Journal of Intellectual Property Studies Vol. X (1), May 2026, pp. 19-38

A TRIPS PLUS APPROACH TO ARTICLE 61 - ANALYSIS OF THE POSSIBILITY OF EXTENDING CRIMINALISATION TO PATENTS

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ABSTRACT

Article 61 of the TRIPS Agreement mandates criminal sanctions for willful trademark counterfeiting and copyright piracy on a commercial scale. While the Article permits extending such a sanction to patent infringement, the present paper argues against such a TRIPS Plus approach. It provides an overview of Article 61 and relevant WTO dispute panel decisions interpreting its provisions. The paper cites concerns regarding the overprotection of IP rights and the negative impacts it would have on developing countries and innovation. A comparative analysis of IP enforcement regimes in the US, UK, India, Japan, and Brazil shows a varied approach to Article 61, with most jurisdictions reluctant to criminalise patent infringements. The paper concludes that due to differing socio-economic factors across countries, universal acceptance of a TRIPS Plus model criminalising patent infringements is unlikely in the near future. It suggests balancing the interests of developed and developing countries in shaping international IP policy going forward.

I. INTRODUCTION

Intellectual Property ["**IP**"] is inherently different from other property since its use is non-exclusive and non-exhaustive.[1] The need to protect IP requires a balance between the rights of the owner *vis* the world at large. The Trade-Related Aspects of Intellectual Property Rights Agreement ["**TRIPS**"] forms a crucial part of the WTO.[2] It recognises the need to protect IP and provides a framework to be adopted by the member states. "IP" under TRIPS includes copyrights, patents, trademarks, geographical indications, undisclosed secrets, and industrial designs, amongst others.[3] The TRIPS Agreement incorporates the basic framework of National Treatment and Most Favoured Nation ("NT" and "MFN", respectively, of which NT requires each member to afford foreign IP holders protection no less favourable than that granted to its own nationals, while MFN mandates that any advantage given to one member's nationals must be extended equally to all

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1 Mikhalein Du Bois, *Justificatory Theories for Intellectual Property Viewed through the Constitutional Prism*, 21 POTCHEFSTROOM ELEC. L. J. 1 (2018).

2 *TRIPS — Trade-Related Aspects of Intellectual Property Rights*, WORLD TRADE ORGANIZATION, https://www.wto.org/english/tratop_e/trips_e/trips_e.htm - :~:text=TRIPS — Trade-Related Aspects of,on intellectual property (IP).

3 Agreement on Trade-Related Aspects of Intellectual Property Rights, art. 1(2), Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, (***hereinafter*** **referred to as "TRIPS"**).

members) under Articles 3[4] and 4.[5] The obligations set out in TRIPS provide for 'minimum standards' which do not prevent States from taking more extensive measures if they deem fit.[6] These are restricted by upper 'maximum standards', available for instance, in Article 9.2, which provides that ideas cannot be copyrighted. The 'minimum standard' floor ensures that all members provide at least the level of protection specified, such as the mandatory criminal sanctions for willful trademark counterfeiting and copyright piracy under Article 61, while the 'maximum standard' ceiling prevents standards from being pushed beyond limits that would contravene other TRIPS provisions, such as the rule that copyright protection may not extend to ideas themselves.[7]

As highlighted by India, greater levels of IP may lead to hindrance of trade, thereby requiring the 'ceilings' imposed by the TRIPS Agreement.[8] Article 41 provides that there must be enforcement procedures under law,[9] which must be 'fair and equitable'.[10] Other remedies under TRIPS include injunctions,[11] damages,[12] other civil remedies such as removal from channels of commerce,[13] the right to information,[14] and indemnification.[15]

In addition to the civil remedies, Section 5 of TRIPS deals with criminal procedures. Article 61 casts an obligation for the member states to provide criminal sanctions for '…at least…(for) wilful trademark counterfeiting or copyright piracy on a commercial scale'.[16] Here, the 'remedies' to be made available shall include imprisonment and/or monetary fine, along with additional deterrents such as seizure, forfeiture, as may be deemed fit.[17]

While the TRIPS has been widely adopted, it is important to note that it was reached only as a compromise between the Global North and the Global South (a geopolitical shorthand used throughout this paper interchangeably with "developed" and "developing" countries, though the

[4] TRIPS, Art. 3.
[5] TRIPS, Art. 4.
[6] TRIPS, Art. 1(1).
[7] TRIPS, Art. 9.2.
[8] Council for Trade-Related Aspects of Intellectual Property Rights, *Minutes of June 8–9, 2010 Meeting*, WTO DOC. IP/C/M/63 (Oct. 4, 2010), https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=87682&CurrentCatalogueIdIndex=0&FullTextHash=1&HasEnglishRecord=True&HasFrenchRecord=True&HasSpanishRecord=True.
[9] TRIPS, Art. 41.
[10] TRIPS, Art. 42.
[11] TRIPS, Art. 44.
[12] TRIPS, Art. 45.
[13] TRIPS, Art. 46.
[14] TRIPS, Art. 47.
[15] TRIPS, Art. 48.
[16] TRIPS, Art. 61.
[17] *Id.*

terms are not perfectly coextensive; the paper uses them to denote, broadly, capital-exporting IP-producing economies on the one hand and technology-importing, IP-consuming economies on the other). Prior to the TRIPS, IP was governed at a global level by the Paris Convention of 1883, which gave wide recognition to the diversity of nations and their respective socio-economic settings. [18] For example, under Article 4 *bis,* the patents recognised by the States were to be independent of each other.[19] This meant that the grant of a patent in one State does not oblige another State to grant such a patent.[20] This is in stark contrast to the TRIPS, which seeks universalisation of IP regimes across the world. There is ever-growing pressure for furthering such universalisation by the developed countries over the developing countries,[21] as the economic realities of the latter were seen as mere impediments to the project of economic liberalisation.[22] This can be reflected in the demand for the TRIPS Plus approach, which seeks to go beyond the 'minimum' requirements provided under the TRIPS Agreement. This is seen prominently at the bilateral level through FTAs entered into by US and EU.[23] The demands made by developed countries are often greater than what EU domestic legislation provides.[24] Such a high degree of patent enforcement reflects a clear bias towards the developed nations, and owing to the particular needs and situations of the Third World, such stringent regimes are not feasible.

