

**The U.S.-Colombia Trade Promotion Agreement (TPA)
The Intellectual Property Provisions**

**Report of the
Industry Trade Advisory Committee on Intellectual Property
Rights (ITAC-15)**

September 20, 2006

**Advisory Committee Report to the President, the Congress and the
United States Trade Representative on the U.S.-Colombia Trade Promotion
Agreement**

**Prepared by the
Industry Trade Advisory Committee on Intellectual Property
Rights (ITAC-15)**

I. Purpose of the Committee Report

Section 2104 (e) of the Trade Act of 2002 requires that advisory committees provide the President, the U.S. Trade Representative, and Congress with reports required under Section 135(e)(1) of the Trade Act of 1974, as amended, not later than 30 days after the President notifies Congress of his intent to enter into an agreement.

Under Section 135(e) of the Trade Act of 1974, as amended, the report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee must include an advisory opinion as to whether and to what extent the agreement¹ promotes the economic interests of the United States and achieves the applicable overall and principle negotiating objectives set forth in the Trade Act of 2002.

The report of the appropriate committee must also include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sectoral or functional area.

Pursuant to these requirements, the Industry Trade Advisory Committee on Intellectual Property Rights (ITAC-15) hereby submits the following report.

II. Executive Summary of Committee Report

Completion of the U.S.-Colombia TPA (“CTPA” or “CFTA”) on February 27, 2006, follows the approval of the U.S.-Peru TPA on December 7, 2005 and is the second in a hoped-for series of FTAs with the Andean countries of Colombia, Ecuador, Bolivia and Peru. The CTPA follows the negotiation of the U.S.-Peru FTA and three other FTAs with countries in the Middle East/North Africa – the U.S.-Morocco FTA, which entered into force on January 1, 2006, the U.S.-Bahrain FTA, which entered into force on August 1, 2006 and the U.S.-Oman FTA which was signed by both parties on January 19, 2006 and has yet to enter into force. As did the U.S.-Peru FTA, whose provisions are virtually identical with the CTPA, the CPTA, in a few areas, falls short, as detailed below, of the stronger provisions in these three recent agreements.

¹ This report is based on a review of the intellectual property provisions of the CTPA dated May 8., 2006, and made available to the public on the USTR website. This text is not the “final” text, which at a minimum must undergo a legal “scrub” before it is submitted to the Congress and to the President. Accordingly, the final agreement may be different from the text upon which ITAC-15 has made these comments.

Despite these shortcomings, ITAC-15 supports the CTPA chapter on intellectual property. ITAC-15 believes the CTPA meets most of the negotiating goals and objectives contained in the Trade Act of 2002 and those of the U.S. intellectual property-based industries, creators and innovators.

ITAC-15 wishes to underscore the importance that it attaches to a close working relationship between ITAC-15 and industry, on the one hand, and U.S. negotiators, on the other, in ensuring that the model FTA intellectual property text, which has been carefully developed through the course of negotiation of nine prior FTAs, continues to form the basis for these other agreements. Such relationship was critical during the course of this negotiation as well, and will remain so for future FTAs.

ITAC-15 also expresses its continuing concern about the fact that the texts provided to the cleared advisors for their review have not gone through the “legal scrub process.” While ITAC members recognize the time and staffing difficulties that face USTR in this “completion” process, it is concerned that, given the practice of using the legal scrub process to negotiate substance, it is being asked to review texts that do not reflect the ultimate substance of the agreement between the FTA parties. For example, changes were made to the FTAs with Morocco and CAFTA-DR during the legal scrub that substantively affected the obligations contained in those agreements. ITAC-15 urges U.S. negotiators to make every effort either to provide the cleared advisors with “final” text before ITAC-15 is asked to file its reports, or, at a minimum, to submit the “scrubs” for advisor review before they become final. Unfortunately, in the case of this FTA, ITAC-15 is again required to submit its report before the final text of the Agreement is available.

Finally, ITAC-15 urges the United States not only to monitor very closely the implementation by Colombia (and our other FTA partners) of their FTA obligations but also to ensure that Colombia and our other FTA partners have in place, before the entry into force of the FTAs, national legislation that faithfully reflects their FTA obligations. In this regard, ITAC-15 commends the United States for working with FTA partners to secure fully-compliant national legislation before each agreement enters into force, but notes that entry into force of the Bahrain FTA occurred without a thorough review of the Bahrain legislation, as it was finally adopted. This legislation does not fully comply with the Bahrain FTA provisions and therefore the U.S. government should expeditiously seek amendments to correct the deficiencies. This unfortunate development only reemphasizes the critical need to carefully review all implementing legislation after it has been adopted to ensure that no FTA enters into force until full compliance is achieved. To help ensure this outcome, ITAC-15 considers it essential that, if need be, entry into force be postponed until that full compliance is achieved.

III. Brief Description of the Mandate of ITAC-15

As part of its mandate to provide detailed policy and technical advice, information and recommendations on trade-related intellectual property matters, ITAC-15’s predecessor

committee, IFAC-3, advised U.S. negotiators on, and reviewed draft texts of, the Singapore FTA, the Chile FTA, CAFTA-DR, the Australia FTA, and the Morocco FTA intellectual property chapters. In particular, IFAC-3 evaluated these FTA provisions in the context of the IP-related objectives contained in the Trade Act of 2002 and the objectives and achievements of other U.S. multilateral and bilateral initiatives on intellectual property. ITAC-15 continued this review with the Bahrain and Oman FTAs and the Peru FTA and issued reports on those agreements as well.

IV. Negotiating Objectives and Priorities of ITAC-15

The negotiating objectives and priorities for ITAC-15 reflect those contained in the Trade Act of 2002 (Pub. L. No. 107-210, 116 Stat. 995 (codified at 19 U.S.C. Sec. 3802(b)(4) (2002), trade promotion authority legislation) which also provided the fast-track authority under which this Free Trade Agreement will be reviewed and voted on. Specifically, ITAC-15's objectives and priorities seek to further promote the adequate and effective protection of intellectual property rights on a global basis. To accomplish this goal, the Committee works with the U.S. government to ensure full implementation of not only the substantive obligations in the TRIPS agreement but also the enforcement obligations as well. The enforcement text is assuming increasing importance as countries improve their substantive standards of protection and especially in the context of increasing global trade in information and other innovative and creative products subject to intellectual property protection. The Committee also seeks to ensure that these standards of protection and enforcement keep pace with rapid changes in technology, including establishing that right holders have the legal and technological means to control the use of their works through the Internet and other global communication media, and to prevent the unauthorized use of their works. The Committee seeks to ensure the full range of protections for patented innovations, to eliminate any discrimination against U.S. right holders by any of our trading partners, and to secure deterrent enforcement against piracy, counterfeiting, cyber squatting and other infringements through significant improvements in civil and criminal remedies and penalties. Finally, the Committee seeks to establish strong precedents in these FTAs in order to raise the global level of protection and enforcement globally, nationally and in regional and in multilateral agreements.

The FTA process has become the principal process through which the IPR-based industries are able to ensure that the standards of protection and enforcement keep pace with new developments.

V. Statement as to Whether Agreement Provides for Sectoral or Functional Equity and Reciprocity

The concept of sectoral equity and reciprocity is not relevant to the development of rules such as those in the chapter on intellectual property. The provisions on intellectual property apply equally to both Parties. ITAC-15 expects that Colombia will equitably implement all of the intellectual property-related provisions of this agreement but will not hesitate to recommend U.S. action under the provisions of the dispute settlement chapter should Colombia's implementation of the agreement fall short of its commitments.

