



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 1 October 2012

**14607/08
EXT 1**

**DROIPEN 81
WTO 193
PI 75**

PARTIAL DECLASSIFICATION

of document:	14607/08 RESTREINT UE
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Subject:	Plurilateral Anti-counterfeiting Trade Agreement (ACTA)
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Delegations will find attached the partially declassified version of the above-mentioned document.



ANNEX

**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 22 October 2008
(OR. fr)**

**14607/08
EXT 1 (1.10.2012)**

**DROIPEN 81
WTO 193
PI 75**

OUTCOME OF PROCEEDINGS

of: 3rd negotiating session, Tokyo, Japan
on: 8-10 October 2008
No prev. doc.: 13637/08 DROIPEN 71 WTO 180 PI 58 RESTREINT UE
Subject: Plurilateral Anti-counterfeiting Trade Agreement (ACTA)

It should be noted first of all that Member States were strongly represented.

By way of introduction, **NOT DECLASSIFIED** recalled the G8 Toyako Declaration and the wish to conclude the agreement by the end of the year. **NOT DECLASSIFIED** hoped that it would be possible to conclude the agreement swiftly while retaining a high level of ambition; it expressed a wish to organise two meetings before the end of 2008.

NOT DECLASSIFIED entered a general reservation on the text. The EU Presidency stated that, given the time-limits, only a first exchange of views between Member States had been possible. As there was no consolidated position, it indicated that it would only make preliminary observations.

[NOT DECLASSIFIED] presented the text on criminal sanctions. The formulation of this document is based on Article 61 of the TRIPS Agreement, which it is designed to clarify and reinforce.

ART. 2.14§1

Several questions relating to interpretation were raised by the participants:

- the concept of commercial scale ([NOT DECLASSIFIED]);
- contradiction between the chapeau (commercial scale) and §1a (*no financial gain*) ([NOT DECLASSIFIED]);
- scope of the concept of commercial scale with regard to the attached rights (copyrights + trademark rights?) ([NOT DECLASSIFIED]);
- the concept of exports in note 1 ([NOT DECLASSIFIED]);
- scope of the term 'exports' with regard to the rest of the agreement ([NOT DECLASSIFIED]).

As regards commercial scale (and, secondarily, the term "*significant*"), several delegations raised the question of the scope of this concept and, in particular, whether it applied to private uses of counterfeit goods.

[NOT DECLASSIFIED] announced that it wished to determine the interpretation of the concept of commercial scale in Article 61 in order to make clear that it includes large-scale counterfeiting even if it is not for commercial purposes. Furthermore, it regarded (a) and (b) as possible variations of the commercial scale concept.

[NOT DECLASSIFIED] was surprised at the EU's observations, given that [NOT DECLASSIFIED] definition was consistent with that given by the "Directive". The Commission and the Presidency stated that this concept was a civil law matter and that intellectual property was not covered by a criminal-law framework.

Responding to [NOT DECLASSIFIED] question as to whether this concept applied to "peer to peer", [NOT DECLASSIFIED] indicated that it was not intending to refer to any particular technological means.

It also acceded to **NOT DECLASSIFIED** request that the concept of commercial scale should be interpreted as applying to trademarks.

Lastly, several delegations (**NOT DECLASSIFIED**) wished to exclude the **NOT DECLASSIFIED** option ("*trademark infringement caused by confusing similar trademark goods*").

ART. 2.14§2.

a/ The following problems were raised by delegations:

- the EU explained the preliminary exchange of views aimed at redrafting this paragraph in order to use the phrase "*effective, proportionate and dissuasive penalties*". A written contribution is awaited;
- the phrase "*as well as*" which if interpreted as obliging States to lay down both fines and imprisonment, imposed concurrently, conflicted with the freedom of the judicial authority to decide on penalties (**NOT DECLASSIFIED**).

NOT DECLASSIFIED stated that it wanted the two types of penalty laid down, leaving the judge free to impose one or the other:

- the phrase "*consistent with a policy of removing the monetary incentive of the infringer*" and the respective footnote were questioned by delegations, especially insofar as they limited judicial independence in the setting of penalties and, for some States, in the conduct of prosecutions (**NOT DECLASSIFIED**);
- the ambiguity of the last part of the sentence, which could refer to either type of penalty (**NOT DECLASSIFIED**).

NOT DECLASSIFIED confirmed that the wish to deprive the counterfeiter of his potential profit applied to both types of penalty.

b/c/d/ A revised version was submitted at the meeting by **NOT DECLASSIFIED** which replaced the term "*proceeds*" by "*assets derived from, or obtained, directly or indirectly, through the infringing activity*".