An example of a TRIPS Plus approach can be seen through an analysis of Article 61, which provides that criminal sanctions may be extended to patents.[25] This raises the question over whether giving effect to the full text of Article 61 is possible or even desirable. We argue against the TRIPS Plus approach through the lenses of various stakeholders, as well as the Third World Approaches to International Law ["**TWAIL**"] philosophy, analysing the position taken by Brazil and South Africa. The position of US and UK is also examined. Special emphasis is laid over extending Article 61 to India for patents, weighing the pros and cons, and assessing the present jurisprudence. An argument is also made that IP infringements of patents must not attract criminal sanctions and should remain limited to civil remedies. This is followed by a conclusion and suggestions for an improved international IP regime.

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[18] Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 828 U.N.T.S. 305, (***hereinafter*** **referred to as "Paris Convention"**).
[19] Paris Convention, art. 4 *bis*.
[20] *Id.*
[21] Peter Drahos, *The Universality of Intellectual Property Rights: Origins and Development*, 9 WIPO J. (1998).
[22] Peter K Yu, *The Objectives and Principles of the TRIPS Agreement*, 46 HOUS. L. REV. 15 (2009).
[23] Carlos M. Correa, *Global Debate on the Enforcement of Intellectual Property Rights and Developing Countries, in* ICTSD PROGRAMME ON INTELLECTUAL PROPERTY RIGHTS AND SUSTAINABLE DEVELOPMENT 29 (Int'l Ctr. for Trade & Sustainable Dev., Issue Paper No. 22) (2009), https://www.files.ethz.ch/isn/102256/2009-03_fink-correa-web.pdf.
[24] Frederick M. Abbott, *Intellectual Property Provisions of Bilateral and Regional Trade Agreements in Light of U.S. Federal Law, Geneva*, (Int'l Ctr. for Trade & Sustainable Dev. & U.N. Conference on Trade & Dev., Issue Paper No. 12) (Feb. 2006).
[25] TRIPS, Art. 61.

II. CONCEPTUAL FRAMEWORK OF ARTICLE 61 OF TRIPS

Article 61 of TRIPS reads as -

Members shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. Members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed willfully and on a commercial scale.

The requirement of placing criminal sanctions under Article 61 requires four conditions to be met:

1. There must be trademark counterfeiting or copyright piracy.
2. Such counterfeiting or piracy must be at a commercial scale.
3. The counterfeiting or piracy must be willful.
4. The counterfeiting must relate to trademarks or copyrights.

'Trademark counterfeiting' and 'copyright piracy' are distinct from mere infringements. This can be evidenced from the draft text of TRIPS at the Uruguay Rounds, where the words 'infringements of trademark and copyright' were considered.[26] The term 'willful' is defined under Black's Law Dictionary as referring to an act done with greater intentionality.[27] This has been implemented in a variety of ways by the States. For instance, New Zealand requires the infringer to 'know' that he is committing an offence.[28] In the UK, there must either be knowledge, or some 'reason to believe' that the act constitutes infringement.[29] On the other hand, Hong Kong does not require 'willfulness' for an act to fall under the criminal sanctions, but having 'no reason to believe' provides a defence to the accused. Jurisdictions such as Austria,[30] Spain,[31] and Hungary[32] make counterfeiting an offence irrespective of 'willfulness'. In totality, the import of 'willful' functions as a limiter to denote the *mens rea* of the action, which is provided as the minimum requirement under Article 61.

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[26] Arthur Dunkel, *Status of Work in the Negotiating Group: Chairman's Report to the GNG*, WTO DOC. MTN.GNG/NG11/W/76 (July 23, 1990).
[27] *Wilful*, BLACK'S LAW DICTIONARY (10th ed. 2014).
[28] Copyright Act 1994, § 131 (N.Z.).
[29] Copyright, Designs and Patents Act 1988, c. 48, § 107 (Eng.).
[30] Markenschutzgesetz [Trademark Protection Act] 1970, § 60 (Austria).
[31] Código Penal [Spanish Criminal Code] art. 278 (Spain).
[32] Büntető Törvénykönyv [Hungarian Criminal Code] § 388 (Hung.).

Following this, the State shall impose sanctions that are sufficient for deterrence. These may take the form of imprisonment, fines, or both, and the remedies must include seizure and forfeiture where appropriate. The TRIPS Plus Model extends the application of Article 61 to other IPs, such as patents, as well, particularly when it is 'willful and on a commercial scale'.

A. China – IP Rights

The WTO Panel had the opportunity to interpret Article 61 in the case of China - Measures Affecting Protection and Enforcement of IP Rights.[33] Therein, the contention of the US was that Article 61 requires implementation of criminal sanctions, which China has failed to provide for under their laws. To test this contention, it was required to determine what constitutes 'commercial scale' and whether Chinese laws afford criminal sanctions to cases which meet the 'threshold' of a commercial case, and what category of cases fall under 'wilful'. Another issue raised was over the second sentence of Article 61, concerning what constitutes a sufficient deterrent.

1. Commercial scale under Article 61

On the aspect of commercial scale, US argued that a proper understanding of 'commercial scale' relates to counterfeiting or piracy that reaches a 'certain extent or magnitude' in any given marketplace.[34] The determination of 'scale' had a primary role in China's argument. To interpret Article 61, reference was made to the context of the treaty, as under Article 1.1 and 41.5. These provisions provide for a degree of flexibility to the member states to implement the obligation under the TRIPS agreement in their domestic framework.

