ACTA - Australian Section by Section Analysis

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1 General Comments

This paper analyses the draft text of ACTA from an Australian perspective. The goal is to assess the compatibility of provisions in the current draft with Australian law and Australia's international obligations: including TRIPS and the Australia-US Free Trade Agreement (AUSFTA). The review has several key purposes:

1. To offer input into the Australian processes considering the ACTA;
2. To demonstrate to an international audience the relationship between these provisions and TRIPS; and
3. To demonstrate the relationship between these provisions and highly detailed US Free Trade Agreements like AUSFTA. A surprising number of the provisions go beyond AUSFTA, which should be of interest to any country already party to, or which might consider in the future, signing an FTA with the US.

A couple of limitations on scope should be noted:

1. It is a draft for comment (as at 4 May 2010). Feedback is most welcome (k.weatherall@law.uq.edu.au or +61 7 3346 7503).
2. It is confined to those parts of ACTA that might impact on IP law, IP enforcement procedures, and criminal and civil procedure (ie, up to page 24 of the draft). While the international/institutional issues raised by the draft are significant, they are not dealt with here.
3. The focus is on the provisions, not assessing what is missing.

Some provisions of the draft text would not require changes to Australian law – not because they reflect rules in TRIPS or ACTA, but because they happen to be found in Australian law. That does not mean they should be in a treaty. The position taken here is that Australia should, at the very least, avoid adding to its international obligations, rather than simply seeking not to change Australian domestic law. Below I will argue that:

1. Some are bad policy, and ought not to be further entrenched.
2. In other cases, there are good reasons to avoid putting more rules in treaties. IP law that might be suitable in Australia now is not necessarily fit for a treaty.

The provisions which could, on at least one reading, require changes to Australian law include:

1. Article 2.X.2 (page 5) – injunctions against intermediaries;
2. Article 2.2.2 (page 6) and 2.2.4 (page 6) – statutory or additional damages;
3. Article 2.3.1 (page 7) – destruction of infringing goods;
4. Article 2.3.2 (page 7) – destruction of implements;
5. Article 2.4 (pages 7-8) – information from infringers;

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6. Article 2.5 (page 8) – interlocutory injunctions against intermediaries; orders for the preservation of evidence;

7. Article 2.X.1-2.X.3 (page 9) – scope of border measures;

8. Article 2.6.1 (pages 10-11) – scope of border measures;

9. Article 2.7 (pages 11-12) – ex officio measures (scope);

10. Article 2.X (page 12) – provision of information to customs overseas;

11. Article 2.9 (page 12) – right holder to provide security;

12. Article 2.11 (page 13) – competent authorities to issue administrative penalties;

13. Article 2.13 (pages 13-14) – right of information (border measures);


15. Article 2.14.3 (pages 15-16) – anti-camcording provision;

16. Article 2.18.3 (page 19) – substantive secondary liability;

17. Article 2.18.3 (pages 19-20) – Internet Safe Harbours;

18. Article 2.18.3ter (page 21) – Internet Safe Harbours (right of information);

19. Article 2.18.3 (page 22) – Anti-circumvention laws; and


There are a range of other measures: the border measures, criminal measures, and the various powers of seizure and destruction that Australia ought to impose in case they are imposed in their full force on Australians engaged in international trade. The potential for corruption arising from the border measures in particular, depending on how implemented, is enormous.

Further, as this review shows, certain features of Australian law render parts of this agreement more onerous for Australian businesses, consumers and alleged infringers. In particular:

1. Australia does not have a Bill of Rights (Constitutional or otherwise). Thus legislation drafted to comply with ACTA cannot be challenged on privacy or due process (or similar) grounds, as it could be in the US, Europe, Canada, or New Zealand.

2. Australia's highly specified exceptions regime in copyright exposes numerous commercial parties and citizens to potential copyright infringement liability. There is no fair use or flexible exception to copyright law except for certain public sector institutions. That means that commercial parties and intermediaries are more likely to infringe, and hence more likely to be subject to the increased penalties and procedures (like border measures) which would not impact on the same parties doing the same acts in a country like the US. Among the acts presently infringing in Australian law, but not infringing in at least some other ACTA countries, are:

   a. The activities of non-CSP online service providers;

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1 Schools and other educational institutions, to the extent that they provide hosting and other services to students and staff, will also be under threat of these remedies; but less so because they have the benefit of a flexible exception (s.200AB).

2 This situation has been true since 2004 when the safe harbours were introduced. The Australian government restricted the safe harbours to carriage service providers, thus any entity which is not a licensed provider of telecommunications has no exception.
i. Search engines: who directly infringe by making archive copies of web material, and displaying thumbnail images in an image search;

ii. Hosting (risk liability (direct or indirect) for reproducing and communicating;

iii. hosting ‘user-generated content’ online: even more than webhosts such parties risk liability for authorising the activities of the users. Examples include Facebook, Flickr, or YouTube;

iv. web content aggregators: news aggregators; price comparison sites (if extensive data must be copied and stored for analytical purposes); Wikipedia or similar: all are at risk of direct infringement (reproduction, perhaps communication).

b. Use of orphan works, e.g., reproducing and communicating use of old press photos; old outcomes of academic research; out of print material, especially if done by an individual or business;

c. Archiving web material;

d. Creating a networked personal video recorder (rather than a PVR via a set top box). US Courts have held that the buffer copies in memory are non-infringing and that copies made by consumers in permanent memory are likely to be fair use;

e. Reproducing a thumbnail version of a picture in order to refer (link) other users to the source.

Australian governments have responded, in the past, to copyright owner concern about infringement by drafting laws, including criminal laws, broadly: the idea perhaps being that only serious cases would ever be prosecuted. However, such provisions have a chilling effect which will be magnified because of the escalation of enforcement remedies and procedures required by ACTA.

3. Similar problems arise in other areas of IP, although for different reasons. For example, Australia has a relatively generous practice in granting of certain kinds of trade mark: such as shape marks and colour marks. The result is that legitimate businesses in Australia run a greater risk of applying identical marks to identical goods, and hence being judged ‘counterfeit’ according to the ACTA definition, even where they are not actually producing counterfeit goods or seeking to mislead consumers. As a result, legitimate businesses run a higher risk of having their goods or packaging stopped at the border, or of criminal prosecution, on the basis of marks that might not have been granted in such generous and vague terms in other countries.

Such parties are more likely to be held liable for authorising infringement due to their higher level of involvement in user activities (and the higher risk than simple webhosting, because users are more likely to infringe than your average website manager). In addition, Australian courts have recognised that a webhost could, in some cases, be held jointly liable for communicating a work under s 22(6A): see Universal Music Australia Pty Ltd v Cooper [2005] FCA 972.
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2 Introductory Material

**Article 1.1 (page 2) – No derogation from other agreements**

Nothing in this Agreement shall derogate from any international obligation of a Party with respect to any other Party under existing agreements to which both Parties are party.

This provision provides benefits by explicitly preserving TRIPS provisions, including TRIPS protections for defendants/accused infringers. It ought to mention the *Doha Declaration on the TRIPS Agreement and Public Health*, so that Members of ACTA will have the right to rely on the various flexibilities in the TRIPS Agreement reaffirmed in the Doha Declaration without interference.

**Article 1.2.1 (2) – minimum standards clause**

Members shall give effect to the provisions of this Agreement. A Party may implement in its domestic law more extensive protection and enforcement of intellectual property rights than is required by this Agreement, provided that such protection and enforcement does not contravene the provisions of this Agreement. Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.

Allowing more extensive protection is common in international IP treaties, but care needs to be taken to preserve any necessary exceptions/safe harbours so they cannot be overridden by such extended protection. The ‘appropriate method’ clause should be retained but may be of limited import: many provisions of ACTA specify mechanisms closely. In detailed ACTA provisions, the parties should consider explicitly making them subject to this kind of qualification: this would assist in preserving general principles of civil procedure under Australian law that might otherwise be impacted inappropriately by ACTA.

**Article 1.2.2 (page 2) – distribution of enforcement resources**

Nothing in this Agreement creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and enforcement of law in general.

The provision should be retained for the limited protection it may provide in the context of an international dispute. But nothing in this Agreement will stop the US from including a country in its Special 301 watchlists if the US considers that the resources devoted to IP are insufficient.

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Article 1.3.1 (page 2) – no impact on substantive law (?)

This Agreement shall be without prejudice to provisions governing the availability, acquisition, scope, and maintenance of intellectual property rights contained in a Party’s law.

The meaning of this provision is unclear. It would seem to say that the Agreement doesn’t touch on substantive IP laws. But in that sense, the provision is contradicted by the remaining text of ACTA: since ACTA text affects ‘scope’ of IP rights by impacting on secondary liability, safe harbours, etc, the right to an injunction etc. Presumably, as a matter of international law, ACTA would be interpreted so as to ensure internal consistency: thus provisions on secondary liability would be interpreted as not being issues of ‘scope’ under Article 1.3.1.

Article 1.3.2 (page 2) - no impact on substantive law (?)

It is understood that this Agreement does not create any obligation on a Party to apply measures where a right in intellectual property is not protected under the laws and regulations of that Party.

This represents another way of preserving domestic substantive IP law, by suggesting that where a party has defined certain acts as ‘non-infringing’ then the ACTA provisions do not apply. Note, however, that where an act is defined as infringing but remedies are confined (as happens frequently in patent law in the US), this provision will not protect the domestic approach. This point is not presently relevant in Australia (we do not use this approach) but is in the US.6

Article 1.4 (page 2) – privacy and confidential information

[A suitable provision needs to be drafted that would ensure nothing in the Agreement detracts from national legislation regarding protection of personal privacy. In the same way, a suitable provision needs to be drafted regarding disclosure of commercial information]

The provision should be supported, because (a) it would assist in the interpretation of the treaty, and (b) it would ensure that Australia could legislate any obligations under an ACTA with protections for the privacy of individuals. As many commentators have noted, the vagueness of this provision is highly indicative of an Agreement that it has been drafted from a protective point of view with consumer or individual protections an afterthought.7


6 Ibid.

7 This is unfortunate. As the EU Privacy Commissioner recently noted, ’Privacy and data protection must be taken into account from the very beginning of the negotiations, not when the schemes and procedures have been defined and agreed and it is therefore too late to find alternative, privacy compliant solutions’: Opinion of the European Data Protection Supervisor on the current negotiations by the European Union of an Anti-Counterfeiting Trade Agreement (ACTA), 22 February 2010, available at http://www.edps.europea.edu.
The provision is important because it could impact on interpretation. As stated in the Vienna Convention on the Law of Treaties, 1969, Article 31,

*A treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose.*

If the apparent purpose of ACTA is enforcement *without* reference to balance, interests such as privacy, or supporting innovation, it may be interpreted more generously to right holders.

A provision, however, that simply states that ‘nothing in the Agreement derogates from national legislation’ on privacy will offer little protection to Australians. Australian privacy laws are limited and, in many cases, do not apply where for example, disclosure is ‘authorised by law’ or ‘reasonably necessary for the enforcement of the criminal law’ (eg Telecommunications Act 1997; Pt 13). Laws can impliedly authorise disclosures of personal information. Thus, if IP law established a scheme that required disclosure of certain personal information (as some systems to address online infringement might), the disclosure of that information would be ‘authorised by law’ and hence privacy law will cease to prevent disclosure and use.⁸

Australian law will also, at present, allow for transborder transfers of personal information which might be required as part of a system for international cooperation in law enforcement through ACTA. Australian privacy law currently does not regulate the transfer of personal information outside Australia by agencies. The ALRC has proposed that government agencies should be subject to similar limits on cross-border data transfer as private companies currently are, however, even this would allow disclosure and use of information where the ‘agency or organisation is required or authorised by or under law to transfer the personal information’. That is, once there is a law requiring, or authorising, whether expressly or impliedly, some kind of personal information disclosure, there is no longer privacy protection.

Australia has no constitutional right to privacy,⁹ thus *there is no fallback* if our limited statutory protections are overridden by amendments to IP law. Unlike European citizens, who could bring a claim in the European Court of Human Rights if their personal privacy was invaded as a result of measures taken under ACTA,¹⁰ Australian citizens will have little recourse. It would be necessary, in implementing any provisions brought about by ACTA, to build *into the intellectual property legislation* any necessary protections for privacy, and not rely on general privacy law. Article 1.4 must be drafted in such a way as to allow that.

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**Article 1.X (page 3) – definition of intellectual property**

*intellectual property* refers to all categories of intellectual property that are the subject of Sections 1 through 7 of Part II of the Agreement on Trade-Related Aspects of Intellectual Property Rights

The effect of this provision is that many provisions of the rest of ACTA extend to all forms of IP including GIs, confidential information, and patent – taking this Agreement beyond the scope of

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⁹ Indeed, the Australian government has just announced that it will not be pursuing proposals to introduce a Human Rights Act into Australian law.

¹⁰ See *Charter of Fundamental Rights of the European Union*, OJ 2007, C 303/1, Articles 7 and 8.
the common understanding of counterfeiting. It is this definition, and the use of it later in the Agreement, that show that ACTA is in fact not about counterfeiting, but is an IP treaty in the tradition of those treaties ordinarily written by intellectual property experts in the context of the World Intellectual Property Organization – rather than trade negotiators.

**Article 1.X (page 3) – definition of right holder**

**right holder** includes a federation or an association having the legal standing and authority to assert rights in intellectual property, and also includes a person that exclusively has any one or more of the intellectual property rights encompassed in a given intellectual property

This is uncontroversial for Australia.

Australia does not recognise collecting societies, associations or federations as having standing to assert IP rights, unless they are owners or exclusive licensees. Thus the Australasian Performing Right Association, as **owner** of public performance rights in musical works, does have standing to sue for infringement, but the Copyright Agency Limited (as a collecting society administering certain rights and not an exclusive licensee) does not. This would not change as a result of ACTA. The inclusion of exclusive licensees is uncontroversial in Australia: they already have enforcement rights.

3 General Obligations on civil enforcement

3.1 Introductory/General Principles

**Article 2.X (page 4) – Fairness, equity, proportionality etc**

1. Procedures adopted, maintained, or applied to implement this Chapter shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.

2. In respect of civil remedies and criminal penalties for enforcement of intellectual property rights, each Party shall take into account the need for proportionality between the seriousness of the infringement and the remedies or penalties ordered.

[3. Those measures, procedures and remedies shall also be [effective, proportionate][ fair and equitable] and [deterrent][]

FN6: [Move (with adjustments) Art. 2.1.2 to General Obligations.]

The inclusion of some provision or provisions may repeat TRIPS Art 41.2, but is important because ACTA will potentially cover more than TRIPS.\(^{11}\) It would, however, perhaps be more sensible to have one provision. It would be important that a single provision not be downgraded to a simple requirement of ‘taking these issues into account’ (as in the current drafting of 2.X.2).

\(^{11}\) TRIPS Art 41.2 requires that ‘Procedures concerning the enforcement of intellectual property rights’ be fair and equitable, not unnecessarily complicated or costly, and not involve unreasonable time-limits or unwarranted delays.
As drafted, 2.X.1 requires that procedures be fair and equitable (etc). 2.X.2 requires that remedies and penalties must be framed with an eye to proportionality (although they need not reach a result where the remedy is proportionate). 2.X.3 requires that remedies, measures and procedures should be something: effective, proportionate, fair, equitable, and/or deterrent. This broadly reflects TRIPS, which provides that procedures should be ‘fair and equitable’; remedies should be proportionate – and (sometimes) measures should be effective.

But procedures could be disproportionate: for example, bringing the full force of customs suspension procedures for de minimis acts. And equity ought to be a consideration in relation to remedies as well as procedures: for example, the extortionate damages awards made in some file-sharing cases in the US are ‘inequitable’ because they impose extraordinary remedies on an individual for an act which is common across the broader society. No one deserves to lose their house over something literally millions of people do.

The better approach, therefore, might be to require measures, procedures, and remedies, to be effective, proportionate, fair and equitable, and deterrent. Including ‘deterrent’ in the same sentence would assuage the concern that a requirement of ‘proportional’ remedies would prevent the making of ‘deterrent’ orders (and thus require changes to Australian law concerning additional damages). It would suggest the view of the contracting parties that deterrence can be a valid consideration in determining proportionality: but suggest that deterrence cannot entirely override other concerns, such as equity and proportionality.

Presumably, like the concept of ‘commercial scale’ in TRIPS, the various conditions here stated would be interpreted as ‘a broad standard, subject to national discretion and local conditions’, such that Members [would] retain considerable discretion with respect to law enforcement.

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**Article 2.X.4 (page 4) – remedies against public authorities**

4. [Provision on limitations on remedies available against use by governments as well as exemptions of public authorities and official from liability to be inserted here at a later date.]

It would be useful to limit remedies against governments/ public officials, although such a provision is not presently a necessity for Australia. The Australian government makes little use of its ‘sovereign rights’ to avoid IP rights, instead for the most part using compulsory licensing. This can be compared to the US, which provides considerable protection to governments particularly against patent law, by limiting the remedies available in many cases of public or government use. It is something the Australian government should explore more; in order to preserve the government’s freedom to do so, this would be a useful provision to have.

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12 China • Measures Affecting the Protection and Enforcement of Intellectual Property Rights • Report of the Panel; WT/DS362/R (12/08/2009), at para 7.481. The China ‘dispute concerned the criminal provisions of TRIPS (in particular, Article 61), but presumably the same general reasoning applies.
13 Ibid.
14 Knowledge Ecology International, above n5.
Article 2.X.5 (page 4); 2.1 (page 4) - scope

2.X.5. [Define scope of the intellectual property rights covered in the Agreement]] [The scope of intellectual property rights will be defined at the start of each chapter.]

2.1 In the context of this section, e] [E]ach Party shall make available to right holders [civil judicial] [or administrative] procedures concerning the enforcement of any [intellectual property right] [copyrights and related rights and trademarks].

The issue of scope is critical. As is, the text is uncertain. The scope of ACTA ought to be limited to its purported goals: counterfeiting and piracy. This would imply excluding patents, designs, confidential information, and potentially GIs: or, at the very least, including more IP rights but limiting the provisions to cases of counterfeiting – ie cases where the impugned product is a full substitute for the original, and there is an intention to mislead consumers. Assuming this does not occur, in order to make the agreement more intelligible, every provision should spell out what forms of IP it applies to.

For Australia, areas where an extension of the scope of ACTA might require a change of law include:

1. Anything dealing with patents. Many of the more detailed provisions are both more appropriate to, and more established in, the areas of TM and copyright, but certainly not patents, GIs, designs, or confidential information;
2. The safe harbours: these are only established in copyright at the moment;
3. The customs provisions: which presently apply to copyright and trade mark in Australia, but not patents, designs, or GIs.

3.2 Injunctions

Article 2.X.1 (pages 4-5) – injunctions against infringers

[1. ]In civil judicial proceedings concerning the enforcement of [copyright or related rights and trademarks] [intellectual property rights], each Party shall provide that its judicial authorities shall have the authority [subject to any statutory limitations under its domestic law] to issue [against the infringer an injunction aimed at prohibiting the continuation of the] [an order to a party to desist from an] infringement, including an order to prevent infringing goods from entering into the channels of commerce [and to prevent their exportation]FN7:

FN7: A Party may comply with its obligation relating to exportation of infringing goods through its provisions concerning distribution [or transfer]

This provision is both TRIPS-plus and AUSFTA-plus.

