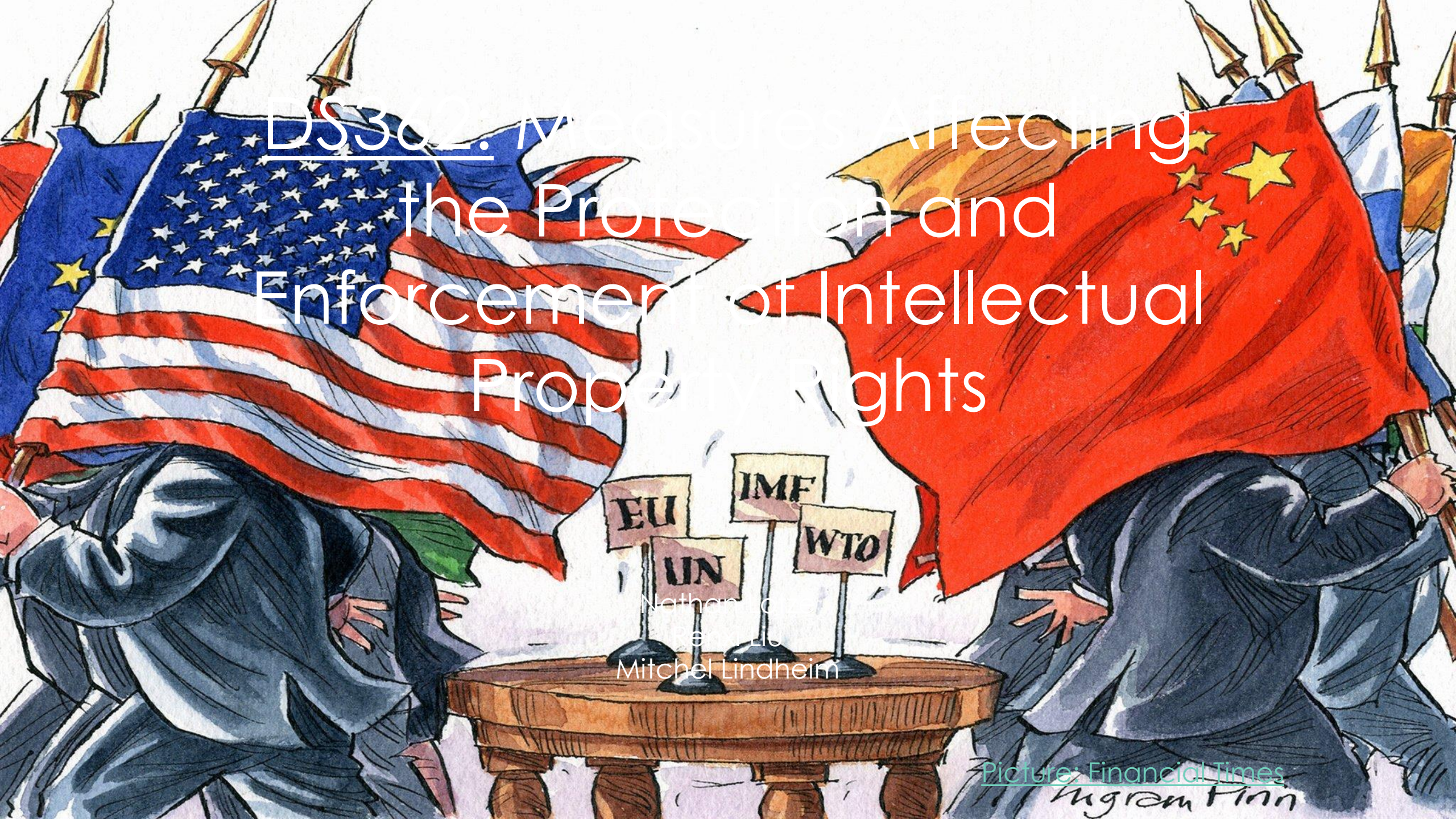


DS302: IV Meeting  
the Protection and  
Enforcement of Intellectual  
Property Rights



Matthew C.  
Lindheim  
Mitchel Lindheim

Picture: Financial Times  
Ingram Finn





[Picture: Medium](#)

## TIMELINE OF DISPUTE

- APRIL 2007 – US REQUESTS CONSULTATIONS WITH CHINA
- AUGUST 2007- US REQUESTS A PANEL
- DECEMBER 2007- PANEL WAS COMPOSED
- SEPTEMBER 2007- PANEL WAS ESTABLISHED
- JULY 2008- PANEL CHAIRMAN STATED THE PANEL WOULD EXTEND BEYOND 6 MONTHS
- JANUARY 2009 – PANEL REPORT WAS CIRCULATED



# CONTESTED CHINESE LAWS

- CHINA'S CRIMINAL LAW AND RELATED SUPREME PEOPLE'S COURT INTERPRETATIONS
  - COMMERCIAL THRESHOLD BELOW WHICH IP WASN'T PROTECTED
- CHINA'S REGULATIONS FOR CUSTOMS PROTECTION OF INTELLECTUAL PROPERTY RIGHTS AND RELATED IMPLEMENTING MEASURES
  - CONFISCATED MATERIALS WERE AUCTIONED OFF AFTER INFRINGING MATERIAL WAS REMOVED
- ART. 4 OF CHINA'S COPYRIGHT LAW
  - ALLOWED AUTHORITIES TO "DENY PROTECTION AND ENFORCEMENT TO WORKS THAT HAVE NOT BEEN AUTHORIZED FOR PUBLICATION OR DISTRIBUTION"

[Picture: IP Watchdog](#)



A photograph showing two flags on a stand: the United States flag on the left and the Chinese flag on the right. The background is a blurred indoor setting with a person in a dark suit walking. The text "CLAIMS BY THE U.S." is overlaid in the center in a light blue, sans-serif font.