A varied approach was taken by the third parties to the above issue. The position of flexibility vis-à-vis Art 1.1, as argued by China, was supported by Argentina,[35] as well as Thailand.[36] Brazil offered a 'two-pronged' test for commercial scale, which included the order of magnitude along with an intention of profit-seeking.[37] Further, Chinese Taipei submitted that the cultural background, standard of living etc. is to be taken into account.[38]

[33] Panel Report, China – Measures Affecting the Protection and Enforcement of Intellectual Property Rights, WTO Doc. WT/DS362/R (Jan. 26, 2009) (adopted Mar. 20, 2009), (***hereinafter*** **referred to as "China Panel"**).
[34] China Panel, ¶ 7.480.
[35] China Panel, ¶ 7.484.
[36] China Panel, ¶ 7.493.
[37] China Panel, ¶ 7.486.
[38] *Id.*

On the other hand, Australia posited that 'commercial scale' requirement can be met out even where there is no profit involved.[39] Similarly, Japan, Korea and Mexico highlighted other aspects of 'commercial scale' such as the meaningfulness of small-scale infringement, easy repetition, etc. Canada described the Chinese thresholds as high, inflexible and arbitrary, highlighting that it precludes the authority from enforcing sanctions, and that such preclusion is against Article 61.[40] European communities took the argument further, claiming that the obligation does not stop at mere criminalisation but requires active prosecution.[41]

2. Sufficiency of deterrence

The claim under the second sentence of Article 61 rests on whether China adheres to the first sentence. Australia argued that the parties must 'actively prosecute and punish' acts of infringement. Further, Canada argued that the 'administrative proceedings' provided by China preclude the application of the criminal sanctions, thereby removing all deterrence for the infringers. On the other hand, Brazil argued that the second sentence relates not just to imprisonment but also to monetary fines. Thus, if China provides administrative proceedings for low-level infringement which lead to monetary fines, then it is sufficient deterrence per the provision.

3. Conclusion of the Panel

The Panel ruled that, owing to the freedom given to members under Article 1.1 of TRIPS, the mere imposition of criminal sanctions for piracy and counterfeiting on a commercial scale by a State is sufficient for the fulfilment of its obligations.[42] An assumption to the contrary cannot be made unless evidence which proves otherwise is provided.[43] The claims of the US were rejected by the Panel since the information provided by them was 'too little' and 'too random' to determine what constitutes commercial scale for the Chinese market.[44]

With regard to the sufficiency of deterrence, the Panel exercised judicial economy,[45] as the dispute before it was limited to the specific allegations raised by the US against China.[46] However, the Panel recognised the sensitive nature of criminal enforcement vis-à-vis the principle of sovereignty,

[39] China Panel, ¶ 7.485.
[40] China Panel, ¶ 7.487.
[41] China Panel, ¶ 7.488.
[42] China Panel, ¶ 7.602.
[43] China Panel, ¶ 7.602.
[44] China Panel, ¶ 7.617.
[45] China Panel, ¶ 8.2.
[46] China Panel, ¶ 8.5.

highlighting that there may be important differences between States which become more prominent in the implementation of sanctions.[47]

B. Saudi Arabia – Intellectual Property

Another dispute relating to Article 61 was Saudi Arabia – Intellectual Property, in which the Panel interpreted the phrase '…shall provide for criminal procedures and penalties'.[48] There was unanimous agreement between the parties that the State cannot be obliged to prosecute all suspected cases falling under Article 61. However, there were divergent positions taken over the implications of such an agreement.

It was reasoned that if there is no obligation on the part of States to prosecute all suspected cases, then in the absence of specific guidelines over which cases to prosecute, there is no duty placed on the part of the State.[49] Others suspected such logic and argued that a form of systemic non-enforcement would render the object and purpose of Article 61 void.[50]

This flows from the observation of the Panel that an enforcement system which lacks any real authority is redundant, and contrary to Article 61. While the term used in the first sentence is 'shall provide', a broader view can be imported from Article 1.1, under which a State is required to 'give effect' to the provisions of the TRIPS Agreement.

The Panel did not resolve the apparent conflict arising from the extent of enforcement required. A harmonious reading would provide that the State may actively prosecute to the extent that it is viable and feasible, which would require multiple factors to be taken into account. However, this does not mean that there is any obligation *per se* for the State to initiate prosecution, and it only has to provide conditions conducive for initiation of such proceedings by the private parties.

III. JUSTIFICATION FOR CRIMINAL SANCTIONS

The rights of an IP holder include the right of exclusive economic exploitation, and commercial scale infringement over this right undermines the very institution of IP by rendering the grant of copyright or trademark as meaningless. A State is obliged to provide criminal remedies to such a

[47] China Panel, ¶ 7.513.
[48] Panel Report, Saudi Arabia – Measures Concerning the Protection of Intellectual Property Rights, WTO DOC. WT/DS567/R, adopted on 16 June 2020, ¶ 7.206, *hereinafter* referred to as "Saudi Arabia".
[49] Saudi Arabia, ¶ 7.212.
[50] *Id.*

person if the conditions of Article 61 are fulfilled. This is distinct from the civil remedies offered under the TRIPS framework, under Section 2 of Part III.

In this regard, a criminal process is characterised by higher standards of proof, greater punishment, and significant social stigma.[51] A criminal offence is against the State, whereas a civil wrong is against a private individual. In cases falling under Article 61, the State is required to initiate proceedings against the infringer, because the qualifications provided therein raise the bar much higher than mere infringement, to wilful infringement on a commercial scale.[52] Counterfeiting and piracy account for over 2.5% of global trade, or $461 billion. It should be noted that this figure, drawn from an OECD/EUIPO study, has attracted methodological criticism, including concerns about the reliance on seizure data as a proxy for total trade in counterfeit goods and the difficulty of separating trademark counterfeiting from patent-related infringements in aggregate estimates. The figure is cited here as an illustration of the scale of the problem, not as a precise empirical benchmark.[53] This causes distortions in the market, which leads to a reduction of revenue, and poses safety and security concerns for the consumers.[54] For instance, counterfeiting medicines not only has an immediate impact on the health of the consumer but also poses a threat to the credibility of the healthcare system.[55] The seriousness of the offence and its impact on society and individuals justifies treating the violation as a crime against the State, since 'counterfeiting' falls under the class of fraud, whereas 'piracy' is a species of theft.[56]