VI. Advisory Committee Opinion on Agreement

Introduction

The CTPA builds on the standards already in force in the TRIPS agreement, the NAFTA, the Jordan, Singapore, Chile, and Australia FTAs, updating these standards to take into account the wealth of experience operating under those agreements since their coming into force from 1995 to 2005. It also takes into account the many years of experience gained from bilateral engagement with countries under the Special 301 trade process through which the U.S. Trade Representative has sought to leverage both legal and enforcement reforms in countries posing particular intellectual property problems for U.S. industry and for the U.S. economy. Perhaps most important, the CTPA takes into account the significant legal and technological developments that have occurred since the TRIPS and NAFTA agreements entered into force and mirrors, and, in many areas, improves upon, the Singapore, Chile, and CAFTA-DR in order to establish clear precedents in most key areas of IP protection for future FTA negotiations, many of which precedents were also followed in the FTAs with Morocco, Bahrain, and Oman. Notwithstanding that some of the obligations contained in the CTPA fall short of those contained in the Morocco, Bahrain and Oman FTAs, the fact that Colombia found it in its own interest to significantly increase its levels of IPR protection beyond that required by TRIPS is testament to the principle that high levels of protection benefit indigenous creators and inventors in the same manner as they do in developed countries. ITAC-15 urges the U.S. government to keep this in mind when negotiating with other developing and least developed countries, which have much to gain from maintaining the high levels of protection negotiated to date.

We applaud Colombia for agreeing to higher levels of protection, by incorporating in the agreement all the obligations set forth in the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) which are so critical to creating the legal infrastructure for e-commerce, for the distribution and transmission of protected materials over the Internet and for products in digital format generally.

ITAC-15 welcomes the successful negotiation of the CTPA. While ITAC-15 recognizes that the negotiation of FTAs with individual countries and regions is labor-intensive, especially when compared with the negotiation of a multilateral agreement among the 149 Members of the WTO, FTA negotiations provide the most effective approach currently available to the United States for improving global intellectual property protection. The negotiation of an individual FTA provides the opportunity to deal with specific intellectual property concerns that U.S. industry may have in the particular negotiating partner. Our goal in the negotiation of an FTA is to set a new baseline for all future FTAs, including a possible FTAA. This baseline is continually reflected in the model FTA agreements, which are constantly changing based on what we learn through negotiating each of the FTAs.

ITAC-15 recognizes that, to a large extent, the negotiation of FTAs has become the primary focus of the U.S. trade agenda and supports the use of all policy tools to gain worldwide improvement in intellectual property protection. ITAC-15 urges U.S.

negotiators to ensure that FTAs remain part of a coordinated, multi-dimensional program that not only includes multilateral and regional initiatives but also focuses on substandard intellectual property protection and enforcement in countries that are not parties to FTA negotiations.

ITAC-15 views the TRIPS Agreement as reflecting minimum international norms of intellectual property protection that most countries should already have in place. The role of the FTAs is to clarify, where necessary, those obligations and to improve upon them by enhancing the level of intellectual property protection in the negotiating partner.

The FTAs that the United States has negotiated since 1999 have facilitated national implementation of the TRIPS obligations and have provided the vehicle both for improved standards of intellectual property protection and enforcement and for significant clarifications of TRIPS obligations in the FTA partners. The continuum of intellectual property protection that links these FTAs has sent an important signal to future FTA partners about U.S. intellectual property expectations and it is for that reason that ITAC-15 is disappointed that U.S. negotiators, in the areas noted below, failed to negotiate an FTA with Colombia that contained the same level of obligations as those found in the Morocco and Oman FTAs.

ITAC-15 urges the U.S. government to continue to maintain a strong bilateral program to deal with IPR deficiencies in non-FTA countries, many of which are critical markets for our industries and which may never be FTA candidates. It is therefore essential that traditional trade tools such as Special 301, Section 301, the unilateral trade preference programs and WTO dispute settlement be aggressively employed to lift levels of intellectual property protection in those countries. Many of these countries have failed to recognize the clarifications and new standards that U.S. negotiators have been able to achieve in the FTAs, while others may not be implementing these clarifications and new standards lest they lose bargaining chips in any future FTA with the United States. Further, ITAC-15 notes that negotiating FTAs has an impact on the effectiveness of the overall bilateral program including with non-FTA countries.

While the CTPA contains important TRIPS clarifications and additional protections, industry will only gain the expected commercial benefits from the enhanced intellectual property protection contained in the FTA when the FTA is implemented in a proper and timely manner. ITAC-15 notes with much concern, for example, the problems that U.S. industry has faced in Jordan, Chile, Australia, Singapore, Morocco and, currently with some of the CAFTA countries, the Dominican Republic and Bahrain, in respect of their implementation of those FTAs and urges the United States not only to monitor very closely the implementation by Colombia (and our other FTA partners) of their FTA obligations but also to be prepared to act to ensure proper and timely implementation of those obligations.

ITAC-15 supports the CTPA chapter on intellectual property. However, it believes that the Morocco FTA, while negotiated prior to the CTPA, continues as the most advanced intellectual property chapter in any FTA negotiated so far in the area of patents and

regulated products and should be used as the benchmark for the future FTAs in the region under the Middle East Free Trade Area (MEFTA) initiative. In the areas of copyright and related rights, trademarks, geographical indications and enforcement, with only minor exceptions, the Oman FTA now reflects the highest standards of protection yet negotiated. These precedents should be carried forward in future FTAs.

ITAC-15 further wishes to underscore the importance that it attaches to a close working relationship between ITAC-15 and industry, on the one hand, and U.S. negotiators, on the other, not only in the development of a model FTA intellectual property text, which would form the basis for these other agreements but also during the course of the FTA negotiations themselves.

ITAC-15 expects that the U.S. will insist, in any future FTA negotiations with countries that have yet to implement fully their TRIPS obligations, they not only do so before the launch of the negotiations, but also, where appropriate, provide a standstill specifically with respect to the approval of generic copies of pharmaceutical products.

The following summarizes the main provisions of the intellectual property text and highlights both the provisions that we believe provide strong protection, and those few provisions which ITAC-15 views as deficiencies.

General Provisions

These provisions require accession to a number of key treaties and contain the national treatment and other general provisions governing all of Chapter 15. ITAC-15 notes with disappointment that, unlike in the Oman FTA, Colombia is given a possible transition period (beyond entry into force) until January 1, 2008 or entry into force, whichever is later, to accede to the Trademark Law Treaty and the UPOV Convention. We also note that, while the transition periods, as described further below, afforded under the CTPA for a number of substantive and enforcement obligations, are not as damaging as those under the Chile FTA and the CAFTA-DR, we are also disappointed that the ‘no transition’ precedent in the Oman FTA was not followed in this agreement.

ITAC-15 is particularly pleased that the carve-out from the national treatment obligation afforded to Chile and Australia for certain elements of protection for sound recordings and performances was not repeated in the CTPA. The CTPA affords, like the Singapore, CAFTA-DR, Morocco, Bahrain and Oman FTAs and the Peru TPA, full national treatment without exception. The U.S. has always supported the principle of full national treatment without exception in the intellectual property field and ITAC-15 firmly believes that FTAs should not, under any circumstances, permit trading partners to discriminate against U.S. nationals.

Trademarks

Generally, the trademarks section includes major provisions that should assist trademark owners in protecting trademarks.

Article 16.2.1 provides that marks need not be visually perceptible to be registered. This leaves open the possibility of registering sound and scent marks, which is positive. It would be preferred, as in CAFTA-DR, as it relates to sound marks, that sound and scent marks be mandated as protectable. Nevertheless, removing the barrier to protection of sound and scent marks because they are not visually perceptible is a step forward.