From Australian perspective, the power of courts to issue final injunctions in most infringement cases is uncontroversial. The reference to exportation is TRIPS-plus but consistent with
AUSFTA\textsuperscript{15} and likely consistent with Australian law. Copyright, trade mark, and patent law all prohibit export at least in a commercial context.\textsuperscript{16}

The qualification making the right to injunctions 'subject to any statutory limitations under its domestic law' would ensure that the various conditions found in equity limiting the availability of injunctions would continue to apply. It could also be important in preserving flexibility, effectively taking the place of the TRIPS qualification on the right to an injunction. Art 44 is limited in two ways:

1. Innocent third parties are protected: members are not obliged to accord such authority [to grant injunctions] in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of an intellectual property right; and
2. Members can limit rights holders to a remedy in damages: under Art 44.2, where an injunction would be inconsistent with a Member's law, declaratory judgments and adequate compensation must be available.

The US takes advantage of Art 44.2 in a number of laws: for example, through law that excuses surgeons from liability for infringing patents on methods of surgery. KEI has argued that such limits would not be allowed under ACTA.\textsuperscript{17} Given the inability, under TRIPS, of governments to limit the technologies for which patents are made available, the right to ensure, in some cases, that patents do not prevent vital actions (like surgery!) occurring could be important now, and into the future. Individual governments might, for example, wish to limit the rights of a holder of a patent on some particularly important environmental technology to a right to remuneration, perhaps on a 'use it or lose it' basis, rather than allow such a patent to be used to prevent people using that technology. If anything, it has become more obvious, in recent times, that injunctions are not always an appropriate remedy: consider the possible threat posed to communications when a patent-holding, non-practicing entity sued RIM, the makers of the Blackberry, for patent infringement.\textsuperscript{18}

To date, Australia has taken a different approach: limiting the concept of infringement rather than limiting remedies. For example, the US exception for generic pharmaceuticals to use a patented invention to develop data for regulatory approval of a pharmaceutical substance (\textit{Bolar exception}) is a safe harbour/limitation on relief (28 USC 271(e)(3)); the Australian version is an exemption from liability (\textit{Patents Act 1990} s.119A). The US approach more threatened by ACTA; but ACTA would deprive Australia of what could be important flexibility for the future, particularly given sometimes-strict interpretations of the three step test found in TRIPS Article 13, 30 and equivalent.

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\textsuperscript{15} Article 17.11.14.
\textsuperscript{16} The \textit{Copyright Act} 1968 (Cth) prohibits reproduction (ss31, 85-88), and sale and distribution of infringing copies (ss38, 103). The \textit{Trade Marks Act} 1995 (Cth) specifically provides that applying a trade mark in Australia to goods destined for export this is taken as 'use of the trade mark' (s228). In patent law, it is infringement to export patented products for commercial purposes, whether the contract pursuant to which export takes place was made in the jurisdiction or outside it: \textit{Sterling Drug Inc v Beck} [1972] FSR 529; \textit{United Telephone Co v Sharples} (1885) 29 Ch D 164
\textsuperscript{17} Knowledge Ecology International, above n5.
\textsuperscript{18} \textit{eBay Inc v. MercExchange, L.L.C.}, 547 U.S. 388 (2006); see also \textit{Microsoft Corp. v. AGA Solutions, Inc.}, 589 F. Supp. 2d 195, 204 (E.D.N.Y. 2008) (applying \textit{eBay} in a permanent injunction trademark case); \textit{Salinger v Colting} (2\textsuperscript{nd} Cir., April 30 2010) (deciding that \textit{eBay} applies with equal force to preliminary injunctions that are issued for alleged copyright infringement).
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Article 2.X.2 (page 5) – injunctions against intermediaries

[2. The Parties 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.]

FN8: The conditions and procedures relating to such injunction will be left to each Party’s legal system.

FN9: At least one delegation opposes paragraph 2 and is considering its placement.

This provision should be strongly opposed. If included with the word ‘infringing’ it adds nothing to Art 2.X.2 above; if included without that word it would require far-reaching changes to Australian law.

The provision without the qualification would be a significant change to Australian law. Ordinarily, injunctions are issued against infringers, not third parties. There is a good reason for this: failure to comply with a court injunction is contempt of court, a wrong which can lead to civil or criminal penalties. Only wrongdoers ought to have their conduct restrained on pain of criminal penalties in the ordinary course; only in very limited and specific situations do orders lie against third parties. Thus a plaintiff may seek preliminary discovery against third parties to obtain information about the identity of an alleged wrongdoer; Mareva orders (‘freezing orders’ or ‘asset preservation orders’) to require third parties to hold assets in their possession, custody or control, which may be required to satisfy a judgment against another person; Anton Piller orders (‘search orders’) against a third party who ‘possesses important evidentiary material’, where there is a ‘real possibility that the respondent might destroy such material or cause it to be unavailable for use in evidence in a proceeding or anticipated proceeding before the Court.’ Such orders, however, are subject to the strict control of the court and, in general, clearly limited in time. Injunctions against intermediaries of the kind enabled by Art 2.X.2 would have much more far-reaching impact.

19 Or if it does, it adds bad things – such as a much more broad-reaching power to issue orders against third parties rather than orders directing at purging the intermediary’s infringement.

Indeed, when the UK first proposed to implement the Information Society Directive, the view was taken that there were sufficient powers in the courts to grant injunctions of the kind envisaged in the Directive; consultations revealed however that both right holders and intermediaries preferred the certainty of a new provision, and thus s.97A was added to the Copyright Designs and Patents Act 1988 (UK). Notably, s.97A includes a requirement that the service provider must have actual knowledge of another person using their service to infringe copyright.

21 See eg Federal Court Rules Order 15A.

22 See eg Federal Court Rules Order 25A; Practice Note CM-9 (Freezing Orders (Also known as “Mareva Orders” or “Asset Preservation Orders”)).

23 Federal Court Rules Order 25B. The ‘risk of destruction’ may arise owing to the inherent nature of the evidential material sought: for example, transitory electronic information may risk destruction even when in the hands of an innocent third party against whom no wrongdoing is alleged: Universal Music Australia Pty Ltd v Sharman License Holdings Ltd [2004] FCA 183. In that case, the Anton Piller orders allowed a very wide range of information to be gathered from Sharman networks, Sharman’s Internet Service Providers and several Australian universities whose networks may have been used as supernodes.

24 See, for example, Federal Court Rules Order 25B Rule 3 (conditions for an Anton Piller or ‘Search’ order) and Federal Court Case Management Note CM 11 - Search Orders aka “Anton Piller Orders”; Federal Court Rules Order 25A Rule 2 and Federal Court Case Management Note CM-9 – Freezing Orders aka ‘Mareva Orders’.
Such a provision could reverse the result in Roadshow v iiNet in which intermediary must be found liable itself for authorising infringement before an injunction can be issued, allowing right holders to enjoin ISPs for their customers’ infringing activity, regardless of whether the ISPs promoted such infringement or whether their products or services had substantial non-infringing uses. In other words, the provision has the potential to become an attractive alternative to bringing lawsuits against individual infringers, and an alternative way to bring about a ‘three strikes’ type system – albeit one involving the courts. At least in theory, a right holder could bring an action against an ISP, identifying a series of individuals who can be shown to be using the service to infringe copyright, or trade mark, and seek an injunction requiring the ISP to warn, suspend, or terminate service to the identified users. It is notable that the present drafting of ACTA is unqualified as to the conditions for an injunction. General law principles, such as the courts’ reluctance to issue orders which cause uncertainty or which may require “repeated applications for rulings on compliance”, could prevent this result. But the impact of these general law principles in the face of a specific legislative power is unclear, and in any event, one has to ask: should these battles be fought through the courts, which are not necessarily equipped to assess the longer term economic and social impact of their orders?

‘Intermediaries’ also has meaning too beyond online service providers, and beyond copyright where such injunctions are perhaps familiar. There is no indication on present drafting that the meaning of ‘intermediary’ is confined to the online context, or a matter for individual Members. What about libraries? Universities and schools? Australia Post or couriers? In relation to patent infringement, what about companies providing active ingredients to a generic pharmaceutical producers in the context of a patent dispute? The companies shipping the generic drugs? In trade mark, what about eBay and other online auction houses where trade mark infringements may occur, or classifieds providers like the Trading Post which could publish advertisements for a company said to be engaging in trade mark or design infringement?

26 The French Constitutional Court overturned the first version of a French law imposing a ‘three strikes’ system for the warning and then termination of copyright-infringing internet users, on the basis that "free access" to online communications services is a human right and cannot be withheld without a judge’s intervention: see ‘French anti-filesharing law overturned’, The Guardian, 10 June 2009, available at http://www.guardian.co.uk/technology/2009/jun/10/france-hadopi-law-filesharing. A later version involving the courts was upheld by the court in October 2009.
27 As to methods for identifying infringing individuals, see the detailed discussion of the methods of DTecNet in Roadshow Films Pty Ltd v iiNet Ltd (No 3) (2010) 83 IPR 430; [2010] FCA 24. In that case the court accepted the methods were accurate and identified users of a particular ISP who had engaged in uploading and downloading files using the BitTorrent protocol.
28 For example, the evidence could identify a series of 'sellers' on an online auction site who are selling counterfeit goods.
3.3 **Damages**

<table>
<thead>
<tr>
<th>Article 2.2.1(a) (page 5) – Availability of damages/account of profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each Party shall provide that:</td>
</tr>
<tr>
<td>(a) in civil judicial proceedings, its judicial authorities shall have the authority to order the infringer who knowingly or with reasonable grounds to know, engaged in infringing activity of copyright or related rights and trademarks intellectual property rights to pay the right holder:</td>
</tr>
<tr>
<td>(i) damages adequate to compensate for the injury the right holder has suffered as a result of the infringement; or</td>
</tr>
<tr>
<td>(ii) [at least in the case of copyright or related rights infringement and trademark counterfeiting,] [in the case of IPR infringements] the profits of the infringer that are attributable to the infringement, [which may be presumed to be the amount of damages] [and that are not taken into account in computing the amount of damages] [referred to in clause (i)] [which may be presumed to be the amount of damages referred to in clause (i)]; and</td>
</tr>
</tbody>
</table>

This provision is consistent with Australian law, which provides for both compensatory damages and an account of profits under all regimes. An account of profits is TRIPS-plus but not AUSFTA-plus (as it relates to copyright infringement and trade mark counterfeiting).

Bracketed text suggests language that would allow countries to limit remedies against innocent infringers. No such limitation is found in AUSFTA. In any event, Australian law is consistent with the draft text:
- in copyright law: courts in Australia cannot award damages but can order an account of profits;
- in patent law: courts have authority to refuse remedies for innocent infringers but can award damages or account of profits;
- in trade mark law, the position is less certain: there is caselaw stating that there are no compensatory damages for innocent TM infringement: but it seems likely that the unqualified reference to both damages and an account of profits in the Trade Marks Act ensure that Australia’s courts have the authority to order remedies, whether or not they actually will.

<table>
<thead>
<tr>
<th>Article 2.2.1(b) (page 5) – measures of damages.</th>
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<tbody>
<tr>
<td>Each Party shall provide that:</td>
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<tr>
<td>(b) in determining the amount of damages for [copyright or related rights infringement and trademark counterfeiting] [infringement of intellectual property rights], its judicial authorities shall consider, inter alia, 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, or [the profits of the infringer that are attributable to the infringement].</td>
</tr>
</tbody>
</table>

This provision is both TRIPS-plus and AUSFTA-plus. It may be consistent with Australian case law, but ought to be opposed to preserve necessary flexibility. The problem is that these factors
are not appropriate for all cases and may inflate damages awards, and waste court time and the resources of defendants. Treaty language that recognised courts should have discretion in appropriate cases would be preferable.

AUSFTA requires that Australian courts consider, in copyright infringement and trade mark counterfeiting cases, ‘any legitimate measure of the value of the infringed on good or service that the right holder submits, including the suggested retail price’. Australian copyright and trade mark law do not currently specify these measures; presumably on the view that courts will in any event consider these measures – where appropriate.

This provision would only be appropriate if (a) in every single IP infringement case, it was appropriate to consider the retail price of the product, and (b) courts were refusing to hear such evidence. I am unaware of any evidence of the latter, and the former is demonstrably not true. Sometimes, particularly in cases where IP rights cover some component of a product, a royalty is clearly more appropriate.

The extension of a requirement to consider such measures would be particularly inappropriate in patent. In the US, reforms have been proposed to require apportionment of damages. More recent proposals would require the court to ‘identify the methodologies and factors that are relevant to the determination of damages’, and would allow the court or jury to ‘consider only those methodologies and factors relevant to making such determination’, with only evidence relevant to such methodologies being admissible.

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30 For example, ‘suggested retail price’ may not actually reflect the market price; how is defendant to prove that? What if defendant tenders evidence of what would constitute a ‘reasonable royalty’ based on its experience of other negotiations, but plaintiff insists on tendering evidence of retail price – does defendant have to find a way to show that customers do not purchase the goods on the basis of the particular component to which patent relates?

31 Of course, to the extent that we do not trust the courts to be uninfluenced by artificially enlarged demands for damages, we might object even to an optional form of such a provision. Whether such distrust is logical, particularly amongst people who support defences like fair use, is questionable.

32 AUSFTA Art 17.11.6.

33 See Copyright Act s115; Trade Marks Act s126; Patents Act s122. None mention these factors and courts can, at present, refuse to hear such evidence as being irrelevant.

34 Although it would be controversial to suggest, as a footnote on page 4 does, that the damages in patent cases ‘adequate to compensate for the infringement shall not be less than a reasonable royalty’. Whether that is appropriate, say, in a case where the patented invention is relatively simple to design around, is questionable.


36 See 111th Congress, 1st Sess, S515, sec.4 (page 28).
Article 2.2.2 (page 6) and 2.2.4 (page 6) – statutory or additional damages.

[2. At least with respect to works, phonograms, and performances protected by copyright or related rights, and in [cases of trademark counterfeiting], in civil judicial proceedings, [As an alternative to paragraph 1,] each Party [shall][may] establish or maintain a system that provides:

(a) pre-established damages;

(b) presumptions for determining the amount of damages[11] sufficient to compensate the right holder for the harm caused by the infringement.[12][; or

(c) additional damages]]

FN11: Such measures may include the presumption that the amount of damages is (i) the quantity of the goods infringing the right holder’s intellectual property right and actually assigned to third persons, multiplied by the amount of profit per unit of goods which would have been sold by the right holder if there had not been the act of infringement or (ii) a reasonable royalty [or (iii) 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 authorization to use the intellectual property right in question].

FN12: [No Party is required to apply paragraph 2 to actions for infringement against a Party or a third party acting with the authorization or consent of the Party.]

[4. Where a Party provides one of the options described in paragraph 2(a) or 2(b), that Party shall ensure that a right holder has the right to choose that option [13] as an alternative to the remedies referred to in paragraph 1.]

The provision is TRIPS-Plus (pre-established damages are optional in TRIPS[37]) but not AUSFTA-plus. It is consistent with Australian copyright law (which has additional damages) and, although inconsistent with present Australian trade marks law,[38] a current proposal would extend additional damages to trade mark.[39]

The provision ought to be opposed, regardless of AUSFTA, because Australia needs as much flexibility as it can get to make adjustments to its present policy, with which there are a number of problems:

1. Additional damages awards in Australia are out of line with other countries.[40] In some cases, additional damages awards exceed ten times the proven harm or loss, reaching

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[37] TRIPS Article 45.2
[38] No additional damages are available: Paramount Pictures Corporation v Hasluck (2006) 70 IPR 293
[40] See, for example, the UK, where the UK Act allows for additional damages: Copyright Designs and Patents Act 1988 (UK), ss.97(2), 229(3) and 191(2). However, courts have interpreted additional damages as not being punitive, although aggravated damages may be awarded to compensate for harm to pride and dignity, humiliation, distress, insult, or pain caused by the circumstances of the defendant’s conduct: Nottinghamshire Healthcare National Health Service Trust v News Group Newspapers Ltd [2002] EWHC 409 at [51]. Two reasons are given: first, there is an equivalent criminal offence (Copyright, Designs and Patents Act 1988 (UK) s.107) and second, owing to the frequent existence of concurrent rights in the same object, a defendant might risk being exposed to
very substantial six-figure sums; even exceeding, arguably, the fines that would be imposed by a criminal court – but without the protections of criminal procedure, like the burden of proof. The discretion to make such awards is unguided and the results arbitrary;

2. The issue of the appropriate measure of damages, particularly additional damages, is likely to come up more urgently in the future: most likely when some poor individual gets sued for downloading. While Australia has not yet seen such lawsuits, it has happened elsewhere and could happen here. Whether the doctrine developed to address commercial counterfeiters will turn out to be appropriate in such a situation is highly questionable. Remember too that Australia has no constitutional or other bill of rights which might offer due process arguments to counter excessive awards.\(^41\) Australia will need maximum flexibility to address the policy issues that arise.

3. In considering such reform, Australia would, under ACTA, have three options:
   a. statutory damages (and their attendant problems, summarised below), but perhaps with a requirement that they be at the option of the right holder, meaning that in practice the court will have no option but to award disproportionate statutory damages awards on demand;
   b. additional damages (the status quo) or
   c. ‘presumptions’ which are hard to envisage but likely involve aspects of the problems of statutory damages (in reducing flexibility).

In short: the present Australian system is better than statutory damages, but far from ideal; this provision could prevent useful and appropriate reform, by precluding Australia from, in particular, exempting certain situations from additional or statutory damages altogether.

If statutory damages were made mandatory, the provision should certainly be opposed, because they have well-known and serious problems:\(^42\)

1. They could lead to excessively high awards based on the US experience where, as Samuelson and Wheatland note, "[a]wards of statutory damages are frequently arbitrary, inconsistent, unprincipled, and sometimes grossly excessive";\(^43\)
2. Awards of this kind operate punitively, but the money goes to the copyright owner, not the state, leading to a private windfall and encouraging litigation;
3. They can outstrip criminal fines without the protection of criminal procedure;
4. They can operate ‘\textit{in terrorem}’: that is, they are used “with considerable success to strike terror into the heart of anyone with the temerity to make unauthorized uses” of copyright;\(^44\)
5. They can lead to inflated damages awards in inappropriate cases;\(^45\)

\(^{41}\) Weatherall, above n4, Part 1.2.3.
\(^{42}\) Due process is, in the view of Samuelson and Wheatland, one answer to issues of excessive awards in the United States: Pamela Samuelson and Tara Wheatland, ‘Statutory Damages in Copyright Law: A Remedy in Need of Reform’ (2009) 51 \textit{William and Mary Law Review} 439
\(^{43}\) Samuelson and Wheatland, above n41, 441. See eg \textit{UMG Recordings, Inc v MP3.com, Inc} No. 00 Civ. 472 (JSR), 2000 WL 1262568, at *1, *6 (S.D.N.Y. Sept. 6, 2000) (a judge proposed to make an order for $25,000 per infringed CD – in a case where 4,700 CDs were in issue (a total of US$118M); \textit{Capitol Records v. Thomas-Rasset} 579 F. Supp. 2d 1210, 1213, 1227 (D. Minn. 2008) (a peer-to-peer (p2p) filesharing case, in which a jury awarded $80,000 per infringed song against an individual file-sharer, for a total award of over $1.92 million, despite the trial judge’s estimate of actual damages of around $50).
\(^{44}\) Samuelson and Wheatland ibid at 454.
6. The various countries do not agree on the purpose of pre-established damages (the US treats them as punitive; the EU takes the position that punitive damages are inappropriate). This will only lead to further tension amongst members, and represents an absence of consensus that should suggest that such a provision is not ready to be included in a treaty.

