

Working Guidelines

by Thierry CALAME, Reporter General
Nicola DAGG and Sarah MATHESON, Deputy Reporters General
John OSHA, Kazuhiko YOSHIDA and Sara ULFSDOTTER
Assistants to the Reporter General

Q236

Relief in IP proceedings other than injunctions or damages

Introduction

- 1) The availability of appropriate relief for infringement of IP rights (*IPRs*) is fundamental to their protection and the proper enjoyment of those rights by IPR holders. Due to the nature of IPRs as exclusive rights, injunctions are generally the primary remedy an IPR holder seeks when IPRs are infringed. Damages serve what may be characterised as a secondary or ancillary purpose of appropriately compensating an IPR holder for infringement.
- 2) While injunctions and damages may be seen to be two of the most important remedies for infringement of IPRs, Part III of TRIPS ('Enforcement of Intellectual Property Rights')¹ does not limit enforcement measures to these remedies. Article 41(1) of TRIPS obliges Member States to ensure that enforcement procedures:

...are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrence to further infringements.
- 3) While Article 44 of TRIPS generally provides for injunctions, Article 44(2) also contemplates the availability of declaratory judgments. Article 45 of TRIPS generally references damages but Article 45(2) also contemplates recovery of profits.
- 4) Further, Part III of TRIPS provides for other enforcement procedures. Article 46 provides for disposal of goods that have been found to be infringing or materials used in the creation of infringing goods. Article 47 provides for the possibility of ordering an infringer to inform an IPR holder of the identity of third persons involved in the production and distribution of infringing goods or services. TRIPS also provides for specific provisional measures (Article 50), special requirements relating to border measures (Articles 51-60) and criminal procedures (Article 61).
- 5) In addition to implementing TRIPS obligations, domestic systems have developed, through jurisprudence or legislation, additional remedies for IPR infringement other than injunctions and damages. These may include, for example, publication of court judgments, corrective advertising, alteration of goods or packaging, modifications to technology and orders for inspection of property.

¹ The full text of Part III of TRIPS is extracted in Annexure A.

- 6) There may also be other forms of monetary relief than damages, such as an account of profits. Alternatively, relief may be derived from other laws such as reparation for moral tort or award of a reasonable royalty based on unjust enrichment law.
- 7) In the context of this question, all forms of relief in IP proceedings other than injunctions or damages will be referred to as Additional Relief for convenience.
- 8) The various forms of Additional Relief, whether required by TRIPS or developed pursuant to national law, have the capacity to enhance the effectiveness of the relief available to an IPR holder in relation to a particular act of infringement. Moreover, the availability of a comprehensive suite of sanctions enhances the overall deterrent effect in respect of further infringement, and thereby strengthens IPRs and IPR systems.
- 9) In light of AIPPI's increased emphasis on enforcement of IPRs in the context of harmonisation, it is appropriate that AIPPI study these forms of Additional Relief.

Previous work of AIPPI

- 10) In 2011 (Hyderabad), AIPPI adopted Resolution Q219 – Injunctions in cases of infringement of IPRs. In 2008 (Boston), AIPPI adopted Resolution Q203 – Damages for infringement, counterfeiting and piracy of trademarks. Other than these resolutions, much of AIPPI's previous work references the desirability of relief for acts of infringement generally or deals with relief in the context of particular sanctions in particular circumstances. Some examples are set out below. However, there has been no broader analysis of the availability and form of Additional Relief more generally.
- 11) Resolution Q143 – Internet domain names, trademarks and trade names: This question concerned the use of trademarks and trade names in internet domain names. AIPPI resolved that the mere use of an internet domain name for offering goods and/or services may be sufficient to constitute infringement, unfair competition or dilution of a prior trademark right or a prior trade name. This resolution also recommended that the issue of sanctions receive further study.
- 12) Resolution Q134 – Enforcement of intellectual property rights – TRIPS: This resolution concerned enforcement and compensation in cases of infringement of IPRs generally. Amongst other things, AIPPI resolved that it is desirable that a patentee or trademark owner has the right to choose between compensation for injury proven (not less than a reasonable royalty) and the unlawful profits obtained by the defendant as a specific result of the infringement.
- 13) Resolution Q186 – Punitive damages as a contentious issue of Intellectual Property Rights: AIPPI resolved, amongst other things, that courts should impose remedies and penalties sufficient to ensure respect for intellectual property rights, and that awards of compulsory damages equivalent to the losses of the IPR owner or the profits of an infringer should be available.

