute settlement procedures that improve on existing GATT proceeds; (C) to recognize that the inclusion in the GATT of – (i) adequate and effective substantive norms and standards for the protection and enforcement of intellectual property rights and (ii) dispute settlement provisions and enforcement procedures, is without prejudice to other complementary ini-

B. TRADE BENEFITS AS INCENTIVES TO IMPLEMENT U.S.-STYLE INTELLECTUAL PROPERTY LAW PROTECTION

The United States moved away from unilateral trade sanctions to a policy of “encouraging” compliance with U.S. IPR norms through the trade benefits associated with membership in what became the World Trade Organization. The objectives of the Omnibus Act became the negotiating points in the Uruguay Round, which resulted in the creation of the World Trade Organization and the Trade Related Aspects of Intellectual Property (TRIPS). TRIPS created a “floor” of minimum standards of intellectual property rights protection that all WTO members had to meet as a condition of membership in the WTO. TRIPS incorporated much of the Berne Convention on copyright rights and the Paris Convention on patent, trademark and trade secret rights.²⁹ TRIPS came into force in December, 1994.³⁰ With the enactment of TRIPS as part of the WTO, U.S. trade objectives supporting intellectual property reached a staggeringly global multilateral plateau.

C. CERTAIN COPYRIGHT INDUSTRY INTERESTS LEFT OUT OF TRIPS

Meanwhile, as the negotiations to create the TRIPS obligations as part of the WTO went forward, certain copyright industries in the U.S., primarily the RIAA and the software industries, wanted further protection of copyright on the “information superhighway.” Policy drafting proceeded apace in the United States Trademark Office (not the Copyright Office), resulting in a draft “Green Paper” in 1994 and in September, 1995 issuance of the “White Paper on Intellectual Property and the National Information Infrastructure.”³¹ First the draft Green Paper, then the final White Paper met with considerable criticism.³² The “National Information Infrastructure Copyright Protection Act of 1995,” SB 1284 and the

tiatives undertaken in other international organizations; and (D) to supplement and strengthen standards for protection and enforcement in existing international intellectual property conventions administered by other international organizations and, including their expansion to cover new and emerging technologies and elimination of discrimination or unreasonable exceptions to preconditions to protection.

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

30. Uruguay Rounds Agreement Act (URAA), *supra* note 25.

31. Available at <www.thomas.loc.gov>.

32. See, e.g., Pamela Samuelson, *The Copyright Grab*, WIRED MAGAZINE, January 1996, available at <www.wired.com>; and Peter A. Jaszi, *Caught in the Net of Copyright* 75 OR. L. REV. 299 (1966); Leslie Kurtz, *Copyright and the National Information Infrastructure*, 18 EUR. INTEL. PROP. REV. 120 (1996); Jessica Litman, *The Exclusive Right to Read* 13 Cardozo Arts & Ent. L.J. 29 (1994); Charles R. McManis, *Taking TRIPS on the Information Superhighway: International Intellectual Property Protection and Emerging Computer Technology* 41 VILL. L. REV. 207 (1996), cited in Pamela Samuelson, *Intellectual Property and the Digital Economy: Why the Anti-Circumvention Regulations Need to Be Revised* 14 BERKELEY TECH. L.J. 519 (1999).

accompanying House Bill, HR 2441, were defeated. Proponents of fair use, from librarians to the Electronic Frontier Foundation, criticized the recommendations which included creation of an additional “transmission” right, legislating electronic forwarding as “distribution” and using anti-circumvention rules in a way that could preclude exercise of fair use rights, including legitimate reverse-engineering, as well as thwart protection of individuals’ privacy rights.

While action on domestic legislation was suspended, the U.S. raised the interests of the same constituents in negotiations in a multi-lateral international forum, albeit one not related to trade. Namely, the United States took the initiative in 1995 before the World Intellectual Property Organization (“WIPO”) to conclude multilateral treaties that would address the White Paper’s concerns. This resulted in the so-called WIPO “Internet Treaties,” the WIPO Producers and Phonograms Treaty of 1996 and the WIPO Copyright Treaty of 1996, to which the U.S. acceded.

