

Original: Spanish – English

FTAA – NEGOTIATING GROUP ON INTELLECTUAL PROPERTY RIGHTS

DOCUMENT FROM THE CHAIR

CONSOLIDATION OF DRAFT TEXTS FOR THE CHAPTER ON INTELLECTUAL PROPERTY RIGHTS¹

II. INTELLECTUAL PROPERTY RIGHTS

13.) ANTI-COMPETITIVE PRACTICES IN CONTRACTUAL LICENCES

Article 1. [Anti-competitive practices in contractual licences]CAND,CARI,MER

[1.1. Parties agree that some licensing practices or conditions pertaining to intellectual property rights which restrain competition may have adverse effects on trade and may impede the transfer and dissemination of technology. [Parties shall adopt measures to prevent such practices and conditions when licensing intellectual property rights.]CAND,MER]CAND,CARI,MER

[1.2. Nothing in this Chapter shall prevent Parties from specifying in their legislation licensing practices or conditions that may in particular cases constitute an abuse of intellectual property rights having an adverse effect on competition in the relevant market. As provided above, a Party may adopt appropriate measures to prevent or control such practices, which may include exclusive grant-back conditions, conditions preventing challenges to validity and coercive package licensing, in the light of the relevant laws and regulations of that Party. The measures provided to prevent such practices shall be consistent with the other provisions of this Chapter.]CAND,CARI,MER

[1.3. Each Party shall enter, upon request, into consultations with any other Party which has cause to believe that an intellectual property right owner that is a national or domiciliary of the Party to which the request for consultations has been addressed is undertaking practices in violation of the requesting Party 's laws and regulations on the subject matter of this Section, and which wishes to secure compliance with such legislation, without prejudice to any action under the law and to the full freedom of an ultimate decision of either Party. The Party addressed shall accord full and sympathetic consideration to, and shall afford adequate opportunity for, consultations with the requesting Party, and shall cooperate through supply of publicly available non-confidential information of relevance to the matter in question and of other information available to the Party, subject to domestic law and to the conclusion of mutually satisfactory agreements concerning the safeguarding of its confidentiality by the requesting Party.]CARI

[1.4. A Party whose nationals or domiciliaries are subject to proceedings in another Party concerning alleged violation of that other Party 's laws and regulations on the subject matter of this Section shall, upon request, be granted an opportunity for consultations by the other Party under the same conditions as those foreseen in paragraph 3.]CARI

¹ ANDEAN COMMUNITY (CAND); CANADA (CD); CARICOM (CARI); CHILE (CHI); DOMINICAN REPUBLIC (DOM); GUATEMALA (GUA); HONDURAS (HON); MERCOSUR (MER); MEXICO (MX); NICARAGUA (NIC); PANAMA (PAN); UNITED STATES (US).

III. ENFORCEMENT

Article 1. [Application]

1.1. The Parties confirm the rights and obligations in force between them, with regard to enforcement procedures, pursuant to the provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), set forth in Annex 1C of the Agreement Establishing the WTO.]PAN

Article 2. [General Provisions]HON,MER,MX,NIC [Obligations on Enforcement]GUA

[2.1. [Each Party shall establish under its law intellectual property rights enforcement procedures as specified in articles 2 to 6 of this Chapter and the provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) These procedures shall include measures to enable the prevention and deterrence of infringements of intellectual property rights.]CAND,MER

[Each Party shall ensure that enforcement procedures are available under its law, as specified in [the TRIPS Agreement,]GUA,HON [this Article and Articles 3 through 6 (Section on Enforcement),]MX [Articles 3 (Specific Procedural and Remedial Aspects of Civil and Administrative Procedures/Section on Enforcement) to 6 (Enforcement of Intellectual Property Rights at the Border/Section on Enforcement)]NIC so as to permit effective action against any act of infringement of intellectual property rights covered by this Chapter, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements]GUA,HON,MX,NIC

[The procedures thus stipulated 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.]]CAND,GUA,HON,MER,MX,NIC

[2.1. Each Party shall establish effective administrative, civil and criminal procedures in its legislation, in order to provide appropriate protection of intellectual property rights. All such procedures shall take into account due process with respect to the applicant and the defendant.]PAN

[2.2. Each Party shall ensure that its procedures for the enforcement of intellectual property rights are fair and equitable, are not unnecessarily complicated or costly, and do not entail unreasonable time-limits or unwarranted delays [, and should be completed within the time periods set for that purpose in the laws of each Party.]CAND,MER]CAND,MER,MX

[2.3. Each Party shall provide that decisions on the merits of a case in judicial and administrative enforcement proceedings shall:

