

The Anti-Counterfeiting Trade Agreement in context

Introduction

2.1 The *Anti-Counterfeiting Trade Agreement* (ACTA) is an agreement designed to strengthen intellectual property (IP) standards around the world.

2.2 ACTA is based on the framework for dealing with matters negotiated in the *Trade-Related Aspects of Intellectual Property Rights* (TRIPS) Agreement negotiated as part of the Uruguay Round of the *General Agreement on Tariffs and Trade* (GATT). However, ACTA has been established outside the existing TRIPS mechanisms because, according to the National Interest Analysis (NIA):

...existing IP enforcement standards in the World Trade Organization (WTO) have been insufficient to diminish the growth in international trade in counterfeit and pirated materials.¹

2.3 ACTA focuses on trademark and copyright enforcement. It establishes a legal framework for IP enforcement containing:

- provisions on civil enforcement;
- border measures;
- criminal enforcement in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale;

¹ National Interest Analysis [2011] ATNIA 31 with attachment on consultation *Anti-Counterfeiting Trade Agreement* done at Tokyo on 1 October 2011 [2011] ATNIF 22, para. 6.

- enforcement in the digital environment for infringement of copyrights; and
 - provides for enhanced enforcement best practices and increased international cooperation.²
- 2.4 The agreement emphasises that the proliferation of counterfeit and pirated goods, as well as of services that distribute infringing material, undermines legitimate trade and sustainable development of the world economy, causes significant financial losses for right holders and for legitimate businesses, and, in some cases, provides a source of revenue for organized crime and otherwise poses risks to the public.³
- 2.5 The idea of negotiating the ACTA was conceived in 2006 by the United States (US) and Japan as a new tool for combating counterfeiting and piracy.
- 2.6 Preliminary talks, involving Canada, the European Union (EU), Japan, Switzerland, and the US, took place in 2006, leading to an October 2007 announcement of their intention to begin negotiating the agreement.
- 2.7 The ACTA negotiation concluded in October 2010, nearly three years after it began, and negotiating parties released a final text of the agreement in May 2011. The negotiating parties were: the US, Australia, Canada, the EU and its 27 member states, Japan, South Korea, Mexico, Morocco, New Zealand, Singapore, and Switzerland.
- 2.8 In the opinion of the Australian Department of Foreign Affairs and Trade (DFAT), ACTA sits within the TRIPS Agreement framework, with a core membership which is expected to grow:

I would say that this is an initiative that sits firmly within the TRIPS framework. It builds upon the TRIPS agreement and it has been crafted to allow for wider membership of WTO members over time. Multilateral negotiations – in the case of the WTO there are 153 countries – do take some time and they are complex endeavours, as we have seen over the years. It is not unusual for a group of members to come together, articulate an international standard in a particular policy area and bring that to the wider membership with a view to encouraging wider membership over time. And that is the case with this initiative and it was in fact the

2 Shayerah Ilias, 'The Proposed Anti-Counterfeiting Trade Agreement: Background and Key Issues', US Congressional Research Office, <http://www.fas.org/sgp/crs/misc/R41107.pdf> accessed 18 April 2012, 'Summary'.

3 Dr Matthew Rimmer, *Submission 1.1*, p. 41.

case with the negotiation of the multilateral agreement on TRIPS. They do start with a smaller nucleus of countries, typically. They do not tend to organically appear across the entire membership of the multilateral system.⁴

Reasons for Australia to take the proposed treaty action

- 2.9 According to the NIA, ACTA offers an effective mechanism to internationalise existing Australian IP standards of enforcement, providing Australian right holders and owners with the benefits of wider adoption overseas of the standards that are applied to IP enforcement in Australia.⁵
- 2.10 Australian IP owners include producers of music, films and written work protected by copyright, as well as producers of brand name goods sold under trade mark. Trade in counterfeit and pirated material is harmful to Australia as it undermines the market for legitimate, Australian-owned IP by diverting consumers towards counterfeit or pirated versions of legitimate products. It can adversely affect the viability of Australian IP-intensive exports, weaken the incentive to invest in innovation, and expose consumers to potentially sub-standard or dangerous products.⁶
- 2.11 According to the NIA, supporting global cooperative efforts to reduce the production and international trade in counterfeit and pirated products and encouraging Australia's trading partners to comply with ACTA would help to limit the importation of such goods into Australia. Compliance with ACTA would reduce the burden on enforcement agencies and protect Australian-owned IP in overseas markets. It would also alleviate pressure on Australian businesses forced to protect their IP rights in Australian and foreign courts.⁷
- 2.12 As ACTA obligations are directly aligned with Australia's IP enforcement standards, any expansion in ACTA membership would bring more countries into conformity with Australian standards. As an ACTA Party, Australia could advocate the benefits of participation in ACTA to improve enforcement in our region.⁸

4 Mr George Mina, Assistant Secretary, Trade Police Issues and Industrials Branch, Office of Trade Negotiations, Department of Foreign Affairs and Trade, *Committee Hansard*, 19 March 2012, p. 19.