- 14) Resolution Q203 – Damages for infringement, counterfeiting and piracy of trade marks: This resolution set out a number of general principles for assessing monetary damages for infringement, counterfeiting and piracy of trademarks. Amongst other things, AIPPI resolved that the trademark holder should be permitted to recover the infringer's financial gains.

Holder furnishes prima facie evidence of an infringement.

Scope of this question

- 15) This question is concerned with Additional Relief in 'IP proceedings', raising two threshold issues as to its scope - first, the type of IP, and secondly, the type of proceedings. In relation to the type of IP, for the purpose of this question, the type of IP is dictated by the reference in Article 41(1) of TRIPS to 'intellectual property rights covered by this Agreement'. In relation to the type of proceedings, the scope of this question is confined to *inter partes* court proceedings, and the remedies that may be ordered (other than injunctions and damages) on the merits of a case. This question also encompasses administrative procedures to the extent that under national law (eg China) a civil remedy can be ordered as a result of administrative procedures on the merits of a case.²
- 16) However, the analysis of Additional Relief for the purposes of this question excludes:
- a) the enforcement measures referenced in Sections 3 to 5 of Part III of TRIPS, ie provisional measures, special requirements related to border measures and criminal procedures (Articles 50-61).
 - b) compulsory licenses; and
 - c) punitive damages.

Those measures are outside the scope of this question for the reasons which follow.

- 17) As noted in the Working Guidelines for Q219 at point 6), the principles applicable to the grant of an injunction *ex parte* (being the relief to which the Section 3 Part III provisional measures of TRIPS are directed) may be very specific to the nature of the relief sought. The topic of *ex parte* injunctions may be a topic of future study for AIPPI.
- 18) AIPPI has already studied aspects of border measures, for example, Q122 – Customs seizure of counterfeited goods (1993), and Q208 – Border measures and other means of customs intervention against infringers (2009).
- 19) Finally, while criminal sanctions in IP cases are much debated, the procedures and penalties are very different from civil proceedings in terms of procedures and outcomes, and so are beyond the scope of this question. Further, AIPPI has already studied this topic: Q169 – Criminal law sanctions with regard to the infringement of IPRs.
- 20) The consideration of when a compulsory licence may be ordered by the court as an alternative to the grant of an injunction or otherwise is outside the scope of this question. In some jurisdictions, the possibility exists for a compulsory licence of an IPR to be granted where to use the IPR otherwise would constitute infringement. In general, national laws relating to the grant of a compulsory licence are quite specific.

² This accords with Article 49 of TRIPS.

- 21) As noted at paragraph 13) above, AIPPI has already studied the question of punitive damages: Q186 – Punitive damages as a contentious issue of Intellectual Property Rights.

