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Negotiating Group on Trade-Related Aspects
of Intellectual Property Rights, including
Trade in Counterfeit Goods

DRAFT AGREEMENT TO DISCOURAGE THE IMPORTATION OF COUNTERFEIT GOODS

At the meeting of the Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods of 10 June l987, the secretariat was requested to reissue to participants in the Negotiating Group the draft Agreement to Discourage the Importation of Counterfeit Goods circulated on 18 October l982 as document L/5382. This text was circulated at that time with the following covering letter from the United States' delegation.

Following discussions among a number of delegations held last September, delegations from the United States, the European Community, Japan, and Canada have held further discussions during the last week on a draft Agreement on Measures to Discourage the Importation of Counterfeit Goods. As a result of these discussions, a revised draft of a possible Agreement has been produced to provide a basis for further work in this area and for contribution to the preparations for the Ministerial meeting. This draft does not precommit or prejudice the final position of any contracting party.

We continue to believe that, without prejudice to the competence of the WIPO and any relevant work which may be undertaken there, the GATT is the appropriate forum dealing with the trade-related aspects of the problem.

Delegations involved in these discussions request that this letter, together with the attached draft text, be circulated to the contracting parties. Our delegations will be pleased to enter into discussions concerning the draft text and further work with any contracting party or observers which may so wish.

AGREEMENT ON MEASURES TO DISCOURAGE THE IMPORTATION OF COUNTERFEIT GOODS

PREAMBLE

The Parties to the Agreement on Measures to Discourage the Importation of Counterfeit Goods (hereinafter referred to as "Parties" and "this Agreement");

Desiring to further the objectives of the General Agreement on Tariffs and Trade (hereinafter referred to as the "General Agreement" or "GATT");

Considering that trade in counterfeit goods prejudices the rights of legitimate traders and deceives consumers;

Desiring to discourage international trade in counterfeit goods by co-operation among Parties to this Agreement and by strengthening measures to combat such trade without inhibiting the free flow of legitimate trade;

Desiring to deprive Parties to the importation of counterfeit goods of the economic benefits of such transactions;

Noting that the contracting parties are exercising their rights under Article XX of the General Agreement, inter alia, to adopt or enforce laws and regulations relating to the protection of trademarks;

Seeking to provide for international notification, consultation, surveillance and dispute settlement procedures with a view to ensuring fair, prompt and effective application of this Agreement;

Desiring to attain the above objectives through measures to protect the rights of trademark owners; and

Recognizing that differences in legal systems and customs procedures of the Parties may require different methods, consistent with this Agreement, of dealing with counterfeit goods;

Hereby agree as follows:

Article 1 Objectives, Requirements, and Scope of the Agreement

1.1 The Parties shall discourage international trade in counterfeit goods. To this end they agree that imported counterfeit goods should be dealt with in a manner that deprives the persons involved of the economic benefits of the transaction and provides an effective deterrent to international trade in such goods. They further agree that counterfeit goods should be prevented from reaching the commercial market. However, nominal quantities of goods intended for personal use and not for sale may be excluded from the requirements of the Agreement.

1.2 In this Agreement:

1.2.1 "Counterfeit goods" means any goods bearing an unauthorized representation of a trademark that is legally registered in respect of such goods in the country of importation. This Agreement shall not apply to imported goods which have been produced or marketed under a protected trademark by the owner of the trademark right, or with his consent, or to goods bearing an authorized trademark which are imported in contravention of a commercial arrangement.

1.2.2 "Trademark" shall be defined by the law of the country of importation and shall include any certification mark or collective mark registered in the country of importation and entitled to protection as a trademark.

1.2.3 "Imported goods" shall be defined by the country of importation for the purposes of this Agreement.

1.3 The intellectual property laws of any Party shall not be changed by its acceptance of or accession to this Agreement. Moreover, this Agreement laws down the minimum requirements with regard to measures to discourage the importation of counterfeit goods and shall not be interpreted as preventing Party from taking

further measures.

