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Subject: ACTA negotiations
- EU position on the Civil Enforcement and on the Special Requirements
Related to the Enforcement of Intellectual Property Rights in the Digital
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Delegations will find attached the declassified version of the above document.

The text of this document is identical to the previous version.

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COUNCIL OF
THE EUROPEAN UNION

Brussels, 29 July 2010

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NOTE

from: General Secretariat of the Council

to: Delegations

No. prev. doc. : 11440/10 RESTREINT UE DROIPEN 69 WTO 234 PI 71

Subject : ACTA negotiations

- EU position on the Civil Enforcement and on the Special Requirements Related to the Enforcement of Intellectual Property Rights in the Digital Environment Sections

As agreed at the meeting of the Friends of Presidency Group on 22 July 2010, delegations will find in Annex, for information, clarifications regarding the EU position on the above mentioned sections of the draft ACTA, drawn up by the Commission services.

Due to the fact that internal consultations within the Commission are not yet finalised, this document is without prejudice to additional clarifications that might be done at a later stage but before the next round of negotiations in Washington.

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ANNEX

CHAPTER TWO

LEGAL FRAMEWORK FOR ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

[General Obligations¹

ARTICLE 2.X: GENERAL OBLIGATIONS WITH RESPECT TO ENFORCEMENT

...

6. [EU: Each Party shall ensure that the rights of the [EU/CH: defendants, alleged infringers and] third parties shall be duly protected and guaranteed.]

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Section 1: Civil Enforcement

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ARTICLE 2.2: DAMAGES

1. Each Party shall provide that in civil judicial proceedings, its judicial authorities shall have the authority to order the infringer who knowingly or with reasonable grounds to know, engaged in infringing activity of [intellectual property rights] [copyright or related rights, or trademarks], to pay the right holder damages adequate to compensate for the injury the right holder has suffered as a result of the infringement.

In determining the amount of damages [US: for copyrights and related rights infringements and trademarks counterfeiting], its judicial authorities shall have the authority to consider, *inter alia*, any legitimate measure of value submitted by the right holder, which may include the lost profits, the value of the infringed good or service, measured by the market price, the suggested retail price.

2. [EU: in accordance with paragraph 1] [At least] in cases [EU/CH: of intellectual property rights] [of copyright or related rights infringement and trademark counterfeiting], each Party shall provide that in civil judicial proceedings, its judicial authorities shall have the authority to order the infringer to pay the right holder the profits of the infringer that are attributable to the infringement [Kor/EU: which may be presumed to be part the amount of the damages].

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3. [US: At least with respect to works, phonograms, and performances protected by copyrights or related rights, and in cases of trademark counterfeiting, e] [E]ach Party shall may also establish or maintain a system that provides for [EU: one or more of the following options]:

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¹ This Section has been proposed as an initial discussion draft by the US, to receive detailed reactions at the next Round. [One additional thought is to include language from TRIPS 41 and 48]

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- a) pre-established damages, or
- b) presumptions for determining the amount of damages² sufficient to compensate the right holder for the harm caused by the infringement, or
- c) at least for copyright, additional damages.

4. Where a party provides one of the options described in paragraph [EU: 2-3](a) or [EU: 2-3](b), that Party shall ensure that [EU: this option is available as an alternative method of assessing damages to those a right holder has the right to choose that option as an alternative to the remedies.] referred to in paragraph 1 [EU: and 2].

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5. Each Party shall provide that its judicial authorities, where appropriate, shall have the authority to order, at the conclusion of civil judicial proceedings concerning infringement of [intellectual property rights] [copyright or related rights, or trademarks], that the prevailing party be awarded payment by the losing party of court costs or fees and appropriate attorney's fees or any other expenses as provided for under that Party's domestic law.

ARTICLE 2.5: PROVISIONAL MEASURES

...

[US/J/EU/Can: 3. Each Party shall provide that its authorities have the authority to require the plaintiff, with respect to provisional measures, to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the plaintiff's right is being infringed or that such infringement is imminent, and to order the plaintiff to provide a security or equivalent assurance sufficient to protect the defendant [EU/CH: , ensuring compensation for any prejudice suffered when the measure is revoked or lapses due to any reason,] [Kor/NZ/J: ~~ensuring compensation for any prejudice suffered when the measure is revoked or lapses due to any reason,~~] and to prevent abuse. Such security or equivalent assurance shall not unreasonably deter recourse to such procedures [EU: but it may be set at a level intended to ensure that the defendant can receive compensation for any prejudice suffered as a result of the provisional measures]. *(this new EU compromise proposal is an alternative to the current EU/CH proposal in order to answer to the concerns of Kor/NZ and J).*

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² See footnote 11 to be kept : Such measures may include the presumption that the amount of damages is (i) the quantity of the goods infringing the right holder's intellectual property right and actually assigned to third persons, multiplied by the amount of profit per unit of goods which would have been sold by the right holder if there had not been the act of infringement or (ii) a reasonable royalty [EU/J: or (iii) a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorization to use the intellectual property right in question.]

