

## **Statement to the Office of the United States Trade Representative on the Final Text of the Anti-Counterfeiting Trade Agreement in Connection with Consideration of U.S. Signature of the Agreement**

The American Bar Association (“ABA”) Sections of Intellectual Property Law (“ABA-IPL Section” and Section of International Law (“ABA SIL Section”) are pleased to have the opportunity to present the following statement (the “Statement”) in support of the final text of the Anti-Counterfeiting Trade Agreement (“ACTA”), and to provide that Statement as a part of the requested public comments to the Office of the United States Trade Representative (“USTR”) with respect to ACTA.

With more than 400,000 members, the ABA is the largest voluntary professional association in the world. ABA provides law school accreditation, continuing legal education, information about the law, programs to assist lawyers and judges in their work, and initiatives to improve the legal system for the public.

The ABA-IPL Section is the largest intellectual property organization in the world and the oldest substantive Section of the ABA. Since 1894, we have advanced the development and improvement of intellectual property laws and their fair and just administration. As the forum for rich perspectives and balanced insight on the full spectrum of intellectual property law, the ABA IPL Section serves as the ABA voice of intellectual property law—within the profession, before policy makers, and with the public.

The ABA SIL Section, with over 20,000 members, is the ABA leader in the development of policy in the international arena, the promotion of the rule of law and the education of international law practitioners. Many of its members are experienced in the intellectual property laws of the United States and other countries.

The Statement is the work of the Task Force on the Anti-Counterfeiting Trade Agreement (“Task Force”), a joint effort by members of the Section of Intellectual Property Law and the Section of International Law of the American Bar Association. The Section memberships include lawyers in the private practice and in the law departments of businesses, as well as in the faculties of law schools and in government. In addition, many non-U.S. attorneys are active as Associate Members in the Sections and have contributed their expertise and insights to the Sections’ work.

The Statement reflects the perspective of Task Force members’ substantial expertise and experience, in the United States and abroad, in intellectual property law and enforcement. The views expressed herein are presented jointly on behalf of the Sections. It has not been approved by the House of Delegates or the Board of Governors of the American Bar Association, and, accordingly, it should not be construed as representing the policy or viewpoint of the American Bar Association as a whole.

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## Statement

This Statement is in response to a call from the USTR for public input on the final text of the ACTA, in light of consideration by the United States of signing the Agreement.

The Task Force on the Anti-Counterfeiting Trade Agreement commends and supports the U.S. Government's efforts that resulted in the just-concluded ACTA, and encourages the U.S. government to continue to develop global anti-counterfeiting measures through international consensus, including through the TRIPS framework. We support the Agreement, in general, to the extent it comports with U.S. law:

Conclusion of the ACTA represents an important step forward. Two dozen nations, accounting for more than half of all global trade, have come together in a common recognition of the importance in our increasingly global economy of strong, effective, and coordinated efforts against trademark counterfeiting and copyright piracy, phenomena that undermine the economies, culture and public health and safety of all nations, as well as respect for the rule of law.

The ACTA represents the most extensive inter-governmental statement of global minimum norms for enforcement against counterfeiting and piracy since the TRIPS agreement, which was drafted more than two decades ago. The ensuing years have seen dramatic increases, both in reliance of the global economy and trade on knowledge, innovation and creativity, and in the pervasiveness and diversity of piracy and counterfeiting, violations that directly attack the most creative and innovative economic sectors. Commercial scale piracy and counterfeiting generally, and online piracy in particular, reach across state lines, and even a single operation may have activities divided among many nations. International cooperation is essential to combating these illegal activities. Negotiation of the ACTA is the first step in a critical international alliance against these threats. It provides a framework for further cooperation, law enforcement coordination, and development of norms that will enable an enhanced fight against global counterfeiting and piracy.

The ACTA serves to underscore the importance placed on the protection and enforcement of intellectual property rights in the context of global trade. Appropriate implementation of the Agreement and continued cooperation among states in this realm will further provide seekers and holders of these rights with the support they need to engage freely in the global economy.

Thus, we support the efforts of the U.S. Government and its counterparts in having concluded the negotiations of the final text of the ACTA. We view the Agreement as not only marking an important first step in managing ongoing commercial-scale threats, but also providing a positive addition to the current framework of international intellectual property rights protection and enforcement.

The Task Force on the Anti-Counterfeiting Trade Agreement stands ready to assist the U.S. Government by providing its expertise or legal analysis on any issues regarding its implementation.<sup>1</sup>

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<sup>1</sup> We understand that ratification of the ACTA in the United States will require no changes to U.S. law. It would be helpful and would assuage many concerns regarding the ACTA if USTR clarified this fact.

## **APPENDIX TO THE ACTA TASK FORCE RESOLUTION**

### *Individual Member Comments*

Members of the ACTA Task Force offered their own comments with respect to certain provisions of the ACTA that they believe warrant attention. These comments, as noted, reflect the opinions of individuals or groups of individuals within the Task Force and do not represent the official stance of the Task Force or of the ABA-IPL or ABA SIL.

### **Chapter I: Initial Provisions and General Definitions**

#### *Initial Provisions: Section 1*

Support was given to the explicit notation in the ACTA that its terms shall not derogate from states parties' obligations under other agreements, including TRIPS, in the belief that this will help alleviate concerns about the relationship between the two agreements, as well as overlapping of provisions with TRIPS-plus provisions under U.S. bilateral and multilateral Free Trade Agreements. Further commendation was given to the provision allowing entry and accession to the ACTA through March 2013.