1.4 The implementation of this Agreement shall not prejudice any rights or obligations under the GATT of any Party with respect to measures taken to deal with counterfeit goods.

Article 2 Obligations and Procedures

2.1 The Parties shall afford owners of trademark rights covered by this Agreement or their representatives, the judicial or administrative means necessary to initiate procedures to protect their rights against imported counterfeit goods before they are released from the jurisdiction of the customs authorities. They shall designate the authorities to which owners of trademark rights may address themselves for this purpose.

2.2 The person initiating the procedures shall be required to establish his right to protection in accordance with the relevant laws of the country of importation and to produce satisfactory evidence that counterfeit goods are in the process of being, or are likely to be imported. Such person may be required to provide security by bond or deposit of money in an amount sufficient to indemnify the authorities or to hold the importer harmless from loss or damage resulting from such action where goods are subsequently determined not to be counterfeit.

2.3.1 When the competent authorities are satisfied that goods referred to in the procedures initiated in conformity with the provisions of Article 2.2 are reasonably suspected of being counterfeit, they shall take the necessary steps to provide for the detention or seizure of such goods, or the taking of other appropriate measures to retain jurisdiction over, or prevent the sale or other disposition of such goods pending final determination whether the goods are counterfeit.
2.3.2 Notwithstanding the provisions of Article 2.3.1, alternative procedures consistent with the objectives of this Agreement may be established to deal with perishable goods or exceptional circumstances.

2.4 Persons directly affected by procedures initiated in conformity with this Agreement shall be informed promptly of actions taken.

2.5 The criteria by which the authorities determine whether imported goods are counterfeit shall be no less favourable than the criteria used to determine whether domestically produced goods are counterfeit. Determinations concerning counterfeit goods shall be reasoned and made without undue delay in a fair and open manner which avoids the creation of non-tariff barriers to and minimizes interference with legitimate trade.

2.6 Actions in accordance with the provisions of this Article may, where provided for by the law of the country of importation, be terminated at any time upon the request of the owner of the trademark right in question or his representative.

2.7 Where the retention of jurisdiction over alleged counterfeit goods is based upon an interim order of a competent judicial or administrative authority and further proceedings for a final order are required, the importer shall have the right freely to dispose of the goods if such further proceedings are not initiated within such period as may be required by the Party.

Article 3 Disposal of Counterfeit Goods

3. Upon determination that the goods in question are counterfeit, they shall be disposed of in such a way so as to deprive the Parties to the importation of the counterfeit goods of the economic benefits of the transaction and to provide an effective deterrent to further transactions involving the importation of counterfeit goods. To the greatest extent possible, counterfeit goods shall be subject to forfeiture and shall be disposed of outside the channels of commerce in a manner that minimizes harm to the owner of the trademark right in question. Alternative methods of disposal may be used as long as they constitute an effective deterrent to trade in such goods. However, in individual cases involving exceptional circumstances, other measures may be taken having due regard to the objectives of the Agreement.

Article 4 Right of Judicial Review

4. The Parties shall provide the importer with a right of judicial review in respect of any final decision taken

by any administrative authority in pursuance of this Agreement.

Article 5 Information and Review

5.1 Laws, regulations, administrative rulings of general application, and procedures relating to the implementation of this Agreement, shall be published. Judicial decisions shall be made available on request to any other Party.

5.2 In order to ensure the effective application of this Agreement, the Parties shall co-operate and provide assistance, and where not prohibited by national law, shall exchange information concerning international trade in counterfeit goods which is likely to affect the interests of other Parties or which shows that a new fraudulent practice or technique has been adopted.

5.3 All information which is by nature confidential or which is provided on a confidential basis in pursuance of this Agreement shall be treated as strictly confidential by the authorities concerned, who shall not disclose it without the specific permission of the person or government providing such information.

