

JAPAN – U.S. JOINT PROPOSAL

Anti-Counterfeiting Trade Agreement

[Chapter 2 (Criminal Provisions)]

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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.¹ 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 advantage or private financial gain.²

¹ 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.

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

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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;³
 - (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 activity⁴. 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 activity⁵; 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 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

³[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.]

⁴ 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.

⁵ 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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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: 1Each 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 labels⁶ affixed to, enclosing, or accompanying, or designed to be affixed to, enclose, or accompany items of the type described in subparagraph (a).]

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

⁶ 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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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**

[TO BE COMPLETED]