



The Anti-Counterfeiting Trade Agreement (ACTA) Strives to Strengthen Protection for Copyright and Trademark Owners throughout the World Against Counterfeiting and Piracy of their Products by Attempting to Harmonize the Laws of Member Nations. But will it Work?

November 19, 2010
[updated October 12, 2011]

by [Phillip Barengolts](#), [Trademark Attorney](#)

[**UPDATE 10/1/11:** ACTA signed by U.S., Australia, Canada, South Korea, Japan, New Zealand, Morocco, and Singapore - all that's left for it to come into effect is the deposit of instruments of acceptance by six of these signatories.] On November 15, 2010, the U.S. Trade Representative (USTR) released the final text of the Anti-Counterfeiting Trade Agreement (ACTA). See it here: http://www.ustr.gov/webfm_send/2379. [**UPDATE:** The final ACTA text, after legal verification in Australia, can be found here: <http://www.dfat.gov.au/trade/acta/Final-ACTA-text-following-legal-verification.pdf>.] It is now up to member nations to “undertake relevant domestic processes” to have ACTA ratified in each participating jurisdiction. Below is a brief background on ACTA and a summary of its most relevant provisions. Also, for a European perspective on ACTA, see this excellent discussion on IPKat. <http://ipkitten.blogspot.com/2010/10/letter-from-amerikat-acta-its-baaaa.html>.

Who are the potential member nations and when will ACTA take effect?

The participants in the negotiations over ACTA are: Australia, Austria, Belgium, Bulgaria, Canada, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, the Republic of Korea, Latvia, Lithuania, Luxembourg, Malta, Mexico, Morocco, the Netherlands, New Zealand, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, the United Kingdom, the U.S., and the European Union. For an as yet to be determined two-year period, only they will have the opportunity to accede to ACTA, as well as any



PATTISHALL
McAULIFFE
NEWBURY
HILLIARD &
GERALDSON LLP

311 South Wacker Drive, Suite 5000 • Chicago IL 60606 • T (312) 554-8000 • F (312) 554-8015 • www.pattishall.com

These materials have been prepared by Pattishall, McAuliffe, Newbury, Hilliard & Geraldson LLP for general informational purposes only. They are not legal advice. They are not intended to create, and their receipt by you does not create, an attorney-client relationship.

other WTO Members that the participants agree may join. After this initial two-year period any member of the WTO may accede to ACTA simply by depositing a document noting the member's approval of ACTA's terms.

ACTA does not become effective on any nation until 30 days after the sixth of the above-referenced participants deposits a document noting their acceptance of its terms. Of course, it will only be effective against the depositors.

Don't bother writing your senator if you disagree with ACTA's terms. Acceptance of ACTA does not require congressional consideration because it is an "executive agreement" that does not require any change to current U.S. law – though not everyone agrees with that assessment and the final text is still subject to "legal review."¹ Currently, the USTR has complete authority to approve ACTA or not. Given that the USTR was highly involved in developing the final terms of ACTA, this author assumes the U.S. will be one of the first nations to accept it.

For it to take force in the EU, however, the EU parliament has to approve ACTA. Some commentators have noted that it may not pass because of a prior vote against some of ACTA's principles. See http://www.laquadrature.net/wiki/Written_declaration_ACTA_12/2010.

[UPDATE: The E.U. Parliament passed a resolution approving the Anti-counterfeiting Trade Agreement in principle on November 24, 2010.]

Why does the world need ACTA?

According to its own preamble, ACTA is intended to help combat the proliferation of counterfeit and pirated goods, as well as the services that distribute such goods, by providing an effective means for enforcing intellectual property rights, promoting cooperation among relevant stakeholders, and providing an international enforcement framework.

Overall, the agreement commits member nations to strong intellectual property protections, much like those already in force in the United States and other developed nations. Thus, it may not require much change in law from the current potential members, but not all WTO members have such strong protections and pressure for them to join could greatly benefit the community of IP owners.

In the context of civil IP enforcement, what does ACTA require of member nations and what does it allow but not require?

ACTA binds member nations to certain commitments regarding trademark and copyright enforcement, including in the digital environment, but does not mandate a specific form of law. Patents, trade secrets and "protection of undisclosed information" may be excluded from a member nation's efforts to comply with ACTA's requirements. ACTA includes language permitting certain laws, but not requiring their implementation by member nations. The outline below breaks down the terms of ACTA by required versus permitted action, so it does not follow the exact order of the provisions in ACTA itself. I have highlighted the focus of each point, where appropriate, for ease of use of this post.