Article 6 Notes on Articles

6. The notes annexed to this Agreement form an integral part of this Agreement. The articles of this Agreement are to be read and applied in conjunction with their respective notes.

Article 7 Enforcement of Obligations

Institutions

7.1 There shall be established under this Agreement a Committee on Measures to Discourage the Importation of Counterfeit Goods (referred to in this Agreement as the "Committee") composed of representatives from each of the Parties. This Committee shall elect its own chairman and meet as necessary, but not less than once a year, for the purpose of affording Parties the opportunity to consult on any matters relating to the operation of the Agreement or the furtherance of its objectives, and to carry out such other responsibilities as may be assigned to it by the Parties.

Consultation and dispute settlement

7.2 Consultation and settlement of disputes with respect to any matter affecting the operation of this Agreement, shall be subject to the procedures of Articles XXII and XXIII of the GATT and the Understanding on Notification, Consultation, Dispute Settlement and Surveillance.

Article 8 Special and Differential Treatment

8.1 Developing country Parties may delay application of its provisions for a period not exceeding two years from the date of entry into force of this Agreement for such countries. Developing country Parties who choose to delay application of this Agreement shall notify the Director-General of the GATT accordingly.

8.2 Developed country Parties shall furnish, on mutually agreed terms, advice and assistance to developing country Parties that so request. This may include, inter alia, training of personnel, assistance in preparing implementation measures, advice on the identification and control of imported counterfeit goods, and advice on the application of the provisions of this Agreement.

Article 9 Final Provisions

9.1 Acceptance and Accession

9.1.1 This Agreement shall be open for acceptance by signature or otherwise, by governments contracting parties to the GATT and by the European Economic Community.

9.1.2 Any government contracting party to the GATT not a Party to this Agreement may accede to it on terms to be agreed between that government and the Parties to this Agreement. Accession shall take place by the deposit with the Director-General to the CONTRACTING PARTIES to the GATT of an instrument of accession which states the terms so agreed.

9.1.3 This Agreement shall be open for acceptance by signature or otherwise by governments having provisionally acceded to the GATT, on terms related to the effective application of rights and obligations under this Agreement, which take into account rights and obligations in the instruments providing for their provisional accession.

9.1.4 This Agreement shall be open to accession by any other government on terms, related to the effective application of rights and obligations under this Agreement, to be agreed between that government and the Parties, by the deposit with the Director-General to the CONTRACTING PARTIES to the GATT of an instrument of accession which states the terms so agreed.

9.1.5 In regard to acceptance, the provisions of Article XXVI:5(a) and (b) of the General Agreement would be applicable.

9.2 Reservations

9.2.1 Reservations may not be entered in respect of any of the provisions of this Agreement without the consent of other Parties.

9.3 Entry into Force

9.3.1 This Agreement shall enter into force on _____
for the governments[1] which have accepted or acceded to it by that date. For each other government it shall enter into force on the thirtieth day following the date of its acceptance or accession to this Agreement.

9.4 National Legislation

9.4.1 Each government[2] accepting or acceding to this Agreement shall ensure, not later than the date of entry into force of this Agreement for it, the conformity of its procedures relating to trade in counterfeit goods with the provisions of this Agreement.

9.4.2 Each Party shall promptly provide the Committee with a copy of its laws and regulations relevant to this Agreement and amendments thereto.

9.5 Review

9.5.1 The Committee shall review annually the implementation and operation of this Agreement taking into account the objectives thereof. The Committee shall annually inform CONTRACTING PARTIES to the GATT of developments during the period covered by such reviews.

9.5.2 In this connection, the Parties agree to explore the possibility of expanding the coverage of this Agreement to include trade in counterfeit goods involving other intellectual property rights. To this end the Parties agree that discussions and negotiations should be pursued bilaterally or in appropriate international fora on other intellectual property rights such as appellations of origin and indications of source, certification marks, copyrights, models and designs, and that the results of this work should be taken account of in the annual review referred to above.