A report by the Organisation of Economic Cooperation and Development (OECD) sought to explore the effects of an increased IP regime in developing nations.[57] This posits a justification for criminalising IP offences since it leads to a reduction of crimes in other spheres as well. For instance, a criminal group distributing copyrighted material on a commercial scale is likely to be

[51] Elena Maculan & Alicia Gil Gil, *The Rationale and Purposes of Criminal Law and Punishment in Transitional Contexts*, 40 J. LEGAL STUD. 132 (2020).
[52] Eurojust, *Counterfeiting of Goods – National legislation and Court Practice*, EU IPO (Dec. 2022), https://www.eurojust.europa.eu/sites/default/files/assets/counterfeiting-of-goods-national-legislation-and-court-practice.pdf.
[53] *Id.*
[54] *Intellectual Property Crime*, EUROPOL, https://www.europol.europa.eu/crime-areas/intellectual-property-crime/counterfeiting-and-product-piracy.
[55] *Combating Counterfeit Drugs: Building Effective International Collaboration*, WORLD HEALTH ORGANIZATION (Concept Paper, WHO Int'l Conf. on Combating Counterfeit Drugs, Rome) (Feb. 16, 2006).
[56] *Enforcement of Intellectual Property Rights by means of Criminal Sanctions: An Assessment*, WORLD INTELLECTUAL PROPERTY ORGANIZATION, WIPO DOC. WIPO/ACE/4/3 (Sept. 7, 2007).
[57] WG Park & Lippolt, *Technology Transfer and the Economic Implications of the Strengthening of Intellectual Property Rights in Developing Countries* (OECD Trade Policy Paper No. 62) (2008).

indulgent in other criminal activities such as drug trafficking.[58] Thus, by targeting the perpetrators under the IP regime, the spillover benefits leads to reduction of other indicators of crime.[59] There is also an argument for criminal sanctions and increased deterrence to be made, as highlighted by the EU Directive.[60] Thus, while a civil remedy is more appropriate as an IPR remedy in general, there are specific instances when a criminal remedy is needed. This is owing to the nature and gravity of the offence, which distinguishes it from a mere civil wrong.

As shown above, Article 61 permits States to extend the criminal sanction over to other IP such as patents. This forms part of the TRIPS Plus approach, which is discussed in the following section.

IV. A CRITIQUE OF THE TRIPS PLUS APPROACH TO ARTICLE 61

A twofold argument against the TRIPS Plus approach to Article 61 is to be made. *First*, there has been an expansive reading of IP as detrimental to the Third World as per the TWAIL approach. *Second*, criminalisation of patents leads to greater costs for the developing world, and has a net negative impact on the developing world. The call for enforcement has to be read conjunctively with the expanded area of what can be offered protection under patents.

A. Increased stringency in IP is detrimental to the developing countries as per the TWAIL Approach.

Before turning to the substantive critique, it is necessary to briefly situate the TWAIL framework deployed in this paper. TWAIL (Third World Approaches to International Law) is a critical scholarly tradition that interrogates how international law has historically served the interests of colonial and post-colonial powers at the expense of the Global South. Pioneered by scholars such as Antony Anghie and B.S. Chimni, TWAIL exposes the ways in which legal categories, including international IP norms, reproduce structural inequalities between states. Anghie, in particular, has argued that international law's universalist claims mask its origins in the project of empire, a critique that applies with full force to the TRIPS Agreement, which was negotiated at a moment of profound power asymmetry between developed and developing country delegations. Chimni's work on international institutions adds that multilateral forums systematically marginalise Third World interests through procedural and substantive biases. In the IP context specifically, P.N.

[58] *What is Counterfeiting*, INTERNATIONAL ANTI-COUNTERFEITING COALITION, https://www.iacc.org/resources/about/what-is-counterfeiting.
[59] *Id.*
[60] Corrigendum to Council Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights, 2004 O.J. (L 195) 16.

Upreti has examined how TRIPS-Plus obligations imposed through bilateral FTAs operate as a mechanism of neo-colonial extraction, compelling developing countries to adopt IP regimes calibrated to the economic interests of technology-exporting states. This paper draws on these insights to argue that the extension of criminal sanctions to patents under a TRIPS Plus model cannot be assessed in a politically neutral register: it is, in TWAIL terms, a disciplinary mechanism that widens the gap between countries that produce IP and those that consume it.

Increased stringency of the IP regime may lead to an undermining of the 'basic conditions of sustainable knowledge', as for instance, extension of patent protection to materials merely isolated from nature.[61] It has been an observed phenomenon that the IP regimes increase with the technological capabilities of the developed countries.[62] For instance, patent protection for pharmaceuticals was granted only when technologies in European countries became competitive.[63] This option is not available to developing countries, as they have to adapt to an IP regime which has already been established by the developed countries.[64] Additionally, innovation is much dearer than imitation owing to the transitional economic development of developing countries.[65] Increased IP may hinder infrastructural growth, cause inflationary pressures, and raise Balance of Payment concerns amongst others.[66] James Thuo Gaithii points to the comparative advantage US gained between 1947 and 1986, which then led them to fervently argue for greater IP rights protection.[67] This fuelled and guided the 'fair trade debate', wherein a perception was created that infringements by developing countries reduce 'standards of living' for the developed countries.[68] Pertinent to note is the role of private players and industrial lobbyists in framing these policies. For example, under President Carter's regime, a lead role was played by Edmund Pratt, the CEO of Pfizer, for shaping the foreign policy under the Advisory Committee on Trade and Policy Negotiations.[69]

[61] Carlos M Correa, *How intellectual property rights can obstruct progress*, SCIENCE AND DEVELOPMENT NETWORK (Apr. 4, 2005), https://www.scidev.net/global/opinions/how-intellectual-property-rights-can-obstruct-prog/.
[62] *Id.*
[63] *Id.*
[64] *Id.*
[65] David Gould and William Gruben, *The role of intellectual property rights in economic growth*, 48(2) J. DEV. ECON. 323 (1996).
[66] *Id.*
[67] James Thuo Gaithii, *Construing Intellectual Property Rights and Competition Policy Consistently with Facilitating Access to Affordable AIDS Drugs to Low-End Consumers*, 53 FLA. L. REV. 728 (2001).
[68] *Id.*
[69] *Id.*

