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Anti-Counterfeiting Trade Agreement

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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^{1[2]}

[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 US*: , and in-transit³] shipments by which right holders may request the competent authorities to suspend

¹ 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.

² [*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.]

³ 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).

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release⁴ of suspected counterfeit trademark goods⁵ or confusingly similar trademark goods, and suspected pirated copyright goods⁶ 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 country⁷, 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

⁴ 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.

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

⁵ 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.

⁶ 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.

⁷ [Definition of “country”]

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requirement shall not “be used” to unreasonably deter recourse.]

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

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release of goods suspected of infringing other intellectual property rights.

[Comment: This provision should be deleted.]

[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

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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.

[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

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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 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.⁸

[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.”]

⁸ Negotiator’s Note: Subject to negotiation of general provision on deterrent penalties.

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[Comment: There should be an option to compel the importer to pay for the costs of destruction, 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 J.*, 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 days⁹ 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.

⁹ 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

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[To be completed]

**CHAPTER FIVE
INSTITUTIONAL ARRANGEMENTS**

[To be completed]

**CHAPTER SIX
FINAL PROVISIONS**

[To be completed]