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Section 4: [Special Measures Related to Technological Enforcement of Intellectual Property in the Digital Environment]

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ARTICLE 2.18 [ENFORCEMENT PROCEDURES IN THE DIGITAL ENVIRONMENT]³

1. Each Party shall ensure that enforcement procedures, to the extent set forth in the civil and criminal enforcement sections of this Agreement, are available under its law so as to permit effective action against an act of [US/Aus/NZ/Can/Sing/MX: trademark, copyright or related rights][J/EU/CH: intellectual property rights] infringement which takes place [US/Sing/MX: by means of the Internet][EU/CH: in the digital environment] , including expeditious remedies to prevent infringement and remedies which constitute a deterrent to further infringement.

[EU/CH/NZ: Those measures, procedures and remedies shall also be fair and proportionate.]⁴

[EU: will ask for the deletion of this paragraph 2]

2. Without prejudice to the rights, limitations, exceptions, or defenses to [[J: patent, industrial design, trademark and][US/NZ/Aus/J/Sing/Can/MX: copyright or related rights]][EU/CH: intellectual property rights] infringement available under its law, including with respect to the issue of exhaustion of rights, each Party [US: confirms that] [CH: shall provide for] [US/J: civil remedies as well as limitations, exceptions, or defenses with respect to the application of such remedies, are available in its legal system in cases of third party liability⁵][Can/NZ/Sing/Aus: or liability for those who authorize infringement, or both] for [[J: patent, industrial design, trademark and][US/NZ/Aus/Sing/Can/J/MX: copyright or related rights]][EU/CH: intellectual property rights] infringement.⁶

[EU: will ask for the deletion of this paragraph 2]

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3. Each Party shall [CH: may] provide at least

³ Canada and Mexico reserve their right to revisit elements of this Section at a later date.

⁴[EU/CH/NZ: See identical comment on the draft Chapter 2, Section 1 “Civil Enforcement” and Section 3 “Criminal Enforcement”. A suggestion is to move these provisions into Chapter 1, Section A which applies to the whole Agreement. Direct reference to TRIPS might also clarify the scope of these obligations.]

⁵ [US/MX: For greater certainty, the Parties understand that third party liability means liability for any person who authorizes for a direct financial benefit, induces through or by conduct directed to promoting infringement, or knowingly and materially aids any act of copyright or related rights infringement by another. Further, the Parties also understand that the application of third party liability may include consideration of exceptions or limitations to exclusive rights that are confined to certain special cases that do not conflict with a normal exploitation of the work, performance or phonogram, and do not unreasonably prejudice the legitimate interests of the right holder, including fair use, fair dealing, or their equivalents.]

⁶ Negotiator’s note: This provision may be moved and located in the civil enforcement section.

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- (a) that online service providers⁷ shall **[EU: either]** not be held liable or shall not be subject to monetary remedies⁸ **[EU: , in accordance to the parties' respective legal system,⁹]** for at least civil copyright or related rights infringements¹⁰ that occur by any of the following:
- (i) automatic technical processes **[J: that keep the provider from taking measures to prevent infringement, such as those]** as part of the transmission of material when the online service provider did not initiate the transmission, did not select or modify the material, and did not select the recipients of the material^[11];
 - (ii) the automatic, intermediate, and temporary storage of material made available online by a person other than the online service provider and transmitted by the online service provider to its users without modification of the material; or
 - (iii) [storage of material provided by a user of the online service provider [US/Can: or][EU: and including] referring or linking users to an online location containing infringing material or activity **[EU: , to the extent that these are of a technical, automatic and passive nature].]**

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⁷ For purposes of this Article, online service provider and provider mean a provider of online services or network access, or the operators of facilities therefore, and includes an entity offering the transmission, routing, or providing of connections for digital online communications, [Can: ~~between or among points specified by a user, of material of the user's choosing, without modification to the content of the material as sent or received~~] between or among points specified by a user, of material of the user's choosing, without modification to the content of the material as sent or received

⁸ In implementing Article 2.18.3, each Party may provide limitations on the scope of injunctions available against online service providers for infringing activities included in paragraph (a).

⁹ **[EU: This Agreement is without prejudice to the European Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce).] The EU will also show its preference for the creation of Recitals where the content of this footnote would be better placed.**

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¹⁰ For greater certainty, the Parties understand that **[EU: these limitations are not intended to harmonize the liability of online service provider, but exclude liability in certain situations. Thus]** the failure of an online service provider's conduct to qualify for a limitation of liability under its measures implementing this provision shall not bear adversely upon the consideration of a defense by the provider that the provider's conduct is not infringing or any other defense.

