

# North American Anti-Circumvention: Implementation of the WIPO Internet Treaties in the United States, Mexico and Canada

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In the mid-1990s, Justice Stevens described the Internet as a “unique and wholly new medium of worldwide communication.”<sup>1</sup> Indeed, the Internet, and digital technology in general, has transformed the ways in which information and expression are shared on a global scale. This transformation often outpaces the law, forcing change. In particular, copyright law is driven by technological change. Each major overhaul of the international regimes harmonizing copyright has been the result of technology disturbing the balance between the rights of authors and the dissemination of expression to the public.<sup>2</sup> In fact, the most recent major international copyright treaties<sup>3</sup> evolved as a result of increased usage of the Internet and emerging digital

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1. *Reno v. ACLU*, 521 U.S. 844, 850 (1997) (quoting *ACLU v. Reno*, 929 F. Supp. 824, 844 (E.D. Pa. 1996)).
2. *See generally* PAUL GOLDSTEIN, *COPYRIGHT’S HIGHWAY: FROM GUTENBERG TO THE CELESTIAL JUKEBOX* (Hill & Wang Publishing 1994).
3. World Intellectual Property Organization Copyright Treaty, Dec. 20, 1996, <http://www.wipo.int/clea/docs/en/wo/wo033en.htm> (last visited Nov. 15, 2005) [hereinafter WIPO Copyright Treaty]; World Intellectual Property Organization Performances and Phonograms Treaty, Dec. 20, 1996, <http://www.wipo.int/clea/docs/en/wo/wo034en.htm> (last visited Nov. 15, 2005) [hereinafter WIPO Performance and Phonograms Treaty]. For background on the treaties, *see* David Nimmer, *A Tale of Two Treaties: Dateline: Geneva – December 1996*, 22 COLUM.-VLA J.L. & ARTS 1 (1997) [hereinafter Nimmer, *Two Treaties*].

media and the impact these new technologies would have on pirating creative works.<sup>4</sup>

The speed and ease with which digital formats of copyrighted works can be copied and exchanged on the Internet have given rise to “legal developments that once might have seemed unlikely or unthinkable.”<sup>5</sup> Although the digital era was hailed by many for the potential of providing a global marketplace for copyrighted works, many copyright holders were concerned about the ease of digital piracy. In some senses, despite the promise of new markets and increases in efficiency, the digital era signaled a copyright holder’s nightmare.<sup>6</sup> Works could be immediately and perfectly copied and then immediately and perfectly distributed.<sup>7</sup> As a result, copyright holders began utilizing technological “locks”<sup>8</sup> to guard against unauthorized access to their underlying copyrighted works. In 1996, concerns about the possibility of circumvention<sup>9</sup> of these technological protection measures (TPMs) prompted many World Intellectual Property Organization (WIPO) members to enact two treaties (collectively referred to as the WIPO Internet Treaties) obligating contracting states to provide adequate protection and effective legal remedies against the unlawful circumvention of TPMs.

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4. See Peter S. Menell, *Envisioning Copyright Law’s Digital Future*, 46 N.Y.L. SCH. L. REV. 63, 133-34 (2003).

5. MARK A. LEMLEY, PETER S. MENELL, ROBERT P. MERGES, & PAMELA SAMUELSON, *SOFTWARE AND INTERNET LAW* xxii (Aspen Publishers 2003).

6. JÖRG REINBOTHE & SILKE VON LEWINSKI, *THE WIPO TREATIES 1996: THE WIPO COPYRIGHT TREATY AND THE WIPO PERFORMANCES AND PHONOGRAMS TREATY, COMMENTARY AND LEGAL ANALYSIS* 140 (Butterworths LexisNexis 2002).

7. Laura J. Robinson, *Anticircumvention under the Digital Millennium Copyright Act*, 85 J. PAT. & TRADEMARK OFF. SOC’Y 957, 957 (2003); see also REINBOTHE & VON LEWINSKI, *supra* note 6, at 139.

8. Common examples of technological protection measures (TPMs) are encryption, scrambling, passwords and “secret handshakes.” One commentator notes:

Technological protection to prevent unauthorized access to or use of works protected by copyright takes many forms, and is constantly developing as a result of technological advancements and the need for new adaptations in response to the repeated attempts by ‘hackers’ and ‘crackers’ to break the protection and develop means to circumvent it. The rapid changes mean that it is not worthwhile trying to offer a substantive description of the different technological protection measures that are available and applied at present. . .

MIHÁLY FICSOR, *THE LAW OF COPYRIGHT AND THE INTERNET* ¶ C11.02 (Oxford Univ. Press 2002).

9. TPMs can be easily “overridden, avoided, or ‘hacked’” by sophisticated computer users. See MARSHALL LEAFFER, *UNDERSTANDING COPYRIGHT LAW* §3.8[D] (Matthew Bender LexisNexis 1999).

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To date, eighty-one countries are parties to the WIPO Internet Treaties;<sup>10</sup> however, the obligations have been fully or partially implemented in only fifty-two countries.<sup>11</sup> As of 2004, only sixty-one countries had attempted implementation of the anti-circumvention provisions (Article 11 of the WIPO Copyright Treaty and Article 18 of the WIPO Performances and Phonograms Treaty).<sup>12</sup> In fact, the United States' most important trading

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10. Fifty-one countries were original signatories to the WIPO Copyright Treaty (WCT). As of March 27, 2005, only twenty-two of the original signatories have ratified the WCT. An additional twenty-nine countries have acceded to the WCT, thus the WCT is in force in fifty-one total countries. With respect to the WIPO Performances and Phonograms Treaty (WPPT), fifty countries were original signatories. Only twenty of the original signatories have ratified the WPPT. An additional twenty-nine countries have acceded to the WPPT, thus the WPPT is in force in forty-nine total countries. *See* International Intellectual Property Alliance, *IIPA Scorecard of WIPO Internet Treaties*, [http://www.iipa.com/rbi/2005\\_Jan27\\_WIPO\\_Scorecard.pdf](http://www.iipa.com/rbi/2005_Jan27_WIPO_Scorecard.pdf) (last visited Nov. 15, 2005).
11. The following countries have made deposits with WIPO: Albania (WPPT only), Argentina, Armenia, Belarus, Botswana, Bulgaria, Burkina Faso, Chile, Colombia, Costa Rica, Croatia, Cyprus (WCT only), Czech Republic, Ecuador, El Salvador, Gabon, Georgia, Guatemala, Guinea, Honduras, Hungary, Indonesia, Jamaica, Japan, Jordan, Kazakhstan, Kyrgyz Republic, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Mali, Mexico, Moldova, Mongolia, Nicaragua, Panama, Paraguay, Peru, Philippines, Poland, Romania, St. Lucia, Senegal, Serbia & Montenegro, Singapore, Slovakia, Slovenia, South Korea (WCT only), Togo, Ukraine, United Arab Emirates (WCT only), and the United States of America. It is interesting to note that although the European Union (EU) was vocal about the need for a treaty to address copyright in the digital era, none of the EU Member States have ratified the treaties. The delegation of Ireland (which was then fulfilling the role of presidency of the EU) made a statement at the close of the Plenary of the 1996 Diplomatic Conference indicating that the EU Member States would make their deposits with WIPO "simultaneously." The EU Directive on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society, which obligated Member States to fully implement the WIPO Internet Treaties, gave the EU countries until December 22, 2002 to implement the treaties. As of that deadline, only Denmark and Greece had implemented the WCT or WPPT. *See* Michael Schlesinger, *Implementation of the WIPO Treaties Beyond the U.S. and the EU*, 2 fn.5 (April 25, 2003) (presented at Eleventh Annual Conference on International Intellectual Property Law and Policy, Fordham University School of Law) (on file with the author).
12. Those countries include Antigua and Barbuda, Australia, Austria, Belarus, Botswana, Bosnia Herzegovina, Brazil, Brunei, Bulgaria, Burkina Faso, Cambodia, People's Republic of China, Colombia, Costa Rica, Czech Republic, Denmark, Dominica, Dominican Republic, Egypt, Germany, Greece, Guatemala, Honduras, Hong Kong, Hungary, Indonesia, Ireland, Italy, Japan, Jordan, Kenya, Lithuania, Macau, Macedonia, Malaysia, Malta, Mauritius, Mexico, Moldova, Morocco, Namibia, Nepal, Nicaragua, Oman, Paraguay, Peru, Po-

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partner, Canada,<sup>13</sup> has signed the treaties but has failed to ratify and implement the obligations.<sup>14</sup> The United States' second largest trading partner, Mexico,<sup>15</sup> has ratified the treaties<sup>16</sup> and allegedly self-executes their obligations, but is the target of criticism by those in the content industries<sup>17</sup> for lack of effective enforcement.<sup>18</sup>

This paper explores the legal framework surrounding TPMs in North America. Part I discusses the WIPO Internet Treaties, in particular the provisions prohibiting the circumvention of technological measures protecting access to copyrighted works. Part II explores the framework for intellectual property protection provided by the North American Free Trade Agreement (NAFTA). Part III examines the divergence in protection for TPMs amongst the United States, Mexico, and Canada. Finally, Part IV argues that, because TPMs are such an important part of digital copyright, failure to implement harmonious laws undercuts the theory and spirit of NAFTA.

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land, Qatar, Samoa, Saudi Arabia, Serbia and Montenegro, Slovakia, Slovenia, South Korea, Sri Lanka, Tanzania, Trinidad and Tobago, Ukraine, United Kingdom, United States and Uruguay. See Mihály Ficsor & Michael Schlesinger, *WIPO Treaties Implementation Globally: The Key Industries*, 217 fn.52 (April 2004) (presented at Twelfth Annual Conference on International Intellectual Property Law and Policy, Fordham University School of Law) (on file with the author).

13. Canada consistently accounts for approximately 18% of U.S. imports. From 1993 to 2002, Canada's exports to the United States grew from US\$113.6 billion to US \$213.9 billion. In this same time period, U.S. exports to Canada grew from US \$96.5 billion to US \$152.9 billion. See United States Trade Representative, *NAFTA: A Decade of Strengthening a Dynamic Relationship 2* (2003), [http://www.ustr.gov/assets/Trade\\_Agreements/Regional/NAFTA/asset\\_upload\\_file606\\_3595.pdf](http://www.ustr.gov/assets/Trade_Agreements/Regional/NAFTA/asset_upload_file606_3595.pdf) (last visited Nov. 15, 2005) [hereinafter USTR, NAFTA Decade].
14. Canada became a signatory to both the WCT and the WPPT on December 22, 1997, but has failed to ratify either of the treaties.
15. United States Department of Commerce, U.S. Census Bureau News, *U.S. Goods Trade: Imports and Exports by Related Parties, 2004*, <http://www.census.gov/foreign-trade/Press-Release/2004pr/aip/rp04.pdf> (last visited Nov. 15, 2005).
16. Mexico became a signatory to the WCT on December 18, 1997, and to the WPPT on December 17, 1997. Mexico ratified the WCT on May 18, 2000, and the WPPT on November 17, 1999. The WCT entered into force on March 6, 2002. The WPPT entered into force on May 22, 2002.
17. Content industries are those that create copyrighted materials as their primary product.
18. See generally International Intellectual Property Alliance 2005 Special 301 Report: Mexico, <http://www.iipa.com/rbc/2005/2005SPEC301MEXICO.pdf> (last visited Nov. 15, 2005).

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## I. THE WIPO INTERNET TREATIES

The primary international agreement governing copyright, the Berne Convention,<sup>19</sup> has been incorporated into the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS)<sup>20</sup> of the World Trade Organization (WTO). The original Berne Convention of 1886 has been updated nine times.<sup>21</sup> Shortly after the United States acceded to the Berne Convention, WIPO organized a Committee of Experts to clarify the extent of the treaty's scope, with the goal of creating a framework for a possible Protocol to the Berne Convention.<sup>22</sup> The Berne Protocol meetings eventually collapsed,<sup>23</sup> but the United States decided, with the support of the European Union,<sup>24</sup> that it was time for a special agreement, under Article 20 of the Berne Conven-

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19. Berne Convention for the Protection of Literary and Artistic Works, July 24, 1971, [http://www.wipo.int/treaties/en/ip/berne/trtdocs\\_wo001.html](http://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html) (last visited Nov. 15, 2005) [hereinafter Berne Convention]. See generally Laurinda L. Hicks & James R. Holbein, *Convergence of National Intellectual Property Norms in International Trading Agreements*, 12 AM. U. J. INT'L L. & POL'Y 769, 780-81 (1997).
20. Agreement on Trade-Related Aspects of Intellectual Property Rights, April 15, 1994, Annex 1C, 33 I.L.M. 1197 (1994) [hereinafter TRIPS]. TRIPS has been called "the most detailed and comprehensive agreement on intellectual property yet achieved." ROGER SCHECHTER & JOHN R. THOMAS, *INTELLECTUAL PROPERTY: THE LAW OF COPYRIGHTS, PATENTS AND TRADEMARKS* § 23.5 (West 2003).
21. Berne Convention (1886) was completed at Paris (1896), revised at Berlin (1908), completed at Berne (1914), revised at Rome (1928), at Brussels (1948), at Stockholm (1967) and at Paris (1971), and amended in 1979. Canada became a party to the Convention on April 10, 1928 and to the 1971 Paris Act on June 26, 1998. Mexico became a party to the Convention on June 11, 1967 and to the 1971 Paris Act on December 17, 1974. The United States became a party to the Convention and the 1971 Paris Act on March 1, 1989.
22. REINBOTHE & VON LEWINSKI, *supra* note 6, at 136-37, 409-10.
23. See Thomas C. Vinje, *A Brave New World of Technical Protection Systems: Will There Still Be Room for Copyright?*, E.I.P.R. 18(8), 431, 434 (1996) [hereinafter Vinje, Brave New World]. Vinje notes:

[A] serious question exist[ed] as to whether the Berne Convention [was] the appropriate vehicle for any such anti-circumvention legislation. The Berne Convention is, of course, a convention on *copyright* and *authors' right*, and the Convention has always focused on defining the contours of copyright and, in particular, defining the unlawful acts that constitute infringement. The Berne Convention does not, and never has, prohibited (sic) any *particular* devices by which infringement occurs, but instead has always defined and regulated the *acts* constituting infringement.

