

**AMENDED**

**Answer to Question on Notice - Joint Standing Committee on Treaties hearing into the  
Anti-Counterfeiting Trade Agreement Monday 19 March**

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**Senator LUDLAM: What would trigger such a raid on a shipment? Does the government need to initiate that Customs action or can a rights holder trigger that process? And:**

**Senator LUDLAM: Can they direct Customs officials? I am just trying to work out the cause and effect that would lead to an action stopping a particular shipment.**

Answer:

Right holders can direct customs officials to seize goods alleged by the right holder to be infringing under ACTA, without any judicial oversight. There does not appear to be any penalties for wrongful allegations of infringement by right holders under ACTA, and there's a risk that the provision could be misused for anti-competitive or chilling effect.

**1. ACTA – broad border measures powers for right holders without judicial oversight**

Under ACTA, negotiating parties must (“shall”) adopt procedures for the import and export of shipments under which, where appropriate, a right holder may request customs to suspend the release of suspect goods: Article 16.1(b). It should be noted that “where appropriate” is not defined, and without *travaux préparatoires*<sup>1</sup> available for ACTA, the scope and intention of this provision is unclear, opening a Pandora’s Box in how this power awarded to right holders is to be interpreted.

It should be noted that parties to ACTA may also extend this power for right holders to seizures of in-transit goods – Article 16.2(a). This is an extremely controversial provision, particularly with respect to access to medicine and the risk that shipments of generic drugs could be seized in transit where they do not infringe intellectual property rights in their country of origin or destination<sup>2</sup>.

Further, ‘competent authorities’ (which *could* be customs authorities or the courts) are given authority under ACTA to release a large amount of information to right holders complaining about an infringement of their intellectual property right. Since ACTA permits release by customs, this could occur under ACTA without any judicial oversight: Article 22. Article 22(c) also permits the release of potentially sensitive commercial information about innocent shippers of allegedly infringing goods to right holders.

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<sup>1</sup>The “travaux préparatoires” are the negotiating documents of a treaty, and can be useful in clarifying the intentions of an instrument. Travaux are often made available to the public online. While the finalised text of ACTA has been made public, the negotiating documents remain secret and cannot be used to clarify the meaning of phrases like “where appropriate”.

<sup>2</sup> In 2010, the EU and the Netherlands repeatedly seized generic drugs on patent infringement grounds that originated in India and other third countries, but transiting through ports and airports in the Netherlands to Brazil and other destinations.

TRIPS contains a specific remedy for the wrongful detention of goods (Article 56), with complainants liable to pay compensation for any injury caused to a consignee and the owner of the goods as the result of wrongful detention. Article 1 of ACTA makes it clear that the agreement does not derogate from obligations under TRIPS, and Article 56 is an obligation (authorities 'shall' have the authority to order...). Nonetheless, the TRIPS safeguards are not specifically included in ACTA, leading a number of commentators to question whether they are preserved.

JSCOT should seek an explanation from DFAT as to why the TRIPS safeguards are not specifically included in ACTA, as well as clarification on the scope of the safeguards – do they apply to import, export and in-transit measures, and not just to imports as covered under TRIPS?

## **2. 'ACTA won't mean changes to Australian law' ...but in same week as JSCOT hearings, IP Amendment (*Raising the Bar*) Bill passes Parliament with increased powers for right holders**

Despite assurances from DFAT that ACTA would not result in changes to our domestic IP regime, Schedule 5 of the Intellectual Property Laws Amendment (*Raising the Bar*) Bill, which passed its third reading in the House of Representatives on 20 March 2012, contains very similar increased powers for right holders as included in ACTA.

Schedule 5 of the *Raising the Bar* bill extends the power given to the Customs CEO under s135AC(8) of the Copyright Act and s134 of the Trade Marks Act to provide personal information and information about an exporter to complainant right holders (not just the importer), obviating the need to apply for a court order to obtain that information.

It should be noted that the information the Customs CEO is permitted to provide under the *Raising the Bar* bill does not extend to the full range of information permitted under ACTA (country of origin, name and address of manufacturer). The ADA and ALCC submit, therefore, that the release of significant amounts of information that may be personal and/or commercially sensitive would still be subject to a court order – and that this should remain the position under Australian law.

We are concerned, however, that since ACTA does not require the level of oversight found in current Australian law, ACTA will encourage authorities in other countries to adopt less rules with less protections for importers – which could affect Australian companies trading overseas.

In Senator Carr's Second Reading Speech accompanying the Bill<sup>3</sup>, he states:

*"The Bill improves the existing arrangements by permitting Customs officials to provide more information to copyright and trade mark owners about goods that are seized at the border. The Bill also requires that Customs only release seized goods if the importer lodges a claim for return..."*

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<sup>3</sup> Intellectual Property Laws Amendment (Raising the Bar) Bill 2011, Second Reading, 22 June 2011, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansards%2F3114f036-d57a-4423-a536-f8c05c168c6e%2F0024%22>

Schedule 5 of that Bill also introduces additional damages for trade marks infringement (Article 9(3) ACTA) as well as increasing criminal penalties (Article 23 ACTA).