

**INTA and ICC BASCAP Comments on the
Consolidated Text of the Anti-Counterfeiting Trade Agreement (ACTA)
June 2010**

	Provisions delineated in the ACTA Negotiating Text of April 2010	Comments
OVERALL COMMENTS ON ACTA		
	Scope of intellectual property rights (IPRs)	<p>We are concerned over the broad scope of IP to be covered in ACTA and strongly recommend that the original intent of the agreement's scope remain targeted on trademarks and copyrights, and in particular trademark counterfeiting and copyright piracy. Reference to IP infringements throughout the rest of the ACTA text should be consistent with trademark counterfeiting and copyright piracy. Infringing goods should refer to counterfeit goods and pirated goods.</p> <p>We believe in the importance of strong enforcement of other intellectual property rights. However, given the varying stages of IPRs other than trademarks and copyrights – from simple registration of rights to levels of infringement – in many countries, the inclusion in ACTA of additional IPRs will adversely impact ACTA and put at risk its successful implementation. With regards to trademark counterfeiting, ACTA is one of the first international agreements that has the real potential to establish a mechanism that would lead to meaningful TRIPS-plus enforcement against the manufacture and distribution of counterfeit products internationally. Considering the harmful impact of counterfeits to consumers, governments and economies, it is imperative for an agreement such as ACTA to bring together international efforts to curb the serious problem of counterfeits.</p>
CHAPTER 1: INITIAL PROVISIONS AND DEFINITIONS		
Section A: Initial Provisions		
	ARTICLE 1.2: NATURE AND SCOPE OF OBLIGATIONS ²	<p>We support this article, but would suggest the following revision to the first sentence of Article 1.2.1 to ensure the objectives of ACTA are fulfilled: “Members shall refrain from implementing measures that would defeat the</p>

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	<ol style="list-style-type: none"> 1. Members shall give effect to the provisions of this Agreement. A Party may implement in its domestic law more extensive protection and enforcement of intellectual property rights than is required by this Agreement, provided that such protection and enforcement does not contravene the provisions of this Agreement. Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice. 2. Nothing in this Agreement creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and enforcement of law in general. 	<p>object and purpose of this Agreement or that would otherwise directly or indirectly undermine the protection or enforcement of intellectual property rights in their territory. A Party may implement...”</p>
	<p>Article 1.4: Privacy and Disclosure of Information</p> <p>[A suitable provision needs to be drafted that would ensure nothing in the Agreement detracts from national legislation regarding protection of personal privacy. In the same way, a suitable provision needs to be drafted regarding disclosure of commercial information]</p>	<p>Article 1.4 envisages a provision to protect personal privacy and commercial information. We agree that Article 1.4 should be limited to not detracting from existing protections of personal privacy or confidential commercial information. It should not require or recommend additional protections. We also recognize that there is a risk that the ‘suitable provision’ as to ‘disclosure of commercial information’ might end up as a safeguard for the suspected offender. We urge that the draft ensures that nothing acts to prevent the disclosure and use of information for the purpose of civil and/or criminal enforcement against counterfeiting and piracy as envisaged by the Agreement.</p>
Section B: General Definitions		
	<p>Article 1.X: Definitions</p> <p>For purposes of this Agreement, unless otherwise specified:</p> <p>days means calendar days;</p> <p>...</p>	<p>The definition of “days” must also include and/or make reference to working days; in parts of the draft text, including the footnotes, “days” and “working days” are used interchangeably. This is an important practical distinction and the usage needs to be precise.</p>

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	<p>right holder includes a federation or an association having the legal standing and authority to assert rights in intellectual property, and also includes a person that exclusively has any one or more of the intellectual property rights encompassed in a given intellectual property;</p>	
CHAPTER 2		
	<p>ARTICLE 2.X: GENERAL OBLIGATIONS WITH RESPECT TO ENFORCEMENT</p> <p>1. Procedures adopted, maintained, or applied to implement this Chapter shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.</p> <p>2. In respect of civil remedies and criminal penalties for enforcement of intellectual property rights, each Party shall take into account the need for proportionality between the seriousness of the infringement and the remedies or penalties ordered.</p> <p>[3. Those measures, procedures and remedies shall also be [effective, proportionate][fair and equitable] and [deterrent]]6]</p> <p>4. [Provision on limitations on remedies available against use by governments as well as exemptions of public authorities and official from liability to be inserted here at a later date.]</p> <p>5. [Define scope of the intellectual property rights covered in the Agreement]] [The scope of intellectual property rights will be defined at the start of each chapter.]</p>	<p>The word “proportionate” should be removed from Article 2.X.3 as “proportionality” is already addressed in Article 2.X.2. Enforcement measures should be an effective deterrent. Proportionality should be judged in that context.</p>

