

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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Special Distribution

AGREEMENT ON MEASURES TO DISCOURAGE THE
IMPORTATION OF COUNTERFEIT GOODS

The attached proposal is circulated at the request of the United States and the European Economic Community. It is a revised version of MTN/NTM/W/225.

AGREEMENT ON MEASURES TO DISCOURAGE THE
IMPORTATION OF COUNTERFEIT GOODS

PREAMBLE

Having regard to the Multilateral Trade Negotiations 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 "General Agreement" or "GATT");

Considering that trade in counterfeit goods prejudices the interests of legitimate traders;

Considering also that trade in counterfeit goods deceives consumers and is harmful to their interests;

Desiring to discourage international trade in counterfeit goods by co-operation among parties to this Agreement and by strengthening measures to combat such trade;

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

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

Desiring to bring commercial counterfeiting under more effective control without inhibiting the free flow of legitimate trade; and

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

Hereby agree as follows:

PART I

Article I - Objectives, Requirements, and Scope of Agreement

1. The Parties shall discourage international trade in counterfeit goods. To this end they shall deal with imported counterfeit goods in a manner that deprives the persons involved of the economic benefits of the transaction and deters international trade in such goods. In furtherance thereof, they shall

prevent, to the greatest extent possible, counterfeit goods from entering or re-entering commerce. However, nominal quantities of goods intended for personal use and not for sale may be excluded from the requirements of this Agreement.

2. In this Agreement:

"Counterfeit goods" means any imported goods with a false representation of a trademark that is entitled to protection under the laws of the country of importation and which is legally registered, where such registration is required by the country of importation.

"Trademark" shall be as 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.

"Country of importation" means the country in which counterfeit goods are subject to customs entry for home use.

3. The substantive intellectual property law of the Parties is unchanged by this Agreement.

4. Nothing in this Agreement shall require or permit the Parties to treat parallel imports as counterfeit.

Article II - Procedures

1. Parties shall afford owners of intellectual property rights covered by this Agreement, or their representatives, the opportunity to present information concerning international trade in counterfeit goods to the appropriate authorities of the country of importation. Such authorities may be administrative, such as the customs or trademark authorities, or judicial.

2. (A) When the authorities referred to in paragraph 1 are satisfied that goods reasonably suspected of being counterfeit have been or are likely to be imported, 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 disposal of such goods pending final determination whether the goods are counterfeit or not.

(B) Notwithstanding the provisions of paragraph 2(A) of this Article, alternative procedures consistent with the objectives of this Agreement may be established to deal with perishable goods and goods with a seasonal market.

3. The actions prescribed in this article shall be taken at the written request of the person owning the intellectual property right in question or his representative. The person making the request shall be required to establish his right to protection in accordance with the relevant law in the country of importation and to produce satisfactory evidence that counterfeit goods have been or are likely to be imported in infringement of that right.
4. To the greatest extent possible, notice of arrival of goods which have been the subject of a written request under the provisions of paragraph 3 of this article shall be given promptly to the person making such request. The importer of such goods shall also be informed of the action taken and the reasons for such action.
5. Where appropriate, the person requesting action in accordance with the provisions of paragraph 2 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 determined not to be counterfeit.
6. The Parties shall take appropriate steps to ensure that determinations concerning counterfeit goods shall be reasoned and made in a fair, open and expeditious manner which avoids the creation of non-tariff barriers to and minimizes interference with legitimate trade.
7. Actions in accordance with the provisions of this article may, subject to the law of the country of importation, be terminated at any time upon the request of the owner of the intellectual property right in question or his representative.

Article III - Disposal of Counterfeit Goods

1. Upon determination that the goods in question are counterfeit, action shall be taken 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.
2. To the greatest extent possible, counterfeit goods should be subject to forfeiture and should be disposed of outside the channels of commerce in a manner that minimizes harm to the owner of the intellectual property 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 special circumstances, other measures may be taken having due regard to the objectives of this Agreement.
3. Such disposal or measures may include any other form of disposal of the goods in question, consistent with national law, as may be agreed by the authorities and the owner of the intellectual property right in question.

