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Chair

Mr. David Sweet

Standing Committee on Industry, Science and Technology

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• (1530)

[English]

The Chair (Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC)): Good afternoon, ladies and gentlemen. Welcome to the second meeting of the Standing Committee on Industry, Science and Technology for this session.

Before us today we have the Honourable James Moore, the Minister of Industry. We also have, from the Department of Industry, John Knuble, deputy minister, and Paul Halucha, director general of the marketplace framework policy branch.

Welcome, gentlemen.

Also, from the Canada Border Services Agency, we have Martin Bolduc, vice-president, operations branch. From the Royal Canadian Mounted Police, we have Superintendent Eric Slinn, director general, support services for federal policing.

We will get right to the witnesses' statements now. We'll be going to the minister first, but let me say for some new members of the committee that we end up in rooms with different clocks at different settings so we'll always take the BlackBerry time, because all of us are synchronized, due to the House of Commons, to the time we operate by. I just wanted to clear that up in case you were looking over my shoulder at the clock behind me.

Now we'll go to the minister's comments. Of course, ladies and gentlemen, you know how this will go: the witnesses will give the testimony and then we'll go to the usual rounds of rotations.

Minister, please go ahead with your comments.

Hon. James Moore (Minister of Industry): Thank you, Mr. Chairman.

Thank you, colleagues.

First, congratulations to the new critics from the opposition, certainly, but also to the new government members. As you know, this committee, over the sweep of the past many years in this place, has been known as a committee that tackles some of the more challenging and in-depth policy questions of the day. To have the leaders of all our respective parties entrust you with the tasks of some of this legislation, which can be pretty complex and technical, is a testament to your abilities. I look forward to working with you both today and beyond on a number of matters that are before us.

Also, having read the testimony that was offered before the committee, before the new members were brought to this committee, and the debate in the House of Commons, I think there's a

commonality of view that something needs to be done about this piece of legislation. There's general support for this legislation, though I know the opposition is looking at possibly bringing forward some amendments, and the government members have expressed an openness to accepting some amendments. Hopefully, this will be a good beginning to a policy process that will serve Canadians well.

Again, Mr. Chair, I want to thank you for inviting me to appear to speak about Bill C-8, the Combating Counterfeit Products Act, and our government's work to stop pirated goods from entering the Canadian economy.

As the committee well knows, our government worked hard to modernize Canada's intellectual property laws in order to bring them into the 21st century. We promised to modernize the Copyright Act, and our government delivered on that promise. We introduced and passed a bill that balanced the needs of creators with those of consumers, but this was only part of the solution that was needed.

[Translation]

Globalization continues to open up new markets and expand trade around the world. As you know, Canada recently signed the most comprehensive trade agreement in history with the European Union that will provide preferential market access to more than 500 million consumers and to the union's annual \$17 billion in economic activity.

Technology continues to change and has revolutionized the way we conduct business, and that has also made trade faster and more sophisticated. The world is quickly realizing the importance of modern, responsive and effective laws to ensure sustained economic growth and job creation.

[English]

We are no longer simply trading goods and resources with a few close allies on our continent. In today's modern economy, we are trading physical goods and intellectual property with more countries, more people, and more often. With this increased trade comes great opportunity and reward, but in trying to maximize these opportunities, we cannot ignore increased risks, namely, those presented by the theft and resale of Canadian intellectual property. We have taken the necessary steps through the Copyright Modernization Act to bring our domestic—and that's of course the key word, "domestic"—copyright laws in line with international standards.

But as the committee well knows, having studied this issue on several occasions, work still remains to be done in ensuring that goods which violate the Canadian intellectual property laws not be allowed into this country for commercial resale. Not only do such goods undermine the business success of legitimate Canadian companies, but they also represent a threat to the health and well-being of our families.

I have here, by the way, a number of examples of counterfeit goods that have been captured coming into Canada, such as counterfeit batteries, counterfeit clothes, a counterfeit Sidney Crosby Olympic jersey, and a number of items that cross boundaries, not only in terms of national identity and the hollowing out of the intellectual property of Canadian companies, but also in terms of being items that bring with them a number of public safety concerns that need to be taken into account, such as circuit breakers, batteries, extension cords, and so on, that are counterfeit and would not meet Canadian standards for sale.