Article 16.2.2 requires the Parties to protect collective and certification marks. This language is preferred to the language contained in the Morocco and Oman FTAs in that these FTAs only include certification marks. The language also provides that geographical indications be eligible for protection as collective or certification marks. This language lends itself to a system of protection for geographical indications similar to the preferred U.S. system where geographical indications are eligible for protection through the trademark system of protection as opposed to a separate geographical indication register.

Article 16.2.3 reaffirms TRIPS Article 20 in that the use of one's trademark shall not be encumbered. Thus, the Article clarifies and enhances existing TRIPS obligations prohibiting interference with the use of trademark rights in products such as pharmaceuticals that are also subject to requirements regarding the use of the generic or common name of the product.

Article 16.2.4 reaffirms the TRIPS requirement that the trademark owner's rights are exclusive rights—that is, the trademark owner can prevent confusing uses of identical or similar signs, including geographic indications. This is a favorable provision and its inclusion is commended. As in the Bahrain FTA, this Article does not include the presumption of confusion for identical signs for identical goods or services as has been included in prior FTAs. ITAC-15 queries why the presumption of confusion was omitted in the CTPA and indicates that it is preferred that this presumption be included in future FTAs.

Industry is pleased with the broader scope of protection that will be required for well-known marks under Articles 16.2.6 and 16.2.7. Similar to the Singapore, Chile, Morocco, Bahrain and Oman FTAs and CAFTA-DR, this FTA extends protection of well-known marks to dissimilar goods and services, whether registered or not, with the proviso that the expanded protection is based on an association between the goods/services and the owner of the well-known mark and when the interests of the trademark owner are likely to be damaged. In view of the frequency of infringements of well-known marks, the ability of well-known trademark owners to protect their marks on unregistered and dissimilar goods and services is critical to protecting these valuable assets.

As in the Oman FTA, the CTPA provides for greater scope of protection for well-known marks in 16.2.7. Article 15.2.14 of the Oman FTA contains a provision that provides for owners of well-known marks to prohibit or cancel trademark registrations or geographic indication registrations that are identical or similar to the well-known marks and provides for other additional protections for well-known marks. Some of these protections are absent from the CTPA. ITAC-15 strongly prefers the text in the Oman FTA and urges that this text be carried forward in all future FTAs, including with the other Andean countries.

Article 16.2.9 makes strides toward office automation and greater use of electronic means to interact with trademark officials and the establishment of accessible trademark databases. ITAC-15 would have preferred, however, that this obligation were not subject to a one year transition period.

The elimination of the requirement of trademark license recordals (Article 16.2.12) is a positive development. This change means that trademark owners and licensees can take steps to protect and enforce trademarks without unnecessary administrative hurdles. However, ITAC-15 notes footnote 7 allows a Party to require presentation of a license for information purposes. This might be acceptable in the context of litigation, but ITAC-15 is concerned that this footnote could be used to essentially reinstate the license recordal prohibition.

In Article 16.3., we see a continued improvement in the protections that trademarks receive in relation to geographical indications. As with the Bahrain and Morocco FTAs, this FTA includes provisions providing for the refusal of protection of geographical indications if they were to conflict with a registered or pending trademark or a trademark where the rights thereto have been acquired through use. However, these provisions do not provide for the refusal of protection of geographical indications if they conflict with a famous trademark nor provisions clarifying the rules as they relate to determinations of priority as found in the Oman FTA. As noted above, ITAC-15 strongly prefers the Oman FTA text and urges that it be carried forward in all future FTAs.

Geographical Indications

As mentioned above in the Trademark portion of this report, the CTPA provides a clear framework for the procedures involved in the registration of geographical indications and establishes the proper relationship between geographical indications and trademarks.

The CTPA, as with the Oman, Chile, Morocco and Bahrain FTAs and CAFTA-DR and the Peru TPA, has a more extensive provision on geographical indications than does the Singapore text. As such, it builds upon and clarifies that language. Like the Singapore, Oman, Chile, Morocco and Bahrain FTAs and CAFTA-DR and Peru TPA, the CTPA includes a provision (Article 16.2.4) that requires that the owner of a registered trademark must have the right to prevent the use, in the course of trade by third parties, of confusingly similar signs, including geographical indications. The CTPA, like the Oman, Chile, Morocco and Bahrain FTAs and CAFTA-DR and Peru TPA text, then improves upon this language by also including a specific provision which would prohibit the protection or recognition of a geographical indication that is confusingly similar to a previously used, applied for or registered trademark, thereby unequivocally protecting prior trademarks against later geographical indications (Article 16.3.2). ITAC-15 notes again that the Oman FTA went even further than the prior FTAs and the CTPA and ITAC-15 again urges that the additional language regarding geographical indications found in the Oman FTA be the model going forward.

Finally, the text broadens the definition of a geographical indication to allow for the protection of geographic indicia other than the actual names of geographic places (such as the outline of a state). This provides the opportunity to protect geographic indicia as geographical indications,

which will benefit those organizations that seek such protection. Provided that the above-mentioned relationship between trademarks and geographical indications remains clear, the broadened definition for geographical indications is likewise welcome provided, as is the case in this CTPA, that the exclusivity of prior trademarks is protected against infringement by later geographic indications.

Domain Names on the Internet

The CTPA provides two provisions regarding domain names: Article 16.4.1 requires that each Party shall provide for Uniform Domain Name Dispute Resolution Procedures for the country-code top level domains (ccTLDs) of the Parties. Article 16.4.2 requires each Party to provide public access to “reliable and accurate” contact information for each domain name registrant. These provisions combine to combat the problems of copyright and trademark cyber-piracy and are welcome. ITAC-15 prefers, however, (and mentioned this in its Oman, Chile and Morocco FTAs and CAFTA-DR reports) that there be a direct reference to the “Whois” database and any additional contact information elements as available in the gTLDs namespace. Inclusion of this direct reference would clarify the type of information this database must contain. Reference to “Whois” was included in the Singapore FTA.

ITAC-15 wishes to underscore that the provisions regarding the establishment of Uniform Domain Name Dispute Resolution Procedures for ccTLDs in the CTPA address only *trademark* cyber-piracy, and not other *alleged* abuses such as the use of geographic terms in domain names. ITAC-15 commends the fact that challenges based upon the use of geographic terms as, or as part of, a domain name are **not** included as a basis of challenge pursuant to the Uniform Domain Name Dispute Resolution Procedures.

As opposed to CAFTA-DR, the CTPA, like the Oman, Chile, Singapore, Morocco and Bahrain FTAs and the Peru TPA does not include a sentence providing that “due regard may be given to the Parties’ legislation protecting the privacy of its nationals” as it relates to domain name contact information. ITAC-15 is pleased that this provision is not included in the CTPA as such a provision could be used to limit or restrict right holders access to an accurate Whois database.

An increasingly important issue for trademark owners is the cost of maintaining domain names. This FTA does not address the issue. In the future, adopting language to limit the cost of maintaining ccTLD domain names should be strongly considered as countries increasingly are using domain name maintenance fees for revenue generation purposes. This should be discouraged through treaty language as it is becoming increasingly costly for brand owners to maintain their rights.

Copyright and Related Rights and the Protection of Certain Satellite Signals

The United States is the world’s largest producer and exporter of copyrighted materials and at the same time loses more revenue from piracy and other inadequate copyright protection than any other country in the world. High levels of copyright protection and effective enforcement mean more revenue and more higher-paying jobs benefiting all

Americans. The copyright industries account for over 6% of U.S. GDP and have employed new workers at an average of three times the rate of the economy as a whole over the last 25 years.

