



**COUNCIL OF
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EXT 1**

**DROIPEN 22
WTO 74
PI 28**

PARTIAL DECLASSIFICATION

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Subject:	Pluri-lateral Anti-Counterfeiting Trade Agreement (ACTA) - Chapter 2 Criminal Provisions

Delegations will find attached the partially declassified version of the above-mentioned document.



ANNEX

**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 12 March 2010

**7347/10
EXT 1 (1.10.2012)**

**DROIPEN 22
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NOTE

from: Presidency
to: Permanent Representatives Committee
No. prev. doc. : 7021/10 DROIPEN 19 WTO 68 PI 25 RESTREINT UE
Subject : Pluri-lateral Anti-Counterfeiting Trade Agreement (ACTA)
- Chapter 2
Criminal Provisions

I. INTRODUCTION

The proliferation of infringements of intellectual property rights (IPR) is an ever increasing threat to the sustainable development of the world economy. At European Union level , the law on intellectual property is largely part of the "acquis communautaire", while at international level, all Member States as well as the European Union itself, as regards matters within its competence, are bound by the Agreement on Trade-related Aspects of Intellectual Property (the TRIPS Agreement) .¹

¹ Approved as part of the negotiations of the Uruguay Round by Council Decision 94/800/EC and concluded in the framework of the WTO.

In the framework of the efforts for more effective means of enforcing intellectual property rights, the United States of America and Japan presented an initiative for a new Anti-counterfeiting Trade Agreement (ACTA). At a second phase, Mexico, South Korea, Australia, New Zealand, Uruguay, Morocco and Singapore joined the negotiations.

This initiative provided for a legal framework for the protection and enforcement of IPR infringements in particular in the following areas:

customs enforcement, civil and administrative enforcement , criminal enforcement, special measures regarding the digital environment ,dispute settlement and special measures for developing countries.

In this respect , on 20 November 2007, the Commission submitted to the Council a Recommendation from the Commission to the Council, to authorise the Commission to open negotiations for a Pluri-lateral Anti-counterfeiting Trade Agreement² which was adopted by the Agriculture and Fisheries Council on 14 April 2008. On the basis of this recommendation, *"on matters falling within the competence of Member States, the Presidency , on behalf of Member States, will fully participate in the negotiations as specified in the attached negotiating directives"*.³

Seven Negotiating sessions have taken place until now , where the Presidency has presented, for the matters falling under the competence of Member States, the position of the Member States of the European Union, which has been previously co-ordinated in the relevant Council Working Parties. The 8th Negotiating Round is scheduled on 12-16 April 2010 in New Zealand and participants aim at concluding negotiations on this Agreement at the end of 2010.

² Doc. 7759/08 WTO 49 PI 15 UD 48 MI 101 JUSTYCIV 56 COPEN 52 DROIPEN 29 RESTREINT UE

³ Doc. 7759/08 WTO 49 PI 15 UD 48 MI 101 JUSTCIV 56 COPEN 52 DROIPEN 29 RESTREINT UE , p.2

In view of this 8th Negotiating Round, the Member States of the European Union coordinated their positions on Chapter 2 "Criminal provisions" of the Agreement, during several meetings of the "Friends of Presidency" Group and lastly on 8 March 2010. The position of the Member States of the European Union on Chapter 2 , "Criminal provisions" , as it arose from the discussions in the last meeting of the "Friends of Presidency " Group is set out in the Annex to this note. Modifications with regard to document 7021/10 DROIPEN 19 WTO 68 PI 25 RESTREINT UE are highlighted in bold. Comments by delegations are set out in footnotes.

II. PENDING ISSUES

The "Friends of Presidency" Group during its last meeting on 8 March 2010, succeeded in resolving most of the pending issues. However, the following questions need a more in depth discussion:

a) Commercial scale

The **NOT DECLASSIFIED** delegation supported by the **NOT DECLASSIFIED** delegation cannot accept the drafting of the last part of the sentence in Article 2.14 (1), relating to the infringements of related rights on commercial scale, as being very broad . **NOT DECLASSIFIED** proposed instead of "commercial scale" the insertion of the phrase " in commercially significant cases". It has to be noted that the expression " commercial scale " is provided for in Article 61 of the TRIPS Agreement and that is why it was preconised in the drafting of this Article, bearing also in mind the lack of an accepted definition of " commercial scale" .

b) Addition of geographical indications in the scope of Article 2.14 (1)

The **NOT DECLASSIFIED** delegation expressed its strong wish to broaden the scope of Article 2.14 (1) by adding the "geographical indications". This position was opposed by some Member States, while others could be flexible. The opposing Member States could accept an addition of the "geographical indications " in other Chapters of the Agreement but not in Chapter 2.

c) *Ex officio* criminal enforcement

The **NOT DECLASSIFIED** delegation opposes the inclusion in the agreement of Article 2.17 on "*ex officio* criminal enforcement" as such an inclusion would affect some principles of their criminal system.

