IIPSJ Comments on IP Enforcement by the Federal Government

I. Commentator Information

These comments are submitted by the Institute of Intellectual Property and Social Justice at the Howard University School of Law, by its Director, Prof. Lateef Mtima, and its Associate Director, Prof. Steven D. Jamar in response to the Request of the Intellectual Property Enforcement Coordinator, Victoria A. Espinel, for Public Comments Regarding the Joint Strategic Plan for Coordination and Strategic Planning of the Federal Effort Against Intellectual Property Infringement, as published in the Federal Register, Vo. 75, No. 35, p. 8137-8139 Tuesday, February 23, 2010 (FR Doc. 2010-3539).

The Institute of Intellectual Property and Social Justice (IIPSJ) was founded in 2002 to address the social justice implications of intellectual property law and practice both domestically and globally. IIPSJ's work ranges broadly and includes scholarly examination of intellectual property law from the social justice perspective; advocacy for social-justice aware interpretation, application, and revision of intellectual property law; efforts to increase the diversity of the those who practice IP law; and programs to empower historically and currently disadvantaged and under-included groups to exploit IP effectively.

II. Summary of Comments and Principles for IP Enforcement

The increased importance of intellectual property to national economic and security interests has necessitated a shift away from a system of public rights dependent almost entirely upon private enforcement toward one which incorporates a comprehensive, national IP enforcement policy. In developing such a policy, however, it is critical that The Joint Strategic Plan reflect the full range of interests of society and the various IP constituencies and not solely the concerns of those who have a vested interest in the preservation of a particular IP status quo.

Through the following comments, IIPSJ advances three salient principles of IP enforcement that if applied in crafting and administering a Federal Effort Against Intellectual Property Infringement will, in IIPSJ's judgment, foster widespread observance of intellectual property rights, advance the aims of intellectual property progress for society, and further the foundational democratic ideals of our country, including in particular, meaningful inclusion in the opportunity for individual and collective advancement in society.

The three principles apply to the enforcement of all types of intellectual property

protection. They are:

1. *IP enforcement policies should preserve author/inventor incentive mechanisms without stunting widespread and socially beneficial use and exploitation of intellectual property*. Any effective enforcement plan must reflect both the proper scope and purpose of the rights afforded to, and the permitted uses of, creative and inventive output that is subject to intellectual property protection. Enforcement policies must be carefully crafted to avoid reversing the foundational, constitutionally mandated priorities of American IP law, which priorities emphasize societal progress over individual property interests. The Joint Strategic Plan should include within its ambit the promulgation and application of rules of appropriate scope that have appropriate exceptions and limitations such that the IP regime as a whole comports as much as practicable with the public's expectations and conduct. Current and developing technology and evolving business models must also be taken into account in fashioning substantive rules and appropriate enforcement initiatives. Efficient use of scarce resources demands no less.

2. *Intellectual property protection is to be an engine of cultural and economic development, not a brake upon them*. The IP regime, including enforcement policy and mechanisms, should accommodate opportunities for social and economic inclusion, empowerment, and advancement, and the potential regulation through IP enforcement of new technological uses for intellectual property should be assessed from this perspective. An intellectual property regime that encourages and enables the development and exploitation of intellectual property by people from all walks of life and communities will increase the incentive for everyone to respect intellectual property and thus lead to less infringement. IP rights education, particularly in historically underserved communities, should be incorporated into enforcement policies and activities not merely to preserve rights holders' interests, but also as a means to encourage exploitation of IP in such underserved communities thereby expanding their stake in an increasingly effective and empowering IP regime.

3. *A progressive, effective enforcement policy must anticipate future needs and opportunities*. The opportunity to infuse and enhance the national store of creative works and utilitarian knowledge with the creative expression and new discoveries of other cultures presents one such prospect. Such opportunities can only be exploited through the development and pursuit of symbiotic IP enforcement relationships that enable lawful use of American intellectual property and promote mutual respect for differing intellectual property and indigenous cultural expression/knowledge regimes, customs, and mores. Developing and implementing policies that address only current, parochial enforcement concerns based on past actions and traditional business models would be myopic and counterproductive.

Below are two sections of comments. Section III discusses important overarching concepts relating to enforcement and highlights the reasoning behind them. Section IV provides suggestions that are more specific and that track more closely with the objectives and several specific topics identified in the Request for Comments.

