

KEI note on Section H: Enforcement

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{Section H: Enforcement}

Article QQ.H.1: {General Enforcement / General Obligations Relating to the Enforcement of Law of Intellectual Property Rights}

1. Each Party shall ensure that enforcement procedures as specified in this section, are available under its law^[197] so as to permit effective action against any act of infringement of intellectual property rights covered by this Chapter, including expeditious remedies to infringements and remedies which constitute a deterrent to future infringements. These procedures 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.^[198]
2. [US/NZ/MY/BN/SG/AU/CA/PE/MX/JP propose, CL/VN^[199]~~200~~ oppose: Each Party confirms that the enforcement procedures [as] set forth in Articles {QQ.H.4 and QQ.H.5 (civil and provisional measures) and QQ.H.7 (criminal measures)} shall be available to the same extent with respect to acts of [PE oppose: trademark,] copyright or related rights infringement in the digital environment.
3. Each Party shall ensure that its procedures concerning the enforcement of intellectual property rights shall be fair and equitable. These procedures shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.
4. This section does not create any obligation:
 - (a) to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of law in general, nor does it affect the capacity of each Party to enforce their law in general, or
 - (b) with respect to the distribution of resources as between the enforcement of intellectual property rights and the enforcement of law in general.

[197] For greater certainty, “law” is not limited to legislation.

[198] For greater certainty, each Party confirms that it makes such remedies available, subject to TRIPS Article 44 and the provisions of this Agreement, with respect to enterprises, regardless of whether the enterprises are private or state-owned.

[199] Negotiators’ note: VN can accept this as part of enforcement package.

~~[200] Negotiators’ note: VN can accept this on the condition that VN’s proposal on administrative measures as an alternative to criminal measures is accepted.~~

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5. [US/JP propose, NZ/VN/MX/PE/AU/MY/BN oppose: The Parties understand that the distribution of enforcement resources does not excuse that Party from complying with this Section.

6. In implementing the provisions of this Section in its intellectual property system, each party shall take into account the need for proportionality between the seriousness of the intellectual property infringement, and the applicable remedies and penalties, as well as the interests of third parties.

Article QQ.H.2: {Presumptions}

1. In civil, criminal, and if applicable, administrative proceedings involving copyright or related rights, each Party shall provide:

(a) for a presumption[201] that, in the absence of proof to the contrary, the person whose name is indicated in the usual manner[202] as the author, performer, producer of the work, performance, or phonogram, or as applicable, the publisher is the designated right holder in such work, performance, or phonogram; and

(b) for a presumption that, in the absence of proof to the contrary the copyright or related right subsist in such subject matter.

2. In connection with the commencement of a civil, administrative or criminal enforcement proceeding involving a registered trademark that has been substantively examined by the competent authority, each Party shall provide that such a trademark be considered *prima facie* valid.

3. In connection with the commencement of a civil or administrative enforcement proceeding involving a patent that has been substantively examined and granted[203] by the competent authority, each Party shall provide that each claim in the patent be considered *prima facie* to satisfy the applicable criteria of patentability in the territory of the Party[204][205].

[201] For greater certainty, a Party may implement this Article on the basis of sworn statements or documents having evidentiary value, such as statutory declarations. A Party may also provide that such presumptions are rebuttable presumptions that may be rebutted by evidence to the contrary.

[202] Each Party may establish the means by which it shall determine what constitutes the “usual manner” for a particular physical support.

[203] For greater certainty, nothing prevents a Party from making available third party procedures in connection with its fulfillment of Paragraphs 2 and 3.

[204] For greater certainty, where a Party provides its administrative authorities with the exclusive authority to determine the validity of a registered trademark or patent, nothing in paragraphs 2 and 3 shall prevent that Party’s competent authority from suspending the enforcement procedures until the validity of the registered trademark or patent is determined by the administrative authority. In such validity procedures, the party challenging the validity of the registered trademark or patent shall be required to prove that the registered

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Article QQ.H.3: {Enforcement Practices With Respect to Intellectual Property Rights}

1. Each Party shall provide that final judicial decisions and administrative rulings of general application pertaining to the enforcement of intellectual property rights shall preferably be in writing and state any relevant findings of fact and the reasoning or the legal basis on which the decisions and rulings are based. Each Party shall also provide that such decisions and rulings shall be published[206] or, where publication is not practicable, otherwise made available to the public, in a national language in such a manner as to enable interested persons and Parties to become acquainted with them.
2. Each Party recognizes the importance of collecting and analyzing statistical data and other relevant information concerning intellectual property rights infringements as well as collecting information on best practices to prevent and combat infringements.
3. Each party shall publish or otherwise make available to the public information on its efforts to provide effective enforcement of intellectual property rights in its civil, administrative and criminal systems, such as statistical information that the Party may collect for such purposes.

Article QQ.H.4: {Civil Procedures and Remedies / Civil and Administrative Procedures and Remedies}

1. Each Party shall make available to right holders[207] civil judicial procedures concerning the enforcement of any intellectual property right covered in this Chapter.
2. Each Party shall provide[208] that in civil judicial proceedings its judicial authorities have the authority at least to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of

trademark or patent is not valid. Notwithstanding the foregoing sentence, a Party may require the trademark holder to provide evidence of first use.

[205] A Party may provide that this provision applies only to those patents that have been applied for, examined and granted after the entry into force of this agreement.

[206] A Party may satisfy the requirement for publication by making the decision or ruling available to the public on the Internet.