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Section 1: Civil Enforcement		
	<p>ARTICLE 2.X: INJUNCTIONS</p> <p>[1.]In civil judicial proceedings concerning the enforcement of [copyright or related rights and trademarks] [intellectual property rights], each Party shall provide that its judicial authorities shall have the authority [subject to any statutory limitations under its domestic law] to issue [against the infringer an injunction aimed at prohibiting the continuation of the] [an order to a party to desist from an] infringement, including an order to prevent infringing goods from entering into the channels of commerce [and to prevent their exportation].⁷</p> <p>[2. The Parties [may] shall also ensure that right holders are in a position to apply for an injunction against [infringing] intermediaries whose services are used by a third party to infringe an intellectual property right.⁸]⁹</p>	<p>We support including the bracketed language “and to prevent their exportation.” We also support including the bracketed word “infringing” before “intermediaries.” Only intermediaries that are infringing should be the subject of these injunctions.</p>
	<p>ARTICLE 2.2: DAMAGES</p> <p>1. Each Party shall provide that:</p> <p>(a) in civil judicial proceedings, its judicial authorities shall have the authority to order the infringer [who knowingly or with reasonable grounds to know, engaged in [infringing activity] of [copyright or related rights and trademarks] [intellectual property rights] to pay the right holder</p> <p>(i) damages adequate to compensate for the injury the right holder has suffered as a result of the infringement; or</p> <p>(ii) [at least in the case of copyright or related rights infringement and trademark counterfeiting,] [in the case of IPR infringements] the profits of the infringer that are attributable to the infringement, [which may be presumed to be the amount of damages] [and that are not taken into</p>	<p>We believe this article is in line with the our previous recommendation which states: “Encourage governments to develop calculation methods that lead to fines against counterfeiters and pirates commensurate to the harms caused in order to increase the deterrent impact of fines, and impose sanctions, such as contempt of court, for failure of violators to pay such fines. Calculation methods can be based on information provided by right holders. Right holders should be allowed to elect award of either actual damages suffered or pre-established damages.”</p> <p>We reiterate our recommendation that the scope of this section should remain trademark counterfeiting and copyright piracy. We are also concerned with the concept in Article 2.2 (1) that damages/accounts of profits should only be available by rights holders against infringers “who knowingly or with reasonable grounds to know, engage...” We believe this must be rejected. In addition to knowledge not being a relevant criterion within trademark infringement/counterfeiting, such a limitation would in practice be</p>

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<p>account in computing the amount of damages] [referred to in clause (i)]¹⁰</p> <p>[which may be presumed to be the amount of damages referred to in clause (i)]; and</p> <p>(b) in determining the amount of damages for [copyright or related rights infringement and trademark counterfeiting] [infringement of intellectual property rights], its judicial authorities shall consider, <i>inter alia</i>, any legitimate measure of value submitted by the right holder, which may include the lost profits, the value of the infringed good or service, measured by the market price, the suggested retail price, or [the profits of the infringer that are attributable to the infringement].</p> <p>[2. At least with respect to works, phonograms, and performances protected by copyright or related rights, and in [cases of trademark counterfeiting], in civil judicial proceedings, [As an alternative to paragraph 1,] each Party [shall][may] establish or maintain a system that provides:</p> <p style="padding-left: 40px;">(a) pre-established damages;</p> <p style="padding-left: 40px;">(b) presumptions for determining the amount of damages¹¹ sufficient to compensate the right holder for the harm caused by the infringement.¹² [; or</p> <p style="padding-left: 40px;">(c) additional damages]]</p> <p>[3. Where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity, each Party may [lay down that] [establish] [may authorize its] the judicial authorities may [to] order the recovery of profits or the payment of damages, which may be pre-established.]</p> <p>[4. Where a Party provides one of the options described in paragraph 2(a) or 2(b), that Party shall ensure that a right holder</p>	<p>unworkable. It would create a wide loophole for infringers to deny knowledge and an insurmountable evidential burden for rights holders to overcome. The amount of any damage award might be affected by the knowledge of the wrongdoer, but the availability of the remedy should not be.</p>

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	<p>has the right to choose that option [13] as an alternative to the remedies referred to in paragraph 1.]</p> <p><u>Option 1</u> [5. Each Party shall provide that its judicial authorities, except in exceptional circumstances, shall have the authority to order, at the conclusion of civil judicial proceedings [[at least in cases] concerning copyright or related rights infringement, [patent infringement,] or trademark infringement] that the prevailing party be awarded payment by the losing party of [[reasonable and proportionate] legal] court costs or fees. [Each Party shall also provide that its judicial authorities, [except in exceptional circumstances], [in proceedings concerning copyright or related rights infringement or willful trademark counterfeiting,] shall have the authority to order, [in appropriate cases], that the prevailing party be awarded payment by the losing party of reasonable attorney’s fees [, and other expenses as provided for under that Party’s domestic law].14]</p> <p><u>Option 2</u> [5. Each Party shall provide that its judicial authorities, [in appropriate cases], shall have the authority to order, at the conclusion of civil judicial proceedings [[at least in cases] concerning copyright or related rights infringement, [patent infringement,] or trademark counterfeiting] that the prevailing party be awarded payment by the losing party of court costs or fees and reasonable [and proportionate] attorney’s fees [, and any other expenses as provided for under that Party’s domestic law].15]</p>	
	<p>ARTICLE 2.3: OTHER REMEDIES</p> <p>[3. The judicial authorities shall order that those remedies be carried out at the expense of the infringer, unless particular reasons are invoked for not doing so.]</p>	<p>Article 2.3(3) provides that judicial authorities shall order remedies to be carried out at the infringer’s expense. We would comment that this is entirely in keeping with the concept of effective deterrence. In addition, we would support a provision allowing judicial authorities to order publication of judgments (or summaries) at the infringer’s expense. This is an important</p>

