

DRAFT PIECE FOR DISCUSSION

Developing a Positive Agenda on Enforcement Provisions of EPAs

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I. Introduction

A key plank of the strategy behind the introduction on intellectual property (IP) in the Uruguay Round of Multilateral Trade Negotiations resulting into the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) was to ratchet-up enforcement of IP rights (IPRs) in developing countries. Consequently, in addition to the application of the of the World Trade Organization (WTO) dispute settlement system to IP disputes between WTO Members, detailed rules regarding enforcement of IP at the national level were inserted into the TRIPS Agreement. The whole of Part III of the TRIPS Agreement, containing 21 articles out of the Agreement's 72 Articles, relates to enforcement.

The minimum enforcement standards under TRIPS cover from general obligations on enforcement to very specific rules on evidence, injunctions, damages, remedies, border measures as well as the application of criminal procedures and penalties. These TRIPS standards have had both a conceptual and practical effect with respect to enforcement of IPRs in developing countries and least-developed countries (LDCs). Many of these countries have already focused significant efforts in meeting the TRIPS standards in the last decade or so.

However, notwithstanding the massive ratcheting-up of the enforcement requirements on developing countries through TRIPS, recent years have seen a massive campaign by developed countries, through the G-8, the Organization for Economic Cooperation and Development (OECD), the World Intellectual Property Organization (WIPO), the World Customs Union, INTERPOL as well as in the WTO, to improve IPRs enforcement in developing countries and LDCs. At the same time, through free trade Agreements (FTAs) and now the Economic Partnership Agreements (EPAs), the United States and the

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European Union (EU) respectively are seeking to develop new and additional standards of IP enforcement. In this context, the EU *Strategy for the Enforcement of Intellectual Property Rights in Third Countries*, which informs the EU's position in the EPA negotiations, makes it clear that the EU would revisit its approach to IPR in bilateral agreements with a view to *inter alia* strengthening enforcement clauses.¹

The provisions on enforcement in the TRIPS Agreement as well as the FTAs and EPAs and their implementation have a direct impact on the practical effect of IPRs at the national level. The manner in which the provisions are drafted, interpreted and applied in addition to determining how much power the IPR holders enjoys also impact directly on the implementation of flexibilities in the Agreement by countries as well as the competitive relations among firms in the economy. So for example, while Article 44.2 of TRIPS permits WTO Members to exclude government use licenses from injunctions, if this is not spelt out in the law, pharmaceutical companies can, for example, easily frustrate government effort to acquire essential medicines even in the cases of emergency by obtaining injunctions. Another example relates to the balance of rights between applicants and defendants contemplated in Article 42 of TRIPS. Ensuring that both the IPR holders and defendants have practical means of exercising the rights contemplated is important. Consequently, the issue of IPR enforcement is neither straight-forward nor a neutral subject but a highly complex and economically significant one.

This think-piece (paper) examines the development and general TRIPS-plus implications of the enforcement provisions included in the draft negotiating texts of EPAs with the Economic Community of West African States (ECOWAS). The ultimate aim is to provide a positive agenda for ECOWAS countries on IP enforcement to assist these countries respond to the EU demands while addressing their local concerns. I first provide an overview of the key elements of the TRIPS Agreement enforcement framework and a review of the overall EU enforcement strategy in section II followed by a discussion of the key issues and challenges for ECOWAS countries on enforcement in section III. I then turn to a discussion of how a positive agenda on enforcement for ECOWAS countries could look like in the EPA context in section IV.

¹ European Commission, Directorate General for Trade, *Strategy for the Enforcement of Intellectual Property in Third Countries*, (European Commission, Brussels, 2004), p. 4.

II. IPR Enforcement in EPAs: Relevant Overarching Frameworks and Context

The approach by the EU on IPR enforcement in the EPAs negotiations is informed and influenced by two important IPR enforcement frameworks that provide rules and standard. The first, obviously, is the TRIPS Agreement. The second and important framework is the EU's own IPR enforcement framework which is contained in two enforcement directives, Intellectual Property Enforcement Directive (IPRED) 1 and 2.² An understanding of these two IPR enforcement frameworks is important in addressing the various issues that arise with respect to EPA IPR enforcement provisions.

II.1 The TRIPS Enforcement Framework: Key Elements

There is a general agreement among WTO Members that enforcement of IPRs is part and parcel of the TRIPS IP system and that the enforcement measures put in place should be effective. This understanding is, however, pegged on three conceptual parameters.

