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Memorandum to: ACTA Negotiators

Subject: **Business Perspectives on Recently Released “Summary of Key Elements Under Discussion”**

From: **Concerned business groups operating in ACTA nations**

Date: **July 1, 2009**

Since ACTA negotiations were initiated in June 2008, the business community has widely and openly welcomed the initiative and has sought to contribute support and expertise to the process. Through an *ACTA Business Response Group* comprised of some 30 business organizations working across sectors and within many of the ACTA countries, we have provided governments of negotiating parties with input on various provisions upon which ACTA is being created. We have also sought to participate and provide views to the various public hearings sponsored by governments and to respond to official calls for comment from the public.

Within this context, we have welcomed the public availability of the document entitled, *Anti-Counterfeiting Trade Agreement - Summary of Key Elements Under Discussion*, released by many of the ACTA negotiating governments in early April. With this memorandum, we respectfully submit views in response to the negotiating topics delineated in the “Summary” document.

Our views are organized into a table format for ease of reference. In the left column, we list ACTA provisions as they appear in the Summary document. In the middle column, we provide relevant recommendations we have put forward in our previous memorandums to you. In the right column, we provide additional views, for example, where we have not commented in the past or where we wish to provide further information or clarification.

Generally, we support the Objectives stated in the Summary and the statement made in the Structure and Content section, which stated that ACTA “aims to build on existing international rules in the area of intellectual property, in particular on the TRIPS Agreement...” It is our hope that ACTA will create higher standards and stronger cooperation on combating counterfeiting and piracy.

As always, we stand ready to provide further assistance to the ACTA negotiators where needed and relevant.

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

(released by many of the ACTA negotiating governments in April 2009)

CHAPTER TWO

LEGAL FRAMEWORK FOR ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

Section 1: Civil Enforcement

The following table compares provisions delineated in *Summary of Key Elements under Discussion* with recommendations set forth in the ACTA Business Response Group (BRG) memorandum to ACTA negotiators dated 28 July 2008, entitled “Business Perspectives on Border Measures and Civil Enforcement.”

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
- scope of the section – which intellectual property rights would be covered by the provisions of this section;	No prior recommendation on this issue.	We support the original intention of the Anti-Counterfeiting Trade Agreement (ACTA) to encompass trademark counterfeit and copyright pirated goods.
- 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;	Encourage governments to develop calculation methods that lead to fines against counterfeiters and pirates commensurate to the harms caused in order to increase the deterrent impact of fines, and impose sanctions, such as contempt of court, for failure of violators to pay such fines. Calculation methods can be based on information provided by right holders. Right holders should be allowed to elect award of either actual damages suffered or pre-established	We support including this element and suggest the negotiators consider the recommendation put forth in the memorandum.

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
	damages.	
<ul style="list-style-type: none"> - 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; 	<p>No prior recommendation on this issue.</p> <p>Counterfeit and pirated goods should be destroyed and definitively removed from the channels of commerce, or disposed of with the rights holders' consent where there is no health or safety risk.</p> <p>Destruction of the seized goods and materials and implements used to manufacture them should be conducted in a manner that minimizes risks of further infringements.</p>	<p>We support this approach and element in ACTA.</p> <p>We support including this element and suggest the negotiators consider the recommendation put forth in the memorandum.</p>
<ul style="list-style-type: none"> - 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. 	<p>Grant officials authority to order and/or execute seizure of the infringing goods, and materials and implements used to manufacture and/or package the infringing goods, as well as other physical and financial assets of violators....</p>	<p>We support including this element and suggest the negotiators consider the recommendation put forth in the memorandum.</p>
	<p>Allow right holders to recover costs incurred in the detection, investigation and prosecution of acts of counterfeiting and piracy. Costs that can be recovered by the right holder can include court costs or fees, reasonable attorneys' fees, and storage and destruction fees.</p>	<p>We support including this element and suggest the negotiators consider the recommendation put forth in the memorandum.</p>

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
Not addressed	Provide rights holders who are victims of counterfeiting and piracy the right to obtain information regarding the infringer, including their identities, means of production or distribution, and relevant third parties.	This issue has not been addressed in the Summary. We strongly urge ACTA negotiators to consider this recommendation.