[207] For the purposes of this Article, the term “right holder” shall include those authorized licensees, federations and associations that have the legal standing and authority to assert such rights. The term “authorized licensee” shall include the exclusive licensee of any one or more of the exclusive intellectual property rights encompassed in a given intellectual property.

[208] A Party may also provide that the right holder may not be entitled to any of the remedies set out in 2, 3 and 8 in the case of a finding of non-use of a trademark. It is understood that there is no obligation for a Party to provide for the possibility of the remedies in 2, 3, 7 and 8 to be ordered in parallel.

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that person's intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity.[209]

3. At least in cases of copyright or related rights infringement and trademark counterfeiting, each Party shall provide that, in civil judicial proceedings, its judicial authorities have the authority to order the infringer, at least as described in paragraph 2, to pay the right holder the infringer's profits that are attributable to the infringement.[210]

4. In determining the amount of damages under paragraph 2, its judicial authorities shall have the authority consider, *inter alia*, any legitimate measures of value the right holder submits, which may include lost profits, the value of the infringed goods or services measured by the market price, or the suggested retail price.

5. Each Party shall provide that its judicial authorities have the authority to order injunctive relief that conforms to the provisions of Article 44 of the TRIPS Agreement, *inter alia*, to prevent goods that involve the infringement of an intellectual property right under the law of the Party providing such relief from entering into the channels of commerce.

6. [MX/PE/NZ/CL/AU/MY/SG/CA/JP/BN/VN propose; US oppose: Each Party shall ensure that its judicial authorities shall have the authority to order a party at whose request measures were taken and who has abused enforcement procedures to provide the party wrongfully enjoined or restrained adequate compensation for the injury suffered because of such abuse. The judicial authorities shall also have the authority to order the applicant to pay the defendant expenses, which may include appropriate attorney's fees.]

7. In civil judicial proceedings, with respect to infringement of copyright or related rights protecting works, phonograms, and performances, each Party shall establish or maintain a system that provides for one or more of the following:

- (a) pre-established damages, which shall be available upon the election of the right holder; or
- (b) additional damages[211].

8. In civil judicial proceedings, with respect to trademark counterfeiting, each Party [US propose: shall] [NZ/JP/MX/AU/BN/MY propose: may] also establish or maintain a system that provides for one or more of the following:

[209] *Negotiator's note: US is withdrawing reasonable royalties for patent infringement ad ref pending outcome.*

[210] A Party may comply with this paragraph through presuming those profits to be the damages referred to in paragraph 2.

[211] For greater certainty, additional damages may include exemplary or punitive damages.

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- (a) pre-established damages, which shall be available upon the election of the right holder; or
- (b) additional damages.[212]

9. Pre-established damages under paragraphs (7) and (8) shall be set out in an amount that would be sufficient to compensate the right holder for the harm caused by the infringement, and with a view to deterring future infringements.

10. In awarding additional damages under paragraphs (7) and (8), judicial authorities shall have the authority to award such additional damages as they consider appropriate, having regard to all relevant matters, including the nature of the infringing conduct and the need to deter similar infringements in the future.[213]

11. Each Party shall provide that its judicial authorities, where appropriate[214], have the authority to order, at the conclusion of civil proceedings concerning infringement of at least copyright or related rights, [US oppose: patents,] and trademarks, that the prevailing party be awarded payment by the losing party of court costs or fees and appropriate attorney's fees, or any other expenses as provided for under that Party's law.

12. Each Party shall provide that in civil judicial proceedings:

- (a) At least with respect to pirated copyright goods and counterfeit trademark goods, each Party shall provide that, in civil judicial proceedings, at the right holder's request, its judicial authorities have the authority to order that such infringing goods be ~~[VN propose, US/JP oppose: disposed of outside the channels of commerce in such a manner to avoid any harm caused to the right holder, or]~~ destroyed in exceptional circumstances, without compensation of any sort. [VN propose: Option 1: In cases where such goods are not destroyed, each party shall ensure that, except in exceptional circumstances, such goods are disposed of outside the channels of commerce in such a manner as to avoid any harm to the right holder. Option 2:[215]]

[212] For greater certainty, additional damages may include exemplary or punitive damages.

[213] US withdraws ad ref Article QQ.H.4.Y on patents/treble damages pending outcome.

[214] [CA propose: For the purposes of this Article, "where appropriate shall not be limited to cases where a party acted in bad faith.]

[215] For greater certainty, destruction of goods, materials or implements referred to in QQ.H.4.12, QQ.H.6.8, QQ.H.7.6(e) may take place in the form of disassembling or deconstruction and not necessarily mean ruin or demolition; and the destroyed goods still belong to its owner unless they have been confiscated. Furthermore, nothing prevent a Party authorities to order, in state of destruction, distribution of goods for charity purposes.

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(a)(b) Each Party shall further provide that its judicial authorities have the authority to order that materials and implements that have been [VN propose, US oppose: predominantly] used in the manufacture or creation of such infringing goods, be, without undue delay and without compensation of any sort, destroyed or disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements.[216]

(c) In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional circumstances, to permit the release of goods into the channels of commerce.

13. Without prejudice to its law governing privilege, the protection of confidentiality or 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 have the authority, upon a justified request of the right holder, to order the infringer or, in the alternative, the alleged infringer, to provide the right holder or to the judicial authorities, at least for the purpose of collecting evidence, relevant information as provided for in its applicable laws and regulations that the infringer or alleged infringer possesses or controls. Such information may include information regarding any person involved in any aspect of the infringement or alleged infringement and regarding the means of production or the channels of distribution of the infringing or allegedly infringing goods or services, including the identification of third persons alleged to be involved in the production and distribution of such goods or services and of their channels of distribution.