1. The first is the recognition that “intellectual property rights are private rights”.³ In this context, it should be understood that a claim to private property rights including IPRs is a demand for state intervention which should follow the dictates of common welfare.
2. The second is the recognition that while the TRIPS Agreement is intended to provide effective and appropriate means of enforcing IPRs, the structures to be put in place must take “into account differences in national legal systems”⁴ and recognise the right of each WTO Member “to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice”⁵.
3. Finally, the basic international law rule that the implementation and interpretation of treaty provisions (in this case the enforcement provisions of TRIPS) must be done in light of the object and purpose of the treaty. The purpose and objective of TRIPS is that the protection of IPRs would contribute to technological innovation, the transfer and dissemination of

² IPRED1 (Directive 2004/48/EC, *Official Journal L 195, 02/06/2004 P.0016 - 0025*) adopted in 2004 covers rules on standing, evidence, seizure, injunctions and other matters in civil cases while IPRED2, adopted by the European Parliament in March 2007 and pending Council approval (available at <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A6-2007-0073+0+DOC+WORD+V0//EN>) is intended to address criminal sanctions relating to IPR counterfeiting and privacy.

³ See the Preamble to the TRIPS Agreement, para 4.

⁴ See para 2(c) of the Preamble to the TRIPS Agreement.

⁵ Article 1.1 of the TRIPS Agreement.

technology and that the TRIPS framework would ensure the balance of benefits for producers (IPR holders) and consumers of knowledge and technology (general public, competitors etc.) in a manner conducive to social and economic welfare.⁶ The implication is that the enforcement provisions should help ensure the achievement of these objectives by, among others, facilitating measures necessary to protect public health and nutrition and promote public interest in sectors of vital importance to the country and to prevent the abuse of IPR by right holders as well as anti-competitive practices and measures that restrain legitimate trade.

It is in the context of these conceptual parameters that enforcement provisions under Part III of the TRIPS Agreement should be understood.

Part III of the TRIPS Agreement has five sections, namely: General Obligations (Section 1 – Article 41); Civil and Administrative Procedures and Remedies (Section 2 - Articles 42-49); Provisional Measures (Section 3 – Article 50); Special Requirements Related to Border Measures (Section 4 – Articles 51-60); and Criminal Procedures and Penalties (Section 5 – Article 61). Each of this section has important key elements.⁷

There are four key elements in the general obligations section. In summary these are that:

- The enforcement procedures put in place by WTO Members must permit effective action against any act of infringement of IPRs covered by TRIPS provided that these procedures are applied in a manner that avoids the creation of barriers to legitimate trade and provide for safeguards against abuse;
- The enforcement procedures must be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays (for both IPR holders and defendants);
- Parties to any enforcement proceedings must have an opportunity for review of a first instance decision provided that such an opportunity for review is not required with respect to criminal acquittals; and
- There is no obligation for any WTO Member either to put in place a special judicial system for IPR enforcement separate

⁶ See Article 7 of the TRIPS Agreement.

⁷ For a detailed discussion on the enforcement provisions of the TRIPS Agreement including their negotiating history, see UNCTAD and ICTSD, *Resource Book on TRIPS and Development* (UNCTAD & ICTSD, Cambridge University Press, New York, 2005), Part 4.

from the normal court and administrative systems or to expend a higher proportion of state resources towards IPR enforcement as compared to other laws.

With respect to civil and administrative procedures and remedies, there are at least seven key elements. These include:

- The right to due process by ensuring fair and equitable procedures including each party having the right to be represented by legal counsel, to be protected from burdensome requirements of personal appearances in court, to present their case and evidence and have their confidential information protected⁸;
- Granting judicial authorities power to order either party (right holder or defendant) to produce evidence relevant to the other party's case and to enter summary judgment in certain cases⁹;
- Granting judicial authorities power to order injunctions to prevent further infringement including entry of goods in the channels of commerce, provided that that Members do not need to grant such authority with respect to unintentional infringement and they have the right to expressly prohibit injunctions with respect to compulsory licenses and government use licenses contemplated under Article 31 of TRIPS¹⁰;
- Granting judicial authorities power to order damages to compensate for injury to right holders in cases of intentional infringement, to order the infringer to pay the right holders expenses including legal fees provided that Members are under no obligation to grant judicial authorities power to order recovery of profits or pre-established damages¹¹;
- Granting judicial authorities power to order the destruction of infringing goods and materials and implements whose predominant use has been the creation of the infringing goods provided that the need for proportionality between the seriousness of the infringement and the remedies ordered and the interest of third parties are taken into account in determining the request for destruction of goods or material and implements¹²;
- Granting judicial authorities power to order a right holder or their representatives who brought infringement proceedings and who have abused enforcement procedures to pay adequate compensation to the defendants wrongfully enjoined or

⁸ See Article 42 of the TRIPS Agreement.

⁹ See Article 44 of the TRIPS Agreement.