Empirical research over this matter points both ways, subject to the factors and variables accounted for.[70] For instance, it has argued that patent projection of the antibiotic fluoroquinolone by US affected consumer welfare in India by over $ 250 million.[71] It has also been argued that the West in general, and United States in particular, advocate for global patent reform to increase their market access to the Global South as well as protect their existing IP.[72] On the other hand, a report by OECD claims a positive correlation between increased protection of patent by 1% leading to an increase in FDI by 2.8%. This finding, however, must be treated with caution: the underlying study relies on cross-country regression analysis using the Park IPR index as a proxy for patent strength, a methodology criticised for its insensitivity to variation in enforcement quality and for conflating formal legal protection with actual commercial effect. The FDI-patent correlation may also reflect reverse causality, as countries that already attract FDI tend to strengthen IP regimes in response to investor pressure rather than in anticipation of it.[73] The data remains inconclusive, as another report highlights how a single unit increase in the IPR Index leads to a fall in real GDP per capita growth by 0.73% for developing countries in the middle-income range.[74] In summation, it can be safely concluded that patents in general favor the West. Their impact over the developing countries varies on multiple factors, and solid examples which establish a negative impact can be observed.

B. Criminalization of patent would have a net negative impact for the developing countries.

The TRIPS Plus approach has to be analysed in light of the context provided above. There is a general consensus against invoking criminal law for patents. The emerging comparative literature on criminal IP enforcement reinforces this view. Liu and He, in their study of criminal IP enforcement in Asia, document how jurisdictions with formally robust criminal IP regimes often calibrate enforcement in practice to avoid deterring domestic innovation, and that criminal patent enforcement in particular tends to be deployed selectively and sparingly even where it exists on the statute books. Irina Manta's work on the puzzle of criminal sanctions for IP infringement further demonstrates that the moral intuitions that justify criminal punishment for trademark

[70] Sourav Chatterjee, *Worldwide: Intellectual Property Rights in Developing Nations*, MONDAQ (Mar. 4, 2008) https://www.mondaq.com/unitedstates/trademark/57856/intellectual-property-rights-in-developing-nations#:~:text=Intellectual%20property%20rights%20(IPR)%20are,IP)%20for%20a%20certain%20period.
[71] Shubham Chaudhari, *Estimating the Effects of Global Patent Protection in Pharmaceuticals: A Case Study of Quinolones in India*, 96 AM. ECON. REV. 1477 (2006).
[72] Walter G Park, *North-South models of intellectual property rights: an empirical critique*, 148 REV. WORLD ECON. 151 (2012).
[73] Ricardo Cavazos-Cepeda, Douglas Lippoldt & Jonathan Senft, *Policy Complements to the Strengthening of IPRS in Developing Countries* (OECD, Trade Policy Papers No. 104, 2010).
[74] Pervez Janjua & Ghulam Samad, *Intellectual Property Rights and Economic Growth: The Case of Middle Income Developing Countries*, 46(4) PAK. DEV. REV. 711 (2007).

counterfeiting and copyright piracy, deception and appropriation of expressive labour, respectively, do not translate cleanly to patent infringement, where the contested nature of patent scope and the legitimacy of competitive innovation make the criminality of the act far less self-evident. These contributions from the criminal IP scholarship should be read alongside the existing literature cited in this paper, including Gopalakrishnan's foundational comparative analysis, the South Africa constitutional patent decision, and Janjua and Samad's empirical critique of IPR maximalism, to form a coherent body of scholarship that counsels against the TRIPS Plus extension of criminal liability to patents.[75] This can be understood through the history of patents, which were granted protection to enhance the industrial development, and not to protect the proprietors.[76] Such position has been adopted across multiple jurisdictions.[77] For instance, in *Biswanath Pras*ad, the full bench of the Supreme Court of India held that the object of patent law is encouraging scientific research and stimulating inventions with a commercial utility.[78] The patent system functions as a tool for 'managing the national economy'.[79] The success of a patent regime is dependent not on how well it protects the interests of the inventor, but rather how well it suits the society.[80] A recent Constitutional Court decision of South Africa also noted the relationship between patents and the public interest, considering how they may lead to artificial monopolies.[81]

It has been contested that there is a moral and utilitarian distinction, as trademark and copyright infringement lead to greater harm and thus require higher punishments.[82] Criminalisation of patents may also significantly deter inventions, and hence would not be justified.[83] In determining whether an infringement of a patent has occurred, the scope of the patent, including the process and the product, is considered.[84] It is argued by the competitors that their conduct does not constitute infringement since it falls beyond the scope of the protection granted to the patent.[85] Thus, there exists this degree of uncertainty, wherein imposition of criminal sanctions would

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[75] NS Gopalakrishnan, *Criminal Law and Intellectual Property: Current Practise*, 36 J. INDIAN L. INST. 64 (1994).
[76] *Id.*
[77] Winner Sitorus, *Public Interest in Patent Protection: The Need of a Criteria*, 45 J.L. Pol'y & Globalization 85 (2016); Kurt M. Saunders, *Patent Nonuse and the Role of Public Interest as a Deterrent to Technology Suppression*, 15 Harv. J.L. & Tech. 390 (2002).
[78] Biswanath Prasad Radhey Shyam v. Hindustan Metal Industry, (1979) 2 SCC 511 (India).
[79] Justice N. Rajagopala Ayyangar, *Report on the Revision of the Patents Law*, SCC ONLINE (1959), https://ipindia.gov.in/uploads/CGPDTM_Post_Generation__Justice_N_R_Ayyangar_committee_report_1959.pdf.
[80] *Id.*
[81] Ascendis Animal Health (Pty) Ltd. v. Merck Sharp & Dohme Corp. 2019 ZACC 41 (S. Afr.).
[82] Irina Manta, *The Puzzle of Criminal Sanctions for Intellectual Property Infringement*, 24(2) HARV. J.L. & TECH. 469 (2011).
[83] *Id.*
[84] *Preliminary Comments on the Proposed Directive on Criminal Measures Aimed at Ensuring the Enforcement of Intellectual Property Rights and the Council Framework Decision on Measures to Strengthen the Criminal Law Framework to Combat Intellectual Property Offences*, Chartered Inst. of Patent Agents (2007).
[85] *Id.*

hinder the competitors from even attempting innovation. Such sanctions would be detrimental to innovation, irrespective of which country they are applied to. It is pertinent to note that this would pose a greater risk to the developing world, since they are already lagging behind in the development of IPs. Therefore, criminalisation of patents would be against the interests of the developing world.

