

**JAPAN – U.S. JOINT PROPOSAL**

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**JAPAN – U.S. JOINT PROPOSAL**

**Anti-Counterfeiting Trade Agreement**

EU proposalsDiscussion Draft: 7 July 2008May 20, 2008

Derived From: Classification Guidance  
dated February 8, 2008

Reason: 1.4(b)  
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### CHAPTER ONE INITIAL PROVISIONS AND DEFINITIONS

#### Section A: Initial Provisions

[To be completed]

#### Section B: General Definitions

[To be completed]

### CHAPTER TWO LEGAL FRAMEWORK FOR ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

#### Section 1: Civil Enforcement

[To be completed]

#### Section 2: Border Measures<sup>1</sup>[<sup>2</sup>]

[Opening Article]

#### ARTICLE 2.6: SCOPE OF THE BORDER MEASURES

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 or in-transit.
2. For the purposes of this section, 'goods infringing an intellectual property right' means goods infringing any of the intellectual property rights covered by TRIPS<sup>3</sup>, with the

\* Where a Party has dismantled substantially all controls over movement of goods across its border with another Party with which it forms part of a customs union, it shall not be required to apply the provisions of this Section at that border.

<sup>1</sup> [Option.] Each Party shall implement the obligations in respect of importation and exportation set out in this Section so as to be applied to shipments of goods consigned to [a local party/a party in the territory] but destined for outside the territory of the Party.]

<sup>2</sup> The provisions of this section shall also apply to confusingly similar trademark goods, which means any goods, including packaging, bearing without authorization a sign that is similar to the trademark validly registered in respect of such or similar goods where it exists a likelihood of confusion on the part of the public between the sign and the trademark.

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exception of the protection of undisclosed information and layout- designs (topographies) of integrated circuits.

3. Where a traveller's personal baggage contains goods of a non-commercial nature within the limits of the duty-free allowance and there are no material indications to suggest the goods are part of commercial traffic, each Party may consider to leave such goods, or part of such goods outside the scope of this section.

### ARTICLE 2.76: APPLICATION BY RIGHT HOLDER

1. Each Party shall provide procedures for import, export [Option US: , and in-transit] shipments by which right holders may request the competent authorities to suspend the release<sup>5</sup> of goods suspected of infringing an intellectual property right, suspected counterfeit trademark goods<sup>6</sup> or confusingly similar trademark goods, and suspected pirated copyright goods<sup>7</sup> into free circulation.

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 that country<sup>8</sup>, there is *prima facie* 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 customs authorities. The requirement to provide sufficient information shall not unreasonably deter recourse to the procedures described in paragraph 1.

3. Each Party shall permit right holders to supply the competent authorities

<sup>4</sup> For purposes of this Section, **in-transit goods** means goods under "Customs transit" and goods "transhipped," as defined in the *International Convention on the Simplification and Harmonization of Customs Procedures* (Kyoto Convention).

<sup>5</sup> For purposes of this Section, where the competent authorities suspend the release of suspected counterfeit [Option J: or confusingly similar] trademark or pirated copyright goods, the authorities shall not permit the goods to be released into free circulation, exported, or subject to other customs procedures, except in exceptional circumstances.

<sup>6</sup> 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.

<sup>7</sup> For purposes of this Section, **pirated copyright goods** means any goods that are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and that are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country in which the procedures set out in this Section are invoked.

\* [Definition of "country"]

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information to assist them in taking border measures provided for under this Section. Each Party may authorize the competent authorities to request right holders to supply any such information.

4. The right-holder shall not be charged a fee to cover the administration costs occasioned by the processing of the application.

3. Each Party shall provide that the application to suspend the release of goods shall apply to all points of entry to and exit from its territory and remain applicable for a period of not less than one year from the date of application, or the period that the relevant article is protected by copyright or the relevant trademark registration is valid under the laws of the country taking border measures provided for under this Section, whichever is shorter.

45. 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 inform the applicant of the period of validity of the application.

56. Each Party may also provide procedures for import, export [*Option U.S.*], and in-transit shipments by which right holders may request the competent authorities to suspend release of goods suspected of infringing other intellectual property rights.

### ARTICLE 2.78: EX-OFFICIO ACTION

1. Each Party shall provide that its customs authorities may act upon their own initiative, to suspend the release of goods suspected of infringing an intellectual property right, suspected counterfeit or confusingly similar trademark goods or suspected pirated copyright goods with respect to imported, exported [*Option U.S.*], or in transit] goods including suspected counterfeit or confusingly similar trademark goods or suspected pirated copyright goods admitted to, withdrawn from, or located in free trade zones. [*Option J:* Each Party shall endeavor to provide its customs authorities the same authority as the foregoing provision of this Article in respect of in transit goods that are suspected counterfeit or confusingly similar trademark goods or suspected pirated copyright goods.]

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.

### ARTICLE 2.8: PROVISION OF INFORMATION FROM RIGHT HOLDER

Each Party shall permit right holders to supply the competent authorities information to assist them in taking border measures provided for under this Section. Each Party may authorize the competent authorities to request right holders to supply any such information.

### ARTICLE 2.9: SECURITY OR EQUIVALENT ASSURANCE

Each Party shall provide that its competent authorities shall have the authority to require a right holder requesting procedures described under Article 2.76 to provide a reasonable

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security or 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 does not infringe intellectual property rights covered by this section, is not a counterfeit or confusingly similar trademark good or a pirated copyright good. No Party may permit a defendant to post a bond or other security to obtain possession of suspected counterfeit or confusingly similar trademark goods or suspected pirated copyright goods.

### ARTICLE 2.10: DISCLOSURE OF INFORMATION

With a view to establishing whether an intellectual property right has been infringed under national law and in accordance with national provisions on the protection of personal data, commercial and industrial secrecy and professional and administrative confidentiality, the competent authorities have detained infringing goods, shall inform the right holder of the names and addresses of the consignor, importer, exporter, or consignee, and provide to the right holder a description of the goods, the quantity of the goods, and, if known, the country of origin and name and addresses of producers of the goods.

### ARTICLE 2.110: DETERMINATION AS TO INFRINGEMENT

Each Party shall provide a procedure by which competent authorities will determine, within a reasonable period of time after the initiation of the procedures described under Article 2.67 or 2.78, whether the suspected infringing goods infringe an intellectual property right.

### ARTICLE 2.124: REMEDIES

1. Each Party shall authorize its competent authorities to impose penalties in connection with the importation and exportation of goods following a determination under Article 2.110 that the goods are infringing.<sup>9</sup>

2. Each Party shall provide that goods that have been forfeited as infringing following a determination under Article 2.110 shall be destroyed, except in exceptional circumstances.

3. No Party may authorize the competent authorities to permit forfeited infringing goods to be released into free circulation, exported, or subject to other customs procedures, except in exceptional circumstances. In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, {*Option J*}, other than in

<sup>9</sup> Negotiator's Note: Subject to negotiation of general provision on deterrent penalties.

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exceptional cases, to permit the release of the goods into the channels of commerce.

### ARTICLE 2.132: FEES

1. Each Party shall provide that any application fee, merchandise storage fee, or destruction fee to be assessed in connection with procedures described in this Section shall not be allocated in a manner or set at an amount that unreasonably burdens right holders or unreasonably deters recourse to these procedures.
2. Each Party shall provide that if the competent authorities have made a determination under Article 2.10 that the suspected infringing goods infringe an intellectual property right, the right holder shall not be liable for payment of any storage or destruction fees described in paragraph 1.

### ARTICLE 2.13: DISCLOSURE OF INFORMATION

Where the competent authorities have confiscated infringing goods, the competent authority shall inform the right holder within 30 days<sup>10</sup> of confiscation, or at an earlier time, of the names and addresses of the consignor, importer, exporter, or consignee, and provide to the right holder a description of the goods, the quantity of the goods, and, if known, the country of origin and name and addresses of producers of the goods.

### ARTICLE 2.14: LIABILITY OF THE COMPETENT AUTHORITIES

1. The acceptance of an application shall not entitle the right-holder to compensation in the event that goods infringing an intellectual property right are not detected by a customs office and are released or no action is taken to detain them.
2. 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.

## Section 3: Criminal Enforcement

[To be completed]

<sup>10</sup> For purposes of this Article, "days" shall mean "business days."

