

Baltzan, Elizabeth

From: Marla Poor [mpoor@loc.gov]
Sent: Thursday, November 15, 2007 2:17 PM
To: CHARLES R STEUART; GEORGE F MCCRAY; Therese M Randazzo; TODD REVES; Matthew Skelton; Marsha M McIntyre; JoEllen Urban; John Zacharia; Stuart.Chemtob@usdoj.gov; Caridad Berdud; Bae, Rachel S.; McCoy, Stanford
Subject: RE: TPSC Draft Document 2007-209, ACTA Proposals Regarding Border Measures

It's Geist so you know where this is headed before you even start.

Ask First, ACTA Later
By Michael Geist

<http://www.michaelgeist.ca/content/view/2380/125/>

Thursday November 15, 2007

Kim Weatherall notes that the Australian government has launched a public consultation on its possible involvement in the Anti-Counterfeiting Trade Agreement negotiations. Unlike the Canadian government, which jumped at the chance to join the U.S. in the negotiations with no advance warning and no public discussion, the Australians are taking the time to ask the public whether it thinks the country should participate in the negotiations, whether change is needed, and, if they participate, what should be avoided. The consultation includes a background document (which interestingly makes no mention of Canada's participation) that provides far more information on the process than the Canadian government has told its own citizens. For example, it reports that:

The ACTA is at a very early stage, with a first round of pre-negotiation technical discussions held on 4 October 2007. Australia, Japan, the Republic of Korea, Mexico, New Zealand, the EC, the US, Switzerland and others attended these discussions in Switzerland. A second round of technical discussions is scheduled for the first week of December. No date has yet been set for beginning formal negotiations, although this is likely to occur in early 2008. No draft text has yet been prepared. Early negotiations are likely to include the same countries as above, with more countries likely to participate as negotiations continue.

The background document also notes that Australia has been recognized by the OECD as having a low incidence of intellectual property rights infringement. While you would never know it from the rhetoric of some lobby groups and even our own MPs, Canada actually ranked even lower than Australia and the U.S. in the OECD's General Trade Related Index of Counterfeiting. Australia may join the ACTA discussions, but at least it is adopting an open, transparent process where the public is both informed and invited to provide their views.

Canadians should demand the same.

FOIA Exemption (b)(5)

Brinkmann, Vanessa R

From: Christophe Zimmermann [Christophe.Zimmermann@wcoomd.org]
Sent: Thursday, December 06, 2007 2:36 PM
To: Bae, Rachel S.; Massimiliano Caruso
Cc: ConwayKM@state.gov; DolanDA@state.gov; Mullaney, Daniel
Subject: Re: KORUS FTA IPR Border Provisions

Dear Rachel,

It was our pleasure. We will inform Mike and will keep in touch with you through Kathy and Dave but please consider that we are very pleased to help you.

With our best regards

-----Original Message-----

From: Bae, Rachel S. <Rachel_Bae@ustr.eop.gov>
To: Christophe Zimmermann; Massimiliano Caruso
CC: ConwayKM@state.gov <ConwayKM@state.gov>; DolanDA@state.gov <DolanDA@state.gov>; Mullaney, Daniel <Daniel_Mullaney@USTR.EOP.GOV>
Sent: Thu Dec 06 20:27:56 2007
Subject: KORUS FTA IPR Border Provisions

Dear Christophe and Max,

Thank you again for making the time to meet with me. It was very helpful to hear your thoughts on moving forward within the WCO. I will get back to you as soon as possible, through Kathy and David, on the matter of giving a presentation before the Enforcement Working Group/Committee. In the meantime, as promised, attached is the border enforcement section of the Korea-US FTA to give you an idea of what those provisions may look like in ACTA.

Kind regards,

Rachel

Sent from my BlackBerry Wireless Handheld

----- Original Message -----

From: Meyers, Ronald W.
To: Bae, Rachel S.
Sent: Thu Dec 06 14:07:16 2007
Subject: KORUS FTA IPR Border Provisions

See attached.