# CLAIMS BY THE U.S.

[Picture: Straits Times](#)



# COMMERCIAL COUNTERFEITING

- "The lack of criminal procedures and penalties for commercial scale counterfeiting"
- TRIPS 41.1- Members must "permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements"
- TRIPS 61 - "Members shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a **commercial scale.**"



# CONFISCATION AND DISPOSAL

- China requires that copyrighted goods confiscated by authorities be released into "channels of commerce"
- TRIPS 46- "simple removal of the trademark unlawfully affixed shall not be sufficient, other than in **exceptional cases**, to permit release of the goods into the channels of commerce."
- TRIPS 59- In regard to counterfeit trademark goods, the authorities shall not allow the **re-exportation** of the infringing goods in an unaltered state or subject them to a different customs procedure, other than in **exceptional circumstances**."



# WORKS NOT AUTHORIZED BY CHINESE GOVERNMENT

- Foreign publications, performers, and other works not authorized by the Chinese government are not given national copyright treatment
- Berne 5 – Authors enjoy national copyright treatment for works outside their country of origin
- Berne 17 – National governments have the right to "permit, to control, or to prohibit, by legislation or regulation, the circulation, presentation, or exhibition of any work or production"
- TRIPS 41.1 and 61





# PANEL FINDINGS

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WTO OMC

WORLD TRADE ORGANIZATION  
ORGANISATION MONDIALE DU COMMERCE  
ORGANIZACION MUNDIAL DEL COMERCIO

[Picture: WTO](https://www.wto.org/)



# CRIMINAL THRESHOLD

- ARTICLE 61 DOES NOT FORCE MEMBERS TO MANDATE ALL TRADEMARK AND COPYRIGHT INFRINGEMENTS BE CRIMINALIZED. SIMPLY THAT SOME ENFORCEMENT POLICY BE IN PLACE
- COMMERCIAL SCALE: "THE MAGNITUDE OR EXTENT OF TYPICAL OR USUAL COMMERCIAL ACTIVITY WITH RESPECT TO A GIVEN PRODUCT IN A GIVEN MARKET"
- MOREOVER, A COMMERCIAL MARKETPLACE SIZE IS NOT UNIVERSAL. NOT DETERMINED THAT THE CHINESE MARKETPLACE SHOULD BE EXPECTED TO ADHERE TO THE SAME CRIMINAL STANDARDS AS THE U.S BASED ON COMMERCIAL SIZE
- LACK OF SUFFICIENT DATA AND EVIDENCE RESULTED IN THE WTO NOT SIDING WITH THE U.S ON THIS MATTER
- RULING: IN ACCORDANCE WITH OBLIGATIONS



# CUSTOMS MEASURES

- China's Customs IPR Regulations (Implementing Measures) ruled **inconsistent** with TRIPS Article 59
- With respect to imports, China was permitting "the sale of goods after the simple removal of the trademark in **more than** just exceptional cases"
- However, the Regulations are not subject to TRIPS 59 to 60 "to the extent that they apply to imports"



# COPYRIGHT LAW

- CHINA'S COPYRIGHT LAW ALLOWS AUTHORITIES TO "DENY PROTECTION AND ENFORCEMENT TO WORKS THAT HAVE NOT BEEN AUTHORIZED FOR PUBLICATION OR DISTRIBUTION" WITHIN CHINA.
- BERNE 17 ALLOWS CHINA TO REGULATE WORKS/PUBLICATIONS/MATERIALS WITHIN ITS COUNTRY
- HOWEVER, CHINA CANNOT DENY ALL COPYRIGHT PROTECTION IN THESE WORKS
- THEREFORE CHINA'S LAW WAS **INCONSISTENT** WITH BERNE 5 AS (TRIPS 9.1 & 41.1)
  - COPYRIGHT PROTECTIONS MUST BE GRANTED AND ENFORCED



# BROUGHT TO CONFORMITY

- APRIL 15, 2009: CHINA INFORMED DSU IT INTENDED TO IMPLEMENT RECOMMENDATIONS AND RULINGS ON COPYRIGHT LAW AND CUSTOMS MEASURES
- FEBRUARY 26, 2010 (GIVEN 12 MONTHS TO COMPLY): CHINA APPROVED THE AMENDMENTS OF THE CHINESE COPYRIGHT LAW
- MARCH 17, 2010: CHINESE STATE COUNCIL HAD ADOPTED THE DECISION TO REVISE THE REGULATIONS FOR CUSTOMS PROTECTION OF INTELLECTUAL PROPERTY RIGHTS
- APRIL 8, 2010: CHINA AND THE UNITED STATES NOTIFIED THE DSB OF AGREED PROCEDURES UNDER ARTICLES 21 AND 22 OF THE DSU.



# OBSERVATIONS

- LENGTHIER TIMELINE THAN MANDATED, BUT NOT EXCESSIVE
- RULINGS APPEARED FAIR
- ACTING US TRADE REP CALLED THE DECISION "AN IMPORTANT VICTORY"
- CENSORSHIP VS. TRADE



THANK  
YOU

Sources

- [Berne Convention](#)
- [TRIPS](#)
- [USTR](#)
- [WTO DS362](#)
- [WTO Panel Summary](#)
- [Berne Convention](#)

[Picture: CFR](#)