- (a) [preferably]HON,MX be in writing and state the reasons on which the decisions are based;
- (b) be made available [at least]HON,MER to the parties in a proceeding without undue delay; and
- (c) be based only on evidence [presented in conformity with the rules of due process.]CAND,MER [in respect of which such parties were offered the opportunity to be heard.]MX]CAND,HON,MER,MX

[2.3. Decisions on the merits of a case which under the domestic laws or practices of the Party are given general applicability shall be in writing and shall state the reasons on which decisions are based.]US

[2.4. The Parties shall provide notification of laws, regulations and provisions regarding this matter to the FTAA's Committee on Intellectual Property. Final judicial decisions and administrative rulings of general application shall be published or shall be made available to the public in a manner that allows governments and rights holders to have prima facie knowledge thereof.]PAN

[2.4 Each Party shall ensure that all laws, regulations, procedures and practices governing the protection or enforcement of intellectual property rights, and all final judicial decisions and administrative rulings of general applicability pertaining to the enforcement of such rights, shall be in writing and shall be published, in a national

language in such a manner as to enable governments and right holders to become acquainted with them and so that the system for protecting and enforcing intellectual property rights shall become transparent.]US

[2.5. Parties to a proceeding^{2*} shall have an opportunity for review by a judicial authority of final administrative decisions and, subject to jurisdictional provisions in a Party's law* concerning the importance of a case, of at least the legal aspects of [all]NIC [initial]CAND judicial decisions [of first instance]NIC on the merits of a case. However, there shall be no obligation to provide an opportunity for review of acquittals in criminal cases.]CAND,NIC

[2.5. In any procedure concerning the enforcement of intellectual property rights, the parties shall always have the right to have administrative decisions reviewed by a judicial authority or to another independent review by a different higher authority from the same Party.]MER

[2.5. Each Party shall ensure that parties in a proceeding have an opportunity to have final administrative decisions reviewed by a judicial authority of that Party and, subject to jurisdictional provisions in its domestic laws concerning the importance of a case, to have reviewed at least the legal aspects of initial judicial decisions on the merits of a case. Notwithstanding the above, no Party shall be required to provide for judicial review of acquittals in criminal cases.]MX

[2.6. Each Party shall make available to the general public information regarding its efforts to provide effective enforcement of intellectual property rights in its civil, administrative and criminal system, including any statistical information that each Party may collect for such purposes.]US

[2.7. Nothing in this Article and in Articles 3 through 6 (Section on Enforcement) shall require a Party to establish a judicial system for the enforcement of intellectual property rights distinct from that Party's system for the enforcement of laws in general [nor does it affect the capacity of Parties to enforce their law in general.]CAND,MER [Similarly, it does not create any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of law in general.]CAND,GUA,MER,NIC]CAND,MER,MX

[2.8. It is understood that decisions made by Parties on the distribution of enforcement resources shall not excuse a Party from complying with the provisions of this Agreement.]US

[2.9. For the purposes of Articles 3 through 6 (Section on Enforcement), the term "right holder" includes federations and associations having legal standing to assert such rights.]MX

^{2*} Brackets in Spanish only; this symbol will appear wherever multiple Spanish expressions are represented by a single expression in English.

Article 3. [Procedural and Remedial Aspects of Civil and Administrative Procedures]MX,NIC

[3.1. Each Party shall make available to right holders civil judicial [and administrative]HON procedures for the enforcement of any intellectual property right provided in this Chapter. Each Party shall provide that:

- (a) defendants have the right to written notice that is timely and contains sufficient detail, including the basis of the claims;
- (b) parties in a proceeding are allowed to be represented by [a legal representative]HON [independent legal counsel]MX,NIC;
- (c) the procedures do not include imposition of overly burdensome requirements concerning mandatory personal appearances;
- (d) all parties in a proceeding are duly entitled to substantiate their claims and to present relevant evidence; and
- (e) the procedures include a means to identify and protect confidential information.]HON,MX,NIC

[3.2. Parties shall make available to right holders³ civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement. Such rights include the prohibition against the unauthorized circumvention of technological measures and harm to the integrity of rights management information set forth in Article 10 (Section on Copyright and Related Rights) of this Agreement. Redress for violations of these prohibitions shall include all of the relief required to be granted for copyright infringement under this Article, including, without limitation, the right to provisional measures and adequate compensation for the harm caused to the author or right holder by such unauthorized circumvention or harm to the integrity of rights management information.]US

[3.3. Each Party shall provide that its judicial authorities shall have the authority to:

