This is the inaugural edition of the Consumers International IP Watch List, a survey that examines the intellectual property (IP) laws and enforcement practices of a range of countries, from the perspective of the world’s only global consumer advocacy body, Consumers International (CI).

This first IP Watch List focuses on copyright, because of all the forms of monopoly rights that are commonly described as intellectual property, it is copyright that has the most immediate impact on consumers’ access to knowledge, and thereby on their educational, cultural and developmental opportunities.

The intent of this IP Watch List is to assess how well the copyright laws and enforcement policies of the surveyed countries support the interests of consumers, by allowing them fair access to the fruits of their society’s culture and science. The results of this survey will illustrate that strict copyright laws, enforced rigidly, can seriously harm the interests of consumers.

The survey finds that what is more important than a strict copyright system, is a fair copyright system; one that balances the economic interests of rights holders with the compelling economic, social and cultural interests of consumers. As will be seen, such systems can be found in countries that one might not expect.

The 2009 Consumers International IP Watch List covers 16 countries from around the world (with more planned for coverage in the next edition in 2010). The results will be presented in more detail below, but a few highlights stand out.

First, the list of countries that best support the interests of consumers is dominated by large Asian economies; but they are in odd company with the United States, which has regularly criticised those same countries for failing to adequately protect and enforce intellectual property rights. As we explain below, this reflects the fact that US policy makers apply double standards when comparing their own copyright system to systems from abroad. Together, this group accounts for almost half the world’s population and over a quarter of its nominal GDP.

The countries whose copyright regimes most disregard the interests of consumers are also an odd grouping. Ironically the worst, by far, is the country in which copyright law first developed in the 16th century: the United Kingdom. It is joined by a number of developing and transitional economies, whose outdated copyright laws fail to take advantage of all of the flexibilities that international law allows them to benefit local consumers. Regrettably this is characteristic of the copyright laws of many developing countries, as CI has previously found.

Also highlighted in this year’s IP Watch List is the fact that in the following three areas covered by the survey, no countries adequately took account of consumers’ interests, as none of them scored the highest available rating:

- **Freedom to access and use by content creators.** One of the hallmarks of the Internet age is that consumers are no longer passive consumers of information and entertainment, but rather vital contributors to its production through blogs, online video sharing, wiki entries, mashups, remixes and more.

None of the countries surveyed adequately supported consumers’ interests in expressing their creativity in such forms, which include the expectation of being able to make reasonable use of the resources of their surrounding culture in their own works.

- **Freedom to share and transfer.** Similarly, consumers have an interest in being able to access information and entertainment in a variety of ways, including purchasing it at a fair price, renting it, and downloading non-commercial content freely, as well as sharing such content with their peers.
None of the jurisdictions in this year’s IP Watch List took adequate measures in domestic law and policy to respect these interests, for example by fostering the development of a vibrant ecosystem of public domain and freely-licensed material.

- **Administration and enforcement.** One of the greatest concerns to consumers is that copyright law is being enforced in ever more intrusive ways, including the use of Technological Protection Measures (TPM) such as copy protection devices, and by enlisting Internet Service Providers (ISPs) to suspend the Internet accounts of those who share files.

None of the countries surveyed this year took adequate measures to ensure that due process will continue to be observed in copyright enforcement, and that new enforcement measures will maintain consumers’ abilities to exercise their rights of fair use or fair dealing.

**Best practices**

On a more positive note, a number of best practices also emerged, illustrating innovative measures that countries can take to balance the interests of consumers with the expectations of copyright owners. Here are three examples taken from this year’s IP Watch List country reports:

- When copyright material is protected by a TPM, no judge – in fact, no human being at all – determines whether or not the restrictions enforced by the TPM conform to copyright law. For example, when a consumer attempts to copy a documentary film protected with the Macrovision copy protection scheme, their equipment does not care that they are attempting to make the copy for educational purposes that would amount to fair dealing in their jurisdiction – it simply refuses to make the copy. Worse, in many countries the consumer cannot circumvent that restriction without breaking the law.

  In Spain, the law compensates for this limitation, by requiring the holders of rights in works protected by TPM to provide consumers the means to enjoy those works for purposes that the law permits. Whilst not a complete solution – it may require the consumer to take the rights holder to court to enforce his or her rights – it is a commendable attempt to redress the unfairness of TPM for consumers, that more countries around the world could follow.