¹⁰ See Article 44 of the TRIPS Agreement.

¹¹ See Article 45 of the TRIPS Agreement.

¹² See Article 46 of the TRIPS Agreement.

restrained in their activities and to pay the defendants expenses including legal fees¹³; and

- The right to exempt public authorities and officials from liability for IPR infringement provided that the actions are intended or taken in good faith in the course of administration of the law¹⁴.

The key element with respect to provisional measures in Section 3 of Part III of the TRIPS Agreement is that WTO Members must grant judicial authorities power to order prompt and effective provisional measures to prevent infringement from occurring particularly preventing goods from entering the channels of commerce and to preserve evidence of infringement. To achieve this purpose detailed provisions are made regarding *ex-parte* orders, requirements for proof that one is the right holder and compensation for defendants.

With respect to border measures, there are at least six important elements, namely that:

- WTO Members must adopt procedures that permit the suspension by customs authorities the release into circulation of counterfeit trademark or pirated copyright goods provided that these procedures are not required with respect to other categories of IPRs such as patents or with respect to goods destined for export¹⁵;
- The competent authorities shall have the power to order security or equivalent assurance from the applicant for suspension by customs authorities to protect the defendant and the authorities and prevent abuse provided that such security should not be a deterrent to requests for suspension and where release is ordered pending further proceedings, to order the owner, importer or consignee to pay security¹⁶;
- The competent authorities shall have the power to order the indemnification of the importer or owner of goods for wrongful detention of goods¹⁷;
- Ex-officio actions, that is cases where competent authorities are permitted to act on their own initiative, are not mandatory for WTO Members;

¹³ See Article 48 of the TRIPS Agreement.

¹⁴ See Article 48 of the TRIPS Agreement.

¹⁵ See Article 51 of the TRIPS Agreement. With respect to goods destined for export, under the 30 August 2003 decision with respect to the mechanism created for the use of compulsory licenses by countries without manufacturing capacity in the pharmaceutical sector, an exception is created to the general TRIPS rule so that WTO Members are now required to take certain measures with respect to goods imported under that mechanism to prevent re-exportation.

¹⁶ See Article 53 of the TRIPS Agreement.

¹⁷ Article 56 of TRIPS.

- The competent authorities must have the power to order the destruction of infringing goods provided that the safeguards and procedures of Article 46 are observed¹⁸; and
- WTO Members have the freedom and right to exclude the application of provisional border measures to small quantities of goods of a non-commercial nature contained in travellers personal luggage or sent in small quantities (*de minimis imports*)¹⁹.

Finally, with respect to criminal procedures and penalties for IPR infringement, there are three key elements.²⁰ These include that:

- Criminal procedures and penalties are only required with respect to wilful trademark counterfeiting and copyright piracy on a commercial scale. In all other cases, the application of criminal procedures as part of the IPR enforcement framework is purely discretionary for each Member even in cases of wilful infringement on a commercial scale;
- Remedies and penalties in criminal IPR infringement cases must include imprisonment and/or fines sufficient to provide deterrent but that such penalties should correspond to the level of penalties applied for crimes of similar gravity; and
- In appropriate cases, remedies must include the seizure, forfeiture and destruction of infringing good or implements and materials whose predominant use has been the commission of the offence.

The TRIPS enforcement framework with the above key elements is obviously onerous on developing countries and LDCs from a financial and administrative standpoint. It has also not been shown by evidence that this framework is necessarily conducive to ensuring that the object and purpose of TRIPS is achieved in these countries. The balance of rights and obligations between right holders and third parties may also not be optimum. Nevertheless, it fair to say that the drafters of the TRIPS Agreement went to some length in ensuring balanced enforcement provisions linked to the three conceptual parameters identified above.

III. EU's IP Enforcement Framework and Strategy

The EU's formal IPR enforcement framework is contained in IPRED1 which only covers civil and administrative procedures. Upon approval by the EU Council, IPRED2 will add to this framework criminal procedures and penalties. The two directives, however, are only

¹⁸ See Article 59 of the TRIPS Agreement.

¹⁹ See Article 60 of TRIPS.

²⁰ See Article 61 of the TRIPS Agreement.

intended to address IPR enforcement within the EU internal market.²¹ With respect to IPR enforcement in third countries, the European Commission has elaborated a specific strategy.²² These three sets of documents provide the basis for the EU IPR enforcement proposals in the EPAs.