III. WIPO INTERNET TREATIES

Each of the WIPO Internet Treaties contains virtually identical language requiring member states to outlaw circumvention of technological measures used to protect copyrighted works and prevent tampering with copyright management information. “Circumvention” means disabling copy-protect mechanisms or any activity that makes circumvention possible, including the sale of devices that can be used to circumvent. “Copyright management information” is more commonly referred to as “digital rights management” (DRM). Actually, it is a euphemism for the control of content delivered via electronic means. As one critic notes, DRM means “digital restrictions management,” and whether users ought to be able to circumvent DRM in order to exercise their fair use rights to copy, to “perform” and “display” works privately is, as noted, a subject of some debate.³³

A. WIPO COPYRIGHT TREATY

Article 11

Obligations concerning Technological Measures

Contracting Parties shall provide *adequate legal protection and effective legal remedies against the circumvention of effective technological measures* that are

33. See, Samuelson, *DRM {and,or,vs.} the Law*, *supra* note 2.

used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.

Article 12

Obligations concerning Rights Management Information³⁴

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

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

B. WIPO PERFORMANCES AND PHONOGRAMS TREATY

Article 18

Obligations concerning Technological Measures

Contracting Parties shall provide *adequate legal protection and effective legal remedies against the circumvention of effective technological measures* that are used by performers or producers of phonograms in connection with the exercise of their rights under this Treaty and that restrict acts, in respect of their performances or

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

phonograms, which are not authorized by the performers or the producers of phonograms concerned or permitted by law.

Article 19

Obligations concerning Rights Management Information³⁵

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

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

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

The Internet Treaties are administered by the World Intellectual Property Organization. It is left to the states acceding to the treaties to enact legislation that complies with their obligations, at least in most non-monist states. Although multilateral treaties, the WIPO Internet Treaties were perceived to share some of the same weaknesses of another great copyright treaty administered by WIPO, namely the Berne Convention. Like Berne, the Internet Treaties had no enforcement mechanisms, such as the dispute resolution body of the World Trade Organization, and also had no sanctions for failure to comply with its provisions.

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

In the U.S. the WIPO Internet Treaties were enacted in the more stringent provisions of the DMCA.

IV. THE DIGITAL MILLENNIUM COPYRIGHT ACT

Contrast the language in the above WIPO treaties with the language in the Digital Millennium Copyright Act, now part of the Copyright Act, 17 U.S.C. Sections 1201 and 1202. It is close, but the DMCA is more stringent. For example, the WIPO Internet Treaties state affirmatively that parties "shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures" or against the removal or alteration of "electronic rights management information." The DMCA by contrast has a flat prohibition: "No person shall circumvent a technological measure . . . and no person shall intentionally remove or alter any copyright management information."

Section 1201 divides technological measures into those that prevent unauthorized access to a work and those that prevent unauthorized copying. It is illegal to circumvent technological measures that block access to a work.³⁶ There is no fair use of "access," under the DMCA. Services or devices that are 1) primarily designed or produced to circumvent; 2) have only limited commercially significant purpose or use other than to circumvent; or 3) are marketed for use in circumventing, are also illegal.

The second aspect deals with "copyright management information" and prohibits false CMI as well as removal or alteration of CMI, if done with the intent to induce, enable, facilitate or conceal infringement. The DMCA provides for civil actions to enforce violations, including injunctive and monetary relief and also makes willful violation of either section criminal, with penalties of \$500,000 to \$1,000,000 plus 5 to 10 years in jail.

§ 1201. Circumvention of copyright protection systems

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

36. See The Digital Millennium Copyright Act of 1998 U.S. Copyright Office Summary (December, 1998) available on the Copyright Office website <www.loc.gov>.

§ 1202. Integrity of copyright management information

(a) False Copyright Management Information.³⁷ – No person shall knowingly and with the intent to induce, enable, facilitate, or conceal infringement –

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

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

- (1) intentionally remove or alter any copyright management information,
- (2) distribute or import for distribution copyright management information knowing that the copyright management information has been removed or altered without authority of the copyright owner or the law, or

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

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

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

The DMCA contains several enumerated exceptions in which “circumvention” is legal. These include exemptions for libraries, archives, educational institutions, law enforcement, intelligence and other government activities, reverse engineering, encryption research, the protection of personally identifying information, and security testing.³⁸ However, these have been criticized as too narrowly drawn. Most glaring is the omission of any general “fair use” standard of circumvention. Most disturbing is the “strict liability” aspect of the DMCA.³⁹

Challenges to the constitutionality of the DMCA, including on the basis that it violates the right to free speech, have been uniformly rejected. *See, e.g., Universal City Studios v. Reimerdes*, 111 F. Supp. 2d 346 (2d Cir. 2001) and *Universal City Studios v. Corley*, 243 F. 3d 429 (2d Cir. 2001). The DMCA stands as a strict liability offense. Copy-protect and DRM mechanisms can prevent exercise of fair use rights, and effectively remove the ability of the owner of a “copy” of a work, from exercising the right to sell or lease the copy under the First Sale Doctrine.