Industry's goal for the CTPA intellectual property negotiations, like its goal for all the FTAs, was to achieve a level of protection that in some areas improved on the standards in TRIPS and NAFTA and, in others, clarified provisions in those agreements. In addition, it was critical to achieve Colombia's agreement to fully implement the provisions of the WCT and WPPT along the same lines as the U.S. had in the DMCA in 1998. Finally, industry and the U.S. negotiators sought to clarify and build upon provisions of the TRIPS enforcement text in light of the U.S. copyright industries' wide experience with copyright enforcement globally. This objective was, in most instances, achieved.

The first improvement sought was to ensure that the level of protection for record producers and performers in Colombia came as close as possible to the protection afforded other subject matter receiving Berne Convention levels of protection. While all the prior FTAs with the exception of the Chile FTA combines authors' and related rights in one section the CTPA unfortunately has returned to perpetuating unnecessarily the difference between author's rights and related rights. While the substantive rights afforded are not affected, ITAC-15 believes that, with digitization of all works and their transmission over the Internet becoming more important daily, the continued treatment of sound recordings in a manner different from other protected works no longer can be justified. ITAC-15 would urge the U.S. government to return to the formulation in the other FTA, with respect to FTAs with the other Andean countries and in general.

While the text repeats some obligations already contained in the TRIPS agreement without change, other language has been clarified, particularly in the enforcement text. The CTPA text does, however, contain detailed provisions that require implementation of the new obligations provided in the WCT and WPPT, to which both Parties to the agreement are now members. These include:

- Clear language assuring that temporary and transient copies (such as those made in the RAM of a computer) are nevertheless copies and fully subject to the reproduction right. This treatment is critical in a digital, networked world in which copyrighted material can be fully exploited without a permanent copy ever being made by the user (Article 16.5.2 and 16.6.2);
- The right to control any technological manner of transmitting works, including interactive transmissions over electronic networks like the Internet, with only minor exceptions for analog performances and broadcasts of sound recordings and performances recognized in U.S. law (Articles 16.5.4 and 16.6.6);
- The requirement that Colombia implement protection for technological protection measures (TPMs) used by right holders to protect against unauthorized access and exploitation of their works to do so in virtually the same manner as did the U.S. in the DMCA in 1998. In addition, the text provides for a list of narrowly crafted exceptions – in close conformity with how the U.S. Congress approved those exceptions in U.S. law. (Article 16.7.4). Unfortunately, while the statutory obligation to adopt such protection commences upon entry into force of the

agreement, the *enforcement* of the “device” prohibitions is delayed, through a transition period, of three years. The same is the case for the exceptions provisions. ITAC-15 is concerned that Colombia will not receive the benefits of these protections immediately and urges that Colombia determine to immediately enforce the provisions from the date of entry into force of the agreement.

- Full implementation of the WCT and WPPT provisions on prohibiting the removal or alteration of electronic rights management information along the lines set out in the DMCA (Article 16.7.5). As also noted above with the “device” provisions of the anti-circumvention obligation, while the statutory obligation to adopt protection for rights management information commences upon entry into force of the agreement, the *enforcement* of those provisions is delayed, through a transition period, of 30 months. ITAC-15 is concerned that Colombia will not receive the benefits of these protections immediately and urges that Colombia determine to immediately enforce the provisions from the date of entry into force of the agreement;
- The implementation of those specific provisions of the WPPT that seek to harmonize the rights afforded sound recordings with most of those rights afforded all other protected works. (Article 16.6);
- A repetition of the three-step test for circumscribing the scope of exceptions to copyright protection found in the TRIPS Agreement and the WCT and WPPT (Article 16.7.8); and
- Reiteration of the TRIPS and WIPO treaties’ obligation ensuring the full term of protection for pre-existing works (Article 16.7.2)

Other key provisions (and omissions and deficiencies) clarifying, or in some cases going beyond, the existing TRIPS obligations include:

- In a major advance, and continuing the precedents established in the Singapore and Chile FTAs, CAFTA-DR, Australia, Morocco and Bahrain FTAs and the Peru TPA, Colombia has agreed to extend its terms of protection closer to that in the U.S.—to life of the author plus 70 years for most works. While industry sought to have the term of protection for sound recordings and audiovisual works extended from 50 years from publication to a term matching the U.S. law’s 95 years (and the U.S. government achieved this result in the Oman FTA), a compromise was struck at 70 years. (Articles 16.5.5 and 16.6.7). We urge that all future agreements move the level to the full 95 years that was reached in the Oman FTA;
- The text includes a provision (Article 16.7.1) that makes clear that there is no hierarchy of rights between those of authors and those of record producers. This has been a problem characteristic of laws in Latin countries, and ITAC-15 is pleased to see this provision appearing in the CTPA;
- The language that appears in the Singapore FTA, CAFTA-DR, Morocco, Bahrain and Oman FTAs and the Peru TPA ensuring that countries cannot subject retransmission of television signals to a compulsory license also appears in the CTPA text (Article 16.7.9). This continues an important precedent for the region;

- Unfortunately, the CTPA text, like other FTA texts except for the Morocco FTA, does not contain a provision which follows U.S. law (17 USC §602) providing for the right of a copyright owner to prevent parallel imports of its products manufactured outside Colombia that are not intended for distribution in that country. Obtaining such important protection, following the Morocco precedent, would have been another major advance in the copyright text;
- The text incorporates the important “contractual rights” provisions originally from the NAFTA agreement (also contained in the Singapore and Chile FTAs, CAFTA-DR, Morocco, Bahrain and Oman FTAs and the Peru TPA), ensuring that Colombia will give effect to transfers of rights and the treatment of monetary benefits resulting from such transfers that are contained in U.S contracts. (Article 16.7.3). The NAFTA provision was intended to safeguard the freedom of contract and to ensure that a country may not pass laws that undermine the intent of the parties to such contracts;
- The text contains an all-important requirement that the two governments issue decrees or other similar orders mandating use of legal software by government agencies. The U.S. has already issued such an Executive Order and it is critical for all governments, Colombia’s included, to ensure that their software use is fully licensed and that effective software management systems are established (Article 16.7.6); and
- Finally, the substantive text adds provisions, based upon a similar provision in the NAFTA, protecting against the theft of encrypted satellite signals and the manufacture of and trafficking in tools to steal those signals. (Article 16.8). The Singapore FTA made it a criminal offense to manufacture and trade in these tools and to “receive or further distribute” such encrypted signals. The Chile FTA, rather than subjecting all these acts to both civil and criminal liability as in the NAFTA text and in the Singapore FTA, permitted Chile to subject them to either civil or criminal liability. The Chile text was also drafted in a manner that the right holder or person holding an interest in the encrypted signal must prove that the act was done willfully to even subject the offender to civil liability. The CTPA text, like the Morocco, Bahrain and Oman and Peru TPA texts before it, fortunately returns to the Singapore formulation establishing both criminal and civil liability and removes the willfulness requirement.

Other than the few shortcomings noted, the substantive copyright text achieves all that U.S. industry sought in this negotiation and the negotiators are to be commended in achieving this most important result.

Patents

ITAC-15 notes that, as a general rule, the level of patent protection found in the industrial countries, and especially the level of patent protection found in the United States, provides an appropriate level of incentives for innovation. ITAC-15 reiterates its view that it should continue to be the U.S. objective in all FTA negotiations to ensure that our negotiating partners adopt a level of patent protection comparable to that found in key developed countries, including the United States. It is in light of these objectives

that ITAC-15 provides its comments on the provisions relating to patents and to measures related to certain regulated products that are contained in the recently completed TPA with Colombia.

ITAC-15 believes that the use of simple, straight-forward language will help avoid later misinterpretations of the intellectual property obligations contained in FTAs by governments of less-than-goodwill that seek to undermine those obligations. To that end, ITAC-15 urges U.S. negotiators to insist that the final language track the FTA language contained in the U.S. model text.