Discussion

- 22) In answering this question, the Groups are encouraged to address any forms of Additional Relief in IP proceedings that are available in their jurisdiction and that are within the scope of this question. These Working Guidelines reference a number of forms of Additional Relief, but those references are not intended to be exhaustive. A non exhaustive list follows with a brief explanation as to the nature of the relief, recognising that the detail of any particular Additional Relief may vary between national systems. If the nature of a particular form of relief varies from the general explanation given below, the Groups are encouraged to explain such difference.
- 23) **Declaratory relief:** a statement or decision of a court (or applicable administrative body) on a question of law or rights, eg a declaration that a patent has been infringed.
- 24) **Delivery up/destruction:** an order that infringing goods be delivered (usually) to the IPR holder or otherwise be destroyed, usually under specified conditions. Under some laws, the IPR holder may be deemed to be the owner of the infringing goods, thereby justifying delivery to the IPR holder of the identifying goods. Article 46 of TRIPS refers to disposal 'outside the channels of commerce in such a manner as to avoid any harm caused to' the IPR holder.
- 25) **Rectification:** the correction of an error in a register or document.
- 26) **Alteration of infringing goods:** eg, removal of a trademark unlawfully affixed to goods or packaging.
- 27) **Modification of technology:** creation of a 'workaround' so as to render a product which would otherwise infringe (eg) a patent, non-infringing.
- 28) **Corrective advertising:** an order that a form of public statement, eg an admission, apology or statement of outcomes, be published or distributed. The order may specify the content of the statement and/or the place/mode of publication or distribution, including whether to a targeted audience, eg the infringer's customers.
- 29) **Publication of judgment:** publication of the decision and reasons of the court (or applicable administrative body).
- 30) **Order for inspection:** an order for the inspection of a thing usually at a specified location, eg under the Patents Act in Australia, on the application of a party, a court may order the inspection of any thing in or on any vehicle, vessel, aircraft or premises and may impose terms or give directions about the inspection. This can include inspection of physical items as well as operations or processes.
- 31) **Order to provide information:** eg, Article 47 of TRIPS provides that members may provide that judicial authorities shall have the authority to order an infringer to inform the IPR holder of the identity of third persons involved in the production and distribution of infringing goods or services and their channel of distribution.

- 32) **Account of profits:** where an infringer has sold infringing goods or otherwise benefited financially from IPR infringement, an order that the infringer pay the IPR holder the profits made from using the IPR.
- 33) **Reasonable royalty:** while actually a measure of damages, a court (or applicable administrative body) may sometimes award monetary relief measured on the basis of a presumed licence fee or reasonable royalty rate as if the IPR holder and infringer had entered into a voluntary licensing arrangement. This may require assessment of a number of factors, eg nature of the product, the market in which it is manufactured and supplied, industry practice, etc.
- 34) **Reparation:** generally, the making of amends for wrong or injury done.

Particular types of Additional Relief applicable to particular types of IPR infringement

- 35) Some forms of Additional Relief may be available irrespective of the IPR in question. For example, it may be the case that declaratory relief or publication of a judgment is available in respect of any type of IPR infringement.
- 36) However, not all forms of Additional Relief are available for all types of IPR infringement. For example, corrective advertising may have more application in a case of trademark infringement than a case of patent infringement. This question aims to explore what forms of Additional Relief are available for particular IPRs, and the circumstances in which a court (or applicable administrative body) would order that form of relief.

Particular IPR holders

- 37) Q219 – Injunctions in cases of infringement of IPRs, explored whether there are any specific considerations relevant to particular IPR holders. In that context, the Working Guidelines for Q219 noted that concern may arise in relation to the availability of injunctions in infringement cases brought by non-producing patent holders, ie those who use patents not as a basis for producing and selling goods but for the primary purpose of obtaining licensing fees (**NPEs**). While much of the commentary on the issues associated with NPEs has arisen in relation to patents, similar issues may arise in relation to companies who acquire copyright without creating or commercially exploiting any original works themselves, eg companies who acquire copyright portfolios of musical works in order to pursue infringement actions or seek licensing fees from other authors.
- 38) A similar issue arises in the context of this question. This question aims to explore whether the willingness of a court to grant a particular form of Additional Relief is at all, and if so to what extent, dependent on the identity or class of IPR holder seeking the relief.

Discretion

- 39) This question also aims to explore whether any particular forms of Additional Relief will invariably be ordered in certain circumstances, and if so what types of Additional Relief and in what circumstances. If so, does that occur pursuant to mandatory statutory regulation, or by reason of the practice of the relevant court (or applicable administrative body)?
- 40) This question also aims to explore the extent to which the granting of any particular form of Additional Relief is a matter of discretion, and if so, the circumstances in which the discretion will be exercised. Any discretion may not be absolute. The circumstances in which Additional Relief may be available may be dictated by established criteria or tests.