III. IP Enforcement Concepts, Principles, and Methodologies

A. The Value of an Approach to IP Enforcement That Is Cognizant of Social Justice

For a variety of reasons, the digital information age has refocused the attention of scholars, policy makers, intellectual property owners and exploiters, users, and practitioners on the social utility and social justice obligations inherent in intellectual property law. Digital technology has sparked the genesis of new IP commoditization business models, has led to the creation of new types of works, has revolutionized the creation and dissemination of traditional works and inventions, has generated new opportunities for people to develop and exploit works and inventions, and has changed the nature of geographic limitations on access to, control of, and dissemination of information, works, and inventions.

For example, the Internet and related technologies have enabled more people to create their own copyrighted works. By providing more people unprecedented access to copyrighted material, these same technologies have also allowed users to engage in new forms of creative expression, including in particular the reuse or "remix" of pre-existing (and previously static) copyrighted material. It has also increased access to information regarding new and preexisting inventions and their development and applications, and presented new channels for goods and services distribution and source identification.

In the context of global culture, digital information technology presents attractive possibilities for heretofore marginalized groups and cultures to share their indigenous creative expression and knowledge, not only for the education of outsiders about their aesthetic customs, utilitarian practices, and cultural beliefs, but also in the cause of their own economic independence and socio-political empowerment. Digital information technology thus holds the promise for the democratization of access to information and knowledge and inclusive participation in the creative and inventive process, engaging more people both as authors and inventors and as passive users of intellectual property.

At the same time, the sometimes competing interests of IP owners and users in the digital age are subject to hyperbolic and often vitriolic rhetoric that does much to obscure and impassion and little either to illuminate or to encourage reason. Focusing on the overarching social utility and social justice goals of intellectual property law provides an appealing, perhaps even compelling approach for principled, rational balancing of what are not only sometimes competing interests, but also are often complementary interests.

When viewed through the lens of intellectual property social utility/social justice interdependence, the industrialized versus developing nation IP conflict can be addressed in concert with efforts to preserve IP property rights. New possibilities for participation in the creative/inventive process also present new opportunities for IP entrepreneurship and concomitant stakeholder interests in the IP regime. IP social justice strategies thus align social empowerment and author/inventor incentive as mutually reinforcing interests, as opposed to mutually exclusive objectives, and advance the interests of all constituents in the global IP community. Digital information technology and other new applications for the use and dissemination of intellectual property can therefore be exploited to their fullest

to achieve the social utility objectives of the IP law, and to fulfill the ultimate social justice promise of the IP regime.

B. Balancing IP Property Rights with the Public Interest

One key to effective IP enforcement is having laws of appropriate scope with appropriate exceptions and limitations that comport as much as practicable with people's expectations and conduct as well as with current and developing technology and changing business models. Effective enforcement requires proper allocation of resources to enforce intellectual property laws appropriately taking into account the rights of users as well as the rights of IP owners.

A wisely structured intellectual property regime not only protects IP, but also allows, protects, and encourages appropriate sorts of transformative uses which in turn create new opportunities for previously marginalized groups to express themselves creatively and otherwise to profit from participation in the IP system. Care should be taken to confirm that the putative costs of infringement are real, not speculative and hypothetical–as are some of the all-to-common hyperbolic and indeed fabricated numbers and costs claimed by some IP rights holders.

Many copyright holders argue that the copyright status quo (which heavily favors copyright holders, especially with respect to control of the creation of derivative works and with respect to the extremely lengthy time works are under copyright) reflects the right balance of interests, and that their property rights should be strictly and rigorously enforced. They contend that licensing mechanisms remain a viable option for the use of their works to create new ones.

While these assertions may be true in some instances, they may be disingenuous in others. For example, not all copyright holders value immediate profit from new licensing opportunities to the same extent. For some products, the proposed uses by a licensee might in fact compete with pre-existing products of the copyright holder and could ultimately drive the copyright owner from a dominant position in a particular market. In such situations the copyright holder would be loath to license. This reduces dissemination of the work. In many situations and for many works this result is an acceptable cost of incentivizing the creation of works for the social utility purpose of copyright. For others it is not. The point is that licensing itself cannot be relied upon in all cases to result in the proper balance to advance the Constitutionally mandated aims of copyright.

Even in circumstances where a copyright holder favors or is at least unopposed to licensing a new digital use, some nascent markets need time to gain commercial momentum and could be significantly delayed or even abandoned if the start-up costs are commercially prohibitive. Where the transaction costs of licensing are high, license authorization can slow or even preclude the innovative use of existing works, even where the intended use would at most only marginally affect copyright holders' legitimate expectations. In these sorts of situations, demands for license arrangements are unconnected to IP incentive mechanisms and are simply attempts to wring new value from existing works and inventions. Since this newly discovered value was not and by definition could not have been within the contemplation of authors or inventors in the

course of their creative labors, it could not have played any part in incentivizing the creation of new works or invention of new products or processes.