The patent section of CTPA provides a number of clarifications and improvements to the protection standards articulated in the TRIPS Agreement. Once implemented, these standards will improve the effectiveness of patent protection in Colombia. These additional protections are welcome but fall far short of the additional elements contained in the patent sections of the Oman FTA and the Bahrain FTA, both of which immediately preceded the negotiation of the CTPA. Notwithstanding the serious shortcomings of the CTPA, ITAC-15 expects that the TPA with Ecuador will, at a minimum, provide the same level of patent protection that is found in the CTPA.

Colombia is already a member of the WIPO Patent Cooperation Treaty (1970) and thus is already reaping the benefits of membership in the PCT. In this regard, ITAC-15 notes that membership in the PCT reduces the costs of gaining patent protection in member countries through the filing of a single patent application under the PCT. Adherence to the PCT will provide numerous administrative benefits for U.S. patent holders. For example, it allows U.S. patent holders to use the 30-month period following an initial filing in the U.S. or in the European Patent Office before further action and fees are required in Colombia. It also allows patent holders to avoid complications from unique application requirements in particular PCT countries—most PCT members accept a PCT-formatted and compliant application without additional formal requirements. Given the economic benefits that countries at the economic development level similar to that of Colombia gain from adherence to the PCT, ITAC-15 welcomes the decision made by U.S. negotiators to continue to make PCT membership a critical element of all FTAs.

ITAC-15 recognizes the significance of Colombia's commitment to ratify or accede to the UPOV Convention (1991) either when the CTPA enters into force or on January 1, 2008, whichever is later. ITAC-15 urges Colombia to avail itself of the earlier date. (Article 16.1.3)

ITAC-15 welcomes the pledge made by Colombia to “undertake all reasonable efforts” to make patent protection for plants available by the date the agreement enters into force. This will make available patent protection for transgenic plants that are new, involve an inventive step and are capable of industrial application (Article 16.9.2). Nevertheless, while Colombia's commitment to limit the application of the biotechnology exclusion currently found in TRIPS Article 27.3(b) is welcome, ITAC-15 is disappointed that the CTPA does not explicitly require Colombia to implement patent protection for transgenic animals as does the Morocco FTA. ITAC-15 notes that the United States

provides for the patenting of animals that are new, involve an inventive step and are capable of industrial application, and that the Morocco FTA requires the patenting of both transgenic plants and animals. ITAC-15 also urges the U.S. Government to ensure that the commitment made by Colombia results in reforms to their patent systems as soon as possible.

The CTPA restricts, in Article 16.9.4, the grounds for the revocation of a patent to those limited to the patentability of the invention. ITAC-15 is disappointed that it does not require Colombia to also provide that fraud, misrepresentation or inequitable conduct may be the basis for revoking, canceling or holding a patent unenforceable. We, however, urge the U.S. Government to work with Colombia in the implementation of this provision to ensure that it is consistent with U.S. practice. For example, the possibility of preventing enforcement of a patent due to actions that are found to constitute inequitable conduct should be limited to acts that are material to the patentability of the invention. Since Colombia is already a member of the Paris Convention, ITAC-15 notes that the reference to the obligations contained in Article 5.A (3) of the Paris Convention does not add or detract from the obligations contained in the TPA. (Article 16.9.4)

ITAC-15 is disappointed that the CTPA does not prohibit pre-grant opposition, especially given the ban has been included in recently-negotiated FTAs. ITAC-15 urges U.S. negotiators to return to their recent practice of including the prohibition of pre-grant opposition in all future FTAs, especially where the potential for abuse exists.

The CTPA places restrictions, in Article 16.9.5, on how a third party may use a patented invention to generate data needed for the marketing approval of generic pharmaceutical products (so-called Bolar-type use). These restrictions limit the use of such data to use specifically for purposes related to meeting the marketing approval requirements; and if export of the generic pharmaceutical product is permitted, the product shall only be exported outside the territory of the Party for purposes of meeting marketing approval requirements of that party. In view of the corresponding obligation to extend the term of a patent to compensate for lost effective patent term due to delay in the regulatory approval of a new drug, these restrictions generally reflect U.S. law and practice.

The CTPA recognizes, in Article 16.9.6(a), the delays that patent owners face in the issuance of their patents by the patent office and requires patent term adjustments to compensate for these delays. ITAC-15, however, notes with some concern that the definition of an “unreasonable delay” used in the most recent FTAs—a delay in the issuance of the patent of more than four years from the date of filing of the application in the territory of the Party or two years after a request for examination of the application, whichever is later—was not used in the CTPA, which defines “unreasonable delay” as the later of five years from filing or three years after an examination request. ITAC-15 also notes that Colombia was given two years after the entry into force of the CTPA to implement the obligations contained in Article 16.9.6(a). This is one more year than Peru had been given to implement the same obligations, which are contained in its Article 9.6(a). ITAC-15 urges a return in future FTAs to the standards used in the other recent FTAs. Subparagraph (b) of that Article also provides patent term restoration for

the unreasonable curtailment of the patent term as a result of the marketing approval process.

The TPA requires Colombia to treat public disclosures of an invention that occur within 12 months prior to the filing date of the application in Colombia to be non-patent-defeating. The formulation requires the pre-filing disclosure of the invention to have emanated in some form from the patent application, which is a slightly narrower authority than U.S. law. (Article 16.9.7) ITAC-15 welcomes Articles 16.9.8 through 16.9.11, which provide procedural definitions that will facilitate patent examination and ensure the transparency of that process.

ITAC-15 welcomes the CTPA patent provisions; nevertheless, it notes the absence of an explicit obligation to make patent protection available for all forms of new, non-obvious and useful inventions. ITAC-15 also notes that the CTPA fails to explicitly limit a country's authority to grant compulsory licenses to situations that are needed to remedy anti-trust violations and to national emergencies or other circumstances of extreme urgency; and to govern situations of public non-commercial use.

ITAC-15 is particularly disappointed that the CTPA does not contain the obligation that each country must provide effective legal means to enable a patent owner to prevent the unauthorized importation of goods put on the market in another country by it or its agent. This provision, which is found, for example, in the Morocco FTA, ensures that a patent owner can prevent the international exhaustion of patent rights via a right of action to enforce contractual provisions that are violated outside the territory of Colombia.

ITAC-15 believes that it is critical that future FTAs include these restrictions on compulsory licensing, international exhaustion and pre-grant opposition as well as obligations to provide patent protection for transgenic animals.

ITAC-15 notes that, in addition to containing the Understanding Regarding Certain Public Health Measures, which has now become a part of the intellectual property chapter of all FTAs since the Morocco FTA, the CTPA also contains a letter in which the United States confirmed to Colombia its view that the references to Chapter 16 (the intellectual property chapter) in the Understanding include Article 10 on measures related to certain regulated products. ITAC-15 believes that the letter serves only to clarify the Understanding and does not impose any additional obligations beyond those already found in the Understanding.

ITAC-15 notes that the CTPA contains an additional letter not found in any previous FTA. ITAC-15 welcomes the pledge made by Colombia in paragraph (1) of the letter to take measures to expeditiously process backlog patent applications "such that the number of such patent applications will be significantly reduced as of December 31, 2008." ITAC-15 notes, with satisfaction, that Colombia plans to accomplish this by taking a number of measures, including "significantly increasing the number of patent examiners and enhancing examination training for patent examiners."²

² The second operational paragraph of the letter relates to Article 16.10.3., Measures Related to Certain

ITAC-15 welcomes the Understanding Regarding Biodiversity and Traditional Knowledge that the United States and Colombia reached in connection with the CTPA. In particular, ITAC-15 notes the agreement contained in the Understanding that the two countries would seek ways to share information that may have a bearing on the patentability of inventions based on traditional knowledge or genetic resources by providing publicly accessible databases that contain relevant information; and an opportunity to cite, in writing, to the appropriate examining authority prior art that may have a bearing on patentability. ITAC-15 further notes the recognition contained in the Understanding that contracts that reflect mutually agreed terms between users and providers can serve to adequately address access to genetic resources or traditional knowledge as well as the equitable sharing of benefits that may result from use of those resources or that knowledge.