Third (non) parties

- 41) In some cases, an order as to Additional Relief may impact persons who are not parties to the IP proceeding. This potentially arises in two ways. First, in some jurisdictions, a court (or applicable administrative body) may be empowered to make orders in an IP proceeding directing a non-party to do certain acts. Secondly, a court (or applicable administrative body) may make an order against an IPR infringer which also has an impact on a non-party to the IP proceeding. An example of the former may be where a copyright owner obtains an order requiring a carriage service provider to take reasonable steps to disable access to infringing copyright material or to terminate a specified account. An example of the latter may be an order for inspection of property or to provide information concerning relevant commercial dealings of a non-party.
- 42) Given the underlying principle in Article 41(1) of TRIPS, being to permit effective action against any act of infringement, this question aims to explore the circumstances in which a court (or applicable administrative body) may be prepared to make an order for Additional Relief affecting the rights of non-parties, whether that be an order directly against a non-party or an order affecting a non-party. In either case, is the court (or applicable administrative body) obliged to hear the non-party as to the effect that such an order will have on the non-party? If not, is the court (or applicable administrative body) otherwise obliged to consider the interests of the non-party, and if so, how does the court (or applicable administrative body) fulfil that obligation?

Harmonisation

- 43) Importantly, this question also seeks to explore the basis for any common ground as to the types of Additional Relief that should be available in IP proceedings and the conditions in which such relief will or should be ordered.

Questions

I. Analysis of current law and case law

Groups are invited to answer the following questions under their national laws:

- 1) What forms of Additional Relief are available in IP proceedings?
- 2) Are those forms of Additional Relief available for all types of IPRs? If not, please indicate what types of Additional Relief are available for what types of IPRs.

In answering questions 1 and 2, the Groups may find the tabular format set out in Annexure B useful. This is intended as a guide only. There may be other forms of Additional Relief and other IPRs applicable under various national laws.

- 3) Having regard to the types of Additional Relief available addressed by questions 1 and 2, what are the criteria for the grant of that relief? There may be different criteria for the different types of Additional Relief identified.
- 4) Are there any specific considerations relevant to particular IPR holders? If so, what considerations are relevant and in respect of what IPR holders?

- 5) Are any particular forms of Additional Relief invariably ordered in certain circumstances? If so, what types of Additional Relief and in what circumstances? Does that occur pursuant to mandatory statutory regulation, or by reason of the practice of the relevant court (or applicable administrative body)?
- 6) Is there any element of judicial discretion in relation to the grant of any form of Additional Relief addressed in questions 1 and 2? If so, how is that discretion applied?
- 7) Can a court (or applicable administrative body) order any form of Additional Relief directly against a non-party to an IP proceeding?
- 8) If yes to question 7:
 - a) in what circumstances;
 - b) what forms of Additional Relief may be ordered; and
 - c) in respect of what types of IPR infringement?
- 9) Is a court (or applicable administrative body), in making an order for Additional Relief against an IPR infringer who is a party to the IP proceeding, obliged to consider the impact of such order on any non-party? If so, how does the court (or applicable administrative body) fulfil that obligation?
- 10) If yes to question 7 or 9, is the court (or applicable administrative body) obliged to give any relevant non-party an opportunity to be heard? If so, how is that effected?

II. Proposals for harmonisation

Groups are invited to put forward proposals for the adoption of harmonised rules in relation to Additional Relief in IP proceedings. More specifically, the Groups are invited to answer the following questions:

- 11) What forms of Additional Relief should be available in IP proceedings, and for what types of IPRs?
- 12) What should the criteria be for the grant of the types of Additional Relief identified in response to question 11?
- 13) Should there be any specific considerations relevant to particular IPR holders? If so, what should those considerations be and in respect of which IPR holders?
- 14) Should any particular form of Additional Relief be mandatory in certain circumstances? If so, what types of Additional Relief and in what circumstances?
- 15) Should a court (or applicable administrative body) be empowered to order any form of Additional Relief directly against a non-party to an IP proceeding?
- 16) If yes, to question 15:
 - a) in what circumstances;
 - b) what forms of Additional Relief should a court (or applicable administrative body) be empowered to order; and
 - c) in respect of what types of IPR infringement?