14. Each Party shall provide that in relation to a civil judicial proceeding concerning the enforcement of intellectual property rights, its judicial or other authorities have the authority to impose sanctions on a party, counsel, experts, or other persons subject to the court's jurisdiction, for violation of judicial orders concerning the protection of confidential information produced or exchanged in that proceeding.

15. To the extent that any civil remedy can be ordered as a result of administrative procedures on the merits of a case, each Party shall provide that such procedures conform to principles equivalent in substance to those set out in this Article (civil and administrative proceedings)

16. In the event that a Party's judicial or other authorities appoint technical or other experts in civil proceedings concerning the enforcement of intellectual property rights and require that the parties to the litigation bear the costs of such experts, that Party

[216] Negotiators' Note: This subparagraph was previously closed, but VN would like to insert "predominantly" before "used in manufacture" in subparagraph b.

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should seek to ensure that such costs are reasonable and related appropriately, *inter alia*, to the quantity and nature of work to be performed and do not unreasonably deter recourse to such proceedings.

17. In civil judicial proceedings concerning the acts described in Article QQ.G.10 (TPMs) and Article QQ.G.12 (RMI)[217], each Party shall provide that its judicial authorities shall, at least, have the authority to[218]:

- (a) impose provisional measures, including seizure or other taking into custody of devices and products suspected of being involved in the prohibited activity;
- (b) order the type of damages available for copyright infringement, as provided under its regime in accordance with Article QQ.H.4.[219]
- (c) Order court costs, fees, or expenses as provided for under Article QQ.H.4.11; and
- (d) order the destruction of devices and products found to be involved in the prohibited activity.

A Party may provide that damages shall not be available against a nonprofit library, archives, educational institution, museum, or public noncommercial broadcasting entity that sustains the burden of proving that such entity was not aware or had no reason to believe that its acts constituted a prohibited activity.

Article QQ.H.5: {Provisional Measures}

1. Each Party's authorities shall act on requests for relief in respect of any intellectual property right *inaudita altera parte* expeditiously in accordance with the Party's judicial rules.

2. Each Party shall provide that its judicial authorities have the authority to require the applicant, with respect to provisional measures in respect of any intellectual property right, to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant's right is being infringed or that such

[217] Negotiator's note: CL support depends on content of RMI and TPM provisions

[218] For greater certainty, a Party may, but is not required to, put in place separate remedies in respect of Article QQ.G.10 (TPMs) and Article QQ.G.12 (RMI), if such remedies are available under its copyright law.

[219] Where a Party's copyright regime provides for both pre-established damages and additional damages, it may comply with the requirements of this subparagraph by providing for only one of these forms of damages.

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infringement is imminent, and to order the applicant to provide a security or equivalent assurance set at a level sufficient to protect the defendant and to prevent abuse. Such security or equivalent assurance shall not unreasonably deter recourse to such procedures.

3. 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 infringement, and, at least for trademark counterfeiting, documentary evidence relevant to the infringement.

Article QQ.H.6: {Special Requirements Related to Border Enforcement / Special Requirements related to Border Measures}[CA propose:[220]]

1. Each Party shall provide for applications to suspend the release of, or to detain, any suspect counterfeit [US/JP/NZ/AU/MX/PE propose; CA/MY/SG/BN/VN/CL oppose: or confusing similar] trademark, or pirated copyright goods that are imported[CA propose:[221]] into [MY/VN/NZ/AU/BN/MX oppose: ,or [SG oppose: about to be] exported from,] the territory of the Party.

2. [US/AU/JP/NZ/BN propose; CL/SG/PE/MY/MX oppose: Each Party shall provide that such applications remain in force for a period of not less than one year from the date of application[222], or the period that the good is protected by copyright or the relevant trademark registration is valid, whichever is shorter. A Party may provide that its competent authorities have the authority to suspend or invalidate an application when there is due cause, including when the applicant has abused the procedures described in this Article.]

3. Each Party shall provide that any right holder initiating procedures for its competent authorities to suspend release of suspected counterfeit {or confusingly similar} trademark goods, or pirated copyright goods[223] into free circulation is required to

[220] [CA propose: It is understood that there shall be no obligation to apply the procedures set forth in this Article to goods put on the market in another country by or with the consent of the right holder.]

[221] [CA propose: For greater certainty, reference to “imported” need not include goods moving “in transit”.]

[222] [For purposes of this Article, a Party may also provide that the applicant may designate a shorter period.]

[223] For purposes of article QQ.H.6:

- (a) 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 thereby infringes the rights of the owner of the trademark in question under the law of the Party providing the procedures under this section; and
- (b) 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 that are made directly or indirectly from an article where the making of that copy would have constituted an

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provide adequate evidence to satisfy the competent authorities that under the law of the Party providing the procedures 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 goods reasonably recognizable by its competent authorities. The requirement to provide such information shall not unreasonably deter recourse to these procedures.

4. Each Party shall provide that its competent authorities have the authority to require a right holder initiating procedures to suspend the release of suspected counterfeit {or confusingly similar} trademark goods, or pirated copyright goods, 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. A 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 goods in the event the competent authorities determine that the article is not an infringing good.