- The main reason why the United States is placed highly in the IP Watch List as a country that supports the interests of consumers is that its copyright law includes a broad exception for the “fair use” of copyright material.

  In most other jurisdictions, piecemeal exceptions exist for the use of copyright material for particular purposes such as research, criticism and reporting current news. In contrast, a broad fair use exception allows copyright material to be used for any purpose, so long as it satisfies a balancing test that includes factors such as whether the use is commercial or non-commercial, and its effect on the market for the copyrighted work.

  In 2007, Israel introduced a broad fair use exception into its own copyright law; a welcome development for Israeli consumers, who now have access to copyright materials for a broad range of fair uses, including novel uses that no legislature could be expected to foresee.

  Unfortunately, Israel has drawn criticism for this from a US-based copyright owners’ lobby group, which asserts that Israeli consumers are not entitled to the same flexibilities as US consumers because Israel lacks the same “carefully-honed jurisprudence” as the US, and thereby “risks creating gaps in protection”. CII rejects this hypocritical slight on the capacity of the Israeli judiciary and holds up this provision of Israeli law as a best practice that other countries should also consider.

- In 2006, Australia reformed its Copyright Act to include new provisions to legalise the common practices of time, space and format-shifting of copyright material. An example of time-shifting is the recording of a television broadcast to watch at a more convenient time. Space-shifting includes making a copy of a music CD for personal purposes, so that a user can listen to the music they have purchased both at home and in their car. Format-shifting is similar, but involves, for example, copying the music from a CD to an MP3 player such as an iPod.

  These are eminently reasonable amendments that have modernised Australian copyright law to recognise practices that form a part of many consumers’ everyday lives, and which do no harm whatever to the economic interests of rights holders. This best practice example is one that other countries should seriously consider introducing into their own copyright laws.
Development of the IP Watch List

The genesis of the Consumers International IP Watch List can be traced to discussions in 2005 amongst the founders of what has become known as the Access to Knowledge (or A2K) movement, who took the view that a consumer-focused survey of global copyright laws and practices was needed.

Three years later, a number of these leaders came together to form an expert advisory group to develop the criteria to form the basis for the Consumers International IP Watch List. These criteria, which were finalised in January 2009, included over 60 questions on national copyright laws and enforcement practices, falling into the following categories:

1. Legal background
2. Scope and duration of copyright
3. Freedom to access and use
   (a) By home users
   (b) For education
   (c) Online
   (d) By content creators
   (e) By the press
   (f) By libraries
   (g) By disabled users
   (h) In public affairs
4. Freedom to share and transfer
5. Administration and enforcement

The expert advisory group weighted each of the questions to account for its relative importance to consumers, and reports were then completed for 16 countries in a collaborative effort by CI’s members and partners worldwide.

A response to the USTR Special 301 Report

The original motivation behind the development of the Consumers International IP Watch List was to respond to the one-sided analysis of the state of global intellectual property protection embodied in a similar list: the Special 301 Report that is issued each year by the office of the United States Trade Representative (USTR).

The Special 301 Report is a global survey, conducted pursuant to section 182 of the Trade Act of 1974 of the United States, that takes the nature of a ‘report card’, rating other countries on how closely they adhere to the USTR’s standards of protection and enforcement of intellectual property law. Those countries that the USTR considers to fail its standards most egregiously are highlighted on a ‘Priority Watch List’.

The USTR’s standards are not based on the treaty obligations of the countries concerned. For example, in 2008 Israel was condemned for failing to accede to the WIPO Internet treaties,4 Thailand chastened for issuing compulsory licences for patented pharmaceuticals, and Mexico urged to criminalise camcording in movie theatres – none of which were legal obligations of those countries.

In fact ironically, the benchmark of intellectual property protection that the USTR urges upon other countries even exceeds that applicable in the United States, where consumers enjoy a fairly liberal policy of fair use of copyright materials, as well as constitutional guarantees that most of its trading partners lack.

In consequence of condemnation and pressure from the United States, (both through the Special 301 Report and through bilateral channels), consumers, particularly in developing countries, have suffered as those countries have been forced to abridge provisions of their domestic law that had been passed for consumers’ benefit.