Several delegations raised the problem of defining the scope of this new wording and reserved their position (**NOT DECLASSIFIED**).

In particular, **NOT DECLASSIFIED** stated, at **NOT DECLASSIFIED** request, that the term "asset" covered both tangible and intangible property.

In addition, the question of whether such seizable property might be the property of third parties led several delegations to ask about bone fide third parties, their right of redress (**NOT DECLASSIFIED**) and the possibility of compensation (**NOT DECLASSIFIED**).

NOT DECLASSIFIED wanted these provisions to also apply in the event of seizure to activities that were only partly illegal (e.g. simultaneous combination by one industry of a legal activity and a counterfeiting activity).

They agreed that the link between seizable goods and the infringement of rights should be clarified.

To a question from **NOT DECLASSIFIED** concerning the scope of the footnote, **NOT DECLASSIFIED** stated that it applied to these particular provisions only and not the whole of the agreement.

NOT DECLASSIFIED entered a reservation regarding the destination of the seized property, in response to **NOT DECLASSIFIED** remark that, in its view, seizure implied forfeiture to the State, without mentioning the possibility of confiscation for the benefit of rightholders.

Moreover, the EU and **NOT DECLASSIFIED** stated that they found the absence of a need to describe the goods to be seized (2.14.2b) difficult to accept. **NOT DECLASSIFIED** wanted to be able to go further than the TRIPS Agreements on this point.

The EU and **NOT DECLASSIFIED** wanted the phrase "*judicial authorities*" replaced by "*competent authorities*".

The EU and **NOT DECLASSIFIED** wished to retain the **NOT DECLASSIFIED** wording "*have the authority to*".

NOT DECLASSIFIED indicated that the "exceptional circumstances" that made it possible to exclude cases of destruction were aimed in particular at the possible use by the State of these counterfeit goods.

Lastly, **NOT DECLASSIFIED** emphasised that points d i) and ii) were superfluous.

ART. 2.15

As regards Article 2.15, the **NOT DECLASSIFIED** option was submitted only two days before the meeting and the **NOT DECLASSIFIED** option was submitted at the meeting. The first focuses more on the question of trademarks, while the second relates indirectly to copyright.

As a result, these provisions led to few observations. The EU entered scrutiny reservations.

NOT DECLASSIFIED questioned **NOT DECLASSIFIED** option and the phrase "*even absent willful trademark counterfeiting*".

NOT DECLASSIFIED underlined the lack of definition and, in particular, wondered about the links between the terms "*trademarks*" and "*labels*", as well as "*trafficking*" and "*export*".

NOT DECLASSIFIED took the opportunity to state that the TRIPS agreements should be referred to for the definition of trademarks.

Lastly, **NOT DECLASSIFIED** stated that this provision was aimed particularly at cases in which the "label" was separated from the protected good, the objective being to criminalise such activity.

ART. 2.16

In its presentation, **NOT DECLASSIFIED** stated that this article was not aimed solely at films and that the term "*transmit*" referred to a technique for the direct distribution of what was on film without recording.

Several delegations questioned the advisability of criminalising this behaviour, which may be linked to copyright infringements (EU, **NOT DECLASSIFIED**).

NOT DECLASSIFIED in particular stated that the specific mention of this behaviour was aimed *inter alia* at criminalising it even though it had not been committed on a commercial scale within the meaning of Article 61 of the TRIPS agreement.

NOT DECLASSIFIED delegation noted that the term "*transmit*" was ambiguous in that it could include any subsequent transmission of the work, in particular via the Internet or service providers.

Others raised the problem of transmission *to the public* (**NOT DECLASSIFIED** option), limiting the scope of the article; **NOT DECLASSIFIED** delegation explained that in **NOT DECLASSIFIED**.

Lastly, **NOT DECLASSIFIED** raised the criminal law problem caused by the term "*knowingly*"; **NOT DECLASSIFIED** had previously explained that this concept had been chosen on purpose in order to set a degree of stringency lower than the word "*wilfully*" used in Article 61 of the TRIPS agreement.

ART. 2.17

NOT DECLASSIFIED highlighted the "TRIPS+" aspect of this Article, stating that the provisions leave intact the discretion of the judicial authorities as to whether or not to prosecute.

NOT DECLASSIFIED ("investigations") and **NOT DECLASSIFIED** ("competent authorities") preferred **NOT DECLASSIFIED** option; **NOT DECLASSIFIED** European and **NOT DECLASSIFIED** delegations reserved their position, the proposed provisions referring to section 4 of the document which had not yet been forwarded.