5 NIA, para 8.

6 NIA, para 9.

7 NIA, para 10.

8 NIA, para 11.

- 2.13 The NIA encourages the early ratification of ACTA, so as to enable Australia to play an influential role in the ACTA Committee, which will consider, *inter alia*, rules and procedures for reviewing the implementation and operations of ACTA.⁹

Obligations

- 2.14 ACTA contains 45 Articles divided into five chapters, namely:
- Chapter I (Initial Provisions and General Definitions, Articles 1-5);
 - Chapter II (Legal Framework for Enforcement of Intellectual Property Rights, Articles 6-27);
 - Chapter III (Enforcement Practices, Articles 28-32);
 - Chapter IV (International Cooperation, Articles 33-35); and
 - Chapter V (Institutional Arrangements, Articles 36-45).
- 2.15 The majority of ACTA's obligations are contained in Chapter II.¹⁰
- 2.16 Article 6 states that Parties must ensure that enforcement procedures are available in domestic law so as to permit effective action against infringements of IP rights covered by ACTA. These procedures are to be applied so as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.¹¹

Implementation

- 2.17 According to the NIA, Australia meets all obligations set out in ACTA through legislation already in force and existing common law. Commonwealth legislation through which ACTA will be implemented includes: the *Copyright Act 1968* and *Copyright Regulations 1969*; the *Trade Marks Act 1995* and *Trade Marks Regulations 1995*; the *Customs Administration Act 1985*; the *Federal Court of Australia Act 1976* and *Federal Court Rules*; the *Criminal Code Act 1995*; the *Crimes Act 1900*; the *Proceeds of Crime Act 2002* and the *Commerce (Trade Descriptions) Act 1905*. ACTA implementation would also be subject to obligations under the *Privacy Act 1988*.¹²

9 NIA, para 12.

10 NIA, para 14.

11 NIA, para 15.

12 NIA, paras 29 - 30.

Trade-Related Aspects of Intellectual Property Rights

- 2.18 The TRIPS Agreement is a framework of rules, principles, and disciplines associated with IP ownership.¹³
- 2.19 IP rights can be defined as the rights given to people over the creations of their minds. They usually give the creator an exclusive right over the use of his/her creations for a certain period of time. IP rights are usually divided into two categories:
- **Copyright and rights related to copyright:** i.e. rights granted to authors of literary and artistic works, and the rights of performers, producers of phonograms and broadcasting organizations. The main purpose of protection of copyright and related rights is to encourage and reward creative work.¹⁴
 - **Industrial property rights:** This includes (1) the protection of distinctive signs such as trademarks and geographical indications, and (2) industrial property protected primarily to stimulate innovation, design and the creation of technology. In this latter category falls inventions (protected by patents), industrial designs and trade secrets.¹⁵
- 2.20 For the purposes of the TRIPS Agreement, IP refers to:
- ... all categories of intellectual property that are the subject of Sections 1 through 7 of Part II of the agreement (Article 1:2). This includes copyright and related rights, trademarks, geographical indications, industrial designs, patents, integrated circuit layout-designs and protection of undisclosed information.¹⁶

Context for the negotiation of TRIPS

- 2.21 The GATT Uruguay Round of multilateral trade negotiations was initiated by the US in 1985 and was formally launched in September 1986 at Punta del Este, Uruguay. The Round was launched at a time when significant structural shifts had occurred in most of the industrialised countries. Service industries had grown and communication technologies were

13 The Business Dictionary, <http://www.businessdictionary.com/definition/trade-related-aspects-of-intellectual-property-rights-TRIPS.html>, accessed 13 December 2011.

14 World Trade Organisation http://www.wto.org/english/tratop_e/trips_e/tripfq_e.htm, accessed 13 December 2011.

15 World Trade Organisation http://www.wto.org/english/tratop_e/trips_e/tripfq_e.htm, accessed 13 December 2011.

16 World Trade Organisation http://www.wto.org/english/tratop_e/trips_e/tripfq_e.htm, accessed 13 December 2011.

revolutionised. It also came at a time when there was declining earnings and growing protectionism in international agricultural markets.¹⁷

- 2.22 The outcome of the Uruguay Round of negotiations has been colloquially referred to as the 'Grand Bargain' - an agreement between developed and developing countries that accepted the inclusion of services in the GATT in exchange for concessions to reduce protections for agriculture in developed countries.
- 2.23 The TRIPS Agreement was one of the mechanisms used to bring services into the GATT.
- 2.24 The failure to deliver the agricultural concessions of the Grand Bargain, is widely considered by GATT observers to be the reason behind the difficulties now associated with TRIPS.¹⁸

17 Mr W Sandiford., 'GATT and the Uruguay Round', East Caribbean Central Bank, Research Paper, <http://www.eccb-centralbank.org/Rsch_Papers/Rpmar94.pdf>, accessed 23 January 2012.

18 Ms A Narlikar, *The World Trade Organisation: A very short introduction*, Oxford University Press, Oxford, 2005, p. 81; and WTO website, <http://www.wto.org/english/news_e/news10_e/trip_08jun10_e.htm> accessed 24 January 2012.