*Id.* (emphasis in original).
24. See David Nimmer, *Time and Space*, 38 IDEA 501, 508-10 (1998) (noting the disproportionate impact played by U.S. lobbying efforts at the 1996 WIPO con-

tion,<sup>25</sup> to decide rules for the new technological environment created by the digital revolution.<sup>26</sup>

In December 1996, with the ink barely dry on TRIPS, “delegates from almost 150 countries met to determine whether international copyright reform was perceived necessary in light of the proliferation of illegal copying transmitted through electronic means.”<sup>27</sup> The delegates at the WIPO diplomatic conference adopted two new treaties—the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT).<sup>28</sup> The treaties obligate member states to provide:

adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights. . . and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.<sup>29</sup>

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ference in Geneva); *see also* Pamela Samuelson, *The U.S. Digital Agenda at WIPO*, 37 VA. J. INT'L L. 369, 374 (1997) [hereinafter Digital Agenda].

25. WIPO Copyright Treaty art. 1(1) (“This Treaty is a special agreement within the meaning of Article 20 of the Berne Convention for the Protection of Literary and Artistic Works, as regards Contracting Parties that are countries of the Union established by that Convention. This Treaty shall not have any connection with treaties other than the Berne Convention, nor shall it prejudice any rights and obligations under any other treaties.”).

26. *See* FICSOR, *supra* note 8, at ¶ 2.12. A comment added to the draft model provision regarding “Obligations Concerning Equipment Used for Acts Covered by Protection” at the first session of the Committee of Experts explained the underlying principle behind the proposals:

The ever newer waves of technological developments in many cases undermine the appropriate enjoyment and exercise of author’s rights. It is justified that whenever the same new technologies can offer an appropriate solution to eliminate or, at least, mitigate the prejudice caused by them to the legitimate interests of authors—without unreasonably prejudicing the legitimate interests of others—the application of such solutions should be made obligatory.

*Id.* at ¶ 6.02 (quoting from Committee of Experts, Document CE/MPC/I/2-III, ¶¶ 320-321).

27. Ian R. Kerr, Alana Maurushat, & Christian S. Tacit, *Technological Protection Measures: Tilting at Copyright’s Windmill*, 34 OTTAWA L. REV. 7, 32 (2002).

28. *See* Nimmer, *Two Treaties*, *supra* note 3, at 8.

29. WIPO Copyright Treaty art. 11; *see also* WIPO Performances and Phonograms Treaty art. 18.

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Article 11 of the WCT and Article 18 of the WPPT do not provide copyright holders with new substantive rights.<sup>30</sup> Rather, these provisions “guarantee the application of those kinds of technological means which are indispensable for the protection, exercise and enforcement of copyright in the digital, networked environment.”<sup>31</sup> The articles provide legislators with a flexible framework for a TPM regime, without prescribing a precise substantive model, while still giving “some guidance and indicat[ing] the limits to such flexibility.”<sup>32</sup>

The final versions of Article 11 of the WCT and Article 18 of the WPPT are much weaker than those that were originally proposed by the United States delegation and backed by “the strong lobby of content holders and software organizations.”<sup>33</sup> Under the original U.S. proposal, manufacturers could be held liable for circumvention of TPMs even if they had no knowledge that the device would be used for infringement.<sup>34</sup> Critics argued that the proposed provision “would have risked effectively writing the various existing exceptions out of the applicable copyright/author’s rights,” thereby creating information monopolies, without any examination of whether such a change in copyright law is appropriate.<sup>35</sup> Similar concerns about the language proposed by the United States and the European Union were expressed by the delegations from Singapore, Jamaica, South Korea, the African Group, Australia, Canada, and Norway.<sup>36</sup> Some countries were concerned that the provisions would limit access to works in the public domain and fair uses of copyrighted works.<sup>37</sup> The final wording was the result of a compromise submitted by a group of African nations, led by South Africa.<sup>38</sup>

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30. REINBOTHE & VON LEWINSKI, *supra* note 6, at 142; FICSOR, *supra* note 8, at ¶ C11.01.
  31. FICSOR, *supra* note 8, at ¶ C11.01.
  32. REINBOTHE & VON LEWINSKI, *supra* note 6, at 142.
  33. Keir, Maurushat, & Tacit, *supra* note 27, at 32.
  34. *Id.* REINBOTHE & VON LEWINSKI, *supra* note 6, at 136-38, 409-13.
  35. Thomas C. Vinje, *The New WIPO Copyright Treaty: A Happy Result in Geneva*, 19 EUR. INTELL. PROP. REV. 230, 234 (1997) [hereinafter Vinje, Happy Result].
  36. FICSOR, *supra* note 8, at ¶¶ 6.61-6.74.
  37. REINBOTHE & VON LEWINSKI, *supra* note 6 at 138 (citing Summary Minutes of Main Committee I, RECORDS OF THE DIPLOMATIC CONFERENCE ON CERTAIN COPYRIGHT AND NEIGHBORING RIGHTS QUESTIONS, GENEVA 1996, ¶¶ 517, 518, 523, 527, & 536).
  38. *Id.*; see also FICSOR, *supra* note 8, at ¶ 6.73 (“[The] delegation of South Africa had already outlined the basic elements of the compromise proposal: ‘the obligation should simply be that Contracting Parties must provide adequate legal protection and effective remedies against the circumvention of certain technological measures, which should have three characteristics: first, they should be effective technological measures; second, they should be used by right holders

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The WIPO Internet Treaties leave considerable latitude to member states in fulfilling their obligations with respect to the anti-circumvention provisions.<sup>39</sup> That is, the WCT and WPPT do not comprise specific, substantive statutory provisions regarding TPMs or the circumvention thereof. Rather, contracting states are merely required to prevent circumvention through “adequate legal protection.”<sup>40</sup> The provisions do “not require anti-circumvention measures to be integrated into copyright legislation.”<sup>41</sup> As such, states are free to incorporate anti-circumvention provisions into their criminal law or competition law rather than the copyright law.<sup>42</sup> As one commentator notes:

WIPO has pointed out that these treaties’ provisions are of a sufficiently general nature, but they contain the necessary elements on the basis of which appropriate provisions may be adopted at the national level, and that it follows from the general nature of these provisions that national legislators may have to go further and in more detail in order to offer effective protection for technological measures where technological developments so require and where such protection is justified.<sup>43</sup>

Additionally, neither the WCT nor the WPPT address whether and to what extent it is permissible for the national laws to provide exceptions. Adequate and effective exceptions to TPM regimes “should be considered only when required to remove concrete impediments to conduct of overriding social importance; should be applicable only in specifically delineated factual circumstances in which the impediment exists; and should displace only

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in connection with the exercise of their rights under the treaties; and third, they should restrict acts which were not authorized by the right holders or permitted by law.’”).

39. Kerr, Maurushat, & Tacit, *supra* note 27, at 36.

40. WIPO Copyright Treaty art. 11; WIPO Performances and Phonograms Treaty art. 18.

41. Kerr, Maurushat, & Tacit, *supra* note 27, at 36.

42. *Id.* at 36-37 (citing Jacques de Werra, The Legal System of Technological Protection Measures under the WIPO Treaties, the Digital Millennium Copyright Act, the European Union Directives and other National Laws (Japan, Austl.) 12-13 (paper presented to the ALAI Congress) (June 2001), [http://www.law.columbia.edu/conferences/2001/program\\_en.htm](http://www.law.columbia.edu/conferences/2001/program_en.htm)). For example, Mexico claims that a generic law in its criminal code enables the WIPO Internet Treaties in its national legislation. Japan, on the other hand, adopted anti-circumvention provisions within its Anti-Unfair Competition Law. *Id.* at 37.

43. Schlesinger, *supra* note 11, at 12.

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those specific aspects of the anti-circumvention prohibitions that constitute the impediment.”<sup>44</sup>

Debate continues as to what the articles obligate member states to prohibit. The treaties do not dictate any possible forms of anti-circumvention measures. “[T]he form of legal protection could conceivably consist of a prohibition against acts of circumvention, a prohibition against trafficking in circumvention devices or a prohibition against both types of activities.”<sup>45</sup> The dominant view internationally<sup>46</sup> is that legislation that prohibits only the circumvention of TPMs for the purpose of infringement would not be adequate and effective.<sup>47</sup> Although the word “infringement” never appears in either Article 11 of the WCT or Article 18 of the WPPT, the articles obligate parties to prohibit “acts restricted by authors in connection with the exercise of their rights.”<sup>48</sup> As such, authors have the right to prohibit acts that have not been authorized.<sup>49</sup> In other words, many believe that the WIPO Internet Treaties obligate member states to legislate against the circumvention of access controls and trafficking in devices to circumvent access controls, rather than simply the circumvention of copy controls.<sup>50</sup>

On the other hand, the WIPO Treaties’ provisions concerning rights management information (RMI), which is often discussed in concert with the

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44. *Id.* at 14.

45. Kerr, Maurushat, & Tacit, *supra* note 27, at 37.

46. *See, e.g.*, LAW ON COPYRIGHT AND RELATED RIGHTS OF 1993 (2002), Add’l Prov., para. 2(14) (Bulg.); EU Copyright Directive, art. 6; LAW NO. 82/2002 PROMULGATING INTELLECTUAL PROPERTY LAW (2002), arts. 181(5) and 181(6) (Egypt); ACT NO. LXXVI OF 1999 ON COPYRIGHT, (2002) art. 95(1) (Hung.); COPYRIGHT LAW, arts. 2(xx) and 120*bis* and ANTI-UNFAIR COMPETITION LAW, arts. 2(5) and 2(1)(x)-(xi) (Japan); [Draft] Plan of Republic of Indonesia Government Regulation Concerning Rights Management Information (2003), art. 2(6) (Indon.); DECREE-LAW NO. 43/99/M (1999) (Mac.); Law No. 1328/98 § 165 (Para.); LAW OF UKRAINE ON COPYRIGHT AND NEIGHBORING RIGHTS, 1994 (2002), art. 1 (Ukr.); Draft Amendments to Copyright Law, art. 80*bis* (Taiwan). For an in-depth discussion of implementation in the United States, the European Union Directive, and Japanese legislation, *see* FICSOR, *supra* note 8, at ¶¶ C11.14-C11.28.

47. FICSOR, *supra* note 8, at ¶ C11.03; Schlesinger, *supra* note 11; Ficsor & Schlesinger, *supra* note 12, at 14; *see also* WIPO Publication No. 891(E)(2004) (describing in great detail what is required to meet the obligations of WCT Article 11 and WPPT Article 18).

48. WIPO Copyright Treaty art. 11; WIPO Performances and Phonograms Treaty art. 18.

49. FICSOR, *supra* note 8, at ¶ C11.01.

50. Ficsor & Schlesinger, *supra* note 12, at 14. An “access control” is a TPM that protects *access* to a copyrighted work. A “copy control” is a TPM that protects infringement of a copyrighted work.

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circumvention provisions, are explicitly linked to infringement.<sup>51</sup> The RMI provisions state that performing any of a myriad of acts is prohibited when the person knows “that it will induce, enable, facilitate, or conceal an infringement.”<sup>52</sup> These provisions do not contain the words “and that restrict acts, in respect of their works, that are not authorized by the authors concerned or permitted by law,” as stipulated in the anti-circumvention provisions. The failure to include such language in the RMI provisions leads many scholars to believe that access is the important concept of the WIPO Internet Treaties’ anti-circumvention provisions.<sup>53</sup> Legislation that fails to prohibit circumvention of access controls or the trafficking of circumvention devices would be neither adequate nor effective.

Finally, while neither of the WIPO anti-circumvention provisions explicitly requires national legislation prohibiting trafficking, failure to do so is arguably non-compliant with the treaties’ obligations.<sup>54</sup> Although targeting devices can potentially lead to over-use of TPMs,<sup>55</sup> because circumvention is carried out in private homes where enforcement will be difficult due to privacy concerns and evidentiary issues,<sup>56</sup> for legislation to fulfill its obligation of being “adequate and effective,” it must target the distribution of the devices used for circumvention. Only by keeping these devices out of the hands of would-be circumventers will any anti-circumvention legislation have any force.

