

Memorandum to: ACTA Negotiators

Subject: Business Perspectives on Border Measures and Civil Enforcement

From: Concerned business groups operating in ACTA nations

Date: July 29, 2008

In light of the upcoming second meeting of the negotiators of the Anti-Counterfeiting Trade Agreement (ACTA) scheduled for July 29-31 in Washington D.C., the undersigned business associations would like to provide specific perspectives on provisions related to border measures and civil enforcement.

It is our understanding that discussions on border measures are expected to conclude shortly and that civil enforcement will be the subsequent topic in the ACTA negotiations. With this understanding, we have compiled the below recommended provisions, which we find crucial to effectively address border measures and civil enforcement issues in ACTA.

Furthermore, we would like to express our appreciation to the negotiating nations that have engaged the business community in collecting comments on ACTA. We look forward to more opportunities to engage with you and to receive additional details on the negotiations so that we can better provide relevant comments and information.

Recommendations for Border Measures

ACTA, at a minimum, should include provisions for border measures that:

1. Extend greater authority and effective powers to local customs and enforcement authorities and provide *ex officio* authority for customs authorities to suspend import, export and trans-shipment of goods, including merchandise in free trade zones, which are suspected of being counterfeited or pirated. Significantly increase inspections of exports/imports to find shipments of counterfeit or pirated goods and refer such findings to appropriate authorities for investigation and prosecution.
2. In cases where relevant authorities have seized goods that are counterfeit or pirated, require authorities to inform the right holder of the names and addresses of the consignor, importer, exporter or consignee. Authorities should: (a) provide right holders access to relevant documents and information for use in conducting

private investigations or filing complaints to the courts or other government agencies; (b) provide right holders with sufficient time to commence a proper action pursuant to a seizure/suspension of clearance by customs authorities by introducing provisions that require a time period of at least 20 business days or 31 calendar days from the date of suspension or seizure, whichever is longer, for right holders to commence such action.

3. Establish clear procedures for right holders to initiate suspension by customs authorities of import, export and trans-shipment of suspected IPR infringing goods, including (a) all relevant and reasonably available evidence that is in its control, which is needed to establish a *prima facie* case for the party's claims or defenses; (b) reasonable security or equivalent assurance sufficient to protect the defendant and the competent authorities to prevent abuse. Bond requirements, however, should be eliminated as a condition to processing counterfeiting cases by customs. At the very least, the requirements should be established at a reasonable level so as not to deter the procedures. Governments should also take appropriate steps to reduce or eliminate the burdens on trademark owners of suffering costs of storage and destruction of counterfeit goods.
4. Require authorities to take appropriate steps to ensure that all counterfeit goods are compulsorily destroyed, definitively removed from channels of commerce, or disposed of with the rights holders' consent where there is no health or safety risk. The simple removal of the unlawfully affixed trademark should not be considered a sufficient course of action.
5. Ensure close cooperation between national customs authorities and the special authorities of their free trade zones or free ports in order to provide for the efficient enforcement of anti-counterfeiting and anti-piracy laws to check the offences of trafficking in counterfeit and pirated goods. This would include the seizure of equipment or materials suspected of being used to produce infringing merchandise.

Recommended ACTA Provisions for Civil Enforcement

ACTA, at a minimum, should include provisions for civil enforcement that:

1. Encourage governments to develop calculation methods that lead to fines against counterfeiters and pirates commensurate to the harms caused in order to increase the deterrent impact of fines, and impose sanctions, such as contempt of court, for failure of violators to pay such fines. Calculation methods can be based on information provided by right holders. Right holders should be allowed to elect award of either actual damages suffered or pre-established damages.
2. Allow right holders to recover costs incurred in the detection, investigation and prosecution of acts of counterfeiting and piracy. Costs that can be recovered by