Legislation has been introduced that would provide a “fair use” to circumvention. *See* H.R. 1201, the “Digital Media Consumer Rights Act of 2005.” The same legislation requires the labeling of media to advise consumers that the DVD or whatever they are purchasing may have re-use locks – i.e. copy-protect and anti-circumvention mechanisms.⁴⁰

38. 17 U.S.C. §§ 1201 (d)-(j)

39. *See, Samuelson, DRM {and, or, vs.} the Law, supra note 2.*

40. Subsection (b) of the “Digital Media Consumers’ Rights Act” provides: “it is not a violation of this section to circumvent a technological measure in connection with access to, or the use of, a work if such circumvention does not result in an infringement of the copyright in the work” and “[It] shall not be a violation of this title to manufacture, distribute, or make noninfringing use of a hardware or software product capable of enabling significant noninfringing use of a copyrighted work.”

V. INDUCING INFRINGEMENT OF COPYRIGHT ACT OF 2004, SECTION 2560⁴¹

In 2004, further legislation was introduced to make unlawful the “inducement” to infringe, called the “Induce Act.” The Induce Act, as first introduced, provided:

Section 2. Intentional Inducement of Copyright Infringement

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

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

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

(3) Nothing in this section shall enlarge or diminish the doctrines of vicarious or contributory liability for copyright infringement or require any court to unjustly withhold or impose any secondary liability for copyright infringement.”⁴²

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

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

42. *Id.*

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

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

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

VI. THE SINGAPORE FREE TRADE AGREEMENT OF 2003

In 2003, the United States concluded with Singapore the first Free Trade Agreement with post-TRIPS intellectual property law provisions. The year 2004 brought the conclusion of four more treaties. Each has provisions that mirror the DMCA, and each requires the signatory, which invariably become party, to adhere to the WIPO Internet Treaties. All the substantive elements of the DMCA are included in each, including making violation a crime and an offense separate from copyright infringement. Each also has exceptions to the application, none of which is the same.⁴³

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

It is unlikely that FTA Parties will not comply with these agreements. The FTAs reduce tariffs on goods of subject nations to zero in most cases, thus providing tremendous trade advantages to Parties. The FTA Parties are likely to fulfill their obligations under the FTAs, since failure

43. See discussion *infra* Parts IV and V.

to comply could ultimately subject the Party to revocation of the FTA – and the resultant revocation of important trade privileges with the United States.

Because it is the first, and has become the template upon which further FTAs are being negotiated, this paper will highlight the provisions of the Singapore FTA with respect to the DMCA-like provisions. All of the IPR provisions are in Article 16 of the Singapore FTA. The DMCA-like provisions are in Article 16.4. The full text of Article 16.4 of the Singapore FTA is in the Appendix to this paper.

Singapore 2003 Free Trade Agreement with the U.S.

Article 16.4 Obligations Common to Copyright and Related Rights

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

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

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

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

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

(C) are primarily designed, produced, or performed for the purpose of enabling or facilitat-

ing the circumvention of any effective technological measure;

shall be liable . . .

8. In order to provide adequate and effective legal remedies to protect rights management information:⁴⁴

(a) each Party shall provide that any person who without authority, and knowingly, or, with *respect to civil remedies, having reasonable grounds to know, that it will induce*, enable, facilitate, or conceal an infringement of any copyright or related right,

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

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

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

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

44. (b) For purposes of this paragraph, "rights management information" means information which identifies a work, performance, or phonogram; the author of the work, the performer of the performance, or the producer of the phonogram; or the owner of any right in the work, performance, or phonogram; information about the terms and conditions of the use of the work, performance, or phonogram; and any numbers or codes that represent such information, when any of these items is attached to a copy of the work, performance, or phonogram or appears in conjunction with the communication or making available of a work, performance, or phonogram to the public. Nothing in this paragraph obligates a Party to require the owner of any right in the work, performance, or phonogram to attach rights management information to copies of it or to cause rights management information to appear in connection with a communication of the work, performance, or phonogram to the public.

It can be readily seen that the anti-circumvention and non-interference with DRM language in the Singapore FTA more closely tracks the language of the WIPO Internet Treaties than the language of the DMCA. To date, there has been no judicial interpretation of the language of the WIPO Internet Treaties that provides guidance on whether fair use, or in Berne European parlance “fair dealing,” is encompassed in these provisions, or whether and under what circumstances the right of a user to access a work or the right of the owner of a copyrighted work to dispose of it under the “first sale” doctrine are maintained.