Japan, Korea & APEC Affairs

Phone: (202) 395-9549, Fax: (202) 395-3597

Brinkmann, Vanessa R

From: Bae, Rachel S. [Rachel_Bae@ustr.eop.gov]
Sent: Thursday, December 06, 2007 2:28 PM
To: Christophe.Zimmermann@wcoomd.org; Massimiliano.Caruso@wcoomd.org
Cc: ConwayKM@state.gov; DolanDA@state.gov; Mullaney, Daniel
Subject: KORUS FTA IPR Border Provisions
Attachments: KORUS FTA IPR border provs.pdf

Dear Christophe and Max,

Thank you again for making the time to meet with me. It was very helpful to hear your thoughts on moving forward within the WCO. I will get back to you as soon as possible, through Kathy and David, on the matter of giving a presentation before the Enforcement Working Group/Committee. In the meantime, as promised, attached is the border enforcement section of the Korea-US FTA to give you an idea of what those provisions may look like in ACTA.

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From: Meyers, Ronald W.
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Subject: KORUS FTA IPR Border Provisions

See attached.

Japan, Korea & APEC Affairs

Phone: (202) [REDACTED], Fax: (202) 395-3597

FOIA b 7, exempt from release

Special Requirements Related to Border Measures

19. Each Party shall provide that any right holder initiating procedures for its competent authorities to suspend release of suspected counterfeit or confusingly similar trademark goods, or pirated copyright goods³⁰ into free circulation is required to provide adequate evidence to satisfy the competent authorities that, under the laws of the country of importation, there is *prima facie* an infringement of the right holder's intellectual property right and to supply sufficient information that may reasonably be expected to be within the right holder's knowledge to make the suspected goods reasonably recognizable by its competent authorities. The requirement to provide sufficient information shall not

³⁰ For purposes of paragraphs 19 through 25:

(a) **counterfeit trademark goods** means any goods, including packaging, bearing without authorization a trademark that is identical to the trademark validly registered in respect of such goods, or that cannot be distinguished in its essential aspects from such a trademark, and that thereby infringes the rights of the owner of the trademark in question under the law of the country of importation; and

(b) **pirated copyright goods** means any goods that are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and that are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation.

unreasonably deter recourse to these procedures. Each Party shall provide that the application to suspend the release of goods shall apply to all points of entry to its territory and remain applicable for a period of not less than one year from the date of application, or the period that the good is protected by copyright or that the relevant trademark registration is valid, whichever is shorter.

20. Each Party shall provide that its competent authorities shall have the authority to require a right holder initiating procedures to suspend the release of suspected counterfeit or confusingly similar trademark goods, or pirated copyright goods, to provide a reasonable security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse. Each Party shall provide that the security or equivalent assurance shall not unreasonably deter recourse to these procedures. Each Party may provide that the security may be in the form of a bond conditioned to hold the importer or owner of the imported merchandise harmless from any loss or damage resulting from any suspension of the release of goods in the event the competent authorities determine that the article is not an infringing good. In no case shall an importer be permitted to post a bond or other security to obtain possession of suspected counterfeit or confusingly similar trademark goods, or of pirated copyright goods.

21. Where its competent authorities have seized goods that are counterfeit or pirated, a Party shall inform the right holder within 30 days of the seizure of the names and addresses of the consignor, importer, exporter, or consignee, and provide to the right holder a description of the merchandise, the quantity of the merchandise, and, if known, the country of origin of the merchandise.

22. Each Party shall provide that its competent authorities may initiate border measures *ex officio*³¹ with respect to imported, exported, or in-transit merchandise,³² or merchandise in free trade zones, that is suspected of being counterfeit or confusingly similar trademark goods, or pirated copyright goods.

23. Each Party shall provide that goods that have been suspended from release by its customs authorities, and that have been forfeited as pirated or counterfeit, shall be destroyed, except in exceptional circumstances. In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient to permit the release of the goods into the channels of commerce. In no event shall the competent authorities be authorized, except in exceptional circumstances, to permit the exportation of counterfeit or pirated goods or to permit such goods to be subject to other customs procedures.

