THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT

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DATE: January 28, 2010 **TOTAL PAGES: 6 incl. cover**

FROM: Ambassador Ron Kirk c/o Ken Washington, Correspondence Analyst

TO: The Honorable Ron Wyden **RECIPIENT FAX: (202)228-2717**

SUBJECT/MESSAGE: If you receive this transmission incomplete, please contact Ken Washington at (202)395-9416.

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

January 28, 2010

The Honorable Ron Wyden
United States Senate
Washington, D.C. 20510

Dear Senator Wyden:

Thank you for your recent letter concerning the Anti-Counterfeiting Trade Agreement (ACTA). I am pleased by your interest in this important agreement.

The objective of the ACTA negotiations, which began in June 2008, is to create a new, state-of-the art agreement to combat counterfeiting and piracy. The United States has been working with several trading partners, including Australia, Canada, the European Union and its 27 member states, Japan, Mexico, Morocco, New Zealand, Singapore, South Korea, and Switzerland, in order to negotiate the agreement. When it is finalized, we intend ACTA to assist in the efforts of governments around the world to combat more effectively the proliferation of counterfeit and pirated goods. Trade in these illegitimate goods undermines legitimate trade and the growth of the world economy, and in some cases may contribute to funding organized crime and exposing American consumers to dangerous fake products.

As to your specific questions:

1. *I understand that the office of the USTR has indicated that no agreement would be made that would require a statutory change to U.S. law. However, are you also reviewing negotiating proposals to ensure that no agreement would constrain the ability of the Congress to reform our domestic IPR laws?*

We do not view the ACTA as a vehicle for changing U.S. law. We are also cognizant of the desire in Congress for flexibility in certain areas, and have worked to shape relevant U.S. proposals to provide appropriate flexibility.

2. *In what ways are you taking steps to ensure the ACTA will not interfere with public health flexibilities included under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement and the Doha Declaration on TRIPS and Public Health?*

One of the Administration's first steps on ACTA was to work with our trading partners to prepare a summary of the issues under discussion in the negotiations. That consensus document, supported by the United States, provides that among other things, "ACTA is not intended to interfere with a signatory's ability to respect its citizens' fundamental rights and civil liberties, and will be consistent with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) *and will respect the Declaration on TRIPS and Public Health*" (emphasis added). USTR is working to ensure that the agreement that results from the ongoing negotiations lives up to this commitment.

3. *What types of IPR do you seek the ACTA to cover and how do you define "counterfeit"?*

We seek coverage that is similar to the enforcement provisions of intellectual property chapters of U.S. free trade agreements (FTAs) previously negotiated with ACTA partners Australia, Korea, Morocco, and Singapore. Those agreements provide for, among other things, criminal penalties and procedures in cases of willful trademark counterfeiting or copyright piracy on a commercial scale; border measures in cases involving trademarks and copyrights; and civil remedies for all intellectual property rights (*e.g.*, patent, trademark, copyright), with appropriate limitations that ensure consistency with U.S. law.

While those agreements do not specifically define "counterfeit," we note that, in the context of border enforcement measures, our previously negotiated FTAs provide a definition for "counterfeit trademark goods" and "pirated copyright goods." (*See, e.g.*, U.S.-Australia FTA, Art. 17.11.19, fn.17-26; KORUS FTA, Art. 18.10.19, fn. 30; U.S.-Morocco FTA, Art. 15.11.20, fn. 19; U.S.-Singapore FTA, Art. 16.9.16, fn.16.)

Links to the relevant provisions of our prior agreements with ACTA negotiating partners can be found on the main ACTA web page at: http://www.ustr.gov/trade-topics/intellectual-property/anti-counterfeiting-trade-agreement-acta

4. *If you are negotiating provisions in the ACTA that address the enforcement of patents please help me understand your positions related to:*

   a. *The current U.S. practice of considering the possibility of imposing royalty payments in lieu of an injunction to those found infringing upon a patent;*

We seek coverage of civil injunctive relief that is similar to the enforcement provisions of the intellectual property chapters of U.S. FTAs previously negotiated with ACTA partners Australia, Korea, Morocco, and Singapore. Those agreements require that judges have the *authority* to award civil injunctive in connection with specified infringements, but they do not prevent judges from determining, in line with the relevant legal standards, that injunctive relief is inappropriate in a particular case.

   b. *Enabling the unfettered movement of non-counterfeiting pharmaceutical products and active pharmaceutical ingredients that may move through national markets with very different patent landscapes, including for example, to national developing country markets where the U.S. supports treatment programs for HIV/AIDS and other diseases;*

The United States would like to see ACTA reflect an approach to border enforcement that follows that of recent U.S. trade agreements. For example, those agreements call for customs officials to have *ex officio* authority to seize imported, exported, or in-transit merchandise suspected of being counterfeit or confusingly similar trademark goods, or pirated copyright goods. We do not support extending that provision to include suspected patent infringement.

c. *Commitments, if any, you are seeking related to parallel trade;*

ACTA is envisioned as an intellectual property enforcement agreement; as such we are neither seeking nor expecting to address the question of whether a party's laws confer substantive rights that could be used to prevent parallel imports.

d. *The willful movement of patent infringing goods as unlawful activities that could be subject to criminal penalties; and*

As noted above, we seek coverage that is similar to the enforcement sections of the intellectual property chapters of U.S. free trade agreements (FTAs) previously negotiated with ACTA partners Australia, Korea, Morocco, and Singapore. None of those agreements provide for criminal penalties and procedures in cases of patent infringement, nor does U.S. law.

e. *Measures to ensure that foreign entities cannot block access to U.S. goods by using dubious foreign patents?*

Patent rights are, by definition, territorial in nature. The existence of a foreign patent, dubious or otherwise, would have no bearing on allegedly infringing activity in the United States.