Section 2: Border Measures

The following table compares provisions delineated in *Summary of Key Elements under Discussion* with recommendations set forth in the ACTA Business Response Group (BRG) memorandum to ACTA negotiators entitled “Business Perspectives on Border Measures and Civil Enforcement.”

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
- 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;	<p>Extend greater authority and effective powers to local customs and enforcement authorities and provide <i>ex officio</i> authority for customs authorities to <u>suspend import, export and trans-shipment of goods, including merchandise in free trade zones, which are suspected of being counterfeited or pirated.</u></p> <p>Ensure close cooperation between national customs authorities and the special authorities of their free trade zones or free ports in order to provide for the efficient enforcement of anti-</p>	Issues covering exportation, transhipment, free trade zones and in-transit goods are also key in combating counterfeiting and piracy, particularly in light of the increasingly sophisticated methods of manufacturing and transporting counterfeit and pirated goods. It is therefore critical that border measures set forth in ACTA cover these issues.

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
	counterfeiting and anti-piracy laws to check the offences of trafficking in counterfeit and pirated goods. This would include the seizure of equipment or materials suspected of being used to produce infringing merchandise.	
- a <i>de minimis</i> exception that could permit travelers to bring in goods for personal use;	No prior BRG recommendation on this issue.	<p>The demand in counterfeit and pirated goods is a key contributing factor to counterfeiting and piracy. We believe governments should strongly discourage consumers from purchasing and importing counterfeits.</p> <p>While, we support the stated objective of ACTA with regards to targeting counterfeiting and piracy activities that significantly affect commercial interests rather than the activities of ordinary citizens, we believe making an explicit exception that permits travelers to bring in goods for personal use sends a wrong message to consumers that buying counterfeits is accepted by the government. This inevitably contradicts future public awareness efforts that would be outlined in Chapter Four: Enforcement Efforts of ACTA. We urge ACTA negotiators not to include a de minimis exception.</p>

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
- procedures for right holders to request customs authorities to suspend the entry of goods suspected to infringe intellectual property rights at the border;	Establish clear procedures for right holders to initiate suspension by customs authorities of import, export and trans-shipment of suspected IPR infringing goods, including (a) all relevant and reasonably available evidence that is in its control, which is needed to establish a <i>prima facie</i> case for the party's claims or defenses; (b) reasonable security or equivalent assurance sufficient to protect the defendant and the competent authorities to prevent abuse. Bond requirements, however, should be eliminated as a condition to processing counterfeiting cases by customs. At the very least, the requirements should be established at a reasonable level so as not to deter the procedures. Governments should also take appropriate steps to reduce or eliminate the burdens on trademark owners of suffering costs of storage and destruction of counterfeit goods.	We support including this element and suggest the negotiators consider the recommendation put forth in the memorandum.
- authority for customs to initiate such suspension <i>ex officio</i> (on their own initiative, without a request from the rights holder);	Extend greater authority and effective powers to local customs and enforcement authorities and provide <i>ex officio</i> authority for customs authorities to suspend import, export and trans-shipment of goods, including merchandise in free trade zones, which are suspected of being	We support including this element and suggest the negotiators consider the recommendation put forth in the memorandum.

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
	counterfeited or pirated. Significantly increase inspections of exports/imports to find shipments of counterfeit or pirated goods and refer such findings to appropriate authorities for investigation and prosecution.	
- procedures for competent authorities to determine whether the suspended goods infringe intellectual property rights;	No prior BRG recommendation on this issue.	We recommend that 'competent authorities' be clarified to ensure that the suspended goods are accurately identified by the most appropriate party.
- measures to ensure that infringing goods are not released into free circulation without the right holder's permission, and possible exceptions;	Require authorities to take appropriate steps to ensure that all counterfeit goods are compulsorily destroyed, definitively removed from channels of commerce, or disposed of with the rights holders' consent where there is no health or safety risk. The simple removal of the unlawfully affixed trademark should not be considered a sufficient course of action.	While we support that the infringing goods should not be released into free circulation without the rights holder's consent, we also recommend that the counterfeit goods should be destroyed.
- the forfeiture and destruction of goods that have been determined to infringe intellectual property rights, and possible exceptions;		We support including this element and suggest the negotiators consider the recommendation put forth in the memorandum.
- responsibility for storage and destruction fees;	Governments should also take appropriate steps to reduce or eliminate the burdens on trademark owners of suffering costs of storage and destruction of counterfeit goods....	We support including this element and suggest the negotiators consider the recommendation put forth in the memorandum.
- capacity of competent authorities to require right holders to provide a reasonable security or equivalent	Establish clear procedures for right holders to initiate suspension by customs authorities of import, export and trans-	We support including this element and suggest the negotiators consider the recommendation put forth in the