Why are flexibilities in copyright law important?

To take just one example, for two decades the law of the Philippines provided: “Whenever the price of any textbook or reference book duly prescribed by the curriculum... has become so exorbitant as to be detrimental to the national interest... such book or other written material may be reprinted by the government or by a printer,” on terms which included the payment of royalties to the copyright owner.5

In 1997, this provision, which represented a balance between the national interest of the citizens of the Philippines and the economic interest of rights holders, was repealed. As even the Special 301 Report acknowledges, the result has not been to the benefit of rights holders. Rather, the copying of textbooks has simply been driven underground and become a ‘pirate’ activity.
Thus it is often the case that by ‘strengthening’ intellectual property law and enforcement, heedless of the interests of consumers or of national circumstances, consumers and rights holders alike suffer harm. In contrast, the introduction of flexibilities into copyright law, including exceptions and limitations for personal use of copyright material, along with provisions that promote the development of the public domain, benefit not only consumers, but society as a whole. For example, a 2009 report from the Netherlands found that file sharing, partly in reliance on the personal use exception in Dutch law, has strong positive economic implications for welfare in the Netherlands over the short and long terms, substantially outweighing the loss of revenue by rights holders.6

Similarly, studies have found the economic value of the public domain,7 and of the “fair use” exception in American copyright law, to be extremely high – in the latter case, contributing an incredible $4.5 trillion to the US economy in annual revenue.8 In fact, there is a case that the monopoly rights granted to copyright and patent owners actually harm rather than foster economic growth.9

Copyright flexibilities, together with innovative non-commercial licensing models, can also spur the production of new content, driven by users rather than multinational corporations, as found in the burgeoning digital ecosystem of mashups, remixes and user-generated content that is transforming cultural expression as we know it. The OECD has acknowledged the potential of such content to “provide citizens, consumers and students with information and knowledge.”10

Challenging powerful rights holder interests

Why then has the USTR disregarded these developments in pushing through its Special 301 Report for uniformly strong global protection of the interests of rights holders, and ignoring provisions and innovations that could benefit consumers? This can largely be attributed to the influence of lobby groups representing rights holders, who advocate for levels of intellectual property protection that, if adopted worldwide, would severely damage consumer interests.11

This is a symptom of the larger problem that rights holders possess undue influence over US policy makers to the detriment of consumers. As just one recent example, in a snub to consumers who had been barred from the closed-door negotiations over a new Anti-Counterfeiting Trade Agreement (ACTA), the world’s largest and richest industry lobby group,12 the United States Chamber of Commerce, was permitted to host an exclusive luncheon for delegates during the Washington DC round of negotiations in July 2008.

United States policy makers are not alone amongst developed countries in privileging the interests of rights holders over consumers. During 2008 negotiations at the World Intellectual Property Organization (WIPO) over the development of copyright flexibilities for the blind, France sought to end further consideration of a proposal brought by the World Blind Union (WBU) for the introduction of uniform global copyright limitations and exceptions for the benefit of vision-impaired users.

Neither is the USTR Special 301 Report the only annual national survey of copyright laws and enforcement practices that betrays partiality to the interests of rights holders. Two private surveys, the Global Intellectual Property Index (GIPI)13 and the International Property Rights Index (IPRI),14 do the same. Thus it comes as no surprise that the three countries ranked lowest in the GIPI – China, Russia and India – also feature in the Special 301 Report’s Priority Watch List.15 Amongst the countries common to the GIPI and the IP index of the IPRI, those same three are ranked lowest again.16

It is in this context that CI considers its IP Watch List as having a vital role in contributing a note of balance from a consumer perspective into global debates on intellectual property law reform and enforcement, which are currently dominated by powerful rights holder interests.
Results of the Consumers International IP Watch List 2009

The complete results of the Consumers International IP Watch List are the country reports that have been completed for 16 countries. For brevity, these are not included in this summary report, but are presented in full on the website of CI’s A2K Network at http://A2Knetwork.org/watchlist.