## II. NORTH AMERICAN FREE TRADE AGREEMENT<sup>57</sup>

In December 1993, the United States, Mexico, and Canada signed the North American Free Trade Agreement (NAFTA) to harmonize trade poli-

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51. WIPO Copyright Treaty art. 12; WIPO Performances and Phonograms Treaty art. 19.
52. *Id.*
53. Schlesinger, *supra* note 11.
54. FICSOR, *supra* note 8, at ¶ C11.12.
55. The general public is free to circumvent technological measures protecting works not protected by copyright. However, if it is a violation to traffic in circumvention devices, then the non-technologically savvy general public will probably never be able to circumvent TPMs on public domain works as they will not be able to obtain devices to allow them to exercise their rights.
56. FICSOR, *supra* note 8, at ¶ C11.12.
57. In light of the globalization produced by the Internet, one might wonder whether real-space proximity still matters in the age of cyberspace. However, despite increases in globalization, Mexico and Canada continue to be the United States’ two most important trading partners. Likewise, although digital technology decreases the need for physical copies of copyrighted materials, actual physical goods, such as CDs and DVDs, continue to be prevalent methods of distribution of copyrighted content. Further, the geographical

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cies with the goal of integrating the economies of the trading partners.<sup>58</sup> NAFTA is a broad-ranging trade agreement, of which the key features are the progressive elimination of tariffs, rules of origin, government procurement, services, investment, dispute settlement, standards, and intellectual property.<sup>59</sup> As NAFTA was negotiated prior to the WCT and WPPT, the Treaty does not incorporate an explicit prohibition against the circumvention of the TPMs. Nevertheless, NAFTA's intellectual property provisions demonstrate a commitment to provide the most comprehensive and highest level of intellectual property protection of any international agreement.<sup>60</sup>

#### A. NAFTA generally

Article 102 of NAFTA lists the following objectives:

- (a) [to] eliminate barriers to trade in, and facilitate the cross-border movement of, goods and services between the territories of the Parties;
- (b) [to] promote conditions of fair competition in the free trade area;
- (c) [to] increase substantially investment opportunities in the territories of the Parties;
- (d) [to] provide adequate and effective protection and enforcement of intellectual property rights in each Party's territory;
- (e) [to] create effective procedures for the implementation and application of this Agreement, for its joint administration and for the resolution of disputes; and
- (f) [to] establish a framework for further trilateral, regional and multilateral cooperation to expand and enhance the benefits of this Agreement.<sup>61</sup>

The countries have agreed to "interpret and apply" NAFTA "in the light of its objectives. . . and in accordance with applicable rules of international law."<sup>62</sup> Although "NAFTA affirms each nation's rights under the GATT and

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proximity of the three NAFTA partners continues to be a real issue in the digital era, as the United States shares porous borders with Mexico and Canada.

- 58. RALPH H. FOLSOM & W. DAVIS FOLSOM, UNDERSTANDING NAFTA AND ITS INTERNATIONAL BUSINESS IMPLICATIONS §1 (Matthew Bender Irwin 1996).
- 59. See generally David A. Gantz, *A Post-Uruguay Round Introduction to International Trade Law in the United States*, 12 ARIZ. J. INT'L & COMP. L. 7 (1995).
- 60. RICHARD E. NEFF & FRAN SMALLSON, NAFTA: PROTECTING AND ENFORCING INTELLECTUAL PROPERTY RIGHTS IN NORTH AMERICA 15 (McGraw-Hill, Inc. 1994).
- 61. North American Free Trade Agreement, U.S.-Can.-Mex., 32 I.L.M. 289, Dec. 17, 1992 (1993) [hereinafter NAFTA] art. 102.
- 62. NAFTA, *supra* note 61, art. 102.2.

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other international agreements,”<sup>63</sup> NAFTA prevails in the event of inconsistencies unless otherwise indicated.<sup>64</sup>

## B. Intellectual Property Law under NAFTA

“Because inadequate protection of intellectual property can constitute a trade barrier,” Chapter 17 of NAFTA establishes basic rules for harmonization of intellectual property rights in North America.<sup>65</sup> In fact, the preamble of NAFTA states a desire to “foster creativity and innovation, and promote trade in goods and services that are the subject of intellectual property rights.”<sup>66</sup> Compliance with the intellectual property obligations of NAFTA required Mexico and Canada to make major amendments to their intellectual property laws.<sup>67</sup> Implementation in the United States resulted in the restoration of copyrights of Mexican and Canadian motion pictures that had previously fallen into the public domain.<sup>68</sup>

Although NAFTA’s intellectual property provisions are similar to those of TRIPS, the agreement between the United States, Mexico, and Canada provides somewhat more extensive intellectual property rights.<sup>69</sup> NAFTA’s intellectual property chapter was negotiated after the text of TRIPS was drafted. Ultimately, TRIPS formed the basis of approximately 95% of NAFTA’s intellectual property text.<sup>70</sup> Both NAFTA and TRIPS state that the agreement affording the broadest protection of intellectual property will prevail.<sup>71</sup>

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63. FOLSOM & FOLSOM, *supra* note 58, at 122.

64. NAFTA, *supra* note 61, art. 103.

65. LEAFFER, *supra* note 9, at 542.

66. NAFTA, *supra* note 61, pmbl.

67. *See generally* Christina De Valle, *Intellectual Property Provisions of NAFTA*, 4 No. 11 J. PROPRIETARY RTS. 8 (1992).

68. *See* 17 U.S.C. § 104A (2002).

69. RALPH F. FOLSOM, *NAFTA AND FREE TRADE IN THE AMERICAS IN A NUTSHELL* 172 (West 2004). One commentator notes that “[although] the NAFTA entered into effect before the TRIPS Agreement, it built on the TRIPS negotiations, which had been in progress for five years before the commencement of the NAFTA negotiations. The intellectual property provisions of the NAFTA thus find a basis in TRIPS as well as on earlier intellectual property treaties.” Hicks & Holbein, *supra* note 19, at 791.

70. MAXWELL A. CAMERON & BRIAN W. TOMLIN, *THE MAKING OF NAFTA: HOW THE DEAL WAS DONE* 142 (Cornell University Press 2000).

71. NAFTA, *supra* note 61, art. 1702; TRIPS, *supra* note 20, art. 1(1).

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## 1. General Obligations

Besides containing specific commitments on various forms of intellectual property rights, NAFTA also contains some general obligations, many of which parallel obligations under TRIPS.<sup>72</sup>

NAFTA Article 1701 obligates parties to provide “adequate and effective” protection and enforcement of intellectual property rights.<sup>73</sup> Article 1701.2 states that, as a component of providing “adequate and effective protection and enforcement of intellectual property rights,” the agreement, at a minimum, incorporates the following treaties: the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms, 1971 (Geneva Convention); the Berne Convention; the Paris Convention for the Protection of Industrial Property, 1967 (Paris Convention); and either the International Convention for the Protection of New Varieties of Plants, 1978 (UPOV Convention 1978), or the International Convention for the Protection of New Varieties of Plants, 1991 (UPOV Convention 1991).<sup>74</sup> If any of the parties had not acceded to any of the incorporated conventions as of the date of entry into force of NAFTA, then they would be obligated to “make every effort to accede.”<sup>75</sup> The conventions stipulated in Article 1701.2 provided the minimum standards for protection.<sup>76</sup> NAFTA goes beyond the provisions in these conventions, and, in fact, established standards of intellectual protection as high or higher than any other bilateral or multilateral agreement at the time.<sup>77</sup>

Chapter 17 contains a general provision on national treatment. For intellectual property purposes,<sup>78</sup> each NAFTA government must treat nationals from other NAFTA countries in the same manner in which it treats its own nationals.<sup>79</sup> NAFTA does not prohibit more extensive protection of intellectual property rights than that required under the agreement.<sup>80</sup> Further,

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72. Gantz, *supra* note 59, at 109; FOLSOM & FOLSOM, *supra* note 58, at § 8.02[E].

73. NAFTA, *supra* note 61, art. 1701(1) (“Each Party shall provide in its territory to the nationals of another Party adequate and effective protection and enforcement of intellectual property rights, while ensuring that measures to enforce intellectual property rights do not themselves become barriers to legitimate trade.”).

74. NAFTA, *supra* note 61, art. 1701.2.

75. *Id.*

76. NEFF & SMALLSON, *supra* note 60, at 7.

77. Hicks & Holbein, *supra* note 19, at 791-92.

78. National treatment applies for all forms of intellectual property rights except for secondary use of sound recordings. NAFTA, *supra* note 61, art. 1703.

79. Hicks & Holbein, *supra* note 19, at 791.

80. NAFTA, *supra* note 61, art. 1702 (“A Party may implement in its domestic law more extensive protection of intellectual property rights than is required under

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NAFTA contains intellectual property enforcement provisions.<sup>81</sup> NAFTA obligates countries to adopt enforcement mechanisms that are “fair, equitable, and not unnecessarily complicated, costly or time-consuming.”<sup>82</sup>

## 2. Copyright and Related Rights

NAFTA’s copyright provisions promote uniformity throughout the continent.<sup>83</sup> NAFTA upgraded the existing copyright regime with respect to the United States, Canada, and Mexico “in order to keep up with the rapid development of new technologies as well as the creative and artistic use of such technological advancements.”<sup>84</sup>

Article 1705 protects all works of original expression, including all traditionally copyrightable materials,<sup>85</sup> as well as computer programs<sup>86</sup> and data compilations meeting the requirements of selection and arrangement necessary to constitute original expression.<sup>87</sup> In most instances, copyrights must be granted for at least fifty years.<sup>88</sup>

Sound recordings are covered separately from literary works. Literary works, under NAFTA, are covered by Article 1705, while sound recordings are covered by Article 1706.<sup>89</sup> Although the United States and Canada both

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this Agreement, provided that such protection is not inconsistent with this Agreement.”).

81. See NAFTA, *supra* note 61, arts. 1714-1718.

82. FOLSOM & FOLSOM, *supra* note 58, at § 8.02[E] (citing NAFTA art. 1714.2).

83. FOLSOM, *supra* note 69, at 181.

84. Hicks & Holbein, *supra* note 19, at 792.

85. See NAFTA, *supra* note 61, art. 1705.1 (“Each Party shall protect works covered by Article 2 of the Berne Convention, including any other works that embody original expression within the meaning of that Convention.”).

86. NAFTA, *supra* note 61, art. 1705.1(a).

87. NAFTA, *supra* note 61, art. 1705.1(b) (“[C]ompilations of data or other material, whether in machine readable or other form, which by reason of the selection and arrangement of their contents constitute intellectual creations, shall be protected as such.”).

88. NAFTA, *supra* note 61, art. 1705.4. In 1998, the United States extended its term of copyright to the author’s life plus seventy years, or ninety-five years from the creation of the work. See generally *Eldred v. Ashcroft*, 537 U.S. 186 (2003). In 2003, Mexico extended the term of copyright to the author’s life plus 100 years. Canada continues to protect copyright for “life plus 50.” Sound recordings, which are protected under what is termed a “related right” rather than copyright, are also afforded a fifty-year term under NAFTA. NAFTA, *supra* note 61, art. 1706.2. The United States protects sound recordings for the same term as for copyrights. Mexico protects sound recordings for a term of fifty years.

89. NAFTA, *supra* note 61, art. 1706.

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protect sound recordings under copyright law, Mexico, like other civil law countries, protects sound recordings under neighboring or related rights due to a belief that the act of mechanically recording a song does not constitute the originality required for protection under copyright.<sup>90</sup>

Generally, for the purposes of intellectual property rights, a party to NAFTA must treat nationals from other NAFTA countries the same way it treats its own nationals,<sup>91</sup> but this is not always the case. In regard to secondary uses of sound recordings, a doctrine of reciprocity is followed, meaning one country can choose to treat another country's nationals only as well as the second country treats the first country's nationals.<sup>92</sup> Additionally, an exclusion is carved out for the Canadian "cultural industries" (film and video, music and sound recording, publishing, cable television, and radio and television broadcasting).<sup>93</sup> This exclusion allows Canada to avoid NAFTA's intellectual property rights requirements relating to the cultural industries, except for obligations that result from Canada's adherence to other international agreements.<sup>94</sup>

NAFTA negotiation concluded in 1992, with ratification in 1993, prior to the emergence of the Internet as the ubiquitous medium that it is today. As such, the agreement is understandably silent as to many of the tools used in the fight against digital piracy. One area of piracy NAFTA does address, though, is the unauthorized decoding of program-carrying satellite signals.<sup>95</sup> In recognition of this early 1990s reality, NAFTA obligates its parties to provide protection against the unauthorized decryption or interception of encrypted program-carrying satellite signals.<sup>96</sup> While NAFTA does not include an explicit prohibition against the circumvention of technological measures that protect access to copyrighted works, its treatment of satellite signal piracy supports the spirit of such a prohibition.

The issue of penalties for the piracy of encrypted program-carrying satellite signals had long been a point of contention between the United States and countries within the reach of the U.S. satellite footprint.<sup>97</sup> Mexico initially opposed such protection on the theory that the focus should be on ac-

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90. See NEFF & SMALLSON, *supra* note 60, at 35.

91. NAFTA, *supra* note 61, art. 1703(1).

92. See *id.*

93. James L. Bikoff & David I. Wilson, *Multilateralization of Intellectual Property Protection under the NAFTA and the TRIPS and the Future of U.S. Bilateral Intellectual Property Initiatives*, 7 INT'L Q. 1, 6-7 (1995) (citing Free-Trade Agreement, U.S.-Can., art. 2012, Jan. 2, 1988, 27 I.L.M. 281 (1988) for a definition of cultural industries).

94. *Id.* at 7 (citing NAFTA, *supra* note 61, annex 2106).