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¹¹ [US/ EU/ CAN will provide for clarification of this provision with respect to ephemeral caching].

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(b) that the application of the provisions of subparagraph (a)(ii) is conditioned on an online service provider [J: take appropriate measures] expeditiously [Can: or within a defined period of time] [J: such as those to remove or disable] removing or disabling access to material upon [J: obtaining actual knowledge of the infringement or having reasonable grounds to know that the infringement is occurring] **[EU: obtaining knowledge that the information at the initial source of the transmission has been removed from the network or access has been disabled or that a court or administrative authority has ordered such a removal or disablement receipt of a legally sufficient notice of alleged infringement concerning material that has previously been removed from the originating site].**

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(c) that the application of the provisions of subparagraph (a)(iii) is conditioned on

[US: (i)] an online service provider not receiving a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity; and]

[(i) [US: (ii)] an online service provider [J: taking appropriate measures] expeditiously [J: such as those to remove or disable] removing or disabling access to material (A) upon obtaining actual knowledge that the material or an activity using the material is infringing, such as [US/Aus: for example] upon receipt of a legally sufficient notice¹² of alleged infringement, [US/Aus: and] in the absence of a legally sufficient response from the relevant alleged infringer indicating that the notice was the result of mistake or misidentification;]

(B) in the absence of actual knowledge, when the online service provider **[EU: , as regards claims for damages]** [J: has reasonable grounds to know that the infringement is occurring] is aware of facts or circumstances from which infringing activity is apparent.
[Can: or]

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(iii) [Can: the service provider not **[EU: being made aware knowing]** of a decision of a court of competent jurisdiction that the hosted materials are infringing]

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3 bis No Party's legislation may condition the limitations in subparagraph (a) on an obligation that the online service provider monitors its services or [CH: in any other way] actively or affirmatively seeks facts indicating that infringing activity is occurring.

¹² [US: Each party understands that a legally effective notice or counter-notice must, at a minimum, contain information that is reasonably sufficient to enable the online service provider to identify the work or works claimed to have been infringed and the online location of the alleged infringement.]

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[J: 3 *ter*. Each Party [EU: mayshall] ensure that its [EU: judicial] authorities have the authority to order an online service provider to expeditiously disclose the information of the relevant subscriber to the right holders, who have given legally sufficient claim with valid reasons to be infringing their trademarks or copyright or related rights.

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3 *quarter*. Each Party shall endeavor to promote the development of mutually supportive relationships between online service providers and right holders to deal effectively with patent, industrial design, trademark and copyright or related rights infringement which takes place by means of the Internet, including the encouragement of establishing guidelines for the actions which should be taken.]

[EU/J/CH/Mex/Sing/Mor/Aus: 4. Each Party shall provide adequate legal protection and effective legal remedies [US: at least] against the circumvention of effective technological measures¹³ that [US: are used by, or at the direction of,] authors, and [NZ: performers] performers and producers of phonograms [US: use] use in connection with the exercise of their rights and that restrict acts in respect of their works, [NZ: performances] performances, and phonograms, which are not authorized by the authors, the [NZ: performers] performers or the producers of phonograms concerned or permitted by law.

[US: In order to provide such adequate legal protection and effective legal remedies, each Party shall provide protection at least against:]¹⁴ Adequate legal protection shall be provided, in appropriate cases, at least against:

- (a) [NZ: ~~the unauthorized circumvention of an effective technological measure [US: that restricts acts not authorized by the right holder and is]carried out knowingly or with reasonable grounds to know¹⁵;~~] and the unauthorized circumvention of an effective technological measure [US: that restricts acts not authorized by the right holder and is]carried out knowingly or with reasonable grounds to know¹⁶; and
- (b) the manufacture, importation, or distribution [US: of, or offer to distribute, a device or product, that circumvents an effective technological measure and is either:] of a device that has predominant function of circumventing an effective technological measure and that is any of the following:

¹³ [Option US: For purposes of this Article, an effective technological measure means any technology, device, or component that, in the normal course of its operation is used by or at the direction of a right holder to control access, such as encryption, scrambling, or other transformation of their works, [NZ: performers] performances, or phonograms, or a copy control that protects any copyright or rights related to copyright.] [EU:, which achieves the protection objective.] [NZ: For the avoidance of doubt, it does not include any technology, device or component that only controls access to a protected work or phonogram for non-infringing purposes]

¹⁴ [J: Each Party may comply with its obligation under this paragraph by providing such protection against appropriate cases of conduct referred to in subparagraph (a) and (b), provided that it does not impair the adequacy of legal protection or the effectiveness of legal remedies.]

