

Memorandum to: ACTA Negotiators

**Subject: Comments on the Anti-Counterfeiting Trade Agreement (ACTA)
Final Text of November 2010 Subject to Legal Review**

From: Concerned business groups operating in ACTA nations

Date: November 17, 2010

The members of the undersigned Business Response Group (BRG) appreciate and welcome the release of the final version of ACTA on November 15, 2010 and applaud the effort and dedication of all negotiating parties in bringing ACTA to the final stages of the negotiations process. We are fully supportive of the objectives of ACTA, as an agreement built on existing international rules, to strengthen intellectual property protection against counterfeiting and piracy. We understand that the final text of ACTA will be subject to legal review in the next few weeks. We also anticipate that negotiating parties may call for public comment prior to implementing ACTA at the national level.

In all ACTA countries, as well a majority of countries worldwide, national governments are taking steps to promote legislation, upgrade enforcement measures and allocate resources to control the global problem of counterfeiting and piracy. The ability of ACTA to complement, strengthen and harmonize these measures must not be compromised by inaccurate criticisms about both its goals and its substance, which have been addressed by ACTA negotiators throughout the course of the negotiation process. Counterfeiting and piracy –physical and online – are, by every measure, rampant global problems that in order to be addressed, require better international resolve and cooperation. We urge the negotiators of each Party to do what is necessary to finalize ACTA and begin its implementation. In the meantime, we submit below a few comments that we believe will strengthen the final document.

Comments

We are pleased to see that the final text includes provisions that take a step above current international rules such as WTO's TRIPs. We applaud the provision that provides for *ex officio* authority for competent authorities to act upon their own initiative to initiate investigation or legal action on criminal enforcement. We also strongly support the provision that applies border measures to goods of a commercial nature sent in small consignments, which in the previous version of the ACTA text was explicitly excluded from border measures. We note that several customs regimes already inspect small consignments; however, the inclusion of small consignments in the Border Measures section of ACTA is an increased recognition by authorities of the sharp increase by counterfeiters in the shipment of fake goods in small consignments to escape inspection.

While the current text makes strides in a number of areas mentioned above, we believe the following areas should be strengthened:

- ***Enforcement in the digital environment*** – While we appreciate the inclusion of trademarks in this section, we recommend that trademarks should also be included in Article 2.18.2. The exponential rise of counterfeit goods sold on the Internet underscores the need for international efforts to address this problem.
- ***Definition of counterfeit goods*** – We note that the definition of counterfeit trademark goods in Section B: General Definitions mirrors the definition provided for counterfeit trademark goods in TRIPs. We recommend that the definition be expanded to include any trademark symbol (including a logo, label, sticker, brochure, instructions for use or guarantee document bearing such a symbol) even if presented separately.
- ***Goods in transit*** - While we welcome the inclusion of goods in transit in ACTA Article 2.X.2, we believe it should be strengthened so that “Each Party *shall* provide for procedures for suspect goods in transit...” The objective of the provision is not to limit legitimate trade, but rather more effectively stop counterfeit goods that are deliberately routed through multiple countries before reaching their final destination.

We would also like to note the inconsistency of the terms used for goods in transit. In Section B: General Definitions, the term “in-transit goods” is used, while in Section 3: Border Measures, the term “goods in transit” is used. We would recommend that the same term is used consistently throughout the text and that it be defined more clearly so that there is no dispute as to the meaning the term. This also holds true for the term “suspect goods,” which is not defined and “customs transit,” which is only defined generally in the current text.

- ***International cooperation and enforcement practices*** – We note that Chapters 3 and 4 lay out general guidelines for international cooperation and enforcement practices but do not outline specific mechanisms to build capacity and enforcement expertise, coordination and information sharing, for example. We urge negotiators that these mechanisms be put in place during the implementation of ACTA. Furthermore, ACTA Parties have an important opportunity to exchange with other countries information about the harm of counterfeiting and piracy, as well as the economic opportunities offered by a system that promotes and protects innovation. The ACTA Committee should help other countries develop assessments of the economic, social and other benefits of participating in ACTA or at a minimum adopting its principles.
- ***Security or equivalent assistance*** – As mentioned in previous submissions, we support the establishment of a reasonable security or equivalent assurance (mentioned in Article 2.9) sufficient to protect the defendant and the competent authorities and to prevent abuse by the right holder. However, in some countries, the sizeable security bond demanded of the right holder is often retained by authorities who only return the bond over time, if ever. The imposition of such a bond should be replaced by a declaration from the right holder accepting liability towards the persons or authorities involved in the procedure. While eliminating bond requirements altogether may not be possible, we recommend that the requirements, at the very least, be established at a reasonable level so as not to deter enforcement.

- **Damages** – Under Article 2.2 we urge there to be an obligation for statutory minimum damages for trademark counterfeiting. In addition, we recommend that the text in Article 2.2.1 in the Civil Enforcement section, which states “who knowingly or with reasonable grounds to know,” be deleted. For civil cases, this would create a wide loophole for infringers to deny knowledge and a challenging evidential burden for rights holders to overcome.

On behalf of:



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Germany



Canada



Russia



European Union



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Mexico



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