### **Chapter II: Legal Framework for Enforcement of Intellectual Property Rights**

#### *Civil Enforcement: Section 2*

It was noted that the damages provisions in the ACTA may serve to bolster Article 45 of the TRIPS Agreement, as the former delineates more clearly the measures by which damages may be calculated. It may also benefit rights holders by lowering their burden in establishing damages. Along these lines, it was also noted that further clarification on these measures with respect to the implementation of new damages provisions by states parties and whether "additional damages" (Article 9.3(c)) will include punitive damages is anticipated.

#### *Border Measures: Section 3*

Support was given to the language of Section 3 as a welcome step in facilitating a strong global network for combating counterfeiting and piracy of goods in transit. It was further noted that rights holders would likely be better served by states parties' requiring the implementation of provisions with respect to in-transit goods. From the perspective of rights holders, detaining in-transit counterfeit goods is a natural corollary to other customs-based provisions. To this end, it was recommended that, at the least, an initial step of notifying customs officials in the receiving country of the release of suspect goods in transit, preferably prior to such release.

#### *Criminal Enforcement: Section 4*

A member of the Task Force welcomes in general the prospect of meaningful criminal penalties for willful violations of the rights of intellectual property rights holders. To that end, he/she commends the ACTA's provisions for criminal enforcement of unlawful activities that take place on a commercial scale.

There were several provisions that, members noted, were unclear, and about which guidance on the United States understanding might be warranted.

Definition of "commercial scale": The ACTA text provides for criminal enforcement of acts on a commercial scale, which it defines as including "at least those [acts] carried out as commercial activities for direct or indirect economic or commercial advantage."

Scope of "liability": Liability is premised on "willful trademark counterfeiting or copyright or related rights piracy on a commercial scale," per Art. 23.1. The lack of definition of "willful" may ensnare parties who are deemed to have acted "knowingly" but not necessarily "willfully" under U.S. law.<sup>2</sup>

Destruction of materials "predominantly used" in creating counterfeit or pirated goods: It was noted that the provision raises several questions: Does a defendant's lack of knowledge that implements are being used "predominantly" for illegal purposes constitute a defense? Do the "materials and implements" have to relate to the illegal conduct at issue?

Counterfeiting versus infringement: The use of the term "counterfeiting" in the ACTA, as applied to trademarked goods, is sufficiently broad so as to cover acts that would be deemed infringing, but not counterfeiting, under U.S. law. The extension of "counterfeiting" to include identical or substantially identical marks may lead to criminal punishment for acts garnering civil penalties under U.S. law, and may have a chilling effect on the activities of trademark owners and other good faith actors.

Scope of "counterfeiting trademark goods": Trademark rights holders would also be better served if the definition of "counterfeit trademark goods" was clarified to ensure that packaging bearing a counterfeit trademark is also considered a "counterfeit trademark good" even if the packaging is separate from a good or set of goods. This would inhibit the practice of counterfeiters shipping packaging and products

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<sup>2</sup> U.S. law is unsettled whether in a criminal context willfully can be equated with "knowingly", or if the higher level of mens rea, e.g. a bad purpose is required. See discussion in *Jerman v. Carlisle, McNellie, Rini, Kramer & Ulrich LPA*, 130 S. Ct. 1605, 1614 (U.S. 2010).

separately in order to circumvent this and similar laws in letter but not in spirit, and would bring the ACTA in accordance with 18 U.S.C. §2320.

*Enforcement of Intellectual Property Rights in the Digital Environment: Section 5*

A member of the Task Force notes that the language of Article 27 seems to recognize the importance of balancing the privacy concerns of legitimate users with the interests of creators and rights holders to protect their rights and property under the national laws of the Parties. This will likely alleviate the occurrence of bad actors hiding behind a misuse of the Internet to avoid legal liability and prosecution, particularly in a cross-border situation.

Members of the Task Force support the ACTA's recognition of the importance of legitimate privacy concerns. These members also support the delineation, in Article 27.2, of protections for freedom of expression and fair process.

Also noted by Task Force members was that the provisions of Article 27 will further global efforts in reining in digital piracy by requiring states with insufficient laws to pass new legislation allowing them to implement the ACTA effectively. From the perspective of intellectual property rights owners, such changes will make enforcement more effective and will likely foster an increase in commercial dealing in these states. These members note, however, that trademark rights holders may lack the ACTA-based support in terms of counterfeit goods trafficked online, as Article 27.2 excludes those rights from its protection. To better ensure protection for counterfeited goods in addition to pirated goods, the rights of trademark holders would be better served by explicit inclusion in Article 27.2.

A member of the Task Force notes that the reference in Article 2.18(2) to "digital networks" is unclear. Does it refer to "computational facilities" such as networks, devices, and computers; as well as "information systems" such as the Internet or the Web? In the past, the term "network" was used in specific contexts, such as terrestrial or satellite broadcast networks; telephone networks; non-broadcast satellite networks; bank networks; and so forth. With the rapidly growing capabilities of the Internet, many "network" information services, formerly viewed as "broadcast," "telephone," "cable," "routing," etc., are being provided in digital form on the Internet. There are also many new capabilities being introduced, e.g., the most popular being the growing popularity of "app" stores. Are app stores to be considered as digital networks? As "broadcast," "telephone," "cable" and other programming moves inexorably to the Internet, the basic notion of "network" may shift or cease to be relevant.