Thus, effective IP enforcement depends upon the actions of IP rights holders under a system that not only preserves property rights and interests, but that also expressly acknowledges, without undue fuzziness in what is protected and what is not, the rights of users as well as the paramount interest of our society in a vibrant, thriving culture.

C. Compulsory Licensing, Collective Rights Organizations, and Consent Decrees as Social Utility/Justice Balancing Mechanisms

Three related mechanisms for balancing IP holder rights with social justice and social utility objectives have been and are being successfully used to insure proper incentive for the creation and dissemination of works and inventions as well as to protect appropriate uses of them. These mechanisms are compulsory licensing, collective rights organizations, and consent decrees. IP law and policy should be crafted, administered, and enforced not merely to allow, but also to encourage the use of these approaches in the digital information age.

Where IP license transaction costs are too high for socially productive licensing, or where the need for or interest in widespread access, distribution, and use of intellectual property is sufficiently societally significant, these three mechanisms employed singly or in combination can help achieve the proper balance by getting payments to rights holders while allowing socially beneficial uses of intellectual property. For example, once a song has been recorded, anyone can cover it under a compulsory license. While encouraging new interpretations of such expression is socially propitious, tracking who is singing particular songs would be prohibitively expensive. So collective rights organizations like ASCAP and BMI were created and ultimately permitted to continue to operate, subject to court supervision, prevailing even against an antitrust suit. Similar models, adapted as appropriate to the particular situation, could be used for all sorts of digital content including text, images, audiovisual works, sound recordings, and other works. This approach could also be adapted to patented drug distribution in connection with critical drugs needed to combat specific diseases and epidemics in some parts of the world. It could even be used to promote the development of green technologies to address critical global environmental concerns.

At the same time, however, not all uses of intellectual property need or should need a license; some should simply be allowed in the ordinary course. While developing the contours of changes to existing permitted uses (such as those contained in sections 107-122 of the Copyright Act) is beyond the scope of this submission, one area ripe for critical examination will be identified–the copyright derivative work right in the digital environment. The guiding question to assess the proper scope of an IP right is always: What amount of protection is needed to incentivize creation or invention? Beyond that level the right to stop others from using intellectual property should not go.

Thus for some IP rights, the better exploitation/enforcement approach would be the implementation of compulsory licensing, collective rights organizations, and court or other tribunal-supervised business practices, tailored to comport with the nature of the IP

rights at issue and the social utility objectives at stake. Efficient enforcement requires assessment of what needs to be protected and what can in fact be enforced practically in a socially productive way.

IV. Specific Enforcement Comments and Suggestions

The comments in this section respond to the Request for Public Comments, Part II Objectives and Supplemental Comment Topics.

One objective is to identify "weaknesses, duplication of efforts, and other unjustified impediments to effective enforcement actions." Enforcement mechanisms should not create undue transaction costs or shift enforcement obligations from rights holders to third parties, such as the efforts to assign such responsibilities to ISPs or social networking sites. Contributory infringement liability should be kept under a tight rein and not allowed to expand inappropriately. The *Sony* case is an example of the appropriate balance in this regard.

Some current and proposed laws and policies, especially parts of the Digital Millennium Copyright Act and the ISP liability aspect of ACTA, are more draconian than necessary and are examples of overreaching without proper balancing or incentivizing. Not all conduct claimed to constitute infringement needs a strong governmental hand to protect against it.

For example, the DMCA provision banning circumvention of technological means of protecting works from copying inhibits or even functionally prohibits lawful uses such as copying for making lawful, non-infringing commentary, and in general impedes the development of works based on DMCA-covered works. This sort of law is inconsistent with principles of efficient, equitable enforcement and should be revised and/or interpreted to avoid these untoward results. While rights holders are entitled to protection in the digital environment, ACTA proposals to render ISPs "infringement watchdogs" have many deficiencies, including the likelihood of harming private households by cutting off Internet access due to one person's activity.