The objective of IPRED1 is to approximate legislative systems within the EU Members States so as to ensure “a high, equivalent and homogenous level of protection” for IPRs in the internal market.²³ The scope of the Directive, as noted, however, excludes criminal procedures and penalties which until the adoption of IPRED2 are only governed by the provisions of the TRIPS Agreement. IPRED1 is underlined by a number of considerations and concepts enumerated in the Preamble. Among others, these include that:

- IPR protection is “important not only for promoting innovation and creativity but also for developing employment and *improving competitiveness*”²⁴;
- Without effective means of enforcing IPRs innovation and creativity is discouraged and investment diminished and that enforcement means are paramount for the success of the internal market²⁵;
- The disparities between IPR enforcement systems in the EU countries is prejudicial to the proper functioning of the internal market of the EU²⁶;
- The Directive does not affect the application of rules of competition and that measures in the Directive should not be used to restrict competition unduly²⁷;
- The measures in the Directive should be applied in a manner that takes into account the specific characteristics of the case, including specific features of the type of IPR and as appropriate, intentional and unintentional infringement²⁸;
- The procedures should have regard to the rights of the defence and provide necessary guarantees, including the protection of confidential information²⁹;

²¹ Nevertheless, in the context of EPAs and elsewhere, these Directives are having important extra-territorial application when transposed into bilateral agreements as will be discussed below.

²² *Supra* note 1.

²³ See Recital 10 read together with Article 1.

²⁴ Recital 1. Emphasis added.

²⁵ Recital 3.

²⁶ Recital 8.

²⁷ Recital 12.

²⁸ Recital 17

²⁹ Recital 20.

- While it is important to provide for provisional measures, these should be applied while observing the rights of the defence and in a manner that ensures proportionality³⁰; and
- Injunctions against intermediaries should be left to the national courts of the EU Member States³¹

In substantive terms IPRED1 contains rules and standards on general enforcement obligations for EU Members States as well as to (see Chapters II – IV):

- The persons entitled to apply for the measures and procedures and to benefit from the remedies;
- Presumption of authorship and ownership;
- Evidence and measures for preserving evidence;
- The right of information;
- Provisional and precautionary measures;
- Corrective measures and destruction;
- Injunctions;
- Alternative measures;
- Damages and legal costs;
- Publicity measures; and
- Codes of conduct and administrative cooperation.

While the Directive is premised on the idea that there is a causal relationship between IPRs and innovation and creativity in all cases; a notion that is difficult to demonstrate with hard evidence, there is an intrinsic attempt in terms of the underlying principles to balance the rights of IPR holders and those of third parties. In this regard, while the IPRED1 is TRIPS-plus in many senses, it still mirrors the TRIPS Agreement approach to enforcement in terms of seeking to balance rights and obligations, ensuring fairness and equity and proportionality.

On the other hand, the objective of the IPRED2 is to harmonise certain Criminal provisions to effectively combat counterfeiting and piracy in the EU's internal market. In this regard, the EU Parliament in amending the initial Article 1 explains that the criminal provisions are specifically aimed at counterfeiting and piracy but are not of a general nature. This distinction, it is argued, would ensure that IPRED2 does not criminalise IPR disputes that are essentially of a civil nature and that occur between legitimate commercial enterprises.

It is also notable that as per Article 1 paragraph 2, as amended, the provisions of the Directive do not apply to patents rights and rights

³⁰ Recital 22.

³¹ Recital 23.

under utility models and supplementary protection certificates. The EU Parliament justifies the exclusion of patents, in particular, on the basis that “most research projects are highly complex, inventors are constantly exposed, when carrying out their work, to the risk of infringing patent rights. *Treating patent infringements as criminal offences could deter inventors and academics from developing innovations*”.

In concrete terms, IPRED2 seeks to define the offences relating to IPR infringement and also provides for, among other issues, penalties including custodial sentences, fines, confiscation, destruction of goods, temporary or permanent closure, permanent or temporary ban on engaging in commercial activities, judicial supervisions, a ban on access to public assistance or subsidies and publication of judicial proceedings. It is also foreseen that in the implementation of IPRED2, the Framework Decision of 13 June 2002 regarding joint investigation where right holders assist in investigations would apply.³²

The EU Enforcement Strategy in Third countries on its part seeks to: provide a long-term line of action by the European Commission with the goal of achieving a significant reduction in IPR violations in third countries; to describe, prioritise and co-ordinate the mechanisms available to the Commission for achieving the said goal; and to inform right holders and other concerned entities the means and actions available and to be implemented and to raise awareness on the importance of participation. The Strategy document argues that the enforcement strategy is, however, not intended to impose unilateral solutions or to propose one-size-fits-all approach in promoting IPR enforcement or to copy other models of IPR enforcement or to create alliances against certain countries. The goals of the Strategy and what it is not intended for are therefore clearly set out.

