

## **ACTA December (Final) Draft – Section by Section Analysis**

### **Generally**

1. Each section of ACTA should be limited to copyrights and trademark rights.<sup>1</sup> See Kaminski Paper p. 28.
2. The mandatory obligations of ACTA parties are too expansive and broad.<sup>2</sup>
3. Definitions go beyond TRIPS.
  - a. TRIPS defines “counterfeit trademark goods” and “pirated copyright goods” as goods infringing “under the law of the country of importation”. However, ACTA defines them as good infringing “under the law of the country in which the procedures . . . are invoked” thereby allowing in-transit countries “to seize goods that would be infringing under their laws, even if the goods are not infringing under the laws of the countries of import or export.” This could give rise to “Dutch Seizure” cases, where goods are seized en route despite their legal status.<sup>3</sup>

### **Chapter II – Section 1: General Obligations**

1. **Art. 6.4** – the phrase “liability for acts” is unclear whether it’s referring to infringements or damages caused during enforcement or both.<sup>4</sup>

### **Chapter II – Section 2: Civil Enforcement**

1. **FN2** – exclusion of patents is not required but allowed under Section 2. This language should read to require exclusion of patents like FN6.
2. **Art. 8.1 – Injunctions** – “a third party over whom the relevant judicial authority exercises jurisdiction” is very broad. It is unclear who “third party” is.<sup>5</sup> Also, this language goes beyond TRIPS art. 44(1).
3. **Art. 9 – Damages**
  - a. Art. 9.1 – “any legitimate measure of value the right holder submits, which may include lost profits, the value of the infringed goods or services measures by the market price, or the suggested retail price” goes beyond the measure of damages under TRIPS art. 45(2). The word “any” is too broad and this section must be curtailed to limit the methods allowed to measure damages.
  - b. Art. 9.2 – “A Party may presume those profits to be the amount of damages referred to in paragraph 1” goes beyond the measure of damages under TRIPS art. 45(2).
  - c. Art. 9.3(b) FN 3 – the method of calculating damages under the allowed presumption in FN3 is too broad and speculative.
  - d. Art. 9.3(c) – additional damages goes beyond TRIPS art. 45.
  - e. Art. 9.5 – “any other expenses as provided for under that Party’s law” maximizes the enforcement agenda. This language should not be mandatory.
4. **Art. 10 – Other Remedies**

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<sup>1</sup> Margot E. Kaminski, *An Overview and the Evolution of the Anti-Counterfeiting Trade Agreement (ACTA)* 28 (Program on Info. Justice & Intellectual Prop., Research Paper Series No. 19, 2011), available at <http://digitalcommons.wcl.american.edu/research/17/>.

<sup>2</sup> See *id.* at 29.

<sup>3</sup> See *id.* at 9.

<sup>4</sup> See *id.* at 37.

<sup>5</sup> See *id.* at 37-38.

- a. Art. 10.1 – “have the authority to order that such infringing goods be destroyed, except in exceptional circumstances, without compensation of any sort”. Unlike TRIPS art. 46, ACTA requires destruction and does not include the “proportionality” language.
  - b. Art. 10.2 – roughly mirrors TRIPS art. 46 but adds the option to destroy the materials and implements in addition to disposing them outside the channel of commerce. Additionally, ACTA art. 10.2 lacks the proportionality language of TRIPS art. 46.
- 5. **Art. 11 – Information Related to Infringement** – goes beyond TRIPS art. 47. Expands the scope of authority of third parties by adding the word “any”. Additionally, it lacks the “proportionality” screen of TRIPS art. 47.
- 6. **Art. 12 – Provisional Measures**
  - a. Art. 12 uses the term “applicant” instead of “plaintiff” in addition to exchanging “interlocutory injunction” with the term “provisional measures”. This indicates that these provisional measures are meant to occur before the commencement of legal proceedings, instead of after proceedings on the merits have occurred. – Kaminski p. 38.
  - b. Art. 12.2 – although it’s consistent with TRIPS art. 50(2), it lacks the safeguard for *inaudita altera parte* actions under TRIPS art. 50(4) such as right to notice, right to review, and a right to be heard.
  - c. Art. 12.4 – roughly mirrors TRIPS art. 50(3) but goes beyond it by adding that “such security or equivalent assurance shall not unreasonably deter recourse to procedures for such provisional measures”.