•(1535)

[Translation]

This bill will amend the Trade-marks Act and the Copyright Act, and will give rights holders, border service officers and law enforcement the tools they need to work together to directly confront the growing threat of international counterfeiting and piracy.

[English]

In today's world, intellectual property is at constant risk. Counterfeit and pirated goods are increasingly finding their way through our borders and into the Canadian marketplace. The retail value of counterfeit goods seized by the RCMP has steadily increased, from \$7.6 million in 2005 to \$38 million in 2012. That is a 400% increase just in the past few years, and that's money and jobs being taken away from Canadians.

I'll give you some examples of how counterfeit goods are affecting Canadians. First, counterfeit goods threaten the safety of Canadians. We are not only talking about counterfeit Gucci bags sold on the street, but also how these pirated goods can be real threats to our daily lives. There have been many reports of counterfeit airbags, counterfeit toothpaste, children's toys, as well as food and beverages, that put the health and safety of our families at risk.

Second, counterfeit goods have often been linked with serious organized crime. Criminal groups use the profits from pirated goods to fund criminal activities, about which we all are very concerned.

Third, counterfeit and pirated goods are a threat to economic growth and jobs in Canada. When counterfeiters steal intellectual property for commercial purposes, it is Canadian businesses that are most affected. This is not only through the lost revenue from products gone unsold, but also through the damage done to brand integrity. When criminals bring counterfeit and pirated goods into this country, they are looking to make a quick profit, and they can very easily tarnish the strong reputations forged by quality Canadian brands.

[Translation]

Take, for example, Canada Goose, which has built a reputation as a world leading manufacturer of high-quality winter wear. Here is a company that has spent valuable time, energy and money to create a brand that is known the world over and is synonymous with quality. That being said, last year, Canada Goose's branding took a huge hit from subpar knock-offs coming into Canada.

[English]

As you can see, Mr. Chairman, it's not only our government that knows actions need to be taken. Stakeholders have overwhelmingly offered their support for the legislation we are here to discuss. For example, the vice-president of global marketing at Canada Goose and co-chair of the Canadian Intellectual Property Council said that "Canadians have long been victims to the illicit counterfeit trade" and the Combating Counterfeit Products Act is "welcome news for consumers, businesses and retailers alike".

Food & Consumer Products of Canada said:

Counterfeit goods are a very real threat to the health and safety of Canadians. Their presence in the marketplace poses a risk to Canadians, hurts our economy... our members applaud the Harper government for taking strong and decisive action to address counterfeit...

Canadian Manufacturers & Exporters said, "We congratulate the government on taking action to improve the business conditions for companies investing and creating jobs right here in our communities."

The need for the bill is quite clear. In order to help stop the spread of counterfeiting and piracy, this legislation gives Canadian rights holders and law enforcement agencies the tools they require to confront this threat at the border and to take action against those who profit from the commercial trade of counterfeit and pirated goods.

[Translation]

Specifically, the bill will give the authority to border officers to detain suspected counterfeit shipments and notify rights holders of the detention, whether the suspected goods are being imported or exported.

[English]

It will also create a new process called a request for assistance, which will allow rights holders to work with border officers and request that they detain commercial shipments suspected of containing counterfeit goods. In addition, this bill will provide rights holders with new tools to protect their own intellectual property rights and the ability to take legal recourse against infringers. It adds new civil causes of action that cover manufacturing, possessing, importing, exporting and attempting to export, counterfeit goods for commercial purposes. This will give rights holders a chance to stop infringers before the goods in question are sold in the market.

[Translation]

These changes are necessary and overdue. But I want to make it clear that this bill is intended to target only those who violate intellectual property with the intention to make money from it; personal use of counterfeit goods will not be targeted.

• (1540)

[English]

This bill was created to respond to the concerns of consumers and stakeholders and to ensure the security of our economy. Ensuring the health and safety of Canadians and helping stop criminal activity profiting from this trade are central to this legislation as well.