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	<p>[4. [In ordering those remedies, the judicial authorities][Each Party shall further provide that its judicial authority in ordering these remedies] shall take into account the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interest of third parties.]]¹⁶</p>	<p>aspect of the deterrent principle and could have value in supporting the longer term realignment of the public perception of IPR infringement which will be needed to ensure effective implementation of the Agreement’s goals and provisions.</p>
	<p>ARTICLE 2.4: INFORMATION RELATED TO INFRINGEMENT</p> <p>[Without prejudice to other statutory provisions which, in particular, govern the protection of confidentiality of information sources or the processing of personal data,]¹⁷ Each Party shall provide that in civil judicial proceedings concerning the enforcement of [intellectual property rights][copyright or related rights and trademarks], its judicial authorities shall have the authority upon a justified request of the right holder, to order the [alleged] infringer [including an alleged infringer] to provide, [for the purpose of collecting evidence] any [relevant] information [information on the origin and distribution network of the infringing goods or services][in the form as prescribed in its applicable laws and regulations] that the infringer possesses or controls, [where appropriate,] to the right holder or to the judicial authorities. Such information may include information regarding any person or persons involved in any aspect of the infringement and regarding the means of production or distribution channel of such goods or services, including the identification of third persons involved in the production and distribution of the infringing goods or services or in their channels of distribution. [For greater clarity, this provision does not apply to the extent that it would conflict with common law or statutory privileges, such as legal professional privilege.]]</p>	<p>Article 2.4 provides that upon a “justified request” of the right holder, the judicial authorities have authority to order the infringer to provide information such as the origin and distribution network of the infringing goods, etc. The word “justified” should be deleted as it has no meaning in this context. The judicial authorities are given the authority to order the infringer to provide information but are not required to do so. Presumably an “unjustified” request would not be honoured.</p>

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Section 2: Border Measures	
<p>[ARTICLE 2.X: SCOPE OF THE BORDER MEASURES</p> <p>1. This section sets out the conditions for action by the competent authorities when goods are suspected of infringing intellectual property rights, within the meaning of this agreement, when they are imported, exported, in-transit or in other situations where the goods are under customs supervision.</p> <p>2. For the purposes of this section, “goods infringing an intellectual property right” means goods infringing any of the intellectual property rights covered by TRIPS²². However, Parties may decide to exclude from the scope of this section, certain rights other than trademarks, copyrights and GIs when [not protected exclusively by copyright and trade mark systems and] [protected by [non-product- or sector-specific] [registration] <i>sui generis</i> systems.]</p> <p>3. [Parties shall provide for the provisions related to border measures to be applied [at least]in cases of trade mark counterfeiting and copyright piracy. [Parties may provide for such provisions to be applied in other cases of infringement of intellectual property rights.]]</p> <p>²¹ No Party shall be obliged to apply this section to any goods that do not infringe an intellectual property right held within the territory of that Party]. [<u>Negotiator’s note</u>: Study moving to General Provisions section.]</p> <p>²² [The provisions of this section shall also apply to confusingly similar trademark goods [, which means any goods, including packaging, bearing without authorization a trademark that is similar to the trademark validly registered in respect of such or</p>	<p>With regards to Article 2.X.2, we reiterate that the scope of ACTA should be limited to trademark counterfeiting and copyright piracy. We would like to add the following concerns:</p> <ul style="list-style-type: none"> • We note that Footnote 21 offers a loophole for Members who take the position that goods in-transit do not infringe a trademark within their territory. That loophole should be closed by treating the transit of counterfeit trademark goods as use of that trademark in that country. • We do not support the inclusion of Footnote 22, which extends the seizure of goods to those with confusingly similar trademarks. This provision falls outside our recommended scope of ACTA. Disputes regarding similarity should be settled in civil actions and not by Customs officials.

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	<p>similar goods where there exists a likelihood of confusion on the part of the public between the trademark borne and the trademark validly registered, and that thereby infringes the rights of the owner of the trademark in question under the law of the country in which the procedures set out in this Section are invoked.]</p>	
	<p>ARTICLE 2.6: APPLICATION BY RIGHT HOLDER</p> <p><u>Option 1</u></p> <p>1. Each Party shall provide procedures for import [and in-transit²³] shipments and [may] [shall] provide procedures for export shipments, by which right holders may request the competent authorities to suspend release ²⁴ of suspected counterfeit trademark goods²⁵ and suspected pirated copyright goods²⁶ [goods suspected of infringing an intellectual property right]into free circulation.</p> <p>²⁵ For purposes of this Section, counterfeit trademark goods means any goods, including packaging, bearing without authorization a trademark that is identical to the trademark validly registered in respect of such goods, or that cannot be distinguished in its essential aspects from such a trademark, and that thereby infringes the rights of the owner of the trademark in question under the law of the country in which the procedures set out in this Section are invoked.</p>	<p>We support the definition of counterfeit goods as outlined but would also suggest that in Footnote 25 and in the rest of the agreement, the definition should include labels and tags in addition to packaging.</p>
	<p>ARTICLE 2.X: <i>DE MINIMIS</i> PROVISION</p> <p>Parties may exclude from the application of this Section small quantities of goods of a non-commercial nature contained in travelers' personal luggage [or sent in small consignments.]</p>	<p>We strongly urge the deletion of this provision. This provision raises two issues related to the effective enforcement against counterfeiting and piracy: 1) small quantities of goods of a non-commercial nature contained in travelers' personal luggage and 2) small consignments.</p> <p>With regards to small quantities of goods of a non-commercial nature contained in personal luggage, the demand for counterfeit and pirated goods is a key contributing factor to the growth in counterfeiting and piracy. We</p>