95. NAFTA, *supra* note 61, art. 1707.

96. *Id.*

97. NEFF & SMALLSON, *supra* note 60, § 4.01, at 44.

tual infringement of the underlying work, rather than mere receipt of the signal itself.<sup>98</sup> The United States sought at the very least to prevent the alteration of semiconductor chips to decode unauthorized channels.<sup>99</sup> The compromise ultimately favored Mexico's position, as the section only penalizes decoding and not mere receipt of the encrypted signal.<sup>100</sup>

In protecting program-carrying satellite signals, NAFTA parties are obligated to provide both civil and criminal remedies. Article 1707(a) of NAFTA states that within a year from the date of entry into force, the countries must make it "a criminal offense to manufacture, import, sell, lease or otherwise make available a device or system that is primarily of assistance in decoding an encrypted program-carrying satellite signal without the authorization of the lawful distributor of such signal."<sup>101</sup> Further, Article 1707(b) provides that parties shall make it a civil offense "to receive, in connection with commercial activities, or further distribute, an encrypted program-carrying satellite signal that has been decoded without the authorization of the lawful distributor" or to manufacture or distribute devices for decryption.

The prohibition against decryption devices is addressed separately from the articles protecting copyrights and phonograms. In fact, the language of Article 1707 makes no mention of the word "copyright."<sup>102</sup> The protection against decryption of program-carrying satellite signals is not limited to copyrighted underlying works. The right to bring a civil cause of action against those who decrypt satellite signals is held by "any person that holds an interest in the content of such signal,"<sup>103</sup> whether that is the copyright holder, the copyright holder's licensed distributor, or merely a distributor who has encrypted public domain programs for distribution by satellite.

Article 1707 was an attempt to codify a feature of U.S. telecommunications law<sup>104</sup> in NAFTA's intellectual property chapter.<sup>105</sup> Both the United States and Mexico were already bound by the 1974 Brussels Satellite Convention, which established protection against unauthorized interception and distribution of program-carrying satellite signals.<sup>106</sup> The Brussels Convention did not prohibit decryption of encrypted signals.<sup>107</sup> While Canada never

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98. *Id.*

99. *Id.* § 4.02, at 46.

100. *See id.* at 45-46.

101. NAFTA, *supra* note 61, art. 1707(a).

102. *Id.* art. 1707.

103. *Id.* art. 1707(b).

104. *See, e.g.*, 47 U.S.C. § 605 (1993).

105. NEFF & SMALLSON, *supra* note 60, at 46 (citing 47 U.S.C. § 605).

106. *Id.* § 4.04, at 47 (citing Brussels Satellite Convention, May 21, 1974, T.I.A.S. No. 11078).

107. *Id.* at 47.

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acceded to Brussels, NAFTA Article 1707 built upon Brussels and went further, providing an early 1990's framework for TPM anti-circumvention provisions.

### III. ANTI-CIRCUMVENTION PROVISIONS IN NORTH AMERICA

More than ten years after NAFTA established a goal of North American harmonization of intellectual property, more than eight years after the end of the diplomatic conference, and approximately three years after the WIPO Internet Treaties entered into force,<sup>108</sup> the three North American trading partners still vary considerably with respect to legal protection for TPMs. The United States has enacted the Digital Millennium Copyright Act (DMCA),<sup>109</sup> the centerpiece of which is the sweeping, controversial anti-circumvention provisions. Mexico claims to “self-execute” the WIPO Internet Treaties. Canada has not ratified the WIPO Internet Treaties, and thus does not provide any specific legal protection against the circumvention of TPMs. However, debate currently rages in Canada, similar to that which occurred in the U.S. prior to the passage of the DMCA, as the Canadian Parliament considers the creation of a “Digital Millennium Canadian Copyright Act.”<sup>110</sup>

#### A. United States

The impetus for the WIPO Internet Treaties came from the U.S. content industries.<sup>111</sup> Case law throughout the 1980s and 1990s produced uncertainty as to whether the manufacture and sale of circumvention devices would be

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108. The WCT entered into force on March 6, 2002, three months after Gabon became the thirtieth State to deposit its instrument of accession or ratification with WIPO. WCT Notification No. 32, WIPO Copyright Treaty, Entry Into Force, Dec. 6, 2001, [http://www.wipo.int/edocs/notdocs/en/wct/treaty\\_wct\\_32.html](http://www.wipo.int/edocs/notdocs/en/wct/treaty_wct_32.html) (last visited Nov. 15, 2005). The WPPT entered into force on May 20, 2002, three months after Honduras became the thirtieth State to deposit its instrument of accession or ratification with WIPO. WPPT Notification No. 32, WIPO Performances and Phonograms Treaty, Entry Into Force, Feb. 20, 2002, [http://www.wipo.int/edocs/notdocs/en/wppt/treaty\\_wppt\\_32.html](http://www.wipo.int/edocs/notdocs/en/wppt/treaty_wppt_32.html) (last visited Nov. 15, 2005).

109. Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998).

110. See Michael Geist, *TPMs: A Perfect Storm for Consumers*, TORONTO STAR, Jan. 31, 2005, at D1 [hereinafter Geist, *Perfect Storm*]; Michael Geist, *Canadian Copyright Bill a Missed Opportunity*, TORONTO STAR, June 27, 2005.

111. See Daniel C. Higgs, *Lexmark International, Inc. v. Static Control Components, Inc. & Chamberlain Group, Inc. v. Skylink Technologies, Inc.: The DCMA and Durable Goods Aftermarkets*, 19 BERKELEY TECH. L.J. 59, 61-62 (2004).

illegal under U.S. law.<sup>112</sup> The U.S. content industries and delegation to the WIPO diplomatic conference backed the development of an international digital copyright regime, in part, due to the difficulty the Clinton Administration faced in achieving a similar agenda in Congress.<sup>113</sup> As such, once the treaties were negotiated at Geneva, copyright holders lobbied Congress for strong TPM protection.<sup>114</sup>

In response to the treaties and the content industry's desire for greater protection, Congress enacted the DMCA in 1998.<sup>115</sup> Congress' stated rationale for passing the legislation was to "facilitate the robust development and world-wide expansion of electronic commerce, communications, research, development, and education in the digital age"<sup>116</sup> and to "make available via the Internet the movies, music, software, and literary works that are the fruit of American creative genius."<sup>117</sup>

The DMCA creates an unprecedented set of rights wholly separate from traditional copyright.<sup>118</sup> The new anti-circumvention rights, referred to by some commentators as "paracopyright,"<sup>119</sup> "allow control of uncopyrighted materials, and confer upon content owners a new exclusive right to control not only access to technologically protected works, but also ancillary technologies related to content protection."<sup>120</sup>

The DMCA added Chapter 12 to the Copyright Act.<sup>121</sup> Among other things, Chapter 12 sanctions the right of copyright holders to employ technological measures to protect access to their copyrighted work.<sup>122</sup> Circum-

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112. See ROBERT A. GORMAN & JANE C. GINSBURG, *COPYRIGHT: CASES AND MATERIALS* 807 (6th ed., Foundation Press 2002); see, e.g., *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984).

113. See Samuelson, *Digital Agenda*, *supra* note 24, at 373, 379-80, 429.

114. Higgs, *supra* note 111, at 62; see also Pamela Samuelson, *Intellectual Property and the Digital Economy: Why the Anti-Circumvention Regulations Need to be Revised*, 14 *BERKELEY TECH. L.J.* 519, 533 [hereinafter Samuelson, *Revise Anti-Circumvention*].

115. Higgs, *supra* note 111, at 59; David Nimmer, *Appreciating Legislative History: The Sweet and Sour Spots of the DMCA's Commentary*, 23 *CARDOZO L. REV.* 909, 915-16 (2002).

116. S. REP. NO. 105-190, at 1-2 (1998).

117. *Id.*

118. See 3 MELVILLE B. NIMMER & DAVID NIMMER, *NIMMER ON COPYRIGHT* § 12A.18[B] (2005) [hereinafter *NIMMER ON COPYRIGHT*]; Dan L. Burk, *Anticircumvention Misuse*, 50 *UCLA L. REV.* 1095, 1096 (2003).

119. Burk, *supra* note 118, at 1096 (citing H.R. REP. NO. 105-551(II), at 24-25 (1998)).

120. *Id.*

121. See *NIMMER ON COPYRIGHT*, *supra* note 118, § 12A.03.

122. See 17 U.S.C. § 1201.

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venting a TPM to gain access to a copyrighted work is prohibited under the DMCA.<sup>123</sup> This prohibition is not limited to circumventions designed to gain access to copyrighted works with the intent of infringement.<sup>124</sup> Further, it is also a violation to traffic in devices designed for the primary purpose of circumventing access controls *or* copy controls.<sup>125</sup> Congress felt that the anti-circumvention provisions would encourage copyright owners to make digital works more readily available online.<sup>126</sup>

Chapter 12 prohibits circumventing TPMs that control access, but not those that prevent copying.<sup>127</sup> The DMCA distinguishes between these two types of circumventions to “ensure that the public will have the continued ability to make fair use of copyrighted works,”<sup>128</sup> while still providing the protection to copyright owners envisioned in the WIPO Internet Treaties.<sup>129</sup> Also, because circumventing a TPM to gain access to a copyrighted work is prohibited regardless of intent to infringe,<sup>130</sup> fair use is not a defense.<sup>131</sup>

The DMCA purportedly does not alter any other rights, remedies, limitations, or defenses to copyright infringement, including fair use.<sup>132</sup> Further, Congress explicitly authorizes a laundry list of exceptions to the anti-circumvention provisions.<sup>133</sup> The following exceptions are detailed in Chapter 12: “users adversely affected;”<sup>134</sup> nonprofit libraries, archives, and educational institutions; law enforcement and intelligence activities; reverse engineering;

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123. *Id.* § 1201(a)(1). Leaffer, *supra* note 9, § 8.31[B][1] at 374.

124. See David Nimmer, *A Riff on Fair Use in the Digital Millennium Copyright Act*, 148 U. PA. L. REV. 673, 731 (2000) [Hereinafter Nimmer, *Riff*].

125. Samuelson, *Revise Anti-Circumvention*, *supra* note 114, at 534-35.

126. S. REP. NO. 105-190, at 8 (1998).

127. Leaffer, *supra* note 9, § 8.31[B][1], at 374.

128. *Id.*

129. See *discussion supra* pp. 9-10.

130. See Nimmer, *Riff*, *supra* note 124, at 731.

131. Leaffer, *supra* note 9, § 8.31[B][1] at 374; Nimmer, *Riff*, *supra* note 124, at 731.

132. 17 U.S.C. § 1201(c)(1). Arguably, however, this is not the case, as the prohibition on the manufacture and distribution of circumvention devices means that the general public will not have the practical ability to circumvent for the purpose of making a fair use of a work.

133. Leaffer, *supra* note 9, § 8.31[B][2], at 375.

134. *Id.* This exception covers “persons who are users of a work which is in a particular class of works, if such persons are or are likely to be . . . adversely affected by virtue of the prohibition in their ability to make non-infringing uses of that particular class of works.” *Id.* (quoting 17 U.S.C. § 1201(a)(1)(B)).

encryption research; preventing access of minors to objectionable material; protection of personally identifying information; and security testing.<sup>135</sup>

The DMCA provides both civil remedies and criminal penalties for circumventing access controls in violation of Chapter 12.<sup>136</sup> Copyright holders can bring civil actions in federal courts, which can grant injunctions; award damages, costs, and attorney's fees; and order impounding, remedial modification, or destruction of circumvention devices.<sup>137</sup> The court also has the discretion to award treble damages against repeat offenders.<sup>138</sup> In addition, significant criminal penalties are available for the willful violation of Section 1201<sup>139</sup> for purposes of commercial advantage or private financial gain.<sup>140</sup>

Early cases interpreting Section 1201 involved the content industries and traditional copyrighted works.<sup>141</sup> In *Sony Computer Entertainment America, Inc. v. Gamemasters*,<sup>142</sup> the Northern District of California determined that Gamemaster's "Game Enhancer" product, which allowed PlayStation owners to bypass Sony's authentication procedure and play imported game cartridges that were not licensed for the particular geographical region, circumvented a technological measure intended to control access to copyrighted works.<sup>143</sup> In *RealNetworks, Inc. v. Streambox, Inc.*,<sup>144</sup> the plaintiff sought a preliminary injunction to stop Streambox from distributing and marketing products which allowed consumers to bypass RealNetworks's authentication sequence in order to stream specially encoded digital audio and video files from the Internet.<sup>145</sup> The court found that Streambox was likely in violation of the DMCA provisions prohibiting the distribution of devices that

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135. *Id.* at 376 (discussing 17 U.S.C. § 1201(d)-(j)).

136. *Id.* § 8.31[D], at 378 (citing 17 U.S.C. §§ 1203-04).

137. *Id.* (citing 17 U.S.C. § 1203(b)).

138. *Id.* (citing 17 U.S.C. § 1203(c)(4)).

139. *Id.* at 379.

140. 17 U.S.C. § 1204(a). Willful circumvention is punishable by up to \$500,000 in fines or imprisonment up to 5 years. Leaffer, *supra* note 9, § 8.31[D], at 379 (citing 17 U.S.C. § 1204(a)(1)). Penalties may be double that for repeat offenders. *Id.* (citing § 1204(a)(2)). Nonprofit libraries, archives, and educational institutions are not subject to criminal penalties. *Id.* (citing § 1204(b)).

141. See Higgs, *supra* note 111, at 65 & n.41 (noting that one early case not involving a content industry was *PortionPac Chemical Corp. v. Sanitech Systems, Inc.*, 210 F. Supp. 2d 1302 (M.D. Fla. 2002), in which the court indicated that the DMCA was mainly intended to protect works available on the Internet).