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
assurance sufficient to protect the defendant and to prevent abuse, and	shipment of suspected IPR infringing goods, including (a) all relevant and reasonably available evidence that is in its control, which is needed to establish a <i>prima facie</i> case for the party's claims or defenses; <u>(b) reasonable security or equivalent assurance sufficient to protect the defendant and the competent authorities to prevent abuse.</u> Bond requirements, however, should be eliminated as a condition to processing counterfeiting cases by customs. At the very least, the requirements should be established at a reasonable level so as not to deter the procedures.	memorandum.
- authority to disclose key information about infringing shipments to right holders.	In cases where relevant authorities have seized goods that are counterfeit or pirated, require authorities to inform the right holder of the names and addresses of the consignor, importer, exporter or consignee. Authorities should: (a) provide right holders access to relevant documents and information for use in conducting private investigations or filing complaints to the courts or other government agencies; (b) provide right holders with sufficient time to commence a proper action pursuant to a seizure/suspension of clearance by customs authorities by introducing	We support including this element and suggest the negotiators consider the recommendation put forth in the memorandum.

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
	provisions that require a time period of at least 20 business days or 31 calendar days from the date of suspension or seizure, whichever is longer, for right holders to commence such action.	

Section 3: Criminal Enforcement

The following table compares provisions delineated in *Summary of Key Elements under Discussion* with recommendations set forth in the ACTA Business Response Group (BRG) memorandum to ACTA negotiators dated 08 October 2008.

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
- clarifying the scale of infringement necessary to qualify for criminal sanctions in cases of trademark counterfeiting and copyright and related rights piracy;	Provide for criminal procedures and penalties to be applied to willful acts of counterfeiting and copyright piracy, which includes acts that cause substantial commercial harm. In addition, governments should treat importation or exportation of counterfeit or pirated goods as illegal activities subject to criminal penalties.	We support including this element and suggest the negotiators consider the recommendation put forth in the memorandum. We urge that ACTA negotiators strongly consider including importation or exportation of counterfeit or pirated goods as illegal activities subject to criminal penalties.
- clarifying scope of criminal penalties;	No prior recommendation on this issue.	We support the application of criminal enforcement to cases of trademark counterfeiting and copyright piracy.
- in which cases the relevant authorities	Ensure the ability of law enforcement	We support including this element and

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
should be empowered to take action against infringers on their own initiative (<i>ex officio</i> , i.e. without complaint by right holders) with respect to infringing activities;	authorities to take action at their own initiative and provide relevant officials with the authority to seize all materials and implements used to manufacture or package counterfeit and pirate goods and any documentary evidence relevant to the offense and assets traceable to the infringing activity. Officials should also be given the authority to impose imprisonment as a sanction against failure to comply with a disclosure order.	suggest the negotiators consider the recommendation put forth in the memorandum.
<ul style="list-style-type: none"> - 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 forfeiture and/or destruction of materials and implements that have been used in the production of the infringing goods; 		
<ul style="list-style-type: none"> - the authority of judicial authorities to order the forfeiture and destruction of the infringing goods; 	Require that all counterfeit and pirate goods be destroyed, definitively removed from channels of commerce, or disposed of with the rights holders' consent where there is no health or safety risk. Bond requirements and the imposition of the costs of storage and destruction of goods on rights' holders should be eliminated.	We support including this element and suggest the negotiators consider the recommendation put forth in the memorandum.
<ul style="list-style-type: none"> - the authority of judicial authorities to order the forfeiture of the assets derived 	Criminalize the laundering of proceeds from counterfeiting and piracy, to ensure	We support including this element and suggest the negotiators consider the