Measures Related to Certain Regulated Products

The provisions of the CTPA clarify the obligations contained in TRIPS Article 39.3 with respect to data exclusivity and provide for additional protection with respect to pharmaceutical products subject to a patent. While the provision on data exclusivity does not impose any additional obligations beyond those contained in TRIPS Article 39.3, it does serve to clarify the intent of the TRIPS Agreement. These provisions, however, fall short of the positive precedent of the Oman and Bahrain FTAs.

To give effect to the data exclusivity obligations of Article 39.3 of TRIPS, the CTPA imposes an obligation of “non-reliance” on either the originator’s approval or the originator’s data package itself for a period of at least five years from the date of approval for a pharmaceutical product and ten years from the date of approval for an agricultural chemical product in Colombia. (Article 16.10.1(a))

In addition, the CTPA explicitly provides protection in cases where regulatory approval is conditioned on the demonstration of prior marketing approval in another territory by requiring the deferral of the date of any marketing approval to third parties not having the consent of the party providing the information in the other territory for a period of at least five years from the date of approval for a pharmaceutical product and ten years

from the date of approval for an agricultural chemical product in Colombia. ITAC-15 notes that the CTPA requires the originator pharmaceutical company to seek the marketing approval in Colombia within five years after obtaining marketing approval in the United States. ITAC-15 believes that, under normal circumstances, the five-year cap, which is also found in PTPA, will not prejudice the interests of U.S. pharmaceutical originators so long as it is understood that the five-year obligation means that the U.S. originator would only have to start the effort to get marketing approval within that period of time to qualify for the protection and that any subsequent delays by Colombian health authorities in the grant of marketing approval would not adversely affect the protection. (Articles 16.10.1(b))

Regulated Products, and will be discussed later in the report.

The CTPA seeks to ensure that the term “new product” that is used in Article 16.10 is not confused with the “novelty” requirement for patentability found in Article 16.9.1 that an invention must be “new.” ITAC-15 welcomes, as an important clarification of the term “new chemical entity” found in TRIPS Article 39.3, the regulatory-related definition of a “new product” contained in Article 16.10.1(c) as being a product that does not contain a chemical entity that had been previously approved in Colombia for use in a pharmaceutical or agricultural chemical product. While these provisions on data exclusivity do not impose any additional obligations beyond those contained in TRIPS Article 39.3, they do serve to clarify the intent of the negotiators of the TRIPS Agreement.

In this regard, ITAC-15 notes its disappointment that the CTPA does not include additional periods of non-reliance for new clinical information (other than information related to bioequivalency) or evidence of prior approval of the product in another territory that requires such new information, which is essential for the approval of a pharmaceutical product that uses a previously approved chemical component. ITAC-15 further notes that Oman and Bahrain FTA provide such protection.

The CTPA also imposes a second set of obligations that explicitly restricts Colombia from terminating the data protection period with the expiration of the underlying patent (Article 16.10.2); requires Colombia to implement measures in its marketing approval process to prevent generic drug approvals during the term of the patent covering the pharmaceutical product (i.e., “linkage”); and requires the mandatory disclosure of the identity of the generic applicant that seeks marketing approval to enter the market during the patent term. (Article 16.10.3)

ITAC 15 welcomes Article 16.10 of the CTPA, which obliges Colombia to provide a 10-year data protection term for the safety and efficacy information generated to obtain regulatory clearance for new agrochemical products. ITAC-15 urges USTR to propose to Colombia that, to implement that provision, it issue a new regulation to govern data protection for agrochemicals under Colombia Decree 502 of March 5, 2003 to expressly indicate ten years of exclusivity for safety and efficacy data and exclude concepts like “undisclosed” data and “unfair commercial use” or the requirement of “considerable effort” in order to be eligible for protection. This future Colombian Decree on data protection should also be coupled with a regulation from the competent phytosanitary authority (ICA).

To avoid legal challenges both at the Andean and local level, ITAC-15 urges USTR to encourage Colombia to couple the issuance of the new rules in Colombia with amendments at the Andean level, as suggested by prior legal precedents³. ITAC-15

³ Andean Court Decision 114-AI-2005 (15 December 2005 held that Colombian data protection Decree 2085 was in not in compliance with Andean law in Court. Specifically, it considered that establishing an exclusivity period was not within the rulemaking capacity pursuant to Art. 266. Likewise, authorities do not currently enforce equivalence demonstration as a condition to rely on the safety information generated for a similar agrochemical product as instructed in Andean Decision 436 (Harmonized Regime for

believes that an amendment to Article 266 of Andean Decision 486, to cope with the obligations contained in the CTPA, is indispensable; the amendment should be complemented with modifications to the data protection provisions contained in the Andean Harmonized Regime for Pesticide Registration (Decision 436 and Resolution 630-Technical Manual⁴). Finally, ITAC-15 believes that it would be highly advisable that Article 266 be amended prior to the issuance of the new Decree in Colombia; otherwise a Colombian domestic norm would be subject to challenges at the Andean Court and national level.

ITAC-15 welcomes these provisions with respect to certain regulated products contained in the CTPA.

ITAC-15 wishes to make clear its understanding that nothing in the second paragraph of the additional letter not found in previous FTAs detracts from Colombia's obligation to prevent the entry on to the market of a pharmaceutical product during the term of the patent identified to the approving authority as covering that product. To that end, ITAC-15 welcomes the reiteration of that basic obligation in the first sentence of the second paragraph of the additional letter. ITAC-15 specifically underscores this point in light of the letter's findings in paragraph (2) that "... (E)ach Party recognizes that there may be a variety of ways to implement the obligations of Article 16.10.3 of the Agreement... In particular, the Parties recognize that nothing in Article 16.10.3 (b) specifically sets out an obligation as to when a patent should be identified to the approving authority, which should identify the patent to the approving authority, or how the patent owner should be informed of the identity of persons requesting marketing approval during the term of the patent." ITAC-15 urges USTR to ensure that Colombia does not misuse Paragraph (2) of the letter to justify any circumvention of its obligations under Article 16.10.3.

Enforcement

ITAC-15 wishes to underline the importance that it attaches to the effective enforcement of the full panoply of intellectual property rights afforded in this agreement, which build upon the existing enforcement obligations in the TRIPS agreement. The updated protections afforded in this agreement will be of little value to U.S. companies without the capability and willingness of Colombia's government – any government for that matter – to enforce those standards, particularly against commercial piracy, counterfeiting and other infringements that cause such a drain on the U.S. and the Colombian economies.

Today, ten years after the WTO TRIPS enforcement obligations became effective in the developed world, and six years after those enforcement obligations became binding in the developing world, the U.S. creators, companies and industries which should be benefiting from TRIPS continue to suffer billions of dollars in losses due to global piracy, counterfeiting and other infringements of the rights provided in TRIPS (and in the various

Registration of Agrochemical Products).

⁴ Article 1.4 of Section B) of appendix 2 of the Technical Manual (Resolution 630) requires that the applicant files an authorization letter issued by the test data titleholder to allow reliance on its information "when applicable" and in compliance with the protection as set forth under Article 266 of Andean IP Decision 486.