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**Section 4: Special Requirements Related to Information Technology  
and Internet Distribution.**

[To be completed]

**CHAPTER THREE  
INTERNATIONAL COOPERATION**

[To be completed]

**CHAPTER FOUR  
ENFORCEMENT PRACTICES**

[To be completed]

**CHAPTER FIVE  
INSTITUTIONAL ARRANGEMENTS**

[To be completed]

**CHAPTER SIX  
FINAL PROVISIONS**

[To be completed]

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Anti-Counterfeiting Trade Agreement (ACTA)  
Non-Paper on institutional issues under the Agreement

Introduction

During the informal meeting of the Anti-Counterfeiting Trade Agreement (hereafter referred to as ACTA, or "the Agreement"), in Berne, Switzerland, on March 11-12, 2008, negotiating partners discussed a number of institutional issues to be eventually considered under Chapter Five of the Agreement ("Institutional Arrangements"), such as, *inter alia*, monitoring and evaluation, dispute settlement, and accession, as well as the various options to address them. In giving consideration to how these issues could be addressed, Canada offered to prepare a non-paper outlining the various options that negotiating partners might like to consider.

It is noted that the various issues to be addressed under the Agreement will require some level of administrative commitment from each of the Parties, and have been enumerated in view of Parties' existing IP and enforcement-related requirements, arising from both treaty obligations and from domestic law, with a view to reducing the overall administrative burden on each Party. As such, it is noted that this list is non-exhaustive, and in that light, Canada welcomes the input of other ACTA partners to develop a more comprehensive review of the various options available under the Agreement.

Contact Points for Parties

*Objective*

To facilitate communications between Parties on ACTA matters.

It is recommended that each Party designate contact point(s), which will identify the office or official responsible for the matter and assist, as necessary, in facilitating communications with other Parties.

ACTA Oversight Council

*Objective*

To provide a forum for the administration of various governance issues under the Agreement. Functions of the Council could include:

- (a) supervising ACTA implementation (and also considering amendments, interpretations, and modifications);
- (b) establishing and delegating responsibilities to ad hoc working groups;

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- (c) assisting with resolving any disputes that may arise regarding the interpretation of application of ACTA;
- (d) ensuring that ACTA avoids duplication of other international efforts regarding IP enforcement;
- (e) seeking input from non-governmental persons or groups, particularly with respect to best practices in the field of intellectual property enforcement;
- (f) endorsing best practice guidelines for implementing ACTA;
- (g) supporting the efforts of international organizations active in the field of intellectual property enforcement;
- (h) assisting non-Party governments with developing assessments of the benefits of accession to ACTA; and
- (i) adopting its own rules of procedure.

During formal ACTA negotiations, negotiating partners might like to consider the following items relating to the establishment of the Council:

*Composition:*

It is recommended that the Council be comprised of senior-level officials from each of the Parties to the Agreement. This would presumably include current negotiating partners (provided that they become Parties when the Agreement enters into force), and all future Parties acceding to the Agreement.

Negotiating partners may also wish to consider how best to coordinate issues among a larger Council. It is noted that the number of Parties may increase significantly, as accession is granted to additional countries. As such, another option might be to appoint a smaller group of Parties to the Council, on either a permanent or rotating basis.

*Frequency of meetings:*

- It is proposed that the Council meet in regular session every year, with sessions to be held at a mutually-agreed location. Special sessions could also be a possibility.

*Location of meetings:*

Negotiating partners may wish to consider where meetings of the Council of Parties will be held. For example, will meetings be hosted on a rotating basis by Parties to the Agreement, or will these be hosted permanently in one location?

*Chair:*

It is proposed that the Parties annually select an individual from one of the Parties to the Agreement to serve as Chair of the Council for one year.

Negotiating partners may also like to consider the various rules of procedure for the Chair of the Council, such as whether the Chair will be selected on a rotating basis, whether the order in which Parties serve as Chair will be pre-determined or subject to the vote of the Council, as well as whether the Chair will be eligible to serve for more than one term successively.

*Vice-Chairs:*

It is proposed that the Parties annually select two individuals from Parties to the Agreement to serve as Vice-Chairs of the Council for one year, to assist in the functions of the Chair of the Council, and to serve in this capacity in the Chair's absence.

Negotiating partners may wish to consider whether individuals from the same country as the current Chair will be eligible for selection as Vice-Chair.

Similar to the considerations regarding the Chair, negotiating partners may also like to consider whether Vice-Chairs will be selected on a rotating basis, whether the order in which Parties serve as Vice-Chair will be pre-determined or subject to the vote of the Committee, as well as whether Vice-Chair will be eligible to serve for more than one term successively.

*Secretariat:*

It is proposed that, similar to the G8, the country that the Chair is selected from serve the various functions of the Secretariat on an annual basis, such as arranging and hosting meetings, as well as other matters related to the ongoing administration of the Agreement.

*Decision-making:*

It is proposed that decisions of the Council and committees, working groups, and other bodies established under ACTA would be taken by consensus of the Parties, except as the Parties may otherwise agree. Negotiating partners might also consider how to address instances where a decision cannot be arrived at by consensus, for example, by way of majority vote.

*Observers:*

Negotiating partners might also consider the possibility of admitting civil society and relevant stakeholders to meetings of the Council as accredited observers, or alternatively, whether the involvement of these actors should instead be carried out

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through domestic channels. Another option could be the organization of public events to exchange views on the various issues addressed under the Agreement, similar in nature to the Public Symposiums held by the WTO.

### **Monitoring and Evaluation**

#### *Objective*

To regularly review and evaluation of implementation of each Party's obligations under the Agreement, and to ensure the transparency of each Party's national laws and regulations through regular monitoring.

Negotiating partners may wish to consider the following items related to monitoring and evaluation:

#### *Review by the Committee of Parties:*

It is proposed that the Council meet at least once every calendar year, for the purposes of the continuous review and evaluation of Parties' implementation of obligations under the Agreement, as well as to evaluate Parties' efforts to meet best practices in criminal enforcement, civil enforcement, and border measures.

#### *Order of Monitoring and Evaluation:*

Negotiating parties may wish to consider the order in which Parties to the Agreement will be subject to review. For example, Parties may be reviewed on a rotating, pre-determined basis, or could be subject to *ad hoc* review upon request by a Party to the Agreement.

#### *Frequency of Monitoring and Evaluation:*

Negotiating partners may wish to consider how often Parties to the Agreement will be subject monitoring and evaluation by the Council.

#### *Level of Development:*

Partners may also wish to consider whether Parties' respective level of development will influence how often, and when, they will be subject to review. For example, depending on special and differential treatment provisions under the Agreement, developing and least developed countries may be granted a longer period of time between reviews.

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**Dispute Settlement**

*Objective*

To resolve implementation issues through oversight by the Committee of Parties and/or other cooperative mechanisms.

Canada is considering this issue, and will propose options in due course. In the meantime, Canada would welcome proposals and options for dispute settlement procedures from negotiating partners, to facilitate discussion on this issue at future negotiating sessions.

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## Anti-Counterfeiting Trade Agreement

### [Definitions]

Discussion Draft: May 8, 2008

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**CHAPTER ONE**  
**INITIAL PROVISIONS AND DEFINITIONS**

**Section A: Initial Provisions**

[To be completed.]

**Section B: General Definitions**

**ARTICLE I.X: DEFINITIONS**

For purposes of this Agreement, unless otherwise specified:

**days** means calendar days;

**intellectual property** refers to all categories of intellectual property that are the subject of Sections 1 through 7 of Part II of the Agreement on Trade-Related Aspects of Intellectual Property Rights.

**Council** means the ACTA Oversight Council established under Chapter Five;

**measure** includes any law, regulation, procedure, requirement, or practice;

**person** means either a natural person or a juridical person;

**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;

**territory** means customs territory of a Party and all free trade zones of that Party;

**TRIPS Agreement** means the *Agreement on Trade-Related Aspects of Intellectual Property Rights*, contained in Annex 1C to the WTO Agreement;<sup>1</sup>

**WTO** means the World Trade Organization; and

**WTO Agreement** means the *Marrakesh Agreement Establishing the World Trade Organization*, done on April 15, 1994.

<sup>1</sup> For greater certainty, "TRIPS Agreement" includes any waiver in force between the Parties of any provision of the TRIPS Agreement granted by WTO Members in accordance with the WTO Agreement.

