

National Interest Analysis [2011] ATNIA 31
with attachment on consultation

Anti-Counterfeiting Trade Agreement
done at Tokyo on 1 October 2011

[2011] ATNIF 22

NATIONAL INTEREST ANALYSIS: CATEGORY 1 TREATY

SUMMARY PAGE

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Nature and timing of proposed treaty action

1. The proposed treaty action is for Australia to ratify the *Anti-Counterfeiting Trade Agreement* (ACTA).
2. Australia signed ACTA at Tokyo on 1 October 2011. The Government proposes to ratify ACTA by lodging an instrument of ratification with the Depositary (Japan) as soon as practicable following consideration by the Joint Standing Committee on Treaties.
3. Article 40 of ACTA provides that ACTA will enter into force 30 days after the sixth instrument of ratification, acceptance or approval is deposited. If Australia is among the first six signatories to ratify, ACTA will enter into force for Australia 30 days after the deposit of the sixth instrument of ratification. Otherwise, ACTA will enter into force for Australia 30 days after the deposit of Australia's instrument of ratification.
4. Australia does not intend to make any reservations or declarations in relation to ACTA.

Overview and national interest summary

5. ACTA is designed to create robust international intellectual property (IP) enforcement standards. These standards are aimed at reducing the international trade in goods infringing IP, particularly in counterfeit trade mark and pirated copyright products.
6. ACTA is an important initiative, as existing IP enforcement standards in the World Trade Organization (WTO) have been insufficient to diminish the growth in international trade in counterfeit and pirated materials. A study by the Organisation for Economic Cooperation and Development (OECD) estimated that the value of this trade in 2007 was AUD 250 billion. ACTA will provide a mechanism for member countries to work cooperatively with each other to achieve effective IP enforcement. Ratifying ACTA would be an opportunity for Australia to demonstrate our support for international efforts to combat the global proliferation of commercial-scale counterfeiting and piracy.
7. No new legislative measures are required to implement obligations under ACTA in Australia.

Reasons for Australia to take the proposed treaty action

8. ACTA offers an effective mechanism to internationalise existing Australian IP standards of enforcement, providing Australian right holders and owners the benefits of wider adoption overseas of the standards applied to IP enforcement at home.
9. Australian IP owners include producers of music, films and written work protected by copyright, as well as producers of brand name goods sold under trade mark. Trade in counterfeit and pirated material is harmful to Australia as it undermines the market for legitimate, Australian-owned IP by diverting consumers towards counterfeit or pirated versions of legitimate products. It can adversely affect the viability of Australian IP-intensive exports, weaken the incentive to invest in innovation, and expose consumers to potentially sub-standard or dangerous products.
10. Supporting global cooperative efforts to reduce the production and international trade in counterfeit and pirated products and encouraging Australia's trading partners to also comply with ACTA would help to limit the importation of such goods into Australia, reduce the burden on enforcement agencies and also protect Australian-owned IP in overseas markets. It would also alleviate pressure on Australian businesses which currently spend money enforcing their IP rights in Australian and foreign courts. One indicator of the IP infringement challenge in Australia is the scale of detected infringements at the border. During the 2009-2010 financial year, the Australian Customs and Border Protection Service seized products suspected of infringing copyright and trade marks laws to the value of AUD 26 million.
11. As ACTA obligations are directly aligned with Australia's IP enforcement standards, any expansion in ACTA membership would bring more countries into conformity with Australian standards. As an ACTA Party, Australia could advocate the benefits of participation in ACTA to improve enforcement in our region.
12. Early ratification of ACTA would enable Australia to play an influential role in the ACTA Committee, which will consider, inter alia, rules and procedures for reviewing the implementation and operations of ACTA (Article 36).

Obligations

13. ACTA sets out obligations which constitute best practice forms of IP enforcement. The obligations are entirely consistent with existing Australian law. The standards set out in ACTA build on the IP enforcement standards articulated in the *WTO Agreement on Trade-Related Aspects of Intellectual Property Rights* (TRIPS Agreement, [1995] ATS 38), to which Australia is party.
14. ACTA contains 45 Articles divided into five chapters, namely Chapter I (Initial Provisions and General Definitions, Articles 1-5); Chapter II (Legal Framework for Enforcement of Intellectual Property Rights, Articles 6-27); Chapter III (Enforcement Practices, Articles 28-32); Chapter IV (International Cooperation, Articles 33-35) and Chapter V (Institutional Arrangements, Articles 36-45). The majority of ACTA's obligations are contained in Chapter II.
15. Under Article 6 of ACTA, Parties must ensure that enforcement procedures are available in domestic law so as to permit effective action against infringements of IP

rights covered by ACTA. These procedures are to be applied so as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

Civil Enforcement

16. Section 2 of Chapter II (Articles 7-12) sets out a range of civil enforcement remedies for infringement of certain IP rights. Parties have the discretion to exclude patents and undisclosed information from the scope of Section 2.

