

# Christophe Geiger (ed.), Criminal Enforcement of Intellectual Property. A Handbook of Contemporary Research

Edward Elgar 2012, 416 pages, ISBN 978-1-84980-146-1

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Recommended citation: Rita Matulionyte, Book Review – Christophe Geiger (ed.), Criminal Enforcement of Intellectual Property. A Handbook of Contemporary Research, 4 (2013) JIPITEC 63, para. 1.

- 1 Criminal enforcement of IP rights has been a hot topic on both the European and international level for the last several years. Despite the failure of the Proposed EU Directive on Criminal Measures (2005/0127/COD) and the rejection by the European Parliament of the Anti-Counterfeiting Trade Agreement (ACTA) that contained provisions on criminal enforcement (among others), the discussion has not stopped. Europeans are awaiting with concern new promised initiatives in this field from the European Commission, and the international IP society is following the negotiations of the Trans-Pacific Partnership agreement. Therefore, the research handbook 'Criminal Enforcement of Intellectual Property', edited by *Christophe Geiger*, is a timely academic venue to cultivate the ground for the on-going and upcoming battles in this field.
- 2 The book contains contributions by the most prominent researchers in the field of IP from Europe (Germany, France, UK, Finland) and abroad (US, China, Argentina). The book is arranged in three parts addressing societal issues underlying IP enforcement (I), the search for right remedies for IP enforcement (II) and a selection of the most problematic issues (III). Part II is the richest, ranging from historical and economic perspectives to criminal IP enforcement to international, regional and national experiences in this field. By starting from general arguments and finishing with specific problems, and by including an interdisciplinary approach, the book provides a broad picture of the discussion surrounding criminal enforcement in IP. Readers could be disappointed that some of the most recent developments – such as the rejection of ACTA in the European Parliament, the discussion surrounding the Trans-Pacific Partnership agreement or the fresh experience in the implementation of the controversial French HADOPI law – are not covered by the book (the manuscript was probably submitted to the publisher before these events). Also, keeping in mind the prospective initiative by the European Commission on criminal measures, readers might have expected some more concrete suggestions on how Europe has to move forward on this issue. Overall, however, the contributions are of high academic value and are likely to be instructive and enlightening for both beginners and experts in the field.
- 3 Each contribution deserves a short notice. The authors of the first part seem to argue that an over-strict protection of IP does not necessarily meet the needs of society. *Retro M. Hilty*, while discussing economic, legal and social impacts of counterfeiting, suggests that imitations of (patented) products, as distinguished from identical use, are good for competition and innovation and therefore should not be punished. Also, as the boundary between (welcomed) imitations and (unwelcomed) identical use is not clear, a very strong enforcement of the latter (e.g. through criminal measures) can be a deterrent for the former as well as to competition in the markets in general. The same argument in the field of trademarks and copyrights, however, seems to be underdeveloped. *Ansgar Ohly* provides an excellent analysis of whether IP law should also protect the interests of consumers. Ohly suggests a wisely differentiated answer: in the case of patent and copyright, he does not see such a need; however, in regard to trademark law, he concludes that 'consumer interests cannot be ignored', and the inclusion of consumer protection as one of the goals

in the EU trademark law would be advantageous for right holders as well as users. In this way, the author does not entirely reject the ‘consumer interest’ argument currently often heard in IP enforcement discussions, but puts justified limits on it.