## **NON-PAPER: INTERNATIONAL ENFORCEMENT COOPERATION AND ENFORCEMENT PRACTICES**

Discussion Draft / Without Prejudice: July 31, 2008

### **International IPR Enforcement Cooperation**

- Affirm the importance of international cooperation in the context of IPR enforcement, including the investigation and prosecution of international IPR crimes regardless of the location of the right holder or the origin of the infringing goods.
- Improve coordination of anti-counterfeiting and anti-piracy strategies, including fostering closer cooperation among their respective enforcement officials, through practices such as: shared risk analysis, exchange of best practices, and exchange of relevant information for use in enforcement actions, where appropriate.
- Providing for an effective exchange of information and evidence related to IPR crimes between their law enforcement agencies. This enforcement cooperation should be done in a manner that is appropriate with the factual circumstances and consistent with existing international agreements.
- Providing capacity building and technical assistance in improving IPR enforcement, both for developing country parties to the ACTA and for third countries. These initiatives could be undertaken through, or in conjunction with, the private sector or relevant international organizations.
- Working closely with developing country partners to strengthen their domestic legislation, and assisting them improving their national anti-counterfeiting, anti-piracy, and enforcement capacities through sharing IPR enforcement best practices and relevant technical assistance.

### **Enforcement Practices**

#### *Domestic Coordination*

- Promoting internal coordination and joint action, where appropriate, among its government agencies concerned with IPR enforcement through coordination bodies or other relevant mechanisms.
- Maintaining formal or informal mechanisms for consulting with right holders and other relevant stakeholders to promote more effective IPR enforcement action.

#### *IPR Enforcement Expertise*

- Developing expertise within domestic law enforcement structures to ensure effective handling of IPR matters. One way of doing this would be maintaining appropriate specialized authorities for the investigation and prosecution of IPR infringement cases.

#### *Public Awareness*

- Undertaking measures designed to raise awareness among government officials and the public regarding the importance of protecting IPR (*i.e.*, the problems associated with IPR infringement, such as health risks, economic damage, and other detrimental effects).

#### *Risk Management Techniques*

- Adopting and sharing practices that assist in better identifying and targeting for inspection shipments that contain counterfeit trademark goods or pirated copyright goods. Such activities could include:
  - (a) consultations with relevant stakeholders and competent authorities responsible for IPR enforcement to identify and address risks;
  - (b) exchanging available data with other Parties regarding significant customs seizures of counterfeit and pirated goods wherever possible, including international networks;
  - (c) sharing information with other Parties on approaches that are developed to provide greater effectiveness in targeting shipments that could contain counterfeit and pirated goods;
  - (d) providing that its competent authorities may conduct post-entry examinations of business records, methods of payment, purchasing contracts, and importers' internal controls to track illicit financial gains and expose business practices related to trademark counterfeiting and copyright piracy.

#### *Publication of Enforcement Procedures and Practices*

- Identifying publicly the competent authorities for IPR enforcement and contact points for assistance to right holders.
- Providing that relevant laws, regulations, procedures, final judicial decisions and general administrative rulings pertaining to IPR enforcement are in writing. The judicial decisions and administrative rulings should state the relevant findings of fact and the reasoning or the legal basis on which the decisions and rulings are based and should be published or made available to the public (*e.g.*, through the Internet).
- Publicizing information on its efforts to provide effective enforcement of intellectual property rights in its civil, administrative, and criminal systems, including any statistical information that the Party may collect for such purposes.

#### *IPR Enforcement Information Sharing*

- An ACTA Party's sharing of information related to the IPR enforcement with the public is without prejudice to the need to protect investigative techniques, confidential law enforcement information, and privacy rights.

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*Brussels, 2309 September 2008*

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**Anti-Counterfeiting Trade Agreement**

[Chapter 2]

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Future Heading

**ARTICLE X: GENERAL PRINCIPLE**

This Agreement shall be without prejudice to provisions governing the substantive law on intellectual property contained in Parties legislation. Nor does it affect specific provisions contained in Parties legislation more favorable for right holders on the enforcement of rights.

**CHAPTER TWO**

**LEGAL FRAMEWORK FOR ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS**

**Section 1: Civil Enforcement**

**ARTICLE 2.1: SCOPE OF THE CIVIL ENFORCEMENT AVAILABILITY OF CIVIL PROCEDURES**

1. Each Party shall make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right. Those procedures shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delay.
2. In civil judicial proceedings concerning the enforcement of intellectual property rights, each Party shall provide that its judicial authorities shall have the authority to issue an order to a party to desist from an infringement, including an order to prevent infringing goods from entering into the channels of commerce [Option US: and to prevent their exportation]. Those measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and as to provide for safeguards against their abuse.

**ARTICLE 2.2: DAMAGES**

1. Each Party shall provide that:
  - (a) in civil judicial proceedings, its judicial authorities on application of the injured party shall have the authority to order the infringer who knowingly or with reasonable grounds to know, engaged in infringing activity of intellectual property rights to pay the right holder
  - (i) damages adequate to compensate for the actual prejudice/injury the right holder has suffered as a result of the infringement<sup>1</sup>, taking into account all appropriate aspects, *inter alia*.

[Option US:<sup>1</sup> In the case of patent infringement, damages adequate to compensate for the infringement shall not be less than a reasonable royalty.]

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the lost profits, the value of the infringed good or service, measured by the market price, the suggested retail price, unfair profits and elements other than economic factors or other legitimate measure of value submitted by the right holder, or

(ii) [Option US: at least in the case of copyright or related rights infringement and trademark counterfeiting] the profits of the infringer that are attributable to the infringement, which may be presumed to be the amount of damages referred to in clause (i), and

(b) in determining the amount of damages for infringement of intellectual property rights, its judicial authorities shall consider all appropriate aspects, *inter alia*, the lost profits, the value of the infringed good or service, measured by the market price, the suggested retail price, or other legitimate measure of value submitted by the right holder.

2. As an alternative to paragraph 1 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, each Party may establish or maintain a system that provides:

- (a) pre-established damages, or
- (b) presumptions for determining the amount of damages<sup>2</sup>,

sufficient [Option US: to constitute a deterrent to future infringements and] to compensate [Option US: fully] the right holder for the harm caused by the infringement.<sup>3</sup>

3. Where the infringer did not knowingly, or with reasonable grounds knows, engage in infringing activity, each Party may lay down that the judicial authorities may order the recovery of profits or the payment of damages, which may be pre-established.

3. Each Party shall provide that the right holders shall have the right to choose the remedy in paragraph 2 as an alternative to the remedy in paragraph 1.

4. 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, reasonable and proportionate legal costs and other expenses incurred by the successful party concerning copyright or related rights infringement, patent infringement, or trademark infringement, that the prevailing party shall be bore awarded payment by the losing party, unless equity does not allow this, of court costs or fees.

<sup>2</sup> Such measures [Option J: shall][Option US: may] include the presumption that the amount of damages is (i) the quantity of the goods infringing the right holder's intellectual property right and actually assigned to third persons, multiplied by the amount of profit per unit of goods which would have been sold by the right holder if there had not been the act of infringement or (ii) a reasonable royalty or (iii) a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorization to use the intellectual property right in question.

[Option US: <sup>3</sup> Neither Party is required to apply paragraph 2 to actions for infringement against a Party or a third party acting with the authorization or consent of this Party.]

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Each Party shall also provide that its judicial authorities, [Option US: at least in proceedings concerning copyright or related rights infringement or willful trademark counterfeiting] shall have the authority to order, [Option US: except in exceptional circumstances][Option J: in appropriate cases], that the prevailing party be awarded payment by the losing party of reasonable attorney's fees\*. [Option US: Further, each Party shall provide that its judicial authorities, at least in exceptional circumstances, shall have the authority to order, at the conclusion of civil judicial proceedings concerning patent infringement, that the prevailing party shall be awarded payment by the losing party of reasonable attorneys' fees.]

### ARTICLE 2.3: OTHER REMEDIES

1. — At least with respect to goods that have been found to be [Option US: pirated or counterfeit][Option J: infringing an intellectual property right], each Party shall provide that in civil judicial proceedings, at the right holder's request, [Option J: its judicial authorities shall have the authority to order that] such goods shall be destroyed, recalled or definitively removed from the channel of commerce, except in exceptional circumstances, without compensation of any sort.

2. — Each Party shall further provide that its judicial authorities shall have the authority to order that materials and implements [Option J: the predominant use of which has been] [Option US: that have been used] in the manufacture or creation of [Option J: infringing][Option US: pirated or counterfeit]-goods shall be, without compensation of any sort, [Option US: promptly] destroyed or, [Option US: in exceptional circumstances,] disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements.

3. — In regard to counterfeit trademarked goods, the simple removal of the trademark unlawfully affixed shall not be sufficient [Option J: other than in exceptional cases,] to permit the release of goods into the channels of commerce.

4. — The judicial authorities shall order that those measures be carried out at the expense of the infringer, unless particular reasons are invoked for not doing so.