Mr. Chair, I want to thank the committee again for taking the time to study this important bill. I would urge all members of the committee to return this bill to the House as soon as possible so that we can ensure Canadian rights holders, customs officers, and law enforcement agencies have the tools they need to fight counterfeiting and piracy domestically at our borders.

Thank you very much.

The Chair: Thank you very much, Minister.

Are there other supplementary opening remarks from any of the other witnesses?

Hon. James Moore: No, Mr. Chairman, but I would point out that Minister Blaney, the Minister of Public Safety, was to be here as well. He was called away to another meeting and couldn't attend, but we have two folks here from his department who are prepared to answer any of the technical questions on the enforcement side. Of course, I have officials here from the Department of Industry, who will answer other questions as well.

The Chair: Thank you very much for that clarification, Minister.

We'll go to our first round of questioning, with seven minutes per member.

Mr. Lake.

Hon. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): Thank you, Mr. Chair.

Thank you, Minister, for coming here today.

I think I'm going to start on a broad level, if I could. Obviously, in the Speech from the Throne, Canadians will have had the opportunity to see the government's focus on consumer issues. Could you elaborate a little more on how this bill might align with that focus on consumers?

Hon. James Moore: Sure. I think it's self-evident that not only do we want to empower consumers. We say very often that the best way to empower consumers in our society is to give them more power, money, and control in the choices about how they want to live their lives. We believe in doing that through tax relief, economic freedom, and personal responsibility, but at the same protecting consumers from those who would do them harm.

As I say, we have a number of examples here of products that would do consumers harm, particularly when they are presented in the marketplace and look absolutely identical to the parallel products that are put forward by the actual manufacturers of these products. As an example, as the former minister for the Olympics, I think anybody passing through a store would see this jersey here and think this looks exactly as it ought to. It actually feels the same. The fabric feels the same, the numbers are twill, and everything looks as it

ought to, but these are counterfeit goods that are bogus and that are in our marketplace and ripping off consumers.

They're also taking great Canadian brands and maligning them. It's not only a problem for the sake of national identity, I think, but when companies like Canada Goose and others have their products ripped off, and people take these products home and use them, and they malfunction, they tell their friends and their friends' friends not to buy those products because they are defective. It hurts the economy.

Certainly, in protecting consumers, we've heard stories in the past, some of them from Canada and some from other jurisdictions around the world, of unsafe toothpaste and of toys that have lead in them. These are things that are self-evident we need to fight against, and this is why we need legislation like what is before you: so those whose rights are being violated have recourse in order to protect intellectual property that is being abused in the marketplace.

As an aspect of the broader consumer agenda, I think the benefits of the legislation are self-evident.

Hon. Mike Lake: All right.

You mentioned that of course as the former heritage minister you were quite involved in the copyright legislation. Maybe you could speak a little bit to, first of all, the impact that legislation has had in this area, and maybe to how this legislation complements the work that's been done on the Copyright Modernization Act.

Hon. James Moore: Of course, the Copyright Modernization Act, which spanned two Parliaments, the previous Parliament and the current Parliament, and which we adopted after having considered a great many amendments from opposition parties—some of which were included in the legislation, I should point out as well—was also arrived at after a great deal of consultation. You will remember that when Minister Clement was the Minister of Industry, you were the parliamentary secretary to him at the time, I was the Minister of Heritage, and we went across the country, consulted with Canadians, and drew ideas on how to best address the need for modernized copyright legislation. We arrived at a pretty effective, if I might say so, piece of legislation that protects Canadian intellectual property rights.

This legislation is not about the domestic aspect of intellectual property protection, but the international, which is to say, empowering the CBSA and the RCMP with the tools they need to actually prosecute, and also empowering rights holders with the mechanisms they require to trigger action at a border when they know their goods are being pirated and counterfeited and their intellectual property is being betrayed in the marketplace. This is an obvious follow-through. We have the domestic legislation and its teeth and its infrastructure to protect intellectual property domestically. This is about protecting intellectual property on an international scale.