The strategy proposes a set of actions to address the problem of IPR enforcement in third countries. In particular, eight specific actions are proposed, namely:

- Identifying priority countries;
- Using the processes and mechanisms of multilateral and bilateral agreements;
- Political dialogue;
- Incentives and technical cooperation;
- Using dispute settlement and sanctions;
- Creation of public-private partnerships;
- Awareness raising drawing on EU's own experience; and
- Institutional cooperation.

³² See EU Official Journal L 162, 20.6.2002.

The strategy, although well intentioned, especially in light of the unequivocal statements about what it is not intended to do, raises important questions regarding issues such as identification of priority countries, use of multilateral and bilateral agreements, technical cooperation and creation of public-private partnerships in this area.

With respect to bilateral and multilateral agreements, in particular, the strategy aims at, among others, raising enforcement concerns at Summit meetings with third countries and in the context of Councils or Committees created in the context of those agreements, for example, the TRIPS Council and revisiting the EU's approach to IPR chapters in bilateral agreements with a view to, *inter alia*, the strengthening of the enforcement clauses.

IV. EPA Enforcement Provisions: Key Issues and Challenges for ECOWAS Countries

The campaign and greater focus on IPR enforcement by the EU in EPAs as well as the United States in the context of FTAs and Special 301 Report³³ are predictable reactions in a dynamic global economy. The WTO TRIPS framework as well as the FTAs and EPAs are all built around a static view of comparative advantage. The implication is that each country will seek rules that lock in its comparative advantage in perpetuity. Where countries feel that their trading partners, while retaining their comparative advantage, say in agriculture or commodities, but are also gaining advantage in other sectors, in this case higher technology goods and services, one defensive strategy is to ratchet-up enforcement of the lock-in rules or to create new rules to maintain the lock-in. Consequently, in the context of IPRs, the sense in the EU and the United States as well as other OECD countries that certain emerging economies (Brazil, Russia, India, China and South Africa – the so-called BRICS, among others) are catching up in various technological sectors and hence gaining export advantage in

³³ "Special 301" is the part of United States Trade Act that requires the USTR to identify countries that deny adequate protection for IPRs or that deny fair and equitable market access for US persons who rely on IPRs. Under the process, countries that have what the United States considers the most egregious acts, policies, or practices, or whose acts, policies, or practices have the greatest adverse impact (actual or potential) on relevant United States products and are not engaged in good faith negotiations to address these problems, must be identified as "priority foreign countries." If so identified, such country could face bilateral trade sanctions if changes are not made that address United States concerns. The USTR has also created a "Priority Watch List" and "Watch List" under Special 301 provisions. Placing a country on the Priority Watch List or Watch List indicates that particular problems exist in that country with respect to IP protection or enforcement or market access for persons relying on IP.

knowledge embedded goods and services, is a major factor in the various initiatives directed at IPRs enforcement.³⁴

The TRIPS Agreement's enforcement framework, as already noted, is predicated on three conceptual parameters, namely, that: IPRs are private rights; each country has the right and freedom to determine the appropriate method of implementing the enforcement provisions in line with its own legal system and practice; and in line with international law principles the interpretation and implementation of enforcement and other provisions of TRIPS should be in line with the object and purpose of the treaty. In this regard, the detailed TRIPS provisions on enforcement seek to balance the obligations on WTO Member States as well as the rights of IPR holders and third parties including competitors. On that score, it is clear that the EU considers the TRIPS rules on enforcement inadequate especially in the face of increased competition and hence the intention to revisit its approach to IPR chapters in bilateral agreements with a view to, *inter alia*, the strengthening of the enforcement clauses.³⁵

Seen from the standpoint of the underlying concepts in the TRIPS Agreement, the EU's approach and hence the draft provisions on IPR enforcement in EPAs raise significant problems for ECOWAS countries both conceptually and practically. There is no doubt that the EPA provisions on enforcement are overly TRIPS-plus though it is notable that criminal procedures and penalties have been left out of the draft text. This is a positive factor. At least seven major challenges and problems can be identified based on the draft EPA text for West African Countries.³⁶ These include:

1. loss of flexibility to determine appropriate method of implementation in light of own legal practice and socio-economic imperatives;
2. a disconnect between the object and purpose of the Cotonou Agreement and the proposed provisions;
3. lack of safeguards and balancing mechanism to protect the rights and freedoms of third parties including abuse of procedures;
4. creation of liability for intermediaries;

³⁴ For an insightful discussion of the changing balance of power and possible future scenarios in the world of IP see European Patent Office (EPO), *Scenarios for the Future – How might IP regimes evolve by 2025? What global legitimacy might such regimes have?* (EPO, Munich, 2006).

³⁵ For a detailed discussion on the IPR rules in EPAs including enforcement provisions see e.g., M. Santa Cruz, "Intellectual Property Rules in European Union Trade Agreements: Implications for Developing Countries", *Intellectual Property Rights & Sustainable Development Series* (ICSTD, Geneva, 2007).