III. CONCLUSION

In the light of the above, the Permanent Representatives Committee is requested to give guidance aiming at resolving the above mentioned pending issues.

CHAPTER 2

Section 3: Criminal enforcement

Article 2.14: Criminal offences

1.- Each Party shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark⁴ counterfeiting⁵ and⁶ copyright or related rights piracy⁷ on a commercial scale.^{8 9}

2.- Each Party shall provide for criminal procedures and penalties to be applied in cases of wilful, **unauthorised**¹⁰ importation and domestic use in the course of trade on a commercial scale of labels,

- (i) to which a mark has been applied, which is identical to or cannot be distinguished from a trademark registered in its territory, and

⁴ Proposal from **NOT DECLASSIFIED**: add “geographical indications”.

⁵ **NOT DECLASSIFIED**

⁶ Agreed fallback position: “or”.

⁷ **Negotiator’s note: The term “related rights” is defined by each Party in accordance with its international obligations.**

⁸ **NOT DECLASSIFIED** supported by **NOT DECLASSIFIED** considers this drafting too broad. **NOT DECLASSIFIED** proposed to add instead of "on a commercial scale" the phrase "in commercially significant cases".

⁹ **NOT DECLASSIFIED**. [EU: delete footnote].

¹⁰ Addition proposed by **NOT DECLASSIFIED** and supported by **NOT DECLASSIFIED**. **NOT DECLASSIFIED** lodged scrutiny reservation on this addition.

- (ii) which **are** intended to be used on goods or **in relation to**¹¹ services which are identical to goods or services for which the trademark is registered.

3.- Unauthorised cam-cording

(Deleted)

Article 2.15: Liability, penalties and sanctions

1.- Liability of legal persons

(i) Each Party shall adopt such measures as may be necessary, consistent with its legal principles, to establish the liability of legal persons for the offences referred to in Article 2.14.

(ii) Subject to the legal principles of the Party, the liability of legal persons may be criminal or non-criminal.

(iii) Such liability shall be without prejudice to the criminal liability of the natural persons who have committed the criminal offences.

2.- Inciting, aiding and abetting

The provisions of this section shall apply to inciting¹², aiding and abetting the offences referred to in Article 2.14.

¹¹ **NOT DECLASSIFIED** scrutiny reservation

¹² Agreed fallback position: delete “inciting”.

3.- Penalties and sanctions

(i) For the offences referred to in Article 2.14, each Party shall provide for effective proportionate and dissuasive penalties. The available penalties shall include imprisonment and monetary fines¹³.

(ii) For legal persons held liable under Article 2.15.1, each Party shall provide for effective, proportionate and dissuasive sanctions, including monetary sanctions.

Article 2.16: Seizure, forfeiture/confiscation and destruction

1.- Seizure

In case of an offence referred to in article 2.14, each Party shall provide that its competent authorities shall have the authority to order the seizure of suspected counterfeit trademark goods or pirated copyright or related rights goods, any related materials and implements used in the commission of the alleged offence,[...] documentary evidence relevant to the alleged offence and any assets derived from, or obtained directly or indirectly through the infringing activity.

Each Party shall, if a prerequisite for such an order, according to its national law, is the identification of the items, ensure that the order need not determine the items that are subject to seizure in more detail than necessary to allow their identification for the purpose of the seizure.

¹³ **Negotiator's note: This does not imply an obligation for a Party to provide for the courts a possibility to impose both penalties in parallel.**

2.- Forfeiture/confiscation and destruction

(i) For the offences referred to in Article 2.14, each Party shall provide that its competent authorities shall have the authority to order confiscation/forfeiture and/or destruction of all counterfeit trademark goods or pirated copyright goods, of materials and implements used in the creation of counterfeit trademark goods or pirated copyright goods, of the assets derived from, or obtained directly or indirectly, through the infringing activity.

(ii) Each Party shall ensure that the counterfeit trademark goods and pirated copyright goods that have been confiscated/forfeited under this subparagraph shall, if not destroyed, be disposed of outside the channels of commerce, under the condition that the goods are not dangerous for the health and security of persons.

(iii) Each Party shall further ensure that confiscation/forfeiture and destruction under this subparagraph shall occur without compensation of any kind of the defendant.

(iv) Each Party may provide that its judicial authorities have the authority to order the confiscation/forfeiture of assets the value of which corresponds to that of such assets derived from or obtained directly or indirectly through the infringing activity.

Article 2.17: *Ex officio* criminal enforcement¹⁴

Each party shall provide that its competent authorities may act upon their own initiative to initiate investigation and/or legal action with respect to the offences prescribed in article 2.14, at least in case of significant public interest, in accordance with national law.¹⁵

Article 2.18: Rights of the defendant and third parties

Each Party shall ensure that the rights of the defendants and third parties shall be duly protected and guaranteed.¹⁶

¹⁴ Reservation from **NOT DECLASSIFIED** on this Article.

¹⁵ Brackets deleted

¹⁶ Agreed fallback position: move this paragraph to Chapter one, Section A, “Initial Provisions”.