- (a) order the parties to a proceeding and third parties to provide evidence under their control, provided that such evidence serves to substantiate the case;
- (b) order that, if any of the parties or third parties discloses confidential information provided as evidence, the authority hearing the case shall adopt the measures necessary to prevent affecting the rights of the parties concerned;
- (c) order payment of damages, including compensation for benefits and expenses, including attorney's fees;
- (d) order compensation for those defendants that had an obligation wrongfully imposed.]HON

[3.3. Each Party shall provide that its judicial authorities shall have the authority*:

- [(a) where a party in a proceeding has presented reasonably available evidence sufficient to support its claims and has specified evidence relevant to the substantiation of its claims that is within the control of the opposing party, to order the opposing party to produce such evidence, subject in appropriate cases to conditions that ensure the protection of confidential information;]MX
- [(a) order that, where a party to a proceeding has presented reasonably available evidence as a basis to its allegations, and has specified evidence to substantiate its allegations which lies in the control of the opposing party, the latter shall provide that evidence, subject in appropriate cases to conditions which ensure the protection of confidential information;]NIC
- [(b) where a party in a proceeding voluntarily and without good reason refuses access to, or otherwise does not provide relevant evidence under that party's control within a reasonable period, or significantly impedes a proceeding relating to an enforcement action, to make preliminary and final determinations, affirmative or negative, on the basis of the evidence presented, including the complaint or the allegation presented by the party adversely affected by the denial of access to evidence, subject to providing the parties an opportunity to be heard on the allegations or evidence;]MX

³ [For the purpose of these Articles concerning the enforcement of intellectual property rights, the term "right holder" shall include exclusive licensees as well as federations and associations having the legal standing to assert such rights; the term "exclusive licensee" shall include the exclusive licensee of any one or more of the exclusive rights comprised in a given intellectual property.]US

- [(b) to make preliminary or final determinations, affirmative or negative, in cases in which a party to a proceeding does not provide the necessary information or significantly impedes a procedure relating to enforcement of intellectual property rights. Those determinations shall be made on the basis of the information presented, 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;] **NIC**
- [(c) to order a party in a proceeding to desist from an infringement, including to prevent the date of entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, which order shall be enforceable at least immediately after customs clearance of such goods;] **MX**
- [(d) to order* the infringer of an intellectual property right to pay the right holder damages* adequate to compensate for the injury the right holder has suffered because of the infringement where the infringer knew [or had reasonable grounds to know] **MX** that it was engaged in an infringing activity;] **MX, NIC**
- [(e) to order* an infringer of an intellectual property right to pay the right holder's expenses, which may include appropriate attorney's fees; and] **MX, NIC**
- [(f) to order* a party in a proceeding at whose request measures were taken and who has abused enforcement procedures to provide adequate compensation to any party wrongfully enjoined or restrained in the proceeding for the injury* suffered because of such abuse and to pay that party's expenses, which may include appropriate attorney's fees.] **MX, NIC**

[3.3 In civil judicial proceedings, 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 engaged in infringing activity, as well as the profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. Injury to the right holder shall be based upon the value of the infringed-upon item or service, or other equivalent measure for valuing authorized goods or services.] **US**

[3.4. With respect to the authority referred to in subparagraph 3.3(c), no Party shall be obliged to provide such authority in respect of protected subject matter that is acquired or ordered by a person before that person knew or had reasonable grounds to know that dealing in that subject matter would entail the infringement of an intellectual property right.] **MX**

[3.5. With respect to the authority referred to in subparagraph 3.3(d), each Party may, at least with respect to copyrighted works and sound recordings, authorize the judicial authorities to order recovery of profits or payment of pre-established damages, or both, even where the infringer did not know or had no reasonable grounds to know that it was engaged in an infringing activity.] **MX, NIC**

[3.5 In civil judicial proceedings, Parties shall, at least with respect to works protected by copyright or neighboring rights, or in cases of trademark counterfeiting, establish or maintain in place pre-established damages upon the election of the rightholder. Such pre-established damages must be in an amount sufficiently high enough to deter future infringement and to compensate the right holder for the harm caused by the infringement.] **US**

[3.6. In no event shall a right holder who has been successful in establishing infringement be required to pay court costs or extraordinary costs based on the actions or failure to act of a third party.] **US**

[3.7. Each Party shall provide that, in order to create an effective deterrent to infringement, its judicial authorities shall have the authority to order that:

- (a) goods* that they have determined to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any injury caused to the right holder, or, unless this would be contrary to constitutional requirements in force, destroyed; and
- (b) 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 [and to prevent any damage to the right holder, or be destroyed, provided that this is not contrary to existing constitutional provisions.]HON] HON,MX,NIC.