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
from or obtained, directly or indirectly, through the infringing activity;	that counterfeiters and pirates are not profiting from their crimes and strengthen confiscation regimes that provide for the identification, freezing, seizure and confiscation of funds and property acquired through counterfeiting and piracy.	recommendation put forth in the memorandum.
- criminal procedures and penalties in cases of camcording motion pictures or other audiovisual works; and	No prior recommendation on this issue.	Under a broad agreement like ACTA, it will not be sufficient to list a type(s) of method of infringement since an all inclusive list is not possible given the creative abilities of counterfeiters and pirates.
- criminal procedures and penalties in cases of trafficking of counterfeit labels.	No prior recommendation on this issue.	There is no current recommendation on this issue, however, we welcome criminal procedures and penalties for trafficking of counterfeit labels.
Not addressed in the Summary	Encourage judicial authorities to impose penalties at levels sufficient to deter future infringements, including imposing imprisonment and fines for willful counterfeiting and piracy actions. Governments should be encouraged to develop calculation methods that lead to fines against counterfeiters and pirates commensurate to the harms caused in order to increase the deterrent impact of fines, and impose sanctions, such as	This issue has not been addressed in the Summary. We strongly urge ACTA negotiators to consider this recommendation.

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
	contempt of court, for failure to pay such fines.	
Not addressed in the Summary	Take measures to disrupt the sale of counterfeit and pirated goods on leased premises by establishing a legal framework under which landlords would be held liable for failure to terminate existing leases and preventing or otherwise controlling future IP violators on their premises.	This issue has not been addressed in the Summary. We strongly urge ACTA negotiators to consider this recommendation.
Not addressed in the Summary	Provide prompt and reasonable access by rights holders to relevant documents and information on counterfeiters and pirates held by government agencies for the rights holders' use in conducting private investigations, filing of complaints or pursuing proceedings in the courts or with other government agencies	This issue has not been addressed in the Summary. We strongly urge ACTA negotiators to consider this recommendation.
Not addressed in the Summary	Create specialized intellectual property crimes investigation and prosecution units in law enforcement and prosecution structures, respectively, and allocate resources towards training judges and other relevant enforcement authorities.	This issue has not been addressed in the Summary. We strongly urge ACTA negotiators to consider this recommendation.
Not addressed in the Summary	Establish a system for exchange of information between relevant enforcement officials in the signatory countries on	This issue has not been addressed in the Summary. We strongly urge ACTA negotiators to consider this

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
	subjects such as criminal counterfeiters and pirates and best practices in investigating and prosecuting them.	recommendation.

Section 4: Intellectual Property Rights Enforcement in the Digital Environment

We understand that a draft proposal has not been tabled yet. We would therefore like to reiterate our recommendations and have pasted them below for your ease of reference. We look forward to receiving more news and information soon. The below recommendations were submitted with our memo sent on 12 December 2008 entitled “Business Perspectives on International Cooperation, Enforcement Education and Internet-related Issues.”

Recommendations for Internet-Related Issues

- An effective ACTA should address the growing problem of sale of counterfeit items and pirated copyright material through the Internet, which underscores the need for government and industry cooperation across borders. Relevant provisions in ACTA should encourage creative and innovative solutions and cooperation among the many actors including government and industry to explore market-driven, voluntary measures to remove counterfeit and pirated materials and/or deter the sale of counterfeits and pirated material on the Internet.
- Governments should work to ensure that data protection policy does not impede the legitimate protection of intellectual property rights. This should be achieved through a balanced approach that protects the rights of content providers and the interests of individuals and other stakeholders in the digital-networked environment.
- Governments should implement appropriate legal frameworks so as not to discourage the development of effective technological protection measures to address large-scale counterfeiting and piracy over the Internet. Furthermore, governments should provide effective legal remedies to deter circumvention of anti-counterfeiting/anti-piracy technological solutions.