There is also a query whether the current drafting would allow a country to adopt differentiated statutory damages (eg, different levels for personal vs commercial kinds of infringement). US precedent (they have differentiated awards) suggests yes, but were this not the case the text should be amended.46

**Article 2.2.3 (page 6) – innocent infringers**

[3. Where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity, each Party may [lay down that] [establish] [may authorize its] the judicial authorities may [to] order the recovery of profits or the payment of damages, which may be pre-established.]

The provision is not mandatory. Vis-à-vis Australian law re innocent infringers, as noted above, this provision is:

1. Not consistent with copyright law: courts in Australia cannot award damages but can order account of profits;
2. Consistent with patent law: courts have authority to refuse remedies for innocent infringers but can award damages or account of profits;
3. May or may not be consistent with trade mark law, which is uncertain (there is caselaw stating that there are no compensatory damages for innocent TM infringement), but the Act is unqualified, suggesting there is at least 'authority' to make such orders.

**3.4 Costs**

**Article 2.2.5 (pages 6-7) – legal costs and court costs**

**Option 1**

[5. Each Party shall provide that its judicial authorities, except in exceptional circumstances, shall have the authority to order, at the conclusion of civil judicial proceedings [[at least in cases] concerning copyright or related rights infringement, [patent infringement,] or trademark infringement] that the prevailing party be awarded payment by the losing party of [[reasonable and proportionate] legal] court costs or fees. [Each Party shall also provide that its judicial authorities, 45


Note that IP right holders protested vehemently when Canada proposed to reduce significantly statutory damages in relation to infringements that occur for private purposes: Canadian Copyright Law, Bill C-61, s.30 would have included a general limit for statutory damages awards for infringements done for the defendant’s private purposes of $500 (per work) – with a further provision to prevent other copyright owners subsequently recovering statutory damages against a given individual for infringements prior to the proceedings being filed. Any attempt to do the same in Australia, following an ACTA, could well lead to claims on the part of countries like the US that there was a breach of ACTA.

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[except in exceptional circumstances], [in proceedings concerning copyright or related rights infringement or willful trademark counterfeiting], shall have the authority to order, [in appropriate cases], that the prevailing party be awarded payment by the losing party of reasonable attorney’s fees [, and other expenses as provided for under that Party’s domestic law].

FN14: For greater certainty, the term “reasonable attorney’s fees” is not intended to require a higher amount than the amount of “appropriate attorney’s fees” under the TRIPS Article 45.2

Option 2

[5. Each Party shall provide that its judicial authorities, [in appropriate cases], shall have the authority to order, at the conclusion of civil judicial proceedings [[at least in cases concerning copyright or related rights infringement, [patent infringement,] or trademark counterfeiting] that the prevailing party be awarded payment by the losing party of court costs or fees and reasonable [and proportionate] attorney’s fees [, and any other expenses as provided for under that Party’s domestic law].]

FN15: For greater certainty, the term “reasonable attorney’s fees” is not intended to require a higher amount than the amount of “appropriate attorney’s fees” under the TRIPS Article 45.2

This provision on costs is TRIPS-plus (Art 45 refers to ‘expenses which may include reasonable attorneys fees’ but consistent with AUSFTA, and uncontroversial for Australia. Courts would retain their usual discretion (for example, costs may not be recoverable if a reasonable settlement offer was refused). But why the difference from TRIPS language? Why use ‘reasonable’ when TRIPS uses ‘appropriate’ (and then have footnote explaining it’s the same thing...)? This introduces unnecessary complication.

3.5 Other Remedies (Destruction/Forfeiture of Infringing Goods/Implements)

Article 2.3.1 (page 7) – destruction of infringing goods

1. With respect to goods that have been found to be [pirated or counterfeited] [infringing an intellectual property right], each Party shall provide that in civil judicial proceedings, at the right holder’s request, its judicial authorities shall have the authority to order that such goods be [recalled, definitively removed from the channel of commerce, or] destroyed, except in exceptional circumstances, without compensation of any sort

This provision is broadly consistent with TRIPS and consistent with AUSFTA. Its consistency with Australian law depends on its interpretation. Specifically, it is not clear whether the provision extends to goods in the hands of innocent third parties/persons other than the infringer. If it does, the provision would be arguably inconsistent with Australian patent and trade mark law, but consistent with Australian copyright law.

Even when confined to goods taken from the infringer, the provision may not be consistent with trade mark or patent law. Australian courts have power, in order to perfect an injunction restraining trade mark infringement, to order delivery up of infringing items (goods, labels, packaging, advertising material) for either the obliteration of the trade mark or for

47 See also TRIPS Art 48, which refers to defendants’ expenses.
destruction. But the remedy is there to ensure the defendant is not tempted to put the infringing copies into circulation. As the infringement arises from the use of the trade mark in relation to goods or services, rather than the sale or provision of the goods or services themselves, obliteration of the mark is in fact to be preferred over destruction. Patent operates similarly; if infringement can be otherwise avoided, a right to delivery up does not exist; thus delivery up may be confined to an infringing part for example. Neither set of laws seems consistent with a remedy meant to be available on request of the right holder as outlined in Art 2.3.1.

The text would be more consistent with Australian approaches if the language:

1. Clarified that provision is talking about goods in the possession of the infringer; and/or
2. Included the introductory phrase from TRIPS agreement ie stating that seizure and destruction powers exist ’[i]n order to create an effective deterrent to infringement’ (Article 46). Only infringers need be ‘deterred’; and/or
3. Provided that delivery for destruction can occur ‘in appropriate circumstances’, thus giving individual countries the right to decide what ‘appropriate circumstances’ might be.

The looser the language protecting the interests of third parties and legitimate businesses, the greater the risk of seizure of Australian assets overseas in countries where protection is not as strong as in Australia.

Finally, proportionality is critical: a provision like this covers not only counterfeits and obvious imitations but also infringements done by legitimate businesses or ordinary consumers inadvertently or with arguable defences. Destruction of such goods where some other option is available (for example, removal of the infringing part) would be unacceptable. The draft text however does not require destruction.

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48 Auguste Marechal & Ferdinand Ruchon v Neil M’Colgan (1909) 18 RPC 262
49 Lahore and Dufty, Patents, Trade Marks & Related Rights (looseleaf, 1996-), [58,500]; see Warwick Tyre v New Motor and General Rubber (1910) 27 RPC 161, 171; Bently and Sherman, Intellectual Property Law (2nd ed 2001), 1100. Note that of course it is different where counterfeit or infringing trade mark goods are imported: in which case they can be seized at customs and forfeited to the Commonwealth: Trade Marks Act Part 13
50 Hall v Lewis (2004) 64 IPR 61.
51 Mergethaler Lionotype v Intertype (1926) 43 RPC 381
52 See for example UK law regarding delivery up of trade mark infringing goods (Trade Marks Act 1994 (UK) s.16) which confines the claim to infringing goods to those ‘which a person has in his possession, custody or control in the course of a business’ (emphasis added). While it is not confined to the (original) infringer, it is at least confined to a business context where it could be considered a trade mark will, in many but not all cases, be being ‘used’ and hence infringed.
Article 2.3.2 (page 7) – destruction of implements

Each Party shall further provide that its judicial authorities shall have the authority to order that materials and implements the predominant use of which has been in the manufacture or creation of [infringing] [pirated or counterfeit] goods be, without undue delay and without compensation of any sort, destroyed or disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements.

This provision is TRIPS-consistent (subject to a requirement of proportionality), AUSFTA-consistent and largely, but perhaps not entirely, consistent with Australian law. The TRIPS provision however refers to two purposes: deterrence, and a purpose of minimizing the risks of further infringements (Art 46). The exclusion of such language from ACTA may imply that forfeiture is available even if there is no risk of the implement being used further for infringement. It would be better to introduce the TRIPS language, which clearly indicates that the remedy is not one available ‘as of right’ but intended to achieve certain ends which ought to be taken into account.

Australian copyright law allows for destruction of implements; indeed, it goes further than the ACTA text, allowing for delivery up of implements ‘used or intended to be used’ for infringing copyright.\footnote{Copyright Act 1968 (Cth) s.116.} However, in patent and trade mark law, no equivalent provision exists. And while courts have power to perfect an injunction restraining infringement by requiring delivery up of implements like packaging, labelling, this power is exercised to reduce risk of future infringement: it is unlikely it would extend to forfeiture of equipment, such as general purpose computing equipment, even if predominantly used for TM infringement. Nevertheless, even if Australian courts \textit{never} order forfeiture of general purpose equipment, they unarguably have the authority to do so.

Article 2.3.3/ 2.3.4 (page 7)

[3. The judicial authorities shall order that those remedies be carried out at the expense of the infringer, unless particular reasons are invoked for not doing so.]

[4. [In ordering those remedies, the judicial authorities][Each Party shall further provide that its judicial authority in ordering these remedies] shall take into account the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interest of third parties.]

The requirement that remedies be carried out at the expense of the infringer is insulting to judges. Assuming that the ‘costs’ of the legal action are already available, this is overkill. It is consistent with Australian law.

The provision on proportionality is also consistent with Australian law. It is important to have this provision \textit{here}, in addition to the general provision on proportionality, because the general provision does not refer to taking into account the interests of third parties. The owner of the equipment or implement may not be the person who has infringed using it, meaning the interests of innocent third parties may be impacted by a provision of this kind. Alternatively, Article 2.X.2 on page 4 could be amended to include the interests of third parties. This could,
however, imply that some other (unspecified) set of interests is always relevant to an IP infringement case (say, other legitimate distributors of material? Other consumers who pay rather than infringe?).

### 3.6 Right of Information

**Article 2.4 (pages 7-8) – information from infringers**

> [Without prejudice to other statutory provisions which, in particular, govern the protection of confidentiality of information sources or the processing of personal data.] Each Party shall provide that in civil judicial proceedings concerning the enforcement of [intellectual property rights][copyright or related rights and trademarks], its judicial authorities shall have the authority upon a justified request of the right holder, to order the [alleged] infringer [including an alleged infringer] to provide, [for the purpose of collecting evidence] any [relevant] information [information on the origin and distribution network of the infringing goods or services][in the form as prescribed in its applicable laws and regulations] that the infringer possesses or controls, [where appropriate,] to the right holder or to the judicial authorities. Such information may include information regarding any person or persons involved in any aspect of the infringement and regarding the means of production or distribution channel of such goods or services, including the identification of third persons involved in the production and distribution of the infringing goods or services or in their channels of distribution. [For greater clarity, this provision does not apply to the extent that it would conflict with common law or statutory privileges, such as legal professional privilege.]

This provision is concerning. It is TRIPS-plus (TRIPS only requires divulgation of identity: not full discovery of all information relating to the infringements of others: Art 47) and (particularly if the bracketed text is omitted) different to AUSFTA, which states that:

> Each Party shall provide that in civil judicial proceedings concerning the enforcement of intellectual property rights, its judicial authorities shall have the authority to order the infringer to provide any information that the infringer possesses regarding any person involved in any aspect of the infringement and regarding the means of production or distribution channel of the infringing material, and to provide this information to the right holder's representative in the proceedings (AUSFTA, Art 17.11.11)

AUSFTA appears to be confined to information regarding certain people and facts, namely, the ‘means of production or distribution channel’ (albeit broadly drawn). ACTA requires the production of “any [relevant] information ... that the infringer possesses or controls” – language that *may* (because the text is bracketed) include a limitation to information “on the origin and distribution network of the infringing goods or services.” The unqualified version of this language (‘any relevant information that the infringer possesses of controls’) is particularly broad and concerning, and would enable ‘fishing expeditions’. Even the narrower version is arguably broader than the AUSFTA, with its reference to the ‘origin and distribution network’ (as opposed to the ‘means of production and distribution channel’) (although an argument could be made that this is just the same thing in different language).

Australian law has procedures for obtaining information, but they are all more qualified than this provision. Discovery is available against a party; the scope of discovery is generally

54 Eg Federal Court Rules, Order 15, Rule 1
limited to matters relevant to the pleadings \textit{in that case}.\textsuperscript{55} Discovery may not be used to conduct a general fishing expedition to provide other information sufficient to found actions against third parties not involved in the particular case.

Preliminary discovery from a non-party\textsuperscript{56} is designed to enable a person to determine whether he or she has a good cause of action against a prospective respondent;\textsuperscript{57} it is not designed to secure for a prospective applicant all the documents and other information that would be discoverable if a proceeding were commenced against the respondent; it is, thus, not a substitute for general discovery.\textsuperscript{58} Preliminary discovery can be used to seek information from any person to identify a prospective respondent;\textsuperscript{59} against a prospective respondent in order to determine whether there is a sufficient case against them, or against a third party where ‘it appears that the person has or is likely to have or has had or is likely to have had in the person’s possession any document which relates to any question in the proceeding’,\textsuperscript{60} however such orders are only allowed if the party seeking disclosure has exhausted discovery against the other parties; it is exercised with caution.\textsuperscript{61}

Subpoenas are also available against third parties requiring production of specific evidence, but there are limits: they cannot be too widely drafted, or put the recipient to disproportionate effort or expense, or require the exercise of judgment on the part of the recipient. So, a subpoena requiring ‘the production of all documents relating to the applicant’s allegation of infringement by another’ would probably be oppressive.

In short: ensuring a broad power to extract any relevant information from an infringer might require specific adjustments to the Federal Court rules. Specific, IP-only adjustments to rules of this kind are undesirable: they fragment and complicate court procedural rules.\textsuperscript{62}

\textsuperscript{55} Humphries v SAS Signage Accessories Supplier Pty Ltd (No 2) [2009] FCA 1238 at [16].
\textsuperscript{56} Federal Court Rules, Order 15A
\textsuperscript{57} The ‘non-party’ provisions are relevant here because we are supposing a person who has been held liable for infringement and then is asked to supply information for the purposes of a subsequent proceedings: the infringer is therefore a ‘third party’ to those proceedings.
\textsuperscript{58} SmithKline Beecham plc v Alphapharm Pty Ltd [2001] FCA 271
\textsuperscript{59} Federal Court Rules, Order 15A, Rule 3
\textsuperscript{60} Federal Court Rules, Order 15A, Rule 8
\textsuperscript{61} McIlwain v Ramsey Food Packaging Pty Ltd (2005) 221 ALR 785
### 3.7 Provisional Measures and Preservation of Evidence

#### Article 2.5 (page 8) – provisional measures

Each Party shall provide that its judicial authorities shall have the authority, at the request of the applicant, to issue an interlocutory injunction intended to prevent any imminent infringement of an intellectual property right [copyright or related rights or trademark]. An interlocutory injunction may also be issued, under the same conditions, against an [infringing] intermediary whose services are being used by a third party to infringe an intellectual property right. Each Party shall also provide that provisional measures may be issued, even before the commencement of proceedings on the merits, to preserve relevant evidence in respect of the alleged infringement. Such measures may include *inter alia* the detailed description, the taking of samples or the physical seizure of documents or of the infringing goods.

1. Each Party shall [provide][ensure] that its judicial authorities [shall ]act [expeditiously][ on requests] for provisional measures *inaudita altera parte*, and shall endeavor to make a decision[ on such requests] without undue delay, except in exceptional cases.

2. [In civil judicial proceedings concerning copyright or related rights infringement and trademark counterfeiting], each Party shall provide that its judicial authorities shall have the authority to order the seizure or other taking into custody of suspected infringing goods, materials, and implements relevant to the act of infringement [and, at least for trademark counterfeiting, documentary evidence relevant to the infringement].

3. Each Party shall provide that its [judicial][competent] authorities have the authority to require the plaintiff, with respect to provisional measures, to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the plaintiff’s right is being infringed or that such infringement is imminent, and to order the plaintiff to provide a reasonable security or equivalent assurance [set at a level sufficient] to protect the defendant [, ensuring compensation for any prejudice suffered when the measure is revoked or lapses due to any reason, ]and to prevent abuse. [Such security or equivalent assurance shall not unreasonably deter recourse to such procedures].

This provision is TRIPS-plus in the following respects:
- 1. In extending interlocutory injunctions against infringers, and
- 2. In the detail concerning the particular measures to preserve evidence, and details certain kinds of measures for preservation of evidence]; AUSFTA does not deal with these issues.

It is also different to AUSFTA in the following respects:
- 1. AUSFTA does not require interlocutory injunctions against intermediaries;
- 2. In relation to measures *inaudita altera parte*, AUSFTA requires that the parties’ authorities act ‘expeditiously in accordance with the Party’s judicial rules’ in such applications. It is unclear whether this different language has a different meaning.63

The provision is not consistent with Australian law. In Australia, interlocutory injunctions against infringers are not controversial, nor is the availability of measures both before, and after the commencement of proceedings to preserve evidence, including infringing items, materials,

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63 For example, ACTA could be read as more onerous: because not qualified by reference to local rules and because more emphatic.
implements and documentary evidence: such orders are available in Australia in the form of *Anton Piller* orders or Federal Court 'search orders'. However, interlocutory injunctions against *intermediaries* are highly controversial and ought not to be countenanced: see the discussion above Part 3.2, page 10.

In addition, the draft ACTA text has insufficient protection for defendants and third parties. The absence of these provisions in ACTA merely reinforces the view that it is only right holders that are being considered, and that the agreement is therefore one-sided. This is not desirable from any perspective. It should be opposed in this unqualified form.

TRIPS ensures some protections would apply, because it contains certain mandatory requirements to protect defendants and parties subject to provisional orders:

1. Parties affected must be given notice, without delay after the execution of the measures at the latest (Art 50.4);
2. A review, including a right to be heard, must take place upon the defendant’s request with a view to deciding, within a reasonable period after the notification of the measures, whether these measures shall be modified, revoked or confirmed (Art 50.4);
3. The measures must be revoked on the defendant’s request if proceedings on the merits are not initiated within a reasonable period (not to exceed the longer of 20 working days or 31 calendar days) (Art 50.6); and

However, Australian law provides further protection. The availability of orders to preserve evidence, in particular, is heavily circumscribed: an applicant must show that (a) they have a strong prima facie case; (b) the potential or actual loss or damage to the applicant will be serious if the search order is not made; and (c) there is sufficient evidence that (i) the respondent possesses important evidentiary material; and (ii) there is a real possibility that the respondent might destroy such material or cause it to be unavailable for use in evidence in a proceeding or anticipated proceeding before the Court.