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		<p>believe governments should strongly discourage consumers from purchasing and importing counterfeits. While we support the stated objective of ACTA with regards to targeting counterfeiting and piracy activities that significantly affect commercial interests rather than the activities of ordinary citizens, we believe that making an explicit exception permitting travelers to bring in goods for personal use sends just the wrong message to consumers that buying counterfeits is accepted by the government. This would inevitably blunt the effectiveness of future public awareness efforts that may be conducted by governments or private organizations.</p> <p>The inclusion of “small consignments” in this provision would also be a major mistake. Many counterfeiters are now distributing their fakes in small consignments knowing that those are more likely to escape customs inspections. In addition, many counterfeiters are now selling fake goods via catalogues or more popularly the Internet, and are sending these goods via small consignments. Making small consignments an exception in ACTA would legitimize this large loophole through which counterfeiters easily distribute their counterfeits and exacerbate an existing problem.</p> <p>We urge ACTA negotiators to delete this article.</p>
	<p>ARTICLE 2.6: APPLICATION BY THE RIGHT HOLDER</p> <p><u>Option 1</u></p> <p>1. Each Party shall provide procedures for import [and in-transit²³] shipments and [may] [shall] provide procedures for export shipments, by which right holders may request the competent authorities to suspend release ²⁴ of suspected counterfeit trademark goods²⁵ and suspected pirated copyright goods²⁶ [goods suspected of infringing an intellectual property right]into free circulation.</p> <p><u>Option 2</u></p> <p>[1. Each Party shall provide procedures by which right holders</p>	<p>We strongly urge that Article 2.6 include goods in transit/transshipment as well as those in import or export procedures. Excluding goods in transit/transshipment would allow counterfeiters to easily take advantage of loopholes in customs regimes to avoid liability to seizure.</p> <p>We support the adoption of Option 2 as it is more detailed and allows for recordation of trademarks with Customs. However, Option 2 contains a provision that competent authorities within each Party may suspend the release of goods at the border, where the trademark owner “provide(s) adequate evidence to satisfy themselves that . . . there is <i>prima facie</i> an infringement of the right holder’s intellectual property right....” This language is vague in that it does not describe what evidence would be considered adequate, and it does not specifically authorize the authorities to share identifying information with</p>

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<p>may request the competent authorities to suspend the release of goods suspected of infringing intellectual property rights.]</p> <p>2. The competent authorities shall require a right holder requesting the procedures described in paragraph 1 to provide adequate evidence to satisfy themselves that, under the laws of the Party providing the procedures, there is <i>prima facie</i> an infringement of the right holder's intellectual property right and to supply sufficient information that may reasonably be expected to be within the right holder's knowledge to make the suspected infringing goods reasonably recognizable by the competent authorities. The requirement to provide sufficient information shall not unreasonably deter recourse to the procedures described in paragraph 1.</p> <p>3. Each Party shall provide for applications to suspend the release of suspected infringing goods that apply to all goods²⁷ under customs control in its territory and remain applicable to multiple [or in the alternative specified] shipments. Each Party may provide that, at the request of the right holder, the application to suspend the release of goods may apply to selected points of entry and exit under customs control. These applications for suspension shall remain applicable for a period of not less than [one year][or sixty days] from the date of application, or the period of protection of the relevant intellectual property rights under the laws of the Party providing border measures under this Section, whichever is shorter. Each Party may permit a right holder to specify that an application to suspend remain applicable for a period of less than [one year][or sixty days].</p> <p>4. The competent authorities shall inform the applicant within a reasonable period whether they have accepted the application. Where the competent authorities have accepted the application, they shall also make known to the applicant the period of validity</p>	<p>the trademark owners. In fact, Article 2.13 provides for disclosure of information to trademark owners, but does so in the context of respecting the laws of each Party “pertaining to the privacy or confidentiality of information.” It should be made explicit that competent authorities are authorized to share identifying information (such as serial numbers, lot numbers, or other information found on the product) with the trademark owner, to facilitate (or in some instances, to make possible) a determination whether a particular product is authentic.</p> <p>Lastly, we support that a period of one year be adopted in the third point of Option 2: “These applications for suspension shall remain applicable for a period of not less than one year from the date of application...” and “Each Party may permit a right holder to specify that an application to suspend remain applicable for a period of less than one year.” This will not only be more convenient for rights holders, but also for customs authorities who will not have to process as many applications.</p>

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<p>of the application.</p> <p>5. Each Party may provide, where the applicant has abused the process, or where there is due cause, that an application may be denied, suspended, or voided.</p>	
<p>ARTICLE 2.7: EX-OFFICIO ACTION</p> <p><u>Option 1</u></p> <p>1. Each Party [may] [shall] provide that its customs authorities may act upon their own initiative, to suspend the release of suspected counterfeit trademark goods or suspected pirated copyright goods with respect to imported, [exported] [, or in-transit] goods including suspected counterfeit trademark goods or suspected pirated copyright goods admitted to, withdrawn from, or located in free trade zones [goods suspected of infringing an intellectual property right]. [Each Party [may]][shall endeavor to] provide its customs authorities the same authority as the foregoing provision of this Article in respect of [exported and] in-transit goods that are [suspected counterfeit trademark goods or suspected pirated copyright goods.]</p> <p><u>Option 2</u></p> <p>[1. Each Party shall provide that its competent authorities may act upon their own initiative, to suspend the release of goods suspected of infringing an intellectual property right.]</p> <p>2. [Each Party may also provide that its customs authorities may act, upon their own initiative, to suspend the release of goods suspected of infringing other intellectual property rights [, not covered by this section].]</p>	<p>We support Option 1 as it makes specific reference to free trade zones (FTZs) and goods in transit. ACTA must ensure the disruption of the flow of counterfeit goods in transit and through free trade zones (FTZs) and other transshipment sites by clearly and unambiguously empowering customs authorities with jurisdiction over goods in transit and in FTZs to inspect all shipments, detain suspicious shipments and seize and destroy all goods identified by right holders as counterfeit and pirated goods.</p> <p>We propose the following wording:</p> <p>“ARTICLE 2.7: EX-OFFICIO ACTION</p> <p>Each Party shall provide that its customs authorities shall act upon their own initiative to suspend the release of suspected counterfeit trademark goods or suspected pirated copyright goods with respect to imported, exported, or in-transit goods including suspected counterfeit trademark goods or suspected pirated copyright goods admitted to, withdrawn from, or located in free trade zones goods suspected of infringing an intellectual property right.</p> <p>Each Party shall endeavor to provide its customs authorities the same authority as the foregoing provision of this Article in respect of exported and in-transit goods that are suspected counterfeit trademark goods or suspected pirated copyright goods.”</p> <p>We also suggest that ACTA includes a direct reference to allow Parties to use controlled deliveries and other special investigative techniques for the purpose of effectively combating illicit trade activities related to suspected counterfeit</p>