5. *For the purpose of providing enforcement procedures against acts of copyright infringement under Article 41 of the TRIPS agreement, what legal incentives are you seeking to encourage Online Services Providers (OSPs) to cooperate with copyright owners to deter the unauthorized storage or transmission of copyrighted materials?*

We are seeking legal incentives similar to, and consistent with, those found in relevant U.S. law (*See* 17 USC § 512).

6. *With respect to limitations in U.S. law regarding the scope of remedies available against OSPs for copyright infringements that they do not control, initiate, or direct, and that take place through systems or networks controlled or operated by them or on their behalf, are you seeking obligations on OSPs as a condition of qualifying for such limitations:*

a. *Which are more specific than the obligations under U.S. law to, in appropriate circumstances, terminate services of repeat infringers of copyrighted work?*

b. *To monitor consumers' online behavior to indentify activities related to copyright infringement?*

c. *To provide copyright owners the ability to expeditiously receive information identifying the person allegedly infringing upon a copyright?*

We are not seeking any obligations that go beyond U.S. law concerning termination of repeat infringers, monitoring of online behavior, or expeditious receipt by copyright holders of information concerning alleged infringers.

7. *Do you intend to resist efforts to expand the circumstances in which a rights-holder may, for the purpose of collecting evidence to support the enforcement of IPR, obtain any information that the infringer or the alleged infringer possesses or controls regarding any aspect of the infringement or the alleged infringement? What tools are available to assist rights-holders in obtaining information pertaining to infringement of their property online?*

We look forward to discussing the specific efforts or tools that may be of concern to you. Existing U.S. FTAs with ACTA participants include provisions calling for judges to have the authority to order infringers to provide certain information. (See, e.g., U.S.-Australia FTA, Art. 17.11.11, KORUS FTA, Art. 18.10.10, U.S.-Morocco FTA Art. 15.11.11, and U.S.-Singapore FTA, Art. 16.9.13.).

8. *To what extent are you advocating that border measures be applied to goods-in-transit, and are you willing to seek removal of any provision in the agreement that applies border measures to goods-in-transit?*

Please see the response to question 4(b) above.

USTR does not support the suggestion to seek removal of provisions concerning application of border measures to goods in transit. The risk to American consumers from potentially life-threatening products (such as adulterated food, medicine, agricultural chemicals, personal care products, electrical products, car and airplane parts, etc.) is increased when customs authorities in transit ports turn a blind eye to, or are legally incapable of acting to stop, goods suspected of bearing counterfeit trademarks. However, as noted in the response to question 4(b), we do not support extending the relevant provisions to include suspected patent infringement.

9. *Are you seeking any commitments related to third-party liability for IPR infringements and, if so, what is the outcome that you seek?*

In order for a "safe-harbor" approach to ISP liability (such as that provided in relevant U.S. law) to be meaningful, there must necessarily be some form of potential secondary liability against which the "safe harbor" provides shelter. Thus, in connection with consideration of limitations on ISP liability in the ACTA, we find it helpful for our trading partners to confirm the existence in their respective legal systems of some relevant form of secondary liability.

10. *Are you taking any positions in the ACTA negotiations that, if successful, would commit the U.S. or any ACTA parties to obligations currently found under the Digital Millennium Copyrights Act?*

We envision that the provisions of the DMCA would be relevant to U.S. compliance with future ACTA obligations. However, we are aware of concerns about retaining flexibility to legislate in the future in this field, and have written our proposals with those concerns in mind.

11. *Are you proposing any means to remove impediments to, or encourage, inter-industry arrangements to reduce the risk of piracy and facilitate its detection and elimination, and if so, how?*

We are not currently proposing any provisions specifically relating to private, inter-industry arrangements. We would welcome any suggestions that you or other members of Congress might have in this regard.

* * *

Finally, concerning the transparency of ACTA in general, I am grateful for your recognition of the unprecedented steps taken by the Obama Administration to promote transparency around the nation's international trade agenda. We have taken specific steps to improve transparency and stakeholder outreach in connection with the ACTA negotiations. For example in 2009, USTR:

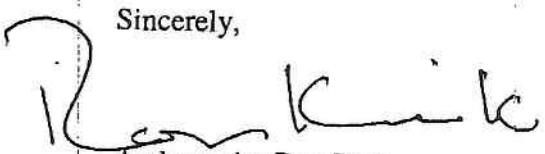
- established a dedicated ACTA web page on new USTR website;
- issued and updated the first public summary of issues under negotiation, which is also available on the ACTA web page;
- started releasing public agendas on the ACTA web page before each meeting;
- sought advice from a broad group of experts, including representatives of IP right holders, Internet intermediaries, NGOs, and others, about prospective U.S. positions on IPR enforcement in the digital environment; and
- provided links on the ACTA web page to relevant portions of past agreements, for review by members of the public who are interested in understanding the U.S. approach to possible legal framework provisions of the ACTA.

The Administration is committed to continuing to provide opportunities for the public to provide meaningful input into the ACTA negotiating process. We won endorsement of the importance of meaningful public input from all of the participating governments at the Seoul Round in of the ACTA negotiations in November. The Administration also recognizes that confidentiality in international negotiations is sometimes necessary to enable officials of participating governments to engage in frank exchanges of views, positions, and specific negotiating proposals, and thereby facilitate agreement on complex issues.

We continue to work with our trading partners to consider the best way to facilitate aditional public input to the ACTA negotiations. The views expressed in your letter will be helpful as we work with our trading partners to further improve the ACTA process.

I thank you for taking the time to write and look forward to staying in touch. Please do not hesitate to contact me if you have any further questions.

Sincerely,



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