5. Without prejudice to a Party's laws pertaining to privacy or the confidentiality of information, where its competent authorities have detained or suspended the release of goods that are suspected of being counterfeit or pirated, a Party may provide that its competent authorities have the authority to inform the right holder without undue delay of the names and addresses of the consignor, exporter, consignee, or importer, a description of the goods, quantity of the goods, and, if known, the country of origin of the goods.[224] Where a Party does not provide such authority to its competent authorities when suspect goods are detained or suspended from release, it shall provide at least in cases of imported goods, its competent authorities with the authority to provide the foregoing information to the right holder normally within 30 days[225] of the seizure or determination that the goods are counterfeit or pirated.

6. [NZ oppose[226]: Each Party shall provide that its competent authorities may initiate border measures *ex officio*[227] with respect to goods {JP/PE propose: subject to customs procedures}/{US/CA/NZ/MY/SG/CL/MX propose: under customs control}[228] that are:

infringement of a copyright or a related right under the law of the Party providing the procedures under this section.

[224] For greater certainty, a Party may establish reasonable procedures to receive or access such information.

[225] For purposes of this Article, "days" shall mean "business days".

[226] [Negotiator's Note: AU/MX is still considering this article]

[227] For greater certainty, the parties understand that *ex officio* action does not require a formal complaint from a private party or right holder.

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- (a) imported,
(b) [VN/MY/BN/SG opposes: {about to be exported /destined for export}] // [New Alt. Text: {destined for export}/{exported}][SG propose:[229]], or
(c) [VN/SG/CA/MY/BN/AU opposes: in-transit][US/CL propose:[230]],

that are suspected of being counterfeit {or confusingly similar} trademark goods, or pirated copyright goods.][231] [CL propose: In the case of paragraph (c), each Party, in conformity with other international agreements subscribed to by it, may provide that ex officio authority shall be exercised prior to sealing the container, or other means of conveyance, with the customs seals, as applicable.]

7. Each Party shall adopt or maintain a procedure by which its competent authorities may determine, within a reasonable period of time after the initiation of the procedures described under Article QQ.H.6(1) [AU/BN/CA oppose: and (6)][232] whether the suspect goods infringe an intellectual property right. Where a party provides administrative procedures for the determination of an infringement, it may also provide its authorities with the authority to impose administrative penalties or sanctions, which may include fines or the seizure of the infringing goods, following a determination that the goods are infringing.

8. Each Party shall provide that its competent authorities have the authority to order the destruction of goods following a determination that the goods are infringing. In cases where such goods are not destroyed, each Party shall ensure that, except in exceptional circumstances, such goods are disposed of outside the channels of commerce in such a manner as to avoid any harm to the right holder. In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit the release of the goods into the channels of commerce.

[229] [SG propose: A party may treat that “destined for export” is synonymous with “exported”.]

[230] [US propose: Subparagraph (c) applies to suspect goods which are in-transit from one customs office to another customs office in the Party’s territory from which the goods will be exported. As an alternative to subparagraph (c), a Party shall endeavor upon request to examine such suspect goods not consigned to a local party and transshipped through its territory and destined for the territory of another Party, and shall cooperate {upon request} to provide all available information to the other Party to enable effective enforcement against such suspect goods.]

[CA propose: Alt second sentence to footnote 186: As a alternative to subparagraph (c), if upon conducting an examination of goods in transit, a Party suspects such goods are counterfeit trademark or pirated copyright, it shall provide its competent authorities the authority to provide information to other Party to identify those goods upon arrival in the other Party’s territory.]

[231] Negotiator’s Note: Further technical work is needed on terminology used in this Article.

[232] Negotiator’s Note: There may not be a procedure to be invoked in respect of H.6(6), if the obligation is as defined in footnote for H.6(6) covering “in transit”.

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9. Where a Party establishes or assesses, in connection with the procedures described in this Article, an application fee, storage fee, or destruction fee, such fee shall not be set at an amount that unreasonably deters recourse to these procedures.

10. Each Party shall include in the application of the Article goods of a commercial nature sent in small consignments. A Party may exclude from the application of this Article small quantities of goods of a non-commercial nature contained in travellers' personal luggage.[233]

Article QQ.H.7: {Criminal Procedures and Remedies / Criminal Enforcement}[234]

1. Each Party shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright or related rights piracy on a commercial scale. In respect of willful copyright or related rights piracy, "on a commercial scale" includes at least: [VN propose][235]

(a) acts carried out for commercial advantage or financial gain; and

(b) significant acts, not carried out for commercial advantage or financial gain, that have a substantial prejudicial impact on the interests of the copyright or related rights owner in relation to the marketplace.[236][237]

2. Each Party shall treat willful importation or exportation ~~[VN propose: or exportation]~~ of counterfeit trademark goods or pirated copyright goods on a commercial

[233] For greater certainty, a Party may also exclude from the application of this Article small quantities or goods of a non-commercial nature sent in small consignments.

[234] [VN/MX propose: A Party that provides for administrative procedures and penalties as an alternative to criminal procedures and penalties under [this Chapter]/[paragraphs QQ.G.10(a), QQ.G.13(a), [VN propose: QQ.H.7.1(b), ~~QQ.H.7.2, QQ.H.7.3,~~] QQ.H.7.4, [MX propose QQ.H.8.2, QQ.H.9.1] shall ensure that: (i) such administrative penalties shall be [of sufficient severity to provide a deterrent]/[substantially equivalent to criminal penalties as required by this Chapter and may not include imprisonment]; and (ii) its administrative authorities may initiate legal action without a formal complaint. VN revised as part of its enforcement package]

[235] [VN propose as part of enforcement package: A Party may provide that the act referred to in subparagraphs a) and b) mean the act carried out in its market on a scale of a typical business for the goods in question, in terms of its volume, value and/or profits, provided that any act referred to in subparagraphs a) and b) falling outside of such meaning shall be subject to administrative procedures and penalties as referred to in FN {to the title of this Article}].