¹ See, e.g., http://keionline.org/sites/default/files/senator_sanders_brown_kappos_19oct2010.pdf and <http://www.publicknowledge.org/blog/law-professors-ask-public-input-acta>. For an explanation of "executive agreement" and why it does not need congressional approval, see <http://www.fas.org/sgp/crs/misc/97-896.pdf>.

Member nations are required to:

- **Generally**, “make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right” or provide that administrative procedures that offer similar remedies will conform to the principles set out in ACTA for judicial procedures;
- Grant their judicial authorities the power to:
 - **issue an injunction** that orders a “a party to desist from an infringement” and “to prevent infringing goods from entering into the channels of commerce.”;
 - **issue provisional remedies**, e.g., a temporary restraining order or preliminary injunction, against a party to prevent:
 - an infringement from occurring;
 - infringing goods from entering commerce; or
 - destruction of evidence relevant to the alleged infringement; and
 - irreparable harm to the rights holder.
 - **order the seizure** of suspected infringing “goods, materials, and implements relevant to the act of infringement;
 - **order** an infringer to pay **damages** sufficient to compensate for the injury suffered by the rights holder and in calculating those damages, the judicial authority shall be permitted to consider “any legitimate measure of value submitted by the right holder, which may include the lost profits, the value of the infringed good or service, measured by the market price, the suggested retail price.”; and
 - **order** an infringer to pay its **profits** attributable to the infringement to the rights holder; and
 - at the conclusion of civil judicial proceedings, **order** that the prevailing party be awarded payment from the losing party of court **costs** or fees, and “appropriate” **attorney’s fees**, or any other expenses provided under a member nation’s laws;
 - **order** the **destruction** of **counterfeit** trademark or **pirated** copyright **goods** at the rights holder’s request and at the expense of the infringer without compensation, except in exceptional circumstances;
 - **order** the **destruction** or other disposal of “materials and implements the predominant use of which has been in the **manufacture** or creation of” **counterfeit** trademark or **pirated** copyright **goods** at the expense of the infringer;
 - subject to a member nation’s privacy laws, **order** the **infringer** to **provide** to the rights holder or the judicial authority “**relevant information**” that the infringer possesses or

controls. Relevant information includes information regarding any person involved in any aspect of the infringement;

- Trademark counterfeiting and works, phonograms and performances protected by copyright, establish a system that provides at least one of the following:
 - “pre-established” damages, i.e., **statutory damages**;
 - **presumptions** for **determining** the **amount of damages** sufficient to compensate a rights holder. ACTA provides guidance on such presumptions, including, for example, a reasonable royalty, but does not require any one particular presumption. See fn. 3 of ACTA text; or
 - additional damages for copyright infringements; and
 - if a member nation allows the recovery of statutory damages or a presumption on the amount of damages, the rights holder or the judicial authority must be **permitted** to **choose** one of these **remedies** as an alternative to its damages or the infringer’s profits.
- Provisional remedies discussed above, permit the relevant authority to:
 - require that the **applicant** for a provisional remedy **provide** “any **reasonably available evidence**” to show with a “sufficient degree of certainty” that the applicant’s right is being infringed;
 - **order** the **applicant** to **provide security** or equivalent assurance to protect the defendant from abuse, but such security “shall not unreasonably deter recourse to such procedures;” and,
 - if the **provisional measures** are **revoked** or it is subsequently found that there has been no infringement, order the applicant to **provide** the **defendant** with **appropriate compensation** for any injury caused by the provisional measure.
- ensure that their **enforcement procedures apply to copyright infringement over digital networks**, provided that such enforcement procedures preserve “freedom of expression, fair process, and privacy.” Significantly, footnote 13 expressly highlights that limitations on liability for online service providers are consistent with ACTA;
- subject to each member nation’s limitations and defenses to copyright infringement, **provide** adequate legal **protection** and remedies **against** the **circumvention** of effective **technological measures** used by “authors, performers or producers of phonograms” to protect their works. Such protection must include, at least, protection against
 - unauthorized circumvention of an effective technological measure;
 - offering a good or service that circumvents such a measure; and

- the manufacture, importation or distribution of a good or service that is primarily designed to circumvent such a measure or has only limited commercially significant purpose other than to circumvent such a measure;
- provided that each member nation may adopt appropriate limitations and exceptions to the implementation of this term;
- subject to each member nation’s limitations and defenses to copyright infringement, **provide** adequate legal **protection** and remedies **against** the removal or alteration of electronic right management information or the dissemination of works knowing that electronic right management information has been removed or altered without authority; provided that each member nation may adopt appropriate limitations and exceptions to the implementation of this term.

