



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 8 November 2011**

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REV 1**

**DROIPEN 85  
WTO 202  
PI 80**

**DECLASSIFICATION**

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Subject:	Plurilateral Anti-counterfeiting Trade Agreement (ACTA) Chapter 2: Draft Criminal provisions
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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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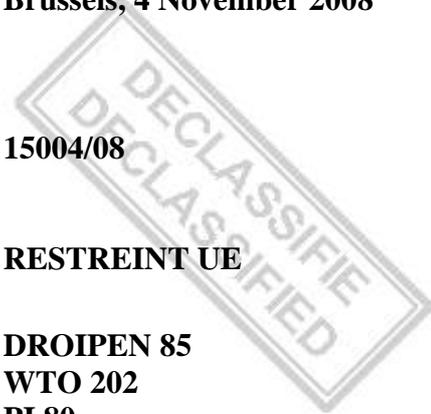
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## **OUTCOME OF THE CONSULTATION**

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of:	Justice and Home Affairs Counsellors
on:	29 October 2008
Subject:	<b>Plurilateral Anti-counterfeiting Trade Agreement (ACTA)</b> Chapter 2: Draft Criminal provisions

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## **I. INTRODUCTION**

In follow-up to the 3rd Round of negotiations on the above mentioned Agreement, which took place on 8-10 October in Tokyo and in accordance with the terms of the negotiating directives relating to this Agreement,<sup>1</sup> the Presidency submitted on 29 October 2008 to the consideration of JHA Counsellors draft proposals on the revised joint Japan-USA proposal on criminal provisions to be included in ACTA, aiming at reaching an EU Common Position on those provisions, in view of the forthcoming 4th Round of negotiations on this Agreement.

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<sup>1</sup> Doc. 7759/08 WTO 49 PI 15 UD 48 MI 101 JUSTCIV 56 COPEN 52 DROIPEN 29.

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## II. THE DISCUSSIONS

At the beginning of the meeting, the Justice and Home Affairs Counsellor of DE supported by SE, NL, UK, IT and LUX, deplored that there has been no opportunity for the national experts to examine in depth the draft which has been submitted by the Presidency and expressed the wish that experts on the matter would be given the opportunity in the future to do so. At the same time, these delegations as well as LT and PL entered a general scrutiny reservation on the criminal provisions chapter while the UK delegation announced its intention to table relevant drafting proposals.

Delegations deplored furthermore the fact that ACTA documents having the classification RESTREINT UE, were not easily accessible to the delegations, who consequently were notified those documents very late and were not able to prepare themselves at time for the meetings.

Delegations proceeded to an exchange of views on the scope to be covered by the proposed criminal provisions. In this respect, the Commission representative indicated that the scope should be extended to include all Intellectual Property Rights enumerated in the Statement by the Commission concerning Article 2 of the Directive 2004/48 EC on the enforcement of Intellectual Property Rights, except for patent rights. ES, IT and PT were also of the view that the scope should be enlarged, in particular to include geographical indications and designs. However, the JHA Counsellors after being reminded of the content of the Directives for the negotiation of ACTA<sup>1</sup> concluded that the scope of the criminal provisions' chapter should remain unchanged as proposed in the joint Japan-USA proposal as of 12 September 2008.

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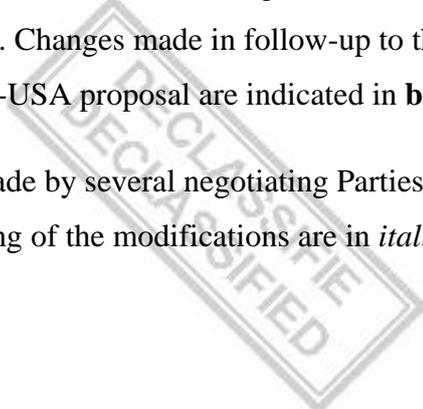
<sup>1</sup> see footnote above.

