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JAPAN – U.S. JOINT PROPOSAL
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 infringement¹, 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

¹[Option US: 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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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~~ shall establish or maintain a system that provides:

- (a) pre-established damages, or
- (b) presumptions for determining the amount of damages²,

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.³

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.~~

434. 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 borne awarded payment by the losing party, unless equity does not allow this, of court costs or fees.

~~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~~

² 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.

³[~~Option US: 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 the Party.~~]

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~~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 fees⁴. [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 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~~

⁴ notion of reasonable attorney fees should be defined

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~~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.]~~

~~32.- In civil judicial proceedings concerning copyright or related rights infringement and trademark counterfeiting, e~~Each Party shall provide that its judicial authorities shall have the authority to ~~order the~~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.