[In considering whether to issue [such an order]MX [the orders referred to in paragraph 3.3]NIC, judicial authorities [of each Party]NIC shall take into account the [need for]MX proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of other persons [including those of the right holder]NIC. In regard to counterfeit 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.]MX [to permit the release of goods from customs, other than in exceptional cases, such as those where the authority disposes of them as a donation to charitable organizations.]NIC]MX,NIC

[3.7. In civil judicial proceedings, at the right holder's request, goods that have been found to be pirated or counterfeit shall be destroyed, except in exceptional cases. 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, promptly destroyed or, in exceptional cases, without compensation of any sort, be disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements. In regard to counterfeit trademarked goods, the simple removal of the trademark unlawfully affixed shall not be sufficient to permit the release of goods into the channels of commerce.]US

[3.8. In respect of the administration of any law pertaining to the protection or enforcement of intellectual property rights, each Party 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 such laws.]MX

[3.9. Notwithstanding the other provisions of Articles 2 through 6 (Section on Enforcement), where a Party is sued with respect to an infringement of an intellectual property right as a result of its use of that right or use on its behalf, that Party may limit the remedies available against it to the payment to the right holder of adequate remuneration in the circumstances of each case, taking into account the economic value of the use.]MX

[3.9. Without prejudice to what is provided in articles 2 (General Provisions/Section on Enforcement) to 6 (Border Protection for Intellectual Property Rights/Section on Enforcement), a Party being sued for the violation of an intellectual property right, as the result of the use of that right by the Party or on its behalf, may establish as the only recourse available against it, the payment of adequate compensation to the right holder, in accordance with the circumstances of the case, and bearing in mind the economic value of its use.]NIC

[3.9. Notwithstanding the other provisions of this Article and provided that the provisions of Article 7 (Section on Patents/Other Uses not Authorized by the Right Holder) specifically addressing use by governments, or by third parties authorized by a government, without the authorization of the right holder are complied with, Parties may limit the remedies available against such use to payment of remuneration in accordance with Article 7 (Section on Patents/Other Uses not Authorized by the Right Holder) governing compulsory licenses for patented inventions. In other cases, the remedies under this Article shall apply or, where these remedies are inconsistent with a Party's law, declaratory judgments and adequate compensation shall be available.]US

[3.10. Each Party shall provide that, where a 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 out in this Article.]MX,NIC

[3.11. Each Party shall provide that a civil judicial proceeding regarding the infringement of any intellectual property right covered in this Agreement may be instituted by the right holder or its exclusive licensee in its respective territory. ⁴]US

⁴ [For purposes of this Agreement, an exclusive licensee shall include the exclusive licensee of any one or more of the exclusive rights comprised in a given intellectual property.]US

[3.12. In civil judicial proceedings, the judicial authorities shall have the authority to order the infringer to identify third parties that are involved in any violation of the intellectual property right and to provide this information to the right holder. Judicial authorities shall have the authority to fine or imprison in appropriate cases persons who fail to abide by valid orders issued by such authorities.]US

[3.13. In civil cases involving copyright or related rights, each Party shall provide that the natural person or legal entity whose name is indicated as the author, producer, performer, or publisher of the work, performance or phonogram in the usual manner, shall, in the absence of proof to the contrary, be presumed to be the designated right holder in such work, performance or phonogram. It shall be presumed, in the absence of proof to the contrary, that the copyright or related right subsists in such subject matter. Such presumptions shall pertain in criminal cases until the defendant comes forward with credible evidence putting in issue the ownership or subsistence of the copyright or related right.]US

Article 4. [Provisional Measures]MER,MX

[4.1.Each Party shall ensure that its judicial authorities shall have the authority to adopt appropriate, prompt and effective precautionary or provisional measures in order to:

- (a) during or before the proceeding, take the following measures: seizure of sufficient goods to guarantee the outcome of the proceeding; deposit or secure effects, books, documents, or papers subject of the dispute; appointment of one or more outside controllers; seizure of the effects subject of the claim, and prohibition of undertaking acts or entering into contracts involving to the goods at issue;
- (b) issue a ruling without hearing the other party, particularly where any delay may cause an irreparable damage to the right holder, or where there is a probable risk that evidence may be destroyed;
- (c) each Party shall provide that, whenever its judicial authorities adopt precautionary measures by hearing only one party, the affected person is notified, without delay, or no later than immediately after the execution of the measures adopted.]HON