- 17) Should a court (or applicable administrative body), in making an order against an IPR infringer who is a party to the proceeding, be obliged to consider the impact of such order on any non-party? If yes, how should the court (or applicable administrative body) fulfil that obligation?
- 18) If yes to question 15 or 17, should the court (or applicable administrative body) be obliged to give any relevant non-party an opportunity to be heard? If so, how should that be effected?
- 19) Please provide any other proposals in respect of harmonisation as to the types of Additional Relief that should be available in IP proceedings and the conditions in which such relief should be ordered.

ANNEXURE A

EXTRACTS FROM THE AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS

PART III

ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

SECTION 1: GENERAL OBLIGATIONS

Article 41

1. Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.
2. Procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.
3. Decisions on the merits of a case shall preferably be in writing and reasoned. They shall be made available at least to the parties to the proceeding without undue delay. Decisions on the merits of a case shall be based only on evidence in respect of which parties were offered the opportunity to be heard.
4. Parties to a proceeding shall have an opportunity for review by a judicial authority of final administrative decisions and, subject to jurisdictional provisions in a Member's law concerning the importance of a case, of at least the legal aspects of initial judicial decisions on the merits of a case. However, there shall be no obligation to provide an opportunity for review of acquittals in criminal cases.
5. It is understood that this Part does not create any obligation to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of law in general, nor does it affect the capacity of Members to enforce their law in general. Nothing in this Part creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of law in general.

SECTION 2: CIVIL AND ADMINISTRATIVE PROCEDURES AND REMEDIES

Article 42

Fair and Equitable Procedures

Members shall make available to right holders³ civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement. Defendants shall have the right to written notice which is timely and contains sufficient detail, including the basis of the claims.

Parties shall be allowed to be represented by independent legal counsel, and procedures shall not impose overly burdensome requirements concerning mandatory personal appearances. All parties to such procedures shall be duly entitled to substantiate their claims and to present all

³ For the purpose of this Part, the term "right holder" includes federations and associations having legal standing to assert such rights.

relevant evidence. The procedure shall provide a means to identify and protect confidential information, unless this would be contrary to existing constitutional requirements.

Article 43

Evidence

1. The judicial authorities shall have the authority, where a party has presented reasonably available evidence sufficient to support its claims and has specified evidence relevant to substantiation of its claims which lies in the control of the opposing party, to order that this evidence be produced by the opposing party, subject in appropriate cases to conditions which ensure the protection of confidential information.
2. In cases in which a party to a proceeding voluntarily and without good reason refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes a procedure relating to an enforcement action, a Member may accord judicial authorities the authority to make preliminary and final determinations, affirmative or negative, on the basis of the information presented to them, including the complaint or the allegation presented by the party adversely affected by the denial of access to information, subject to providing the parties an opportunity to be heard on the allegations or evidence.

Article 44

Injunctions

1. The judicial authorities shall have the authority to order a party to desist from an infringement, *inter alia* to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods. Members are not obliged to accord such authority 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.
2. Notwithstanding the other provisions of this Part and provided that the provisions of Part II specifically addressing use by governments, or by third parties authorized by a government, without the authorization of the right holder are complied with, Members may limit the remedies available against such use to payment of remuneration in accordance with subparagraph (h) of Article 31. In other cases, the remedies under this Part shall apply or, where these remedies are inconsistent with a Member's law, declaratory judgments and adequate compensation shall be available.

Article 45

Damages

1. The judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of that person's intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity.
2. The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. In appropriate cases, Members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity.

