

The Anti-Counterfeiting Trade Agreement - Summary of Key Elements Under Discussion

Background

The proliferation of counterfeit and pirated goods in international trade poses an ever-increasing threat to the sustainable development of the world economy. Trade in these goods causes significant financial losses for the right holders and legitimate businesses. It also hinders sustainable economic development in both developed and developing countries and, in some cases, represents a risk to consumers.

Expertise, innovation, quality, and creativity are the main factors for success in knowledge-based economies. Adequate protection and enforcement of intellectual property rights is a key condition for nurturing those factors. In 2006, Japan and the United States launched the idea of a new plurilateral treaty to help in the fight against counterfeiting and piracy, the so-called Anti-Counterfeiting Trade Agreement (ACTA). The aim of the initiative was to bring together those countries, both developed and developing, that are interested in fighting counterfeiting and piracy, and to negotiate an agreement that enhances international co-operation and contains effective international standards for enforcing intellectual property rights.

Preliminary talks about such an anti-counterfeiting trade agreement took place throughout 2006 and 2007 among an initial group of interested parties (Canada, the European Commission, Japan, Switzerland and the United States). Negotiations started in June 2008 with the participation of a broader group of participants (Australia, Canada, the European Union and its 27 member states, Japan, Mexico, Morocco, New Zealand, Republic of Korea, Singapore, Switzerland and the United States).

A variety of groups have shown their interest in getting more information on the substance of the negotiations and have requested that the draft text be disclosed. However, it is accepted practice during trade negotiations among sovereign states to not share negotiating texts with the public at large, particularly at earlier stages of the negotiation. This allows delegations to exchange views in confidence facilitating the negotiation and compromise that are necessary in order to reach agreement on complex issues. At this point in time, ACTA delegations are still discussing various proposals for the different elements that may ultimately be included in the agreement. A comprehensive set of proposals for the text of the agreement does not yet exist.

This paper is intended to clarify the objectives of the proposed agreement and to summarize the issues under discussion. It gives an overview of the elements suggested under the different headings and highlights the main issues. It is important to note that discussions are ongoing; new issues might come up and other issues may finally not be included in the agreement. This paper does not prejudge of the final structure and content of the agreement which may differ from what is being discussed at the current stage of negotiations and described below.

Objective of the ACTA

The ACTA initiative aims to establish international standards for enforcing intellectual property rights in order to fight more efficiently the growing problem of counterfeiting and piracy. In particular, the ACTA is intended to establish, among the signatories, agreed standards for the enforcement of intellectual property rights that address today's challenges by increasing international cooperation, strengthening the framework of practices that contribute to effective enforcement of intellectual property rights, and strengthening relevant enforcement measures. The intended focus is on counterfeiting and piracy activities that significantly affect commercial interests, rather than on the activities of ordinary citizens. ACTA is not intended to interfere with a signatory's ability to respect its citizens' fundamental rights and civil liberties, and will be consistent with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) and will respect the Declaration on TRIPS and Public Health.

ACTA Structure and Content

ACTA aims to build on existing international rules in the area of intellectual property, in particular on the TRIPS Agreement, and is intended to address a number of enforcement issues where participants have identified that an international legal framework does not exist or needs to be strengthened. The draft structure of the agreement as discussed at this stage is the following:

CHAPTER ONE

INITIAL PROVISIONS AND DEFINITIONS

This chapter will focus on clarifying issues that arise throughout the agreement, such as Objective, Scope and Definitions. The chapter may also include interpretive principles.

CHAPTER TWO

LEGAL FRAMEWORK FOR ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

Section 1: Civil Enforcement

Civil enforcement refers to providing courts or other competent authorities with the authority to order/take specific actions when it is established that a party has violated intellectual property laws, and the rules on when and how to use those powers. The issues under discussion in this section include:

- scope of the section – which intellectual property rights would be covered by the provisions of this section;

- the definition of adequate damages and the question of how to determine the amount of damages, particularly when a right holder encounters difficulties in calculating the exact amount of damage it has incurred;
- the authority of the judicial authorities to order injunctions which require that a party desist from an infringement;
- remedies, including the destruction of goods that have been found to be infringing an intellectual property right and under what conditions and to what extent materials and implements that have been used in the manufacture or creation should be destroyed or disposed of outside the channels of commerce;
- provisional measures, such as the authority for judicial authorities or other competent authorities to order, in some circumstances, the seizure of goods, materials or documentary evidence without necessarily hearing both parties; and
- the reimbursement of reasonable legal fees and costs.

Section 2: Border Measures

Border measures refer to actions that customs and other competent authorities would be authorized to take to prevent goods that infringe intellectual property rights from crossing borders. The term also describes the procedures that must accompany these actions.