- 4 The next contribution by *Duncan Matthews* sets similar limits to the ‘public health’ argument (‘counterfeit medicines are dangerous to public health’), which is also currently often (mis)used in IP enforcement debates. He demonstrates that it is not so much the counterfeit medicines that threaten public health but rather falsified medicines. The latter should be dealt with by drug regulatory and supervisory authorities and not by IP enforcement agencies. In addition, the author demonstrates that the definition of ‘counterfeiting’ is currently too broad (both in public discussion and law); this is also seen from the famous Dutch case on generic drugs in transit. The latter case is an example of how the over-broad concept of counterfeit products, as defined by EU law, and over-strict enforcement may have negative effects on public health – instead of positive ones that IP enforcement is expected to have. *Carlos M. Correa* seeks to demonstrate that strong enforcement of IP counterfeiting in developing countries is unreasonable. The contribution sums up the main arguments put forward by opponents of strong enforcement (such as the unreliability of counterfeiting figures indicated by industries, the misuse of ‘consumer protection’ and ‘public health’ arguments, the advantages of counterfeiting for both consumers and right holders, etc.). Readers familiar with the discussion may miss some new arguments or some constructive proposals as to how the balance between different interests could be drawn. The last contribution in the section by *Mickaël R. Roudaut* is a good contrast to all the previous ones. Advocating a strong pro-enforcement stance, the representative from the European Commission uses sharp language and comparisons (e.g. ‘an evolving phenomenon invested in by organized crime (as well as terrorism funding channels), *counterfeiting kills*’ (p. 75); ‘digital piracy has, in less than a decade, transformed the movie and music industries *while the European navies are boarding ships loaded with cocaine*’ (p. 76) – italics by RM). He further provides some ‘crude and simplistic’ (as the author himself recognizes) estimates of counterfeiting and some strong conclusions (counterfeiting as ‘the main illegal market after narcotics’ (p. 79)). Although much of what is said lacks authoritative support, the article also cites some interesting reports, statistics and statements by EU officials on the relationship between counterfeiting and organized crime.
- 5 Part II starts with historical, economic and moral perspectives on criminal enforcement. *David Lefranc* demonstrates that in France, both before and immediately after the French Revolution, the laws provided for criminal enforcement of IP rights, with the strongest punishments for trademark infringement. Readers might also have been interested to read about more recent developments (e.g. in the 20th century) in order to understand the rationale behind current criminal provisions. The contribution by *Andrea Wechsler* demonstrates the difficulties in evaluating the criminal enforcement of IP rights from an economic approach. Although the conclusions may appear disappointing (‘learnings from economics of crime and punishment are not necessarily transferable to the realm of IP law’ (p. 149)), such a careful approach is wise and opens space for further discussion. *Alexander Peukert* contributes to the interdisciplinary discussion with an interesting question: Why do ‘good people’ disregard copyright on the Internet? Apart from legal reasons (insufficient legal certainty), he points to the psychological argument of ‘moral disengagement’: users reconstruct their conduct as having a moral purpose in order to make it socially acceptable (e.g. to share information or to teach record companies that their prices are too high). The author concludes that ‘good people’ are already frustrated with the conflict between what is right (using their own right to freedom of speech and expression) and what is wrong (infringement of copyright); therefore, criminal measures against their conduct would only lead to even more frustration and ignorance of copyright.
- 6 Another set of articles provides an analysis of international, European and national legal frameworks in the field. With a focus on the WTO China-IPRs case, *Henning Grosse Ruse-Khan* analyses the scope and limits of Article 61 of TRIPS and then looks at how far ACTA modifies the international framework set by TRIPS. The contribution demonstrates that ACTA has gone considerably – and unreasonably – beyond the flexible international minimum standards as set by TRIPS. Next, *Jonathan Griffiths* looks at criminal enforcement of IP in the EU from the perspective of human rights. He first asks whether IP rights, given their fundamental right status under EU law, should be enforceable by criminal laws; with arguments that are perhaps a bit too general, he gives an answer: no. Then he provides a preliminary survey of human rights issues that may be important when extending criminal enforcement to IP (e.g. disproportionate sentences, monitoring of Internet communication and the rights to privacy and freedom of expression). These tips might be useful for EU lawmakers if they (dare to) propose a new draft for the EU Directive on Criminal Measures, though a deeper analysis of each issue (or selected ones) would have given more value to the work.
- 7 *Tuomas Mylly* addresses the issue of (changing) EU competences in harmonizing criminal law – one of the most important issues during the debates on both the EU Criminal Measures Directive and ACTA. The contribution analyses in detail the new competences

of the EU in criminal law (after the Lisbon Treaty), its limits, and the means to challenge them (e.g. the emergency brake procedure and the protocol on subsidiarity principle). The author in particular highlights an extremely rapid growth of the EU external competences in criminal enforcement of IP (i.e. signing bilateral or international agreements) and the fact that their scope is even broader than in cases of internal competence (some measures such as the emergency brake procedure are not available here). Finally, *Johanna Gibson* gives an overview of the legislative history of the Proposed Directive on Criminal Measures and sums up some of the critical points of the Proposal (she also gives a short overview of the criminal provisions of ACTA). A bit disappointingly, the sub-section on European developments in criminal law finishes without providing any more concrete suggestions or guidelines for the new Commission's initiatives in this regard.