V. COMPARATIVE ANALYSIS

The implementation of TRIPS as a whole, as well as the TRIPS-Plus approach, has varied greatly between jurisdictions. For the purposes of this academic endeavour, we shall examine the implementation of criminal sanctions under TRIPS in the United States, the United Kingdom, India, Japan and Brazil. The first four are major hubs in the development of IP law around the world.[86] Brazil is also a growing contributor; the focus on developed countries or those with large populations has led to a dearth of research relating to these countries.

The selection of these five jurisdictions is intended to be illustrative rather than statistically representative. They have been chosen to capture variation across three dimensions relevant to the central argument: (i) legal tradition (the US, UK and India as common law systems; Japan and Brazil as civil law systems); (ii) economic and developmental status (the US, UK and Japan as high-income economies; Brazil as an upper-middle-income economy; and India as a lower-middle-income economy); and (iii) geopolitical positioning with respect to TRIPS Plus advocacy (the US and Japan as proponents; India and Brazil as consistent critics; the UK occupying a more ambiguous post-Brexit position). The paper acknowledges that this sample cannot support universal generalisations and accordingly qualifies its conclusions as indicative rather than definitive. South Africa, briefly discussed in Section IV in connection with constitutional patent jurisprudence, was not included as a full case study due to the more limited development of its criminal IP enforcement framework; its exclusion is acknowledged as a limitation of the comparative analysis.[87]

A. United States

The United States has adopted a stricter approach to dealing with violations relating to IP, in comparison with other countries. For instance, the Omnibus Trade and Tariff Act of 1988

[86] Peter K. Yu, *The Global Intellectual Property Order and Its Undetermined Future*, 1 WIPO J. 1 (2009).
[87] Vivian Barcelos, *The Use of Intellectual Property in Brazil, Vivian Barcelos* (World Intell. Prop. Org., Econ. Rsch. Working Paper No. 23, Dec. 2014).

established a watch-list of different nations that did not comply with the standards for IP protection established by the US, threatening them with trade sanctions.[88]

Copyright violations, either through "Circumvention of Copyright Protection Systems",[89] or violations of the "Integrity of Copyright Management Information",[90] warrant criminal penalties.[91] If a person were to willfully violate either of the two aforementioned provisions, they would be subject to a fine of up to $500,000, 5 years of imprisonment, or both, for their first offence. Both of these penalties are doubled for any subsequent offences.[92]

Trademarks are protected in a similar manner, with violations of the Lanham Act (their primary trademark statute), either by intentional use of a counterfeit trademark or by unauthorised use of a trademark, being penalised through up to 5 years of imprisonment, or a fine of $250,000 (and up to $1,000,000 for corporate entities).[93]

The United States does not currently impose criminal sanctions for patent violations, but the prevailing academic opinion appears to be shifting towards a more TRIPS-Plus aligned approach.[94] They have also attempted to extend the reach of harsher sanctions through bilateral Free Trade Agreements (FTAs) with various countries, such as the Jordan-USA FTA.[95] These are said to have arisen from the pharmaceutical industry's dissatisfaction towards the 10-year transition periods given prior to the introduction of patent protections in countries such as Brazil, India and Thailand.

While the United States does not expand criminal sanctions for patent violations, courts have utilised criminal jurisprudence to understand patent violations and determine the quantum of civil consequences.[96] Additionally, the US has achieved the TRIPS-Plus vision by affording greater legal protections for IP rights through its position as a global hegemon by leveraging FTAs for this purpose. Their criminal sanctions for copyright violations also reflect this: Article 61 merely

[88] Omnibus Trade and Tariff Act of 1988, Pub. L. No. 100-418, 102 Stat. 1107 (1988).
[89] 17 U.S.C. § 1201 (1976).
[90] 17 U.S.C. § 1202 (1976).
[91] 17 U.S.C. § 1204 (1976).
[92] *Id.*
[93] 18 U.S.C. § 2320 (1984).
[94] Jacob S Sherkow, *Patent Infringement as Criminal Conduct*, 19 MICH. TELECOMM. & TECH. L. REV. 1 (2012); Irina D Manta, *Explaining Criminal Sanctions in Intellectual Property Law*, J.L. & INNOVATION (2019); Noel Mendez, *Patent Infringers, Come Out with Your Hands Up!: Should the United States Criminalize Patent Infringement?*, 6 BUFF. INTELL. PROP. L.J. 34 (2008).
[95] *Supra* note 88.
[96] Global-Tech Appliances, Inc. v. SEB S.A., 563 U.S. 754 (2011).

requires criminalisation for copyright piracy on a commercial scale, whereas §1204 greatly expands the scope of criminalisation.

B. United Kingdom

This jurisdiction takes an enforcement-oriented stance on the TRIPS-Plus approach. The UK establishes its sanctions for copyrights through the Copyright, Designs and Patents Act, 1988, and punishes the various acts undertaken in relation to the copyright without the consent of the holder with summary imprisonment of up to 6 months, or 10 years of imprisonment on indictment alongside certain fines.[97]

Section 92 of the Trade Marks Act, 1994 criminalises various acts relating to the unauthorised use of trademarks, such as applying marks likely to be mistaken for a registered trademark to goods or their packaging, intending to gain from such a mark, without the consent of the proprietor of the mark.[98] This could either result in summary imprisonment of 6 months, or an imprisonment of up to 10 years on indictment. The grounds for such a violation are enumerated in far more detail than they have been in other jurisdictions. This considerably expands the scope of its application. Contrasting this against the USA, the possibilities for committing such a violation increase in the UK, but the latter does not separately consider violations by corporate entities as the former does. Similar to the US, the UK does not criminalise patent violations.[99] However, it does proactively protect the IP environment by criminalising the falsification of registrations through up to two years of imprisonment.[100]

The UK expands the scope of IP protection through the possibility of summary imprisonment, albeit with a reduced sentence, alongside broad definitions of IP violations. While it abstains from criminalising patent violations in order to foster innovation and development, it ensures that IP rights are vigorously and proactively protected by imposing harsh criminal sanctions with summary sentencing.