³⁶ Reference to the EPA Draft Text means the European Commission text dated 4 April 2007.

5. far-reaching and unproportional evidence gathering capabilities;
6. Permitting damages based on the consideration of extraneous factors;
7. Expansion of IPR enforcement to free trade zones and specific targeting of goods for re-export and not intended to enter into the channels of trade of the country.

I briefly review each of these seven challenges and problems in the sub-sections that follow.

IV.1 Loss of Flexibility to Determine Appropriate Method to Implement IPR Enforcement Provisions

The provisions on enforcement in the draft EPA text for ECOWAS countries are substantially TRIPS-plus. To a large measure the provisions directly mirror and in some cases, are cut and paste versions of IPRED1 provisions.³⁷ This approach, where the EU is seeking to impose the provisions in IPRED1 directly on ECOWAS and other ACP countries is problematic.

IPRED1 constitutes the EU's exercise of its right to determine the appropriate method of implementing the TRIPS enforcement provisions and to achieve its own other goals. IPRED1, as noted, was also specifically aimed at addressing the issues in the context of the EU internal market, taking into account the circumstances and legal practices of EU Member States. It follows, that the imposition of the approach in the IPRED1 on ECOWAS countries will fundamentally deny these countries, especially the LDCs among them, the opportunity to determine their own method of implementation of the TRIPS enforcement provisions and to achieve their own other goals related to technological innovation and knowledge diffusion.

In light of the detailed provisions that are TRIPS-plus another challenge that arises is the implication of the use of the phrase "without prejudice to the rights and obligations under TRIPS". On the one hand, this phrase could mean, 'without undermining or subtracting from the rights and obligations of the parties under the TRIPS Agreement'. However, this phrase could also be read in a qualified manner where it means without undermining the obligations of the parties under TRIPS and those rights which are not expressly surrendered under the EPA. Clearly, when one reviews the detailed provisions, the latter interpretation appears to be the applicable one. In effect, the approach to enforcement here means that ECOWAS countries are directly

³⁷ See e.g., Article 13 of the draft text. Except for the addition of the phrase regarding without prejudice to the TRIPS Agreement, the text mirrors Article 3 of IPTRED1.

bargaining away, in this area, a fundamental parameter on which the TRIPS Agreement is built by accepting detailed prescriptive rules.

A related issue that arises concerns the intention of the EU, through the Commission, to identify priority countries in the context of IPR enforcement. The concept of priority countries is well developed by the USTR and though the Commission argues that its strategy is not meant to copy other models, the implications of this approach are likely to be similar to the US Special 301. The question that arises is whether even where ECOWAS and other ACP countries have complied with their substantive obligations the EU will still be able to identify them as priority countries and take measures against them as the United States does.

IV.2 Disconnect between the Object and Purpose of the Cotonou Agreement on IP, the Objectives of the EU Enforcement Strategy and the Proposed IPR Enforcement Provisions

Article 46 of the Cotonou Agreement which deals with IPRs does not address the question of enforcement directly. The Article only talks about adequate level of protection of IPRs covered under TRIPS in line with international standards and that technical cooperation activities in the field of IP would, on mutually agreed terms and conditions, extend to preparation of laws and procedures for IPR enforcement and to address infringement by competitors.

Subsequently, the EU IPR Enforcement Strategy makes it clear that it is not intended to propose a one-size-fits-all approach on enforcement as it is critical to have a flexible approach that takes into account the different needs, levels of development and membership of WTO as well as the status of the country regarding infringement activities. So for example, different approach would be needed, according to the strategy, for countries of production of infringing goods, transit countries and consumption countries.

Considering that the Cotonou Agreement did not specifically mandate major measures on enforcement of IPRs and the caveats in the EU IPR Enforcement Strategy, there is a clear disconnect with the actual provisions proposed in the draft EPA text. The TRIPS enforcement provisions are already onerous by any standard. The addition of a layer of very detailed enforcement provisions therefore raises questions as to how the EU is taking into account the levels of development of ECOWAS countries. As to not imposing a one-size-fits-all approach, it is difficult to see how this is not what the EU is doing when the proposed provisions are essentially the provisions of IPRED1 which contains measures designed for the EU internal market.

IV.3 Lack of Safeguards and Balancing Mechanism to Protect the Rights and Freedoms of Third Parties including Abuse of Procedures

The significant safeguard measures foreseen in the TRIPS Agreement to guard against abuse of enforcement provisions, to protect the rights of third parties and competitors and to ensure that unnecessary obstacles are not put in the way of legitimate trade are virtually missing in the draft EPA text. Indeed, the text on this score is particularly gregarious because, though based on IPRED1, safeguard measures etc. for the defence in IPRED1 have been removed from the EPA text!