FTAs) – primarily due to ineffective enforcement by these trading partners. While, for the most part, the substantive provisions of the TRIPS agreement have been implemented in these countries, it is crystal clear that the enforcement obligations are not being met by many countries. The continued development and importance of new technologies, such as the Internet, and the accompanying greater ease with which piracy and counterfeiting can be accomplished, have made this situation even more acute. In addition, the alarming increase in the international trade in counterfeit pharmaceutical products is raising public health concerns, especially in developing and least developed countries. It was the objective of the U.S. government, of ITAC-15 and of the entire U.S. intellectual property community to use the opportunity offered by the FTA process (the Doha Round in the WTO will not be considering changes in the TRIPS enforcement text) to use our enforcement experience over this period to improve and strengthen these enforcement obligations, with the goal of having them adopted on a global basis.

ITAC-15 notes that this task was particularly challenging since governments are most reluctant to bind themselves to specific performance standards in the area of enforcement. But it is precisely the day-to-day operation of the enforcement system and its ability to “deter further infringements” (the TRIPS standard) which will bring back to the U.S. and to other countries the billions of dollars lost globally to rampant piracy and counterfeiting, including counterfeiting of pharmaceutical products.

Following the precedents established in the prior FTAs, the CTPA makes some significant advances toward this goal, but again the proof will lie in the implementation of these new standards on the ground by police, prosecutors, judges and administrative agencies responsible for enforcement and implementation of the intellectual property rights protected in TRIPS and the CTPA.

Some of these advances (clarifying or building upon existing TRIPS standards) and some areas where needed improvements were not achieved include:

General Obligations

- These general provisions clarify and expand, for the most part, existing TRIPS obligations;
- Article 16.11.4 clarifies an existing TRIPS obligation, that decisions by a country on how to distribute enforcement resources among different areas, including intellectual property enforcement, does not excuse a country from meeting its “deterrence” and related obligations under the agreement;
- Article 16.11.3 requires both parties to publicize information “that the party may collect” with respect to their enforcement efforts including making available enforcement statistics, if kept by each country. The keeping of and publicizing enforcement information is a key to deterrence and permits industry and governments to evaluate performance and educate the public about the importance of intellectual property rights, and the risks attendant upon their infringement. ITAC-15 would prefer that this obligation be stronger, including provisions that would “require” the keeping of statistics on cases brought and outcomes reached;
- Article 16.11.5 is a significant advance for the copyright industries. This provision lays out detailed presumptions that must be implemented in national law concerning

the subsistence and ownership of copyright in all protected subject matter. Proving these preliminary issues in court, without the benefit of presumptions, makes enforcement more difficult, expensive and causes long and unnecessary delays, all to the detriment of expeditious and effective enforcement against the run-of-the-mill piracy and counterfeiting that causes most losses globally.

Civil and Administrative Procedures and Remedies

- Article 16.11.7 clarifies and expands upon TRIPS obligations, making clear that civil damages, at least in the area of copyright and trademark piracy and counterfeiting, must actually compensate the right holder for the damages suffered, including payment of the infringer's profits. Most important, it requires the courts to consider use of the suggested retail price of the legitimate product being infringed upon as a measure of the loss to the right holder;
- Article 16.11.8 establishes a system of statutory (or "preestablished") damages – only an optional remedy in the TRIPS agreement. The difficulty of proving "actual" damages in a piracy or counterfeiting case is well known; the U.S. has long had a statutory damages regime. It is a major goal of industry to see an effective statutory damages regime established in every country. The CFTA, like the Singapore FTA, the Morocco, Bahrain and Oman FTAs and Peru TPA (and the laws of many countries including the U.S. -- but unlike the CAFTA-DR -- permits the right holder to elect between statutory damages and proving actual damages. CAFTA-DR left it to the judiciary to determine when and if to use it. The Bahrain and Morocco FTA language is superior even to the CFTA which, like CAFTA-DR, provides language allowing judicial discretion, which could be subject to abuse. We also note that the text retains the language in other FTAs that statutory damages should be "in an amount sufficient to constitute a deterrent to further infringements," but, unlike CAFTA-DR, it is not conditioned on the judge's exercise of discretion. It is a reference to the deterrence standard that is one of the key elements of an effective enforcement system. ITAC-15 is disappointed, however that the language in the Morocco and Oman FTAs providing judicial authorities the authority to award damages in patent cases of up to three times actual damages, except in exceptional circumstances, is missing from the CTPA. Industry is also disappointed that there is an 18 month transition period to implement this important obligation; a period, however, which is shorter than the three year period provided in CAFTA-DR;
- Articles 16.11.9-11 elaborate on many discretionary remedies from the TRIPS Agreement. Article 16.11.9 provides for mandatory payment (except in exceptional circumstances) of reasonable attorney's fees to the prevailing party, but ITAC-15 is disappointed that this remedy was not extended to patent cases as in the CAFTA-DR and to Morocco, Bahrain and Oman FTAs; Article 16.11.10 makes clear the right of judicial authorities to order the seizure of suspected infringing goods, implements and other materials (and ITAC-15 hopes that this obligation will be interpreted to authorize courts to require the police to seize all infringing goods found at a site, even if not named specifically in a warrant). This provision only mandates the seizure of documentary evidence in trademark counterfeiting cases and ITAC-15 believes this obligation should extend to copyright piracy as well. Article 16.11.11 gives the authority to the court to order the destruction of infringing goods "at the right holder's request," a welcome improvement over the CAFTA-DR text which leaves this to the judge's discretion. Unlike the Chile FTA and CAFTA-DR, this text does not contain

the right in certain circumstances to donate trademarked goods to charity where they might find their way back into the stream of commerce. Unlike the Chile FTA, this article mandates the destruction of implements used in the infringement and permits disposal outside the channels of commerce only in “exceptional circumstances.” The language contains no qualifiers permitting additional judicial discretion, as in the CAFTA and Chile FTA which could be subject to abuse. ITAC-15 prefers this and the Singapore, Morocco, Bahrain and Oman formulation.

- Articles 16.11.12 and 13 mandate that courts have the authority to order the infringer and third parties to identify other accomplices, suppliers and other third parties involved in the infringement at the risk of fines or imprisonment for failure to do so. The latter is particularly critical given the role that organized crime plays in today’s piracy and counterfeiting.
- Article 16.11.15 extends the panoply of civil remedies to circumventing technological protection measures and tampering with rights management information including the use of statutory damages at the election of the right holder. Unfortunately, the CTPA text carried forward the inferior CAFTA-DR language providing the court with discretion to order destruction, rather than including the unconditional language in the Morocco, Bahrain and Oman FTA. ITAC-15 is also disappointed that the application of civil (as well as criminal) remedies to violations of the TPMs provisions, as regards the prohibition against circumvention devices and services, and the RMI provisions, are subject to a transition period of three years and thirty months, respectively. We believe that these obligations are strongly in Colombia’s interest and we urge them to enforce them against violators upon entry into force of the agreement.
- Article 16.11.17 adds that, if expert witnesses are required by the court and must be paid for by the right holder, the charges should be related to the work performed, and not deter recourse to such relief. This seeks to remedy abuses found in many countries.

Provisional Measures

- Article 16.11.18 reflects the TRIPS requirement for *ex parte* provisional relief in civil cases and, unlike the preferred provision in the Morocco, Bahrain and Oman FTAs requiring that such orders be issued “within ten days, except in exceptional circumstances,” the CTPA provision returns to the CAFTA-DR text mandating only that such requests be dealt with “expeditiously according to its rules of judicial procedure.” Industry prefers the “ten day” formulation. Quick *ex parte* search orders are critical to meaningful civil enforcement against infringements.
- Article 16.11.19 again builds upon TRIPS by providing that any security required of the plaintiff be “reasonable” and not “deter” recourse to these procedures (experience in many countries is that the right to require bonds and security has been abused).