5. — In ordering those measures, the judicial authorities 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.

### ARTICLE 2.4: INFORMATION RELATED TO INFRINGEMENT

Without prejudice to other statutory provisions which, in particular, govern the protection of confidentiality of information sources or the processing of personal data, each Party shall provide that in civil judicial proceedings concerning the enforcement of intellectual property rights, its judicial authorities shall have the authority, upon a justified and proportionate request

\*Reason of reasonable attorney fees should be defined

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of the right holder, to order the infringer to provide, for the purpose of collecting evidence, information on the origin and distribution networks of the infringing goods or services on a commercial scale [any information (Option J: in the form as prescribed in its applicable laws and regulations) that the infringer possesses or controls, (Option J: 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.

### ARTICLE 2.5: MEASURES FOR PRESERVING EVIDENCE

1. Each Party shall ensure that, even before the commencement of proceedings on the merits of the case, its judicial authorities may order provisional measures to preserve relevant evidence in respect of the alleged infringement. Such measure may include *inter alia* the detailed description, the taking of samples or the physical seizure of documents or of the infringing goods. Such measure may be subject to the lodging by the applicant of adequate security or an equivalent assurance intended to ensure compensation for any prejudice suffered by the defendant when the measure is revoked or lapses due to any reason.
2. Where competent authorities have accepted that measures are adopted without the other party having been heard, they shall inform without delay the parties affected. A review, including a right to be heard, shall take place upon request of the parties affected.

### ARTICLE 2.65: PROVISIONAL MEASURES

1. Each Party shall provide that its judicial authorities shall have the authority, at the request of the applicant issue an interlocutory injunction intended to prevent any imminent infringement of an intellectual property right. An interlocutory injunction may also be issued, under the same conditions, against an intermediary whose services are being used by a third party to infringe an intellectual property right.

2. [Option US: 1. Each Party shall provide that its judicial authorities shall act expeditiously on requests for provisional measures *inaudita altera parte*, and shall endeavor to make a decision on such requests without delay in ten days, except in exceptional cases.]

[Option J: 1. Each Party shall ensure that, where proceedings for provisional measures are conducted *inaudita altera parte*, the judicial authorities shall expeditiously make a decision on the request for provisional measures.]

2. In civil judicial proceedings concerning copyright or related rights infringement and trademark counterfeiting, each Party shall provide that its judicial authorities shall have the authority to order the seizure or other taking into custody of suspected infringing goods, materials, and implements relevant to the act of infringement [Option US: and, at least for trademark counterfeiting, documentary evidence relevant to the infringement].

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This paragraph might be an alternative to EU article 2.5 (Measures to preserve evidence)

43. Each Party shall provide that its judicial authorities have the authority to require the plaintiff, with respect to provisional measures, to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the plaintiff's right is being infringed or that such infringement is imminent, and to order the plaintiff to provide a reasonable security or equivalent assurance set at a level sufficient to protect the defendant and to prevent abuse, and so as not to unreasonably deter recourse to such procedures.

56. Each Party shall ensure that the provisional measures referred to in paragraphs 1, 2 and 3 are revoked or otherwise cease to have effect, upon request of the defendant, if the applicant does not institute, within a reasonable period to be determined by the judicial authority if the law of a Party so permit or within a reasonable period not exceeding 20 working days or 31 calendar days, proceedings leading to a decision on the merits of the case before the competent judicial authority.

### ARTICLE 2.7: INJUNCTIONS

Each Party shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. Where provided for by domestic law, non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment, with a view to ensuring compliance. The Parties shall also ensure that right holders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right.

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**Anti-Counterfeiting Trade Agreement**

{Chapter 2 Section 1 (Civil Enforcement)}

Discussion Draft: July 23, 2008

(Comments added September 26, 2008)

Derived From: Classification Guidance  
dated February 8, 2008

Reason: 1.4(b)

Declassify on: February 8, 2018

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### CHAPTER TWO

#### LEGAL FRAMEWORK FOR ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

*[Comment (EU): Add new article on General Principles with the following language: "This Agreement shall be without prejudice to provisions governing the substantive law on intellectual property contained in Parties' legislation. Nor does it affect specific provisions contained in Parties' legislation more favorable for right holders on the enforcement of rights."]*

##### Section 1: Civil Enforcement

###### ARTICLE 2.1: AVAILABILITY OF CIVIL PROCEDURES

*[Comment (EU): Change heading of this article to "Scope of the Civil Enforcement"]*

1. Each Party shall make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right.

*(Comment (AUS): Supports inclusion of this article and also notes ACTA should not strengthen enforcement of all areas of IP in equal measure, and revisiting definition of IP in the agreement may be needed as more text is released.)*

*[Comment (SG, CAN): Scope of IPR should be confined to copyrights (and related rights) and trademarks.]*

*[Comment (EU): Add following sentence "Those procedures shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delay."]*

*[Comment (MX): Add reference to administrative procedures.]*

2. In civil judicial proceedings concerning the enforcement of intellectual property rights, each Party shall provide that its judicial authorities shall have the authority to issue an order to a party to desist from an infringement, including an order to prevent infringing goods from entering into the channels of commerce [Option US: and to prevent their exportation].

*[Comment (AUS): Adopt Option US.]*

*(Comment (SG): Delete Option US and insert following as last sentence in light of TRIPS Art. 44 "Members are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that delaying in such subject matter would entail the infringement of an intellectual property right.")*

*[Comment (EU): Replace entire paragraph 2 with following sentence "Those measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse."]*

###### ARTICLE 2.2: DAMAGES

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1. Each Party shall provide that:

- (a) in civil judicial proceedings, its judicial authorities shall have the authority to order the infringer of intellectual property rights to pay the right holder
  - (i) damages adequate to compensate for the injury the right holder has suffered as a result of the infringement<sup>1</sup>; or

*[Comment (EU): Revise provision as follows, additions noted in capital letters "Each Party shall provide that in civil ... its judicial authorities 'ON APPLICATION OF THE INJURED PARTY shall have ... infringer WHO KNOWINGLY OR WITH REASONABLE GROUNDS TO KNOW, ENGAGED IN INFRINGING ACTIVITY of intellectual property rights to pay the right holder damages adequate to compensate for the ACTUAL PREJUDICE the right holder has suffered ... infringement, TAKING INTO ACCOUNT ALL APPROPRIATE ASPECTS, INTER ALIA, THE LOST PROFITS, THE VALUE OF THE INFRINGED GOOD OR SERVICE, MEASURED BY THE MARKET PRICE, THE SUGGESTED RETAIL PRICE, UNFAIR PROFITS AND ELEMENTS OTHER THAN ECONOMIC FACTORS OR OTHER LEGITIMATE MEASURE OF VALUE SUBMITTED BY THE RIGHT HOLDER.'"]*

*[Comment (MX): Add reference to "competent authorities" to take into account power of administrative authorities in this area.]*

- (ii) [Option US: at least in the case of copyright or related rights infringement and trademark counterfeiting,] the profits of the infringer that are attributable to the infringement, which may be presumed to be the amount of damages referred to in clause (i); and

*[Comment (AUS): Supports article with US option included but with deletion of "which may be presumed to be the amount of damages referred to in clause" and fn 1 removed.]*

*[Comment (SG): Provision is acceptable if IPR in Section 1 covers only copyrights (and related rights) and trademarks, otherwise, footnote 1 is unacceptable. Also, delete phrase "which may be presumed to be the amount of damages referred to in clause (i)" in (ii)]*

*[Comment (EU): Suggest deletion of (ii)]*

*[Comment (CAN): Add new (ii): "For greater certainty, Party may provide its judicial authorities the authority to limit or exclude damages in certain special cases."]*

*[Comment (MX): Suggest deletion of Option US.]*

- (b) in determining the amount of damages for infringement of intellectual property rights, its judicial authorities shall consider, *inter alia*, the value of the infringed

*[Option US:<sup>1</sup> In the case of patent infringement, damages adequate to compensate for the infringement shall not be less than a reasonable royalty.]*

*[Comment (EL, CAN): Delete Option US footnote]*

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good or service, measured by the market price, the suggested retail price, or other legitimate measure of value submitted by the right holder.

[Comment (AUS): This subparagraph should be permissive rather than mandatory, thus, the following change should be made as noted in capital letters "... judicial authorities shall consider ..." should be changed to "MAY consider".]

[Comment (SG): Provision is acceptable if IPR in Section I covers only copyrights (and related rights) and trademarks.]