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## III. OUTCOME OF THE CONSULTATION

The text of the criminal provisions as it arose from the JHA Counsellors meeting is set out in the Annex. Comments by delegations are included in footnotes. Changes made in follow-up to the EU Presidency's proposals with regard to the initial Joint Japan-USA proposal are indicated in **bold**.

Parts of the text which are underlined indicate proposals made by several negotiating Parties on the spot. Explanation's of the drafter to help better understanding of the modifications are in *italics*.



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## Anti-Counterfeiting Trade Agreement

### Legal Framework for Enforcement of Intellectual Property Rights

#### Section 1: Civil Enforcement

[CIRCULATED]

#### Section 2: Border Measures

[CIRCULATED]

#### Section 3: Criminal Enforcement

##### ARTICLE 2.14: SCOPE OF CRIMINAL ENFORCEMENT

- (1.1) **This section lays down criminal provisions to ensure the enforcement of trademark, copyright and related rights<sup>1</sup>.**

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<sup>1</sup> Negotiator's note: For the purposes of this section, definitions of the offences are in accordance with laws and regulations of the Parties.

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(1.2) Each Party shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting [...] or <sup>1</sup>copyright or related rights piracy on a commercial scale.<sup>2</sup> [...].  
[...]<sup>3</sup>

## (1.3) SPECIFIC CASES

### (1.3.1) UNAUTHORIZED CAMCORDING<sup>4</sup>

*(Article 2.16 in the initial joint Japan -USA proposal)*

**(deleted)**

### (1.3.2) TRAFFICKING IN COUNTERFEIT LABELS, ILLICIT LABELS, AND COUNTERFEIT DOCUMENTATION OR PACKAGING

*(Article 2.15 submitted on the spot during the meeting on 8-10 October in Tokyo, by Japan. The USA proposal on the same issue was rejected by the JHA Counsellor's meeting).*

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<sup>1</sup> BE wished to add "willful".

<sup>2</sup> CZ supported by NL indicated that it wished a drafting excluding minor cases. UK wished a definition of the offences on a commercial scale and indicated it will table a draft.

<sup>3</sup> Negotiator's note: EU cannot accept indents 2.14 1 (a) and (b) of the joint Japan-USA proposal.

<sup>4</sup> Negotiator's note/EU cannot accept inclusion in the scope of unauthorized cam-cording.

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Each Party shall provide for criminal procedures and penalties to be applied in cases of wilful importation and domestic trafficking conducted on a commercial scale of labels, to which a mark, which is identical to or cannot be distinguished in its essential aspects from trademark registered in a Party in respect of certain goods or services, or which is **identical** or confusingly similar to such a trademark, has been applied and is intended to be used on either the goods or services for which such trademark is registered or goods or services confusingly similar to such goods or services.<sup>1</sup>

## **(1.4.) LIABILITY OF LEGAL PERSONS**

*(new provision ,proposed by the EU Presidency)*

**(1.4.1) Each Party shall adopt such measures as may be necessary ,consistent with its legal principles, to establish the liability of legal persons <sup>2</sup> for the offences established in accordance with Article 2.14 (1.1).**

**Subject to the legal principles of the Party, the liability of legal persons may be criminal, civil or administrative.**

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<sup>1</sup> The majority of delegations lodged scrutiny reservations on this provision. BE wished to add a new indent drafted as follows: "illicit labels affixed to, enclosing, or accompanying, or designed to be affixed to, enclose, or accompany counterfeit labels affixed to, enclosing or accompanying, or designed to be affixed to, enclose, or accompany the following:

- i) a phonogram,
- ii) a copy of a computer program or a literary work,
- iii) a copy of a motion picture or other audiovisual work,
- iv) documentation or packaging for such items".(USA proposal tabled on the spot during the meeting on 8-10 October in Japan).

UK indicated that in its legislation there is no trafficking in relation to these IPR and therefore it cannot support this provision. The COM representative drew the JHA Counsellors' attention to the fact that it seems that in this area there is no Community acquis.