Art 2.5.3, like TRIPS Art 50.3, requires that parties given their courts the *authority* to require that the right holder establish some kind of prima facie case, and provide security to compensate the person subject to the orders, but these are authorities given to courts, not preconditions. There is no requirement in TRIPS, or ACTA, that the evidence be important or that it be at risk of destruction.

Presumably Australian courts would continue to apply such conditions even under ACTA. It is undesirable, however, to have an unqualified provision, which could be used to subject Australians to unregulated search and seizure powers in other countries. Even if the countries presently negotiating ACTA have the appropriate protections, it has always been envisaged that other countries may join in the future. The European Union IP Enforcement Directive would provide a model for a provision with appropriate protections for defendants and other parties.

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64  *Federal Court Rules*, Order 25B
65  *Federal Court Rules*, Order 25B.
66  TRIPS Article 50.2 states that the judicial authorities must have the authority to adopt provisional measures *inaudita altera parte* where appropriate, *in particular* where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed (emphasis added).
4 Border Measures

Footnotes on scope relevant to the section on Border Measures (page 10)

FN25: 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.

[It is to be understood that there shall be no obligation to apply such procedures to imports of goods put on the market in another country by or with the consent of the right holder.]

FN26: For purposes of this Section, 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 in which the procedures set out in this Section are invoked.

These definitions, insofar as they relate to border measures in Australia, are not problematic: Australian border measures apply to all copyright and all trade mark infringement. They are consistent with TRIPS and consistent with AUSFTA.

Misleading as these provisions are, they in fact come from the TRIPS Agreement. They are deeply unfortunate, because they do not reflect ordinary understandings of piracy or counterfeiting. Most people would understand both copyright piracy and trade mark counterfeiting as being intentional, commercial acts where the product as sold on the market is copied (that is, substitute goods are being trafficked)

The definition of copyright piracy covers, in effect, all copyright infringement involving reproduction, without even a requirement of acts being on a commercial scale or trafficked or possessed in a commercial context.

The definition of trade mark counterfeiting is more limited: it applies not to all trade mark infringement, but to application of identical or substantially identical marks on registered goods.

However, even this definition could lead to a finding of ‘counterfeiting’ in relation to legitimate businesses. Consider, for example, colour marks. If the trade mark is ‘[a specified] orange applied as a substantial colour on packaging for mobile phone handsets’, then a rival, making the registered goods, might produce goods with an identical colour on the packaging and be considered a ‘counterfeiter’ – even if, by the use of other trade marks on the goods, they ensure that consumers will not in fact be confused. Similar issues could arise in relation to shapes of packaging. It is not unusual for trade mark owners now to register shapes of packaging (without

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68 See eg 710226 (silver for cream cheese); 898187 (a certain yellow, adopted as the predominant colour of an external surface or the external surfaces of packaging used in relation to the nominated goods (veterinary preparations)); 924454 (Wedgwood; trade mark is ‘the colour BLUE, as shown in the sample attached to the application form, applied as the prominent colour to the goods or the packaging of the goods’).
their labels). Thus it is entirely possible for an innocent trader to adopt an identical mark, on identical goods, but with completely different colouring and marks attached, so that they would not to confuse any consumers, but on a definition of counterfeiting requiring only identical mark/identical goods, that trader is a 'counterfeiter'. This is more problematic in Australia than in some other countries, because Australia has been relatively generous in granting colour and shape marks. Hence the impact of 'counterfeiting' provisions on legitimate businesses is likely to be greater.

The absence of a realistic definition of either counterfeiting or piracy is one of the more unfortunate aspects of ACTA. A sensible definition of trade mark counterfeiting would include at least:

- A requirement that an identical or substantially identical mark be used on identical goods;
- A requirement of fraudulent intent;
- A requirement (whether it be the subject of a presumption or not) of a commercial context or purpose.

This would not require (impossible to obtain) proof of intent at the border. Rather, since the standard is that goods be suspected of being counterfeit trade mark goods, all that would be required would be suspected fraudulent intent. I would argue that a suspicion of fraudulent intent is a viable standard (it is likely to be clear, on the face of the goods whether they are intended to substitute for, and deceive consumers as to the connection with, the trade mark owner's goods, which would give rise to at least a suspicion of fraudulent intent).

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**Article 2.X.1 – 2.X.3 (page 9) – scope of border measures**

1. This section sets out the conditions for action by the competent authorities when goods are suspected of infringing intellectual property rights, within the meaning of this agreement, when they are imported, exported, in-transit or in other situations where the goods are under customs supervision.

2. For the purposes of this section, "goods infringing an intellectual property right" means goods infringing any of the intellectual property rights covered by TRIPS. However, Parties may decide to exclude from the scope of this section, certain rights other than trade marks, copyrights and GIs...
This provision is consistent with Australian law, which presently applies border measures to copyright infringement, trade mark counterfeiting and trade mark infringement. Similar provisions have been proposed for patent.73

It is TRIPS-plus insofar as it purports to cover goods bearing ‘confusingly similar’ trade marks where TRIPS only covers trade mark counterfeiting (use of substantially identical or identical trade marks). The application of border measures to other rights is made optional, which is consistent with TRIPS (Articles 51-60) and AUSFTA (17.11.19 – 17.11.25).

The position under AUSFTA is less clear: that is, it is not clear whether Australia is obliged under AUSFTA to provide border measures for confusingly similar goods. Article 17.11.19 does refer to obligations that fall on ‘any right holder initiating procedures for that Party’s customs authorities to suspend the release of suspected counterfeit or confusingly similar trademark goods, or pirated copyright goods, into free circulation’. However, the remainder of the AUSFTA provisions refer only to ‘counterfeit’ trade mark goods, and there is no specific statement that the members must apply the border measures to confusingly similar or deceptively similar trade marks, although such might be implied from the opening words of Art 17.11.19.

The coverage of infringing, and not just counterfeit goods is arguably problematic for several reasons. First, it means the border measures can impact legitimate businesses who import goods, perhaps where there is an arguable case for non-infringement but a court later decides there is infringement. Border suspension is perhaps not an appropriate mechanism for such cases, which are better dealt with via ordinary court proceedings and not under the stringent timetable of border measures. Second, it is arguable that inclusion of mere infringing goods is most likely to impact on generic pharmaceutical manufacturers. It is not uncommon for generic manufacturers to adopt a trade mark or packaging that is similar to a branded pharmaceuticals: either because they are required to use similar presentation, or because it assists in giving ‘comfort’ to consumers that they are in fact receiving ‘the drug they need’.

Third, the mechanics of the process are potentially troubling. Deciding whether a trade mark is ‘confusingly similar’ (or in Australian legal terms, ‘deceptively similar’) is a difficult question of law requiring the exercise of a legal judgment and the application of legal principles that are not straightforward. Including these provisions in the border measures effectively requires Customs officers to exercise that judgment and apply those laws. Furthermore customs officers are more likely to err on the side of suspension than release, because the alternative means giving up

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control of the goods entirely (to the ire of IP owners with whom they deal on a relatively regular basis through these border measure provisions).

If this analysis is correct, and if (a) inclusion of ‘deceptively similar’ marks is problematic or even arguably problematic and (b) AUSFTA is unclear on the existence of any obligation to extend border measures to such trade mark infringements, then it would be a serious mistake to ‘lock in’ a requirement for border measures in such cases at an international level.

**Article 2.X (page 10) – de minimis (personal luggage) exception**

Parties may exclude from the application of this Section small quantities of goods of a non-commercial nature contained in travelers’ personal luggage [or sent in small consignments.]

*A de minimis* exception is consistent with TRIPS (Article 60) and not dealt with by AUSFTA. Such an exception is critical to include – it does, after all, constitute the mechanism for ensuring countries not required to introduce ‘border iPod or bag searches’. However, it should at a minimum include the bracketed text, without which it is more limited than TRIPS because TRIPS allows exclusion of goods ‘sent in small consignments’.

Australian *citizens and residents* should be perhaps concerned about the voluntary nature of the *de minimis* exception. A representative of the Australian Attorney-General’s Department has in the past indicated that the government was ‘considering’ how to address the ‘problem’ that Australians were returning from holidays carrying DVDs of latest releases. According to Fiona Phillips, in a paper given to WIPO, ‘[t]he Australian Government has received a number of representations from DVD rental businesses stating that their businesses are suffering because people returning to Australia are importing infringing copies of the latest releases... We are currently considering options for addressing these issues. Our obligations under TRIPs in relation to border measures and the fact these goods are being imported for personal use make finding a policy solution challenging’.\(^4\) This was, however, in 2006.

**Article 2.X (page 10) – official power to request information**

Each Party shall permit the competent authorities to request a right holder to supply relevant information to assist the competent authorities in taking border measures provided for under this Section. Each Party may also allow a right holder to supply relevant information to the competent authorities.

This provision is not troubling, and, I suspect, consistent with Australian practice and the general interests of both customs and right holders.

The obvious question is what it adds to the obligation in Art 2.6.2 (page 11) which requires a party to provide adequate evidence of prima facie infringement and supply information to make suspected infringing goods reasonably recognizable to competent authorities. Possible candidates include:

1. Information beyond that necessary to identify goods. This could include, for example, information about timing, people involved; marks used to identify the genuine product (although arguably these all fall within ‘identifying’ information).

2. Information necessary for the purposes of *ex officio* action. To this extent however Art 2.X is unnecessary, because Art 58 of TRIPS covers that: *if* parties give authorities power to act *ex officio*, then competent authority may seek information from right holders.

### Article 2.6.1 (pages 10-11) – scope of border measures

**Option 1**

1. Each Party shall provide procedures for import [and in-transit\(^23\)] shipments and [may] [shall] provide procedures for export shipments, by which right holders may request the competent authorities to suspend release \(^24\) of suspected counterfeit trademark goods\(^25\) and suspected pirated copyright goods\(^26\) [goods suspected of infringing an intellectual property right] into free circulation

**Option 2**

[1. Each Party shall provide procedures by which right holders may request the competent authorities to suspend the release of goods suspected of infringing intellectual property rights.]

This provision is TRIPS-plus, AUSFTA-plus and goes beyond Australian law insofar as it purports to cover in-transit shipments and anything beyond copyright and trade mark infringement. These extensions should be opposed.

Any change along these lines would impose additional expense and burdens on Customs. The inclusion of in-transit goods should be strongly opposed. It raises concerns about possible impact on generic medicine (see disputes between India and Europe over such issues). Even aside from that, extension to patent has been opposed by Australian Customs on the basis of the additional burdens it would involve (although is available in Europe to suspend patent-infringing goods; this has caused significant controversies).

### Article 2.6.2 (page 11) – pre-conditions for application of border measures

2. The competent authorities shall require a right holder requesting the procedures described in paragraph 1 to provide adequate evidence to satisfy themselves that, under the laws of the Party providing the procedures, 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 infringing goods reasonably recognizable by the competent authorities. The requirement to provide sufficient information shall not unreasonably deter recourse to the procedures described in paragraph 1.

The provision is consistent with Australian law, and TRIPS. The only differences from TRIPs Art 52 are (a) that TRIPS doesn’t require information to ‘reasonably be expected to be within the right holder’s knowledge’ and (b) that the requirement must not ‘unreasonably deter recourse to such procedures’. Neither seems to add all that much: neither is likely to become justiciable internationally.
**Article 2.6.3 -2.6.5 (page 11) – receipt, acceptance and duration of notices of objection**

3. Each Party shall provide for applications to suspend the release of suspected infringing goods that apply to all goods under customs control in its territory and remain applicable to multiple [or in the alternative specified] shipments. Each Party may provide that, at the request of the right holder, the application to suspend the release of goods may apply to selected points of entry and exit under customs control. These applications for suspension shall remain applicable for a period of not less than [one year][or sixty days] from the date of application, or the period of protection of the relevant intellectual property rights under the laws of the Party providing border measures under this Section, whichever is shorter. Each Party may permit a right holder to specify that an application to suspend remain applicable for a period of less than [one year][or sixty days].

FN27: Whether this applies to imports, exports and/or in transit goods depends on paragraph 1.

4. The competent authorities shall inform the applicant within a reasonable period whether they have accepted the application. Where the competent authorities have accepted the application, they shall also make known to the applicant the period of validity of the application.

5. Each Party may provide, where the applicant has abused the process, or where there is due cause, that an application may be denied, suspended, or voided.

These provisions are most likely consistent with Australian law. A 12 month period for notices of objection to remain 'live' is not controversial (in fact, in Australia the period is 4 years). Australian copyright law also allows the Customs CEO to declare an application ineffective if s/he 'believes, on reasonable grounds, that it is no longer appropriate to give effect' to it (s135(6A)). I assume that the concept of 'due cause' in 2.6.5 as proposed is to be broadly interpreted, and could include 'causes' beyond, say, failure to pay fees by the right holder or other 'causes' predicated on right holder fault.
Article 2.7 (pages 11-12) (ex officio action)

Option 1

1. Each Party [may] [shall] provide that its customs authorities may act upon their own initiative, to suspend the release of suspected counterfeit trademark goods or suspected pirated copyright goods with respect to imported, [exported] [, or in-transit] goods including suspected counterfeit trademark goods or suspected pirated copyright goods admitted to, withdrawn from, or located in free trade zones [goods suspected of infringing an intellectual property right]. [Each Party [may][shall endeavour to] provide its customs authorities the same authority as the foregoing provision of this Article in respect of [exported and] in-transit goods that are [suspected counterfeit trademark goods or suspected pirated copyright goods.]

Option 2

[1. Each Party shall provide that its competent authorities may act upon their own initiative, to suspend the release of goods suspected of infringing an intellectual property right.]

2. [Each Party may also provide that its customs authorities may act, upon their own initiative, to suspend the release of goods suspected of infringing other intellectual property rights [, not covered by this section].]

This provision is TRIPS-plus and AUSFTA-plus to the extent that it covers exported and in-transit goods, and anything beyond suspected counterfeit trade mark and/or copyright-infringing goods. As noted above, the extent to which AUSFTA requires trade mark-infringing goods to be intercepted is less clear. It is consistent with Australian law to the extent that it covers copyright and trade mark-infringing goods. Anything beyond that is troubling and inconsistent with present Australian approaches (and the expressed preferences of Customs who have protested the idea of applying these measures to patent).

Article 2.X (page 12) – provision of information to customs overseas

[As an alternative to procedures in Article 2.6.1 and 2.7.1 relating to export or in-transit shipments, each Party shall provide that where shipments are exported from that Party, or shipments are in-transit through that Party, it shall cooperate to provide all available information to the destination Party, upon request of the destination Party, to enable effective enforcement against shipments of infringing goods.]

This provision is highly unusual and troubling; no equivalent exists in TRIPS or AUSFTA. The most significant concern is the issues of privacy and confidential information which it raises. As presently drafted:

1. The provision is not subject to privacy rights or privacy law or the law concerning confidential information. The information that could be forwarded here could include

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75 See above page 30.
personally identifiable information, and/or confidential information. It could be used by overseas authorities to bring civil or criminal actions against individuals.\textsuperscript{76}

2. There is no requirement that shipments themselves be found to be infringing by a judicial authority, or that the request for information (or its supply) be subject to judicial order or supervision. Some judicial supervision is appropriate: such information should not be forwarded in the absence of a finding that the goods are infringing.

3. In fact, on one reading, the shipment concerning which information is supplied need not be infringing so long as the information is relevant to some infringing shipment. That seems inappropriate;

4. The first port of call for information should be the right holder. Provision of information of this kind involves costs on the part of public authorities, and ought not to be resorted to unless \textit{necessary} and not available from some other source.

Arguably, \textit{apart} from the privacy issues, such a provision would be better than having an obligation to suspend export/in-transit goods, because any action then depends on the destination Party. If goods not covered by IP in destination Party, presumably no request would be made and no action taken. It is appropriate that the law of the destination party be applied: it is, after all, the market there that is affected. However, it is not clear that the issues raised here can be overcome in any sensible way.

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\textbf{Article 2.9 (page 12) – right holder to provide security} \\
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Each Party shall provide that its competent authorities shall have the authority to require a right holder requesting procedures described under Article 2.6 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 such security or equivalent assurance shall not unreasonably deter recourse to these procedures. \\
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Each Party may provide that such security may be in the form of a bond conditioned to hold the defendant harmless from any loss or damage resulting from any suspension of the release of the goods in the event the competent authorities determine that the good [is not a counterfeit trademark good or a pirated copyright good] [does not infringe intellectual property rights covered by this section]. \\
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Only in exceptional circumstances [or pursuant to a judicial order] may a Party permit a defendant to post a bond or other security to obtain possession of suspected counterfeit trademark goods or suspected pirated copyright goods. \\
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This provision is mostly TRIPS- and AUSFTA- consistent and consistent with Australian law, but there are some potential issues.\textsuperscript{77}

\textsuperscript{76} Note, again, that under present Australian privacy law, transborder disclosures by public authorities like Customs are not regulated. If the ALRC recommendations were followed to apply ordinary transborder privacy rules to such agencies there would be no protection: such provision in legislation or regulations that would mean that disclosure was ‘authorised by law’ and so no longer subject to Australian privacy principles or rules. See discussion above page 6 and following.

\textsuperscript{77} Interestingly, while TRIPS, like ACTA, requires that the Party give competent authorities power to require right holder to provide reasonable security to protect the defendant from the impact of border measures, and to prevent abuse is found in TRIPS Art 53, I could not locate any such power
So far as the provision relates to the release of goods it is subject to TRIPS. Under TRIPS Art 55, if the applicant does not commence proceedings on the merits within 10 working days of receiving notice that there are suspended goods, and so inform the customs authorities, "the goods shall be released, provided that all other conditions for importation or exportation have been complied with".\(^78\) Further, once proceedings have been initiated, TRIPS Art 55 requires that ‘a review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable period, whether these measures shall be modified, revoked or confirmed’. Under Australian law, once an infringement action is commenced, the Court under both copyright and trade mark law has the authority at any time if it thinks it just to order that the seized goods be released to the importer or owner, subject to whatever conditions the court considers it necessary to impose: conditions which could include, say, providing a bond sufficient to compensate the right holder in the event that the goods turn out to involve infringement.\(^79\)

It is not difficult to imagine circumstances where such release would be appropriate. If the IP-infringing material constitutes a small proportion of the overall product, permanent seizure of the goods would likely, in any event, not be ordered: some other (monetary) remedy would be appropriate such as damages in the form of a reasonable royalty (at least for existing stock). Such circumstances are hardly ‘exceptional’, but release would be appropriate on the posting of some security or assurance. Whether this is allowed depends on the meaning of ‘exceptional circumstances’. It would be better to amend the provision to remove the reference to exceptional circumstances and perhaps require that parties allow release in ‘appropriate circumstances’.

Further, note that if the border measures are extended beyond copyright and trade mark to the patent, designs, or confidential information contexts, TRIPS Art 53.2 requires that the owner of goods be entitled to possession of the goods after a certain period of time on the posting of a bond. ACTA cannot make provision inconsistent with that requirement of TRIPS.