The table below summarises the findings of this year’s survey. For each of the dozen categories of questions covered in the survey,17 the weighted answers for each country were used to construct a global report card. Like many report cards, the results rates from ‘A’ to ‘D’ how well the country in question observes consumers’ interests in its national copyright law and enforcement practices – or assigns an ‘F’ if the country abjectly fails to observe those interests. An overall rating for each country is also provided.

This year’s results, as highlighted above, are both interesting and instructive. They clearly show that a country’s level of development is not a major factor in determining how well its copyright regime supports the interests of consumers. This is illustrated by the graph overleaf, which plots the nominal GDP per capita of each of the 16 countries against their score on the IP Watch List 200918.

The results also show that respecting the interests of copyright owners and those of consumers need not be not mutually exclusive objectives. The United States itself is the clearest example of this, being at the same time a forceful protector of intellectual property rights, but also a country in which consumers enjoy relatively broad rights to access and use copyright material.

---

<table>
<thead>
<tr>
<th>Scope and duration of copyright</th>
<th>Freedom to access and use</th>
<th>Freedom to share and transfer</th>
<th>Admin and enforcement</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>By home education</td>
<td>By content creators</td>
<td>In public affairs</td>
<td></td>
</tr>
<tr>
<td>Argentine</td>
<td>C</td>
<td>D</td>
<td>A</td>
<td>D</td>
</tr>
<tr>
<td>Australia</td>
<td>D</td>
<td>C</td>
<td>B</td>
<td>B</td>
</tr>
<tr>
<td>Brazil</td>
<td>F</td>
<td>D</td>
<td>C</td>
<td>D</td>
</tr>
<tr>
<td>Chile</td>
<td>D</td>
<td>C</td>
<td>D</td>
<td>C</td>
</tr>
<tr>
<td>China (PRC)</td>
<td>A</td>
<td>A</td>
<td>B</td>
<td>B</td>
</tr>
<tr>
<td>India</td>
<td>B</td>
<td>B</td>
<td>C</td>
<td>D</td>
</tr>
<tr>
<td>Indonesia</td>
<td>D</td>
<td>D</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Israel</td>
<td>D</td>
<td>B</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>Malaysia</td>
<td>D</td>
<td>C</td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>Pakistan</td>
<td>A</td>
<td>C</td>
<td>F</td>
<td>D</td>
</tr>
<tr>
<td>Philippines</td>
<td>C</td>
<td>C</td>
<td>D</td>
<td>C</td>
</tr>
<tr>
<td>South Korea</td>
<td>C</td>
<td>A</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>Spain</td>
<td>D</td>
<td>B</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Thailand</td>
<td>D</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>UK</td>
<td>C</td>
<td>F</td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>USA</td>
<td>B</td>
<td>C</td>
<td>A</td>
<td>A</td>
</tr>
</tbody>
</table>

“A” to “D” rates how well the country in question observes consumers’ interests in its national copyright law and enforcement practices. “F” is assigned if the country abjectly fails to observe those interests. An overall rating for each country is also provided. Overall scores have been scaled. Source material is available from CI.
### Conclusion

Our hope is that this inaugural IP Watch List will serve to offer a useful and timely counterbalance to the contention of multinational rights-holders, as put forward in the Special 301 report and its ilk, that anything less than the highest levels of copyright protection is to be associated with piracy and criminality.

CI strongly denounces this notion and maintains instead that a balanced copyright regime, in which the importance of copyright flexibilities and of the maintenance of a vibrant public domain are upheld, is the ideal to which all countries should strive.

In short, equity should not be confused for weakness. Quite the contrary, in fact; any country that can maintain a balanced copyright regime, against the lobbying of powerful multinational media and publishing interest groups, and the censure of other governments that have been captured by those groups, has demonstrated its strength and deserves to be held up as an example of global best practice. That is what the Consumers International IP Watch List seeks to do.
About Consumers International

Consumers International (CI) is the only independent global campaigning voice for consumers. With over 220 member organisations in 115 countries we are building a powerful international consumer movement to help protect and empower consumers everywhere. Consumers International is a not-for-profit company limited by guarantee in the UK (company number 4337865) and a registered charity (number 1122155).

