

JAPAN – U.S. JOINT PROPOSAL

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Anti-Counterfeiting Trade Agreement

[Chapter 2]

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CHAPTER TWO
LEGAL FRAMEWORK FOR ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

Section 1: Civil Enforcement

ARTICLE 2.1: AVAILABILITY OF CIVIL PROCEDURES

1. Each Party shall make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right.
2. In civil judicial proceedings concerning the enforcement of intellectual property rights, each Party shall provide that its judicial authorities shall have the authority to issue an order to a party to desist from an infringement, including an order to prevent infringing goods from entering into the channels of commerce [Option US: and to prevent their exportation].

ARTICLE 2.2: DAMAGES

1. Each Party shall provide that:
 - (a) in civil judicial proceedings, its judicial authorities shall have the authority to order the infringer of intellectual property rights to pay the right holder
 - (i) damages adequate to compensate for the injury the right holder has suffered as a result of the infringement¹; or
 - (ii) [Option US: at least in the case of copyright or related rights infringement and trademark counterfeiting,] the profits of the infringer that are attributable to the infringement, which may be presumed to be the amount of damages referred to in clause (i); and
 - (b) in determining the amount of damages for infringement of intellectual property rights, its judicial authorities shall consider, *inter alia*, the value of the infringed good or service, measured by the market price, the suggested retail price, or other legitimate measure of value submitted by the right holder.
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, each Party shall establish or maintain a system that provides:
 - (a) pre-established damages, or
 - (b) presumptions for determining the amount of damages²,

[Option US:¹ In the case of patent infringement, damages adequate to compensate for the infringement shall not be less than a reasonable royalty.]

² Such measures [Option J: shall][Option US: 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,

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sufficient [Option US: to constitute a deterrent to future infringements and] to compensate [Option US: fully] the right holder for the harm caused by the infringement.³

3. Each Party shall provide that the right holders shall have the right to choose the remedy in paragraph 2 as an alternative to the remedy in paragraph 1.

4. 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 concerning copyright or related rights infringement, patent infringement, or trademark infringement, that the prevailing party shall be awarded payment by the losing party of court costs or fees. Each Party shall also provide that its judicial authorities, [Option US: at least in proceedings concerning copyright or related rights infringement or willful trademark counterfeiting] shall have the authority to order, [Option US: except in exceptional circumstances][Option J: in appropriate cases], that the prevailing party be awarded payment by the losing party of reasonable attorney's fees. [Option US: Further, each Party shall provide that its judicial authorities, at least in exceptional circumstances, shall have the authority to order, at the conclusion of civil judicial proceedings concerning patent infringement, that the prevailing party shall be awarded payment by the losing party of reasonable attorneys' fees.]

ARTICLE 2.3: OTHER REMEDIES

1. At least with respect to goods that have been found to be [Option US: pirated or counterfeit][Option J: infringing an intellectual property right], each Party shall provide that in civil judicial proceedings, at the right holder's request, [Option J: its judicial authorities shall have the authority to order that] such goods shall be destroyed, except in exceptional circumstances, without compensation of any sort.

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

3. In regard to counterfeit trademarked goods, the simple removal of the trademark unlawfully affixed shall not be sufficient [Option J: , other than in exceptional cases,] to permit the release of goods into the channels of commerce.

ARTICLE 2.4: INFORMATION RELATED TO INFRINGEMENT

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.

[Option US: ³ Neither 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 a Party.]

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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, for the purpose of collecting evidence, any information [Option J: in the form as prescribed in its applicable laws and regulations] that the infringer possesses or controls, [Option J: ,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.

ARTICLE 2.5: PROVISIONAL MEASURES

1.

2. [Option US: 1. Each Party shall provide 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 within ten days, except in exceptional cases.]

[Option J: 1. Each Party shall ensure that, where proceedings for provisional measures are conducted inaudita altera parte, the judicial authorities shall expeditiously make a decision on the request for provisional measures.]

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 [Option US: and, at least for trademark counterfeiting, documentary evidence relevant to the infringement].

This paragraph might be an alternative to EU article 2.5 (Measures to preserve evidence)

3. Each Party shall provide that its judicial 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 and to prevent abuse, and so as not to unreasonably deter recourse to such procedures.