C. India

India has a relatively relaxed stance and does not gravitate towards the TRIPS-Plus approach. This may be due to the TWAIL-based concerns against such an approach, as explained in a previous

[97] Copyright, Designs and Patents Act 1988, c. 48, § 107 (Eng.).
[98] Trade Marks Act 1994, c. 26, § 92 (Eng.).
[99] Patents Act 1977, c. 37, § 110 (Eng.).
[100] Patents Act 1977, c. 37, § 109 (Eng.).

section. Section 63 of the Copyright Act, 1957 provides for a comparatively lenient maximum sentence of 3 years for committing or abetting copyright infringement.[101] Even the monetary penalty provided herein is lenient, a mere Rs. 200,000. Even accounting for purchasing power parity, the penalty imposed is far lower than what would be imposed in the UK or the US.

Trademark violations are penalised through Section 103 of the Trade Marks Act, 1999.[102] Here, the penalisation is for falsifying trademarks, falsely applying them to goods or services, and other such acts, with the punishment being the same as that of copyright violations. Once again, the penalties here are fairly lenient in comparison with India's counterparts.

Similar to the UK, India criminalises falsification of registration for patents,[103] while abstaining from doing so for an unauthorised claim of patents.[104] The reluctance towards establishing harsh criminal punishments could arise out of the aforementioned TWAIL criticisms. As the benefits of stricter enforcement flow towards the global north and developed countries, third-world nations may be reluctant to adopt a TRIPS-Plus approach.[105] This is also evidenced by India's reluctance to accept TRIPS-Plus provisions in the FTA between India and Japan, as well as the apprehensions expressed in relation to Japan and South Korea's promotion of the same.[106]

D. Japan

Japan leans heavily towards a TRIPS-Plus approach, with severe penalties for IP violations. For copyright violations other than private use, the punishment may extend to up to 10 years.[107] The monetary penalty is relatively lenient, at ¥10,000,000, or about $660,000, for a natural person and ¥300,000,000 or $2,000,000 for a legal person.[108] While these are hefty sums on their own, they are significantly lower than the penalties in the US and UK, while maintaining the severity of criminal penalties. Trademark violations are treated similarly, with the penalties being equivalent to those of copyright violations for a natural person.[109]

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[101] The Copyright Act, No. 14 of 1957, Acts of Parliament (Ind.), § 63.
[102] The Trade Marks Act, No. 47 of 1999, Acts of Parliament (Ind.), § 103.
[103] The Patents Act, No. 39 of 1970, Acts of Parliament (Ind.), § 119, *hereinafter* referred to as "Patents Act, 1970"
[104] Patents Act, 1970, § 120.
[105] Geethika G., *TRIPS to TRIPS-Plus: An Overview of the Indian Generic Drug Industry & Some Newfound Hurdles*, 8 INDIAN J. POL. & INT'L. RELS. 319 (2014).
[106] Teena Thacker, *New Delhi to Oppose Anti-generics Proposals at RCEP Meet*, LIVEMINT (Oct. 25, 2017), https://www.livemint.com/Industry/fkn3MeuV9youkAFyBK1CKM/New-Delhi-to-oppose-antigenerics-proposals-at-RCEP-meet.html.
[107] Chosakukenhō [Copyright Act], Law No. 48 of 1970, art. 119 (Japan).
[108] Chosakukenhō [Copyright Act], Law No. 48 of 1970, art. 124 (Japan).
[109] Shōhyōhō [Trademark Act], Law No. 127 of 1959, art. 78 (Japan).

The area in which Japan differs the most, which in turn makes it a strong proponent of the TRIPS-Plus Model, is the manner in which patent violations are dealt with. Patent violations are, contrary to the treatment in most countries, punishable with imprisonment alongside a monetary fine, with the maximum sentence going up to 10 years.[110] The monetary penalties are the same as those of copyright and trademark violations. Japan acts as an exception to the generally accepted principle of restricting patent violations to a civil offence.

Apart from this, Japan has also been pushing for TRIPS-Plus commitments through their regional FTAs.[111] These steps towards aggressive criminalisation of IP violations, alongside measures to influence their trading partners to take TRIPS-Plus compliant steps, make Japan one of the strongest proponents of the TRIPS-Plus Model.

E. Brazil

Brazil occupies an odd middle ground with respect to the TRIPS-Plus model. While it expands the scope of the criminalisation of IP violations, it also reduces the punishments for such violations. The criminal sanction for IP violations in Brazil is consolidated in Article 184 of the Brazilian Criminal Code, which lumps together all possible IP violations and makes them punishable with a punishment of up to 4 years, and an uncapped fine, depending on the severity of the conduct.[112] While the uncapped fine could result in substantial liabilities for potential violators, given the (comparatively) lenient attitude with regard to imprisonment, it is likely that the quantum of such punishment would not be too severe.