[4.1 The judicial authorities shall be empowered to adopt provisional measures they deem appropriate or to undertake certain proceedings in advance in order to avoid the occasioning of serious injury or difficult relief to a Party, in order to preserve the pertinent evidence or to secure provisionally a decision on the merits of the case.]MER

[4.1. Each Party shall provide that its judicial authorities shall have the authority to order prompt and effective provisional measures to:

- (a) to prevent an infringement of any intellectual property right, and in particular to prevent the date of entry into the channels of commerce in their jurisdiction of allegedly infringing goods*, including measures to prevent the entry of imported goods at least immediately after customs clearance; and
- (b) to preserve relevant evidence in regard to the alleged infringement.]MX,NIC

[4.2. Requests for relief inaudita altera parte shall be acted upon and executed within ten days, except in exceptional circumstances.]US

[4.3. Each Party shall provide that its judicial authorities shall have the authority [to require any]MX [to order an]NIC applicant for provisional measures to provide [to the judicial authorities]MX any evidence reasonably available to that applicant that the judicial authorities consider necessary to enable them to determine with a sufficient degree of certainty whether:

- (a) the applicant is the right holder;
- (b) the applicant's right is being infringed or such* infringement is imminent; and
- (c) any delay in the issuance* of such measures is likely to* cause irreparable harm to the right holder, or there is a demonstrable risk of evidence being destroyed.

[Pursuant to paragraph 4.2]NIC Each Party shall provide that its judicial authorities shall have the authority [to require]MX [to order]NIC the applicant to provide a security or equivalent assurance sufficient to protect the interests of the defendant and to prevent abuse.]MX,NIC

[4.3. 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 reasonable security or equivalent assurance set at a level so as not to unreasonably deter recourse to such procedures.. In the event that judicial or other authorities appoint experts, technical or otherwise, that must be paid by the plaintiffs, such costs shall be closely related to the quantity of work to be performed and shall not unreasonably deter recourse to such relief.]US

[4.4. Each Party shall provide that its [judicial]MX [competent]NIC authorities shall have the [authority to require]MX [authority to order]NIC an applicant for provisional measures to provide any information necessary for the identification of the relevant* goods by the authority that will execute the provisional measures.]MX,NIC

[4.5. Each Party shall provide that its judicial authorities shall have the authority to order provisional measures on an ex parte basis*, 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.]MX,NIC

[4.6. Each Party shall provide that where provisional measures are adopted by that Party's judicial authorities on an ex parte basis*:

- (a) a person affected shall be given notice of those measures without delay but in any event no later than immediately after the execution of the measures;
- (b) a defendant shall, upon request, have those measures reviewed by that Party's judicial authorities, for the purpose of deciding, within a reasonable period after notice of those measures is given, whether the measures shall be modified, revoked or confirmed [, and shall be given an opportunity to be heard in the review proceedings.]MX]MX,NIC

[4.7. Without prejudice to paragraph 4.5, each Party shall provide that, upon the request of the defendant, the* Party's judicial authorities shall revoke or [otherwise]NIC cease to apply the provisional measures taken on the basis of paragraphs 4.1 and 4.4 if proceedings leading to a decision on the merits are not initiated:

- (a) within a reasonable period as determined* by the judicial authority ordering the measures where the Party's [domestic]MX law so permits; or
- (b) in the absence of such a determination, within a period of no more than 20 working days or 31 [calendar]MX days, [whichever is longer.]MX [whichever is longer is applicable.]NIC]MX,NIC

[4.8. Each Party shall provide that, where the provisional measures are revoked* or where they lapse [due to any act]MX [by action]NIC or omission by the applicant, or where the judicial authorities subsequently find 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, on request of the defendant, to provide the defendant appropriate compensation for any injury caused by these measures.]MX,NIC

[4.9. Each Party shall provide that, where a provisional measure can be ordered as a result of administrative procedures, such procedures shall conform to principles equivalent in substance to those set out in this Article.]MX,NIC

Article 5. [Criminal Procedures]MER,MX

[5.1. Each Party shall provide criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or infringement of copyrights or neighboring rights on a commercial scale. Each Party shall provide that significant willful infringements of copyrights or neighboring rights which have no direct or indirect motivation of financial gain shall be considered willful infringement on a commercial scale.]US

[5.1. Each Party shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale. Measures available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied on the basis of the seriousness of the offences at issue.]HON,MER,MX

[5.2. In criminal procedures, remedies available shall include imprisonment and/or monetary fines sufficiently high to deter future acts of infringement and with a policy to remove the monetary incentive to the infringer. Parties shall further ensure that such fines are imposed by judicial authorities at levels that actually deter future infringements.]US