9.6 Amendments

The Parties may amend this Agreement, having regard, inter alia, to the experience gained in its implementation. Once the Parties have agreed to an amendment, it shall not come into force for any Party until its ratification procedures have been completed.

9.7 Withdrawal

Any Party may withdraw from this Agreement. The withdrawal shall take effect upon the expiration of sixty days from the day on which written notice of withdrawal is received by the Director-General to the CONTRACTING PARTIES of the GATT. Any Party may upon such notification request an immediate meeting of the Committee.

_____

1For the purpose of this Agreement, the term "government" is deemed to include the competent authorities of the European Economic Community.

2The application of this Agreement by the Member States of the European Economic Community is without prejudice to such further implementing measures as may be introduced in a Community framework.

9.8 Non-Application of this Agreement between Particular Parties

9.8.1 This Agreement shall not apply as between any two Parties if either of the Parties, at the time either accepts or accedes to the Agreement, does not consent to such application.

9.9 Secretariat

9.9.1 This Agreement shall be serviced by the GATT Secretariat.

9.10 Deposit

9.10.1 This Agreement shall be deposited with the Director-General to the CONTRACTING PARTIES to the GATT, who shall promptly furnish to each Party and each contracting party to the GATT a certified copy thereof and of each amendment thereto pursuant to Article 9.6 above and a notification of each acceptance thereof or accession thereto pursuant to Article 9.1 above and of each withdrawal therefrom pursuant to Article 9.7 above.

9.11 Registration

9.11.1 This Agreement shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

Done at Geneva this ..... day of ..... nineteen hundred and eighty-..... in a single copy, in the English, French and Spanish languages, each text being authentic.

General Note

This Agreement does not require any Party to disclose confidential information which would impede law enforcement, conflict with national laws, or otherwise be contrary to the legitimate commercial interests of particular enterprises, public or private.

Nothing in this Agreement shall be construed as impairing the independence of the judiciary.

Note to Article 1

This Agreement applies to international trade in "counterfeit goods". The definition of "counterfeit goods" is intended to limit the scope of the Agreement to cover only imported goods with trademarks that are identical or substantially identical to the legally protected mark. Furthermore, it is intended that countries with registration systems for trademarks may require registration of a trademark as a pre-condition to the application of procedures required by this Agreement.

Note to Article 2

It is envisaged that the Parties will meet the requirements of this Agreement by providing for administrative or judicial procedures or by a combination of the two. Thus some Parties may enable their customs services to act, either directly or on the basis of a decision of an administrative authority designated for this purpose, to detain or seize counterfeit goods, while other Parties may provide the owner of the trademark right with the opportunity to seek a court order preventing the importer from disposing of such goods for a limited period to enable the owner of the trademark to pursue his remedies through a substantive court action. Whatever may be the procedures adopted, it is an objective of this Agreement that imported goods which are reasonably suspected of being counterfeit shall not be cleared by customs until the trademark owner has had the opportunity to challenge, either administratively or judicially, the right of the importer freely to dispose of the goods. The procedures may be initiated by the trademark owner or, where the competent authorities have the necessary powers and are in possession of the necessary information, at the initiative of these authorities themselves. The choice of procedures, consistent with the objectives and requirements of the Agreement, is left to the Parties but the procedures shall avoid creating non-tariff barriers to legitimate trade.

The competent authorities may specify the evidence required to be presented by the person owning the trademark right or his representative under the provisions of Article 2.2.

Note to Article 2.2

The phrase "or likely to be imported" is intended to provide a means whereby the owners of the trademark rights may initiate procedures, where the country of importation so provides, in cases where alleged counterfeit goods have not yet come within the jurisdiction of customs.

Note to Article 3

In order to minimize harm to the owner of the trademark right in question, the trademark whose use rendered the goods counterfeit should be obliterated or removed, where feasible, before disposal.

Note to Article 5.3

Parties are aware that in the territory of certain Parties, disclosure pursuant to a narrowly drawn protective order may be required.