Article IV - Right of Appeal

The Parties shall provide to persons with a legitimate interest the right of appeal against any action or decision, taken pursuant to this Agreement by the authorities referred to in paragraph 1 of Article II,

Article V - Information and Review

1. Laws, regulations, administrative rulings of general application, and any information about procedures relating to the implementation of this Agreement, shall be published. Judicial decisions shall be made available on request to any other Party.
2. In order to ensure the effective application of this Agreement, the Parties shall co-operate and provide assistance through the exchange of information concerning international trade in counterfeit goods, or otherwise. They shall, where appropriate, communicate without delay to other Parties concerned information relating to trade in counterfeit goods which is liable to have effects outside their territory or which shows that a new fraudulent practice or technique has been adopted.
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, except to the extent that it may be required to be disclosed in the context of judicial proceedings.

Article VI - Notes on Articles

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

Article VII - Enforcement of Obligations

Institutions

1. There shall be established under this Agreement a Committee on Commercial Counterfeiting (referred to in this Agreement as "the Committee") composed of representatives from each of the Parties. This Committee shall elect its own Chairman and shall 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.

2. The Committee may establish ad hoc panels in the manner and for the purposes set out in paragraph 7 of this Article and working parties or other subsidiary bodies which shall carry out such functions as may be given to them by the Committee.

Consultations

3. At the request of any Party any other Party shall enter into consultations concerning any specific problem relating to the application of the Agreement and shall work towards a mutually satisfactory solution consistent with the objectives of this Agreement.

4. Parties engaged in consultations on a particular matter affecting the operation of this Agreement shall provide information concerning the matter subject to the provisions of Article VII, paragraph 3, and attempt to conclude such consultations within a reasonably short period of time.

Dispute Settlement

5. If no mutually satisfactory solution has been reached as a result of consultations under paragraph 3 between the Parties concerned, the Committee shall meet at the request of any Party within thirty days of receipt of such a request, to investigate the matter, with a view to facilitating a mutual satisfactory solution.

6. If no mutually satisfactory solution has been reached after detailed examination by the Committee under paragraph 5 within three months, the Committee shall, at the request of any Party to the dispute, establish a panel to:

- (a) examine the matters;
- (b) consult regularly with the Parties to the dispute and give full opportunity for them to develop a mutually satisfactory solution;
- (c) make a statement concerning the facts of the matter as they relate to application of this Agreement and make such findings as will assist the Committee in making recommendations or giving rulings on the matter.

7. In order to facilitate the constitution of panels, the Chairman of the Committee shall maintain an informal indicative list of governmental officials experienced in the field of trade relations. This list may also include persons other than governmental officials. In this connection, each Party shall be invited to indicate at the beginning of every year to the Chairman of the Committee the name(s) of the one or two persons whom the Parties would be willing to make available for such work. When a panel is established under paragraph 6, the Chairman, within seven days, shall propose to the Parties to

the dispute the composition of the panel consisting of three or five members and preferably government officials. The Parties directly concerned shall react within seven working days to nominations of panel members by the Chairman and shall not oppose nominations except for compelling reasons.

Citizens of countries whose governments are Parties to a dispute shall not be eligible for membership of the panel concerned with that dispute. Panel members shall serve in their individual capacities and not as governmental representatives nor as representatives of any organization. Governments or organizations shall therefore not give them instructions with regard to matters before a panel.

8. Each panel shall develop its own working procedures. All Parties, having a substantial interest in the matter and having notified this to the Committee, shall have an opportunity to be heard. Each panel may consult with and seek information from any source it deems appropriate. Before a panel seeks such information from a source within the jurisdiction of a Party it shall inform the government of that Party. Any Party shall respond promptly and fully to any request by a panel for such information as the panel considers necessary and appropriate. Confidential information provided to the panel shall not be revealed without formal authorization from the government or person providing the information. Where such information is requested from the panel but release of such information by the panel is not authorized, a non-confidential summary of the information authorized by the government or person providing the information, will be provided.

Where a mutually satisfactory solution to a dispute cannot be found or where the dispute relates to an interpretation of this Agreement, the panel should first submit the descriptive part of its report to the Parties concerned, and should subsequently submit to the Parties to the dispute its conclusions, or an outline thereof, a reasonable period of time before they are circulated to the Committee. Where an interpretation of this Agreement is not involved and where a bilateral settlement of the matter has been found, the report of the panel may be confined to a brief description of the case and to reporting that a solution has been reached.