## **Chapter II – Section 3: Border Measures**

- 1. **Art. 14 – Small Consignments and Personal Luggage**
  - a. Art. 14.1 – goes beyond TRIPS art. 60 by requiring application of this section to “goods of a commercial nature sent in small consignments”. TRIPS art. 60 states that “[m]embers may exclude from the application of the above provisions small quantities of goods of a non-commercial nature contained in travellers’ personal luggage or sent in small consignments.”
  - b. Art. 14.2 – Mirrors TRIPS art. 60 but omits “or sent in small consignments”.
- 2. **Art. 16 – Border Measures**
  - a. Art. 16 is generally a dangerous provision that could make the *Dutch Seizures Cases* a common place occurrence for states enforcing ACTA. *Ex officio* authority needs to be taken out.
  - b. Breaks down the protection under TRIPS art. 58 by omitting the requirement of a “*prima facie* evidence”. Although art. 17.1 requires a *prima facie* evidence for actions requested by right holders under arts. 16.1(b) and 16.2(b), art. 16 nonetheless grants *ex officio* authority to customs authorities without such a requirement in arts. 16.1(a) and 16.2(a).
- 3. **Art. 17 – Application by the Right Holder**
  - a. Art. 17.2 – “A party may provide for such applications to apply to multiple shipments” – would incur high costs for governments enforcing this provision.<sup>6</sup>
- 4. **Art. 19 – Determination as to Infringement** – does not define or limit “reasonable period”.
- 5. **Art. 20 – Remedies**

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<sup>6</sup> See *id.* at 31.

- a. Art. 20.1 – Includes destruction of goods provision in TRIPS art. 59 as well as disposal of goods. However, it's missing the "right of the defendant to seek review by judicial authority" language in Art. 59.

#### **Chapter II – Section 4: Criminal Enforcement**

1. **Art. 23 – Criminal Offences**

- a. Art. 23.2 – inclusion of the phrase “domestic use” criminalizes possible non-willful (possibly ‘innocent’/‘unknowing’) domestic use of packaging.<sup>7</sup>

2. **Art. 24 – Penalties**

- a. This is a bad provision. Scope of criminal penalties must not be extended beyond offenses consisting of willful trademark counterfeiting or copyright piracy on a commercial scale.

3. **Art. 25 – Seizure , Forfeiture, and Destruction**

- a. Art. 25.1 – seizures are no longer limited to serious offenses.
- b. Art. 25.3 – confiscation is no longer an alternative to forfeiture.
  - i. Uses the term “infringer” and not “plaintiff”, implying that forfeiture or destruction if possible even before legal proceedings.<sup>8</sup>

#### **Chapter II – Section 5: Enforcement of Intellectual Property Rights in the Digital Environment**

- 1. **Art. 27.2; FN 13** – suggests creating “a regime providing for limitations on the liability of . . . online service providers while preserving the legitimate interests of right holders”. However, this language does not contain any of previous drafts’ language about preventing parties from imposing a general monitoring requirement on providers, thereby making it a possible option.
- 2. **Art. 27.6** – uses the US definition of “willful” for technological circumvention, without labeling it as such, defining “willful” as “knowingly or with reasonable grounds to know.” This provision should explicitly use the term “willful”.

#### **Chapter III – Enforcement Practices**

- 1. **Art. 28.3** – requires promotion of internal coordination and joint actions between member Parties for the enforcement of intellectual property rights.<sup>9</sup>
- 2. **Art. 30** – there is no time constraint on when parties must reveal information to the public, thereby significantly hindering transparency.

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<sup>7</sup> See *id.* at 32.

<sup>8</sup> See *id.* at 33.

<sup>9</sup> See *id.* at 34.