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		<p>trademark goods and suspected pirated copyright goods. “Controlled deliveries” means allowing illicit or suspect consignments to pass out of, through or onto the territory of one or more States with the knowledge and under the supervision of their competent authorities, with a view to investigating an offence and identifying those involved in commission of the offense. Special investigative techniques may include electronic or other forms of surveillance and undercover operations.</p>
	<p>ARTICLE 2.X:</p> <p>[As an alternative to procedures in Article 2.6.1 and 2.7.1 relating to export or in-transit shipments, each Party shall provide that where shipments are exported from that Party, or shipments are in-transit through that Party, it shall cooperate to provide all available information to the destination Party, upon request of the destination Party, to enable effective enforcement against shipments of infringing²⁸ goods.]</p>	<p>We urge the deletion of this article. Passing the responsibility of enforcement relating to export or in-transit shipments of suspected counterfeit and pirated goods onto the destination Party is a practice that has rarely been implemented successfully. The introduction of this provision would result in delegating to the destination Party the enforcement of IPR thus favoring transnational criminal networks that benefit from communication gaps and lengthy coordination amongst Parties’ administrations. Of course, this practice would not be applicable in the case of shipments in-transit from one ACTA Party but with a final destination to a non- ACTA Party. Furthermore, it would not apply in cases where IP protection does not exist in the country of final destination. Notwithstanding the final destination of the shipment, Parties should have primary responsibility for seizing any goods suspected of being counterfeit or pirated consigned in their territory.</p> <p>If this article is not deleted, then at a minimum we recommend: (1) the rights holder should be notified prior to release of the counterfeit trademark or pirated goods, so that the rights holder can enforce its rights in the destination territory; and (2) the use of controlled delivery and other special investigative techniques should be used to maximize the ability of successful enforcement against the counterfeit trademark goods in the destination territory.</p>
	<p>ARTICLE 2.9: SECURITY OR EQUIVALENT ASSURANCE</p> <p>Each Party shall provide that its competent authorities shall have the authority to require a right holder requesting procedures described under Article 2.6 to provide a reasonable security or</p>	<p>We support the establishment of a reasonable security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse by the right holder. However, these measures can sometimes result in a penalty trademark owners can incur when bringing an infringement to the attention of the competent authorities. In some countries, sizeable security</p>

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	<p>equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse. Each Party shall provide that such security or equivalent assurance shall not unreasonably deter recourse to these procedures. Each Party may provide that such security may be in the form of a bond conditioned to hold the defendant harmless from any loss or damage resulting from any suspension of the release of the goods in the event the competent authorities determine that the good [is not a counterfeit trademark good or a pirated copyright good] [does not infringe intellectual property rights covered by this section]. Only in exceptional circumstances [or pursuant to a judicial order] may a Party permit a defendant to post a bond or other security to obtain possession of suspected counterfeit trademark goods or suspected pirated copyright goods.</p>	<p>bonds demanded of the right holders are often retained by the authorities and returned, if ever, over time. We believe that the imposition of an onerous and unclear bond requirement should be replaced by a declaration from the right-holder accepting liability towards the persons and authorities involved in the procedure (i.e. Letter of Guarantee).</p> <p>Goods, once determined to be counterfeit, should be held by authorities until such time as the importing entity contests the seizure, and overturns the determination of counterfeit, or waives such a dispute, and the products are either destroyed, released to law enforcement, or released to the trademark owner.</p> <p>The requirement of a bond is both unnecessary and potentially burdensome to the victim. i.e. the trademark owner. Bond requirements and the imposition of the costs of storage and destruction of goods on rights' holders should be eliminated. At the very least, the requirements should be established at a reasonable level so as not to deter the enforcement of important IPRs.</p>
	<p>ARTICLE 2.11: REMEDIES</p> <p>1. Each Party shall provide its competent authorities with the authority to order the destruction of goods following a determination under Article 2.10 that the goods are infringing³⁰. [In cases where such goods are not destroyed, each Party shall ensure such goods are disposed of outside the channels of commerce in such a manner as to avoid any harm to the right holder.] [or that they be disposed of outside the channels of commerce in such a way as to preclude injury to the right holder, except in exceptional circumstances.]</p>	<p>We support this provision but would encourage that consideration to public health and safety also be included in the destruction of the counterfeit goods.</p>
	<p>ARTICLE 2.13: DISCLOSURE OF INFORMATION</p> <p>Without prejudice to a Party's laws pertaining to the privacy or confidentiality of information:</p>	<p>We support this provision but suggest that samples and photos of suspected goods be provided to right holders to assist in determining whether the goods are counterfeit or pirated.</p>

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	<p>(a) Each Party may authorize its competent authorities to provide right holders with information about specific shipments of goods, including the description and quantity, to assist in the detection of infringing goods;</p> <p>(b) Each Party may authorize its competent authorities to provide right holders with information about goods including, but not limited to, the description and quantity of the goods and the name and address of the consignor, importer, exporter or consignee, and, if known, the country of origin and name and address of the manufacturer of the goods to assist in the determination under Article 2.10 of whether goods infringe rights covered by this Section;</p> <p>(c) Unless a Party has granted authority under subparagraph (b), at least in the case of imported goods, where competent authorities have seized or, in the alternative, made a determination under Article 2.10 that goods infringe rights covered by the section, each Party shall authorize its competent authorities to provide right holders within 30 days³² of seizure or determination, with information about goods including, but not limited to, the description and quantity of the goods and the name and address of the consignor, importer, exporter, or consignee, and, if known, the country of origin and name and address of the manufacturer of the goods.³³</p>	
	<p>[Article 2.X: LIABILITY OF THE COMPETENT AUTHORITIES</p> <p>[1. With respect to the border measures covered by this Section, each Party shall provide measures concerning the liability of competent authorities in the execution of their duties.]</p> <p><u>Option 1</u></p>	<p>We support Option 2, because it limits the liability of authorities for interventions, which should take away a possible deterrence to their enforcement of these provisions against counterfeit trademark or pirated goods.</p>