17. Under Section 2, Parties are required to ensure that their domestic courts have the authority to:

- issue an injunction against a party to halt an infringement or to prevent future infringements of IP rights by preventing goods from being traded (Article 8);
- award damages as a remedy to compensate the injury to the right holder as a result of infringement (Article 9). Paragraph 3 of Article 9 sets out further options for compensatory damages, which Australia meets through the court's power to award additional damages for copyright;
- order the destruction of at least counterfeit trade mark and pirated copyright items or the materials used in the creation of those items without compensation of any sort (Article 10);
- order, upon a justified request of the right holder, the infringer to provide relevant information that the infringer possesses or controls (Article 11);
- order provisional measures to prevent infringements from occurring or to preserve evidence in relation to alleged infringements, particularly where any delay may cause irreparable harm to the right holder. These provisional measures include orders for the seizure or taking into custody of suspect goods (Article 12); and
- require the applicant, with respect to provisional measures, to provide reasonably available evidence that the applicant's right is being infringed (Article 12).

Border Measures

18. Chapter II, Section 3 (Articles 13-22) contains measures intended to help customs authorities prevent the import and export of infringing goods. Article 13 sets out the scope of border measures in the Section and promotes the application of measures in a manner that is consistent with a Party's domestic system of IP rights protection, does not discriminate unjustifiably between IP rights and avoids the creation of barriers to legitimate trade. For Australia, border measures apply to counterfeit trade mark and pirated copyright materials of a commercial nature.

19. Under Article 14.2, Parties have the discretion to exclude small quantities of goods of a non-commercial nature contained in travellers' personal luggage from the application of these border protection measures.

20. Under Article 16.1, Parties are required to adopt or maintain procedures with respect to import and export shipments under which their customs authorities have the power to suspend the release of suspected counterfeit or pirated goods on their own initiative. Under Article 16.2, Parties have the discretion to adopt or maintain procedures under which their customs authorities may suspend the release of, or detain, suspected infringing goods in-transit or in other situations where the goods are under customs control. Article 16 further provides that, where appropriate, a right

holder may request its competent authorities to detain or suspend the release of suspected infringing goods. For Australia, right holders can request the customs authorities to suspend the release of suspect imported goods. Parties are also required to give their competent authorities the power to request a right holder to supply relevant information to assist their border measures (Article 15) and, pursuant to a request under Article 16, to provide adequate evidence of a prima facie infringement and sufficient information to make the suspect goods recognisable by the authorities (Article 17). Parties must also provide that their competent authorities have the authority to require an applicant right holder, who makes a request under Article 16, to provide a reasonable security or equivalent assurance, such as a bond, to prevent abuse of the system and to protect the defendant and the competent authorities (Article 18). Under Article 20, if the goods are determined by the competent authorities to be infringing, the relevant Party is required to give their competent authorities the authority to destroy or dispose of the goods or to impose administrative penalties.

21. Under Article 22, a Party may authorise its competent authorities to provide a right holder with information about specific shipments of goods to assist in the detection of infringing goods, and with information about goods to assist in a determination under Article 19 about the infringement of IP rights.

Criminal Enforcement

22. Chapter II, Section 4 (Articles 23-26) deals with criminal enforcement. Under Article 23, Parties are required to provide for criminal procedures and penalties for the following offences (paragraphs 1 and 2):

- wilful trade mark counterfeiting or copyright or related rights piracy on a commercial scale, that is, with at least the purpose of direct or indirect economic or commercial advantage; and
- wilful importation and domestic use of trade mark-bearing labels or packaging intended to be used for selling infringing materials in the course of trade and on a commercial scale.

23. Parties may also provide for criminal procedures and penalties for the unauthorised copying of cinematographic works in facilities where the film is screened for the public (Article 23.3).

24. Where Parties have provided for criminal liability for the above offences, they are also required to ensure that criminal liability for aiding and abetting is available (Article 23.4). The penalties to be available for criminal offences are to include monetary fines and/or imprisonment (Article 24), seizure of suspected counterfeit trade mark or pirated copyright goods as well as related materials (Article 25.1), forfeiture or destruction and disposal of infringing materials (Article 25.3) and forfeiture or destruction of materials used in the creation of counterfeit trade mark or pirated copyright goods (Article 25.4). Further, Parties have the discretion to provide their domestic courts with authority to order the seizure or forfeiture of assets (Article 25.5).