[5.3 Each Party shall provide that its judicial authorities may order the seizure, forfeiture and destruction of any materials and implements the predominant use of which has been in the commission of the offence.]HON,MER,MX

[5.3. Each Party shall provide that its judicial authorities shall order the seizure, of suspected infringing goods and of any related materials and implements the predominant use of which has been in the commission of the offense, and documentary evidence, even where such product is not specifically named in a search warrant.. Each Party shall further provide that its judicial authorities shall order the forfeiture and destruction of all such infringing goods, materials and implements except in exceptional cases. All such seizure, forfeiture and destruction shall be without compensation to the defendant of any kind.]US

[5.4. For the purposes of paragraph 5.3, the judicial authorities shall bear in mind, when considering the issuance of those orders, the proportionality between the severity of the infringement and the measures ordered, as well as the interests of other persons, including those of the right holder. In regard to fraudulent goods, the simple removal of the unlawfully affixed trademark shall not be sufficient, other than in exceptional cases, to permit the release of goods into the channels of commerce, such as those where the authority disposes of them as a donation to charitable organizations.]NIC

[5.5. Each Party shall provide that its authorities may initiate legal action ex officio, without the need for a formal complaint by a private party or right holder]US

[5.6. A Party may provide criminal procedures and penalties to be applied in cases of infringement of intellectual property rights, other than those in paragraph 5.1, [in particular,]MER where they are committed willfully and on a commercial scale.]HON,MER,MX,NIC

Article 6. [Border Measures]MER⁵,MX,PAN

[6.1. The Parties shall adopt procedures [6]MER to enable a right holder, who has valid grounds for suspecting that the importation of counterfeit trademark or pirated copyright goods 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. [No Party shall be obligated to apply such procedures to goods in transit.]HON,MX The Parties 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. The Parties may also provide for corresponding procedures concerning the suspension by the customs authorities of the release of infringing goods destined for exportation from their territories.]HON,MER,MX

[6.1. Each Party shall adopt legislation on border measures, in order to provide customs authorities the power to inspect or hold goods for the purpose of suspending their shipment or preventing their free circulation, where, in the judgment of the competent authorities, there is convincing evidence of possible violations of intellectual property rights.]PAN

[6.2. Any right holder initiating procedures for suspension by the customs authorities of the release of suspected counterfeit trademark or pirated copyright goods⁷, into free circulation 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 sufficient information that may reasonably be expected to be within the right holder's knowledge to make the suspected goods reasonably recognizable by the customs authorities.]US

[6.2. Each Party shall provide that the competent authorities shall have the authority to order* any applicant who initiates procedures under paragraph 6.1 to provide adequate evidence:

- (a) to satisfy the importing Party's competent authorities that, there is *prima facie* an infringement of intellectual property rights pursuant to its legislation and
- (b) to supply a sufficiently detailed description of the goods* to make them readily recognizable by the customs administration.]MX,NIC

[6.3. Each Party shall provide that its competent authorities 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.]MX,NIC

⁵ [Where a Party has dismantled substantially all controls over movement of goods across its border with another Party with which it forms part of a customs union, it shall not be required to apply the provisions of this Section at that border.]MER

⁶ [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.]MER

⁷[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.]US

[6.4. The competent authorities shall have the authority to require an applicant to provide a reasonable 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.]**MX,US**

[6.5. Each Party shall provide that, where pursuant to an application under procedures adopted pursuant to this Article, its customs administration suspends the release of goods involving industrial designs, patents, integrated circuits or trade secrets into free circulation on the basis of a decision other than by a judicial or other independent authority, and the period provided for in paragraphs 6.7 through 6.9 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 entitled to their release on the posting of a security in an amount sufficient to protect the right holder against 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 its right of action within a reasonable period of time.]**MX**

[6.5. Each Party shall provide that the owner, importer or consignee of the goods that involve industrial or trade secrets, has the right to request customs clearance for those goods if a bond or equivalent guarantee, for an adequate amount to protect the copyright holder against any violation, has been previously deposited, provided that:

- (a) As a result of a request submitted in accordance with the procedures stated in this article, the customs authorities have suspended the clearance for the free circulation of those goods, based on a determination not issued by a judicial authority or by another independent authority;
- (b) The period of time stipulated in paragraphs 6.7, 6.8 and 6.9 has expired without the competent authority having issued a temporary suspension measure; and
- (c) The other importation conditions have been fulfilled.