•(1545)

Hon. Mike Lake: In your opening statement—this question may actually be more for the officials in getting into the details—you talked about the increase from \$7.6 million in 2005 to \$38 million in 2012. That's a pretty significant increase. Can you or someone elaborate and give us some idea of where that increase is coming from and what particular areas of the economy would be contributing to that increase? Maybe as a follow-up to that, if there's time, does that sort of profile look different in different parts of the world in terms of where counterfeit would have its impact?

Superintendent Eric Slinn (Director General, Support Services for Federal Policing, Royal Canadian Mounted Police): I can speak to that.

You're quite right: there has been an increase since 2005. As to the types of products we're seeing, they essentially run the gamut, although over the last number of years apparel and footwear seem to be the most prolific. About 49% is the statistic that we have on our public website.

Hon. Mike Lake: In other parts of the world, do they face the same problem? In terms of recipient countries, I imagine it's more of a problem in the developed world than it is in the developing world, in a sense.

Supt Eric Slinn: I can't speak to other countries, other than perhaps the United States, which faces very much the same situation that we do. I can't speak specifically to situations in other countries.

Hon. Mike Lake: Finally, and it might be coming back to you again here, the opening statement says:

In order to help stop the spread of counterfeiting and piracy, this legislation gives Canadian rights holders and law enforcement agencies the tools they require to confront this threat...

What's the difference between the tools you have now and the tools you require?

Supt Eric Slinn: With our colleagues at CBSA, now we have that extra tool we can use, controlled deliveries, which is an effective law enforcement tool for us to carry out goods that are potentially going to organized crime figures or individuals who are prolifically involved in this type of activity.

In one sense, it brings us closer to our colleagues at CBSA, and I think we can produce greater results.

It also gives us flexibility. In the law enforcement world we're in today, organized crime is extremely diverse; it is not singular. They don't just look at drugs; they're looking at multiple pieces of contraband.

This gives the RCMP the opportunity to be much more flexible in how we prioritize our operations and target those organized crime groups for greater effect and disruption.

The Chair: Thank you very much.

That's all the time for that question round.

Now over to Madam Charlton for seven minutes.

Ms. Chris Charlton (Hamilton Mountain, NDP): Thank you very much, Chair.

Thank you, Minister, for spending some time with us today. You were quite right in your opening remarks that we do indeed share your concerns about counterfeiting and piracy. We're pleased we have the bill before us today so we can look at it in more detail and make sure we are actually addressing the concerns that have been raised by both businesses and consumers. Of course, it's a particular concern for us when we're talking about matters that affect the health and safety of Canadians.

In my questions, I want to focus a bit on the enforcement side.

First of all, I think I'm correct when I say it used to be the courts that made the determination about whether something was counterfeit or was a pirated good, and the courts used to have some difficulty in making that determination from time to time. Now we're taking the courts out of that process, or at least diminishing the courts' role, and we're asking Canada Border Services agents to make that determination.

I wonder if you can tell us a little about the additional training that border officials will receive and what kind of additional resources you'll make available so they can take on this new role. I wonder whether you can also talk a bit about what gives you the confidence that our border officials will be able to make the determinations that the courts have found difficult.

•(1550)

Hon. James Moore: I'll let Mr. Bolduc answer on behalf of Public Safety.

[*Translation*]

Mr. Martin Bolduc (Vice-President, Operations Branch, Canada Border Services Agency): Basically, the bill provides us with an additional tool by creating a system trademark and copyright owners will use to inform us that they own those rights.

Our officers inspect commercial shipments crossing our borders on a daily basis. They can even inspect shipments that contain items likely to be counterfeit. If we believe that the goods could be counterfeit, the bill will make it possible for us to check whether the trademark owner has submitted a request for assistance and to share the samples with the companies so they can seek legal recourse. In addition, the bill will give the Border Services Agency the authority required to detain the shipment while the trademark owner is appearing before the courts, defending their rights.

[*English*]

Ms. Chris Charlton: Thank you very much.

