February 15, 2011

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

Re: Anti-Counterfeiting Trade Agreement Public Comments in Response to USTR's Request for Written Submissions from the Public, Docket Number USTR-2010-0014

Dear Ambassador Kirk:

Intellectual Property Owners Association (IPO) appreciates the opportunity to provide written comments on the Final Text of the Anti-Counterfeiting Trade Agreement (ACTA).[1]

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 (U.S.) 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 is writing in response to the U.S. Trade Representative's (USTR) request for comment. IPO also understands that USTR is looking to shape the "legislative history" at this point in the process and we intend our comments to assist USTR in that effort. IPO recognizes the importance of more effective measures for addressing trademark and copyright counterfeiting. However, as set forth more fully herein, our principal concern with the language used throughout the present draft of ACTA is that it might be interpreted so as to blur the vital difference between what constitutes counterfeiting and piracy *per se*,[2] from what is merely civil infringement.

[1] This letter supplements IPO's prior letter on ACTA as addressed to you and dated June 25, 2010.

[2] A counterfeit mark, 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). With respect to copyrights, please *see* 18 U.S.C. § 2318(a)(1)(B)(b)(1): Trafficking in counterfeit labels, illicit labels, or counterfeit documentation or packaging. "The term "counterfeit label" means an identifying label or container that appears to be genuine, but is not…"; *see also* 17 U.S.C. § 506(a)(2) Criminal offenses: "(2) Evidence. — For purposes of this subsection, evidence of reproduction or distribution of a copyrighted work, by itself, shall not be sufficient to establish willful infringement of a copyright."

We urge that Section 2, Article 5 "General Definitions" of the published ACTA text, that defines "infringement" and "intellectual property" broadly,[3] be interpreted consistent with United States law and consistent also with the stated intention of ACTA as reflected in the preamble, that it is an "anti-counterfeiting trade agreement." Either ACTA itself or its commentary should make it clear that only the terms "trademark counterfeiting" or "copyright piracy" are intended where the Agreement states "intellectual property." IPO is confident that it is not the intent of ACTA to change settled United States law by transforming what are the commonly occurring non-counterfeit-types of civil action infringements into activity intended to be punished under federal criminal law in the case of the United States or under similar criminal laws of the country in which the procedures set out in Section 2, 3, 4 and 5 of Chapter II are invoked.

There are a number of Sections in Chapter II, which should be interpreted narrowly to apply only to trademark and copyright. By way of examples, IPO notes the following sections where either ACTA or the Commentary should narrow the interpretation of the final version of ACTA to comport with United States law:

- **Chapter II; Section 2 – Civil Enforcement; Article 7**. This section should be interpreted to be clear that it applies only to intellectual property violations under the anti-counterfeiting laws or intended to be punished under federal criminal law in the case of the United States or under similar criminal laws of the country in which the procedures set out in Section 2, 3, 4 and 5 of Chapter II are invoked.

- **Chapter II, Section 2 – Civil Enforcement; Article 9(5) Damages.** Provides that "where appropriate" the loser in litigation pays court costs, attorney's fees, etc. This should not apply to non-counterfeiting cases; otherwise it would be contrary to current U.S. law.

- **Chapter II, Section 2 – Civil Enforcement; Article 10(2) Other Remedies.** This section provides for the seizure of "materials and implements" used to make infringing goods. This also should only be limited to counterfeiting cases, or a change in U.S. law would be required, as it is not currently a typical remedy in a civil trademark infringement case.

- **Chapter II; Section 2 – Civil Enforcement; Article 11**. **Information Related to Infringement.** This section reiterates the use of the term "intellectual property rights" rather than internally referring to the now-defined term "trademark counterfeiting." Again, the Commentary to the Agreement should make clear that the scope of this section is intended to comport with the anti-counterfeiting measures in the ACTA text itself. This section should not be interpreted so broadly as to include patents and industrial designs, geographical designations and trade secrets. Without

[3] 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.

interpreting the phrase "intellectual property" as used in the final ACTA, to mean the intended terms "trademarks" or "copyrights," a legally erroneous result would occur, in that the infringement of patents and industrial designs, which clearly are also forms of "intellectual property," could end up being interpreted as being criminally enforceable under United States federal laws. While new footnote 2 says a party "may exclude patents" and trade secrets, Commentary should make clear that such intellectual property is outside the scope of the Agreement.

- **Chapter II, Section 2 -- Civil Enforcement; Article 16: Border Measures**. The term used in this section refers to "suspect goods," which is an undefined term. Consonant with ACTA's purpose the term's definition should be limited to goods that are suspect counterfeit goods.

- **Chapter II; Section 4 – Criminal Enforcement; Article 23**. ACTA states that criminal penalties and procedures shall apply "at least in cases of willful trademark counterfeiting or copyright or related rights piracy on a commercial scale." 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 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. Alternatively, to the extent the intent is to apply at least in cases on a commercial scale, the point should, at a minimum, be made clear in the Commentary.

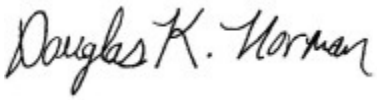
- **Chapter IV, International Cooperation: Articles 33 - 35**. These sections would encompass measures to combat general trademark infringement, and assistance in capacity building, and technical assistance for improving enforcement of intellectual property. Without the Commentary to the Agreement limiting the scope to copyright and trademarks, these Articles would be overbroad and unwieldy. 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 itself is the appropriate vehicle for developing capacity and assistance for improving the overall enforcement environment for more than copyright and trademark counterfeiting.

Additionally, we fully appreciate that the definition of a counterfeit trademark good as "at least" willful counterfeiting may actually reflect the chosen language of Free Trade Agreements (FTA). However, though the FTAs provide a general foundation, the Commentary to ACTA should be precisely tailored to reflect the narrower stated purpose of an actual anti-counterfeiting agreement rather than as a mission statement. Indeed, given the purpose of ACTA as an instrument to aid in combating counterfeiting, the Commentary should clarify that the text is only intended to apply where the infringement is on a commercial scale.

Thus, IPO urges USTR to review the current embodiment of ACTA to ensure that the Agreement and legislative history to the Agreement appropriately limit the scope of ACTA to its stated purpose of addressing the limited, though important, subset of infringement known as "counterfeiting." Otherwise, it appears that this Agreement will require changes in U.S. law and thus submission to Congress for ratification.

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,



Douglas K. Norman
President