[Comment (EU): Delete this subparagraph]

[Comment (CAN): Revise as follows, addition noted in capital letters, "in determining the amount of damages for COPYRIGHT OR RELATED RIGHTS infringement AND TRADEMARK COUNTERFEITING, its judicial authorities shall consider, ANY LEGITIMATE MEASURE OF VALUE THAT MAY BE SUBMITTED BY THE RIGHT HOLDER, INCLUDING the value of the infringed good... market price, OR the suggested retail price. ]

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, each Party shall establish or maintain a system that provides:

[Comment (EU): Revise entire paragraph as follows, addition noted in capital letters, "AS AN ALTERNATIVE TO PARAGRAPH 1, each Party MAY establish or maintain a system that provides:"]

[Comment (CAN): Replace paragraph with "Each Party may establish or maintain a system that provides:"]

- (a) pre-established damages; or
- (b) presumptions for determining the amount of damages<sup>2</sup>

sufficient [Option US: to constitute a deterrent to future infringements and] to compensate [Option US: fully] the right holder for the harm caused by the infringement.<sup>3</sup>

<sup>2</sup> Such measures [Option J: shall][Option US: may] include the presumption that the amount of damages is (i) the quantity of the goods infringing the right holder's intellectual property right and actually assigned to third persons, multiplied by the amount of profit per unit of goods which would have been sold by the right holder if there had not been the act of infringement or (ii) a reasonable royalty.

[Comment (SG): Support Option U.S.]

[Comment (EU): Add after (ii) in the preceding footnote, a reasonable royalty: "OR (iii) A LEGAL LIMIT ON THE BASIS OF ELEMENTS SUCH AS AT LEAST THE AMOUNT OF ROYALTIES OR FEES WHICH WOULD HAVE BEEN DUE IF THE INFRINGER HAD REQUESTED AUTHORIZATION TO USE THE INTELLECTUAL PROPERTY RIGHT IN QUESTION."]

<sup>3</sup> Option US: <sup>1</sup> Neither Party is required to apply paragraph 2 to actions for infringement against a Party or a third party acting with the authorization or consent of a Party.]

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[Comment (AUS): Delete paragraph 2, including subparagraphs (a) and (b).]

[Comment (SG): Revision to clarify provision is suggested as follows "At least . . . that provides: FOR pre-established damages, or A SYSTEM THAT PROVIDES FOR presumptions . . . SUCH DAMAGES SHALL BE OF AN AMOUNT sufficient . . . Also, support deletion of Option US word "fully".]

[Comment (EU): Delete Option US phrase "to constitute a deterrent to future infringements and"]

[Comment (CAN): Adopt Options US in text.]

[Comment (MX): Delete Option US word "fully".]

3. Each Party shall provide that the right holders shall have the right to choose the system in paragraph 2 as an alternative to the damages in paragraph 1.

[Comment (AUS): With paragraph 2 deleted, paragraph 3 should also be deleted.]

[Comment (EU): Replace paragraph 3 with the following "Where the infringer did not knowingly, or with reasonable grounds knows, engage in infringing activity, each Party may lay down that the judicial authorities may order the recovery of profits or the payment of damages, which may be pre-established."]

[Comment (CAN, MX): Support deletion of paragraph 3]

4. 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 concerning copyright or related rights infringement, patent infringement, or trademark infringement, that the prevailing party shall be awarded payment by the losing party of court costs or fees. Each Party shall also provide that its judicial authorities, [Option US: except in exceptional circumstances,] [Option US: at least in proceedings concerning copyright or related rights infringement or willful trademark counterfeiting.] shall have the authority to order, [Option J: in appropriate cases], that the prevailing party be awarded payment by the losing party of reasonable attorney's fees. [Option US: Further, each Party shall provide that its judicial authorities, at least in exceptional circumstances, shall have the authority to order, at the conclusion of civil judicial proceedings concerning patent infringement, that the prevailing party shall be awarded payment by the losing party of reasonable attorneys' fees.]

[Comment (AUS): Supports this paragraph with first Option US "at least in proceedings concerning . . .", with Option J "in appropriate cases" rather than Option US, and the last Option US "Further, each Party shall . . ." ]

[Comment (SG): Paragraph is acceptable with or without Options J or US.]

[Comment (EU): Revise as follows "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, REASONABLE AND PROPORTIONATE LEGAL COSTS AND OTHER EXPENSES INCURRED BY THE SUCCESSFUL PARTY concerning copyright or related rights infringement, patent infringement or

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~~the prevailing party shall be borne by the losing party). UNLESS EQUITY DOES NOT ALLOW THIS." Also, notion of "reasonable attorney fees" should be defined.]~~

[Comment (CAN): Delete "patent infringement" in first sentence. Delete "shall" in "shall be awarded" in first sentence. Adopt Option US "except in exceptional circumstance" in second sentence. Adopt second Option US without "at least", so it begins "in proceedings . . ." Adopt Option J "in appropriate cases". Delete Option US "Further, each Party . . ." ]

ARTICLE 2.3: OTHER REMEDIES

1. At least with respect to goods that have been found to be [Option US: pirated or counterfeit][Option J: infringing an intellectual property right], each Party shall provide that in civil judicial proceedings, at the right holder's request, [Option J: its judicial authorities shall have the authority to order that] such goods shall be destroyed, except in exceptional circumstances, without compensation of any sort.

[Comment (AUS): Supports this paragraph with Option US "pirated or counterfeit" rather than Option J, and with Option J "its judicial authorities shall . . ." ]

[Comment (SG): Request confirmation that "pirated or counterfeit" in Option US refers only to copyright piracy and trademark counterfeiting. Option J "infringing an intellectual property right" is acceptable only if the scope is limited to copyrights (and related rights) and trademarks.]

[Comment (EU): Delete Option US. Adopt Options J. Also, insert as follows, "At least . . . shall be destroyed, RECALLED OR DEFINITIVELY REMOVED FROM THE CHANNEL OF COMMERCE, except . . ." ]

[Comment (CAN): Delete "At least" at start of paragraph. Adopt Option US "pirated or counterfeit". Delete Option J "infringing an intellectual property right". Adopt Option J "its judicial authorities shall have the authority to order that. Delete 'except in exceptional circumstances'"]

[Comment (MX): Adopt Option J]

2. Each Party shall further provide that its judicial authorities shall have the authority to order that materials and implements [Option J: the predominant use of which has been] [Option US: that have been used] in the manufacture or creation of [Option J: infringing][Option US: pirated or counterfeit] goods shall be, without compensation of any sort, [Option US: promptly] destroyed or, [Option US: in exceptional circumstances,] disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements.

[Comment (AUS): Delete Option J "the predominant use . . .", with the inclusion of Option US "that have been used", with the inclusion of Option US "pirated or counterfeit" rather than Option J, with the deletion of last two Option US "promptly" and "in exceptional circumstances"]

[Comment (SG): Agree with Option US that provision should apply only to copyright piracy and trademark counterfeiting. Option J "infringing an intellectual property right" is acceptable only if the scope is limited to copyrights (and related rights) and trademarks. Request clarification of

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*"manufacture" relative to "creation" in the context of this provision.]*

[Comment (EU): Delete Option US proposals in this paragraph.]

[Comment (CAN): Adopt Option J "the predominant use of which has been. Adopt Option US "pirated or counterfeit." Replace Option US "promptly" with "and without undue delay". Delete Option US ", in exceptional circumstances". Add following at the end "In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account.]

[Comment (MX): Adopt Option US "in exceptional circumstances"]

3. In regard to counterfeit trademarked goods, the simple removal of the trademark unlawfully affixed shall not be sufficient [Option J], other than in exceptional cases,] to permit the release of goods into the channels of commerce.

[Comment (AUS): Supports this paragraph with Option J.]

[Comment (SG): Provision is acceptable with or without Option J.]

[Comment (EU): Add paragraph 4. "The judicial authorities shall order that those measures be carried out at the expense of the infringer, unless particular reasons are invoked for not doing so." Add additional paragraph 5. "In ordering those measures, the judicial authorities 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.]

[Comment (CAN): Adopt Option J.]

[Comment (MX): Adopt Option J ", other than in exceptional cases, "]

ARTICLE 2.4: INFORMATION RELATED TO INFRINGEMENT

Each Party shall provide that in civil judicial proceedings concerning the enforcement of intellectual property rights, its judicial authorities shall have the authority to order the infringer to provide, for the purpose of collecting evidence, any information [Option J: in the form as prescribed in its applicable laws and regulations] that the infringer possesses or controls. [Option J: 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.

[Comment (AUS): Supports deletion of this paragraph.]