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	<p>2. The acceptance of an application on its own shall not entitle the right-holder to compensation in the event that goods infringing an intellectual property right [copyright, related rights and trademarks] are not detected by [competent authorities] a customs office and are released or no action is taken to detain them.</p> <p><u>Option 2</u></p> <p>[2. Each Party may limit remedies sought by a right holder or other persons against a Party's competent authorities as a result of mere acceptance of an application under Article 2.[6], where the competent authorities release, or fail to detect, detain, or take action against or in connection with, goods that may infringe [IPR] covered by this Section.]</p> <p>[3. The competent authorities shall not be liable towards the persons involved in the situations referred to in Article 2.6 for damages suffered by them as a result of the authority's intervention, except where provided for by the law of the Party in which the application is made or in which the loss or damage is incurred.]]</p>	
	Section 3: Criminal Enforcement	
	<p>ARTICLE 2.14: CRIMINAL OFFENSES</p> <p>1.35 Each Party shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright or related rights piracy on a commercial scale.³⁶ Willful copyright or related rights piracy on a commercial scale includes:</p> <p>[(a) significant willful copyright or related rights infringements that have no direct or indirect motivation of financial gain; and</p> <p>(b) willful copyright or related rights infringements for purposes of</p>	<p>As in our prior recommendation, we support the provisions in this section that apply criminal procedures and penalties to willful acts of counterfeiting and copyright piracy, which includes acts that cause substantial commercial harm. We also urge that ACTA negotiators strongly consider including importation or exportation of counterfeit or pirated goods as illegal activities subject to criminal penalties. We support this article with the following recommendations and additional comments:</p> <ul style="list-style-type: none"> • We have noted that Article 2.14 currently contains bracketed language that would make the importation or domestic trafficking of counterfeit labels a crime, but only if it is “on a commercial scale.” We believe that the inclusion of this term is both vague and unnecessary.

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<p>commercial advantage or financial gain.³⁷</p> <p>[2. Each Party shall provide for criminal procedures and penalties to be applied in cases of [willful], [unauthorized] [importation] and [or] [domestic] [trafficking] [conducted] [use in the course of trade] [on a commercial scale] of labels [or packaging],</p> <p>(a) to which a mark has been applied [without consent of the right holder] which is identical to or cannot be distinguished [in its essential aspects] from a trademark registered in [its territory] [the Party in respect of certain goods or services], and</p> <p>(b) which are intended to be used [by the importer or user or, by a third party with the knowledge of the importer or user, for willful trademark counterfeiting] [on [either] the goods or [in relation to] services [for which is registered] [which are identical to goods or services for which the trademark is registered.]</p> <p>[3. Each Party shall provide for criminal procedures and penalties to be applied [in accordance with its laws and regulations,] against any person who, without authorization of the holder of copyright [or related rights] [or the theatre manager] in a [motion picture or other audiovisual work], [cinematographic work] [knowingly] [uses an audiovisual recording device to transmit or make] [makes] a copy of [, or transmits to the public] the motion picture or other audiovisual work, or any part thereof, from a performance of the motion picture or other audiovisual work in a motion picture exhibition facility open to the public.]³⁸</p>	<p>Counterfeit labels have no legitimate commercial market independent from the illicit use of such labels on counterfeit products, and therefore the unauthorized shipment or trafficking in labels should be treated as a <i>per se</i> violation of IP rights, regardless of the scale.</p> <ul style="list-style-type: none"> • Making the criminal penalties sufficiently significant is an important component of establishing a strong deterrent message. Article 2.15 of the draft includes a bracketed subparagraph describing “Penalties and Sanctions.” Included in that subparagraph is a requirement that Parties provide for imprisonment and monetary fines, and there is bracketed language that requires that the fines be “sufficiently high to provide a deterrent to future acts of infringement, with a view to removing the monetary incentive of the infringer.” We strongly support making the penalty fit the crime in this context, especially in light of the serious damage wrought by counterfeiters to the economy, and to the public’s health, safety, and the national infrastructure due to counterfeit technology products. Accordingly, to deter future traffickers, those who are caught should be penalized sufficiently to remove all economic benefit from their crimes, to go along with imprisonment in those cases in which the quantity or the type of counterfeit products would warrant such a punishment.
<p>ARTICLE 2.15: [CRIMINAL] LIABILITY AND PENALTIES [AND SANCTIONS]</p> <p>[1. <i>Liability of Legal Persons</i></p> <p>(a) Each Party shall adopt such measures as may be necessary,</p>	<p>We support the provisions outlined in this section but strongly recommend adding a knowledge requirement to the provision “2. Inciting, Aiding and Abetting” which is fair in the context of criminal liability.</p>