[236] It is understood that a Party may comply with subparagraph (b) by addressing such significant acts under its criminal procedures and penalties for non-authorized uses of protected works, performances and phonograms in its domestic law.

[237] A Party may provide that the volume and value of any infringing items may be taken into account in determining whether the act has a substantial prejudicial impact on the interests of the copyright or related rights owner in relation to the marketplace.

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scale as unlawful activities subject to criminal ~~[VN: or alternatively, administrative]~~ penalties.[238][VN propose:[239]]

3. Each Party shall provide for criminal ~~[VN propose: or alternatively, administrative]~~ procedures and penalties to be applied in cases of willful importation[240] and domestic use, in the course of trade and on a commercial scale, of labels or packaging[241]:

- (a) to which a mark has been applied without authorization which is identical to, or cannot be distinguished from, a trademark registered in its territory; and
- (b) which are intended to be used in the course of trade on goods or in relation to services which are identical to goods or services for which such trademark is registered.[242]

4. Recognising the need to address the unauthorised copying[243] of a cinematographic work from a performance in a movie theatre that causes significant harm to a rights holder in the market for that work, and recognising the need to deter such harm, each Party shall adopt or maintain measures, which shall at a minimum include but need not be limited to, appropriate criminal procedures and penalties. ~~[MX/VN propose; US oppose:[244]], [VN: propose [245] [JP propose:[246]]~~

[238] For greater certainty, it is understood that a Party may comply with its obligation under Article QQ.H.7.2 relating to importation and exportation of counterfeit trademark goods or pirated copyright goods by providing that distribution or sale of such goods on a commercial scale is an unlawful activity subject to criminal penalties. Furthermore, each Party confirms that criminal procedures and penalties as specified in Articles QQ.H.7.1, QQ.H.7.2, and QQ.H.7.3 are applicable in any free trade zones in a Party.

[239] ~~[VN propose as part of enforcement package: A Party may also comply with its obligation relating to exportation of counterfeit trademark goods or pirated copyright goods by providing that manufacture of such goods for exportation on a commercial scale is an unlawful activity subject to criminal penalties.]~~

~~VN propose: A Party may comply with its obligation relating to importation under this paragraph by providing for criminal procedures and penalties to be applied to attempt to commit a trademark or copyright offense.]~~

[240] A Party may comply with its obligation relating to importation of labels or packaging through its measures concerning distribution.

[241] A Party may comply with its obligations under this paragraph by providing for criminal procedures and penalties to to be applied to attempts to commit a trademark offense.

[242] Negotiators' note: US is prepared to drop illicit labels chausette ad ref pending outcome.

[243] For purposes of this Article, a Party may treat the terms "copying" and "reproduction" as synonymous.

[244] [A Party may comply with this paragraph by establishing procedures and penalties other than criminal, provided that they are sufficient to effectively deter the harm caused by the unauthorised reproduction of a cinematographic work from a performance in a movie theatre.]

[245] ~~[VN propose as part of commercial package: A Party may comply with its obligations under this paragraph by providing for criminal procedures and penalties to be applied to preparation and attempts to commit a copyright offence, provided that the other act shall be subject to administrative procedures and penalties as referred to in FN{...}]~~

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5. With respect to the offenses for which this Article requires the Parties to provide for criminal procedures and penalties, Parties shall ensure that criminal liability for aiding and abetting is available under its law.
6. With respect to the offenses described in Article QQ.H.7 (1)-(5) above, 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, consistently with the level of penalties applied for crimes of a corresponding gravity;[247]
 - (b) that its judicial authorities shall have the authority, when determining penalties, to account for the seriousness of the circumstances, which may include those that involve threats to, or effects on, health or safety;[248]
 - (c) that its judicial or other competent authorities shall have the authority to order the seizure of suspected counterfeit trademark goods or pirated copyright goods, any related materials and implements used in the commission of the alleged offense, documentary evidence relevant to the alleged offense and assets derived from, or obtained through the alleged infringing activity.

Where a Party requires the identification of items subject to seizure as a prerequisite for issuing any such judicial order, that Party shall not require the items to be described in greater detail than necessary to identify them for the purpose of seizure;
 - (d) that its judicial authorities shall have the authority to order the forfeiture, at least for serious offenses, of any assets derived from, or obtained through the infringing activity;
 - (e) that its judicial authorities shall have the authority to order the forfeiture or destruction of
 - (i) all counterfeit trademark goods or pirated copyright goods; and

[246] [A Party may limit the application of this paragraph to first run cinematographic works.]

[247] It is understood that there is no obligation for a Party to provide for the possibility of imprisonment and monetary fines to be imposed in parallel.

[248] A Party may also account for such circumstances through a separate criminal offense.

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- (ii) materials and implements that have been [CA/VN propose; US oppose: predominantly] used in the creation of pirated copyright goods or counterfeit trademark goods; and
- (iii) any other labels or packaging to which a counterfeit trademark has been applied and that have been used in the commission of the offense.