The trick is that while the EPA text on the face of it appears identical to IPRED1 including on safeguard measures, the extensive recitals to IPRED1, which explain and contextualise the safeguard measures are not included in the EPA draft text. For example, while the provisions of IPRED1 on provisional and precautionary measures which are lifted into the draft EPA text for the ECOWAS countries are premised on Recital 22 in the Directive which provides that provisional measures shall be undertaken while observing the rights of the defence, ensuring proportionality of the provisional measure as appropriate to the characteristic of the case and subject to providing guarantees sufficient to cover the costs of unjustified requests for provisional measures, the same is not the case for the EPA text.

Another challenge regarding safeguard measures and mechanism for third parties relates to the intention in the EPA text to require the parties to the EPA to encourage the development of codes of conduct aimed at contributing to enforcement. These codes of conduct are foreseen as being developed by the parties identified in the text as those entitled to apply for enforcement actions "Entitled Applicants". Codes of conduct regarding how not to abuse enforcement provisions or to protect third parties are clearly not foreseen.

IV.4 Creation of Liability for Intermediaries

Intermediary liability for infringement action by third parties is introduced in the EPA text based on IPRED1 language. As with most of other provisions, this is a TRIPS-plus provision. The key challenge here is that the introduction of intermediary liability, apart from its own problems, is doubly problematic where the safeguard mechanisms for third parties are weak and provisional measures such as injunctions are readily available as foreseen by the draft EPA text. The very concept of intermediary liability is also not particularly well developed in ECOWAS countries raising additional challenges.

At the same time, while the EU has left the issue of injunctions against intermediaries to Member States discretion, it is seeking to impose on ECOWAS a specific rule in this regard.³⁸

IV.5 Far-reaching and Unproportional Evidence Gathering Capabilities on behalf of Right Holders

The draft EPA text for ECOWAS countries contains extensive provisions regarding evidence gathering and preservation as well as to the right of information. The provisions include granting judicial authorities powers to order the communication of banking, financial or commercial documents to those alleging infringement. The only safeguard provided is the phrase 'where appropriate' and protection of confidential information. Proportionality and other basic safeguards are missing.

The implications of these far reaching and unproportional evidence gathering and production requirements both from the standpoint of the administrative and financial burden as well as on business practices in ECOWAS countries could be significant. Evidence requirements and right to information rules developed for the internal market of the EU are likely to be inapplicable to the situation of most ECOWAS countries especially in the context of the informal sectors that predominate the business environment. Concepts of confidential information and where the line should be drawn etc., for example, are not easy to apply to the informal sector.

IV.6 Permitting Damages based on the Consideration of Extraneous Factors

Logically, and in the spirit of fair and equitable procedures and remedies, the TRIPS Agreement only foresees the payment of damages adequate to compensate for the injury the right holder suffered as a result of intentional infringement and recovery of legal expenses. The draft EPA text, however, introduces provisions which would require:

- Courts to somehow take into account extraneous factors such as "the negative economic consequences" of infringement (a particularly difficult concept to measure in the context of IPRs); and
- Elements other than economic factors, such as the moral prejudice caused to the right holder by the infringement.

³⁸ See Recital 23 of IPRED1.

Both the concept of negative economic consequences and moral prejudice are extremely hard to quantify and are clearly extraneous factor to the primary purpose of enforcement which is to prevent injury to the right holder. The addition of such extraneous factors to the considerations the courts have to make in determining damages simply opens the floodgates of abuse, unnecessary litigation and delays.

IV.7 Expansion of IPR Enforcement to Free Trade Zones

The draft EPA text for ECOWAS countries also extent certain enforcement obligations to activities in free trade zones in ECOWAS countries. These obligations would extent to include measures to suspend goods destined for re-exportation or export. Apart from the TRIPS-plus implications of this proposed provision, such an obligation is likely to place a significant burden on ECOWAS countries administrative and financial resources. As was demonstrated in the discussions on the 30 August 2003 paragraph 6 decision, placing strict obligations on developing countries and LDCs, such as the ECOWAS countries, to police exports is particularly burdensome and is unwarranted.

V. A Positive Agenda for ECOWAS Countries on IP Enforcement in EPAs

There is no doubt that enforcement of IPRs is an important part of any IPR regime. There are benefits that accrue to foreign IPR holders but it must also be recognised that these measures, applied reasonably and in a balanced way, also have benefits for local inventors and innovators. The TRIPS Agreement's enforcement provisions are quite extensive and onerous for developing countries and LDCs including ECOWAS countries. Nevertheless, the TRIPS provisions are predicated on a number of parameters that foresee balance between the protection of rights and legitimate trade and competition as well as balance between the power given to courts on behalf of right holders and that given to courts to protect defendants and other third parties.