- 8 Three more contributions discuss national experiences in criminal enforcement of IP. *Daniel Gervais* compares Canada and the US in this regard. Whereas in Canada the generally available criminal measures are rarely applied in practice, in the US (not surprisingly) their scope and practical importance has been expanding. It is interesting to read how the 'commercial use' requirement in the US has been gradually expanded in copyright cases and now even includes file-sharing activities. Meanwhile, *Peter K. Yu* focuses on the implementation of TRIPS criminal enforcement standards in developing countries, in particular, China. His contribution illuminates the background of the WTO China-IPRs dispute as well as arguments of the parties and the WTO panel, and provides a deep analysis of the decision and its rationale, with useful explanations about the Chinese legal system, its history, recent developments and remaining shortcomings.
- 9 *Guido Westkamp* presents the situation in the UK. The author convincingly argues that due to the ever-expanding scope of trademark under the jurisprudence of the Court of Justice of the European Union (CJEU), criminal liability for trademark infringements has also dangerously expanded (at least if the relevant criminal provision is read literally). As far as copyright is concerned, he argues that under the recent UK Digital Economy Act 2010 (which allows disconnecting infringing users from the Internet), 'users are effectively criminalized given that rather severe sanctions may be imposed on the basis of a lofty description of "copyright infringement"'. He further insightfully discusses numerous criticisms of the 2010 Act and provides more general arguments against criminalization of IP law. The overview of national experiences finishes with the contribution about France written by *Joanna Schmidt-Szalewski*. Disappointingly, in seven pages of descriptive (and, in numerous instances, imprecise and unclear) text, the author merely points to the

main historical statutes imposing criminal liability in France, and reiterates the contents of the EU Proposed Directive on Criminal Measures. Keeping in mind that France is known as the country with one of the most protectionist policies towards IP, readers would have been especially interested to hear more about criminal enforcement policies and practice in this country. Certain compensation for this is offered in the last contribution by *Christophe Geiger*, at least in relation to copyright enforcement online (see below).

- 10 The last part of the book deals with selected enforcement issues, namely in the fields of drugs, spare parts and copyright online piracy. The report on comparative research on criminal enforcement of counterfeit drugs, as presented by *Hans-Georg Koch*, touches upon various issues of criminal enforcement of counterfeit drugs, from the definition, design and content of criminal provisions in national laws, to international prosecution and organized crime issues. Although readers may have expected more extensive remarks and conclusions on each of the issue (or at least a link to a full study), each section contains some useful and interesting proposals on how to improve national criminal laws in the field. One of the most interesting suggestions is 'a certain criminalization' of the online purchaser of counterfeit drugs – more elaboration on this would have been helpful. *Josef Drexler* contributes an excellent piece which convincingly demonstrates that there is no justification for maintaining design protection for spare parts, since it provides a standard example of anti-competitive IP law. Accordingly, he suggests that the Proposed Directive on Criminal Measures should clearly exclude from criminal liability violations of design protection for spare parts. As the last contribution, *Christophe Geiger* comments on a famous French HADOPI law. After an interesting and instructive pre-history of the HADOPI law, the author sums up numerous criticisms against the HADOPI system that were already articulated in academic and civil groups circles (such as difficulties in establishing infringement, huge costs, uselessness for authors, outdated technology and ineffectiveness in reducing piracy). Since it has been almost three years since the law came into force and there are (at least unofficial) reports on its results, readers would also have been interested to read more about whether the predicted shortcomings are already felt in practice.
- 11 Overall, the book should be welcomed and complimented for giving a broad and simultaneously rather detailed picture of the discussion on criminal enforcement of IP. Written by highly prominent researchers from around the world and covering a wide range of issues, it could serve as a good basis for opposing active industry lobbying for ever stronger IP enforcement and for arguing in favour of a more balanced approach to IP.