It is understood that the bond or guarantee payment referred to in paragraph 6.5 will be without prejudice to any other recourse that is available to the copyright holder, and will be returned to the copyright holder if he does not exercise his legal right within a reasonable period of time.]**NIC**

[6.6. Each Party shall provide that its [customs administration]**MX** [competent authority]**NIC** shall promptly notify the importer and the applicant of the suspension of the release of goods pursuant to paragraph 6.1.]**MX,NIC**

[6.7. Each Party shall provide that its customs authority clear the goods on condition that all the remaining conditions for the importing or exporting of said goods have been fulfilled. If within a period not exceeding ten working days after the applicant has been served notice of the suspension, the customs authorities have not been informed that:

- (a) A party, other than the defendant, initiated proceedings leading to a decision on the merits of the case; or
- (b) The duly empowered authority has taken provisional measures prolonging the suspension of the release of the goods.

For the purposes of paragraph 6.7, each Party shall provide that their customs authorities have the authority to extend, in the cases where they are taking action, the suspension of release of the goods by another ten working days.]**MX,NIC**

[6.8. Each Party shall provide that 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 on request of the defendant with a view to deciding, within a reasonable period, whether the measures shall be modified, revoked or confirmed.]**MX**

[6.8. If proceedings leading to a decision on the merits of the case have been initiated, upon the request of the defendant, a review shall take place within a reasonable period. That review shall include the defendant's right to be heard with a view to deciding whether the application of these measures shall be modified, revoked or confirmed.]**NIC**

[6.9. Notwithstanding paragraphs 6.7 and 6.8, where the suspension of the release of goods is carried out or continued in accordance with a provisional judicial measure, the provisions of Article 4 (Provisional Measures) shall apply.]**MX,NIC**

[6.10 Each Party shall provide that its competent authorities shall have the authority to order the applicant, in accordance with paragraph 6.1, to pay the importer, 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 in accordance with the provisions of paragraph 6.7.]**MX,NIC**

[6.11 Without prejudice to the protection of confidential information, each Party shall provide that its competent authorities have the authority to give:

- (a) Sufficient opportunity to the right holder to have any goods detained by the customs authorities inspected in order to substantiate his claim; and
- (b) An equivalent opportunity to the importer to have his goods inspected.]**MX,NIC**

[6.12. Where the competent authorities have made a determination that goods are counterfeit or pirated, a Party shall grant 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.]**MX,US**

[6.13 Where a Party requires 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 competent authorities of the Party shall promptly notify the importer and the right holder of the suspension. When an importer has lodged an appeal with the competent authorities, the suspension shall be subject to the conditions, *mutatis mutandis*, set out in paragraphs 6.7, 6.8 and 6.9; and
- (c) The Party shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith.]**MX,NIC**

[6.13. Each party shall provide that the competent authorities may initiate border measures ex officio, without the need for a formal complaint from a private party or right holder.]**US**

[6.14. 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, each Party shall provide that its competent authorities have the authority to order the destruction or disposal of infringing goods, in accordance with the principles set out in paragraphs 3.8 [and 3.10]**NIC** of article 3 (Specific Procedural Aspects and Recourse to Civil and Administrative Procedures/Section on Enforcement). In regard to counterfeited goods, the authorities shall not allow, other than in exceptional circumstances, the re-exportation of the infringing goods in an unaltered state or subject them to a different custom procedure.]**MX,NIC**

[6.14. Goods that have been found to be pirated or counterfeit by the competent authorities shall be destroyed, except in exceptional cases. In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient to permit the release of goods into the channels of commerce. In no event shall the competent authorities be allowed to export counterfeit or pirated goods.]**US**

[6.15. A Party may exclude from the application of paragraphs 6.1 through 6.14 small quantities of goods of a non-commercial nature contained in travelers' personal luggage or sent in small consignments that are not repetitive.]**MX,NIC**

IV. TECHNICAL COOPERATION

Article 1. [Technical Cooperation]CAND,HON,MER,MX [Special and Differential Treatment]NIC

[1.1. The Parties shall afford under terms and conditions mutually agreed between donor and host countries, technical and financial cooperation to the Parties to the Agreement that so request.]CAND,MER

[1.1. The Parties shall provide each other on mutually agreed terms with technical assistance and shall promote cooperation between their competent authorities. Such cooperation shall include, but not be limited to, the training of personnel.]MX

[1.1. In order to facilitate the implementation of this Agreement, developed country Parties shall provide, on request and on mutually agreed terms and conditions, technical and financial cooperation in favor of developing country Parties.]HON,NIC

[1.2. Such cooperation shall include, *inter alia*, support regarding the establishment or reinforcement of domestic offices and agencies relevant to these matters and training of personnel of such offices.]NIC

