



June 25, 2010

The Honorable Ron Kirk
Ambassador
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

**RE: Anti-Counterfeiting Trade Agreement
Public Pre-decisional/Deliberative Draft April 2010**

Dear Ambassador Kirk:

Intellectual Property Owners Association (IPO) appreciates the circulation of the Consolidated Text of the Anti-Counterfeiting Trade Agreement (ACTA), and respectfully offers its comments for your consideration.

IPO, established in 1972, is a trade association for companies, inventors, law firms and others who own or are interested in patents, trademarks, copyrights and trade secrets, and other forms of intellectual property. IPO is the only association in the United States that serves all intellectual property owners in all industries and all fields of technology. Governed by a 50-member corporate board of directors, IPO advocates effective and affordable intellectual property ownership rights in the United States and abroad on behalf of its more than 200 corporate members and more than 11,000 individuals involved in the association.

IPO recognizes the importance of addressing trademark counterfeiting. Not all trademark infringements constitute counterfeiting¹. Infringement, which is by far a more common occurrence, occurs when a party adopts a trademark that, for the relevant consumer, is likely to cause confusion as to the source of the goods with that of another trademark owner. The party is not necessarily trying to pass off its product as exactly being that of the rights holder, i.e., a fake, – but is benefitting from the adoption of a confusingly similar trademark nonetheless.

Counterfeiting is making a copy that is a fake – it is forged to look real and intended to be passed-off to the public for what is in fact real. Consumers may even know that what they are purchasing is a counterfeit, (i.e., a “knock-off” DVD sold rather

¹ A counterfeit, a subset of trademark infringement, is defined as “a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.” 15 U.S.C. §1127, *see also* 15 U.S.C. §1116 d(1)(B).

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inexpensively at a street corner stand). Furthermore, the counterfeit may also pose significant health and safety risks to our citizens.

IPO's concern with the present draft version of ACTA is that, despite the fact that an infringement is not necessarily a counterfeit, Section B General Definitions of the published ACTA text defines "intellectual property" broadly.² ACTA does not refer to spurious marks in its definition of counterfeit trademark goods.³

As currently drafted, given the expansive use of the broadly-defined term "intellectual property," ACTA goes far beyond addressing the subject matter of counterfeiting. This broad definition encompasses issues that are most appropriately handled as civil infringement causes of action in most jurisdictions around the world, and especially so in the case of the United States.

We believe ACTA potentially changes United States law by transforming what are the commonly occurring non-counterfeit-types of civil action infringements into activity that is to be punished under federal criminal law. By way of examples, IPO notes the following discrepancies and overbreadth in the Consolidated Text of ACTA:

- Section 2 – Border Measures: Section 2 specifically notes that the Scope of Border Measures includes: "goods infringing an intellectual property right". Footnote 22 further states that the provisions also apply to a trademark "that is similar to the trademark validly registered in respect of such or similar goods where there exists a likelihood of confusion." ACTA is unwittingly broadening the scope of the seizure power of Customs and Border Patrol forces to encompass civil action trademark infringement and raising the specter of potential abuse in many countries around the globe. The determination of whether marks are similar and whether there is a likelihood of confusion should not be conducted hastily and in an *ex parte* manner by a border official, but should instead be based upon the appropriate legal analysis (possibly resulting from extensive pre-trial preparation and discovery where allowed).
- Section 3 – Criminal Enforcement: Section 1 notes that criminal penalties and procedures shall apply "at least" in cases of willful trademark counterfeiting or copyright or related rights piracy." By referring to "at least in cases," the scope of criminal enforcement could be expanded by signatories to include what is typically a civil infringement, even as to trademarks that are not identical, i.e., not just a

² ACTA currently defines Intellectual Property as the term is used in Section 1-7 of Section 2 of TRIPs, which includes copyrights, trademarks, patents, design rights, geographical indications, and trade secrets.

³ The 25th footnote of the Anti-Counterfeiting Trade Agreement, PUBLIC Predecisional/Deliberative Draft of April 2010 states, "For purposes of this Section, **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 in which the procedures set out in this Section are invoked."

counterfeit, but possibly also similar marks and related goods. As a result, cases involving a good faith adoption of a mark, which are typically non-counterfeit infringements, could become subject to criminal prosecution.

- Section 4 – Enforcement of Intellectual Property in the Digital Environment: Paragraph 1 specifically refers to making criminal and civil enforcement options available in instances of *intellectual property rights infringement* on the internet or digital environment. This section could encompass the purchase of keywords for use in web site metadata – an unsettled area of law around the globe. The United States has tended to find that the purchase of keywords on the internet, via search engines such as Google, does not constitute “use” and is therefore not an infringement. The language proposed would also encompass the good faith adoption as noted above if the mark in question is used on a webpage. While IPO certainly supports the provisions of criminal penalties and civil processes for addressing counterfeiting activities on the internet, and while it is appropriate for ACTA to do so, as presently written the scope is broader than the stated intended purpose of the Act.
- Chapter Three, Article 3.1 Paragraph 2 and Article 3.3: Both would encompass measures to combat general trademark infringement, and assistance in capacity building, and technical assistance for improving enforcement of intellectual property. It demonstrates the over-breadth of ACTA in its current embodiment. While IPO supports the concept of governments working together to try to address the pervasive and potentially dangerous results of counterfeiting, the question remains as to whether ACTA is the appropriate vehicle for developing capacity and assistance for improving the overall enforcement environment for all intellectual property rights. Chapter Four, Enforcement Practices, Article 4.1, poses the same concerns.

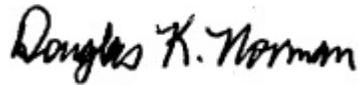
We appreciate that the definition of a counterfeit trademark good as “at least” willful counterfeiting may reflect the language of Free Trade Agreements. However, though the FTA’s provide a general foundation, the language of ACTA should be tailored to reflect the narrower stated purpose of an anti-counterfeiting agreement.

Thus, IPO urges USTR to review ACTA to ensure that the scope of the Act is appropriately limited to its stated purpose of addressing the limited, though important, subset of infringement known as “counterfeiting.” ACTA should appropriately define “counterfeiting” in Section B, and use that term consistently throughout the Act.

INTELLECTUAL PROPERTY OWNERS ASSOCIATION

Should you have questions or wish to follow up on any of the points noted above, IPO would be pleased to provide further comments.

Sincerely,

A handwritten signature in black ink that reads "Douglas K. Norman". The signature is written in a cursive, slightly slanted style.

Douglas K. Norman
President