142. *Sony Computer Entm't America, Inc. v. Gamemasters*, 87 F. Supp. 2d 976 (N.D. Cal. 1999).

143. *Id.* at 987. See also Higgs, *supra* note 111, at 65-66.

144. *RealNetworks, Inc. v. Streambox*, 2000 WL 127311 (W.D. Wash. Jan 18, 2000).

145. Higgs, *supra* note 111, at 66.

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circumvent access or copy controls.<sup>146</sup> In *Universal Studios, Inc. v. Corley*,<sup>147</sup> the Second Circuit upheld an injunction against Internet posting of the DeCSS computer program, which circumvented the CSS encryption system that protects access to motion pictures on DVDs.<sup>148</sup> The court found that distribution of DeCSS was a violation of Section 1201(a)(2)(A).<sup>149</sup> More recently, courts have thwarted attempts by durable goods manufacturers to use Section 1201 to control the aftermarket for their products.<sup>150</sup>

The DMCA has been roundly criticized as providing a windfall for the content industries at the expense of the general public. Some argue that the DMCA's anti-circumvention provisions impinge on fair uses of copyrighted works,<sup>151</sup> allow the copyright owner to defeat a purchaser's privileges under the first sale doctrine,<sup>152</sup> can lock up public domain materials,<sup>153</sup> and have the

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146. See *id.*

147. *Universal City Studios, Inc. v. Corley*, 273 F.3d 429 (2d Cir. 2001).

148. Higgs, *supra* note 111, at 66.

149. *Id.*

150. *E.g.*, *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178 (Fed. Cir. 2004), *cert. denied*, 125 S.Ct. 1669 (Mar. 21, 2005); *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522 (6th Cir. 2004). For a discussion of the district court rulings in these two cases, see Higgs, *supra* note 111, at 67-77.

151. June M. Besek, *Anti-Circumvention Laws and Copyright: A Report from the Kernochan Center for Law, Media and the Arts*, 27 COLUM. J.L. & ARTS 385, 467. See generally Nimmer, *Riff*, *supra* note 124, at 727-33; Samuelson, *Revise Anti-Circumvention*, *supra* note 114, at 547-58; Lawrence Lessig, *Law Regulating Code Regulating Law*, 35 LOY. U. CHI. L.J. 1, 6-7 (2003). Lessig points out:

An eBook reader, for example, can disable the ability to print a short selection from a book, even though printing a short selection from the book would plainly be considered fair use. Or the technology could be designed to disable the capacity to cut and paste from one document to another, as a way to control the ability to quote.

*Id.*

152. Besek, *supra* note 151, at 468; see Geist, *Perfect Storm*, *supra* note 110, at D1. ("The proliferation of technological protection measures, alongside new legislative proposals designed to protect these digital locks, represent a perfect storm of danger to consumers, who may find themselves locked out of content they have already purchased, while sacrificing their privacy and free speech rights in the process."). Under the first sale doctrine, purchasers of copyrighted materials may "sell or otherwise dispose of the possession" of such materials as they wish. Besek, *supra* note 151, at 473 (quoting 17 U.S.C. § 109).

153. Besek, *supra* note 151, at 468. Besek notes that critics argue the DMCA's provisions encourage the repackaging of public domain works with copy-

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potential to allow copyright holders to restrain aftermarket competition.<sup>154</sup> One commentator has even stated that the DMCA “leaves copyright law in shambles.”<sup>155</sup>

Congress may eventually need to revise the DMCA, thereby narrowing its application to those situations for which it was first intended, namely digital piracy of creative works.<sup>156</sup> Congress could insert language requiring underlying copyrighted works to have independent market value and requiring that circumventions pose a substantial threat that underlying works will be distributed in digital form without authorization of the copyright owner. Furthermore, Congress could create an exemption for general legitimate use,<sup>157</sup> including that which would fall within the fair use defense.<sup>158</sup> A bill introduced in the 108th Congress by Representative Rick Boucher, entitled the Digital Media Consumers’ Rights Act of 2003, would amend the DMCA to provide that circumventions for the purpose of fair use or valid scientific research into TPMs do not violate federal law.<sup>159</sup> By amending the statute, Congress would provide specific guidance to the courts and companies while

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righted material so as to avoid circumvention. *Id.* One district court also noted:

Once the statutory protection lapses, the works pass into the public domain. The encryption on a DVD copy of such a work, however, will persist. Moreover, the combination of such a work with a new preface or introduction might result in a claim to copyright in the entire combination. If the combination then were released on DVD and encrypted, the encryption would preclude access not only to the copyrighted new material, but to the public domain work.

Universal City Studios, Inc. v. Reimerdes, 111 F. Supp. 2d 294, 338 n.245 (S.D.N.Y. 2000), *aff’d sub nom.*, Universal City Studios, Inc. v. Corley, 273 F.3d 429 (2001).

154. Besek, *supra* note 151, at 469. *See generally* Higgs, *supra* note 111 (describing the attempts of durable goods manufacturers to leverage their copyright to extend to a monopoly in the aftermarket); Marlan D. Walker, *The New Wild West: Digital Rights Providers Making Their Own Law* (unpublished manuscript, on file with author) (noting that the anti-circumvention provisions and limiting access to digital rights management (DRM) keys enables Apple to control the market for MP3 players, as music purchased through the Apple iTunes store cannot be played on other players).

155. David Nimmer, *Codifying Copyright Comprehensibly*, 51 UCLA L. REV. 1233, at 1342. Professor Nimmer goes so far as to compare the DMCA to “Jeremy Bentham’s ‘nonsense on stilts.’” *Id.*

156. *See* Samuelson, *Revise Anti-Circumvention*, *supra* note 114, at 538.

157. *Id.* at 543-46.

158. Besek, *supra* note 151, at 475-77.

159. *See* H.R. 107, January 7, 2003, [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108\\_cong\\_bills&docid=f:h107ih.txt.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108_cong_bills&docid=f:h107ih.txt.pdf) (last visited Nov. 15,

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promoting competition in the marketplace. The limiting language would bring the DMCA more in line with the stated objectives for its passage while still meeting the obligations under the WIPO Internet Treaties.

## B. Mexico

The International Intellectual Property Alliance, a private sector coalition of U.S. based copyright industries, describes Mexico as “one of the most important markets in this hemisphere and one where, notwithstanding improved efforts by Mexican law enforcement authorities, piracy levels and losses remain unacceptably high.”<sup>160</sup> Indeed, piracy of copyrighted material is an enormous problem in Mexico, perhaps due to the fact that copyright holders lack adequate legal protection for some of the most important tools in the fight against digital piracy: TPMs.

Mexico ratified the WPPT in 1999<sup>161</sup> and the WCT in 2000.<sup>162</sup> However, to date, Mexico has not implemented Article 18 of the WPPT in its national legislation and arguably has only partially implemented Article 11 of the WCT.<sup>163</sup>

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2005). *See generally* Digital Media Consumers’ Right Act Handout, <http://www.house.gov/boucher/docs/dmcrhandout.htm> (last visited Nov. 15, 2005).

160. International Intellectual Property Alliance, 2005 Special 301 Report 373, <http://www.iipa.com/rbc/2005/2005SPEC301MEXICO.pdf> (last visited Nov. 15, 2005). The report estimated that trade losses due to copyright piracy exceeded \$870 million in 2004. *Id.* [hereinafter IIPA, 2005 Special 301 Report]. The piracy problem in Mexico does not just affect the U.S. music industry. The Office of the United States Trade Representative reports:

Although levels of music piracy are down from last year, dropping from 68 percent in 2002 to 60 percent in 2003, the music industry in Mexico suffered one of its worst years in recent history. Of all pirated music sales in Mexico in 2003, 90 percent were of Spanish speaking artists.

Office of the United States Trade Representative, 2004 National Trade Estimate Report on Foreign Trade Barriers, 333-334, [http://www.ustr.gov/assets/Document\\_Library/Reports\\_Publications/2004/2004\\_National\\_Trade\\_Estimate/2004\\_NTE\\_Report/asset\\_upload\\_file31\\_4781.pdf](http://www.ustr.gov/assets/Document_Library/Reports_Publications/2004/2004_National_Trade_Estimate/2004_NTE_Report/asset_upload_file31_4781.pdf) (last visited Nov. 15, 2005) [hereinafter USTR, 2004 National Trade Estimate].

161. WPPT Notification No. 32, WIPO Performances and Phonograms Treaty, Entry Into Force, Feb. 20, 2002, [http://www.wipo.int/edocs/notdocs/en/wppt/treaty\\_wppt\\_32.html](http://www.wipo.int/edocs/notdocs/en/wppt/treaty_wppt_32.html) (last visited Nov. 15, 2005). Mexico deposited its WPPT instrument of ratification with WIPO on November 17, 1999. *Id.*
162. WCT Notification No. 32, WIPO Copyright Treaty, Entry Into Force, Dec. 6, 2001, [http://www.wipo.int/edocs/notdocs/en/wct/treaty\\_wct\\_32.html](http://www.wipo.int/edocs/notdocs/en/wct/treaty_wct_32.html) (last visited Nov. 15, 2005). Mexico deposited its WCT instrument of ratification with WIPO on May 18, 2000. *Id.*
163. MORAG MACDONALD, UMA SUTHERSANEN, & CRISTINA GARRIGUES, COPYRIGHT: WORLD LAW AND PRACTICE MX/25, para. D4 (R.O. 2004). Mexico’s response to the question “What legal protection, and what legal remedies, does

Like most civil law countries, Mexico views its treaties as self-executing.<sup>164</sup> Once they have been signed by the executive officer, ratified by the legislature, and published, they become law<sup>165</sup> without special implementing legislation.<sup>166</sup> The Mexican Supreme Court has stated that in the hierarchy of law, international treaties are placed above the federal laws, but below the federal constitution.<sup>167</sup>

One benefit of self-execution is that citizens are not bound by new, potentially overbroad statutory language that could unjustly harm users, as many argue that Section 1201 of the DMCA could.<sup>168</sup> However, in practice, self-execution is likely to lead to difficulty in enforcement. The WIPO Internet Treaties do not comprise specific, substantive statutory provisions regarding TPMs or their possible circumvention, but merely require that member states provide “adequate legal protection and effective legal remedies” against TPM circumvention. The argument that Mexico meets the obligations of the WIPO Internet Treaties via self-execution is weak because even if the treaties themselves are automatically incorporated into Mexican law, they have no actual substantive provisions and lack effective enforcement mechanisms.<sup>169</sup> By analogy, after the adoption of NAFTA, some “Mexican jurists concede[d] that parties relying on the NAFTA might face somewhat greater difficulty in Mexican courts if NAFTA-imposed changes were not specifically implemented in Mexican domestic law.”<sup>170</sup> As such,

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the law provide against the circumvention of effective technological measures of protection?” is conspicuously absent in the WIPO “Survey on Implementation Provisions of the WCT and WPPT.” See World Intellectual Property Organization, Standing Committee on Copyright and Related Rights, *Survey on Implementation Provisions of the WCT and the WPPT*, April 25, 2003, 539-40, 902-03, [http://www.wipo.int/documents/en/meetings/2003/sccr/pdf/sccr\\_9\\_6.pdf](http://www.wipo.int/documents/en/meetings/2003/sccr/pdf/sccr_9_6.pdf) (last visited Nov. 15, 2005).

164. NEFF & SMALLSON, *supra* note 60, at 10.

165. *Id.*

166. See Bruce Zagaris & Alvaro J. Aguilar, *Enforcement of Intellectual Property Protection Between Mexico and the United States: A Precursor of Criminal Enforcement for Western Hemispheric Integration?*, 5 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 41, 99 (1994).

167. *Tratados Internacionales. Se Ubican Jerárquicamente por Encima de las Leyes Federales y en un Segundo Plano Respecto de la Constitución Federal*, 10 S.J.F. 46 (9a época 1999). International treaties have a hierarchy above the federal laws but underneath the federal constitution, 10 S.J.F. 46 (9a época 1999).

168. See generally Burk, *supra* note 118; Higgs, *supra* note 111; Nimmer, *Riff*, *supra* note 124; Samuelson, *Revise Anti-Circumvention*, *supra* note 114; Geist, *Perfect Storm*, *supra* note 110.

169. Cf. Zagaris & Aguilar, *supra* note 166, at 99.

170. NEFF & SMALLSON, *supra* note 60, at 10.

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self-execution may not be an effective method for providing the protection required by the WIPO Internet Treaties.

Mexico claims to have implemented Article 11 of the WCT. Indeed, Mexican copyright law<sup>171</sup> does provide some civil procedures that are only applicable to computer software.<sup>172</sup> Artículo 112 of the Mexican copyright law, *Ley Federal del Derecho de Autor (LFDA)*, implements a “technical protection” measure with the purpose of prohibiting “the circumvention of codification mechanisms of computer programs and of transmissions.”<sup>173</sup> Specifically, Artículo 112 states that it is “prohibited to import, manufacture, distribute, and use apparatus, or render services, whose purpose is to remove the technical protection of computer programs, transmissions by electromagnetic waves, and over telecommunication networks, and programs containing electronic elements.”<sup>174</sup>

Artículo 112 of the LFDA has a narrower scope than that of Article 11 of the WCT. Under the WCT, the anti-circumvention provision prohibits circumventing TPMs in general.<sup>175</sup> The WCT provision extends to TPMs protecting all works protected by copyright as described by the subject matter of the treaty. Article 18 of the WPPT prohibits circumvention of TPMs protecting access to the related rights described by the subject matter of that treaty, namely performances and phonograms. In contrast, Artículo 112 is narrowly crafted and does not extend to all works protected by copyright and related rights. Additionally, Artículo 112 does not stipulate any specific civil remedies or criminal penalties for its violation.<sup>176</sup>

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171. [O]riginal intellectual creations in Mexico are protected under the “author’s rights” (*derechos de autor*) classification. . . . Under the author’s rights system of Mexico, moral rights are recognized and perpetually protected for the benefit of an author. Broadly defined, moral rights are a set of rights or prerogatives related to the honor, prestige and reputation of the author.

