



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 4 July 2012

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**DROIPEN 112
WTO 197
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DECLASSIFICATION

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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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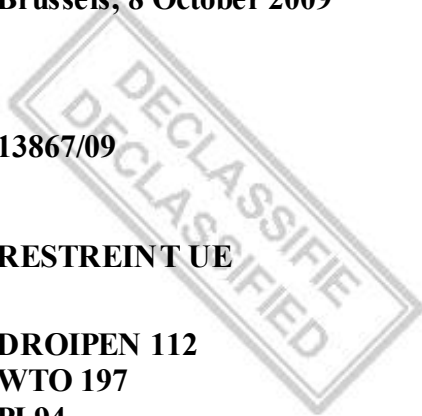
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NOTE

from : Presidency
to : "Friends of Presidency" Group

prev.doc.: Doc.12968/09 DROIPEN 87 WTO 172 PI 83

Subject : Anti-Counterfeiting Trade Agreement (ACTA)
-Chapter 2
Criminal provisions

At the meeting of the "Friends of the Presidency" Group on 23 September 2009, delegations had fruitful discussions on the draft text of criminal provisions to be included in the Anti-Counterfeiting Trade Agreement (ACTA) as set out in the Working Document dated 21 September 2009, prepared by the Presidency.

The text of the criminal provisions as it arose from the discussions in the "Friends of Presidency" Group is set out in the Annex. Some clarifications made by delegations after this meeting have also been taken into account. Modifications with regard to the text in the Working Document are highlighted in **bold**. Comments by delegations are set out in footnotes. Deletions are marked out by [...].

DRAFT POSITION OF THE MEMBER STATES OF THE EUROPEAN UNION ON THE CRIMINAL PROVISIONS IN CHAPTER 2

Section 3: Criminal Enforcement

ARTICLE 1. OFFENCES/CRIMINAL INFRINGEMENTS

1a. TRADEMARK COUNTERFEITING, COPYRIGHT AND RELATED RIGHTS PIRACY ON A COMMERCIAL SCALE

[...]

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

¹ With regard to the Swiss proposal, "infringements of trademarks", the large majority of delegations, while indicating their preference for a narrow scope, expressed their flexibility. According to the view of the Presidency, the Swiss proposal could be used as a fall back proposal during the negotiations, e.g. if the other ACTA-partners would move towards the Japanese proposal to add "confusingly similar trademark goods", either with the word "registered" preceding the word trademarks (addition opposed by PT, HU, IT and CZ who wish the largest scope possible) or without it (deletion of the word opposed by CY, UK and AT) if consensus on its wording will be achieved.

² *Negotiator's note: The term "related rights" is defined by each party in accordance with its international obligations. CZ preferred following wording: Negotiator's note: The term "related rights piracy" is defined by each party.* DE entered scrutiny reservation for both draftings of the Negotiator's note.

³ Some delegations wished to keep the footnote proposed by Japan and US on importation/exportation, while others could accept it only with regard to trademarks. Some delegations also pointed out that the footnote was unclear and that there was a need to add the requirement "commercial scale". Against this background, the Presidency proposes at this stage that the EU Member States does not include the said footnote in their proposal, but encourage Japan and US to explain the footnote in more detail.

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1b. TRAFFICKING/IMPORTATION AND DOMESTIC USE IN THE COURSE OF TRADE OF/IN COUNTERFEIT/ILLICIT LABELS

Each Party shall provide for criminal procedures and penalties to be applied in cases of wilful 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

(ii) which are intended to be used on [either the] goods [or services] which are identical to goods [or services]¹ for which the trademark is registered.

1c. UNAUTHORIZED CAM-CORDING

(deleted)²

ARTICLE 2. LIABILITY AND PENALTIES

2a. LIABILITY OF LEGAL PERSONS³

(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 1.

(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.

¹ UK proposed the deletion of "services".

² FR lodged a reservation on the deletion of this provision.

³ The large majority of delegations agreed that it will be a challenge to explain the added value of this provision and indicated that they could, if necessary, be flexible as to the wording. However, at this stage they preferred to maintain the current proposal. DE proposed the wording of Article 10.2 UNTOC and Article 26.2 UNCAC.

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2b. INCITING, AIDING AND ABETTING

The provisions of this section shall apply to inciting to, aiding and abetting the offences referred to in Article 1.

2c. PENALTIES¹

For the offences referred to in Article 1, each Party shall provide for penalties, including [...] **monetary fines**, that are effective, proportionate and dissuasive. **In respect of natural persons, penalties available shall also include imprisonment.**

ARTICLE 3. SEIZURE, FORFEITURE/CONFISCATION AND DESTRUCTION

3a. SEIZURE

(i) In case of an offence referred to in Article 1, 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 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.

¹ All ACTA counterparts seems to agree that ACTA should be used to clarify that both imprisonment and monetary fines shall be available for the court. This means that they want to avoid the expression "and/or", which would allow the legislator to make available only one of these sentences (imprisonment or monetary fines). The large majority of delegations indicated that they were prepared to accept such a provision, but they were not fond of the text proposed in the Presidency's Working Document. Some delegations also pointed out that, when drafting this Article, one needs to keep in mind that the obligation to provide for imprisonment cannot apply to legal persons. Against this background, delegations are invited to comment on the proposed wordings.

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(ii) Each party shall, **if a prerequisite for such an order 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 unambiguous identification for the purpose of the seizure.¹

3b. FORFEITURE/CONFISCATION and 3c. DESTRUCTION

(i) For the offences referred to in Article 1, 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 [predominantly]² 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.

¹ The large majority of delegations expressed their support for the Swiss proposal concerning identification of items. However, FR, BE, IT and CZ lodged scrutiny reservation on the Swiss drafting, arguing that the wording could be interpreted as an obligation to provide for individual identification of items. The proposed wording is intended to deal with these concerns.

² PT and AT still have scrutiny reservations on the deletion of "predominantly" in this Article.

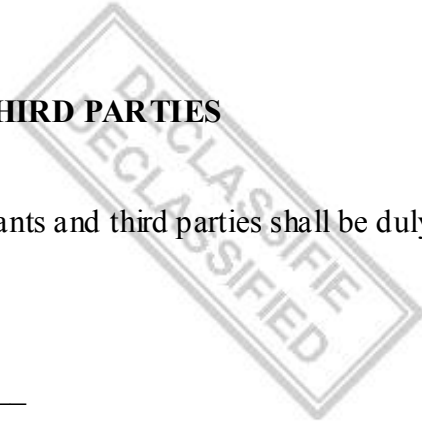
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ARTICLE 4. *EX OFFICIO* ENFORCEMENT

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 offenses prescribed in Article 1,¹ **at least in case of significant public interest².**

ARTICLE 5. 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.



¹ Possible footnote to include in the EU-text: The question whether or not this Article shall apply to offences prescribed in Section 4 needs to be discussed at a later stage.

² Some delegations argued that "serious" before "public interest" was superfluous since "public interest" is serious in itself. However, some delegations would like to keep a qualification. The proposed wording is intended to address these concerns. AT and PL proposed the deletion of this Article.