Minister, you know because we've raised it in the House, and we've had conversations elsewhere about this, but border officials are already having a difficult time managing the very serious mandates with which they deal every day, such as stopping illegal weapons and drugs, stopping potentially threatening individuals, and things like that.

I find it difficult to see how this bill will be implemented and how those additional responsibilities will be dealt with, in light of the fact that CBSA is dealing with a \$143-million budget cut from the last budget. Do you plan to reverse those cuts? What other priorities can the border officials now drop because they've got these additional responsibilities?

Can you guarantee that adequate funding will be provided to ensure that the other functions border guards are now performing won't be impacted as a result of the passage of Bill C-8?

Hon. James Moore: You're quite right.

This is an addition of greater responsibility at our borders, but it's an obligation that we think is expected by Canadians. However, through the sweep of our government from 2006 through until today, we have increased overall funding for border security across this country. Yes, recently there was a reduction, but if you look at where we were in 2006 compared to where we are in 2013, and where we'll be, going forward, we have net increased our support for the Border Services Agency's increased hiring. Certainly, this will require new training and new approaches to how they do their job, given the new powers provided in this legislation.

I know that the government would not bring forward this legislation without having consulted with CBSA, the RCMP, and others, to ensure that these new powers wouldn't be offered without the adequate resources to have them realized on the ground. We have done our due diligence in that regard.

On your previous question, John Knuble said he had something else to add.

Mr. John Knuble (Deputy Minister, Department of Industry): Thank you, Minister.

Mr. Chair, I want to emphasize that the role of the CBSA is, of course, strengthened to identify suspicious goods, and now under the Trade-marks Act and the Copyright Act, this can be done across the whole supply chain, which previously was not possible.

Ultimately, and this is my second point, the court decides, as you were suggesting, honourable member, whether the good is counterfeit or not. I want to stress that the courts can and do award compensatory and punitive damages in that context.

Ms. Chris Charlton: Minister, can I just clarify?

I think you said that there will be additional training required for our border agents and that there will be adequate resources. Does that mean you will be reversing some of the cuts, or at least providing some additional resources to CBSA?

Hon. James Moore: They have the resources adequate to effectively put in place this legislation and protect our borders. As I said, we arrived at the budget decisions that we made in consultation with CBSA, in consultation with the RCMP, and others. We put forward legislation that would not in any way diminish their capacity to do what they're already doing, and they have the resources necessary to take on these new responsibilities. These are powers, by the way, that they've requested. The organizations I've mentioned support this legislation, and we have every confidence that the CBSA can fully implement this and protect Canadians with the resources that they have.

• (1555)

Ms. Chris Charlton: So, they have additional responsibilities but a flatline budget.

I'm going to leave it there and move on to something else.

As you know, the government has, or will soon have, the ability to declare which public servants are deemed essential, for the purposes of collective bargaining. Are you anticipating that border guards will be deemed essential?

Hon. James Moore: I don't have any comment on that, but I know that Minister Blaney would be more than glad to appear and discuss that issue with you.

Ms. Chris Charlton: Mr. Chair, can I ask for clarification?

Do I need to introduce a motion to ask Minister Blaney to appear, in light of the Minister's comments, or is he happy to do that?

Hon. James Moore: You can have a motion and invite whoever you want.

Ms. Chris Charlton: Can I move a motion now, or do you need notice for that? How would you like me to proceed?

The Chair: If you want to move a motion, you can. I don't think there's any resistance at all in that regard. I think, just simply, he got called away at a meeting, so we can just reschedule.

Ms. Chris Charlton: In that case, may I move a motion that the committee request Minister Blaney to appear?

The Chair: You sure can. I think you'll find agreement.

Ms. Chris Charlton: That's terrific. Thank you.

The Chair: Now we'll move on to Mr. McColeman, for seven minutes.

Mr. Phil McColeman (Brant, CPC): Thank you, Minister, for being here, and for moving forward on something that we were about to aggressively move forward on. Hopefully, we can expedite this in a way that we can protect the public from such things as you brought today.