In cases where counterfeit trademark goods and pirated copyright goods are not destroyed, the competent authorities shall ensure that, except in exceptional circumstances, such goods shall be disposed of outside the channels of commerce in such a manner as to avoid causing any harm to the right holder. Each Party shall further provide that forfeiture or destruction under this subparagraph and subparagraph (c) shall occur without compensation of any kind to the defendant;

- (g) that its judicial or other competent authorities shall have the authority to release or, in the alternative, provide access to, goods, material, implements, and other evidence held by the relevant authority to a right holder for civil[249] infringement proceedings.
 - (h) [VN propose[250]oppose: that its competent authorities may act upon their own initiative to initiate a legal action without the need for a formal complaint by a private party or right holder.]
7. With respect to the offenses described in Article QQ.H.7 (1)-(5) above, a Party may provide that its judicial authorities have the authority to order the seizure or forfeiture of assets, or alternatively, a fine, the value of which corresponds to that of the assets derived from, or obtained directly or indirectly through, the infringing activity;

[non-paper on border marked up with small group discussion in Maryland on 4/25/15]

Non-paper on border
24 April 2015

CLEAN VERSION

6bis. {[AU oppose: Where a Party does not already provide that its competent authorities may initiate border measures ex-officio with respect to goods that are in transit, the Party

[249] A Party may also provide such authority in connection with administrative infringement proceedings.

[250] Negotiator's note: As part of enforcement package VN can accept commitment.

[251] With regard to copyright and related rights piracy provided for by QQ.H.7.1 (Commercial Scale), a Party may limit the application of subparagraph (h) to the cases where there is an impact on the rightholder's ability to exploit the work in the market.

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{may comply with Article QQ.H.6.6(c) by endeavouring to provide} {in the alternative shall} {Each party shall}}

[AU/CA/SG/MY/BN propose 6bis: As an alternative to QQ.H.6.6(c), a Party shall instead endeavour to provide, where [US/JP oppose: it considers] appropriate and with a view to eliminating international trade in counterfeit trade mark or pirated copyright goods. [US/JP oppose: relevant] available information to another Party in respect of goods that it has examined without a local consignee which are transhipped through its territory and destined for the territory of the other Party, to [US oppose: inform][US propose: assist] that other Party's efforts to identify suspect goods upon arrival in its territory.]

[Secretariat's note: Draft package dated 27 Jan 2015]
DRAFT PACKAGE BASED ON MINISTERIAL LANDING ZONE

New footnote for QQ.H.7 (Criminal Procedures and Penalties)

2. Each Party shall treat willful importation or exportation of counterfeit trademark goods or pirated copyright goods on a commercial scale as unlawful activities subject to criminal penalties. [FN] FN For greater certainty, it is understood that a Party may comply with its obligation under Article QQ.H.7.2 relating to importation and exportation of counterfeit trademark goods or pirated copyright goods by providing that distribution or sale of such goods on a commercial scale is an unlawful activity subject to criminal penalties. Furthermore, each Party confirms that criminal procedures and penalties as specified in Articles QQ.H.7.1, QQ.H.7.2 and QQ.H.7.3 are applicable in free trade zones under the customs law of a Party.

Article QQ.H.6: {Special Requirements Related to Border Enforcement / Special Requirements related to Border Measures} {CA propose:[252]}

1. Each Party shall provide for applications to suspend the release of, or to detain any suspect counterfeit {US/JP/NZ/AU/MX/PE propose; CA/MY/SG/BN/VN/CL oppose: or confusingly similar } trademark, or pirated copyright goods that are imported {CA propose: [253]} into {MY/VN/NZ/AU/BN/MX oppose: , or [SG oppose: about to be] exported from,} the territory of the Party.
2. {US/AU/JP/NZ/BN propose; CL/SG/PE/MY/MX oppose: Each Party shall provide that such applications remain in force for a period of not less than one year from

[252] {CA propose: It is understood that there shall be no obligation to apply the procedures set forth in this Article to goods put on the market in another country by or with the consent of the right holder.

[253] {CA propose: For greater certainty, reference to "imported" need not include goods moving "in transit".}

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~~the date of application, [254] or the period that the good is protected by copyright or the relevant trademark registration is valid, whichever is shorter. A Party may provide that its competent authorities have the authority to suspend or invalidate an application when there is due cause, including when the applicant has abused the procedures described in this Article.~~

3. Each Party shall provide that any right holder initiating procedures for its competent authorities [255] to suspend release of suspected counterfeit { or confusingly similar } trademark goods, or pirated copyright goods [256] into free circulation is required to provide adequate evidence to satisfy the competent authorities that under the law of the Party providing the procedures 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 goods reasonably recognizable by its competent authorities. The requirement to provide such information shall not unreasonably deter recourse to these procedures.

4. Each Party shall provide that its competent authorities have the authority to require a right holder initiating procedures to suspend the release of suspected counterfeit {or [AU propose: or] confusingly similar} trademark goods, pirated copyright goods, 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. A 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 goods in the event the competent authorities determine that the article is not an infringing good.

[254] ~~[For purposes of this Article, a Party may also provide that the applicant may designate a shorter period.]~~

[255] AU propose: For the purposes of this Article QQ.H. [Border Measures], unless otherwise specified, competent authorities may include the appropriate judicial, administrative, or law enforcement authorities under a Party's law.]

[256] For purposes of Article QQ.H.6:

(a) 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 Party providing the procedures under this section; and

(b) 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 Party providing the procedures under this section.

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that are suspected of being counterfeit ~~{or confusingly similar}~~ trademark goods, or pirated copyright goods][264] [CL propose: In the case of paragraph (c), each Party, in conformity with other international agreements subscribed to by it, may provide that ex officio authority shall be exercised prior to sealing the container, or means of conveyance, with the customs seals, as applicable.]