9. The time required by panels will vary with the particular case. Panels should aim to deliver their findings, and where appropriate, recommendations, to the Committee without undue delay, taking into account the obligation of the Committee to ensure prompt settlement in cases of urgency normally within a period of four months from the date the panel was established.

Enforcement

10. After the examination is complete or after the report of a panel, working party or other subsidiary body is presented to the Committee, the Committee shall give the matter prompt consideration. With respect to

these reports, the Committee shall take appropriate action normally within thirty days of receipt of the report, unless extended by the Committee, including:

- (a) a statement concerning the facts of the matter;
- (b) recommendations to one or more Parties; or
- (c) any other ruling which it deems appropriate.

Any recommendations by the Committee shall aim at the positive resolution of the matter on the basis of the operative provisions of this Agreement and its objectives.

11. If a Party to which recommendations are addressed considers itself unable to implement them, it should promptly furnish reasons in writing to the Committee. In that event, the Committee shall consider what further action may be appropriate.

12. The Committee shall keep under surveillance any matter on which it has made recommendations or given rulings.

Balance of rights and obligations

13. If the Committee's recommendations are not accepted by a Party, or Parties, to the dispute, and if the Committee considers that the circumstances are serious enough to justify such action, it may authorize a Party or Parties to suspend in whole or in part, and for such time as may be necessary, the application of this Agreement to any other Party or Parties, as is determined to be appropriate in the circumstances.

Article VIII

Final provisions

1. Acceptance and accession

- (a) This Agreement shall be open for acceptance by signature or otherwise, by governments contracting Parties to the GATT and by the European Economic Community.
- (b) 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.

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

2. Reservations

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

3. Entry into force

This Agreement shall enter into force on 1 January 1980 for the governments¹ 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.

4. National legislation

- (a) Each government² 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 laws, regulations and administrative procedures with the provisions of this Agreement.
- (b) Each Party shall inform the Committee of any changes in its laws and regulations relevant to this Agreement and in the administration of such laws and regulations.

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.

5. Review

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

In this connection, the Parties agree to consult with one another with a view to strengthening the protection of 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 and designs and that the results of this work should be taken account of in the annual review referred to above.

6. Amendments

The Parties may amend this Agreement, having regard, inter alia, to the experience gained in its implementation. Such an amendment, once the Parties have concurred in accordance with procedures established by the Committee, shall not come into force for any Party until it has been accepted by such Party.

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 to the GATT. Any Party may upon such notification request an immediate meeting of the Committee.

8. Non-application of this Agreement between particular Parties

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

9. Secretariat

This Agreement shall be serviced by the GATT secretariat.

10. Deposit

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 paragraph 6 and a notification of each acceptance thereof or accession thereto pursuant to paragraph 1 and of each withdrawal therefrom pursuant to paragraph 7.

11. Registration

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 seventy-nine in a single copy, in the English, French and Spanish languages, each text being authentic.

Note to Article I

This Agreement applies to international trade in "counterfeit goods". The term "counterfeit goods" is defined in Article I to be any imported goods with a false representation of a trademark that is entitled to protection under the laws of the country of importation and which is legally registered where such registration is required by the country of importation. This definition is intended to limit the scope of the Agreement to cover only imported goods with false trademarks that are identical or substantially indistinguishable from the legally protected mark and not lesser infringements. 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 II

Article II provides that action under the Agreement shall be taken at the written request of the person concerned. This should not be interpreted as precluding the appropriate authorities from initiating such action in the absence of specific written request, if they have the necessary powers, where from evidence available to them they reasonably suspect that imported goods are counterfeit. These powers should not, however, be exercised in such a way as to create non-tariff barriers to legitimate trade.

Note to Article II

The appropriate authorities may specify the information required to be presented by the person owning the intellectual property right or his representative under the provisions of Article II(3). Such information shall be no more specific and detailed than is reasonably required to enable the authorities to take the necessary action.

Note to Article III.2

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