I have two lines of questioning. Perhaps it goes to one of the other witnesses here. You held up the circuit breaker; that's my background, it's in construction. From those of you who are currently in the enforcement business, is there a great amount of counterfeit product hitting the market, posing a real safety problem to the building of new construction?

Supt Eric Slinn: I can't speak specifically to the links between counterfeit goods and the construction industry. We're more concerned—and this perhaps goes to the construction industry—with the safety of products right across the gamut. Anything that can potentially harm the public, anything that puts public safety in jeopardy, whether it be construction goods, or apparel, or toothpaste, would be a focus for us, but I can't make those direct linkages for you.

Mr. Phil McColeman: Maybe another way to approach this is to ask this question, which I couldn't help but write down while thinking about this. Could you give us a sense of how deep the investigations go?

The Chair: [*Inaudible—Editor*]...Mr. Knuble as well on the last point.

Mr. Phil McColeman: Oh, I'm sorry. I missed that.

Mr. Knuble.

Mr. John Knubley: I just wanted to address the issue of trends and talk a little more broadly about some of the trends in counterfeiting.

As you all know, counterfeiting used to be confined primarily to luxury goods—I think that's the sense here in Canada and in many countries—handbags, sunglasses, and clothing. While these are certainly still being copied, counterfeiting has expanded into a wide array of industries, including car parts, food and beverages, electrical components, toys, and electronics, to name a few. In short, really all types of goods are being counterfeited today.

I also want to raise the fact that there's a trend away from bulk or container shipments and towards small packets. This is due to e-commerce, electronic commerce, and the counterfeiter's ability to sell directly to customers. That's another trend that seems to be happening as we move forward on this.

Mr. Phil McColeman: That is a good segue into the question I had just asked. Could any of you give us a sense of how deep an investigation goes? It really starts out in a production facility, where the good is “knocked off”, where it's made. Then it moves on to distribution. Someone decides to get involved in distributing this kind of material. That whole chain of events, that value chain, happens. When you've intercepted something, how deep has the investigation been? How much further will it go?

• (1600)

Supt Eric Slinn: It's not unlike any other criminal investigation that we partake in. We go as deep as we can to collect the necessary evidence to bring it before the courts. It would really depend on a host of factors. If the investigation were international in scope we would have to rely on our international partners to obtain evidence. We would have to use the MLAT process. Is it a domestic investigation? What's the product? Are we involved with multiple other agencies? It's a complicated question. But it gets the same attention as any investigation.

If I can link it to organized crime-type investigations, those are much more in-depth; they require more work, and sometimes more resources are required to get into those large-scale organized crime investigations.

Mr. Phil McColeman: Do you work with international police forces and other investigators from around the world in places where these goods are coming from? I would make the presumption that most of these are coming from offshore. Am I correct in assuming that?

Supt Eric Slinn: I think that's fair to say. The RCMP has liaison officers posted around the world. We leverage those liaison officers to build relationships with foreign law enforcement so that we're in a better position to collect the intelligence in support of operations back here at home.

Mr. Phil McColeman: Whenever I cross the border—and I go frequently in and out of the United States—I see the kind of scanning equipment that exists, the new scanning equipment that is in place for our border security, and the enhanced technologies that people have. Do those play a major role in providing you with the tools you need?

Mr. Martin Bolduc: They do. We leverage that technology but also rely on the training we provide our officers in detecting

counterfeit goods. Along with the RCMP we leverage the expertise that is out there from the rights holders and also from other border management organizations in the world that have intellectual property rights legislation. We also build on their expertise.

Mr. Phil McColeman: Just switching gears, if I have time left—

The Chair: You have less than a minute.

Mr. Phil McColeman: Minister, you mentioned that generally stakeholders have been very supportive of this bill coming forward. Can you elaborate a little more on that in terms of specific types of industries? I know that in your comments you made reference to industry associations. Has there been any contact from any one particular sector of our economy that stands out in your mind?