Article 46

Other Remedies

In order to create an effective deterrent to infringement, the judicial authorities shall have the authority to order that goods that they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm

caused to the right holder, or, unless this would be contrary to existing constitutional requirements, destroyed.

The judicial authorities shall also have the authority to order that materials and implements the predominant use of which has been in the creation of the infringing goods be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements. In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account. 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 release of the goods into the channels of commerce.

Article 47

Right of Information

Members may provide that the judicial authorities shall have the authority, unless this would be out of proportion to the seriousness of the infringement, to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the infringing goods or services and of their channels of distribution.

Article 48

Indemnification of the Defendant

1. The judicial authorities shall have the authority to order a party at whose request measures were taken and who has abused enforcement procedures to provide to a party wrongfully enjoined or restrained adequate compensation for the injury suffered because of such abuse. The judicial authorities shall also have the authority to order the applicant to pay the defendant expenses, which may include appropriate attorney's fees.
2. In respect of the administration of any law pertaining to the protection or enforcement of intellectual property rights, Members shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith in the course of the administration of that law.

Article 49

Administrative Procedures

To the extent that any civil remedy can be ordered as a result of administrative procedures on the merits of a case, such procedures shall conform to principles equivalent in substance to those set forth in this Section.

SECTION 3: PROVISIONAL MEASURES

Article 50

1. The judicial authorities shall have the authority to order prompt and effective provisional measures:
 - (a) to prevent an infringement of any intellectual property right from occurring, and in particular to prevent the entry into the channels of commerce in their jurisdiction of goods, including imported goods immediately after customs clearance;
 - (b) to preserve relevant evidence in regard to the alleged infringement.
2. The judicial authorities shall 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.
3. The judicial authorities shall have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the right holder and that the applicant's right is being

infringed or that such infringement is imminent, and to order the applicant to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse.

4. Where provisional measures have been adopted *inaudita altera parte*, the parties affected shall be given notice, without delay after the execution of the measures at the latest. 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 after the notification of the measures, whether these measures shall be modified, revoked or confirmed.
5. The applicant may be required to supply other information necessary for the identification of the goods concerned by the authority that will execute the provisional measures.
6. Without prejudice to paragraph 4, provisional measures taken on the basis of paragraphs 1 and 2 shall, upon request by the defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period, to be determined by the judicial authority ordering the measures where a Member's law so permits or, in the absence of such a determination, not to exceed 20 working days or 31 calendar days, whichever is the longer.
7. Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by these measures.
8. To the extent that any provisional measure can be ordered as a result of administrative procedures, such procedures shall conform to principles equivalent in substance to those set forth in this Section.

SECTION 4: SPECIAL REQUIREMENTS RELATED TO BORDER MEASURES⁴

Article 51

Suspension of Release by Customs Authorities

Members shall, in conformity with the provisions set out below, adopt procedures⁵ to enable a right holder, who has valid grounds for suspecting that the importation of counterfeit trademark or pirated copyright goods⁶ may take place, to lodge an application in writing with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods. Members may enable such an application to be made in respect of goods which involve other infringements of intellectual property rights, provided that the requirements of this Section are met. Members may also provide for corresponding

⁴ Where a Member has dismantled substantially all controls over movement of goods across its border with another Member with which it forms part of a customs union, it shall not be required to apply the provisions of this Section at that border.

⁵ It is 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, or to goods in transit.

⁶ For the purposes of this Agreement:

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

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

procedures concerning the suspension by the customs authorities of the release of infringing goods destined for exportation from their territories.

Article 52
Application

Any right holder initiating the procedures under Article 51 shall be required to provide adequate evidence to satisfy the competent authorities that, under the laws of the country of importation, there is *prima facie* an infringement of the right holder's intellectual property right and to supply a sufficiently detailed description of the goods to make them readily recognizable by the customs authorities. The competent authorities shall inform the applicant within a reasonable period whether they have accepted the application and, where determined by the competent authorities, the period for which the customs authorities will take action.