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<p>consistent with its legal principles, to establish the liability of legal persons for the offences referred to in Article 2.14.</p> <p>(b) Subject to the legal principles of the Party, the liability of legal persons may be criminal or non-criminal.</p> <p>(c) Such liability shall be without prejudice to the criminal liability of the natural persons who have committed the criminal offences.]</p> <p>[2. <i>Inciting, Aiding and Abetting</i> The provisions of this section shall apply to [inciting,] aiding and abetting the offences referred to in Article 2.14.]]³⁹</p> <p>[3. <i>Penalties and Sanctions</i>]</p> <p>[(a)] For the [offences] crimes referred to in [Article 2.14] [Article 2.14.1], each Party shall provide [effective, proportionate and dissuasive] penalties⁴⁰ [. The available penalties shall] that include imprisonment [as well as] [and] monetary fines⁴¹ [sufficiently high to provide a deterrent to future acts of infringement, with a view to removing the monetary incentive of the infringer].</p> <p>[(b) For legal persons held liable under Article 2.15.1, each Party shall provide for effective, proportionate and dissuasive sanctions, including monetary sanctions.]</p>	
<p>[Article 2.16. Seizure, Forfeiture[/Confiscation] and Destruction</p> <p>[1. <i>Seizure</i>]</p> <p>(a) In case of an offence referred to in Article 2.14 [.1], each Party shall provide that its competent authorities shall have the authority to order [authorise] [at least for serious offences] the seizure of suspected counterfeit trademark goods or pirated copyright [or</p>	<p>We support this provision with the following comments and additional recommendations:</p> <ul style="list-style-type: none"> • In accordance with our previously expressed position, we support the inclusion of provisions that criminalize the laundering of proceeds from counterfeiting and piracy to ensure that counterfeiters and pirates are not profiting from their crimes and strengthen confiscation regimes

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<p>related rights] goods, any related materials and implements used in the commission of the alleged offence, documentary evidence relevant to the alleged offence and any assets derived from, or obtained directly or indirectly through the infringing activity [42].</p> <p>(b) Each Party shall, if a prerequisite for such an order, according to its national law, is the identification of the items, ensure that the order need not determine the items that are subject to seizure in more detail than necessary to allow their identification for the purpose of the seizure.] [Each Party shall provide that such orders need not individually identify the items that are subject to seizure, so long as they fall within specified categories in the relevant order.]</p> <p><i>[2. Forfeiture/Confiscation and Destruction]</i></p> <p>Each Party shall [provide that its competent authorities shall have the authority to] ensure that the counterfeit trademark goods and pirated copyright [or related rights] goods that have been [confiscated/] forfeited [to the state] under this subparagraph shall, if not destroyed, be disposed of outside the channels of commerce, [under the condition that the goods are not dangerous for the health and security of persons.] [in such a manner as to avoid any harm caused to the right holder.]</p>	<p>that provide for the identification, freezing and seizure of funds and property acquired through counterfeiting and piracy. In Article 2.16.2(a), additional language that allows for restitution for rights owners who are victims of trademark counterfeiting should be added. We believe that at a minimum whatever profits the defendant made from the crime should be available to be paid to the victim by way of restitution, as the damage to the trademark owner's mark and business is at the heart of the counterfeiting offense. Such a provision has the potential to greatly increase the penalties to those involved in organized crime, which would correspondingly increase the deterrent effect.</p> <ul style="list-style-type: none"> • The bracketed language in Article 2.16.1(a) should include a "predominant use" requirement as provided in Article 2.3.2 which requires a predominant use test before action is taken against infringing or counterfeit goods. Currently, Article 2.16.1(a) provides that competent authorities shall order the seizure "of any related materials and implements used in the commission of the alleged offense and any assets derived" from such activities, which may be too broad and allows for seizure of items whose predominant use is not counterfeiting or piracy. We recommend that ACTA clarify that the predominant use test applies to related materials or implements and ensure it contains a reference to protecting the property of innocent owners. • With regards to destruction of goods, "health and security of persons" should not be in brackets. It is important to ensure that the destruction of such goods does not harm the health and safety of the public. • The bracketed language "[at least for serious offences]" in Article 2.16.1(a) should be deleted. It is vague and all counterfeit trademark goods constitute a serious offense.

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<i>Section 4: [Special Measures Related to Technological Enforcement of Intellectual Property in the Digital Environment]</i>	
<p>[ENFORCEMENT PROCEDURES IN THE DIGITAL ENVIRONMENT]⁴⁵</p> <p>1. Each Party shall ensure that enforcement procedures, to the extent set forth in the civil and criminal enforcement sections of this Agreement, are available under its law so as to permit effective action against an act of [trademark, copyright or related rights][intellectual property rights] infringement which takes place [by means of the Internet][in the digital environment] , including expeditious remedies to prevent infringement and remedies which constitute a deterrent to further infringement.</p> <p>2. [Those measures, procedures and remedies shall also be fair and proportionate.]^{46 *}</p> <p>3. Without prejudice to the rights, limitations, exceptions, or defenses to [[patent, industrial design, trademark and][copyright or related rights]][intellectual property rights] infringement available under its law, including with respect to the issue of exhaustion of rights, each Party [confirms that] [shall provide for] [civil remedies as well as limitations, exceptions, or defenses with respect to the application of such remedies, are available in its legal system in cases of third party liability][47][or liability for those who authorize infringement, or both] for [[patent, industrial design, trademark and][copyright or related rights]][intellectual property rights] infringement.⁴⁸</p> <p><u>Option 1</u></p> <p>[3. Each Party recognizes that some persons⁴⁹ use the services of third parties, including online service providers,[⁵⁰ for engaging in [patent, industrial design and trademark,] copyright or related rights infringement. Each Party also recognizes that legal uncertainty with respect to application of copyright and related rights, limitations, exceptions, and defenses in the digital</p>	<p>We support Option 1, which includes a requirement that ISPs implement monitoring and take down policies. This is the reasonable quid pro quo for enabling Internet Service Providers (ISPs) to benefit from safe harbor provisions. Option 1 should also expressly apply to trademarks, not just copyrights. In addition:</p> <ul style="list-style-type: none"> • Parties to the agreement should take appropriate action (through legislation or regulation) to ensure that government agencies do not use infringing computer software. These measures should regulate both the acquisition and management of software for government use. • Parties should establish and maintain a range of pre-established (statutory) damages against counterfeiters and pirates that are available in civil infringement cases at the election of the right holder. These damages should be in an amount sufficient to deter future infringements and to compensate fully the right holder for the harm caused by the infringement.