[Comment (SG): Provision is acceptable with or without Option J.]

[Comment (EU): Revise as follows: "WITHOUT PREJUDICE TO OTHER STATUTORY PROVISIONS

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WHICH, IN PARTICULAR, GOVERN THE PROTECTION OF CONFIDENTIALITY OF INFORMATION SOURCES OR THE PROCESSING OF PERSONAL DATA, each Party shall . . . shall have the authority UPON A JUSTIFIED AND PROPORTIONATE REQUEST OF THE RIGHT HOLDER, to order . . . evidence, INFORMATION ON THE ORIGIN AND DISTRIBUTION NETWORKS OF THE INFRINGING GOODS OR SERVICES ON A COMMERCIAL SCALE that the infringer possesses or controls, WHERE APPROPRIATE, to the right holder . . ."]

[Comment (CAN): Revise as follows "Each Party shall . . . the enforcement of COPYRIGHT OR RELATED RIGHTS AND TRADEMARKS, its judicial authorities . . . evidence, any RELEVANT information IN THE FORM AS PRESCRIBED IN ITS APPLICABLE LAW AND REGULATIONS that the infringer possesses or controls, WHERE APPROPRIATE, to the right holder . . . distribution." Add "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."]

[Comment (EU): Insert new Article XX: Measures for Preserving Evidence]

[Comment (EU): Insert Article XX.1: "Each Party shall ensure that, even before the commencement of proceedings on the merits of the case, its judicial authorities may order provisional measures to preserve relevant evidence in respect of the alleged infringement. Such measure may include inter alia the detailed description, the taking of samples or the physical seizure of documents or of the infringing goods. Such measure may be subject to the lodging by the applicant of adequate security or an equivalent assurance intended to ensure compensation for any prejudice suffered by the defendant when the measure is revoked or lapses due to any reason."]

Insert Article XX.2: "Where competent authorities have accepted that measures are adopted without the other party having been heard, they shall inform without delay the parties affected. A review, including a right to be heard, shall take place upon request of the parties affected."

ARTICLE 2.5: PROVISIONAL MEASURES

[Comment (EU): Insert new text: "Each Party shall provide that its judicial authorities shall have the authority, at the request of the applicant issue an interlocutory injunction intended to prevent any imminent infringement of an intellectual property right. An interlocutory injunction may also be issued, under the same conditions, against an intermediary whose services are being used by a third party to infringe an intellectual property right."]

[Option US: I. Each Party shall provide that its judicial authorities shall act expeditiously on requests for provisional measures *inaudita altera parte*, and shall endeavor to make a decision on such requests within ten days, except in exceptional cases.]

[Option I: I. Each Party shall ensure that, where proceedings for provisional measures are conducted *inaudita altera parte*, the judicial authorities shall expeditiously make a decision on the request for provisional measures.]

[Comment (AUS): Support Option I revised as noted in capital letters. Each Party shall ensure . . . are conducted FOR RELIEF OF ALLEGED INFRINGEMENT OF AN INTELLECTUAL PROPERTY RIGHT . . . provisional measures, IN ACCORDANCE WITH THE PARTY'S JUDICIAL RULES.]

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[Comment (SG): Support Option US without the following language "and shall endeavor to make a decision on such requests within ten days, except in exceptional cases".]

[Comment (EU): Option US acceptable but replace "within ten days" with "without delay"]

[Comment (CAN): Replace with "Each Party's authorities shall act on requests for relief inaudita altera parte expeditiously in accordance with the party's judicial rules.]

[Comment (MX): Adopt Option J but add reference to "competent authorities".]

2. In civil judicial proceedings concerning copyright or related rights infringement and trademark counterfeiting, each Party shall provide that its judicial authorities shall have the authority to order the seizure or other taking into custody of suspected infringing goods, materials, and implements relevant to the act of infringement [Option US: and, at least for trademark counterfeiting, documentary evidence relevant to the infringement].

[Comment (AUS): Supports this paragraph with Option US.]

[Comment (SG): Revision to the last part of the provision is suggest as follows: "... and implements USED TO ACCOMPLISH THE PROHIBITED ACTIVITY ..." Also, request explanation of purpose for Option US.]

[Comment (EU): Delete: "In civil judicial . . . counterfeiting", so sentence begins "Each Party shall . . ." Also, delete Option US.]

[Comment (CAN): Revise as follows: In civil judicial proceedings . . . authority to order, IN APPROPRIATE CASES, the seizure. Adopt Option US.]

[Comment (MX): Add text in capital letters as follows: "In civil judicial proceedings OR ADMINISTRATIVE REMEDIES . . ." Clarify that "custody" in provision is intended to prevent an infringement and preserve evidence. Delete "at least for trademark counterfeiting" in Option US.]

3. Each Party shall provide that its judicial authorities have the authority to require the plaintiff, with respect to provisional measures, to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the plaintiff's right is being infringed or that such infringement is imminent, and to order the plaintiff to provide a reasonable security or equivalent assurance set at a level sufficient to protect the defendant and to prevent abuse, and so as not to unreasonably deter recourse to such procedures.

[Comment (CAN): Delete last part of paragraph "and so as not to unreasonably deter recourse to such procedures."]

[Comment (MX): Add reference to "competent authorities".]

[Comment (EU): Insert new paragraph "Each Party shall ensure that the provisional measures referred to in paragraphs 1, 2 and 3 are revoked or otherwise cease to have effect, upon request of the defendant,

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*[if the applicant does not institute, within a reasonable period to be determined by the judicial authority if the law of a Party so permits or within a period not exceeding 20 working days or 30 calendar days, proceedings leading to a decision on the merits of the case before the competent judicial authority.]*

(Comment (EU): INSERT ARTICLE 12X: INJUNCTIONS

*Each Party shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. Where provided for by domestic law, non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment, with a view to ensuring compliance. The Parties shall also ensure that right holders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right.]*

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**Anti-Counterfeiting Trade Agreement**

Discussion Draft: June 25, 2008

Derived From: Classification Guidance  
dated February 8, 2008

Reason: 1.4(b)

Declassify on: February 8, 2018

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### CHAPTER ONE INITIAL PROVISIONS AND DEFINITIONS

#### Section A: Initial Provisions

[To be completed]

#### Section B: General Definitions

[To be completed]

### CHAPTER TWO

#### LEGAL FRAMEWORK FOR ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

#### Section 1: Civil Enforcement

[To be completed]

#### Section 2: Border Measures<sup>1</sup>[<sup>2</sup>]

[Comment: There should be a de minimis rule.]

[Comment: There should be an opening clause to establish scope and purpose.]

#### ARTICLE 2.6: APPLICATION BY RIGHT HOLDER

1. Each Party shall provide procedures for import, export [Option U.S., and in-transit<sup>3</sup>] shipments by which right holders may request the competent authorities to suspend release<sup>4</sup> of suspected counterfeit trademark goods<sup>5</sup> or confusingly similar trademark goods, and

<sup>1</sup> Where a Party has dismantled substantially all controls over movement of goods across its border with another Party with which it forms part of a customs union, it shall not be required to apply the provisions of this Section at that border.

<sup>2</sup> [Option J: Each Party shall implement the obligations in respect of importation and exportation set out in this Section so as to be applied to shipments of goods consigned to [a local party/a party in the territory] but destined for outside the territory of the Party.]

<sup>3</sup> For purposes of this Section, in-transit goods means goods under "Customs transit" and goods "transhipped," as defined in the *International Convention on the Simplification and Harmonization of Customs Procedures* (Kyoto Convention).

<sup>4</sup> For purposes of this Section, where the competent authorities suspend the release of suspected counterfeit [Option J: or confusingly similar] trademark or pirated copyright goods, the authorities shall not permit the goods to be released into free circulation, exported, or subject to other customs procedures, except in exceptional circumstances.

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suspected pirated copyright goods<sup>6</sup> into free circulation.

[Comment: References to "in-transit" goods, throughout, should be deleted.]

[Comment: This provision should be mandatory for imported and in-transit goods only, and optional for exports; alternatively, "exports" could be deleted throughout.]

[Comment: "Confusingly similar" trademark goods should be deleted.]

[Comment: The provision should be applicable to all types of infringement.]

[Comment: Procedures should be available "at least" in the case of counterfeit trademark and pirated copyright goods.]

[Comment: "procedures" should be replaced by "measures".]

[Comment: "suspension" should be limited to circumstances in which the goods infringe rights as established under the laws of the country to which the goods are destined.]

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 that country<sup>7</sup>, there is *prima facie* 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 customs authorities. The requirement to provide sufficient information shall not unreasonably deter recourse to the procedures described in paragraph 1.