Another impediment to effective enforcement stems from uncertainty of the law in some settings. The uncertainty of after-the-fact determinations of fair use can have a chilling effect on the creation of works for fear of suit. While fair use is an appropriately plastic concept at its equitable core, many uses which may be protected as fair use now could be more specifically defined and allowed, thereby not only reducing the chilling effect but also avoiding wasteful litigation. Furthermore, to the extent uses can be defined that comport with user expectations and actions while still maintaining sufficient incentives for development and dissemination of works, the law will be more respected and affirmative enforcement less necessary and more efficient. For example, application of fair use to permit creation and posting online noncommercial derivative works of digital works would not only comport with public expectations, but also would further the social utility objectives of the law. The courts and Congress can and have in the past addressed these sorts of concerns. The Court did so in *Acuff-Rose* essentially legitimating a whole class of uses (parody) as fair use, thereby dramatically enhancing predictability in one part of the fair use universe. By amending the Copyright Act in a variety of respects, including, for example, allowing people to photograph architectural works without permission,

Congress has similarly obviated the necessity of relying on the hazards a making a fair use argument in a variety of situations. We are simply advocating that these sorts of steps continue to be taken in appropriate settings as enforcement issues are considered.

In the same vein, enforcement efficiency can be promoted by taking care to insure that enforcement mechanisms correlate with the nature and type of work or invention being protected. For example, it may well be that utilitarian works like software should not be protected just like paintings, particularly insofar as the right to create non-competitive derivative works is concerned. Or that drugs, processes, and manufactures should not all have the same patent rules. The interests at issue can be different and the need for greater or lesser protection to incentivize the creation of the works varies with the nature of the work.

Internationally, transaction costs and enforcement headaches could be reduced if there were a central international registry for copyrights and patents This should be a high priority international goal, more so even than working on enforcement mechanisms through ACTA.

The foregoing comments apply to a number of the Supplemental Comment Topics included in the Request for Comment and will not all be repeated below where we address a few select topics that warrant more specific commentary from the social justice perspective.

14. Extreme care must be taken when seeking "to limit or prevent the use of the Internet to sell and/or otherwise distribute or disseminate infringing products" to insure that this incredible engine of IP dissemination, the Internet, is not crippled. This is of particular importance to both the developing world and to marginalized communities in technologically advanced nations. Intellectual property protection is an engine for development, and it should not become a brake on cultural and economic advancement. In general, the means of IP dissemination should not be the target of enforcement. IP property rights should be calibrated to reduce the incentive to infringe through *any* mechanism, and enforcement policies should generally target violators, not neutral means of distribution.

19. The most salient means of reducing demand for infringing works domestically and abroad is to set the scope of rights at the appropriate level of protection and help in the development of appropriately priced distribution and licensing mechanisms. IP protection should not be used to shore up failing business models. IP law should allow for the creative use of private and publicly supported mechanisms to reduce licensing transaction costs wherever practicable along the lines of ASCAP, BMI, Harry Fox Agency, compulsory licenses, and, if it is accepted by the court, the Google Books Settlement.

20. One effective way to reach people when trying to educate them about IP rights is to show the value of it to them as a means for economic empowerment and social advancement. When users understand how they can exploit IP through the creation of iPhone Apps, or software (as in India and Shanghai), or in the hip-hop community, respect for IP rights increases. Pilot programs targeting underserved

communities to gain empowerment and development and inclusion through exploiting IP could be funded at relatively low cost within the United States and abroad.

V. Conclusion

The Request for Comments, the prevalent commoditization view of IP protection, and the ACTA initiative are all vulnerable to criticism for the same misapprehension of the fundamental purpose of the intellectual property law–they all evince a penchant to address only the means-of-enforcement side of the IP equation, ignoring the social justice and social utility aspects of IP law and the host of issues surrounding the proper scope of rights of IP holders and the proper scope of rights of IP users. As stated above, efficient enforcement depends upon clarity of rights, appropriate limits and exceptions to the rights of IP rights holders, and careful calibration of incentivizing creation of IP works so as not to unduly discourage or tie the hands of second-comers at least as much as efficient enforcement depends upon the particular enforcement mechanisms at one's disposal.

Technological advances have been made in the past and the sky has not fallen. Some businesses prosper, some falter as changing circumstances affect their business models. IP is not put in place to artificially extend the lives of businesses that fail to take advantage of new opportunities and changing circumstances.

Efficient enforcement can go hand-in-hand with economic advancement, development, and democratization through inclusion of often underserved individuals and groups in the fruits born of IP. But it can also be a drag on these social benefits. Attention must be paid to these considerations or else what may appear to be efficient enforcement of particular rights may in the broader economic and social and cultural context be debilitating–the very opposite of efficient, effective enforcement.

Efficient enforcement cannot be undertaken without taking into account all facets of the IP equation.