**Article 2.10 (page 12)**

Each Party shall adopt or maintain a procedure by which competent authorities may determine, within a reasonable period of time after the initiation of the procedures described under Article 2.X or 2.X, whether the suspected infringing goods infringe an intellectual property right.\(^29\)

This provision is quite differently worded from TRIPS\(^80\) or AUSFTA.\(^81\) It is consistent with Australian law, provided that:

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\(^78\) For Australian law, see Copyright Regulations 1969 (Cth) Reg 22; Trade Marks Act 1995 (Cth) s136
\(^79\) Trade Marks Act 1995 (Cth) s136; Copyright Act 1968 (Cth) s 135AG(4).
\(^80\) TRIPS envisages the right holder commencing proceedings leading to a decision on the merits. Such proceeding would not need to be a judicial one: it could be before an administrative tribunal.
\(^81\) AUSFTA Art 17.11.21 provides that ‘Where its competent authorities have made a determination that goods are counterfeit or pirated, a Party shall provide that its competent authorities have the
1. Competent authorities includes courts; and
2. The provision does not require those authorities to take the initiative to determine whether the goods are infringing. TRIPS Art 55 and Australian law put the onus on the right holder to initiate proceedings; otherwise the seized goods are released.

It is not entirely clear, however, that this provision is in the interests of Australians who are engaged in international trade. This provision could allow a country to give to individual customs officers the power to make determinations about whether goods are infringing. This would create risks of inappropriate seizure of goods. It is not difficult to imagine local customs being quite ready to intercept imported goods at the behest of a local IP owner (or a local person asserting they own IP). The potential for corruption is significant. It would be better to have such matters handled by the courts where more transparency can be expected.

**Article 2.11 (page 13)**

1. Each Party shall provide its competent authorities with the authority to order the destruction of goods following a determination under Article 2.10 that the goods are infringing.\(^\text{30}\) [In cases where such goods are not destroyed, each Party shall ensure such goods are disposed of outside the channels of commerce in such a manner as to avoid any harm to the right holder.] [or that they be disposed of outside the channels of commerce in such a way as to preclude injury to the right holder, except in exceptional circumstances.]

FN30: subject to scope.

2. In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit the release of goods into the channels of commerce.

3. Each Party may provide its competent authorities with the authority to impose administrative penalties following a determination under Article 2.10 that the goods are infringing.

This provision is TRIPS plus; it is both more and less onerous than AUSFTA. It is:

1. Less onerous insofar as AUSFTA requires that ‘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 cases’\(^\text{83}\) – not only that the competent authorities have authority to order destruction;
2. More onerous in that it requires competent authorities have authority to impose administrative penalties.

As the provision relates to forfeiture it is consistent with Australian law. Australian Customs and courts do have authority to order destruction. If there are court proceedings, court would have authority to order destruction in exercise of inherent jurisdiction and/or specific statutory authority to inform the right holder of the names and addresses of the consignor, the importer, and the consignee, and of the quantity of the goods in question.’

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82 Trade Marks Act 1995 s 136; Copyright Act s135AF
83 Although this provision is not entirely clear on whether it is referring to voluntary forfeiture without proceedings (as occurs in Australia under Copyright Act 1968 (Cth) s 135AE and Trade Marks Act 1995 (Cth) s 135), or whether it also refers to cases where a court has ordered forfeiture (as occurs in Australia under Copyright Act 1968 (Cth) s 135AG and Trade Marks Act 1995 (Cth) s 137). The words of AUSFTA are broad enough to cover both situations.
provisions (discussed above).\textsuperscript{84} It is worth noting that Australian law does not have a blanket rule in favour of forfeiture and destruction (this is consistent with ACTA). Australia requires infringing goods forfeited voluntarily to the Commonwealth, and ‘disposed of as the Customs CEO directs’\textsuperscript{85} or as prescribed.\textsuperscript{86}

The provision on penalties however is not consistent with Australian law. While Customs has various powers to impose penalties in the form of ‘Infringement Notices’,\textsuperscript{87} none of these relate specifically to intellectual property; most are concerned with making misleading or false statements towards customs (particularly where that can lead to incorrect assessment of duty). It would, of course, be a relatively simple matter to expand the set of possible bases for infringement notices in copyright and trade mark law to include customs breaches, and incorporate their application into the system presently applied by Australian Customs. But this would represent a change to Australian law and an expansion of Customs’ punitive powers inappropriately.\textsuperscript{88}

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Article 2.12 (page 13) \\
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1. Each Party shall provide that any application fee, storage fee, or destruction fee to be assessed by competent authorities in connection with procedures described in this Section shall not be used to unreasonably deter recourse to these procedures. \\
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This is not troubling: it is not found in TRIPS but is entirely consistent with AUSFTA: see Article 17.11.23; in any event it is unlikely to be readily justiciable except perhaps in extreme cases.

\textsuperscript{84} See above Part 3.5, page 21ff.
\textsuperscript{85} Trade Marks Act 1995 (Cth) s 139; Copyright Act 1968 (Cth) ss 135AE; 135AI.
\textsuperscript{86} This is true in copyright law only: Copyright Act 1968 (Cth) ss 135AE; 135AI, although it does not appear that any methods of dealing with such goods have been prescribed.
\textsuperscript{87} For further information, see the website of Australian Customs, which includes a set of Guidelines for imposition of such Infringement Notices.
\textsuperscript{88} Customs ought not to be determining whether goods are infringing, as discussed above (see discussion of Art 2.10). If Customs were to make the determination whether goods are infringing, giving them the additional power to impose penalties increases still further the risk of corruption discussed above.
Article 2.13 (pages 13-14)

Without prejudice to a Party’s laws pertaining to the privacy or confidentiality of information:

(a) Each Party may authorize its competent authorities to provide right holders with information about specific shipments of goods, including the description and quantity, to assist in the detection of infringing goods;

(b) Each Party may authorize its competent authorities to provide right holders with information about goods including, but not limited to, the description and quantity of the goods and the name and address of the consignor, importer, exporter or consignee, and, if known, the country of origin and name and address of the manufacturer of the goods to assist in the determination under Article 2.10 of whether goods infringe rights covered by this Section;

(c) Unless a Party has granted authority under subparagraph (b), at least in the case of imported goods, where competent authorities have seized or, in the alternative, made a determination under Article 2.10 that goods infringe rights covered by the section, each Party shall authorize its competent authorities to provide right holders within 30 days of seizure or determination, with information about goods including, but not limited to, the description and quantity of the goods and the name and address of the consignor, importer, exporter, or consignee, and, if known, the country of origin and name and address of the manufacturer of the goods.

FN32: For purposes of the Article, “days” shall mean “business days”.

FN33: Subject to agreement by at least one delegation

This provision is TRIPS-plus and AUSFTA-plus: TRIPS only provides that Members may give their competent authorities the authority to provide information, being ‘the names and addresses of the consignor, the importer and the consignee and of the quantity of the goods in question’, and only ‘[w]here a positive determination has been made on the merits of a case’. AUSFTA is similarly worded but requires that the competent authorities have this authority (ie the provision is mandatory rather than permissive).

It is also inconsistent with Australian law – even in its more restrictive form (2.13(c)). Australian law requires customs at the time of seizure to provide right holder with information identifying the goods, and giving name/address of the designated owner of the goods (ie consignor) and any information Customs has to identify the importer (ultimate owner); there is no mention of manufacturer or the country of origin. There is nothing specific in the legislation about information following a determination of infringement, although usual court powers would apply (these have been discussed above). Australian law also goes further, by giving Customs the power to require an importer to provide information about both consignor and consignee.

As noted above, the qualification concerning a Party’s privacy laws and law of confidentiality will not assist Australians.
Article 2.X (page 14)

[1. With respect to the border measures covered by this Section, each Party shall provide measures concerning the liability of competent authorities in the execution of their duties.]

Option 1

2. The acceptance of an application on its own shall not entitle the right-holder to compensation in the event that goods infringing an intellectual property right [copyright, related rights and trademarks] are not detected by [competent authorities] a customs office and are released or no action is taken to detain them.

Option 2

[2. Each Party may limit remedies sought by a right holder or other persons against a Party's competent authorities as a result of mere acceptance of an application under Article 2, where the competent authorities release, or fail to detect, detain, or take action against or in connection with, goods that may infringe [IPR] covered by this Section.]

[3. The competent authorities shall not be liable towards the persons involved in the situations referred to in Article 2.6 for damages suffered by them as a result of the authority's intervention, except where provided for by the law of the Party in which the application is made or in which the loss or damage is incurred.]

Seriously? Governments would negotiate to make themselves liable for failing to do IP owners the favour of intercepting infringing goods? Or is this a case of ‘governments negotiating to make developing country governments potentially liable to developed country right holders in a future scenario where developing countries have been required to sign ACTA…’? The provision is confusing.

This is consistent with Australian law because it does not require Member countries to make their officials liable for failure to intercept goods. Australian law exempts customs/Commonwealth from liability.91

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91 Trade Marks Act 1995 (Cth) s 142; Copyright Act (Cth) s135AK
5 Criminal Offences

**Article 2.14 (page 15) – scope of criminal liability and meaning of ‘commercial scale’**

35 Each Party shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright or related rights piracy on a commercial scale. Willful copyright or related rights piracy on a commercial scale includes:

[(a) significant willful copyright or related rights infringements that have no direct or indirect motivation of financial gain; and

(b) willful copyright or related rights infringements for purposes of commercial advantage or financial gain.]

FN35: This provision is under internal examination by at least one delegation. Subparagraphs (a) and (b) are still under examination by at least one delegation. At least one is still considering paragraphs 1 and 2.

FN36: Each Party shall treat willful importation [or exportation] of counterfeit trademark goods or pirated copyright goods on a commercial scale [in accordance with its laws and regulations,] as unlawful activities subject to criminal penalties under this Article. A Party may comply with its obligation relating to [exportation] of pirated copyright or counterfeit trademark goods through its measures concerning distribution

FN37: For purposes of this Section, financial gain includes the receipt or expectation of receipt of anything of value.

This provision is TRIPS-plus (TRIPS does not define the meaning of ‘commercial scale’). Under Article 61 of TRIPS, ‘commercial scale’ means ‘counterfeiting or piracy carried on at the magnitude or extent of typical or usual commercial activity with respect to a given product in a given market’

Adopting this definition more generally creates two different meanings for the concept of commercial scale operating at an international level, and it is the ACTA one which is contrary to common sense or common understanding.

It is, however, not AUSFTA-plus: in fact, it largely tracks the language of AUSFTA. It is consistent with Australian law, unfortunate as that is, since it makes personal and private acts criminal.

There are a number of reasons to oppose the provision. Notably, since Australia amended its law to comply with AUSFTA, we have not seen any kind of diminishing in pressure to increase enforcement and the strength of IP laws, nor any surge in prosecutions. This suggests that the change will have little practical impact to assist copyright or trade mark owners – although it may operate to chill innovations and activities through fear of criminal prosecution. It also

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WTO Dispute Settlement Body, *China – Measures Affecting the Protection and Enforcement of Intellectual Property Rights: Report of the Panel* (2009), page 115. In that case, the US challenged China’s criminal law thresholds, that confined criminal liability to conduct involving (up to 2007) gains of more than CNY 30,000, a business volume of CNY 50,000, or the possession of more than 1,000 items (these figures were halved in 2007). The WTO Dispute Settlement Body held that the US had not shown what a ‘commercial scale’ in China was; the case therefore failed on this point. But the US’ complaints are understandable. In particular, the US argued, one pernicious effect of the thresholds was to create ‘safe havens’: infringers could act with relative impunity so long as they always stayed at any given moment below these thresholds.
conflates the private and personal acts of individuals in a non-commercial context with commercial-level acts, and makes them all (equally) criminal. Further, the redefinition of ‘commercial scale’ to include all infringements for private gain has nothing to do with the kinds of counterfeiting that are said to be problematic by organisations like the OECD. To counter large-scale counterfeiting or piracy, it is not necessary to criminalise single acts of infringement, especially single acts for private ‘financial gain’. Such individual acts are unlikely to be the subject of transborder enforcement or even local enforcement by international IP owners. Nor is the inclusion of language such as ‘wilful’ likely to be the protection you might hope. In the US, courts have interpreted willfulness so broadly that those who merely should have known their conduct was infringing are often treated as willful infringers.93

The provision is, in short, undesirable, and should not be further locked-in as a more extended international obligation.

The ACTA provision does go beyond Australian law in one respect: footnote 37. Australian law specifically defines ‘profit’ in the criminal provisions to exclude any advantage, benefit, or gain that is received by a person and results from, or is associated with, the person’s private or domestic use of any copyright material. The Australian position is comparable to the EU Directive on Enforcement of Intellectual Property Rights which states that “acts carried out by end-consumers acting in good faith” are excluded from counting as “on a commercial scale”.94 Footnote 37 would seem to ride roughshod over that limitation, and suggest if you copy one of your CDs, and I copy one of my CDs, so we can swap them – that’s a criminal act. Footnote 37 should be opposed.

The criminal provisions are also problematic as they relate to trade mark. I have noted above that the concept of ‘trade mark counterfeiting’ is problematic, in that it applies wherever an identical or substantially identical mark is applied to the registered goods: which, as earlier noted, could apply even to a legitimate business not attempting to mislead consumers particularly in the case of some of the newer marks.95 Whether the provision would apply to legitimate businesses depends, of course, on the interpretation of the concept of ‘wilfulness’. If ‘wilfulness’ refers to an intention to infringe a trade mark, criminal liability is appropriately limited. If, on the other hand, the requirement is merely one of knowledge of the trade mark, it is less clear: a legitimate business could know of the trade mark (or be recklessly careless as to its existence) but still not believe they are infringing. Australian trade mark law, unfortunately, requires knowledge, rather than intent: it proscribes ‘falsely applying a registered trade mark’ (or a substantially identical sign) to the registered, goods, ‘knowing’ or ‘recklessly careless’ to

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93 See, e.g., Island Software & Computer Serv., Inc. v. Microsoft Corp., 413 F.3d 257, 264 (2d Cir. 2005); see also Samuelson and Wheatland, above n41; see also 4 Melville B. Nimmer & David Nimmer, Nimmer on Copyright, § 14.04[B][3][a].


95 See above n71 (page 30) and accompanying text.
the fact that that the trade mark is registered.\textsuperscript{96} A false application of a registered trade mark consists simply of the application of the mark, or one substantially identical with, or deceptively similar to it, without permission or authorisation.\textsuperscript{97} The result is to put legitimate business at risk of criminal liability. This is already true for Australia due to AUSFTA in confunction with our trade mark law. Australia should resist the escalation of similar provisions to a plurilateral level.

### Article 2.14.2 (page 15) – labelling and packaging – criminal liability

[2. Each Party shall provide for criminal procedures and penalties to be applied in cases of [willful, unauthorized] [importation] and [or] [domestic] [trafficking] [conducted] [use in the course of trade] [on a commercial scale] of labels [or packaging],

(a) to which a mark has been applied [without consent of the right holder] which is identical to or cannot be distinguished [in its essential aspects] from a trademark registered in [its territory] [the Party in respect of certain goods or services], and

(b) which are intended to be used [by the importer or user or, by a third party with the knowledge of the importer or user, for willful trademark counterfeiting] [on [either] the goods or [in relation to] services [for which is registered] [which are identical to goods or services for which the trademark is registered].]

This is TRIPS-plus (there is no equivalent provision in TRIPS) and quite different too from the AUSFTA provisions. It is AUSFTA-plus (or at least AUSFTA-different!). It is also inconsistent with Australian law relating to trade mark (s147).

AUSFTA’s ‘criminal labelling’ provisions are confined to certain kinds of goods.\textsuperscript{98} AUSFTA requires that parties provide criminal penalties for the knowing transport, transfer, disposition etc in the course of trade of anything of value:

(a) Either false or counterfeit labels affixed or designed to be affixed to, at least the following:

(i) A phonogram (ie sound recording/CD)

(ii) A copy of a computer program or documentation;

(iii) The packaging for a computer program; or

(iv) A copy of a motion picture or other audiovisual work; or

(b) Counterfeit documentation or packaging for a computer program where the documentation or packaging has been made or obtained without the authorisation of the right holder.

It is clear that the main kinds of items targeted by this provision are those signs, stickers and the like produced in the music, film and software industries to identify ‘genuine products’ in the face of considerable counterfeiting; features such as Microsoft’s ‘Certificates of Authenticity’ – labels attached to the packaging to identify genuine Microsoft product.\textsuperscript{99}

\textsuperscript{96} Trade Marks Act 1995 (Cth) s146.

\textsuperscript{97} Lahore and Dufty, above n49, at [60,025].

\textsuperscript{98} AUSFTA Art 17.11.28

\textsuperscript{99} For more detail see http://www.microsoft.com/howtotell/
ACTA would seem to extend criminal liability for packaging and labels in relation to any kinds of goods. As a result, ACTA significantly increases the risk of legitimate businesses being caught by the provisions. For example, I have cited earlier in this paper the problem with talking about ‘identical marks’ in the context of newer marks: in particular, colours and packaging.100 This provision gives rise to a risk of criminal liability, for trading in packaging which bears no risk of confusing consumers.

**Article 2.14.3 (pages 15-16) – anti-camcording provision**

[3. Each Party shall provide for criminal procedures and penalties to be applied [in accordance with its laws and regulations,] against any person who, without authorization of the holder of copyright [or related rights] [or the theatre manager] in a [motion picture or other audiovisual work], [cinematographic work] [knowingly] [uses an audiovisual recording device to transmit or make] [makes] a copy of [, or transmits to the public] the motion picture or other audiovisual work, or any part thereof, from a performance of the motion picture or other audiovisual work in a motion picture exhibition facility open to the public.]38

FN38: At least one delegation has asked for the deletion of paragraph 3

There is no equivalent to this provision in TRIPS, AUSFTA, or in Australian law. It should be opposed. It would require changes to Australian law: specifically, the introduction of an offence covering the making of the copy of the film, without intention to distribute (ie the simple making of the copy).