Alejandro Pérez-Serrano, *Overview of Copyright Protection in the United States and Mexico*, National Law Center for Inter-American Free Trade, 1997, <http://www.natlaw.com/pubs/spmxi12.htm> (last visited Nov. 15, 2005).

172. The Mexican copyright statute defines “computer program” as “the original expression in any form, language or code of a set of instructions which, by virtue of a particular sequence, structure and organization, are intended to make a computer or other device carry out a specific task or function.” *Ley Federal del Derecho de Autor [L.F.D.A.] [Copyright Law]*, art.102 (Mex.).

173. MACDONALD, SUTHERSANEN, & GARRIGUES, *supra* note 163, at para. D4.1.

174. *Ley Federal del Derecho de Autor [L.F.D.A.] [Copyright Law]*, art.112, entrada de 19 Mayo 1997 (Mex.).

175. MACDONALD, SUTHERSANEN, & GARRIGUES, *supra* note 163, at para. D4.1.

176. Strictly speaking, Article 11 of the WCT and Article 18 of the WPPT do not explicitly demand criminal penalties. However, the more general language demands that contracting states provide “adequate legal protection and effective legal remedies” against circumvention. *See supra* note 29 and accompanying text.

It is hardly surprising that Artículo 112 would fail to meet the obligations of the WIPO treaties. Artículo 112 is found in the 1996 text of the LFDA. The law was passed by the Mexican Congress on December 5, 1996, and entered into force on May 19, 1997. The WIPO diplomatic conference, on the other hand, began on December 2, 1996 and was concluded on December 20, 1996. Substantive negotiation of provisions to be included in the text did not even begin until December 6, 1996,<sup>177</sup> the day after the Mexican Congress passed the revision to the LFDA. On July 24, 2003, the Mexican Congress amended the copyright law,<sup>178</sup> however, the 1996 language of Artículo 112 remained untouched.

Although Artículo 112 of the LFDA does not specify any criminal sanctions, a provision of the Mexican criminal code, Código Penal para el Distrito Federal (Código Penal), does address generic forms of hacking in the organized crime context.<sup>179</sup> Mexican authorities claim that this provision, Artículo 424Bis(II), incorporates the WIPO Internet Treaties in their internal legislation. Artículo 424Bis(II) mandates a prison sentence of three to ten years and a fine ranging from 2,000 to 10,000 times the daily minimum wage for the act of “[making], with an aim of profit, a device or system whose purpose is to deactivate the electronic protections of a computer program.”<sup>180</sup> Like Artículo 112 of the LFDA, Artículo 424Bis(II) of the Código Penal is limited to the circumvention of TPMs protecting computer programs, rather than all works subject to copyright or related rights as incorporated in the WCT and WPPT. Additionally, the criminal provision explicitly stipulates that, in order to constitute a criminal violation, the circumventing of TPMs or trafficking in circumvention devices must be done for profit.

The Mexican copyright office, Instituto Nacional del Derecho de Autor (INDAUTOR), has proposed a modification to the LFDA, independent of any necessary modifications to the penal code, in order to comply with the WIPO Internet Treaties.<sup>181</sup> At the center of the proposal are anti-circumvention measures.

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177. FICSOR, *supra* note 8, ¶ 2.04, at 45.

178. Ley Federal del Derecho de Autor [L.F.D.A.] [Copyright Law], reformada de Julio de 2003 (Mex.). Among the more significant changes, the normal term of copyright protection was extended from life plus 75 years to life plus 100 years, the rights of the author to control the exploitation of a derivative work were strengthened, photographs were added to the types of works for which a license to use to the work does not extend for commercial purposes, the right of the federal courts to hear copyright disputes between private litigants was reasserted, and a resale right was introduced.

179. Código Penal Federal [C.P.F.] [Federal Criminal Code], art. 424Bis(II) (Mex.).

180. C.P.F. art. 424Bis(II).

181. See Instituto Nacional del Derecho de Autor, *Ajustes a la Ley del Derecho de Autor de Acuerdo con los Tratados OMPI Sobre Derecho de Autor y Sobre Interpretación o Ejecución y Fonogramas* (on file with author). Mexican Copyright Office, Adjustments to the Copyright Law in Agreement with the WIPO

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INDAUTOR proposes that the Mexican Congress add a sentence at the end of the current Artículo 112 of the LFDA explicitly extending the protection of this provision to “also include all types of works protected by the law, as well as performances, books, phonograms, motion pictures, and broadcasts.”<sup>182</sup> INDAUTOR also proposes several amendments to the copyright law’s provisions on “trade-related infringements.”<sup>183</sup> If done with “direct or indirect profit-making purposes,” the following would constitute a trade-related infringement:

importing, producing, selling, renting, using or any other act that allows one to have a mechanism or system whose purpose is to deactivate or to elude the technological measures for the protection of works, performances, phonograms, motion pictures, books or broadcasts, protected by copyright or the related rights, without the authorization of the respective holders in the terms of this law.<sup>184</sup>

INDAUTOR also proposes that Artículo 232 be amended to provide for administrative sanctions in the amount of “5,000 to 10,000 times the minimum daily wage” for violations of the circumvention of TPMs protecting the works described above.<sup>185</sup>

The INDAUTOR proposals are a start, but do not fully conform to the obligations under the WIPO treaties. While the proposed Artículo 112 would extend the prohibition against circumventing TPMs to all works covered by copyright and related rights, the provision is still neither “adequate” nor “effective.” For example, the proposed Artículo 112 prohibits only those circumvention devices “whose purpose” is to circumvent.<sup>186</sup> Would it not be a violation of Artículo 112 if someone circumvented a TPM with a device that was not designed for circumvention?<sup>187</sup> Further, the proposed administrative sanctions would only apply to circumventions done for profit, rather than

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Copyright Treaty and WIPO Performances and Phonograms Treaty [hereinafter INDAUTOR document].

182. *Id.* at proposed art. 112.

183. Ley Federal del Derecho de Autor [L.F.D.A.] [Copyright Law], arts. 231-36 (Mex.).

184. INDAUTOR document, *supra* note 181, at proposed art. 231(VI).

185. *Id.* at proposed art. 232(1).

186. *Id.* at proposed art. 112.

187. The “designed for circumvention” language calls to mind the current debate in the United States regarding “substantial non-infringing uses” and peer-to-peer file-sharing. *See generally* Metro-Goldwin-Meyer Studios, Inc. v. Grokster, 125 S.Ct. 2764 (2005) (holding that distributors of software could be liable for contributory infringement, regardless of the software’s lawful uses, based on evidence that the software was distributed with the principal, if not exclusive, object of promoting its use to infringe copyright); *see also* Sony Corp. v. Univ.

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generally protecting the authors' ability to exercise their exclusive rights under copyright.

While the WIPO treaties do not explicitly call for criminal penalties, Mexico's pervasive piracy problem<sup>188</sup> necessitates criminal enforcement of anti-circumvention provisions in order for Mexico to meet its obligation of providing adequate legal protection and effective legal remedies. Although the organized crime law in its amended form includes copyright piracy,<sup>189</sup> providing "more power and local resources to fight copyright piracy,"<sup>190</sup> less than 1% of all criminal raids in 2004 resulted in any form of sanction.<sup>191</sup>

In order to fully implement the WIPO treaties, Mexico must amend its laws. Artículo 424*bis*(2) of the Código Penal should be amended to extend the criminal prohibition on trafficking in devices to those devices that enable the circumvention of TPMs on all copyrighted works, rather than simply those protecting access to computer programs.

Additionally, INDAUTOR's proposal should be adopted to extend the prohibition to technological measures protecting all copyrighted works. The current structure of Artículo 112 incorporates both anti-circumvention and anti-trafficking provisions. In order to clarify the level of protection, the Mexican Congress should rewrite Artículo 112 as two different subsections, although maintaining the structure of the current statute. For example, the first portion should prohibit acts of circumvention:

It is prohibited to circumvent the technical protection of all types of works protected by the copyright law, as well as performances, books, phonograms, motion pictures, and broadcasts.

The second subsection, Artículo 112*bis* should prohibit trafficking in circumvention devices:

It is prohibited to import, manufacture, or distribute apparatus, or render services, whose purpose is to circumvent the technical pro-

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City Studios, Inc., 464 U.S. 417, 789 (1984) (finding that it was not contributory infringement if the product is capable of substantial non-infringing uses).

188. The International Intellectual Property Alliance estimates that trade losses due to copyright piracy topped US \$870 million in 2004. See IIPA, 2005 Special 301 Report, *supra* note 160, at 373.

189. Código Penal Federal [C.P.F.] [Federal Criminal Code], *as amended*, art. 424*bis*, 12 mayo 2004.

190. IIPA, 2005 Special 301 Report, *supra* note 160, at 384.

191. *Id.* at 373. The Office of the United States Trade Representative reports that "only three of the 900 counterfeiters who were arrested in 2002 and 2003 received sentences greater than one year, thus undercutting the deterrent effect of the raids and arrests. Very few [intellectual property] violations result in prison terms. As a result, counterfeiters are often released and return to the street." USTR, 2004 National Trade Estimate, *supra* note 160, at 334.

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tection of works protected by the copyright law, as well as performances, books, phonograms, motion pictures, and broadcasts.

These provisions should incorporate both civil and administrative remedies, whether or not the circumvention was done for the purpose of profit. The structure that results from separating the two offenses would better enable Mexico to meet its obligation of providing adequate legal protection and effective legal remedies.

### C. Canada

Canada was one of the original signatories of the WIPO Internet Treaties in 1997.<sup>192</sup> Nevertheless, in more than eight years since signing, Canada has not ratified the treaties. In a paper based on two studies funded by the Canadian Ministry of Heritage in 2003 on whether to ratify the WCT and WPPT, Canadian copyright experts Dr. Ian R. Kerr, Alana Maurushat, and Christian S. Tacit identified the following responses:

Canada could choose not to confer additional legal protection to TPMs and simply allow them to flourish or fail in an unregulated environment until such time as there is more compelling evidence of a need to legislate. . . . [Or] Canada could choose to provide some measure of “adequate legal protection.” It is suggested that, if Canada ratifies the WIPO Treaties and legal intervention is to take place, legislative provisions should be designed to preserve to the greatest extent possible copyright’s delicate balance between private rights and the public interest.<sup>193</sup>

To date, Canada has taken the first route, choosing to study the issue rather than implementing anti-circumvention provisions. However, this may soon change. On June 20, 2005, Bill C-60, legislation intended to reform Canada’s Copyright Act,<sup>194</sup> was read in the House of Commons of Canada.<sup>195</sup>

The last substantial revision of Canadian copyright legislation occurred in 1998, shortly after Canada signed the WIPO Internet Treaties.<sup>196</sup> Although

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192. Canada signed the WIPO treaties on December 22, 1997, approximately a year after the diplomatic conference concluded in Geneva. Treaties Database-Contracting Parties, [http://wipo.int/treaties/en/Remarks.jsp?cnty\\_id=1540C](http://wipo.int/treaties/en/Remarks.jsp?cnty_id=1540C) (last visited Nov. 15, 2005).

193. Kerr, Maurushat, & Tacit, *supra* note 27, at 45-46.

194. Copyright Act, R.S.C., ch. C-42 (1985).

195. See Indus. Can. & Dep’t Canadian Heritage, *Government Statement on Proposals for Copyright Reform*, Mar. 24, 2005, <http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01142e.html> (last visited Nov. 15, 2005) [hereinafter Indus. Can. and Dep’t Canadian Heritage, *Government Statement*].

196. Bill C-32 came into force in 1998. See House of Commons, Can., *Interim Report on Copyright Reform: Report of the Standing Committee on Canadian Heritage* 1 (2004) [www.parl.gc.ca/infocom/Doc/Documents/37/3parlbus/](http://www.parl.gc.ca/infocom/Doc/Documents/37/3parlbus/)

the massive copyright reform did not address any of the obligations of the WCT or WPPT, "Industry Canada commissioned. . . Canadian copyright experts [Johanne Daniel and Lesley Ellen Harris] to provide their opinion on the amendments needed to the Copyright Act if Canada were to ratify the Treaty."<sup>197</sup> The report concluded that Canadian copyright law did not extend protection to copyrighted works against the circumvention of TPMs and recommended an amendment of the Copyright Act to prohibit circumvention devices and the circumvention of TPMs.<sup>198</sup> One proposal would make it "an infringing act to remove or bypass, for infringing purposes, any device or measure intended to limit reproduction, [performance in public or communication to the public, or any other right granted under the Copyright Act] of a work or other subject matter."<sup>199</sup> Another suggestion "called for legislating against importing, manufacturing, or distributing a device or providing a service that had the capability of circumventing copyright protection technology where the purpose of the technology was to limit reproduction."<sup>200</sup>

Pursuant to a provision of the 1998 Copyright Law<sup>201</sup> requiring the Minister of Industry to "table a report on the provisions and operation of the act within five years of the proclamation,"<sup>202</sup> the Canadian government in 2002 announced a three-pronged agenda for copyright reform in a report (the Section 92 Report) to the House of Commons Standing Committee on Canadian Heritage.<sup>203</sup> The Section 92 Report called for ratification of the WIPO Internet Treaties in order to "ensure that Canadian rights holders will benefit from copyright protection in all treaty countries."<sup>204</sup> Several amendments to Canada's Copyright Act were proposed, including one which extends protection to TPMs.