Member nations are not required to, but may:

- limit available remedies against government infringement or infringement by third parties authorized by the government of any member nation to “the payment of remuneration.”; and
- permit its judicial authorities to presume that the profits of the infringer are the amount of damages suffered by the rights holder.

What else does ACTA do?

ACTA also includes provisions regarding border measures and criminal enforcement of IP laws. It also encourages certain enforcement practices. Finally, it implements requirements for international cooperation.

The border measures generally require member nations to permit rights holders to submit information to the border authorities to help prevent the import/export of infringing goods. Additionally, subject to a nation’s privacy laws, the border authorities may provide information concerning suspect shipments to the rights holder.

The section dealing with criminal enforcement of IP laws requires member nations to provide for criminal penalties for willful trademark counterfeiting or copyright piracy “on a commercial scale.” Additionally, criminal liability for “aiding and abetting” in such acts must be available.

The enforcement practices ACTA seeks to encourage include: the development of specialized expertise among the authorities of each nation responsible for enforcement of IP rights; collection and analysis of data concerning IP infringement; promotion of internal coordination among a member nation’s relevant authorities; establishment of mechanisms through which rights holders and other stakeholders may be heard; coordination with stakeholders and other member nations in border enforcement of IP rights; and promoting transparency and public awareness in the enforcement of IP rights within each member nation.²

² Ironically, much of the criticism leveled at ACTA during its negotiation was the secrecy with which the member nations negotiated.

To support international cooperation in the protection of IP rights, ACTA requires each member nation to “endeavor to exchange” data about IP enforcement and information on measures taken by a member nation related to enforcement of IP rights. It also requires each member nation to “endeavor to provide” assistance in capacity building for the protection of IP, including help in developing legislation and training of enforcement officials.

Further supporting international cooperation, ACTA establishes the ACTA Committee, which shall review the implementation and operation of ACTA, consider matters concerning the development of ACTA, and consider any proposed amendments to ACTA. The Committee will operate under as yet to be established rules and procedures.

What does ACTA mean for me?

A close look at the text of ACTA reveals a distinctly U.S. bent to the provisions, including the incorporation of DMCA-like provisions for the protection of digital rights management technologies and statutory damages for trademark and copyright violations. ACTA also has a pro-IP stance, which should not be surprising, given the nations involved in the negotiations.

It is very likely that ACTA will have very little impact on U.S. law. Indeed, the USTR claims it will not require any change, and that very well may be true. ACTA’s requirements, even fee-shifting to the prevailing party in copyright and trademark disputes, already are a part of the Copyright Act and the Lanham Act – though fee shifting to the alleged infringer in trademark cases is very rare.

The impact on non-U.S. IP laws, however, may be significant, depending on how those member nations choose to comply with their new obligations.

Overall, ACTA is a victory for IP rights holders in their efforts to deter infringement outside of the U.S. If certain nations join ACTA in the future – for example, China or India – ACTA may be considered a major win for the pro-IP community. China and India previously raised concerns over ACTA, so it is unlikely that either of them will join any time soon. See http://www.wto.org/english/news_e/news10_e/trip_08jun10_e.htm. For now, it is a significant step in harmonizing IP enforcement in mostly developed nations that already have strong IP protections.

* * *

Phillip Barengolts is a partner with [Pattishall, McAuliffe, Newbury, Hilliard & Geraldson LLP](#), a [leading intellectual property law firm](#) based in Chicago, Illinois. Pattishall McAuliffe represents both plaintiffs and defendants in [trademark](#), [copyright](#), and [unfair competition trials and appeals](#), and advises its clients on a broad range of domestic and international intellectual property matters, including [brand protection](#), [Internet](#), and [e-commerce](#) issues. Mr. Barengolts’ practice focuses on litigation, transactions, and counseling in domestic and international [trademark](#), [trade dress](#), [Internet](#), and [copyright law](#). He also teaches trademark litigation at John Marshall Law School.