Special Requirements Related to Border Measures

- Article 16.11.20 permits the competent authorities to require information from right holders seeking border measures sufficient to establish a *prima facie* case of infringement. The text does, however, indicate that this additional information should be what can reasonably be expected to be known to the right holder. Industry hopes that the inclusion of this language will prevent unreasonable information requests that render the provisions impracticable. ITAC-15 is disappointed, however, that the additional language, appearing in the Morocco, Bahrain and Oman FTAs and making

it explicit that upon acceptance of applications for border measures, enforcement measures would be effective for a minimum of one year, conditioned on the relevant intellectual property still having effect for that period of time, is, like in CAFTA-DR, absent from the CTPA text;

- Article 16.11.22 requires that the competent authorities have the power to order the infringers to provide the right holder with information regarding the consignee, consignor and importer of infringing goods. ITAC-15 welcomes this provision (also in the Singapore, Chile, Morocco, Bahrain and Oman FTAs and Peru TPA) and notes that TRIPS does not require that the competent authorities have this power;
- Article 16.11.23 streamlines the border enforcement measures and clarifies and improves border enforcement powers found in the TRIPS Agreement. First, the Parties must provide for enforcement at the border without any formal complaint filing requirements. Second, the competent authorities must have the authority to initiate actions *ex officio* relating to suspect shipments being imported, exported or moving in-transit. Unfortunately, Colombia was given a transition period of one year after entry into force to implement the obligations in this provision. We note, however, that this period is shorter than that provided in CAFTA-DR and the Chile FTA;
- Article 16.11.24 outlines the treatment and disposition of pirate and counterfeit goods found by the authorities at the border. Unlike TRIPS, this agreement outlines these measures and indicates that counterfeit and pirate goods shall be destroyed except in exceptional circumstances. It strengthens the disposition requirements for trademark counterfeit goods, and while it clearly indicates that the simple removal of unlawfully affixed trademarks is not sufficient to permit release into channels of commerce and that, in no event, shall authorities permit export of counterfeit or pirated goods, the language follows the CAFTA-DR text which permits in certain cases the donation of counterfeit trademark goods to charity. Such authority risks that the charitable organization will return the goods into the channels of commerce and ITAC-15 prefers the formulation in the Morocco, Bahrain and Oman FTAs, where such authority is not provided.

Criminal Procedures and Remedies

- Article 16.11.26 again builds on the TRIPS provisions in this area. For the copyright and trademark industries, criminal remedies and effective border measures are key to reducing losses and piracy rates globally. The critical concept of piracy or counterfeiting “on a commercial scale” is clarified to include infringing acts without a profit-motive or commercial purpose but which cause damage “on a commercial scale” – the proper reading of this term in TRIPS. Thus, even where the person posting infringing material on the Internet is not charging the downloader/viewer/listener, such acts cause great damage to those right holders and must be covered. The text in Article 16.11.26 includes this concept (as does the NET Act in the U.S.).
- Article 16.11.27(a) seeks to reach one of the most serious problems for right holders globally – the failure of judges or other enforcement authorities to actually impose penalties at a level that effectively deters further infringements. The text is more specific with respect to the remedies that must be available; it provides that the penalties in the law simply be “sufficient to provide a deterrent to future infringement.” The text deviates somewhat from the CAFTA-DR and Morocco, Bahrain and Oman text by not referring explicitly to the creation of “policies and guidelines” (including sentencing guidelines) that encourage such imposition of deterrent penalties. The

CTPA language merely mentions that Colombia will “encourage” the judicial authorities to impose such penalties. Despite this omitted language, we urge Colombia to adopt sentencing guidelines that are tailored to ensure deterrence and industry would prefer even stronger language in this area;

- Article 16.11.27(b) deals with the endemic problem of the seizure by authorities of only product and implements named in a search order even though other clearly infringing products are at the search site. The language agreed upon is still somewhat limited and requires seizure of all products within the “general categories” in the search order. Search orders in many countries are written too narrowly and it remains ambiguous whether this provision would require seizure of pirate videogames, music, software or books found in a search requested by the movie industry looking for pirate DVDs, videos etc. It is incumbent upon right holders, judges and the governments implementing this provision to permit broad search orders that facilitate seizures of all pirate and counterfeit material found at a raid site. The provision also requires the seizure of implements used in committing the offense, and the seizure of assets and documentary evidence without qualification. This mirrors the CAFTA-DR, Morocco, Bahrain and Oman texts and is an advance on a weaker Chile FTA text;
- Article 16.11.27(c) expands on TRIPS and requires destruction of counterfeit and pirated goods, assets traceable to the infringing activity and, with respect to copyright piracy, any implements or other materials used in accomplishing the infringement. However, in view of the magnitude of product counterfeiting, industry prefers that the destruction of materials and implements be extended to those used for production of counterfeit trademarked products;
- ITAC-15 is disappointed that a provision appearing in the Oman FTA text (which would be Article 16.11.27(e) in the PTPA text) has been omitted in the CTPA. The Oman FTA provision requires the criminal authorities to keep an inventory of goods and implements proposed to be destroyed, and to permit delay of such destruction, to permit using such evidence in civil or administrative cases. This adds further deterrence to the enforcement system.
- Article 16.11.27(d) requires the appropriate authorities to act *ex officio* against piracy and counterfeiting. Many countries require a right holder to submit a formal complaint. This requirement is a major enforcement impediment and should be eliminated on a global basis. All countries should recognize that piracy and counterfeiting are “public” crimes. It is hoped that this provision will be read to be an explicit mandate for criminal authorities to so act.
- Article 16.11.28 adds an additional offense, not found in TRIPS, making it a crime to deal in counterfeit labels and documentation for certain products. This is also a positive advance, though we note that Colombia has a one year transition from entry into force to implement this obligation.

Limitations on Liability of Service Providers

- Article 16.11.29 governs the key issue of the liability of, and limitations on the liability of, service providers that are involved in the hosting and transmission of infringing material over their facilities. The result of the negotiation follows what was achieved in Singapore, Chile, CAFTA-DR, Australia, Morocco, Bahrain and Oman

and is an excellent set of provisions that establishes the basic functional equivalent of the concepts and provisions embodied in U.S. law as found in Section 512 of the DMCA. We commend the negotiators for obtaining these specific obligations. ITAC-15 believes it is essential that these provisions be replicated in other FTAs, if U.S. protected material is to find its way safely into global e-commerce to the great benefit of the U.S. economy and to U.S. jobs. Our major concern is to ensure that in implementing the “limitations” on liability provided in the agreement, Colombia also ensures that its law fully implements the obligation to have in place a system of potential liability of ISPs as to which such limitations can apply, as is envisioned in the first sentence of Article 16.11.29. Having in place a system of potential liability of ISPs is the key to ensuring the cooperation that is essential to making the Internet safe for the transmission of protected copyright products. ITAC-15 is also pleased that the two countries have agreed, in a side letter, to a “notice and takedown” system modeled after the statutory system contained in the DMCA. However, ITAC-15 is disappointed that Colombia has sought and obtained a one year transition period beyond entry into force to implement this provision.

Transitional Provisions

We have highlighted the various transition provisions in Article 16.13 in connection with the discussion of each provision in this report. While ITAC-15 strongly prefers the “no transition” scheme of the Oman FTA, we are pleased that many of the transition periods fall short of those provided many of the countries in the CAFTA-DR and in the Chile FTA.

VII. Membership of the ITAC-15 Committee

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