Owners of copyright in film are not without civil and criminal remedies in Australia:

1. Filming a movie is copyright infringement, for which civil action lies (s101);
2. In that civil action, a copyright owner can seek delivery up of any infringing copies and the equipment used in infringement (s116);
3. If a person uploads the film online, they can be:
   a. Civilly liable for communicating the film to the public (s101);
   b. criminally liable for engaging in conduct that results in copyright infringement having a substantial prejudicial impact on the owner of copyright and on a commercial scale (s 132AC);
   c. criminally liable for distributing articles (including electronic files) to an extent that affects prejudicially the owner of copyright (s132AI);
4. Even before the person uploads, if they plan to upload, they can be criminally liable for possession of an article with the intention of distributing it to an extent that will affect prejudicially the owner of copyright (s132AJ); and
5. Sitting in the cinema with the camera could cause a person to be criminally liable for having in their possession a device, intending it to be used to make an infringing copy of a work (s 132AL).101

It seems like the only acts that would not be caught would be the making of the copy simpliciter: because that would not involve any distribution or intended distribution – although, still, if you walk into the cinema with the camera, intending to make a copy, then you are engaging in a

100 See above note 71 (page 30) and accompanying text.
101 Of course, strictly speaking, there are a lot of us who are criminals on this provision...
criminal act – even if you have absolutely no intention of ever distributing that copy or causing the copyright owner any prejudice.\textsuperscript{102}

At present, Australia's criminal copyright provisions are not, by any stretch of the imagination, balanced or reasonable. Strictly speaking, there are many Australian citizens, including, no doubt, highly respectable professionals and well-regarded members of the community, who are criminals under these provisions, specifically s132AL, because many of us possess devices (computers) that we intend will be used to infringe copyright (by downloading something or printing a copy when the terms of use of the website say you can’t). But they are purely Australian provisions and could be amended: it would be better not to lock in an obligation to treat further acts as being criminal, particularly where there is no requirement of financial gain, nor of distribution of the copy.

\begin{tabular}{|p{\textwidth}|}
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\textbf{Article 2.15.1 (page 16) – criminal liability of legal persons} \\
\hline
(a) Each Party shall adopt such measures as may be necessary, consistent with its legal principles, to establish the liability of legal persons for the offences referred to in Article 2.14. \\
(b) Subject to the legal principles of the Party, the liability of legal persons may be criminal or non-criminal. \\
(c) Such liability shall be without prejudice to the criminal liability of the natural persons who have committed the criminal offences. \\
\hline
\end{tabular}

This would not be controversial in Australian law: legal persons can be criminally liable for copyright infringement.\textsuperscript{103}

\begin{tabular}{|p{\textwidth}|}
\hline
\textbf{Article 2.15.2 (page 16) – aiding and abetting} \\
\hline
The provisions of this section shall apply to [inciting,] aiding and abetting the offences referred to in Article 2.14.\textsuperscript{19}

FN39: At least one delegation opposes paragraph 2, ‘Inciting, Aiding and Abetting’.
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This is TRIPS-plus and AUSFTA-plus (there is no mention of such a basis for criminal liability in either treaty). It is consistent with Australian law, however, for a number of reasons it should be opposed so that Australia can retain the flexibility to remove, or tailor, such forms of liability in the future.

The Australian \textit{Criminal Code} 1995 (Cth), Part 2.4, Clause 11.2 already provides that “[a] person who aids, abets, counsels or procures the commission of an offence by another person is taken

\textsuperscript{102} In my view, this ought not to be criminal. Making the copy should be a civil wrong.

\textsuperscript{103} The TMA includes specific provisions to ensure that the state of mind of an employee can be attributed to a corporation: s.160. For copyright law, liability of a corporation is no doubt assisted by the existence of many strict liability offences in the legislation where a state of mind is not necessary to be proven. In any event, there are specific provisions in the Criminal Code, Part 2.5, Div 12, dealing with corporate criminal responsibility.
to have committed that offence and is punishable accordingly." Liability depends on showing (a) that the offence was in fact committed by the person so aided etc; (b) that the abettor intended to abet. Further, liability does not apply if the alleged abettor terminated his or her involvement, and took all reasonable steps to prevent the commission of the offence. These provisions apply to any offences under any piece of Australian federal legislation – including IP law. 11.4 addresses ‘incitement’. Trade mark law goes even further; if a person aids or abets or is "in any way directly or indirectly, knowingly concerned in, or party to" the doing of an act outside Australia that would in Australia be an offence, the person is taken to have committed the offence and can be punishable in Australia: s 150.

However, as far as I know, these Australian provisions on ‘abetting’ have not been applied in any IP cases to date, and their scope and meaning are hence unsettled. It is not appropriate to ‘lock in’ such provisions at an international level. Should incitement or ‘aiding or abetting’ be found in some future case against, for example, an intermediary could be held liable for ‘abetting’ or ‘aiding’ infringement once they know that infringement is occurring. The risk of such criminal liability adds a significant disincentive to engage in conduct which might arguably be infringement. This will likely chill a great range of legitimate commercial and innovative activities (one suspects it will deter underground and genuinely criminal activities considerably less: what is another set of criminal provisions to those already engaged in criminal infringement?).

It is not difficult to imagine scenarios that ought to be troubling to policymakers. Consider that uploading a copy of a music video to YouTube without authorisation is copyright infringement. Given that engaging in conduct that results in copyright infringement having a substantial prejudicial impact on the owner of copyright and on a commercial scale is criminal under s 132AC, it is arguable the uploader engages in criminal conduct under Australian law. Under what circumstances could YouTube be criminally liable – particularly once knowledge is conferred? Perhaps, under Australian law, if the alleged abettor (YouTube) terminated its involvement, and took all reasonable steps to prevent the commission of the offence. This would add a quite interesting criminal law incentive to online service providers to cooperate with rights holders.

One obvious response is that the police are not going to be prosecuting YouTube any time soon, and hence the threat of criminal sanctions is not real. However, engaging in conduct known to be potentially criminal can have other implications: for example, when insurance is sought. Warranties that all relevant laws are being complied with are not uncommon in various commercial contracts. In other words, the commercial impact of expanded criminal liability does not arise only from prosecution.

Nor would the risk of liability be confined to the online or commercial context. Intermediaries who should be concerned include libraries, universities, schools, perhaps Australia Post or couriers, eBay and other online auction houses where trade mark infringements may occur, The Trading Post which publishes advertisements for a company said to be engaging in infringement. The implications of ‘aiding and abetting’ criminal liability are considerable, and hence, while Australia currently has provision for such laws, in the absence of any idea how broadly they might extend, Australia would be well-advised to retain the flexibility to tailor its laws further.

Finally, it should be noted that Australia’s criminal provisions, particularly in copyright law, are extremely extensive: more so, perhaps, than in many other countries. Since the 2006 Copyright Amendment Act, Australia has at least 33 different criminal offences in the Copyright Act
alone: most of them specified at 3 different levels (strict liability, summary, and indictable offences). This of course expands the impact of the aiding and abetting provisions in Australia as compared with other countries.

### Article 2.15.3 (pages 16-17) – criminal penalties and the requirement of imprisonment

[(a)] For the [offences] crimes referred to in [Article 2.14] [Article 2.14.1], each Party shall provide [effective, proportionate and dissuasive] penalties. The available penalties shall include imprisonment [as well as] [and] monetary fines sufficiently high to provide a deterrent to future acts of infringement, with a view to removing the monetary incentive of the infringer.

[(b) For legal persons held liable under Article 2.15.1, each Party shall provide for effective, proportionate and dissuasive sanctions, including monetary sanctions.]

[FN40: [It is understood that there is no obligation to provide penalties of imprisonment against legal persons for the crimes set forth in Article 2.14.].]

FN41: [Negotiator’s note: [It is understood that there is no obligation for a Party to impose both imprisonment and monetary fines in parallel] [This does not imply an obligation for a Party to provide for the courts a possibility to impose both penalties in parallel.]

This provision is TRIPS-plus but not AUSFTA-plus, and is consistent with Australian law, which provides for imprisonment for copyright infringement (and long has done).

### Article 2.16 (page 17) – criminal procedure – provisional measures

(a) In case of an offence referred to in Article 2.14 [1], each Party shall provide that its competent authorities shall have the authority to order [authorise] [at least for serious offences] the seizure of suspected counterfeit trademark goods or pirated copyright [or related rights] goods, any related materials and implements used in the commission of the alleged offence, documentary evidence relevant to the alleged offence and any assets derived from, or obtained directly or indirectly through the infringing activity.

(b) Each Party shall, if a prerequisite for such an order, according to its national law, is the identification of the items, ensure that the order need not determine the items that are subject to seizure in more detail than necessary to allow their identification for the purpose of the seizure.

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104 This number was produced conservatively; by counting the basic copyright offences and offences in relation to performers’ rights. There may well be more. There is no double-counting through including the summary, strict liability and indictable offences as separate – even though arguably this could be done since some of those provisions have slightly different features. Nor have I counted twice where there are differently defined offences within a single section of the Act – such as 132AL (separate offences for making or possessing a device to be used for infringement). Naturally, the number in part reflects the very strange drafting style prevalent at a federal level in Australia where, for the sake of ‘clarity’, there must be a high level of specificity in the elements of the various offences. Copyright law fell victim to this kind of drafting in 2006. Nevertheless, an argument can certainly be made that Australia covers more acts with criminal provisions than would be true elsewhere.

105 The option of imprisonment is required under AUSFTA Art 17.11.26.
[Each Party shall provide that such orders need not individually identify the items that are subject to seizure, so long as they fall within specified categories in the relevant order.]

FN42: Each Party may provide that its judicial authorities have the authority to order [fines or] the seizure of assets the value of which corresponds to that of such assets derived from or obtained, directly or indirectly, through the infringing activity.

This provision is TRIPS-plus (seizure is only mentioned as a remedy in Art 61), but consistent with AUSFTA and with Australian law.

Australian criminal law provides for search warrants and seizure of ‘evidential material’ which would include suspected infringing material, implements, and documents. 106 Australian law also meets the standard in (b) already with respect to seizure of items and their specification in search warrants.107

As for proceeds of crime and material or implements used to commit the offence, Australian law allows for extensive orders for both proceeds of crime and instruments of crime (where an ‘instrument’ is property is used, or intended to be used in, or in connection with, the commission of an offence108):

- search orders;109
- orders directing that property not be dealt with except as specified in the order under the Proceeds of Crime Act where a defendant has been convicted of an indictable offence or has been or is about to be charged with an indictable offence; if satisfied that the circumstances so require, the court can also direct the Official Trustee to take custody and control of the property;110
- Freezing orders against financial institutions to freeze accounts reflecting proceeds of crime.111

Thus ‘seizure’ of assets derived directly or indirectly from serious IP crimes is possible.112

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106 Crimes Act 1914 (Cth), Part 1AA (dealing with search warrants), in particular s.3E. Evidential material is defined in s3C as ‘a thing relevant to an indictable offence or a thing relevant to a summary offence, including such a thing in electronic form.’ ‘thing relevant to an indictable offence’ is further defined in s.3 to include anything as to which there are reasonable grounds for suspecting that it will afford evidence as to the commission of any such offence (which would include documentary evidence), and anything as to which there are reasonable grounds for suspecting that it is intended to be used for the purpose of committing any such offence (thus including implements). Note too that s 3ZQX(1) has no specified time limit in which things must be dealt with and then returned; subject to a court order, the police must return an item if the reason for its seizure no longer exists or if it is decided that it is not to be used in evidence except in a limited class of cases relating to forfeiture.

107 Crimes Act 1914 (Cth) s.3F, which notes that in executing a search warrant a police officer can seize both evidence of the type specified in the warrant and other things found at the premises in the course of the search that the executing officer or a constable assisting believes on reasonable grounds to be evidential material in relation to an offence to which the warrant relates or evidential material in relation to another offence that is an indictable offence.

110 Proceeds of Crime Act 2002 (Cth) s 15B
111 Proceeds of Crime Act 2002 (Cth) s 17
112 Note that ‘proceeds’ of crime includes assets wholly or partly derived or realised, whether directly or indirectly, from the commission of the offence; Proceeds of Crime Act 2002 (Cth) s329
Article 2.16.2 (pages 17-18) – criminal remedies – forfeiture and destruction

(a) For the offences referred to in Article 2.14[.1], each Party shall provide that its competent authorities shall have the authority to order [confiscation]/[forfeiture\[^43\] and/or] destruction [where appropriate] of all counterfeit trademark goods or pirated copyright [or related right] goods, of materials and implements [predominantly] used in the creation of counterfeit trademark goods or pirated copyright goods [or related rights goods], and [at least for serious offences] [forfeiture to the State] of the [any] assets derived from, or obtained directly or indirectly, through the infringing activity.

(b) Each Party shall [provide that its competent authorities shall have the authority to] ensure that the counterfeit trademark goods and pirated copyright [or related rights] goods that have been [confiscated/] forfeited [to the state] under this subparagraph shall, if not destroyed, be disposed of outside the channels of commerce, [under the condition that the goods are not dangerous for the health and security of persons.] [in such a manner as to avoid any harm caused to the right holder.]

(c) Each Party shall further ensure that [confiscation/]forfeiture and destruction under this subparagraph shall occur without compensation of any kind to the defendant.

(d) Each Party may provide that its judicial authorities have the authority to order the confiscation/[forfeiture] of assets the value of which corresponds to that of such assets derived from or obtained directly or indirectly through the infringing activity.

FN43: At least one delegation to propose wording to clarify whether forfeiture to right holder or to state.

This provision is:
1. TRIPS-plus. TRIPS Art 61 refers to seizure and destruction of infringing goods, and materials and implements, but only those where the predominant use of which has been in the commission of the offence. It contains no reference to proceeds of crime;
2. Less stringent than AUSFTA: AUSFTA (Art 17.11.27) requires authority to order forfeiture of proceeds of crime, but requires that courts except in exceptional circumstances order the destruction of counterfeit/pirated goods, and of materials and implements used in creating copyright infringements (where those infringements were wilful); and
3. Consistent with Australian law. No change would be required.

Copyright law specifically allows for forfeiture of infringing goods and implements used in infringement (they need not be predominantly thus used).\[^113\] Australian law allows forfeiture even in the absence of conviction, if it appears to the court that the person charged possesses an article that is an infringing copy or a device/equipment used or intended to be used for making infringing copies. As for what happens to the items, the court ‘may order that the article be destroyed, delivered up to the owner of copyright, or dealt with as the court thinks fit’.

Penalties in trade mark law, and issues of proceeds of crime in the case of criminal copyright infringement, are governed by the *Proceeds of Crime Act* 2002 (Cth), which allows for:
1. forfeiture orders where the court is satisfied that certain property represents proceeds of an indictable offence or is an instrument of a serious offence\[^114\] – even if the person hasn’t been

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\[^{113}\] *Copyright Act* 1968 (Cth) s133
\[^{114}\] ‘serious offence’ is extensively defined in s.338 of the *Proceeds of Crime Act* 2002 (Cth). Relevantly, it means offences intended to cause loss to some person of more than $10,000 in value, and also
convicted of the offence (s49). An ‘instrument of an offence’ means the property is used, or intended to be used in, or in connection with, the commission of an offence;\(^{115}\) and

2. forfeiture orders for proceeds of crime in cases where a person has been convicted of an indictable offence (s48).

### Article 2.17 (page 18) – ex officio criminal investigation

Each Party shall provide that its competent authorities may act upon their own initiative to initiate investigation [or] [and/or] legal action with respect to the [criminal] offenses described in [Article 2.14] [Sections 3 and 4.] [at least in cases of significant public interest, in accordance with national law.]

This provision is TRIPS-plus (this issue is not mentioned in TRIPS); AUSFTA-consistent (see Art 17.11.27(d)) and not controversial from an Australian perspective. Police have the authority to act ex officio (although it is unlikely they would do so in most cases).

### Article 2.X (page 18)

Each Party shall ensure that the rights of the [defendants and] third parties shall be duly protected and guaranteed.\(^{44}\)

FN44: At least one delegation proposes that this provision be reflected in the General Provisions of the Agreement

Clearly it is important to keep this provision to ensure that defendants’ rights are protected: after all, even if we believe Australian procedures are fair, Australians could be prosecuted in other countries under these provisions.\(^{116}\) It would arguably be better as a general provision applying to the whole of the Agreement: after all, one would hope that defendants’ and third parties’ rights would always be guaranteed and protected.\(^{117}\) It would also be worth specifying defendants’ rights in more details: for one example, see TRIPS Art 42 (although this relates to civil procedure). This could be particularly important in countries like Australia where there is an absence of constitutional protection.

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\(^{115}\) Proceeds of Crime Act 2002 (Cth) s.329.

\(^{116}\) See eg Griffiths v United States of America [2005] FCAFC 34, concerning the extradition of an Australian citizen to the US for trial on criminal copyright infringement charges.

\(^{117}\) Although it is worth noting that both TRIPs Article 42, and the various introductory provisions discussed above, offer some protection.
6 Special Measures Related to Technological Enforcement of Intellectual Property in the Digital Environment

6.1 Introductory

Article 2.18.1-2.18.2 (page 18) – general motherhood-y statement about how the Internet isn’t different

1. Each Party shall ensure that enforcement procedures, to the extent set forth in the civil and criminal enforcement sections of this Agreement, are available under its law so as to permit effective action against an act of [trademark, copyright or related rights][intellectual property rights] infringement which takes place [by means of the Internet][in the digital environment], including expeditious remedies to prevent infringement and remedies which constitute a deterrent to further infringement.

2. [Those measures, procedures and remedies shall also be fair and proportionate46]

FN46 See identical comment on the draft Chapter 2, Section 1 “Civil Enforcement” and Section 3 “Criminal Enforcement”. A suggestion is to move these provisions into Chapter 1, Section A which applies to the whole Agreement. Direct reference to TRIPS might also clarify the scope of these obligations.]

This provision is general, and dependent on subsequent provisions. However, the issue of the scope of ACTA is prominent here. Australia has made significant amendments to copyright law for the digital environment but has largely relied on the development of doctrine in the context of trade mark and patent law. Incorporating any rights other than copyright into the provisions on enforcement in the digital environment would be controversial and require changes to Australian law.

Given the increasing prominence of, in particular, trade mark issues online, as evidenced by the recent number of ‘Adwords’ cases and similar in Europe,118 it might be worthwhile for Australia and other countries to consider the appropriate scope of IP liability in an online context. Whether Australian doctrine is well-equipped to deal with similar issues is questionable. Further, there are international models for providing generalised shelter from liability in some countries, such as Europe, certain protections in the form of safe harbours can already be found.119 However, if such models are to be adopted, they ought to be shaped according to a domestic process. There is no international consensus on how such protections should be drafted or their scope.

Proportionality and fairness are clearly important and ought to be referred to here or generally at the start of the agreement.

Article 2.18.3 (page 19) – substantive secondary liability

3. Without prejudice to the rights, limitations, exceptions, or defenses to [[patent, industrial design, trademark and][copyright or related rights][intellectual property rights] infringement available

118 Google France SARL, Google Inc. v Louis Vuitton Malletier SA (C-236/08) [2010] ECR 00 (European Court of Justice).

under its law, including with respect to the issue of exhaustion of rights, each Party [confirms that] [shall provide for] [civil remedies as well as limitations, exceptions, or defenses with respect to the application of such remedies, are available in its legal system in cases of third party liability][liability for those who authorize infringement, or both] for [[patent, industrial design, trademark and][copyright or related rights][intellectual property rights] infringement.\[48\]

FN 47: [For greater certainty, the Parties understand that third party liability means liability for any person who authorizes for a direct financial benefit, induces through or by conduct directed to promoting infringement, or knowingly and materially aids any act of copyright or related rights infringement by another. Further, the Parties also understand that the application of third party liability may include consideration of exceptions or limitations to exclusive rights that are confined to certain special cases that do not conflict with a normal exploitation of the work, performance or phonogram, and do not unreasonably prejudice the legitimate interests of the right holder, including fair use, fair dealing, or their equivalents.] At least one delegation opposes this footnote.