Hon. James Moore: Just this morning, as a matter of fact, I was at a meeting in Toronto with Jayson Myers of the Canadian Manufacturers & Exporters. We were talking about the Canada-Europe trade agreement and then had a side conversation. I said that I was coming here later today, and he was very enthusiastic about it, because it's going to become an increasingly important challenge that we tackle as we go to over a billion people on the planet now with whom we have a liberalized trade agreement.

We've gone from 14 to 42 countries with which we have an FTA now. It's going to be incredibly important that we protect the interests of Canadian businesses and also protect families from those dangerous and counterfeit goods that are coming in from certain parts of the planet and are becoming a source of financial infrastructure for organized crime. All these are real threats and real problems, and they undermine Canadian firms and from time to time jeopardize public safety.

As I said, I have a long list. These are all organizations that represent many individual firms and all these—

The Chair: My apologies, Minister, but we're quite a ways over. I was waiting for you to finish. We have to go on.

Hon. James Moore: Sure, go ahead.

The Chair: I'm sorry about that.

We'll now go on to Madam Sgro for seven minutes.

Hon. Judy Sgro (York West, Lib.): Thank you very much.

Welcome, Minister Moore. It sounds like it's going to be a very interesting time for both of us here. I look forward to working with you on this.

I have a couple of questions.

Run us through the border issue. I've visited and had tours in previous positions that I've had here. I have viewed your ability to X-ray trucks and various things so that you know what the contents are, but you can only do that when a particular signal gives you an idea that something might be coming through.

That happens when we're talking about drugs and smuggling people, but when you're talking about many of the goods that the minister referenced, and other things, it just seems to me that it's going to be an amazingly difficult job without an awful lot more resources. We know the reality of where we are with that issue.

What else are you getting in Bill C-8 that is going to help you to be able to decrease from this \$38 million? If it's \$38 million now, it'll probably be up to \$60 million in another year. What tools do you have now with Bill C-8, if Bill C-8 is passed, that you didn't have before?

• (1605)

Mr. Martin Bolduc: We will rely on intelligence and targeting. In regard to trying to intercept a shipment of illegal drugs, there are a lot of similarities between that and a shipment of counterfeit goods. We will rely on indicators, try to leverage that information, which we do day in, day out on many hundreds of thousands of shipments that we clear at land borders every year....

[*Translation*]

This bill gives us the power to detain those goods, and to contact trademark and copyright owners, so that they can take their case to the courts.

We already have a system in place that makes it possible to target and intercept those shipments. You are entirely correct. If we X-ray a shipment of shirts, we cannot necessarily see whether the shirts are genuine or counterfeit, but we can target and intercept those shipments by using all the indicators.

[*English*]

Hon. Judy Sgro: It clearly sounds like you have quite a significant job ahead of you in order to be able to do what we're talking about here today.

I'll just throw this out. For a lot of the items, when we go into the dollar store—and no disrespect meant to the dollar store, as it's a place that I'm sure we all go to—I'm always very leery of what I buy there. When you look at electric extension cords and so on, they'll have the CCA, but how do we protect consumers from buying fraudulent items like that? What's in Bill C-8? Is there anything in Bill C-8 that's going to do that?

Hon. James Moore: Certainly there are powers, there are penalties. Those whose products are counterfeit and are improperly represented can now be prosecuted. We empower the victims. Penalties are imposed.

This is the regime that was asked for, frankly, by those organizations that represent those firms that are being ripped off. We spoke with them, met with them, and based on the consultations, they came back and said those were the kinds of powers they thought would make the most sense to protect us. Those are the powers that are enumerated in Bill C-8.

Hon. Judy Sgro: Clearly you think that broadening the civil causes of action is going to act as a deterrent on counterfeiting activities?

Hon. James Moore: Certainly, over time you'd have to have some case law to point to and clear examples, but it begins with the imposition of legislation that creates the power that can be exercised.

Hon. Judy Sgro: To go in a different area for a minute, in Bill C-8, some of the issues that I believe have been raised to you, as a minister—and I'm sure to all of us—are with regard to the generic pharmaceutical companies. The word that is in the bill with respect to “distinctiveness” could undermine or eliminate existing case law

to the detriment of pharmacists, patients, and generic pharmaceutical attendants. It has to do with the trademark.