[Comment: The final sentence is redundant. Alternatively it could be modified to state that the requirement shall not "be used" to unreasonably deter recourse.]

[Comment: The text should clarify that the application is lodged first, and thereafter the

---

[Comment: "suspected counterfeit . . . goods" should be changed to "goods determined to be counterfeit".]

<sup>7</sup> 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.

<sup>6</sup> For purposes of this Section, pirated copyright goods means any goods that are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and that are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country in which the procedures set out in this Section are invoked.

<sup>7</sup> [Definition of "country".]

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information requirement is triggered.]

[Comment: "customs authorities" should be replaced with "competent authorities."]

3. Each Party shall provide that the application to suspend the release of goods shall apply to all points of entry to and exit from its territory and remain applicable for a period of not less than one year from the date of application, or the period that the relevant article is protected by copyright or the relevant trademark registration is valid under the laws of the country taking border measures provided for under this Section, whichever is shorter.

[Comment: The text should refer to "customs" points of entry and exit.]

[Comment: The application "should" remain applicable, rather than "shall" remain applicable.]

[Comment: There should be parallel references in this paragraph and the ex-officio Article in respect of free trade zones.]

[Comment: The rightholder should have the option of specifying application to certain points rather than all points; this could be accomplished by including the phrase "unless otherwise specified by the right holder."]

[Comment: The text should provide parties with flexibility to deal with rightholders who do not pursue a filed application or do not pay their bills.]

[Comment: One year is too long.]

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 inform the applicant of the period of validity of the application.

[Comment: The application should be made public.]

[Comment: The competent authorities should "make every effort" to inform the applicant within a reasonable period of time.]

[Comment: In some circumstances, the applicant already knows the period of validity, and the text should therefore require that parties "shall ensure the applicant is aware" of the period of validity.]

5. Each Party may also provide procedures for import, export [Option U.S.: , and in-transit] shipments by which right holders may request the competent authorities to suspend release of goods suspected of infringing other intellectual property rights.

[Comment: This provision should be deleted.]

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*[Comment: This paragraph should be deleted in favor of a broader scope provision, supra.]*

*[Comment: This provision should not be applicable to exports.]*

*[Comment: The provision is susceptible to misinterpretation, and more detail is therefore required.]*

*[Comment: This paragraph could require all procedures for all IP infringement border measures to be the same.]*

*[Comment: "procedures" should be replaced by "measures."]*

### ARTICLE 2.7: EX-OFFICIO ACTION

1. Each Party shall provide that its customs authorities may act upon their own initiative to suspend the release of suspected counterfeit or confusingly similar trademark goods or suspected pirated copyright goods with respect to imported, exported [Option US: , or in-transit] goods including suspected counterfeit or confusingly similar trademark goods or suspected pirated copyright goods admitted to, withdrawn from, or located in free trade zones. [Option J: Each Party shall endeavor to provide its customs authorities the same authority as the foregoing provision of this Article in respect of in-transit goods that are suspected counterfeit or confusingly similar trademark goods or suspected pirated copyright goods.]

*[Comment: "free trade zones" should be defined.]*

*[Comment: Earlier comments re the terms "confusingly similar" and "exports" are applicable here]*

*[Comment: "prima facie evidence" should be required to prevent abuse of authority; alternatively, Customs officials should "reasonably believe" that the goods are suspected to infringe; alternatively, Customs officials should "reasonably suspect."]*

*[Comment: Application to in-transit goods should be permissive.]*

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.

*[Comment: This provision should be deleted.]*

### ARTICLE 2.8: PROVISION OF INFORMATION FROM RIGHT HOLDER

Each Party shall permit right holders to supply the competent authorities information to assist them in taking border measures provided for under this Section. Each Party may authorize

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the competent authorities to request right holders to supply any such information.

*[Comment: Rather than permitting right holders to supply information, this paragraph should require parties to have in place procedures allowing right holders to supply information.]*

*[Comment: "information" in the first sentence should be modified to read "with sufficient information."]*

*[Comment: This paragraph should be included in Article 2.6; alternatively, no additional reference in Article 2.6 is necessary because rightholders already have access to the application process.]*

**ARTICLE 2.9: SECURITY OR EQUIVALENT ASSURANCE**

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 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 or confusingly similar trademark good or a pirated copyright good. No Party may permit a defendant to post a bond or other security to obtain possession of suspected counterfeit or confusingly similar trademark goods or suspected pirated copyright goods.

*[Comment: This Article, as well as the next three, should clarify that a judicial system may act as the competent authority.]*

*[Comment: The final sentence should be qualified with the phrase "Only in exceptional cases..."]*

*[Comment: Earlier comment about "confusingly similar" goods is applicable here.]*

*[Comment: The provisions should, somewhere, limit customs service liability.]*

*[Comment: The final sentence should be applicable to all types of infringement.]*

**ARTICLE 2.10: DETERMINATION AS TO INFRINGEMENT**

Each Party shall provide a procedure by which competent authorities will determine, within a reasonable period of time after the initiation of the procedures described under Article 2.6 or 2.7, whether the suspected infringing goods infringe an intellectual property right.

*[Comment: The language should refer to launching a determination within a reasonable period*

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*of time, rather than making a determination within a reasonable period of time.]*

*[Comment: A footnote along the lines of TRIPs Article 41(5) should be included.]*

*[Comment: Language from TRIPs Article 55 may clarify this provision.]*

*[Comment: Including "competent authorities" in the definitions section could clarify that competent authorities includes judicial authorities.]*

*[Comment: Including a reference to "where applicable, upon request" would be appropriate to reflect judicial systems where determinations are triggered by requests.]*

*[Comment: Parties should consider whether to define "infringement".]*

**ARTICLE 2.11: REMEDIES**

1. Each Party shall authorize its competent authorities to impose penalties in connection with the importation and exportation of goods following a determination under Article 2.10 that the goods are infringing.<sup>8</sup>

*[Comment: The term "damages" is a more appropriate concept than "penalties."*

*[Comment: The point about exports, above, is applicable here.]*

*[Comment: An opening article to describe the areas of intervention would clarify these provisions.]*

*[Comment: The provision should require each party to introduce penalties in cases of violation. Penalties should be effective, proportionate, and dissuasive.]*

*[Comment: In-transit goods are not included, which creates confusion as to whether remedies more generally are available in respect of infringing in-transit goods. Changing the order of paragraphs 1 and 2 to eliminate the confusion was proposed.]*

2. Each Party shall provide that goods that have been forfeited as infringing following a determination under Article 2.10 shall be destroyed, except in exceptional circumstances.

*[Comment: The exceptional circumstances should be defined to include donations to charity, training, and forensic testing of samples.]*

*[Comment: The reference to forfeiture should be forfeiture "to the state."]*

*[Comment: There should be an option to compel the importer to pay for the costs of destruction,*

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<sup>8</sup> Negotiator's Note: Subject to negotiation of general provision on deterrent penalties.

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*[and if the importer does not pay, the obligation to pay would fall on the right holder.]*

*[Comment: This provision should be permissive rather than mandatory.]*

*[Comment: "shall provide" should be replaced by "shall have in place procedures whereby the competent authorities may provide."]*

3. No Party may authorize the competent authorities to permit forfeited infringing goods to be released into free circulation, exported, or subject to other customs procedures, except in exceptional circumstances. In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient [Option F, other than in exceptional cases,] to permit the release of the goods into the channels of commerce.

*[Comment: "cases" should be changed to "circumstances."]*

**ARTICLE 2.12: FEES**

1. Each Party shall provide that any application fee, merchandise storage fee, or destruction fee to be assessed in connection with procedures described in this Section shall not be allocated in a manner or set at an amount that unreasonably burdens right holders or unreasonably deters recourse to these procedures.

*[Comment: "merchandise" should be deleted.]*

2. Each Party shall provide that if the competent authorities have made a determination under Article 2.10 that the suspected infringing goods infringe an intellectual property right, the right holder shall not be liable for payment of any storage or destruction fees described in paragraph 1.

*[Comment: The entire article should be deleted.]*

*[Comment: The right holder should bear liability, vis-à-vis Customs, as an incentive to act.]*

*[Comment: The rule is too absolute and exceptions should be available.]*

**ARTICLE 2.13: DISCLOSURE OF INFORMATION**

Where the competent authorities have confiscated infringing goods, the competent authority shall inform the right holder within 30 days\* of confiscation, or at an earlier time, of the names and addresses of the consignor, importer, exporter, or consignee, and provide to the right holder a description of the goods, the quantity of the goods, and, if known, the country of origin and name and addresses of producers of the goods.