**Negotiator's Note:** This provision may be moved and located in the civil enforcement section.

This provision is extremely concerning. It would likely require changes to Australian law. More than that, there are a range of reasons why it ought to be opposed.

First, secondary liability is a matter of substantive not procedural or enforcement law: not mentioned in any other IP treaty and hence not otherwise part of international IP law. It ought not to be in the agreement at all.\[120\]

Second, on scope: the scope of secondary liability in trade mark, patent, and design laws is unsettled and certainly does not reflect any of the language seen here. While Australian patent law does contain a prohibition against 'authorisation' (Patents Act s.13) it is rarely litigated and of uncertain scope and meaning;\[121\] Australian trade mark law does not contain a doctrine of authorisation, and although there are some common law bases for secondary liability on other tortious theories, these are more narrowly drawn than the concept of 'authorisation' as found in Australian copyright law.\[122\] In short, extending the scope of the provision would require very serious engagement with changes to Australian law in patent and trade mark.

Third, the language of the footnote does not even accurately reflect Australian law concerning authorization of infringement of copyright or related rights. Under Australian law, a person is liable for authorizing infringement if they 'sanction, countenance or approve' that infringement; this may involve direct authorization (granting of permission) but can also involve implied authorization and 'sanctioning' that arises when a person 'has under his control the means by which an infringement of copyright may be committed – such as a photocopying machine – and

\[120\] A reason has been given by the US Trade Representative for the inclusion of this provision: that in order for the Safe Harbours for ISPs to be meaningful, there must be some form of potential secondary liability against which the Safe Harbours provide shelter. This is ludicrously circular reasoning of course. Further, it ignores the fact that in many countries, albeit perhaps not in the US owing to the fair use defence, many acts undertaken by online service providers involve direct infringement.


\[122\] Louis Vuitton v Toea (2006) 70 IPR 307 (involving an allegation that the applicant’s trade marks were being infringed at stalls operated by the respondent). Specifically, a person could be liable for trade mark infringement as a 'joint tortfeasor' in the tort of trade mark infringement: Unilever Australia Ltd v PB Foods Ltd (2000) FCA 798; Ward Group Pty Ltd v Brodie & Stone plc (2005) 64 IPR 1. Joint tortfeasorship requires 'concerted action to a common end': Thompson v Australian Capital Television Ltd (1996) 186 CLR 574, 575-76.
who makes it available to other persons, knowing, or having reason to suspect, that it is likely to be used for the purpose of committing infringement, and omitting to take reasonable steps to limit its use to legitimate purposes.\textsuperscript{123} Authorisation in Australian law however is not reducible to a formula, being the outcome of a weighing up of various factors by the court: the alleged authoriser's role in the infringement; their relationship with the infringer, their knowledge of the infringement, their power to prevent it, whether they took any reasonable steps to prevent or avoid the infringement, and other factors like the extent of the infringing activity and any active encouragement of infringement that might have occurred. Some factors are listed in statute;\textsuperscript{124} some emerge from case law as an evolving body of doctrine. Any attempt to pin this doctrine down to a number of phrases in a treaty is seriously problematic. In particular:

- The footnote refers to persons who 'authorize for a direct financial benefit': the terms 'direct financial benefit' will not be found in Australian case law or statute; financial benefit is not a determinative factor in the Australian case law;
- The footnote refers to persons who induce through or by conduct directed to promoting infringement. While 'encouragement' has clearly been cited as relevant in Australian case law, even where cited it has not been a determinative factor, with the court's finding in the Sharman case for example dependent also on a finding that Sharman relevantly had the power to prevent or reduce infringement and failed to take reasonable steps to reduce infringement;\textsuperscript{125}
- The footnote refers to persons who knowingly and materially aid any act of copyright or related rights infringement by another. This language is taken from US law, and is inconsistent at least with the latest decision on authorisation in Australia, \textit{iiNet}, in which it was held that liability would attach to an entity that provides the means of infringement (subject to other factors): a more limited concept than providing 'aid'.\textsuperscript{126}

In short, the proposed footnote touches on aspects of secondary liability as it is found in Australian law: but is, in its detail, inconsistent with Australian case law. Were this provision to be adopted, Australia might be required to change its legislation to reflect these new factors. Just as occurred when Australia last tried to codify its law of authorisation in 2000, this would likely lead to years of confusion requiring considerable litigation in order to interpret the new provisions.\textsuperscript{127}

Fourth, the reference to 'exceptions, limitations and defences' makes little sense given how secondary liability operates as a common law doctrine in Australia. The 'limitations' on secondary liability arise from the way the court analyses the scope of secondary liability. That is, while there are specific statutory exceptions to authorization liability in Australian copyright law,\textsuperscript{128} the most important limitations arise from the limits to the doctrine's scope. These are developed through caselaw, not statutory exceptions for the most part.

Fifth, the reference to the three step test is disturbing. The established role of the three step test, as found in the \textit{Berne Convention} Article 9(2) and \textit{TRIPS} Article 13 is to constrain the right of

\begin{itemize}
\item University of New South Wales v Moorhouse (1975) 133 CLR 1
\item Copyright Act 1968 (Cth) ss36(1A), 101(1A).
\item In particular, in \textit{Universal Music v Sharman Licence Holdings} (2005) 65 IPR 289
\item \textit{Roadshow Films Pty Ltd v iiNet Ltd (No 3)} (2010) 83 IPR 430
\item Eg Copyright Act ss39B/112E (mere conduit exception); or the Internet Safe Harbours found in Part V Div ZAA.
\end{itemize}
legislatures to create new limitations on or exceptions to copyright owners’ exclusive rights.\textsuperscript{129} Even in that role it has, in recent times, proved controversial. If, as used here, it merely intends to state that in determining whether a third party (such as, for example, an online host, or a theatre owner) is authorizing infringement the court must take into account that some of the alleged infringements may be protected by exceptions, there would be little cause for alarm. However, if it is intended to suggest that limitations on third party (secondary) liability must be subject to the three step test there is very real cause for alarm. Because secondary liability is not addressed by TRIPS, or Berne, it is arguably not presently subject to the three step test found in those treaties; this footnote, therefore, could add a new limitation on the freedom of countries to define the rights of copyright owners. Further, the use of the test is simply inappropriate, for two reasons. First, authorization liability is a very differently constituted form of liability: in most countries, it depends on concepts such as knowledge, and power to act, and responsibility for infringement that are not relevant to direct liability. Second, the scope of secondary liability has different policy implications: it impacts on the providers of services and technology, rather than wrongdoers themselves, and so can have impact on legitimate as well as illegitimate activity. Hence, secondary liability ought to be subject to different kinds of limitations, exceptions and analysis.

6.2 Safe Harbours

It is difficult to read, or write about the ISP Safe Harbour provisions, owing to the range of options, and the bracketed text.

In general, the provisions are clearly TRIPS-plus, but broadly less onerous than AUSFTA or Australian law, because they are written at a more general level than the US Free Trade Agreements (in particular, Art 17.11.29). The most difficult issue for Australia is working out the implications of some of the broader language chosen. It is difficult to navigate generalisation of language without risking adding to the obligations of Australia in this space. My purpose here is to analyse where there might be issues. I analyse first Option 1, and then the differences in Option 2.

A general concern which can be noted at the outset is the impact of providing Safe Harbours of this kind, and whether a provision would preclude the creation of additional Safe Harbours for other kinds of activity. While ‘more of the same’ for a country already party to a US FTA,\textsuperscript{130}  

\textsuperscript{129} The WIPO Copyright Treaty (WCT), Article 10 may extend the three step test beyond this basic goal. Under that provision, member states must confine ‘limitations of or exceptions to the rights granted to authors of literary and artistic works under this Treaty [to] certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author.’ Most of the provisions of the WIPO Copyright Treaty are concerned with copyright owners’ ‘rights’ classically conceived. The question is whether this provision applies the three step test to the requirement to provide adequate legal protection and effective legal remedies against the circumvention of technologies used to protect copyright (Article 11). It is submitted that the answer is not clear: not least because the provision on exceptions precedes the anti-circumvention article. In addition, Art 11 is framed as a requirement for remedies: it does not, in terms, grant rights to authors; indeed, one method to implement Art 11 would be through the criminal law, perhaps generally drafted and not specific to copyright. It is submitted that the better view is that to the extent that countries party to the WCT wish to limit their remedies against circumvention, they are constrained by the requirements of that article (that protection must be adequate and effective) and not subject to a further limitation in the form of the three step test found in Article 10.

\textsuperscript{130} Australia is already constrained as a result of footnote 38 to Chapter 17 of AUSFTA, which provides that ‘Either Party may request consultations with the other Party to consider how to address under this paragraph functions of a similar nature to the functions identified in paragraphs (A) through
negotiators from other countries may want to consider what happens in relation to future activities: does inclusion of these Safe Harbours preclude further ones? The possibility of the need for more Safe Harbours has already been raised in the context of content aggregators.\(^{131}\)

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**Article 2.18.3 (pages 19-20) – Internet Safe Harbours Option 1**

Each Party recognizes that some persons\(^{49}\) use the services of third parties, including online service providers,\(^{50}\) for engaging in [patent, industrial design and trademark,] copyright or related rights infringement. Each Party also recognizes that legal uncertainty with respect to application of copyright and related rights, limitations, exceptions, and defenses in the digital environment may present barriers to the economic growth of, and opportunities in, electronic commerce.\(^{51}\) Accordingly, in order to facilitate the continued development of an industry engaged in providing information services online while also ensuring that measures to take adequate and effective action against copyright or related rights infringement are available and reasonable each Party [shall][may]:

(a) provide limitations\(^{52}\) on the scope of civil remedies available against an online service provider for infringing activities that occur by

(i) automatic technical processes, and

(ii) the actions of the provider’s users that are not directed or initiated by that provider and when the provider does not select the material, and

(iii) the provider referring or linking users to an online location,

when, in cases of subparagraphs (ii) and (iii)\(^{53}\), the provider does not have actual knowledge of the infringement and is not aware of facts or circumstances from which infringing activity is apparent; and

(b) condition the application of the provisions of subparagraph (a) on meeting the following requirements:

(i) an online service provider adopting and reasonably implementing a policy\(^{54}\) to address the unauthorized storage or transmission of materials protected by copyright or related rights [except that no Party may condition the limitations in subparagraph (a) on the online service provider’s monitoring its services or affirmatively seeking facts indicating that infringing activity is occurring]; and

(ii) an online service provider expeditiously removing or disabling access to material or [activity][alleged infringement], upon receipt [of legally sufficient notice of alleged

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Infringement, [of an order from a competent authority] and in the absence of a legally sufficient response from the relevant subscriber of the online service provider indicating that the notice was the result of mistake or misidentification.

except that the provisions of (ii) shall not be applied to the extent that the online service provider is acting solely as a conduit for transmissions through its system or network.]

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FN50 For purposes of this Article, online service provider and provider mean a provider of online services or network access, or the operators of facilities therefore, and includes an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user’s choosing, without modification to the content of the material as sent or received.]

FN51: At least one delegation suggests moving the second and third sentences of paragraph 3. At least one delegation suggests moving the first and second sentences of paragraph 3.

FN52: For greater certainty, the Parties understand that [these limitations are not intended to harmonize the liability of online service provider, but exclude liability in certain situations. Thus] the failure of an online service provider’s conduct to qualify for a limitation of liability under its measures implementing this provision shall not bear adversely upon the consideration of a defense by the provider that the provider’s conduct is not infringing or any other defense.

FN58: At least one delegation proposes to include language in this footnote to provide greater certainty that their existing national law complies with this requirement.

In short, looking at Option 1, the troubling areas are these.

First, why does the initial text refer to ‘services of third parties’ generally, where limitations on remedies are provided only for online intermediaries? Is this intended to imply that other intermediaries ought not be protected from liability? That would seem strange, given the important role played by other intermediaries like schools and libraries.

Second, as noted above, any proposal to extend these provisions beyond copyright must be resisted, as there is insufficient international consensus to support such a move. The drafting at this stage is poor: copyright and related rights are mentioned in the initial text, but the language below talks about ‘infringing activities’. This ought to be clarified.

Third, the phrase ‘provide limitations’ creates little certainty for OSPs. The Australian system (in common with the US and EU) provides for limitations on damages but not injunctions. ‘Limitations’ in ACTA could be narrower however – it could mean a lessening of damages awards; shelter from additional or statutory damages, etc etc. To the extent that Australia is concerned to protect its OSPs (in particular, webhosts and the like) operating overseas, why give noticeably narrower protection?

Fourth, the reference to infringements that occur by certain processes is potentially narrower than present Australian law, which protect against infringements that “occur in the course of carrying out any of the categories of activities” (s116AG) (and arguably narrower than AUSFTA, which refers to “actions for” the stated functions).

See above nn118-119 and accompanying text.
Fifth, the categories for protection may or may not cover the full extent of protected activities in Australia. Clearly they use different language: the difficulty, as noted above, is working out the implications of that. Presumably, the idea here is that ‘automatic technical processes’ covers both Category A (mere conduit/transmission) and Category B (caching) activities, the view being that both are technical and automatic. There is, however, room for doubt. Article 2.18.3(a)(ii) refers to protection from liability for ‘the actions of the provider’s users, that are not directed or initiated by that provider and when the provider does not select the material’. Does this cover what in Australian law and AUSFTA is referred to as “storage at the direction of a user”? Is “storage at the direction of a user” (which might imply some activity on the part of the online service provider, even if only the act of ‘storage’) the same as actions of the provider’s users? Of course, if any ACTA treaty was issued accompanied by ‘Agreed Statements’ noting in some way the consistency of existing laws with those proposed in ACTA, agreed by all the negotiating parties, that might assist (unilateral statements by Australia, the EU, or US unsupported by other negotiating parties will not be sufficient).

Sixth, the language referring to ‘an online service provider adopting and reasonably implementing a policy to address the unauthorized storage or transmission of materials protected by copyright or related rights’ is potentially troubling. If Australia were not already subject to a US FTA, the language would be all alarming, because it suggests that service providers will be under an obligation to engage in some way on the question of stopping online infringement. Right holders will argue that one (good) way to comply with such an obligation is for service providers to adopt ‘graduated response’ (also known as a ‘three strikes system’) – warning letters, followed by more stringent penalties for repeat infringers identified by copyright owners. It is not clear, from this text, what steps short of a graduated response system would be sufficient: would, for example, ‘educative’ steps be sufficient? Right holders might argue no. Further, the language of ‘policy’ implies that in the absence of some official, government, judicially-monitored system service providers would be required to take (extra-judicial) action to impose some kind of penalty.

As Australia is subject to a US FTA, the situation is more complicated. Under AUSFTA, providers are already required to have a user termination policy. The benefit of the Australian Safe Harbours are conditional on service providers:

adapting and reasonably implementing a policy that provides for termination in appropriate circumstances of the accounts of repeat infringers (AUSFTA Art 17.11.29(vi)(A)).

But it is arguable that some policies that would comply with this language would not comply with ACTA: for example, a policy to terminate service to a user where directed to do so by a court or administrative tribunal on the basis of a finding of infringement, which might be a policy for ‘termination of repeat infringers in appropriate circumstances’ but it may not be ‘a policy to address unauthorized storage and transmission’. To the extent that ACTA could eventually be seen as imposing additional requirements on ISPs in addition to those already in AUSFTA, it must be rejected.

Note that the EU Ecommerce Directive (see above n119) is differently expressed again: it states that ‘Where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service’. There, the provision is stating that the OSP is not liable for the information stored (not the ‘actions of the user’).

This possibility has been foreseen: footnote 29 on page 28 suggests that an example of a policy ‘to address unauthorized storage and transmission’ is a policy for the termination in appropriate circumstances of repeat infringers. It is not clear this footnote would be effective, particularly in circumstances where a termination policy was seen to be ineffective by rightsholders.
Seventh, in relation to the notice-and-takedown provisions:

1. Why does the language refer only to ‘subscribers’ giving counter-notifications? Compare this to the language of AUSFTA which refers to counter-notifications ‘by those whose material is the subject of a notice for removal or disabling’;

2. Why are there no provisions to prevent abuse of the notice-and-takedown provisions? Presumably Australia could keep its abuse provisions intact under an ACTA, however, the absence of such protections (a) may mean Australians subject to removal from overseas websites have no recourse; and (b) the agreement looks one-sided, which is bad publicity for IP laws.
Article 2.18.3 (page 20-21): Internet Safe Harbours Option 2

[Each Party recognizes that some persons use the services of third parties, including online service providers,[54] for engaging in intellectual property rights infringements.

(a) In this respect, each Party shall provide limitation on the [liability of] [scope of civil remedies available against an] on-line service provider[s] for infringing activities that occur by:

(i) automatic technical processes [that keep the provider from taking measures to prevent the infringement], or

(ii) the actions of the provider’s users that are not initiated nor modified by that provided and when the provider does not select the material or

(iii) the storage of information provided by the recipient of the service or at the request of the recipient of the service,

when exercising the activities as stipulated in paragraph 3(a)(ii) and/or (iii) the online service providers act [takes appropriate measures] expeditiously, in accordance with applicable law [s], [such as those] to remove or disable access to infringing material or infringing activity upon obtaining actual knowledge of the infringement [or the fact that the information at the initial source has been removed or disabled.] [or having reasonable grounds to know that the infringement is occurring]

[Paragraph 3(a) shall not affect the possibility for a judicial or administrative authority, in accordance with the Parties legal system, requiring the service provider to terminate or prevent an infringement, nor does it affect the possibility of the parties establishing procedures governing the removal or disabling of access to information.

The Parties shall not impose a general monitoring requirement on providers when acting in accordance with this paragraph 3.]

FN55: For purposes of this Article, online service provider and provider mean a provider of online services or network access, or the operators of facilities therefore, and includes an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user’s choosing, without modification to the content of the material as sent or received.

FN56: the activities covered in paragraph 3(a)(i) cover the mere conduit and the activities covered in paragraph 3(a)(ii) and (iii) cover respectively caching and hosting in accordance with parties legal systems.

FN57: At least one delegation proposes to redraft this sub-paragraph

Most of the same comments made above on Option 1 apply here also, except that:

1. Option 2 more clearly applies generally to all IP rights – not just copyright. As noted above, such a move ought to be resisted;[135]

2. Option 2 does refer to ‘storage’ (which is good) but not search engines or ‘referring or linking users to an online location’ (bad);

[135] See above nn118-119 and accompanying text.
3. Option 2 does not refer to the adoption of either ‘a policy to address the unauthorized storage or transmission of materials protected by copyright’ (as in Option 1) or ‘a policy that provides for termination in appropriate circumstances of the accounts of repeat infringers’ (as in AUSFTA). On balance, this is good: it means no new obligations for Australia, but carries no implication that there must be any kind of ‘graduated response’ system (although such a system is clearly not precluded by the language), and see Art 2.18.3quater (discussed below).

4. On the other hand, the reference to ‘the possibility of the parties establishing procedures governing the removal or disabling of access to information’ is of uncertain input. While not mandatory (and hence not inconsistent with Australian law) the intended scope of this provision, sitting there in addition to the requirement for a system for expeditious removal of infringing material, makes it unclear. It may refer to a system for blocking access to particular sites, as recently introduced by the Digital Economy Act in the UK.