F. Analysis

Most countries, except Japan and Brazil, appear reluctant to adopt the TRIPS-Plus approach. Patent violations are rarely criminalised across the world, and even in jurisdictions where such acts are criminalised, there are notable caveats to their implementation. Brazil, for instance, balances out the criminalisation with lenient punishments. Japan, on the other hand, with a conviction rate of 99.8%,[113] leans towards the belief that strict enforcement acts as an effective deterrent to future

[110] Tokkyohō [Patent Act], Law No. 121 of 1959, art. 196 (Japan).
[111] Anubha Sinha, *Japan Pushes for TRIPS-Plus Provisions in a Regional FTA: Médecins Sans Frontières Raises Alarm*, SPICY IP (Sept. 16, 2014), https://spicyip.com/2014/09/japan-pushes-for-trips-plus-provisions-in-a-regional-fta-medecins-sans-frontieres-raises-alarm.html.
[112] Código Penal [Criminal Code], art. 184 (Braz.).
[113] Takeshi Miyatuka, *Japan's 'Hostage Justice' System: Denial of Bail, Coerced Confessions, and Lack of Access to Lawyers*, HUMAN RIGHTS WATCH (May 25, 2023), https://www.hrw.org/report/2023/05/25/japans-hostage-justice-system/denial-bail-coerced-confessions-and-lack-access#:~:text=Japan%20has%20a%2099.8%20percent,or%20not%20has%20enormous%20significance.

violators. The world at large, however, does not have the same perspective on this issue. As a result, it is clear that the cultural *zeitgeist* opposes the criminalisation of patent violations. This observation, however, requires deeper analytical unpacking along the dimensions that the selection framework of this paper was designed to illuminate: legal tradition, development status, and TRIPS Plus posture.

First, legal tradition does not straightforwardly predict willingness to criminalise patent infringement. The common law jurisdictions surveyed, the US, UK, and India, all decline to extend criminal sanctions to patents, and in each case this reluctance is expressed through affirmative legislative choices rather than mere silence: the UK's Patents Act explicitly limits criminal liability to registration fraud; India's Patents Act similarly stops short of criminalising substantive infringement. This convergence across common law systems supports the view, articulated in the comparative patent scholarship by Liu and He in the context of Asian jurisdictions, that criminal enforcement of patents sits uneasily with the structural features of patent law, in particular, the uncertainty of scope and the competitive importance of designing around existing patents, regardless of the formal legal tradition in which the system is embedded. Japan's outlier status is therefore not a function of its civil law tradition but of specific policy choices reflecting its export-oriented high-technology economy and its historical use of IP enforcement as an industrial policy instrument.

Second, development status does correlate, though not perfectly, with enforcement intensity. India, the lowest-income jurisdiction surveyed, maintains the most lenient criminal IP regime overall and has been the most vocal in resisting TRIPS Plus commitments in bilateral FTA negotiations. Brazil occupies a middle position: its nominal criminalisation of patent-adjacent IP violations in the Criminal Code is offset by the lenient sentencing ranges that reflect a deliberate public interest calculation. The US and Japan, as high-income technology-exporting economies, anchor the enforcement-maximalist end of the spectrum. This pattern is consistent with the TWAIL analysis offered in Section IV: the push for TRIPS Plus criminalisation follows the contours of comparative advantage in IP production, and developing countries' resistance to it reflects a structurally rational response to rules that would lock in existing asymmetries of technological capability.

Third, the comparative data undermines the universalist premise underlying the TRIPS Plus agenda. Proponents of TRIPS Plus criminalisation frequently argue that strong and uniform enforcement norms reduce transaction costs for international IP holders and generate welfare

gains that, through FDI and technology transfer, eventually benefit developing countries as well. The evidence from this comparative analysis does not support that claim at the level of criminal patent enforcement. Even Japan, the only jurisdiction that criminalises patent infringement, has not been shown to derive its comparative advantage in technology from its criminal enforcement regime rather than from its research infrastructure, industrial policy, and institutional investment in R&D. The conclusion that flows from this analysis is that criminal patent enforcement is neither a necessary nor a sufficient condition for a well-functioning innovation ecosystem, and that the TRIPS Plus push for its universalisation reflects interest-group politics rather than evidence-based policy.

VI. CONCLUSION AND WAY FORWARD

Protection of IP rights forms a cornerstone in today's world. At the global level, this requires balancing the interests of the developing world against the developed world. This is reflected in Article 61 of the TRIPS, which provides a minimum standard while allowing States to extend criminal sanctions to other IP as well. The case of China – IP and Saudi – IP highlight the nuances of Article 61, particularly over the minimum thresholds and the obligation cast on the State. The justification for such criminalisation draws from the nature and gravity of the offence, which is of a criminal nature involving 'willful' conduct concerning 'commercial' scales.

This aspect of TRIPS Plus, which seeks to extend criminal sanctions to patents, raises an important jurisprudential and practical question. The merits of such criminalisation include the possibility of greater deterrence. On the other hand, critics highlight the lack of certainty owing to the nature of patents and point out their potential for stifling innovation. It is a matter of fact that stringent regimes favour developed countries, but the impact on developing countries is not always as positive.

A cross-jurisdictional analysis shows how different approaches have been adopted by countries. These are dependent on their socio-economic factors. This proves that despite the goal of universalisation sought by the developed countries under TRIPS, there is a long way to go before any sort of TRIPS Plus measures can derive general acceptance. On the basis of the foregoing analysis, this paper advances two concrete policy recommendations: ***First***, at the multilateral level, developing country WTO members should advocate for an explicit interpretive understanding, through a Ministerial Decision or a formal amendment to Article 61, clarifying that the permissive language of the final sentence of Article 61 ("Members may provide for criminal procedures and

penalties… in other cases of infringement") does not create any expectation, pressure, or implied standard that member states should extend criminal sanctions to patents. Such a declaration would serve as a counterweight to the normative creep through which TRIPS Plus norms, initially introduced bilaterally, gradually acquire the character of international soft law.

Second, at the bilateral and regional level, developing countries negotiating FTAs with partners that seek TRIPS Plus IP chapters should insist on explicit patent carve-outs from any criminal enforcement obligations, along with safeguard clauses that preserve domestic policy space to calibrate IP enforcement to national development priorities. The model of the India-EFTA Trade and Economic Partnership Agreement, which did not accede to TRIPS Plus criminal enforcement demands, provides a viable template.

The TWAIL critique elaborated in this paper provides the normative foundation for both recommendations: the universalisation of criminal patent enforcement is not a neutral efficiency gain but a structural redistribution of the gains from innovation from the Global South to the technology-producing North, and international IP law-making should be held accountable to that reality.