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**1 ARTICLE 61**

**1.1 Text of Article 61**

**61**

Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall includeC /0(u)-1 hal(e)2 (C /0y33.1 (n)-1.1 )7 (h)2 (r)6.4 (cC )7 (h0 s)7t(or

most blatant and egregious acts of infringement. This view must inform the interpretation of Article 61."<sup>2</sup>

3. The Panel in *China – Intellectual Property Rights* also clarified that Article 61 does not address issues of "evidence" or "proceedings":

"In any event, the Panel considers that the United States' allegation regarding physical evidence relates to the evidence sufficient to initiate a criminal prosecution more than to the definition of the crime itself. Article 61 of the TRIPS Agreement does not address evidence. The first sentence of Article 61 addresses the infringing activity in respect of which the minimum standards must apply. Evidence, including in criminal procedures, is mentioned in Article 41.3, but that provision has no bearing on this claim.

Section 5 of Part III of the TRIPS Agreement, on criminal procedures, can be contrasted with Section 2, on civil and administrative procedures and remedies, which makes mention of evidence in Article 42 and contains a dedicated provision addressing certain specific issues regarding



and 'copyright infringement'. They are similar to the terms 'counterfeit trademark goods' and 'pirated copyright goods' which are defined for the purposes of the TRIPS Agreement<sup>8</sup> in footnote 14 ...

...

The terms used in the first sentence of Article 61 denote classes of acts or activity whilst the terms used in footnote 14 denote classes of goods only. This reflects the fact that Article 61 provides for criminal enforcement against infringing acts whilst Section 4 of Part III (in which the terms defined in footnote 14 are used) provides for enforcement at the border against infringing goods. The definitions in footnote 14 also refer to the law of the country of 'importation' whilst Article 61 relates to the law of the Member to which the obligation applies – generally speaking, the law of the Member where the infringing act occurs. Subject to these observations, the Panel considers that the definitions in footnote 14 are relevant in understanding the terms used in Article 61."<sup>9</sup>

### 1.3.3 "on a commercial scale"

8. In *China – Intellectual Property Rights*, based on the evidence of presented to it, the Panel clarified the meaning of the term "on a commercial scale" in Article 51 as follows:

"[A] 'commercial scale' is the magnitude or extent of typical or usual commercial activity. Therefore, counterfeiting or piracy 'on a commercial scale' refers to counterfeiting or piracy carried on at the magnitude or extent of typical or usual commercial activity with respect to a given product in a given market. The magnitude or extent(ou)-1 (n)12.4 (te)2 (r)6.3 (f)11.3 (e)15.4 (iti)13.3 (ndg(or)6.3 ( )014( w)10.6 (ith)-6)ko2 5EM



copyright piracy, that Member has acted inconsistently with Article 61 in relation to the manner in which its authorities have applied the law."<sup>16</sup>

13. The Panel considered that the interpretation above was consistent with the ordinary meaning of the verb "apply", the context surrounding this term, and the object and purpose of the TRIPS Agreement.<sup>17</sup>

14. Beginning with the ordinary meaning of this verb, the Panel considered that the definition of the verb "apply" would suggest that Members have an obligation to put criminal procedures and penalties into practical operation.<sup>18</sup>

15. As to the context, the Panel considered that the phrase "to be applied" can further be defined in relation to relevant phrases in Articles 41.1, 42, 44, 45, and 46 of the TRIPS Agreement:

"It is important to consider Article 61 in the context of the whole of the TRIPS Agreement and the distinctions that it draws. The Panel agrees with Qatar that the phrase 'to be applied' in Article 61 can be contrasted with the use of the phrase 'shall make available' in Article 42.<sup>19</sup> The phrase can also be contrasted with the phrase 'shall have the authority' in Articles 44, 45 and 46 of the TRIPS Agreement, and with the more general phrase, in Article 41.1, that requires Members to ensure that enforcement procedures as specified in Part III 'are available'. This difference in terminology, including in particular the difference in terminology between Article 61 ('shall provide for ... to be applied') and Article 42 ('shall make available') reflects and is explained by an important structural difference between civil and criminal procedures. While civil procedures are designed to provide for the enforcement of intellectual property rights, criminal procedures are designed to provide for the enforcement of criminal law." (WT/DS17/10, para. 7.15)

enforcement' of trade-related IP rights, as reflected in subparagraph (c) of the second recital of the preamble."<sup>22</sup>

17. After having examined the positions of the parties and third parties with respect to the obligation in Article 61 to "provide for criminal procedures and penalties to be applied", the Panel





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