Article 53
Security or Equivalent Assurance

1. The competent authorities shall have the authority to require an applicant to provide a security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse. Such security or equivalent assurance shall not unreasonably deter recourse to these procedures.
2. Where pursuant to an application under this Section the release of goods involving industrial designs, patents, layout-designs or undisclosed information into free circulation has been suspended by customs authorities on the basis of a decision other than by a judicial or other independent authority, and the period provided for in Article 55 has expired without the granting of provisional relief by the duly empowered authority, and provided that all other conditions for importation have been complied with, the owner, importer, or consignee of such goods shall be holder for any infringement. Payment of such security shall not prejudice any other remedy available to the right holder, it being understood that the security shall be released if the right holder fails to pursue the right of action within a reasonable period of time.

Article 54
Notice of Suspension

The importer and the applicant shall be promptly notified of the suspension of the release of goods according to Article 51.

Article 55
Duration of Suspension

If, within a period not exceeding 10 working days after the applicant has been served notice of the suspension, the customs authorities have not been informed that proceedings leading to a decision on the merits of the case have been initiated by a party other than the defendant, or that the duly empowered authority has taken provisional measures prolonging the suspension of the release of the goods, the goods shall be released, provided that all other conditions for importation or exportation have been complied with; in appropriate cases, this time-limit may be extended by another 10 working days. If proceedings leading to a decision on the merits of the case have been initiated, 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.

Notwithstanding the above, where the suspension of the release of goods is carried out or continued in accordance with a provisional judicial measure, the provisions of paragraph 6 of Article 50 shall apply.

Article 56
Indemnification of the Importer and of the Owner of the Goods

Relevant authorities shall have the authority to order the applicant to pay the importer, the consignee and the owner of the goods appropriate compensation for any injury caused to them

through the wrongful detention of goods or through the detention of goods released pursuant to Article 55.

Article 57

Right of Inspection and Information

Without prejudice to the protection of confidential information, Members shall provide the competent authorities the authority to give the right holder sufficient opportunity to have any goods detained by the customs authorities inspected in order to substantiate the right holder's claims. The competent authorities shall also have authority to give the importer an equivalent opportunity to have any such goods inspected. Where a positive determination has been made on the merits of a case, Members may provide the competent authorities the 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.

Article 58

Ex Officio Action

Where Members require competent authorities to act upon their own initiative and to suspend the release of goods in respect of which they have acquired *prima facie* evidence that an intellectual property right is being infringed:

- (a) the competent authorities may at any time seek from the right holder any information that may assist them to exercise these powers;
- (b) the importer and the right holder shall be promptly notified of the suspension. Where the importer has lodged an appeal against the suspension with the competent authorities, the suspension shall be subject to the conditions, *mutatis mutandis*, set out at Article 55;
- (c) Members shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith.

Article 59

Remedies

Without prejudice to other rights of action open to the right holder and subject to the right of the defendant to seek review by a judicial authority, competent authorities shall have the authority to order the destruction or disposal of infringing goods in accordance with the principles set out in Article 46. In regard to counterfeit trademark goods, the authorities shall not allow the re-exportation of the infringing goods in an unaltered state or subject them to a different customs procedure, other than in exceptional circumstances.

Article 60

De Minimis Imports

Members may exclude from the application of the above provisions small quantities of goods of a non-commercial nature contained in travellers' personal luggage or sent in small consignments.

SECTION 5: CRIMINAL PROCEDURES

Article 61

Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. Members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed wilfully and on a commercial scale.

ANNEXURE B

Relief	Patent	Trademark	Copyright	Design	Confidential information/ trade secrets	[Other...]
Declaratory relief						
Delivery up/ destruction						
Rectification						
Alteration of infringing goods						
Modification of technology						
Corrective advertising						
Publication of judgment						
Order for inspection						
Order to provide information						
Account of profits						
Reasonable royalty						
Reparation						
[Other....]						