¹⁵ No Party shall be obliged to apply subparagraph (a) to the unauthorized circumvention of a copy control.

¹⁶ No Party shall be obliged to apply subparagraph (a) to the unauthorized circumvention of a copy control.

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- (i) [US: ~~marketed for the purpose of circumventing an effective technological measure~~] marketed for the purpose of circumventing an effective technological measure;
- (ii) primarily designed or produced for the purpose of circumventing an effective technological measure; or
- (iii) has only a limited commercially significant purpose other than circumventing an effective technological measure.]

[EU: will ask for the deletion of footnotes attached to this paragraph 4]

Option 1

5. Each Party shall provide that effective legal remedies [EU: ~~effective legal remedies~~] [EU: adequate legal protection] against a violation of a measure implementing paragraph (4) is independent of any [J: other unlawful activities] infringement of copyright or related rights.¹⁷

Option 2

5. [US/Sing/NZ/Aus/: Each Party shall provide that a violation of a measure implementing paragraph (4) is independent of any [J: other unlawful activities] [J: ~~infringement of copyright or related rights~~] infringement of copyright or related rights.¹⁸]

[EU: will ask for the deletion of this paragraph 5]

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Article 2.18.X

Each Party may adopt and maintain exceptions or limitations to measures [Can: ~~measures~~] [Can: provisions] implementing paragraph (4), so long as they do not significantly impair the adequacy of legal protection of those [Can: ~~those~~] [Can: technological] measures or the effectiveness of legal remedies for violations of those measures.¹⁹

[EU: will ask for the deletion of this Article 2.18.X]

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6. To protect electronic rights management information, each Party shall provide adequate legal protection and effective legal remedies against any person performing without authority any of the following acts knowing, or with respect to civil remedies having reasonable grounds to know, that it will induce, enable, facilitate, or conceal an infringement of any copyright or [Can: with respect to phonograms any] related right:

¹⁷ [J: in accordance with the applicable national legislation,] The obligations in paragraphs (4) and (5) are without prejudice to the rights, limitations, exceptions, or defenses to copyright or related rights infringement. Further, [US: in implementing] paragraph (4)[US: ~~does not create an obligation to~~] does not create an obligation [US: no Party may] to require that the design of, or the design and selection of parts and components for, a consumer electronics, telecommunications, or computing product provide for a response to any particular technological measure, so long as the product does not otherwise violate any measures implementing paragraph (4).

¹⁸ [J: in accordance with the applicable national legislation,] The obligations in paragraphs (4) and (5) are without prejudice to the rights, limitations, exceptions, or defenses to copyright or related rights infringement. Further, [US: in implementing] paragraph (4)[US: ~~does not create an obligation to~~] does not create an obligation [US: no Party may] to require that the design of, or the design and selection of parts and components for, a consumer electronics, telecommunications, or computing product provide for a response to any particular technological measure, so long as the product does not otherwise violate any measures implementing paragraph (4).

¹⁹ Negotiator's note: sovereign immunity provision required for this provision

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- (a) to [Sing: knowingly] remove or alter any electronic right management information²⁰
- (b) to distribute, [Can: or] import for distribution [Can: to an extent that the copyright owner is prejudicially affected], broadcast, communicate [Can: -], or make available to the public copies of works, [KOR²¹: or other protected subject matters of copyrights or related rights] [performances, or phonograms], knowing that electronic rights management information has been removed or altered without authority.]

7. Each Party may adopt and maintain exceptions or limitations to measures [Can: measures] [Can: provisions] implementing [EU: paragraph (4)] [EU/CH/US: and (5)], so long as they do not significantly impair the adequacy of legal protection of those [Can: those] [Can: technological] measures or the effectiveness of legal remedies for violations of those measures.

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[EU: will ask for the deletion of this paragraph 7]

²⁰ For purposes of this Article, [electronic] rights management information means:

(a) information that identifies a work, [KOR: or other protected subject matters of copyrights or related rights] [performance, or phonogram]; the author [of the work, the performer of the performance, or the producer of the phonogram] [KOR: or the right holders of any of copyright or related rights]; or the owner of any right in the work, performance, or phonogram;

(b) information about the terms and conditions of the use of the work, [performance, or phonogram] [KOR: or other protected subject matters of copyrights or related rights]; or

(c) any numbers or codes that represent the information described in (a) or (b) above, when any of these items is attached to a copy of the work, [performance, or phonogram] [KOR: or other protected subject matters of copyrights or related rights] or appears in connection with the communication or making available of a work, [performance, or phonogram] [KOR: or other protected subject matters of copyrights or related rights] to the public.

²¹ Consider substituting term „at least“