5. Unlike Option 1, it provides for no system of counter-notices and (like Option 1) it contains no requirement to protect against abuse of any system of notice-and-takedown (or any similar system)

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**Article 2.18.3ter (page 21) – right of information in relation to online infringement**

[3 ter. Each Party shall enable right holders, who have given effective notification to an online service provider of materials that they claim with valid reasons to be infringing their copyright or related rights, to expeditiously obtain from that provider information on the identity of the relevant subscriber.

This language is troubling, because it suggests that right holders would be able to obtain information about the identity of a subscriber on giving ‘effective notification to an OSP’ – without any reference to an administrative or judicial procedure (or even a chance for the user to object and seek an injunction). Unsupervised private systems for sharing customer details, without the necessity for independent (judicial or administrative) assessment of the case for infringement, would be much more problematic and raise significant privacy concerns.

It would be better to draft any such provision (if there needs to be one; most countries will, after all, provide for some kind of preliminary discovery procedure such as that available in Australia) in line with AUSFTA Article 17.11.29(b)(xi):

*Each Party shall provide for an administrative or judicial procedure enabling copyright owners who have given effective notification of claimed infringement to obtain expeditiously from a service provider information in its possession identifying the alleged infringer.*

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**Article 2.18.3 quater (page 22) – motherhood-y ‘everyone will be friends’ provision**

3 quater. Each Party shall promote the development of mutually supportive relationships between online service providers and right holders to deal effectively with patent, industrial design,
Frankly, I have no idea what this is meant to mean, and I do not believe it would be justiciable, or how you would prove it wasn’t being done. On one level it is just fluff. On another it is a little disturbing because (a) there is no mention of consumers or individual rights; and (b) there is no mention of who might ensure the protection of individual rights and civil liberties in the context of this development of mutually supportive relationships. This raises the possibility that ISPs and copyright owners will reach some mutually desirable solution that is less protective of the privacy and other rights of customers than it might otherwise be: it might involve the handover of subscriber information without judicial or administrative process; the handover on the basis of suspicion rather than proof, etc.
### Article 2.18.4 (page 22) – anti-circumvention – scope of liability

[4.59] In order to provide adequate legal protection\(^60\) and effective legal remedies against the circumvention of effective technological measures that are used by authors, [performers or producers of phonograms] [the right holder of any copyright or related rights or owner of an exclusive license\(^61\)] in connection with the exercise of their rights and that restrict unauthorized acts in respect of their works, [performances, and phonograms] [or other subject matters specified under Article 14 of the TRIPS Agreement], each Party shall provide for civil remedies, [or] [as well as] criminal penalties in appropriate cases of willful conduct \(^62\) , that apply to:

[Each Party shall provide for adequate legal protection\(^63\) and effective legal remedies, in the form of civil remedies or criminal penalties in appropriate cases of willful conduct, against the circumvention of effective technological measures that are used by authors, performers or producers or phonograms in connection with the exercise of their rights and that restrict unauthorized acts in respect of their works, performances, and phonogram. These shall apply to:]

- (a) the unauthorized circumvention of an effective technological measure\(^64\) [that controls access to a protected work, performance, or phonogram]; and
- (b) the manufacture, importation, or circulation of a [technology], service, device, product, [component, or part thereof, that is: [marketed] or primarily designed or produced for the purpose of circumventing an effective technological measure; or that has only a limited commercially significant purpose or use other than circumventing an effective technological measure.]

[5. [4.2] Each Party shall provide [that a] [adequate legal protection against a] violation of a measure implementing paragraph (4) [is a separate civil or criminal offense,] independent of any infringement of copyright or related rights.\(^65\)\(^66\)

FN59: At least one delegation has reservations about several elements in paragraph 4.

FN60: At least one delegation opposes inclusion of ‘adequate legal protection’.

FN61: At least one delegation opposes inclusion of ‘or owner of an exclusive license’.

FN62: [For the purpose of this Article, willful conduct means actual knowledge or reasonable grounds to know that he or she is pursuing the objective of circumventing any effective technological measure.]

FN63: At least one delegation opposes inclusion of ‘adequate legal protection’.

FN64: For the purposes of this Article, effective technological measure means any technology, device, or component that, in the normal course of its operation, [controls access to a protected work, performance, phonogram, or protects any copyright or any rights related to copyrights.][is controlled by the right holders through application of an access control or protection process such as encryption, scrambling, or other transformation of their works, performances or phonograms, or a copy control mechanism, which achieves the protection objective.]

FN65: [The] [In accordance with the applicable national legislation, the] obligations in paragraphs (4) and (5) [are][may be] without prejudice to the rights, limitations, exceptions, or defenses to copyright or related rights infringement. Further, [in implementing paragraph (4), no Party may][paragraph (4) does not imply any obligation to] require that the design of, or the design and selection of parts and components for, a consumer...
electronics, telecommunications, or computing product provide for a response to any particular technological measure, so long as the product does not otherwise violate any measures implementing paragraph (4).

66 At least one delegation is to reflect on appropriate location for this provision.

These provisions are clearly TRIPS-plus (and WIPO Copyright Treaty plus, because much more specific than the general obligations found in that treaty), but less stringent than AUSFTA.

The main reason to oppose the inclusion of these provisions in ACTA is that they are not enforcement provisions, but substantive, even on their own terms, which state (Art 2.18.4.2) that parties should provide that violation of a measure implementing paragraph (4) is a separate civil or criminal offense, independent of any infringement of copyright or related rights.

The second reason to oppose these provisions is that they do not represent good policy. These provisions when introduced into Australian law were the subject of extensive criticism, including, in particular, criticism from the Parliamentary Committee deputed to consider their implementation.\(^{136}\) They do not represent an ‘ideal’ model for laws to address circumvention of technical measures or digital piracy, and have been, indeed, rejected as a model in recent amendments in both New Zealand and India. Australia cannot have any possible interest in expanding their application. They have demonstrably not led to a reduction in ‘digital piracy’, and they do not stop ‘pirates’. In fact, the main people impacted by provisions like this are likely to be legitimate businesses, and educational institutions and the like who need access to material, have a ‘right’ to material under various exceptions, but are prevented from using that material owing to technology which they can be held criminally liable for ‘hacking’.

**If**, however, there are to be anti-circumvention provisions, then these ones are still troubling even to Australia which is signatory to very strict provisions through the AUSFTA. Certain aspects of the bracketed text could expand the application of anti-circumvention provisions:

1. The reference to ‘other subject matters specified under Article 14 of the TRIPS Agreement’ would require inclusion of broadcasters’ rights; AUSFTA refers only to ‘works, performances, and phonograms’\(^{137}\) although note that Australian law already applies (to some extent) to broadcasts;\(^{138}\)

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\(^{137}\) The difference may be small in practice: if a television broadcaster were to apply some kind of access control TPM (like the broadcast flag, perhaps) then the owner of copyright in films shown using that broadcast could bring an action for wrongful circumvention. Under the Australian legislation, a copyright owner or exclusive licensee of the copyright in a work or other subject-matter may bring an action against a person if their work is protected by an ‘access control technological protection measure’ (ACTPM), the person circumvents that ACTPM, and the person knows, or ought reasonably to know, that they are circumventing: s 116AN. An ‘ACTPM’ is defined (s10) as a device, product, technology or component that is used by, with the permission of, or on behalf of the owner/exclusive licensee of copyright; and in the normal course of its operation controls access to the work or other subject matter. In other words, the ACTPM need not be applied directly by the copyright owner, only with their permission, and action can be taken by any copyright owner on whose behalf the ACTPM was applied and whose work is protected by the ACTPM (ie, owners of copyright in the films shown).

\(^{138}\) The anti-circumvention provisions are expressed not to apply to ‘encoded broadcasts’ (s.116AL) – defined as meaning (s.135AL) subscription broadcasts (encrypted broadcasts only made available to persons authorised by the broadcaster to access the broadcast) and an encrypted broadcast. That means that *unencrypted* broadcasts protected by some form of TPM or ACTPM could still be
2. The apparent placing of brackets around the language ‘[that controls access to a protected work, performance, or phonogram]’ in 2.18.4(a) suggests that someone is arguing for liability for circumventing any technical measure, not just those controlling access.139 This would require a change to Australian law.140

3. The reference to a “part thereof” of a device, component or technology suggests that liability could attach, not for manufacturing or supplying circumvention devices but even for supplying a part of a product that is a circumvention device.141 This of course would be another form of intermediary liability, likely to impact on legitimate businesses.

4. The text includes, in footnote 64, language also found in AUSFTA concerning the definition of a TPM and ACTPM. At present, Australian legislation excludes on policy grounds certain kinds of technology which would, on this definition, count as ACTPMs: namely, technologies used to impose region-coding on films, and technologies designed to require purchasers of consumer goods to buy spare parts or accessories from the original manufacturer.142 Strictly speaking, it could be argued that these limitations on the concept of an ACTPM are not consistent with the language in ACTA (or the AUSFTA). The exceptions are, of course, based on good policy grounds and the thrust of US case law.143 The difficulty with ACTA is that it potentially expands the number of countries who might complain about non-compliance.

subject to the anti-circumvention provisions. One example might be a ‘broadcast flag’ (technological ‘flags’, attached to broadcasts transmitted ‘in the clear’ (i.e. not encrypted) and designed to tell a recipient device what acts are permitted to be done in relation to the broadcast). But it is possible that the broadcast flag, because it informs without in fact controlling the conduct of the recipient would be classed as electronic rights management information rather than an ACTPM.

Again, the practical difference may be limited: there has been some debate over whether it is even possible to circumvent a copy control without also circumventing an access control. Here is not the place to rehearse those arguments.

Further, it should be noted that the original Australian position was that no circumvention ought to be circumscribed by law: that the law should focus on the marketing and distribution of circumvention devices (i.e. the acts which cause the most harm): Copyright Amendment (Digital Agenda) Act 2000 (Cth). Proscribing the circumvention of access controls was a (forced) expansion of Australian law; it would be a further departure from Australia’s own assessment of its interests to expand that liability to copy controls as well.

There is another interpretation: that the part itself must be ‘[marketed] or primarily designed or produced for the purpose of circumventing a TPM’ before liability can attach. If that is the intended interpretation, it ought to be made clearer in the text.

Copyright Act 1968 (Cth) s10 (definition of access control technological protection measure).

Article 2.18.5 (page 23) – exceptions to anti-circumvention provisions

Option 1

[Further, [each Party may adopt exceptions and limitations to measures implementing paragraph 4 so long as they do not significantly impair the adequacy of legal protection of those measures or the effectiveness of legal remedies for violations of those measures.]]

Option 2

[ 5. Each Party may provide for measures which would safeguard the benefit of certain exceptions and limitations to copyright and related rights, in accordance with its legislation.]

FN67: Negotiator’s Note: This provision is subject to broader government action/sovereign immunity provision elsewhere in the Agreement.

This language is TRIPS-plus (because TRIPS does not deal with anti-circumvention law), and less onerous than AUSFTA. AUSFTA contains a highly specified list of exceptions, which, in addition, can only be applied ‘to the extent that they do not impair the adequacy of legal protection or the effectiveness of legal remedies against the circumvention of effective technological measures’. If this language had been in AUSFTA, Australia would have been able to enact sensible exceptions, such as exceptions to allow circumvention to assist a person suffering from a visual disability.

One potential problem for Australians dealing in technology internationally is that the lack of specific exceptions means that parties to ACTA are not required to protect acts such as law enforcement circumvention, security testing or the creation of interoperable products. Arguably these exceptions are important and supported by good public policy justifications. It might therefore be argued that positively requiring them is in the interests of companies that rely on the existence of such exceptions in Australia, the US and Europe. If ACTA were stated to require certain exceptions and then allow for flexibility to adopt more, this concern would be answered.

The thrust of the two provisions is quite different. Option 1 enables a broad range of exceptions, of any kind, provided that they do not impair the general scheme of the legislation. This has the benefit of allowing for exceptions that might not be readily matched to copyright exceptions. One example would be an exception to allow people to circumvent those features of a technological measure that are privacy-invasive. The second option focuses on preserving existing exceptions, but without a requirement of non-impairment. This has the advantage of appearing to allow a full range of copyright exceptions to be protected. Option 1 is broader and is to be preferred as ensuring a greater scope for the exercise of a country's right to decide its own innovation policy.

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144 AUSFTA, Article 17.4.7(e) and (f).
145 Although arguably the presence of requirements in both the WIPO Copyright Treaty, and in ACTA, of ‘effective legal remedies’ for the circumvention of effective technological measures limits the exceptions which may be created (see WIPO Copyright Treaty Art 11; ACTA Draft Art 4 introductory text).
146 From a policy perspective this is a good approach: both because it preserves exceptions but also because it clearly provides incentives for copyright owners to make their technological measures more exceptions-respecting. The more exceptions-respecting a technical measure is, the less likely, under such an approach, people will have justification for circumventing it!
6.4 Electronic Rights Management Information

**Article 2.18.6 (pages 23-24) - Electronic Rights Management Information and Exceptions**

2.18.[6. [In order to] [Each Party shall] provide adequate and effective legal remedies to protect [electronic] rights management information[, e] [Each Party shall provide for civil remedies, [or] [as well as] criminal penalties] in appropriate cases of willful [68] conduct, that apply to any person performing [without authority] any of the following acts knowing [or with respect to civil remedies having reasonable grounds to know] that it will induce, enable, facilitate, or conceal an infringement of any copyright or related right:

(a) to remove or alter any [electronic] right management information69

(b) to distribute, import for distribution, broadcast, communicate, or make available to the public copies of works, [or other subject matters specified under Article 14 of the TRIPS Agreement] [performances, or phonograms], knowing that [electronic] rights management information has been removed or altered without authority.]

[7.] [6.2] Each Party may adopt [limitations or] exceptions to the requirements of subparagraphs (a) and (b) [of paragraph (6)] [so long as they do not significantly impair the adequacy of legal protection or effectiveness of legal remedies for violations of those measures.]

FN68: For the purpose of this Article, willful conduct means knowingly performing without authority any of the following acts listed under subparagraph 6 (a) or (b), if such person knows or has reasonable grounds to know that by so doing he is inducing, enabling, facilitating, or concealing an infringement of any copyright or any rights related to copyright.

FN69: For purposes of this Article, [electronic] rights management information means: (a) information that identifies a work, [or other subject matters specified under Article 14 of the TRIPS Agreement] [performance, or phonogram]; the author [of the work, the performer of the performance, or the producer of the phonogram] [or any other right holders of the subject matters specified under Article 14 of the TRIPS Agreement]; or the owner of any right in the work, performance, or phonogram; (b) information about the terms and conditions of the use of the work, [performance, or phonogram] [or any other right holders of the subject matters specified under Article 14 of the TRIPS Agreement]; or (c) any numbers or codes that represent the information described in (a) or (b) above, when any of these items is attached to a copy of the work, [performance, or phonogram] [or other subject matters specified under Article 14 of the TRIPS Agreement] or appears in connection with the communicator or making available of a work, [performance, or phonogram] [or other subject matters specified under Article 14 of the TRIPS Agreement] to the public.

These provisions are clearly TRIPS-plus (and WIPO Copyright Treaty plus, because much more specific than the general obligations found in that treaty), and not entirely consistent with AUSFTA: indeed, they are potentially more onerous than AUSFTA.

The main reason to oppose the inclusion of these provisions in ACTA is that they are not enforcement provisions, but substantive, even on their own terms. The proposed provision states that each party shall provide ‘adequate and effective legal remedies to protect [electronic] rights management information’ (not copyright. ERM1). These provisions are more limited than the anti-circumvention provisions, in that they require that the person held liable know, or have reasonable grounds to know, that their conduct will ‘induce, enable, facilitate, or conceal a copyright infringement’. But note that the provision does not require that any such infringement be proved: unlike the Australian version of authorisation liability, the closest of the ‘traditional’
doctrines in copyright law, which requires that direct infringement be proved as a precondition of liability.

The first potential inconsistency with AUSFTA is that there seems to be some debate over whether the provisions should apply only to electronic rights management information. Both AUSFTA, and Australian law, presently apply only to electronic information,\textsuperscript{147} and it would be a mistake to extend such liability without proper review of the possible consequences (for example, it is not hard to imagine situations where part of a book is photocopied, leading to the ‘removal’ of ‘rights information’ (ie, the opening pages of a book).

The second potential inconsistency with AUSFTA and Australian law turns on the issue of knowledge,\textsuperscript{148} and how it interacts with issues of civil and criminal liability. For civil liability, AUSFTA has two levels of knowledge as requirements of liability:

1. The person must know they are doing the act (they must know they are removing ERMI, or know that the copies they are distributing have had ERMI removed, for example); and
2. The person must know, or have reasonable grounds to know, that their conduct will induce, enable, facilitate, or conceal infringement.\textsuperscript{149}

For criminal liability, the conduct must be wilful, and for the purpose of commercial advantage or financial gain.

Under ACTA, liability does seem to turn on the presence of the same two forms of knowledge: knowledge of what they are doing, and knowledge of its impact on copyright infringement. But the first level of knowledge (knowledge of what they are doing) is referred to as wilfulness, and seems (although it is not entirely clear, due to the bracketed text) to be required only for criminal liability. This suggests that:

1. Under the ACTA text, a person could be civilly liable even in the absence of the first level of knowledge specified above; and
2. Under the ACTA text, a person could be criminally liable for knowing acts even where they are non-commercial and without a view to financial gain.

It is highly undesirable either to impose civil liability on the basis only of the second level of knowledge, or to apply criminal liability for non-commercial or personal conduct. The language of the section should be amended.

Concerning exceptions, the draft ACTA text is more generous than AUSFTA: ACTA allows for the creation of non-impairing exceptions; AUSFTA confines exceptions 'to lawfully authorised

\textsuperscript{147} See AUSFTA Article 17.4.8(c); Copyright Act 1968 (Cth) ss 116B; 10 (definition of electronic rights management information).

\textsuperscript{148} It is worth noting that while proposed Art 2.18.6 of ACTA, like Art 2.18.3, extends protection to broadcasters’ rights by referring to TRIPS Art 14, this is not an expansion of AUSFTA, unlike the situation with respect to anti-circumvention law. That is because AUSFTA in Art 17.4.8 refers to infringement of ‘any copyright’ – which, in Australia, would include broadcasters’ rights.

\textsuperscript{149} While strictly it’s not relevant here, I have often wondered just what it meant to ‘conceal infringement’ here. Who are we concealing the infringement from? The authorities? Copyright owners? Anyone who happens to see the copy? Imagine for example that a person has removed some form of ERMI on their personal copy of material on their own computer. Clearly, that would ‘conceal infringement’ if someone happened to search their computer – but if the likelihood of such a search is minimal, can you really say that the person knows this will conceal infringement?
activities carried out by government employees, agents, or contractors for the purpose of law enforcement, intelligence, essential security, or similar government purpose'.

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150 Art 17.4.8(b).