[1.2. The cooperation provided for in this section may include, *inter alia*, the establishment or expansion of national offices and entities competent in these areas; the training of clerical and/or administrative staff in the offices of a Party; exchange of technical information and/or bibliography, the harmonization of criteria and procedures among the different countries, etc.]CAND,HON,MER

[1.3. In order to implement mechanisms for undertaking technical cooperation, account shall be taken of the differences in levels of development between the Parties.]CAND

[1.4. Likewise, through cooperation, the Parties may offer to companies and institutions in their territories incentives designed to promote and encourage technology transfer (know-how) to other Parties to this Agreement in order to enable them to establish a solid, competitive and viable technological base.]CAND,MER

[1.4. Developed country Parties shall offer to enterprises and institutions in their territories incentives designed to promoting and encouraging technology transfer to [developing and less developed countries Party to this Agreement]HON [developing country Parties]NIC in order to enable them to establish a sound and viable technological base.]HON,NIC

[1.5. The Parties shall conclude cooperation agreements, to, *inter alia*:

- a) support efforts designed to promote public and private investment and development in the different territories of the Parties;
- b) Foster the dissemination of information on the possibilities for intellectual-property-development-related investment;
- c) Help small and medium-size enterprises to prepare research and development projects, the results of which may eventually be protected by intellectual property rights and obtain, under the best conditions possible, adequate financing for them.
- d) Foster promotion and dissemination, within various spheres, of the issues related to the protection of intellectual property rights in all its aspects.]CAND,MER

Article 2. [Cooperation to eliminate the trade of goods that infringe upon intellectual property rights]NIC

[2.1. The Parties shall cooperate in order to eliminate the trade of goods* that infringe upon intellectual property rights. To this end, the Parties shall establish and make known information centers that are dedicated to the exchange of information on the trade of such goods.]MX,NIC

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V. TRANSITIONAL ARRANGEMENTS

Article 1.

[1.1. No developing country Party shall be obliged to apply the provisions of this Chapter, before the expiry of a general period of one year following the date of entry into force of the FTAA Agreement.]NIC

[1.2. If a developing country Party, is undertaking structural reform of its intellectual property system and facing special problems in the preparation or implementation of intellectual property laws and regulations, shall be entitled to delay for a further period of two years the date of application, as defined in paragraph 1, of the provisions of this Chapter, other than Articles XX (National Treatment) and XX (Most Favored Nation Treatment).]NIC

VI. FINAL PROVISIONS

Article 1. [Committee on Intellectual Property]

The Committee on Intellectual Property shall be comprised, in an equitable manner, of representatives of each Party. The primary function of the Committee shall be to find the most appropriate means of applying and coordinating the provisions set forth in this chapter]PAN

Article 2. [Protection of Existing Subject Matter]

2.1. This Agreement does not give rise to obligations in respect of acts that occurred before the date of application of the relevant provisions of this Agreement for the Party in question.

2.2. Except as otherwise provided for in this Agreement, each Party shall apply this Agreement to all subject matter existing on the date of application of the relevant provisions of this Agreement for the Party in question, and which is protected in a Party on the said date, or which meets or comes subsequently to meet the criteria for protection under the terms of this Chapter. In respect of this paragraph and paragraphs 2.3 and 2.4, a Party's obligations with respect to existing works shall be solely determined under Article 18 of the Berne Convention and with respect to the rights of producers of sound recordings in existing sound recordings shall be determined solely under Article 18 of that Convention, as made applicable under this Agreement.

2.3. Except as required under paragraph 2.2, a Party shall not be required to restore protection to subject matter that, on the date of application of the relevant provisions of this Agreement for the Party in question, has fallen into the public domain in its territory.

2.4. Any acts in respect of specific objects embodying protected subject matter which become infringing under the terms of legislation in conformity with this Agreement, and which were commenced or in respect of which a significant investment was made, before the date of ratification of this Agreement by that Party, any Party may provide for a limitation of the remedies available to the right holder as to the continued performance of such acts after the date of application of the Agreement for that Party. In such cases, the Party shall, however, at least provide for payment of equitable remuneration.

2.5. No Party shall be obliged to apply the provisions of Article xx(2)(d) or Article xx(1)(d) with respect to originals or copies purchased prior to the date of application of the relevant provisions of this Agreement for that Party.

2.6. In the case of intellectual property rights for which protection is conditional upon registration, applications for protection that are pending on the date of application of the relevant provisions of this Agreement for the Party in

question shall be permitted to be amended to claim any enhanced protection provided under the provisions of this Agreement. Such amendments shall not include new matter.]**MX**