<sup>2</sup> Legal persons are defined as any legal entity having such status under the applicable national law, except for States or any other public bodies acting in the exercise of their prerogative of public power, as well as international organisations.

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**Such liability shall be without prejudice to the criminal liability of the natural persons who have committed the criminal offences.<sup>1</sup>**

**(1.4.2) The provisions of this section shall apply to complicity of the offences referred to in (1.4.1).<sup>2</sup>**

## ARTICLE 2.15 PENALTIES AND PROCEEDINGS

*(Article 2.14 (2) of the initial joint USA-Japan proposal, modified in follow-up to a tentative joint Japan-USA proposal, tabled on the spot during the meeting in Tokyo.)*

**1. For infringements referred to in Article 2.14 each Party shall provide for**

**(a) penalties [that include sentences of imprisonment **and/or** monetary fines ] that are effective proportionate and dissuasive.<sup>34</sup>**

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<sup>1</sup> FI expressed doubts about the necessity of this provision and wondered about its interpretation. PL indicated that a distinction should be made between the liability of the legal person for the offences and the compensation of the damages from these offences.

<sup>2</sup> This provision has not been examined by the JHA Counsellors yet.

<sup>3</sup> Negotiator's note: EU cannot accept footnote 4 according to which USA proposes to include in the Enforcement Practices Section a provision providing that each Party shall encourage its competent authorities to impose penalties at level sufficient to provide a deterrent to future infringements, including imposition of actual terms of imprisonment.

<sup>4</sup> Some delegations had difficulties to accept indication in this provision of the types of penalties, recalling also point 3 of the joint Council-Commission statement of the negotiating Directives. In this respect, COM representative reminded JHA Counselors that Article 61 TRIPS provides expressly for imprisonment and/or monetary fines. Furthermore, according to the view of this Institution, point 3 of the above mentioned joint Statement prohibits reference to "detailed" types of penalties, which is not the case here.

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- <sup>1</sup>(b) That its **competent** authorities shall have the authority to order **confiscation 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.

Each Party shall ensure that the counterfeit trademark goods and pirated copyright goods that have been **confiscated** under this subparagraph shall, if not destroyed, be disposed outside the channels of commerce.<sup>2</sup>

Each Party shall further **ensure** that **confiscation** and destruction under this subparagraph shall occur without compensation of any kind of the defendant.

[(d) *.Point 2.14.(c) of the initial joint Japan-USA proposal, **deleted** in follow-up to its inclusion in the previous provisions*].

- (2) **For the purpose of inquiries in case of an infringement 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 goods, any related [materials and implements used]<sup>3</sup> in the commission of the alleged offence, any documentary evidence relevant to the alleged offence and any (Option J: other) assets derived from, or obtained directly or indirectly through the infringing activity.

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<sup>1</sup> Negotiator's note: EU is of the view that there should be a clear distinction between confiscation and seizure and consequently it has changed the structure of the indents.

<sup>2</sup> COM would like to add the phrase "under the condition that the goods are not dangerous for the health and security of persons".

<sup>3</sup> AT indicated that this phrase is vague and should be specified and delimited. JHA Counsellors were of the view that the phrase "materials and implements" should be further examined. PL entered a scrutiny reservation on this phrase. LT wished to put instead "means and instrumentalities". In this respect, the COM representative indicated that in Directive 2004/48 the phrase "materials and implements" is used.

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## ARTICLE 2.17: *EX OFFICIO* CRIMINAL ENFORCEMENT

(deleted)<sup>1</sup>

### 3. RIGHTS OF THE DEFENDANT

*(New Article proposed by the EU Presidency)*

**Each Party shall ensure that the rights of the defendants and third parties shall be duly protected and guaranteed.**<sup>2</sup>



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Encl.:

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<sup>1</sup> BE and LV would like to keep this provision but indicated that they can be flexible. The COM representative would like to keep this provision, in particular, in order to protect the consumer's health and security as well as the employment.

<sup>2</sup> CZ and DK entered scrutiny reservations on this Article. UK indicated that it has problems with the drafting and in particular with the reference to third parties.