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<p>environment may present barriers to the economic growth of, and opportunities in, electronic commerce.]⁵¹ Accordingly, in order to facilitate the continued development of an industry engaged in providing information services online while also ensuring that measures to take adequate and effective action against copyright or related rights infringement are available and reasonable each Party [shall][may]:</p> <p>(a) provide limitations⁵² on the scope of civil remedies available against an online service provider for infringing activities that occur by</p> <ul style="list-style-type: none"> (i) automatic technical processes, and (ii) the actions of the provider's users that are not directed or initiated by that provider and when the provider does not select the material, and (iii) the provider referring or linking users to an online location, <p>when, in cases of subparagraphs (ii) and (iii)⁵³, the provider does not have actual knowledge of the infringement and is not aware of facts or circumstances from which infringing activity is apparent; and]</p> <p>(b) condition the application of the provisions of subparagraph (a) on meeting the following requirements:</p> <ul style="list-style-type: none"> (i) an online service provider adopting and reasonably implementing a policy⁵⁸ to address the unauthorized storage or transmission of materials protected by copyright or related rights [except that no Party may condition the limitations in subparagraph (a) on the online service provider's monitoring its services or affirmatively seeking facts indicating that infringing activity is occurring]; and 	

	Provisions delineated in the ACTA Negotiating Text of April 2010	Comments
	<p>(ii) an online service provider expeditiously removing or disabling access to material or [activity][alleged infringement], upon receipt [of legally sufficient notice of alleged infringement,][of an order from a competent authority] and in the absence of a legally sufficient response from the relevant subscriber of the online service provider indicating that the notice was the result of mistake or misidentification.</p> <p>except that the provisions of (ii) shall not be applied to the extent that the online service provider is acting solely as a conduit for transmissions through its system or network.]</p> <p>[Further, [each Party may adopt exceptions and limitations to measures implementing paragraph 4 so long as they do not significantly impair the adequacy of legal protection of those measures or the effectiveness of legal remedies for violations of those measures.]]⁶⁷</p>	
CHAPTER 3: INTERNATIONAL COOPERATION		
	<p>ARTICLE 3.3.5: CAPACITY BUILDING AND TECHNICAL ASSISTANCE</p> <p>(Option 2)</p> <p>[5. State parties shall endeavour to provide technical assistance in the following areas:</p> <ul style="list-style-type: none"> (a) Promoting the culture of intellectual property. (b) Training professionals in charge of the protection of the right holders involved in the protection of intellectual Property. (c) Capacity building and experience sharing among institutions in charge of fighting counterfeiting and piracy. (d) Tools for measuring the economic impact of counterfeiting on the market and evaluating the anti counterfeiting and anti-hacking actions. 28 (e) Conducting joint operations at the regional and international 	<p>We support Option 2 of Article 3.3.5 as it outlines more specific and concrete ways ACTA Parties can aid developing countries in building capacity and increase coordination to combat counterfeiting and piracy. It provides for opportunities for experience sharing, creating tools for measuring economic impact of counterfeiting on the market, conducting joint operations, among others. In addition, we believe that ACTA should ensure that in the implementation of this Agreement, Parties promote specialized skills training and expertise in IPR cases by law enforcement officials and Courts through the creation of specialized IP units within enforcement agencies.</p> <p>Finally, the Parties negotiating ACTA have an important opportunity to educate other countries about the harms associated with counterfeiting and piracy, as well as the economic opportunities offered by a system that promotes and protects innovation. Parties should help other countries develop assessments of the economic and social benefits of participating in the ACTA</p>

	Provisions delineated in the ACTA Negotiating Text of April 2010	Comments
	<p>levels.</p> <p>(f) Enforcement of laws regarding fighting counterfeiting and piracy through the Internet.</p> <p>Technical assistance shall be extended to all other types of actions facilitating the implementation and the applicability of the ACTA Agreement].</p>	<p>process.</p>
CHAPTER 4: ENFORCEMENT PRACTICES		
	<p>ARTICLE 4.1: ENFORCEMENT EXPERTISE, INFORMATION AND DOMESTIC COORDINATION</p> <p>1. Each Party shall [...] [as it deems appropriate foster the] development of] [...] specialized expertise [...] [in its] competent authorities concerned with enforcement of [intellectual property rights] [...], in order to [...] [promote] effective enforcement of [intellectual property rights] [...] [One means of implementation is through specialized law enforcement authorities for the investigation and prosecution of cases concerning the infringement of intellectual property rights.]</p>	<p>We agree that ACTA must ensure that countries have sufficient adjudicative capacity to properly try infringement cases by providing law enforcement and prosecutors with sufficient training and resources, establishing a specialized judiciary to preside over cases involving IPR; and reforming civil and criminal processes.</p>
	<p>ARTICLE 4.4: PUBLIC AWARENESS</p> <p>Each Party shall [...] [promote the adoption of appropriate] measures [...] to enhance] [...] public awareness of the importance of [...] [protecting] intellectual property rights and the detrimental effects of intellectual property right infringement, including educational [and dissemination] projects. [Such measures may include joint initiatives with the private sector.]</p>	<p>We support inclusion of this important provision. Governments must warn consumers of the dangers posed by counterfeit and pirated products. Governments play an important role in educating their citizens on the risks posed by the production, distribution, marketing, purchasing, and consumption of counterfeit and pirated products.</p>