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commbus/house/reports/herirp01/herirp01-e.pdf (last visited Nov. 15, 2005) [hereinafter *Interim Report* ].

197. Alex Colangelo, *Copyright Infringement in the Internet Era: The Challenge of MP3s*, 39 ALTA. L. REV. 891, 903 (2002).

198. Johanne Daniel & Lesley Ellen Harris, *Discussion Paper on the Implementation of WIPO Copyright Treaty* 5 (1998), [http://www.strategis.ic.gc.ca/pics/ip/wipodp\\_e.pdf](http://www.strategis.ic.gc.ca/pics/ip/wipodp_e.pdf) (last visited Nov. 15, 2005).

199. *Id.*

200. Colangelo, *supra* note 197, at 904.

201. Copyright Act, R.S.C., ch. c-42 § 92 (1985) (Can.).

202. *Interim Report*, *supra* note 196, at 1.

203. Indus. Can., *Supporting Culture and Innovation: Report on the Provisions and Operation of the Copyright Act* 42, <http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp00863e.html> (last visited Nov. 15, 2005). [hereinafter the *Section 92 Report*].

204. *Id.* at 44.

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The Section 92 Report came in the wake of a series of public online consultations begun in June 2001<sup>205</sup> with the release of consultation papers on “changes in technology and the digital revolution.”<sup>206</sup> One paper identified several tenets for the new digital framework: “the [new] rules must advance “Canadian values”. . . should be clear and allow easy, transparent access. . . should promote a vibrant and competitive electronic commerce in Canada [and the global marketplace]. . . [and] should be technology neutral,” applying generally without reference to any particular technology.<sup>207</sup>

In October 2003, the Standing Committee on Canadian Heritage launched a review of the Act with the first round of hearings<sup>208</sup> beginning on October 7, 2003. On March 25, 2004, the Ministers of Canadian Heritage and Industry jointly submitted a “Status Report on Copyright Reform.” As a result of the hearings and the status report, the House of Commons Standing Committee on Canadian Heritage issued an interim report of recommendations (the Interim Report) in May 2004.<sup>209</sup>

The Interim Report made recommendations on a variety of digital copyright issues.<sup>210</sup> The recommendations contained in the Interim Report were widely applauded by members of the content industries.<sup>211</sup> However, many

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205. The government received over 700 submissions as a result of the consultations. See Indus. Can. & Dep’t Canadian Heritage, *Government Statement*, *supra* note 195.

206. *Interim Report*, *supra* note 196, at 1.

207. Indus. Can. & Dep’t Canadian Heritage, *Consultation Paper on Digital Copyright Issues* 13 (2001), [http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/vwapj/digital.pdf/\\$FILE/digital.pdf](http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/vwapj/digital.pdf/$FILE/digital.pdf) (last visited Nov. 15, 2005). [hereinafter *Consultation Paper*].

208. The House of Commons Standing Committee on Canadian Heritage heard from officials from the departments of Canadian Heritage and Industry Canada and from “mixed panels of witnesses with divergent interests and backgrounds (that is, creators, users, collective societies and intermediaries).” See *Interim Report*, *supra* note 196, at 3.

209. See generally, *Interim Report*, *supra* note 196 (explaining the process utilized by the Committee in making its recommendations in the report). About a month after the Interim Report was released, the Canadian Supreme Court ruled that file-sharing was legal, creating new impetus for Parliament to reform the copyright law. See *Soc’y of Composer, Authors and Music Publishers of Can. v. Canadian Ass’n of Internet Providers*, [2004] S.C.R. 427.

210. The Interim Report addressed the following issues: private copying and WIPO ratification; photographic works; Internet service provider (ISP) liability; use of Internet material for educational purposes; technology-enhanced learning; and electronic delivery of material to library patrons. See *Interim Report*, *supra* note 196, at 3.

211. See e.g., Canadian Recording Indus. Ass’n, *The Canadian Recording Industry Calls for Adoption of Heritage Committee Copyright Report Recommendations* (2004), [http://cria.ca/news/12054a\\_n.php](http://cria.ca/news/12054a_n.php) (last visited Nov. 15, 2005) (“We

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interest groups, such as the education community, the security information technology community, and consumer groups, as well as experts, roundly criticized the recommendations.<sup>212</sup>

A major criticism of legal protection for TPMs in Canada is that it upsets the “delicate balance between private rights and the public interest.”<sup>213</sup> One copyright professor states that TPMs are particularly dangerous for consumers, “who may find themselves locked out of content they have already purchased, while sacrificing their privacy and free speech rights in the process.”<sup>214</sup> In fact, much of the vociferous Canadian objection to a legal regime surrounding TPMs is the result of similar arguments in response to the passage of the Digital Millennium Copyright Act.<sup>215</sup>

One of the “Canadian values” that many critics identify as harmed by strong anti-circumvention provisions is the doctrine of “fair dealing,” similar to the notion of fair use<sup>216</sup> under American law. Section 29 of the Canadian

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commend Committee Chair Sam Bulte and the other Heritage Committee members on making decisions in a few weeks that the departments of Canadian Heritage and Industry Canada couldn't make in several years. . . . We are calling on the Minister of Canadian Heritage to ensure immediate adoption of the Committee's recommendations.”).

212. See generally Digital Copyright Can., *Coalition of Musicians, Software Developers, Photographers, and Other Protest World Intellectual Property Day*, <http://www.digital-copyright.ca/petition/press20040423.shtml> (last visited Nov. 15, 2005) (“A national coalition of musicians, software developers, photographers and others from across the country intends to use World Intellectual Property Day to remind the government that copyright is about protecting creativity, not the music industry.”); Geist, *Perfect Storm*, *supra* note 110 at D01; Michael Geist, *A Blueprint for Better Copyright Law*, TORONTO STAR, Aug. 9, 2004, at D02; Michael Geist, *Music Industry Doesn't Need More Government Protection*, TORONTO STAR, Feb. 21, 2005, at D02; see also Arstechnica, *Canada Fights Off DMCA-like Law*, <http://arstechnica.com/news.ars/post/20050325-4734.html?85975> (last visited Nov. 15, 2005).

213. Kerr, Maurushat, & Tacit, *supra* note 27, at 46.

214. Geist, *Perfect Storm*, *supra* note 110, at D01.

215. One blogger writes:

One of the nastier American exports these days is the DMCA, which should you need a refresher, is one of the worst pieces of legislation passed in recent times. From being used to justify illegal subpoenas, to making reverse engineering easily preventable, to shutting down toner cartridge competition, to killing off Fair Use, the law is a major blow to consumer interests. And, it looks like it won't be heading to Canada anytime soon, at least in its bone-crushing form.

Arstechnica, *supra* note 212.

216. Originally a judge-made doctrine, § 107 of the Copyright Act codifies the “fair use” exception. (“[The] fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means. . . , for purposes

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Copyright Act states that “fair dealing for the purpose of research or private study does not infringe copyright.”<sup>217</sup> In contrast to the U.S. Copyright Act, the Canadian statute does not detail any standards for a finding of fair dealing. Rather, as an equitable defense, fair dealing continues to be a judgment call.<sup>218</sup> Fair dealing for the purpose of criticism, review, or news reporting is not actionable, although before the dealing can qualify as fair, the user must mention the source of the borrowed material, and if given in the source, the name of the author, performer, producer, or broadcaster.<sup>219</sup>

Unlike the doctrine of fair use in the United States, only a limited set of purposes fall under the doctrine in Canada.<sup>220</sup> Despite purporting to have a strong conception of fair dealing to preserve the rights of the public, Canadian courts have historically been reluctant to find this doctrine in most instances.<sup>221</sup> For example, the following cases did not qualify for the defense: publishing a magazine article in a non-competing newspaper;<sup>222</sup> condensing a government report for commercial purposes;<sup>223</sup> copying of how-to videocassettes;<sup>224</sup> and publishing a leaked confidential report.<sup>225</sup>

Because of its origins in English law, fair dealing was once thought of as a defense to an action in copyright infringement; yet a recent Canadian Supreme Court opinion considers a better conceptual approach to be that of a

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such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work.”) 17 U.S.C.A. § 107 (West 2005).

217. Copyright Act, R.S.C., ch. c-42 § 29 (1985) (Can.).

218. *See generally* Lisa Anne Katz Jones, *Is Viewing a Web Page Copyright Infringement?*, 4 *APPEAL REV. CURRENT L. & L. REFORM* 60, 68 (1998) (discussing the equitable defense of fair dealing in Canada).

219. *See generally* PAUL EDWARD GELLER, *INTERNATIONAL COPYRIGHT LAW AND PRACTICE* § 8[2][a], at 93-94 (Melville B. Nimmer & Paul Edward Gellers eds., MB 1988) (explaining that the fair dealing doctrine in Canada has very limited and specific applications).

220. *Id.* at 95.

221. *Id.* at 94.

222. *Zamaçois v. Douville*, [1943] Ex. C.R. 208 (Fed. Ct.).

223. *R. v. James Lorimer & Co.*, [1984] 1 F.C. 1065 (Fed. C.A.).

224. *Tom Hopkins Int’l Inc. v. Wall & Redekop Realty Ltd.*, [1984] 1 C.P.R.3d 348 (B.C.S.C.). The trial judge also doubted whether “time-shifting” video recording of home television for private use qualified as fair dealing in Canada.

225. *B.W. Int’l Inc. v. Thomson Can. Ltd.*, [1996] 68 C.P.R.3d 289, 300 (Ont.).

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“user’s right.”<sup>226</sup> Fair dealing and other users’ rights demonstrate “a recognition that the owner is not the sole rights holder in [intellectual property]: [intellectual property] is a function of social interaction and thus society in general has certain rights against which the owner has no claim.”<sup>227</sup>

Nearly a year after the Interim Report was released, the Ministers of Industry and Canadian Heritage announced that a bill would be introduced in Parliament to reform copyright “to address the challenges and opportunities of the Internet.”<sup>228</sup> In stark contrast to the recommendations of the Interim Report, several proposals were made in order to “provide rights holders with greater confidence to exploit the Internet as a medium for the dissemination of their material and provide consumers with a greater choice of legitimate material.”<sup>229</sup> In establishing a “path for Canadian copyright reform, the government rejected virtually every recommendation and instead unveiled a plan that attempts to balance both the interests of creators and users.”<sup>230</sup>

Unlike the anti-circumvention provisions of the DMCA, the proposed legislation connects the prohibition against circumventing TPMs to actual infringement.<sup>231</sup> The policy statement asserts: “the circumvention of a TPM applied to copyright material will only be illegal if it is carried out with the objective of infringing copyright. Legitimate access, as authorized by the Copyright Act, will not be altered.”<sup>232</sup> Nevertheless, the proposal also contains a provision that rights holders will “have an exclusive right to control the making available of works and other subject matter on digital networks.”<sup>233</sup> At first blush, these two provisions appear inconsistent with each other. If circumvention is only illegal when the purpose is infringement, then the “making available” right is rendered moot. The proposed legislation

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226. CCH Canadian Ltd.v. Law Soc’y of Upper Can., [2004] 1 S.C.R. 339 (Can.).

227. Laura J. Murray, *Understanding Copyright*, <http://www.faircopyright.ca/understandingcr.html> (last visited Nov. 15, 2005).

228. Indus. Can. & Dep’t Canadian Heritage, *Government Statement*, *supra* note 195; *see generally* Michael Geist, *Government’s New Copyright Plan More Balanced*, *TORONTO STAR*, March 28, 2005, at C03 (explaining the shift in Canadian copyright reform as an attempt to balance the divergent interests of copyright holders and users) [hereinafter Geist, *More Balanced*].

229. Indus. Can. & Dep’t Canadian Heritage, *Government Statement*, *supra* note 195.

230. Geist, *More Balanced*, *supra* note 228, at C03.

231. For a detailed discussion of C-60 and what it addresses, see Canadian Internet Policy and Public Interest Clinic, *FAQs & Resources: Bill C-60 Copyright Revision*, at <http://www.cippic.ca/en/faqs-resources/bill-c-60/> (last visited Nov. 15, 2005).

232. Indus. Can. & Dep’t Canadian Heritage, *FAQ*, *supra* note 195.

233. *Id.* Michael Geist states that the proposed “making available” right may “pave the way for new lawsuits against individual file sharers.” Geist, *More Balanced*, *supra* note 228, at C03.

merely prohibits circumventing “copy controls” rather than prohibiting the circumvention of “access controls” and the trafficking in circumvention devices. This fails to meet the obligation under Article 11 of the WCT and Article 18 of the WPPT to provide adequate legal protection and effective legal remedies.