However we do know that in the U.S., the DMCA has been strictly construed and highly criticized. Nothing in the Singapore FTA suggests that any other interpretation will be made, or that the criticisms are not justified under its provisions as under the DMCA. The difference is that the Singapore provisions, which will become Singapore law, and similar provisions in the laws of other Parties to FTAs with the U.S., are not in the same robust forum of debate and criticism, as well as legislative correction, that occurs in the U.S. Thus while most commentators focus only on developments in the U.S., the copyright industry interests that achieved passage of the WIPO Internet Treaties and the DMCA to begin with, are quietly triumphing in implementing their legislative agenda in country after country around the world.

VII. CONCLUSION

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

The big picture is not just before the U.S. Congress. The provisions of the DMCA, in varying forms, are being enacted around the globe. The ping-pong strategy of working Congress, working WIPO; and working on the international trading table will result in more and more substantive change to the intellectual property law rights of nations around the globe. U.S. policy watchers can be assured that the inclusion of DMCA and potential Induce Act provisions in the FTAs is only a first step in the attempt to secure binding global norms to which the U.S. will have to

adhere – much as the U.S. had to enact the DMCA to comply with the WIPO Internet Treaties. To prevent general acceptance and realization of undesirable global norms, watchers will have to follow closely and vigorously participate in the formulation of FTAs.

APPENDIX

SINGAPORE/U.S. FTA 2003 – CHAPTER 16

ARTICLE 16.4: OBLIGATIONS COMMON TO COPYRIGHT AND RELATED RIGHTS

1. Each Party shall provide that authors, performers, and producers of phonograms and their successors in interest have the right to authorize or prohibit all reproductions, in any manner or form, permanent or temporary (including temporary storage in electronic form).

2. (a) Without prejudice to Articles 11(1)(ii), 11*bis*(1)(i) and (ii), 11*ter*(1)(ii), 14(1)(ii), and 14*bis*(1) of the Berne Convention for the Protection of Literary and Artistic Works (1971) (“Berne Convention”), each Party shall provide to authors, performers, producers of phonograms and their successors in interest the exclusive right to authorize or prohibit the communication to the public of their works, performances, or phonograms, by wire or wireless means, including the making available to the public of their works, performances, and phonograms in such a way that members of the public may access them from a place and at a time individually chosen by them. Notwithstanding paragraph 10, a Party may provide limitations or exceptions to this right in the case of performers and producers of phonograms for analog or digital free over-the-air terrestrial broadcasting and, further, a Party may provide limitations with respect to other non-interactive transmissions, in certain special cases provided that such limitations do not conflict with a normal exploitation of performances or phonograms and do not unreasonably prejudice the interests of such right holders.

(b) Neither Party shall permit the retransmission of television signals (whether terrestrial, cable, or satellite) on the Internet without the authorization of the right holder in the subject matter of the signal.

3. Each Party shall provide to authors, performers, producers of phonograms, and their successors in interest the exclusive right of authorizing the making available to the public of the original and copies of their works and phonograms through sale or other transfer of ownership.

4. Each Party shall provide that where the term of protection of a work (including a photographic work), performance, or phonogram is to be calculated:

(a) on the basis of the life of a natural person, the term shall be not less than the life of the author and 70 years after the author's death; and

(b) on a basis other than the life of a natural person, the term shall be not less than 70 years from the end of the calendar year of the first authorized publication of the work, performance, or phonogram or, failing such authorized publication within 50 years from the creation of the work, performance, or phonogram, not less than 70 years from the end of the calendar year of the creation of the work, performance, or phonogram.

5. Each Party shall apply the provisions of Article 18 of the Berne Convention, *mutatis mutandis*, to the subject matter, rights and obligations in Articles 16.4 and 16.5.

6. Each Party shall provide that for copyright and related rights, any person acquiring or holding any economic right:

(a) may freely and separately transfer such right by contract; and

(b) by virtue of a contract, including contracts of employment underlying the creation of works and phonograms, shall be able to exercise those rights in its own name and enjoy fully the benefits derived from those rights.

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

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

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

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

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

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

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

(b) For purposes of this paragraph, **effective technological measure** means any technology, device, or component that, in the normal course of its operation, controls access to a protected work, performance, phonogram, or other subject matter, or protects any copyright or any rights related to copyright.