Enforcement of Intellectual Property Rights in the Digital Environment

25. In Section 5 of Chapter II (Article 27), Parties are required to ensure that the civil and criminal enforcement procedures set forth in Sections 2 and 4 of Chapter II are also available under their laws for acts of infringement occurring in the digital, or online, environment. The enforcement procedures must apply to infringement of copyright or related rights over digital networks, and be implemented in a manner that avoids the creation of barriers to legitimate commercial activity and, consistent with the Party's law, preserves fundamental principles such as freedom of expression, fair process, and privacy (Article 27.2).

26. Parties are required to endeavour to promote cooperative efforts within the business community to effectively address trade mark and copyright (or related rights) infringement while preserving legitimate competition and these fundamental principles (Article 27.3). Parties to ACTA may, in accordance with their laws and regulations, facilitate the reduction of online infringement by requiring internet service providers to disclose sufficient information to identify a subscriber that has allegedly used their account for infringement (Article 27.4). Parties are required to provide adequate legal protection and effective remedies against circumvention of effective technological measures used by copyright owners to protect their copyrighted material (Article 27, paragraphs 5 and 6). Parties are further required to have adequate legal protection and effective remedies in place to protect electronic rights management information (Article 27.7).

Enforcement and Cooperation Practices

27. Chapter III (Articles 28 to 32) lists a series of 'best practices' for enforcement bodies such as the Australian Federal Police and Australian Customs and Border Protection Service. It requires Parties to encourage the development of specialised IP enforcement expertise, the collection and analysis of statistical data and effective coordination between enforcement agencies (Article 28). Parties may consult with stakeholders and share information with the enforcement authorities of other Parties (Article 29). Parties are required to make publicly available a range of information about their laws and processes on IP rights enforcement (Article 30). Parties must also, as appropriate, promote the adoption of measures to enhance public awareness of the importance of respecting IP rights (Article 31). Parties are also encouraged to engage in international cooperation, such as through information exchange, capacity building and technical assistance (Chapter IV, Articles 33 to 35).

Institutional Arrangements

28. Chapter V (Articles 36 to 38) establishes an ACTA Committee which will meet annually unless the Committee decides otherwise (Article 36). The Committee will review the implementation and operation of ACTA and consider any proposed amendments (Article 36.2). Article 37 requires each Party to designate a contact point to facilitate communications between the Parties on matters covered by ACTA. While ACTA does not contain a binding dispute management system, Chapter V outlines a consultation process for Parties that are dissatisfied with the implementation of ACTA obligations by other Parties (Article 38).

Implementation

29. No new legislative measures are required to implement obligations under ACTA in Australia.

30. Australia meets all obligations set out in ACTA through legislation already in force and existing common law. Legislation through which ACTA will be implemented includes: the *Copyright Act 1968* (Cth) and *Copyright Regulations 1969* (Cth); the *Trade Marks Act 1995* (Cth) and *Trade Marks Regulations 1995* (Cth); the *Customs Administration Act 1985* (Cth); the *Federal Court of Australia Act 1976* (Cth) and *Federal Court Rules*; the *Criminal Code Act 1995* (Cth); the *Crimes Act 1900* (Cth); the *Proceeds of Crime Act 2002* (Cth) and the *Commerce (Trade Descriptions) Act 1905* (Cth). ACTA implementation is subject to obligations under the *Privacy Act 1988* (Cth).

Costs

31. Compliance with ACTA has few foreseeable additional costs. There may be limited ongoing costs in relation to membership of the ACTA Committee and engagement in ACTA's cooperation activities. These costs would be absorbed from within existing program budgets.

Regulation Impact Statement

32. The Office of Best Practice Regulation, Department of Finance and Deregulation, has been consulted and confirms that a Regulation Impact Statement is not required (OBPR ID number 11633).

Future treaty action

33. Under Article 42, a Party can propose amendments to ACTA to the ACTA Committee. The Committee will decide whether to present the proposed amendment to other Parties for ratification, acceptance or approval. Any amendment would enter into force 90 days after the date that all Parties have deposited their instruments of ratification, acceptance or approval.

34. Acceptance of any amendments to ACTA would be subject to Australia's domestic treaty processes.

Withdrawal or denunciation

35. Article 41 provides that Parties may withdraw from ACTA by providing written notification to the Depositary. The withdrawal would take effect 180 days after the Depositary receives the notification.