In contrast to the U.S. treatment of the fair use doctrine in the DCMA,<sup>234</sup> Canada’s fair dealing doctrine may be raised as a defense to circumvention in Canada because of the connection between the anti-circumvention provisions and copyright infringement.<sup>235</sup> In fact, the act of circumvention will be a secondary infringement in Canada.<sup>236</sup> This poses problems for the rights holders in terms of level of proof required to overcome such a defense. Nevertheless, the difficulty in overcoming the fair dealing defenses is balanced by the fact that the Canadian doctrine of fair dealings is more limited in scope than the concept of fair use in the United States.<sup>237</sup> Yet allowing defenses to infringement to overcome an allegation of circumvention may weaken the regime and ultimately make it difficult for rights holders to release content if it can be circumvented for various reasons. On the other hand, there are legitimate concerns about the capacity of copyright holders to abuse TPMs.

Finally, the Canadian proposals do not prohibit trafficking in circumvention devices. One criticism against the DMCA’s anti-trafficking provision is that prohibiting all circumvention devices effectively renders the various exceptions to the prohibition against circumvention moot.<sup>238</sup> For example, it would not be a violation of § 1201 to circumvent a TPM that is controlling access to a public domain work. However, it is illegal under U.S. law to traffic in circumvention devices. Without access to devices, how, then, will a member of the general public be able to exercise her right to access the public domain work in digital form when it is incorrectly locked up with a TPM?

On the other hand, if legislation does not prohibit the manufacturing and distribution of devices, how then do we distinguish between devices that are primarily designed for illegal circumvention and those that are to be used solely for obtaining access to public domain materials or for making fair

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234. See generally *supra* Part III.A (stating that in the United States, the act of circumvention is not an infringement, but rather a violation of the prohibition).

235. Michael Geist, *The Real Story Behind Canada’s Copyright Plans*, Mar. 30, 2005, <http://www.michaelgeist.ca> (last visited Nov. 15, 2005).

236. Indus. Can. & Dep’t Canadian Heritage, *Government Statement*, *supra* note 195.

237. Geller, *supra* note 219, § 8[2][a], at 95.

238. See Barry B. Sookman, *Technological Protection Measures (TPMS) and Copyright Protection: The Case for TPMS*, 11(5) COMP. & TELECOMM. L. REV. 143, 154-55 (2005) (discussing § 1201 of the DCMA and when the fair use defense is applicable).

dealings? Although a manufacturer may purport that a particular device is designed to allow access allowed under the law, such devices can easily fall in the hands of those who will circumvent for other reasons, including acts prohibited by the legislation. Once TPMs have been circumvented, digital content can be instantaneously copied and distributed without any degradation in quality. Further, failing to prohibit trafficking in devices may discourage many copyright holders from releasing digital content, as once devices get on the market it is difficult to control their usage.<sup>239</sup> Without a prohibition against trafficking in devices, allowing access to such devices will dilute the protections afforded the copyright holder.

It is encouraging to see Canada's commitment to join the international digital copyright regime, although the proposals do not go far enough. The legislation should prohibit circumvention of both access and copy controls, while still allowing exceptions for legitimate uses under the Copyright Law. As the doctrine of fair dealings is limited in scope, reasonable exceptions would allow the Canadian public to exercise their own rights under the balance of copyright.<sup>240</sup> Additionally, like the approaches taken in the United States and Mexico, the proposed Canadian legislation should prohibit the manufacture and distribution of devices designed for circumvention, as a TPM regime without anti-trafficking provisions is not effective.

It is too soon to state with certainty what approach Canada will adopt. Indeed, the recent decision to dissolve Parliament<sup>241</sup> is likely to slow copyright reform. Although it is not known whether the new Parliament will take up the issue, copyright stakeholders will be watching to see in which direction the debate will proceed.

#### IV. NAFTA MEMBERS SHOULD HAVE UNIFORM TREATMENT FOR TECHNOLOGY PROTECTION MEASURES

More than a decade<sup>242</sup> after the United States, Mexico, and Canada formed the world's largest free trade area<sup>243</sup> by establishing guidelines for

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239. Cf. Indus. Can. & Dep't Canadian Heritage, *Copyright Reform Process: A Framework for Copyright Reform*, <http://www.strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01101e.html> (last visited Nov. 15, 2005) (explaining that in finding a balance between protection and access, the goal of Canadian copyright reform is to encourage a strong Canadian presence on the Internet).

240. Geller, *supra* note 219, § 8[2][a], at 95.

241. See generally, *Canada's government is thrown out*, Nov. 29, 2005, at <http://news.bbc.co.uk/2/hi/americas/4480218.stm> (last visited Nov. 15, 2005). Parliament was dissolved on November 29, 2005. A general election will take place on January 23, 2006.

242. January 1, 2004 marked the tenth anniversary of NAFTA's launch. See USTR, *NAFTA Decade*, *supra* note 13, at 1.

243. *Id.*

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harmonization of trade policies (including intellectual property laws),<sup>244</sup> the trading partners do not have a consistent policy with respect to a major tool for the protection of copyright holders' exclusive rights. Today, TPMs are an important component in the fight against piracy and infringement. Since the content industries are such an integral part of the global economic landscape,<sup>245</sup> failure to implement harmonious policies towards TPMs undermines the theory behind NAFTA.

NAFTA was designed to harmonize trade policies with the goal of integrating the economies of the United States, Mexico, and Canada. The basic spirit behind this massive free trade area was the elimination of trade barriers in North America, including the harmonization of intellectual property protection. In providing "adequate and effective" intellectual property protection and enforcement, the partners committed to creating the highest level of protection of the era.

More than ten years later, the failure of Mexico to fully implement its obligations under the WIPO Treaties and of Canada to ratify the treaties undercuts the commitment to harmonize the North American intellectual property regime. Digital technologies have an incredibly important impact on the creation of and market for copyrighted content. Digital technology and the Internet have transformed the ways in which expression is shared on a global scale, not only creating novel opportunities for content holders, but also adding to the ease of pirating content. TPMs constitute an important tool in the fight against piracy and in allowing copyright holders to control the use of their works. Without a consistent legal regime to protect against circumvention, the North American countries fail in their obligation under NAFTA to provide "adequate and effective" intellectual property protection and enforcement.

The NAFTA prohibition against satellite decryption devices demonstrates the commitment to bolster the rights of content holders to employ technology to counter the more negative impacts of emerging technology. Because the final text of NAFTA was drafted more than four years before the WIPO diplomatic conference in Geneva, NAFTA does not contain any TPM anti-circumvention provisions. Technology has outpaced the law in this regard. However, the decryption prohibition shows that, even in 1992,

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244. STEVE JONES, *Mass Communication, Intellectual Property Rights, International Trade, and the Popular Music Industry*, in *MASS MEDIA AND FREE TRADE: NAFTA AND THE CULTURAL INDUSTRIES* 331, 345 (Emile G. McAnney & Kenton T. Wilkinson, eds.); *FOLSOM & FOLSOM*, *supra* note 58, at § 8.02.

245. According to the October 2004 IIPA report entitled *Copyright Industries in the U.S. Economy: The 2004 Report*, the "core" copyright industries accounted for 6% of U.S. GDP or \$626.6 billion in value-added in 2002. Since 1977, the copyright industries' share of GDP grew at an annual rate more than twice as fast as the rest of the economy. See IIPA Special 301 Letter to USTR, Feb. 11, 2005, <http://www.iipa.com/pdf/2005SPEC301COVERLETTER/pdf> (last visited Nov. 15, 2005).

NAFTA intended to provide tools for content holders in the fight against piracy. While NAFTA does not include explicit protection for TPMs, the spirit of the document is clear. The decryption prohibition is not explicitly limited to programs covered by any means of intellectual property protection, including copyright. By including the decryption provisions in the intellectual property chapter, the drafters have demonstrated their commitment to give intellectual property holders the ability exercise their rights to control their works.

If Chapter 17 was truly negotiated to “[f]oster creativity and innovation, and promote trade in goods and services that are the subject of intellectual property rights,”<sup>246</sup> then Article 1701’s obligation to provide “adequate and effective” intellectual property protection necessitates harmonious protection against the circumvention of TPMs. The intellectual property treaties and conventions incorporated in the agreement are the minimum base-line level of protection required and reflect the agreements in effect as of the time of drafting. NAFTA intended to represent a state of the art of international agreement. However, each free trade agreement that the United States has negotiated since TRIPS and NAFTA has included a prohibition against the circumvention of TPMs.<sup>247</sup> The inclusion of anti-circumvention provisions in recent free trade agreements recognizes the reality that failure to guard against digital piracy constitutes a trade barrier. Therefore, the North American countries fail in their mission to create a harmonious intellectual property regime without the ability to adapt to changes in technology.

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246. North American Free Trade Agreement, U.S.-Can.-Mex., pmb., Dec. 17, 1992, 32 I.L.M. 289 (1993), [http://www.ustr.gov/Trade\\_Agreements/Regional/NAFTA/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Regional/NAFTA/Section_Index.html) (last visited Nov. 15, 2005).

247. *See* United States-Bahrain Free Trade Agreement, U.S.-Bahr., art. 14.4(7)(a)-(f), Sept. 14, 2004, 44 I.L.N. 544 (2005), [http://www.ustr.gov/Trade\\_Agreements/Bilateral/Bahrain\\_FTA/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Bilateral/Bahrain_FTA/Section_Index.html) (last visited Nov. 15, 2005); Central American Free Trade Agreement, art. 15.5(7)(a)-(g), Aug. 5, 2004, [http://www.ustr.gov/Trade\\_Agreements/Bilateral/CAFTA/CAFTA-DR\\_Final\\_Texts/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Bilateral/CAFTA/CAFTA-DR_Final_Texts/Section_Index.html) (last visited Nov. 15, 2005); United States-Morocco Free Trade Agreement, U.S.-Morocco, art. 15.5(8)(a)-(f), 44 I.L.M. 544 (2005), June 15, 2004, [http://www.ustr.gov/Trade\\_Agreements/Bilateral/Morocco\\_FTA/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Bilateral/Morocco_FTA/Section_Index.html) (last visited Nov. 15, 2005); United States-Australia Free Trade Agreement, U.S.-Austl., art. 17.4(7)(a)-(f), May 18, 2004, 43 I.L.M. 1248 (2004), [http://www.ustr.gov/Trade\\_Agreements/Bilateral/Australia\\_FTA/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Bilateral/Australia_FTA/Section_Index.html) (last visited Nov. 15, 2005); United States-Chile Free Trade Agreement, U.S.-Chile, art. 17.7(5)(a)-(f), June 6, 2003, 42 I.L.M. 1026 (2003), [http://www.ustr.gov/Trade\\_Agreements/Bilateral/Chile\\_FTA/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Bilateral/Chile_FTA/Section_Index.html) (last visited Nov. 15, 2005); United States-Singapore Free Trade Agreement, U.S.-Sing., art. 16.4.7(a)-(g), May 6, 2003, 42 I.L.M. 1026 (2003), [http://www.ustr.gov/Trade\\_Agreements/Bilateral/Singapore\\_FTA/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Bilateral/Singapore_FTA/Section_Index.html) (last visited Nov. 15, 2005); United States-Jordan Free Trade Agreement, U.S.-Jordan, art. 4.13, Oct. 24, 2000, 41 I.L.M. 63 (2000).

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NAFTA Chapter 17 and the WIPO Internet Treaties both incorporate the words “adequate and effective.”<sup>248</sup> The North American countries are obligated by both agreements to provide adequate and effective protection for authors in the exercise of their rights. Because no TPM is infallible, failure to bolster the TPM regime is not adequate or effective protection.

The United States created a regime of protection for TPMs with Chapter 12 of the DMCA. Although the DMCA’s anti-circumvention provisions have been criticized for being overbroad and impacting fair use of copyrighted works, the provisions are the closest to what is intended in the WIPO treaties. In contrast, Mexico’s provisions do not extend far enough, lacking any means to protect copyright holders in the fight against digital piracy. For example, Artículo 112 of the LFDA covers only TPMs protecting access to computer programs, rather than all copyrighted works, and does not provide any criminal remedies. The Mexican copyright office proposes to extend the anti-circumvention provisions to all works protected by copyright, but the administrative sanctions would only apply to circumventions done for profit. The Canadian proposals also do not conform to the obligations under the WIPO treaties. Canada’s proposed legislation will only render illegal the act of circumventing copy controls, rather than circumvention of access controls and prohibiting the trafficking in devices. Furthermore, Canada will tie its prohibition to infringement.

Mexico’s proposed anti-circumvention provisions take the middle of the road approach to protection of TPMs. However, of the three North American countries, Mexico has the most pervasive problem of piracy and the most difficulty in enforcement. The ease of circumventing TPMs poses a barrier to trade in North America. Harmonization of anti-circumvention policy is necessary for an adequate and effective North American intellectual property regime and for the integrated economy envisioned by NAFTA.

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248. *Compare* North American Free Trade Agreement, U.S.-Can.-Mex., art. 1701(1), Dec. 17, 1992, 32 I.L.M. 289 (1993), [http://www.ustr.gov/Trade\\_Agreements/Regional/NAFTA/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Regional/NAFTA/Section_Index.html) (last visited Nov. 15, 2005) (obligating each party to provide adequate and effective protection and enforcement of intellectual property rights), *with* WIPO Copyright Treaty, art. 11, Dec. 20, 1996, <http://www.wipo.int/treaties/en/ip/wct/index.html> (last visited Nov. 15, 2005) (stipulating that parties should provide adequate legal protection and effective legal remedies against circumvention), *and* WIPO Performance and Phonograms Treaty, art. 18, Dec. 20, 1996, <http://www.wipo.int/treaties/en/ip/wppt/index.html> (last visited Nov. 15, 2005) (specifying that parties should provide adequate legal protection and effective legal remedies against circumvention).