7. Each party shall adopt or maintain a procedure by which its competent authorities may determine, within a reasonable period of time after the initiation of the procedures described under Article QQ.H.6(1) [AU/BN/CA/oppose: and, [AU oppose: if applicable] [AU propose: to the extent that it applies], (6)] [265] whether the suspect goods infringe an intellectual property right [266]. Where a Party provides administrative procedures for the determination of an infringement, it may also provide its authorities with the authority to impose administrative penalties or sanctions, which may include fines or the seizure of the infringing goods, following a determination that the goods are infringing.

8. Each Party shall provide that its competent authorities have the authority to order the destruction of [AU propose: counterfeit trademark goods or pirated copyright] goods following a determination that goods are infringing. In cases where such goods are not destroyed, each Party shall ensure that, except in exceptional circumstances, such goods are disposed of outside the channels of commerce in such a manner as to avoid any harm to the right holder. In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit the release of the goods into the channels of commerce.

9. Where a Party establishes or assesses, in connection with the procedures described in this Article, an application fee, storage fee, or destruction fee, such fee shall not be set at an amount that unreasonably deters recourse to these procedures.

10. Each Party shall include in the application of this Article goods of a commercial nature sent in small consignments. A Party may exclude from the application of this

information to other Party to identify those goods upon arrival in the other Party's territory.] [AU propose: For greater certainty, the Parties agree that the measures in para 6(c) shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide safeguards against their abuse.]

[264]Negotiator's Note: Further technical work is needed on terminology used in this Article.

[265]Negotiator's Note: There may not be a procedure to be invoked in respect of H.6(6), if the obligation is as defined in footnote for H.6(6) covering "in transit".

[266][AU oppose: {Where a Party has adopted a procedure by which its competent authorities determine whether suspect goods violate its law relating to false descriptions, the Party may continue to make such determinations under its law.}][AU propose: For greater certainty, a Party may comply with this obligation {with respect to QQ.H.6.6.} through a determination by its competent authorities that the suspect goods bear a false trade description.]

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Article small quantities of goods of a non-commercial nature contained in travellers' personal luggage.[267]

Article QQ.H.7: {Criminal Procedures and Remedies / Criminal Enforcement}[268]

- (e) that its judicial authorities shall have the authority to order the forfeiture or destruction of
 - (i) all counterfeit trademark goods or pirated copyright goods; and
 - (ii) materials and implements that have been [CA/VN propose; US oppose: predominantly] used in the creation of pirated copyright goods or counterfeit trademark goods; and
 - (iii) any other labels or packaging to which a counterfeit trademark has been applied and that have been used in the commission of the offense.

In cases where counterfeit trademark goods and pirated copyright goods are not destroyed, the [AU propose: judicial or other] competent authorities shall ensure that, except in exceptional circumstances, such goods shall be disposed of outside the channels of commerce in such a manner as to avoid causing any harm to the right holder. Each Party shall further provide that forfeiture or destruction under this subparagraph and subparagraph (c) shall occur without compensation of any kind to the defendant;

Article QQ.H.9: {Trade Secrets}

1. In the course of ensuring effective protection against unfair competition as provided in Article 10bis of the Paris Convention, each Party shall ensure that natural and legal

[267] For greater certainty, a Party may also exclude from the application of this Article small quantities of goods of a non-commercial nature sent in small consignments.

[268] [VN/MX propose: A Party that provides for administrative procedures and penalties as an alternative to criminal procedures and penalties under [this Chapter]/[paragraphs QQ.G.10(a), QQ.G.13(a), [VN propose: QQ.H.7.1(b), QQ.H.7.2] QQ.H.7.3, QQ.H.7.4, QQ.9.2, QQ.H.9.1] shall ensure that: (i) such administrative penalties shall be [of sufficient severity to provide a deterrent]/[substantially equivalent to criminal penalties as required by this Chapter and may not include imprisonment]; and (ii) its administrative authorities may initiate a legal action without a formal complaint.]

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persons have the legal means to prevent trade secrets lawfully in their control from being disclosed to, acquired by, or used by others (including state commercial enterprises) without their consent in a manner contrary to honest commercial practices.[269] As used in this Chapter, trade secrets encompass, at a minimum, undisclosed information as provided for in Article 39.2 of the TRIPS Agreement.

2. Subject to Paragraph 3, Each Party shall provide for criminal procedures and penalties for one or more of the following:[270]

(a) the unauthorized, willful access to[271] a trade secret held in a computer system;

(b) the unauthorized, willful misappropriation of a trade secret, including by means of a computer system;

or

(c) the fraudulent disclosure, or alternatively, the unauthorized and willful disclosure of a trade secret, including by means of a computer system.

3. With respect to the acts referred to in Paragraph 2, a party may, where appropriate, limit the availability of such criminal procedures, or limit the level of penalties available, to one or more of the following cases:

(a) the acts are for purposes of commercial advantage or financial gain;

(b) the acts are related to a product or service in national or international commerce;

(c) the acts are intended to injure the owner of such trade secret;

(d) the acts are directed by or for the benefit of or in association with a foreign economic entity;

or

[269] For the purposes of this paragraph “a manner contrary to honest commercial practices” shall mean at least practices such as breach of contract, breach of confidence and inducement to breach, and includes the acquisition of undisclosed information by third parties who knew, or were grossly negligent in failing to know, that such practices were involved in the acquisition.

[270] Negotiator’s Note: NZ/US is considering whether any other specific limitations may be necessary.

[271] Negotiator’s Note: As part of enforcement package VN can accept commitment fully.