(c) Paragraph 7(a) obligates each Party to prohibit circumvention of effective technological measures and does not obligate a Party to require that the design of, or the design and selection of parts and components for, a consumer electronics, telecommunications, or computing product provide for a response to any particular technological measure. The absence of a requirement to respond affirmatively shall not constitute a defense to a claim of violation of that Party's measures implementing paragraph 7(a).

(d) Each Party shall provide that a violation of the law implementing this paragraph is independent of any infringement that might occur under the Party's law on copyright and related rights.

(e) Each Party shall confine exceptions to the prohibition referred to in paragraph 7(a)(ii) on technology, products, services, or devices that circumvent effective technological measures that control access to, and, in the case of clause (i) below, that protect any of the exclusive rights of copyright or related rights in a protected work, to the following activities, provided that they do not impair the adequacy of legal protection or the

effectiveness of legal remedies that the Party provides against the circumvention of effective technological measures:

(i) noninfringing reverse engineering activities with regard to a lawfully obtained copy of a computer program, carried out in good faith with respect to particular elements of that computer program that have not been readily available to the person engaged in such activity, for the sole purpose of achieving interoperability of an independently created computer program with other programs;

(ii) noninfringing good faith activities, carried out by an appropriately qualified researcher who has lawfully obtained a copy, performance, or display of a work, and who has made a good faith effort to obtain authorization for such activities, to the extent necessary for the sole purpose of identifying and analyzing flaws and vulnerabilities of technologies for scrambling and de-scrambling of information;

(iii) the inclusion of a component or part for the sole purpose of preventing the access of minors to inappropriate online content in a technology, product, service, or device provided that such technology, product, service or device itself is not prohibited under the measures implementing paragraph 7(a)(ii); and

(iv) noninfringing good faith activities that are authorized by the owner of a computer, computer system, or computer network for the sole purpose of testing, investigating, or correcting the security of that computer, computer system, or computer network.

(f) Each Party shall confine exceptions to the prohibited conduct referred to in paragraph 7(a)(i) to the activities listed in paragraph 7(e) and the following activities, provided that such exceptions do not impair the adequacy of legal protection or the effectiveness of legal remedies the Party provides against the circumvention of effective technological measures:

(i) access by a nonprofit library, archive, or educational institution to a work not otherwise available to it, for the sole purpose of making acquisition decisions;

(ii) noninfringing activities for the sole purpose of identifying and disabling a capability to carry out undisclosed collection or

dissemination of personally identifying information reflecting the online activities of a natural person in a way that has no other effect on the ability of any person to gain access to any work; and

(iii) noninfringing uses of a particular class of works when an actual or likely adverse impact on such noninfringing uses with respect to such particular class of works is credibly demonstrated in a legislative or administrative proceeding, provided that any exception adopted in reliance on this clause shall have effect for a period of not more than four years from the date of conclusion of such proceeding.

(g) Each Party may also provide exceptions to the prohibited conduct referred to in paragraph 7(a) for lawfully authorized activities carried out by government employees, agents, or contractors for the purpose of law enforcement, intelligence, national defense, essential security, or similar government activities.

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

(a) each Party shall provide that any person who without authority, and knowingly, or, with respect to civil remedies, having reasonable grounds to know, that it will induce, enable, facilitate, or conceal an infringement of any copyright or related right,

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

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

(iii) distributes, imports for distribution, broadcasts, communicates, or makes available to the public copies of works or phonograms, knowing that rights management information has been removed or altered without authority,

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

advantage or private financial gain in such activities shall be guilty of a criminal offense.

(b) For purposes of this paragraph, **rights management information** means information which identifies a work, performance, or phonogram; the author of the work, the performer of the performance, or the producer of the phonogram; or the owner of any right in the work, performance, or phonogram; information about the terms and conditions of the use of the work, performance, or phonogram; and any numbers or codes that represent such information, when any of these items is attached to a copy of the work, performance, or phonogram or appears in conjunction with the communication or making available of a work, performance, or phonogram to the public. Nothing in this paragraph obligates a Party to require the owner of any right in the work, performance, or phonogram to attach rights management information to copies of it or to cause rights management information to appear in connection with a communication of the work, performance, or phonogram to the public.

9. Each Party shall issue appropriate laws, orders, regulations, administrative, or executive decrees mandating that all government agencies use computer software only as authorized by the right holder. Such measures shall actively regulate the acquisition and management of software for such government use, which may take the form of procedures, such as preparing and maintaining inventories of software present on agency computers, and inventories of existing software licenses.

10. Each Party shall confine limitations or exceptions to exclusive rights in Articles 16.4 and 16.5 to certain special cases which 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.