³¹ For greater certainty, the Parties understand that *ex officio* action does not require a formal complaint from a private party or right holder.

³² For purposes of paragraph 22, *in-transit merchandise* means goods under "Customs transit" and goods "transshipped," as defined in the *International Convention on the Simplification and Harmonization of Customs Procedures* (Kyoto Convention).

24. Where an application fee or merchandise storage fee is assessed in connection with border measures to enforce an intellectual property right, each Party shall provide that the fee shall not be set at an amount that unreasonably deters recourse to these measures.

25. Each Party shall provide the other Party, on mutually agreed terms, with technical advice on the enforcement of border measures concerning intellectual property rights, and the Parties shall promote bilateral and regional cooperation on these matters.

Brinkmann, Vanessa R

From: James Love [james.love@keionline.org]
Sent: Monday, September 22, 2008 3:33 PM
To: McCoy, Stanford; Bae, Rachel S.; Amanda.Wilson@mail.doc.gov
Cc: Manon Anne Ress
Subject: Injunctions, damages and ACTA
Attachments: kei_injunctions_acta_21sep2008.pdf

Dear Stan, Rachel and Amanda,

Attached in PDF format is a memo on the EC proposal for provisions on injunctions and damages in ACTA.

Jamie Love and Manon Ress

http://www.keionline.org/misc-docs/1/kei_injunctions_acta_21sep2008.pdf

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James Love, Director, Knowledge Ecology International
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FOIA Exemption (b)(6)

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Memorandum

Date: 21 September 2008

To: Stanford McCoy USTR
Rachel Bae USTR
Amanda Wilson, DOC

From: James Love and Manon Ress, KEI

ACTA provisions on Injunctions and Damages

Will the European EPAs or ACTA restrict or outlaw TRIPS Part III compulsory licenses?

One of the most important developments in patent law has been the growth of compulsory licenses in the United States, following the 2006 *eBay* Supreme Court Decision. Now nearly every proceeding to enforce a patent in the United States is a possible compulsory licensing case, under the four element test for injunctions set out by the U.S. Supreme Court. These compulsory licenses seem to be consistent with the TRIPS, but not under Part II of the TRIPS, which requires either that the exception satisfy the Article 30 three step test, or provisions of Article 31, including obligations for prior negotiation with the patent owners on reasonable commercial terms and conditions, and limits on the exports (Article 31), but under Part III of the TRIPS, the part that deals with enforcement.

In particular, the US is using the provisions in Part III of the TRIPS dealing with injunctions (Article 44) to issue compulsory licenses in ways that would not be possible under Part II of the TRIPS.

For example, the United States already used the injunction provision in the TRIPS to justify its 28 USC 1498 automatic compulsory licenses of copyright, patents and plant variety rights, for uses "by or for the government." These operate under a liability rule -- the U.S. government can give private firms the freedom to use patents, copyrights or plant variety rights, subject to an obligation that the U.S. government will pay for that use.¹

What was new with the *eBay* decision was the expanded use of the injunction provisions in the TRIPS, in cases where the courts grant compulsory licenses for any private sector uses. A lot of big name companies have received compulsory licenses on patents under the *eBay* decision, including Toyota, Abbott Laboratories and Johnson & Johnson, to mention a few. Microsoft has benefited from two compulsory licenses. These authorizations are done in cases where there is no assertion of market power by the patent owner, no evidence of prior negotiation on reasonable commercial terms, and no restrictions on exports. For example, in a recent case involving

¹ For discussion of Article 44 in the context of copyright, see "Compulsory licensing of copyright under Article 44.2 of the TRIPS, in light of *eBay*," *KEI Research Note 2007:5*.

Innogenetics and Abbott Laboratories, the royalties paid by Abbott were calculated in Euros, the export currency.