Elements under discussion in this section include:

- scope of the section – which intellectual property rights will be covered, and whether border measures should only apply to importations or should equally apply to the export and the transit of goods;
- a *de minimis* exception that could permit travelers to bring in goods for personal use;
- procedures for right holders to request customs authorities to suspend the entry of goods suspected to infringe intellectual property rights at the border;
- authority for customs to initiate such suspension *ex officio* (on their own initiative, without a request from the rights holder);
- procedures for competent authorities to determine whether the suspended goods infringe intellectual property rights;
- measures to ensure that infringing goods are not released into free circulation without the right holder's permission, and possible exceptions;
- the forfeiture and destruction of goods that have been determined to infringe intellectual property rights, and possible exceptions;
- responsibility for storage and destruction fees;

- capacity of competent authorities to require right holders to provide a reasonable security or equivalent assurance sufficient to protect the defendant and to prevent abuse, and
- authority to disclose key information about infringing shipments to right holders.

Section 3: Criminal Enforcement

This section relates to the cases for which Parties should provide for criminal procedures and penalties. Issues being discussed under this heading include:

- clarifying the scale of infringement necessary to qualify for criminal sanctions in cases of trademark counterfeiting and copyright and related rights piracy;
- clarifying scope of criminal penalties;
- in which cases the relevant authorities should be empowered to take action against infringers on their own initiative (*ex officio*, i.e. without complaint by right holders) with respect to infringing activities;
- the authority to order searches and/or seizure of goods suspected of infringing intellectual property rights, materials and implements used in the infringement, documentary evidence, and assets derived from or obtained through the infringing activity;
- the authority of judicial authorities to order the forfeiture and destruction of the infringing goods;
- the authority of judicial authorities to order the forfeiture of the assets derived from or obtained, directly or indirectly, through the infringing activity;
- the authority of judicial authorities to order forfeiture and/or destruction of materials and implements that have been used in the production of the infringing goods;
- criminal procedures and penalties in cases of camcording motion pictures or other audiovisual works; and
- criminal procedures and penalties in cases of trafficking of counterfeit labels.

Section 4: Intellectual Property Rights Enforcement in the Digital Environment

This section of the agreement is intended to address some of the special challenges that new technologies pose for enforcement of intellectual property rights, such as the possible role and responsibilities of internet service providers in deterring copyright and related rights piracy over the Internet. No draft proposal has been tabled yet, as discussions are still focused on gathering information on the different national legal regimes to develop a common understanding on how to deal best with these issues.

CHAPTER THREE

INTERNATIONAL COOPERATION

Cross-border trade in counterfeit and pirated goods is a growing global problem that often involves organized criminal networks. ACTA participants need to work together to tackle this challenge. The chapter on international cooperation is expected to address the following types of issues:

- recognition that international enforcement cooperation is vital to realize fully effective protection of intellectual property rights;
- cooperation among the competent authorities of the Parties concerned with enforcement of intellectual property rights, consistent with existing international agreements;
- sharing of relevant information such as statistical data and information on best practices among the Signatories in accordance with international rules and related domestic laws to protect privacy and confidential information; and
- capacity building and technical assistance in improving enforcement, including for developing country parties to the agreement and for third countries where appropriate.

CHAPTER FOUR

ENFORCEMENT PRACTICES

Where chapter two will focus on the laws that should be in place to promote better enforcement of intellectual property rights, this chapter is intended focus on the methods used by authorities to apply those laws. Areas that the enforcement practices chapter may cover include:

- fostering of expertise among competent authorities in order to ensure effective enforcement of intellectual property rights;
- collection and analysis of statistical data and other relevant information such as best practices concerning infringement of intellectual property rights;
- internal coordination among competent authorities concerned with enforcement of intellectual property rights, including formal or informal public/private advisory groups;
- measures to allow customs authorities to better identify and target shipments, which are suspected to contain counterfeit or pirated goods;
- publication of information on procedures regarding the enforcement of intellectual property rights, and

- promotion of public awareness of the detrimental effects of intellectual property rights infringement.

The obligations or recommendations in this chapter for enforcement practices and sharing of information with the public shall take into account and be consistent with existing international agreements and the need to protect investigative techniques, confidential law enforcement information and privacy rights.

CHAPTER FIVE

INSTITUTIONAL ARRANGEMENTS

This chapter will include all necessary provisions for the institutional set up, including questions related to the implementation of the agreement, how and when to hold meetings of the Parties, and other administrative details of the agreement.

CHAPTER SIX

FINAL PROVISIONS

The final provisions of the agreement include details on how the agreement will function, such as how to become a party to the agreement, how to withdraw from the agreement and how to amend the agreement in the future.