

## NON-PAPER ON INTELLECTUAL PROPERTY RIGHTS PROTECTION

### 1. G-8 Initiative to Strengthen Enforcement against Cross-Border Counterfeiting and Piracy:

Past G-8 initiatives have enhanced the global response to counterfeiting and piracy and supported efforts to stem international trade in counterfeit and pirated goods. Further steps in this area could include:

- Creating an integrated warning system by which relevant authorities can rapidly share information about shipments of potentially infringing goods or other relevant law enforcement information, building on existing coordination efforts, including to exclude the import of such goods.
- G-8 countries could pledge to strengthen their legal and regulatory regimes by:
  - Ensuring that criminal penalties are available against importers, exporters, and trans-shippers of counterfeit goods. The Anti-Counterfeiting Trade Agreement (ACTA) covers only importers and exporters;
  - Ensuring that relevant authorities have the ability to seize and destroy counterfeit products that are imported, exported, and transshipped through their territories;
  - Enhancing penalties for counterfeit offenses, including a pledge to provide for enhanced penalties in cases where counterfeiting threatens consumer health or safety.

### 2. G8 Initiative to Support Voluntary Best Practices For Securing Global Supply Chains:

There have been a number of efforts to facilitate practical and efficient voluntary actions by the private sector to reduce piracy and counterfeiting. Recent examples include the development of Payment Processor Best Practices, whereby American Express, Discover, MasterCard, Paypal, and Visa have worked to provide a mechanism for terminating payment services to vendors that persist in intentionally selling counterfeit products.

G-8 countries could amplify the impact of their efforts by facilitating the establishment of business-friendly voluntary best practices for global supply chains that prevent the spread of counterfeit goods that threaten the health and safety of consumers.

Potential components of this initiative could include:

- Promoting the development of international private sector voluntary best practices. These best practices could incorporate information sharing amongst market leaders involved in all aspects of cross-border supply chains – including, shippers, payment

processors, ad brokers, advertisers, and similar stakeholders to ensure that relevant parties are informed if they may be supporting transactions involving counterfeit merchandise. Other relevant voluntary actions could also be included, such as blocking credit card payments to sellers of counterfeit merchandise. Furthermore, these practices would encourage the leveraging of this information into an appropriate governmental action that could prevent the distribution of this merchandise, or at least ensure that the proper regulatory or law enforcement agencies are properly notified. Similarly, the G-8 could work with the private sector to develop mechanisms for ensuring that they are not incorporating counterfeit goods into their supply chains.

- Securing government procurement supply chains. As part of leading by example, G8 countries could also convene working groups amongst their relevant governmental agencies to examine ways to ensure that G8 government agencies can ensure supply chain integrity and ensure that they do not inadvertently purchase and use counterfeit goods. These efforts could include the development of best practices to prevent counterfeit products from entering the procurement supply chain.

### **3. G8 Initiative to Promote Pharmaceutical Drug Safety:**

Reports of counterfeit drugs being found in U.S. supply chains are now a frequent occurrence. These drugs pose grave threats to public health. Increased access to the Internet, coupled with new methods of manufacturing and distributing illegal pharmaceuticals have created new challenges to safeguarding the legitimate supply chain. Given these transactions chains often cross national borders, increased cross-border vigilance and cooperation is needed to effectively combat this problem.

G8 countries could encourage companies within their borders to work with their regulatory and law enforcement agencies to develop new pathways for sharing information with each other and consumers, and take concrete and, where appropriate, coordinated action against those who would sell counterfeit, misbranded, or adulterated medications.

This international effort would be modeled on initiatives such as the U.S.-based Center for Safe Internet Pharmacies (CSIP) initiative. (CSIP is a non-profit organization formed in 2011 by various U.S. market leaders, including American Express, Discover, eNom, GoDaddy, Google, MasterCard, Microsoft (Bing), Network Solutions, PayPal, Visa and Yahoo!, to combat illegal online pharmacies through education and voluntary enforcement.)

G8 members could pledge as governments to work together to share information about counterfeit, misbranded, or adulterated medications and fight those threats. This would include formation of a coalition that works to detect and prevent emerging threats through enhanced civil regulatory efforts. The G8 governments would also pledge to spearhead data collection on incidents of counterfeit, misbranded, or adulterated medications throughout the world, in order to support information-driven prevention and detection.

As part of this initiative, G8 countries could:

- Enhance consumer awareness and education regarding counterfeit medicines. G8 countries could work to enhance their consumer awareness efforts concerning the dangers of fake medication, and make information on cross-border fake online pharmacies available to consumers.

- Promoting voluntary cooperative efforts to tackle the proliferation of illegal Internet pharmacies. G8 countries could pledge to facilitate voluntary cooperative efforts among businesses in the pharmaceutical supply chain to stem the flow of counterfeit medicines. The voluntary industry actions could include options ranging from the financial (e.g. blocking credit card payments), to the physical (e.g., shippers refusing transportation), to the virtual (e.g., taking appropriate action against unlawful websites). In encouraging this activity, the G8 governments would commit to pursuing appropriate policy and legal tools at their disposal -- from formal dialogue with their regulatory and law enforcement bodies to the facilitation of strengthened cooperative memoranda -- especially in cases involving cross-border shipments.
  
- Committing to strengthen legal tools to combat counterfeit drug supply chains G8 countries could also pledge to work to strengthen their legal and regulatory regimes by:
  - Encouraging importers and manufacturers to notify national regulatory agencies when counterfeit drugs or medical devices are discovered;
  
  - Promoting the adoption of track and trace systems for pharmaceuticals and related products; and
  
  - Stiffening penalties for counterfeit drug offenses.