United States Court of Appeals for the Federal Circuit, 2007-1145, -1161.
Innogenetics, N.V., v. Abbott Laboratories. “While the market entry fee was based upon the projection that Abbott could sell its product through 2019, even Abbott acknowledges that such future sales would be subject to the running royalty, a compulsory license. We remand to the district court to delineate the terms of the compulsory license, such as conditioning the future sales of the infringing products on payment of the running royalty, the 5-10 Euros per genotyping assay kit.”

The evolving case law in the United States is consistent with a growing consensus that the reform of patent rights should include greater role for “soft” intellectual property protection, where the exclusive rights of patents are weakened, and patent owners are only entitled to reasonable royalty payments.

The economy and these issues are complex, and there certainly will be areas and circumstances where strong exclusive rights for patents or copyrights are the best policy. However, as we are learning, having the option to weaker rights for some situations is quite important. It is almost impossible to make some products and services today without the infringement of patents, and the use of liability rules offers a useful compromise that gives businesses greater freedom to innovate, while providing valuable rewards to inventors.

The European Union Economic Partnership Agreements include several articles that would restrict if not outlaw the practices that U.S. Courts are exploring under the *eBay* decision. These include the EC's proposals on Injunctions, Alternative Measures and Damages (See below). The EC has reportedly proposed these articles in negotiations for a new Anti-Counterfeiting Trade Agreement (ACTA). Taken together, these provisions would narrow the circumstances under which the Part III compulsory licenses are available, such as where a “person acted unintentionally.”

The TRIPS plus Damages section is also problematic, as it requires consideration of “lost profits, which the injured party has suffered, any unfair profits made by the infringer.” These provisions go further than the TRIPS, and further than many courts have in the current U.S. Legal environment. To appreciate the differences, you might want to review for example the remuneration ordered in the most recent Microsoft compulsory license. Moreover, by introducing these provisions into the EPAs and possibly the ACTA, the new tougher and more restrictive provisions would be subject to dispute resolution.

Countries asked to sign the EU EPAs should reject to revise these Articles, and the ACTA negotiators should reject them. It is better to more clearly understand and evaluate the evolving U.S. practice under the *eBay* decision, and to more fully appreciate the role that liability rules should play in an economy where dozens if not hundreds (or thousands) of patents may be relevant for high tech products and services.

The following provisions were proposed by the EC in both the CARIFORUM and the China EPA negotiations. We believe the EC has proposed this language also in the ACTA negotiation.

Article Injunctions

The EC Party and the Signatory CARIFORUM States shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. Where provided for by national law, non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment, with a view to ensuring compliance. The EC Party and the Signatory CARIFORUM States shall also ensure that right holders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right.

Article Alternative Measures

The EC Party and the Signatory CARIFORUM States may provide that, in appropriate cases and at the request of the person liable to be subject to the measures provided for in Part III of the TRIPS Agreement and in this Chapter, the competent judicial authorities may order pecuniary compensation to be paid to the injured party instead of applying the measures provided for in Part III of the TRIPS Agreement or in this Chapter if that person acted unintentionally and without negligence, if execution of the measures in question would cause him disproportionate harm and if pecuniary compensation to the injured party appears reasonably satisfactory.

Article Damages

1. The EC Party and the Signatory CARIFORUM States shall ensure that when the judicial authorities set the damages:

a) they shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors; or

b) as an alternative to (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.

2. Where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity, the EC Party and the Signatory CARIFORUM States may lay down that the judicial authorities may order the recovery of profits or the payment of damages which may be pre-established.

Brinkmann, Vanessa R

From: Bae, Rachel S. [Rachel_Bae@ustr.eop.gov]
Sent: Wednesday, September 24, 2008 10:06 AM
To: James Love; McCoy, Stanford; Amanda.Wilson@mail.doc.gov
Cc: Manon Anne Ress
Subject: RE: Injunctions, damages and ACTA

Jamie, Manon,

Thanks, we'll take a look.

Rachel

-----Original Message-----

From: James Love [mailto:james.love@keionline.org]
Sent: Monday, September 22, 2008 3:33 PM
To: McCoy, Stanford; Bae, Rachel S.; Amanda.Wilson@mail.doc.gov
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Jamie Love and Manon Ress

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