36. Withdrawal from ACTA would be subject to Australia's domestic treaty processes.

Contact details

International Intellectual Property Section
Office of Trade Negotiations
Department of Foreign Affairs and Trade

ATTACHMENT ON CONSULTATION

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CONSULTATION

Initial participation in ACTA

37. ACTA was first publicly announced by the United States on 23 October 2007. In November 2007, the Department of Foreign Affairs and Trade (DFAT) published an Australian discussion paper outlining the details of the proposed ACTA, its purpose in the international IP system and its likely impact on Australia. DFAT published the paper on its website, with a request for submissions on the merits of participating in negotiations. The majority of submissions received favoured Australia's participation in negotiations. Australia announced its decision to participate on 1 February 2008 and posted a media release on the homepage of the then Minister for Trade.

General consultations and submission process

38. Throughout the ACTA negotiation process, the Australian Government undertook extensive public consultation on ACTA with a broad range of Australian IP stakeholders. Consultations were held with stakeholders from November 2007 to November 2010, in person and by phone, and included five consultation meetings.

39. More than 150 stakeholders made submissions/representations or participated in the ACTA consultations, with around one-third participating in more than one consultation. A list of organisations which were recorded as having participated in the ACTA consultations has been provided to the Secretary of the Joint Standing Committee on Treaties.

40. Submissions on the merits of ACTA were received from December 2007. In July 2008, before the second round of ACTA negotiations, DFAT called for stakeholder submissions in relation to ACTA's content, in particular border enforcement and civil enforcement matters. DFAT put out a further call for stakeholder submissions in October 2008 (before the third round of negotiations) on criminal enforcement issues.

41. Draft ACTA text was released for public comment on 22 April 2010. This was followed by further publications of the text on the DFAT website in October 2010, November 2010 and December 2010. DFAT hosted information sessions on the published ACTA text in Canberra, in Sydney and Melbourne. These sessions were advertised online on the DFAT website and in the *Canberra Times* and the *Australian*.

42. Updates on the ACTA negotiations were made through the DFAT website and through RSS feed, as requested by stakeholders. Stakeholders were constantly invited to contact DFAT to make further submissions or inquiries in relation to ACTA.

Outcomes from the general consultations and submission process

43. Submissions and consultations on ACTA produced a range of views. Some stakeholders were anxious about potential changes to Australian laws arising through the domestic implementation of ACTA. The communications and services industries expressed concern that ACTA might change or make more onerous the liability of internet service providers (ISPs) for the activities of their clients. A number of stakeholders noted that Australia's participation in ACTA seemed unnecessary given Australia's existing strong IP enforcement regime. Other concerns included doubts about ACTA's impact on the use of peer-to-peer software and the importation of tangible signal theft devices, and about whether ACTA would restrict the right to privacy in Australia or affect sales of generic pharmaceuticals. Some submissions criticised a perceived lack of transparency in the negotiation process and urged the Government to publish the draft text of ACTA and any negotiating documents.

44. Generally, contributions from the entertainment industry expressed the strongest support for an ambitious agreement that would improve enforcement against copyright infringement on the internet and in the digital environment. A number of submissions expressed hope that Australia's negotiation of a high level of IP rights enforcement in ACTA would lead to improved standards of enforcement in the Asia-Pacific region. Many submissions argued that ACTA ought to raise Australia's domestic enforcement standards and some of these submissions supported the adoption of statutory damages for infringement of IP rights under ACTA.

45. All of this feedback was taken into account in formulating the Government's negotiating position, a primary objective of which was an agreement that would not require amendment to any existing Australian laws.

Government consultations

46. ACTA has featured on the schedule of multilateral treaty actions provided to the Commonwealth-State/Territory Standing Committee on Treaties (SCOT) since negotiations first began. DFAT appeared before SCOT on 10 May 2010 and 18 October 2010 to explain the progress of negotiations on ACTA. No concerns were raised on either occasion.

47. Extensive consultations were undertaken throughout the ACTA negotiations with the following Australian Government agencies:

- Attorney-General's Department
- Australian Agency for International Development
- Australian Federal Police
- Australian Customs and Border Protection Service
- Commonwealth Director of Public Prosecutions
- Department of Agriculture, Forestry and Fisheries
- Department of Broadband, Communications and the Digital Economy
- Department of Finance and Deregulation
- Department of Foreign Affairs and Trade
- Department of Health and Ageing
- Department of the Prime Minister and Cabinet

- Department of Regional Australia, Regional Development and Local Government
- Department of Sustainability, Environment, Water, Population and Communities
- Department of the Treasury
- IP Australia
- Office of the Australian Information Commissioner