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- (e) the acts are detrimental to a Party's economic interests, international relations, or national defence or national security [272].[273]

[AU/JP propose: 4. [For purposes of the Article,] a Party may provide that the disclosure of a trade secret in connection with exposing, or providing evidence of, a violation of that Party's law, is not subject to the obligations in paragraphs 1 and 2.

[AU/US/NZ/JP] propose: Alt 4. For greater certainty, this Article is without prejudice to a Party's measures in relation to [CL oppose: whistleblowing or] the [CL propose[274]: lawful] disclosure of a trade secret in connection with exposing, or providing evidence of, a violation of that Party's law.]

INTELLECTUAL PROPERTY [RIGHTS] CHAPTER

**Non-Paper on Ex QQ.H.9 - Protection of Encrypted Program-Carrying Satellite Signals /
Protection of Encrypted Program-Carrying Satellite and Cable**

1. Each Party shall make it a [CL propose; US oppose: civil or] criminal offense[VN propose; US oppose [275] to:

(a) manufacture, assemble, modify[276], import, export, sell, lease, or otherwise distribute a tangible or intangible device or system, knowing [CL oppose: or having reason to know][277] that the device or system:

- (i) is [JP: intended to be used to assist, or]
- (ii) is primarily of assistance, or alternatively,
- (iii) its principal function is solely to assist,

in decoding an encrypted program-carrying satellite signal without the authorization of lawful distributor[278] of such signal[279]; and

[272] A Party may deem the term "misappropriation" to be synonymous with "unlawful acquisition."

[273] Negotiators' note: PE needs to clarify whether it can meet the requirements of paragraphs 2 and 3.

[274] Negotiator's note: For CL opposition to whistleblowing is because the word has a different meaning than the one intended in the text. It would be preferable to describe the conduct or be more neutral as to the fact that the disclosure is lawful.

[275][VN propose/US oppose: For greater certainty, it is understood that a Party may also make the acts described in this paragraph administrative offenses.] Negotiator's note: VN can withdraw this footnote if its enforcement package is accepted.

[276] For greater certainty, a Party may treat "assemble" and "modify" as incorporated in "manufacture."

[277][CL: For the purposes of this paragraph, a Party may provide that "reasonable grounds to know" may be demonstrated through reasonable evidence, taking into account the facts and circumstances surrounding the alleged illegal act, as part of the Party's "knowledge" requirements.] For the purpose of article QQ.H.9.1(a), a Party may treat "having reason to know" as meaning "wilful negligence."

[278] A Party may require a showing of intent to avoid payment to the lawful distributor.

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(b) with respect to an encrypted program-carrying satellite signal, willfully:

- (i) receive[280] such a signal; or
- (ii) further distribute[281] such [a] signal

knowing that it has been decoded without the authorization of the lawful distributor of the signal. [282]

2. Each Party shall provide for civil remedies for any person that holds an interests[283] in an encrypted program carrying satellite signal[284] or its content who is injured by any activity described in paragraph

3. [US/SG propose, CL/VN/MX/PE[285] oppose: Each Party shall provide for criminal penalties or civil remedies[286] for willfully:

(a) Manufacturing or distributing equipment knowing that the equipment is intended to be used in the unauthorized reception of any {encrypted} program-carrying cable signal; and

(b) Receiving, or assisting another to receive[287], a {encrypted} program-carrying cable signal without authorization of the lawful distributor of the signal

[279]The obligation regarding export may be met by making it a criminal offence to possess and distribute such a device or system. For the purposes of QQ.H.9, a Party may provide that a "lawful distributor" means a person who has the lawful right in that Party's territory to distribute the encrypted program-carrying signal and authorize its decoding.

[280]For greater certainty and for purposes of Article QQ.H.9.1(b) and QQ.H.9.3(b), a Party may provide that "wilful receipt" of an encrypted program-carrying satellite or cable signal means receipt and use of signal, or means receipt and decoding of the signal.

[281] For greater certainty, a Party may interpret "further distribute" as "retransmit" to the public."

[282]A Party may require a showing of intent to avoid payment to the lawful distributor.

[283]Any person who "holds an interest" shall mean, at a minimum, any person who holds an interest in the content of the signal, any lawful distributor of the signal, or any person authorized by such distributor [CA propose: to further distribute the signal] or by such person holding an interest in the content of the signal.

[284] CA propose: For greater certainty, for the purposes of Article H.9.3, a Party may treat 'program-carrying cable signal' as meaning a program-carrying signal that is transmitted by cable for reception by the public upon payment of a lawful charge.

[285]Negotiator's note: MX position will depend on the outcome of the discussion on camcording.

[286][CL: If a Party provides for civil remedies, it may require a showing of injury.]

[287]A Party may comply with its obligation in respect of "assisting another receive" by providing criminal penalties for a person willfully publishing any information in order to enable or assist another person to receive a signal without authorization of the lawful distributor of the signal.

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Article QQ.H.11: {Government Use of Software / Government Use of Software and Other Materials Protected by Copyright or Related Rights}[288]

1. Each Party Recognizes the importance of promoting the adoption of measures to enhance government awareness of respect for intellectual property rights and of the detrimental effects of intellectual property rights infringement.
2. Each Party shall adopt or maintain appropriate laws, regulations, policies, orders, government-issued guidelines, or administrative or executive decrees providing that is [US/AU/MX/MY propose; CL/JP oppose: central] government agencies use only non-infringing computer software, and if applicable only use computer software in a manner authorized by the relevant license. These measures shall apply to the acquisition and management of such software for government use.

...[SNIP]