

Harmonizing IP in North America: Important Intellectual Property Provisions in the United States-Mexico-Canada Agreement

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Though it has gone largely unnoticed in the press, the United States-Mexico-Canada Agreement (USMCA) took effect on July 1. Ratified in January, the USMCA represents a modernization of the 1995 North American Free Trade Agreement (NAFTA). Chapter 20 of the USMCA touches on all areas of intellectual property law, harmonizing many of the member country's provisions for protecting and enforcing patents, trademarks, copyrights, and trade secrets.

Here is a summary of some of the more notable intellectual property provisions of the USMCA.

Longer Copyright Terms

The USMCA requires its members to offer copyright protection for a term of at least 70 years after the author's death, an increase over the 50-year requirement set by NAFTA. Where an institution is the author, the term is extended to the longer of 75 years after the work was first published or 70 years after creation of the work.

Safe Harbors for ISPs

The USMCA requires countries to offer a "safe harbor" provision that incentivizes Internet Service Providers (ISPs)

to cooperate with copyright owners in battling infringement. In particular, ISPs are excluded from monetary liability if they provide a notice-and-takedown mechanism for receiving reports of infringing material on their systems and act quickly to remove the materials. An ISP seeking safe harbor must not receive a direct financial benefit from the infringement.

Notably, Canada has negotiated an exemption for itself from this notice-and-takedown requirement in view of its own notice-and-notice provision, under which it simply notifies the accused infringer of the complaint and monitors its activity for a time.

Protections for Pharma Companies and their Generic Competitors

Pharmaceutical companies developing new biologics are often required to submit clinical and other test data to regulators. While such test data is of great value to generic competitors, the USMCA requires that regulators treat such test data as confidential for at least five years after marketing approval for the new pharmaceutical product. On the other hand, the USMCA allows manufacturers of generic pharmaceuticals to import or use a patented product in order to perform testing and generate information to prepare to seek marketing approval for their product.

Patent Term Extension

The USMCA calls for countries to grant an extension of patent term where a country's IP office has unreasonably delayed in granting the patent. An extension may be had of up to five years from the date of filing, or three years after a request for examination is made, whichever is later.

Harmonized Trademark Registration and Enforcement Practices

Under the USMCA, countries must allow for electronic filing of applications and maintenance of registrations. Trademark

registration terms must be at least 10 years. The USMCA also calls upon countries to protect non-traditional marks such as sound marks and scent marks, as well as certification marks and collective marks, and ensures that anti-dilution remedies are available for well-known (or “famous”) marks.

Stronger Protection for Trade Secrets

The USMCA requires countries to strengthen their trade secret provisions to the standard followed in the United States. For example, members may not have national laws limiting the term of protection for properly maintained trade secrets or curtailing voluntary licensing of trade secrets. Judges involved in trade secret cases must follow strict confidentiality guidelines. Penalties including monetary fines, termination of employment, and imprisonment must also be implemented for cases of willful misappropriation of a trade secret.

Criminal Liability for Infringement

Countries are required under the USMCA to implement criminal penalties for willful importation or exportation of counterfeit trademark goods or pirated copyrighted goods “on a commercial scale,” a low standard that includes any acts carried out for commercial advantage or financial gain.

Enhanced Statutory Damages

The USMCA also strengthens provisions for statutory damages for infringement. It specifies that available damages must be both fully compensatory and sufficient to serve as a deterrent. At the same time, safeguards must be implemented to prevent their abuse.

Protection Against Enforcement Abuse

Countries must allow for compensation when a party has been the subject of abusive enforcement procedures by a plaintiff,

such as an improper injunction. Provisions must be implemented that would allow courts to order the plaintiff in such cases to pay the defendant's expenses, including attorneys' fees.

Ex Officio Border Enforcement

The USMCA requires provisions that allow customs and other law enforcement officials to act on their own initiative (i.e., without a prior court order) to stop suspected counterfeit or pirated goods being imported, exported, or in transit through the country. Countries must then have a process in place for assessing whether the goods actually infringe.