CHAPTER THREE

INTERNATIONAL COOPERATION

The following table compares provisions delineated in *Summary of Key Elements under Discussion* with recommendations set forth in the ACTA Business Response Group (BRG) memorandum to ACTA negotiators dated 12 December 2008 entitled “Business Perspectives on International Cooperation, Enforcement Education and Internet-related Issues.”

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
- recognition that international enforcement cooperation is vital to realize fully effective protection of intellectual property rights;	No specific recommendation in prior memos	International enforcement cooperation is critical to combating counterfeiting and piracy at the global level. While there is no specific recommendation to recognize the importance of international cooperation in previous BRG memos, we strongly support this element in ACTA.
- cooperation among the competent authorities of the Parties concerned with enforcement of intellectual property rights, consistent with existing international agreements;	No specific recommendation in prior memos	We support this approach and element in ACTA.
- 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	Facilitate and create concrete incentives for cooperative enforcement actions among countries through renewed and strengthened existing systems of sharing information and exchange of best practices;	We support this approach and element in ACTA.

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
- capacity building and technical assistance in improving enforcement, including for developing country parties to the agreement and for third countries where appropriate.	<p>Recommendations on capacity building and training programs are covered under the section “Recommendations for Education on Enforcement.” See below:</p> <ul style="list-style-type: none"> - Foster specialized skills, training, capacity building programs and expertise in handling of IPR cases by law enforcement officials and courts. Creating specialized IP units within enforcement agencies, for example, will vastly improve the handling of counterfeiting and piracy cases; 	We support the issue outlined and further recommend that the creation of specialized IP units within enforcement agencies be considered for inclusion.
Not addressed	<ul style="list-style-type: none"> - Establish mechanisms for international cooperation that will be available to both ACTA signatories and non-signatories; 	This issue has not been addressed in the Summary. We strongly urge ACTA negotiators to consider this recommendation.
Not addressed	<ul style="list-style-type: none"> - Establish national coordination mechanisms, such as designating a chief intellectual property enforcement officer with high-level authority to raise the profile of the issue, oversee coordination of relevant government officials and agencies, and allocate necessary financial and personnel resources; 	This issue has not been addressed in the Summary. We strongly urge ACTA negotiators to consider this recommendation.

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
Not addressed	<ul style="list-style-type: none"> - Assist non-signatory countries to develop assessments of the economic and social benefits of participating in the ACTA process. 	This issue has not been addressed in the Summary. We strongly urge ACTA negotiators to consider this recommendation.

CHAPTER FOUR

ENFORCEMENT PRACTICES

The following table compares provisions delineated in *Summary of Key Elements under Discussion* with recommendations set forth in the ACTA Business Response Group (BRG) memorandum to ACTA negotiators dated 12 December 2008 entitled “Business Perspectives on International Cooperation, Enforcement Education and Internet-related Issues.”

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
<ul style="list-style-type: none"> - fostering of expertise among competent authorities in order to ensure effective enforcement of intellectual property rights; 	Foster specialized skills, training, capacity building programs and expertise in handling of IPR cases by law enforcement officials and courts. Creating specialized IP units within enforcement agencies, for example, will vastly improve the handling of counterfeiting and piracy cases;	We support including this element and suggest the negotiators consider the recommendation put forth in the memorandum.
<ul style="list-style-type: none"> - collection and analysis of statistical data and other relevant information such as best practices concerning infringement of intellectual property rights; 	No prior recommendations on these issues.	We support this approach and elements in ACTA.

Provisions delineated in <i>Summary of Key Elements under Discussion</i>	BRG views previously submitted to ACTA negotiators	Additional comment and clarification
<ul style="list-style-type: none"> - 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. 	Establish internal government and external public education programs to enhance the understanding of the harms associated with counterfeiting and piracy, particularly the immediate and extenuating dangers and risks of producing, distributing, marketing, purchasing and consuming counterfeit and pirated products. Governments are encouraged to work with industry as well as with other governments on a coordinated approach, which would send a strong message to consumers, counterfeiters and pirates that they are serious about fighting counterfeiting and piracy.	We support including this element and suggest the negotiators consider the recommendation put forth in the BRG memorandum.

On behalf of:



United Kingdom



European Union



Russia



France



European Union



USA



European Union



Mexico



Ukraine



France



Austria