

Discussion Paper on a Possible Anti-Counterfeiting Trade Agreement

The proliferation of infringements of intellectual property rights (“IPR”) particularly in the context of counterfeiting and piracy poses an ever-increasing threat to the sustainable development of the world economy. The consequences of such IPR infringements include (1) depriving legitimate businesses and their workers of income; (2) discouraging innovation and creativity; (3) threatening consumer health and safety; (4) providing an easy source of revenue for organized crime; and (5) loss of tax revenue.

Objective and Scope

Establish, among nations committed to strong IPR protection, a common standard for IPR enforcement to combat global infringements of IPR particularly in the context of counterfeiting and piracy that addresses today’s challenges, in terms of increasing international cooperation, strengthening the framework of practices that contribute to effective enforcement of IPRs, and strengthening relevant IPR enforcement measures themselves.¹

Vehicle

A plurilateral Anti-Counterfeiting Trade Agreement.

Parties

In the initial phase, it is important to join a number of interested trading partners in setting out the parameters for an enforcement system that will function effectively in today’s environment. As a second phase, other countries would have the option to join the agreement as part of an emerging consensus in favor of a strong IPR enforcement standard.

Provisions

Provisions could be organized into three main categories:

- *International Cooperation:* Cooperation among the parties to the agreement is a key component of the agreement – including sharing of information and cooperation between our law enforcement authorities, including Customs and other relevant agencies.
- *Enforcement Practices:* It is necessary to establish enforcement practices that promote strong intellectual property protection in coordination with right holders and trading partners. Such “best practices” would support the application of the relevant legal tools, as outlined by the Legal Framework.

¹ Members shall provide for the provisions related to criminal enforcement and border measures to be applied at least in cases of trademark counterfeiting and copyright piracy. Members may provide for such provisions to be applied in other cases of infringement of IPR.

- *Legal Framework:* It is critical to have a strong and modern legal framework so that law enforcement agencies, the judiciary, and private citizens have the most up-to-date tools necessary to effectively bring counterfeiters and pirates to justice.

As in all multilateral negotiations, appropriate flexibilities would be taken into consideration to accommodate the various basic legal systems in place in the potential ACTA members, without compromising the overall objectives of ACTA.

We have set out below examples of the types of provisions that could be included in the agreement.

1. *International Cooperation*

- Recognition that international enforcement cooperation is vital and should be encouraged regardless of the location of the right holder or the origination of the infringing item;
- Capacity building and technical assistance in improving enforcement, including training for developing country parties to the agreement and training for third countries;
- International cooperation among enforcement agencies, including commitment to undertake cooperative enforcement actions where appropriate, and exchange of best practices and information for use in enforcement actions;
- Periodic opportunity for governments and public/private advisory groups to meet and share best practices.
- Enforcement cooperation should be consistent with existing international agreements.

2. *Enforcement Practices (provisions designed to foster a climate of active and effective enforcement of relevant IPR laws)*

- Formal or informal public/private advisory groups;
- Fostering of specialized intellectual property expertise within law enforcement structures to ensure effective handling of IPR cases;
- Measures for raising consumer public awareness about the importance of IPR protection and the detrimental effects of IPR infringements ;
- Publication of enforcement procedures and information relating to enforcement actions both internally and at the border;
- Sharing of information with the public should be without prejudice to the need to protect investigative techniques, confidential law enforcement information, and privacy rights;
- Commitment to sustain internal coordination among, and facilitate joint action by, domestic government agencies concerned with IPR enforcement through establishment of coordination bodies or other mechanisms.

3. *Legal Framework (provisions designed to ensure that authorities and right holders have appropriate tools for strong IPR enforcement)*

Criminal enforcement:

- criminal sanctions (in addition to civil or, where applicable, administrative liability) to be applied to IPR infringements on a commercial scale:
 - IPR infringements for purposes of commercial advantage or private financial gain,

- significant willful infringements without motivation for financial gain to such an extent as to prejudicially affect the copyright owner (e.g., Internet piracy),
- imports and exports,
- knowingly trafficking in counterfeit labels which are intended to be used on protected goods;
- ex officio authority to take action against infringers (*i.e.*, authority to act without complaint by right holders);
- establishment and imposition of deterrent-level penalties and/or other measures to promote deterrence (e.g. non-binding guidelines);
- authority to seize and destroy IPR infringing goods and equipment and materials used to make them;
- destruction of IPR infringing goods and seizure of equipment and materials, used to make IPR infringing goods in criminal cases;
- authority to seize and forfeit illegal proceeds connected to IPR infringements.

Border Measures:

- ex officio authority for customs authorities to suspend import, export and trans-shipment of suspected IPR infringing goods;
- procedures for right holders to initiate suspension by customs authorities of import, export and trans-shipment of suspected IPR infringing goods;
- measures to ensure the seizure and destruction of IPR infringing goods;
- Allocation of liability for storage and destruction fees between the importer/exporter and the right holder, and/or the appropriate government agency, so as not to place unreasonable burdens on right holders;
- authority to impose deterrent penalties,;
- authority to disclose key information about infringing shipments to right holders;
- measures to ensure that goods are not released into channels of commerce without right holder permission in cases where the goods have been determined by the competent authorities to be infringing IPR.

Civil enforcement:

- Authority to order ex parte searches and other preliminary measures;
- Authority to order preservation of documentary evidence;
- Damages adequate to compensate, including measures to overcome the problem of right holders not being able to get sufficient compensation due to difficulty in assessing the full extent of damage;
- Provisions for judicial authorities to order the infringer to pay the right holder, in appropriate cases, reasonable legal fees and costs.

Optical disc piracy:

- Measures to address large-scale illegal optical disc (OD) production for countries that have large-scale illegal OD production.

Internet distribution and information technology:

- Legal regime, including safeguards for Internet service providers (ISPs) from liability, to encourage ISPs to cooperate with right holders in the removal of infringing material;

- Procedures enabling right holders who have given effective notification of a claimed infringement to expeditiously obtain information identifying the alleged infringer;
- Remedies against circumvention of technological protection measures used by copyright owners and the trafficking of circumvention devices.

Dispute settlement:

- Resolve implementation issues through oversight by committee of Parties and/or other cooperative mechanisms.

Other Provisions:

- Special measures for developing countries in the initial phase.