The Cotonou Agreement in leaving out enforcement, in terms of additional measures to the TRIPS measures, clearly recognised that the TRIPS Agreement provisions were reasonable, if not onerous on ACP countries. The EU's enforcement strategy also seems, on the face of it, to recognise that a one-size-fits-all approach to IPR enforcement (by for example, directly transposing the IPRED1 structure to ECOWAS countries which are at a different level of development) is inherently unfair. In essence therefore, aside from the specific problems and challenges that arise with specific provisions in the draft EPAs text

with respect to IPR enforcement (discussed above), there is a fundamental conceptual problem with the approach to enforcement in the EPA with ECOWAS countries.

The approach, as shown, is even contrary to EU's own stated position in its strategy on enforcement in third countries. ECOWAS countries therefore need to devise both a defensive and offensive strategy in this area. The practical impact of the IPR provisions in EPAs (if indeed these are necessary) will greatly depend on the enforcement provisions. The provisions and their final shape is therefore of fundamental importance to ECOWAS countries.

In this context, a positive agenda for ECOWAS countries on IPR enforcement could include the following elements:

1. Establishing, as a basic conceptual understanding, that enforcement measures must not only deal with counterfeiting and piracy but must also be based on the premise that:
 - Intellectual property rights are private rights and their enforcement should follow the dictates of common welfare;
 - The TRIPS Agreement is intended to provide effective and appropriate means of enforcing IPRs taking into account differences in national legal systems and recognising the right of each WTO Member "to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice".
 - The enforcement provisions must be linked to the attainment of the objectives of ECOWAS countries in protecting IPRs which, as agreed in TRIPS, is to contribute to technological innovation, the transfer and dissemination of technology and to balance of benefits for producers (IPR holders) and consumers of knowledge and technology (general public, competitors etc.) in a manner conducive to social and economic welfare.
2. A demand that, in accordance with the EU's enforcement strategy, the EPA provisions on IPR enforcement (if any) do not impose a one-size-fits-all approach for ECOWAS countries and that, in any case, the proposed measures not be based on IPRED1 as the Directive was developed for the internal market of the EU and takes no account of the different needs in ECOWAS countries, their different levels of development *vis-à-vis* the EU and among themselves nor the main problems of IPR enforcement in these countries. The burden of proof should be on the EU to demonstrate that the implementation of the TRIPS enforcement provisions is inadequate for effective IPR enforcement in these countries. If there are gaps, these should

be specifically identified and justified and addressed in specific terms as opposed to the imposition of a whole legal structure from the EU.

3. If IPRs including enforcement provisions are included in the EPAs, ECOWAS countries should seek a treaty undertaking from the EU that in terms of enforcement, the EU will not seek or impose additional unilateral measures and demands including sanctions in the manner in which the United States has used the Special 301. This is particularly the case in light of the EU's stated intention to identify priority countries.
4. The enforcement structure envisaged under the EPAs could also include measures specifically targeted at enforcing provisions such as those related to transfer of technology and competition rules. ECOWAS LDCs could, for example, seek to reinforce the reporting mechanism under Article 66.2 regarding transfer of technology by imposing additional enforcement requirements on the EU. Currently, the provision on the subject is a cut and paste from the TRIPS Agreement unaccompanied by the implementation mechanism or any suggestions for improvement.
5. As noted, the exclusion of criminal procedures and penalties in the draft EPA text with ECOWAS countries is a welcome development though this might be a function of IPRED2 not having been adopted as a Directive. As part of the positive agenda on IPR enforcement in EPAs, ECOWAS countries must ensure and insist that criminal procedures and penalties are not introduced in the EPA. This will be particularly important if IPRED2 is approved before the conclusion of the EPA as there is a likelihood of the EU trying to incorporate it in the EPA.
6. At the same time, ECOWAS countries should seek to specifically and, in explicit language, ensure that whatever the enforcement provisions, such provisions do not affect the application of certain rules such as competition rules.
7. A positive agenda could also include efforts to develop a non-exhaustive list of abusive enforcement practices such as practices that could be used to unduly restrict competition or to restrain legitimate trade. While these concepts are repeatedly used in IPR treaties, their actual meaning is imprecise and ECOWAS countries could benefit by pushing for more meat being put on these skeleton concepts.

8. Finally, a positive agenda on enforcement in EPAs should also include the relevant outcomes of the WIPO Development Agenda discussions such as in the area of technical assistance and capacity building where guidelines are being established including, for example, the idea that IPR protection and enforcement regimes in developing countries should be administratively sustainable.