\* For purposes of this Article, "days" shall mean "business days."

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[Comment: "confiscated" should be "detained or seized, in accordance with the domestic laws pertaining to privacy of information."]

[Comment: A privacy clause and the stipulation that officials may have already provided the information should be included.]

[Comment: Disclosure should occur earlier in the process.]

[Comment: The "without prejudice" language of TRIPs Article 57 could be useful in this context, and 45 days could be substituted for 30 days to avoid specifying business days in this particular provision.]

\*\*\*

[Comment: a new article should be included to allow customs officials from an importing party seizing counterfeit trademark goods or pirated copyright goods to request the Customs authority of the exporting party to take measures in respect of the exporters of the goods in question.]

### **Section 3: Criminal Enforcement**

[To be completed]

### **Section 4: Special Requirements Related to Information Technology and Internet Distribution**

[To be completed]

## **CHAPTER THREE INTERNATIONAL COOPERATION**

[To be completed]

## **CHAPTER FOUR ENFORCEMENT PRACTICES**

[To be completed]

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**CHAPTER FIVE**  
**INSTITUTIONAL ARRANGEMENTS**

[To be completed]

**CHAPTER SIX**  
**FINAL PROVISIONS**

[To be completed]

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**Anti-Counterfeiting Trade Agreement**

[Chapter 2 (Criminal Provisions)]

Discussion Draft: October 16, 2008

Derived From: Classification Guidance  
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**CHAPTER ONE**  
**INITIAL PROVISIONS AND DEFINITIONS**

**Section A: Initial Provisions**

[TO BE COMPLETED]

**Section B: General Definitions**

[CIRCULATED]

**CHAPTER TWO**  
**LEGAL FRAMEWORK FOR ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS**

**Section 1: Civil Enforcement**

[CIRCULATED]

**Section 2: Border Measures**

[CIRCULATED]

**Section 3: Criminal Enforcement**

**ARTICLE 2.14: TRADEMARK COUNTERFEITING AND COPYRIGHT OR RELATED RIGHTS PIRACY**

1. Each Party shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting [Option J.: trademark infringement caused by confusingly similar trademark goods] or copyright or related rights piracy on a commercial scale.<sup>1</sup> Willful copyright or related rights piracy on a commercial scale includes:

- (a) significant willful copyright or related rights infringements that have no direct or indirect motivation of financial gain; and
- (b) willful copyright or related rights infringements for purposes of commercial

<sup>1</sup> Each Party shall treat willful importation or exportation of counterfeit trademark goods [Option J: confusingly similar trademark goods] or pirated copyright goods [Option J.: in accordance with its laws and regulations,] as unlawful activities subject to criminal penalties under this Article. A Party may comply with its obligation relating to exportation of pirated copyright goods through its measures concerning distribution.

Negotiator's note: Definitions of "counterfeit trademark goods" and "pirated copyright goods" provided for in footnotes 5 and 6 of Section 2 (Border Measures) should be used as context for this Section.

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advantage or private financial gain.<sup>2</sup>

2. Further to paragraph 1, each Party shall provide:

- (a) penalties that include sentences of imprisonment as well as monetary fines sufficiently high to provide a deterrent to future acts of infringement, consistent with a policy of removing the monetary incentive of the infringer;<sup>3</sup>
- (b) that its judicial authorities shall have the authority to order the seizure of suspected counterfeit trademark goods [Option J: confusingly similar trademark goods] or pirated copyright goods, any related materials and implements used in the commission of the alleged offense, any documentary evidence relevant to the alleged offense, and any [Option J: other] assets derived from or obtained, directly or indirectly, through the infringing activity<sup>4</sup>. 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.
- (c) that its judicial authorities shall have the authority to order the forfeiture of the assets derived from or obtained, directly or indirectly, through the infringing activity<sup>5</sup>; and
- (d) that its judicial or other competent authorities shall [Option J: have the authority to] [Option US: except in exceptional cases,] order:
  - (i) the forfeiture and destruction of all counterfeit trademark goods [Option J: confusingly similar trademark goods] or pirated copyright goods [Option US:; and any articles consisting of a counterfeit mark]; and
  - (ii) the forfeiture [Option J: and] [Option US: or] destruction of materials and implements that have been used in the creation of counterfeit trademark goods [Option J: confusingly similar trademark goods] or pirated

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<sup>2</sup> For purposes of this [Agreement], **financial gain** includes the receipt or expectation of receipt of anything of value.

[Option US:] Negotiator's Note: Consistent with Article 2.14.2(a), a provision will be included in the Enforcement Practices Section of this Agreement providing that each Party shall encourage its competent authorities to impose penalties at levels sufficient to provide a deterrent to future infringements, including imposition of actual terms of imprisonment.]

<sup>4</sup> Each Party may provide that its judicial authorities have the authority to order the seizure of assets the value of which corresponds to that of such assets derived from or obtained, directly or indirectly, through the infringing activity.

<sup>5</sup> Each Party may provide that its judicial authorities have the authority to order the forfeiture of assets the value of which corresponds to that of such assets derived from or obtained, directly or indirectly, through the infringing activity.

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copyright goods.

[Option J: Each Party shall ensure that the counterfeit trademark goods, confusingly similar trademark goods, and pirated copyright goods that have been forfeited under this subparagraph shall, if not destroyed in accordance with subparagraphs (i) and (ii) above, be disposed of outside the channels of commerce.]

Each Party shall further provide that forfeiture and destruction under this subparagraph shall occur without compensation of any kind to the defendant.

**ARTICLE 2.15: TRAFFICKING IN [COUNTERFEIT LABELS [, OPTION US: ILLICIT LABELS, AND COUNTERFEIT DOCUMENTATION OR PACKAGING]]**

[Option J: Each Party shall provide for criminal procedures and penalties to be applied in cases of willful importation and domestic trafficking conducted on a commercial scale of labels, to which a mark, which is identical to or cannot be distinguished in its essential aspects from a trademark registered in a Party in respect of certain goods or services, or which is confusingly similar to such a trademark, has been applied and is intended to be used on either the goods or services for which such trademark is registered or goods or services confusingly similar to such goods or services.]

[Option US: Each Party shall provide for criminal procedures and penalties to be applied, even absent willful trademark counterfeiting or copyright or related rights piracy, at least in cases of knowing trafficking in:

- (a) counterfeit labels affixed to, enclosing, or accompanying, or designed to be affixed to, enclose, or accompany the following:
  - (i) a phonogram,
  - (ii) a copy of a computer program or other literary work,
  - (iii) a copy of a motion picture or other audiovisual work,
  - (iv) documentation or packaging for such items; and
- (b) counterfeit documentation or packaging for items of the type described in subparagraph (a); and
- (c) illicit labels<sup>6</sup> affixed to, enclosing, or accompanying, or designed to be affixed to, enclose, or accompany items of the type described in subparagraph (a).]

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<sup>6</sup> For purposes of this Section, the term **illicit label** shall mean a genuine certificate, licensing document, registration card, or similar labeling component that is used by the right holder to verify that an item described in subparagraph (a) is not counterfeit or infringing of any copyright, and that is, without the authorization of the copyright owner, distributed or intended for distribution not in connection with the copy, phonorecord, or work of visual art to which such labeling component was intended to be affixed by the respective right holder.

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**ARTICLE 2.16: UNAUTHORIZED CAMCORDING**

Each Party shall provide for criminal procedures and penalties to be applied [Option J: in accordance with its laws and regulations.] against any person who, without authorization of the holder of copyright or related rights in a motion picture or other audiovisual work, knowingly [Option US: uses an audiovisual recording device to transmit or make] [Option J: makes] a copy of [Option J: 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.

**ARTICLE 2.17: EX OFFICIO CRIMINAL ENFORCEMENT**

Each Party shall provide that its [Option J: competent] authorities may act upon their own initiative to initiate [Option J: investigation] [Option US: legal action] with respect to the criminal offenses described in Sections 3 and 4.

**Section 4: Special Requirements Related to Rights Management Technology  
and the Internet**

[TO BE COMPLETED]

**CHAPTER THREE  
INTERNATIONAL COOPERATION**

[TO BE COMPLETED]

**CHAPTER FOUR  
ENFORCEMENT PRACTICES**

[TO BE COMPLETED]

**CHAPTER FIVE  
INSTITUTIONAL ARRANGEMENTS**

[TO BE COMPLETED]

**CHAPTER SIX  
FINAL PROVISIONS**

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