For more information, visit www.consumersinternational.org

This report is part of CI’s Access to Knowledge programme, for more information, visit: www.A2Knetwork.org

Consumers International IP Watch List 2009

ISBN: 978-0-9560297-4-4

Published by Consumers International in April 2009

Creative Commons Attribution Share-Alike 3.0 License
http://creativecommons.org/licences/by-sa/3.0

Consumers International
24 Highbury Crescent
London N5 1RX, UK
email: consint@consint.org
www.consumersinternational.org

Acknowledgements

This report was written by Jeremy Malcom, CI’s Project Coordinator for Intellectual Property and Communications.

Key reviewers include Luke Upchurch, Rosalchen Whitecross and Bjarne Pedersen at CI.

CI thanks its members and partners for their invaluable contributions to the preparation of the inaugural Consumers International IP Watch List. These include:

- Beatriz Garcia Buitrago, Consumidores Argentinos, Argentina
- Daniela Trettel, IDEC, Brazil
- Jaime Lorenzini and colleagues, Carey y Cia, Chile
- Hong Xue, Beijing Normal University, People’s Republic of China
- Pranesh Prakash, Center for Internet and Society, India
- David Stanford and Sudaryatmo, YLKI, with assistance of Indonesian ICT, Indonesia
- Nimrod Kozlovski and Nati Davidi, Israel
- Shahzad Ahmad, Bytes for All, Pakistan
- Jennifer del Rosario-Malonzo, IBON Foundation, Philippines
- Jaoik Kim, Consumers Korea, South Korea
- Celia Blanco, P2P Foundation, Spain
- Noah Methany, Foundation for Consumers, Thailand
- Saskia Walzel, Consumer Focus, United Kingdom
- Fred von Lohmann, Electronic Frontiers Foundation, United States of America

We also thank the numerous others who have supported CI in this endeavour, not least our generous sponsors the Open Society Institute and Ford Foundation. None of the views expressed in this report, nor any errors or omissions that remain, should be attributed to any of the individual contributors.

Design and typesetting: Andrea Carter

*Photo credits:

Photo 1 by uncultured, available under a Creative Commons Attribution Noncommercial Share Alike licence.

Photo 2 by Akoaraisin, available under a Creative Commons Attribution Noncommercial Share Alike licence

Photo 3 by blmurch, available under a Creative Commons Attribution Licence
Endnotes


4 That is, the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty


11 Most notably the Pharmaceutical Research and Manufacturers of America (PhRMA) and International Intellectual Property Alliance (IIPA), whose submissions in 2008 ran to a total length of over 800 pages

12 During the decade 1998 to 2008 it expended over USD$460 billion, more than twice as much as the second-ranked lobbyist, according to data from the Center for Responsive Politics (available from http://www.opensecrets.org/lobby/top.php?index=y, last accessed 4 March 2009)


15 The USTR Priority Watch List does not include a strict ranking of countries, but China and Russia are listed first, with the other countries following in alphabetical order

16 Save that Mexico and Brazil are ranked below India – however those countries both also rank in the Special 301 Report, and the latter was included in the Priority Watch List until 2007

17 See “Development of the Consumers International IP Watch List” above. The table does not summarise the answers given in the “Legal background” category, nor the quantum of damages specified in answers in the “Administration and enforcement” category

18 Statistics from the 2008 CIA World Factbook, above footnote 1

19 Especially Chris Murray (Consumers Union), Gwen Hinze (Electronic Frontiers Foundation), Manon Ress (Knowledge Ecology International) and Michael Geist (University of Ottawa) for their contributions as expert advisors. We also acknowledge the support of Lawrence Liang (Alternative Law Forum), Prudence Adler (Association of Research Libraries), Sunil Abraham (Centre for Internet and Society), Gene Kimmelman and Joel Kelsey (Consumers Union), Jill Johnstone (Consumer Focus), Eddan Katz (Electronic Frontiers Foundation), Markham Erickson (Holch & Erickson), Chaitali Sinha (IDRC), Sisule Musungu (IQSENSATO), Jamie Love, Malini Aisola and Thirukumar Balasubramaniam (Knowledge Ecology International), Michelle Childs (Médecins sans Frontières), Jonathan Band (policybandwidth), Sherwin Siy and Rashmi Rangnath (Public Knowledge) and Anne-Catherine Lorrain and Julian Knott (TACD), along with any others whom we have accidentally omitted to mention.