I understand that the industry has been in touch with the minister. I wonder if you have any suggestions that could remedy some of those problems before Bill C-8 is finalized.

• (1610)

Hon. James Moore: The technical explanation from my department is that the new language of the definition aligns with the agreements on Trade-Related Aspects of Intellectual Property Rights, TRIPS, as well as with the case law of the Trade-marks Opposition Board decisions.

The change in the language is to modernize and to bring us in line with other legal expectations.

Hon. Judy Sgro: But do you share the concerns that the generic industry has raised?

Hon. James Moore: We weren't concerned at the point of drafting.

I'm not sure if you want to make more comments about this, John.

Mr. John Knubley: In this regard, building on what the minister has said, again, this change was done in the context of trying to modernize the bill overall.

Specifically with respect to the word “distinctiveness”, really this involves a change from “wares” to “goods”, and trying to ensure that the definition means “inherently capable of distinguishing”, which I gather from a technical perspective is not the case now.

Paul can help me out, but in terms of the industry's concern, we have heard from only one stakeholder, so we're taking that into account.

Mr. Paul Halucha (Director General, Marketplace Framework Policy Branch, Department of Industry): Just to echo both the deputy and the minister, there is no intention to change the definition of “distinctiveness”. It was purely a modernization of the language. “Inherently capable of distinguishing” is viewed as a modern synonym for what the act says now is “distinctive”, which is that “a good is adapted so as to distinguish”.

We looked at jurisprudence and in a number of cases we found over 40 court decisions where the courts had used the new language, “inherently capable of distinguishing” as a way of explaining to modern audiences what the old language meant.

Just to be 100% clear, there was never any intention to change the policy. We've heard from the generic industries what the concerns are, but it is not a change in the policy intent of that language, it's a synonym.

The Chair: Thank you very much, Mr. Halucha and Madam Sgro.

That concludes our seven-minute round. We'll go to our five-minute round now.

We will go to Madam Gallant for five minutes.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Thank you, Mr. Chairman.

My first question is on proposed subsection 44.08 under the subject No Liability. It reads:

Neither Her Majesty nor a customs officer is liable for any loss or damage suffered in relation to the enforcement or application of sections 44.01 to 44.04 and 44.06 because of (a) the detention of copies of a work or other subject-matter...

That is followed by paragraphs (b) and (c).

First, would you explain to me what that means, and then why it's there?

Mr. Paul Halucha: The section basically says that the crown does not have liability if it fails to retain copies of works that are passing through the border. This is a discretionary authority that the government has at the border to stop infringing goods. They say that if they don't stop infringing goods and they move across the border, then there's no crown liability.

Mrs. Cheryl Gallant: So this is not the goods that are seized. It's not the suspicious goods that they aren't responsible for; it's the goods that make it past the border officials.

Secondly, does the enforcement of this bill begin and end at the borders? If counterfeit goods are found on store shelves, are investigations into the origins of these knock-offs permitted under this legislation?

Supt Eric Slinn: From an enforcement standpoint, any complaint we receive we would assess on a priority basis as to whether there's further investigation required.

I guess the short answer is that any investigation has potential. If we know there are counterfeit goods out there, we'll take the complaint and assess the level of enforcement that we'll take.

Mrs. Cheryl Gallant: So it's not just at the border.

Going back to my colleague's question about electrical parts, are the Canada Border Services agents looking for CSA stickers? What are they looking for on electrical components? How would the average consumer, or an electrician for that matter, know if they had an inauthentic part?

•(1615)

Mr. Martin Bolduc: What we will do between the time this bill gets royal assent and coming into force is to work with the industry to try to develop that training guide to help our officers detect and interdict these goods.

The industry has the ability, the expertise, and we will leverage that into what will essentially become the training package for our front line vis-à-vis those new responsibilities. This will need to be built over time.

Mrs. Cheryl Gallant: Part of this is about consumer awareness. Is it the role of your organization to increase awareness on the part of the general public as to what is or is not a knock-off or counterfeited article?

Mr. Martin Bolduc: It's not the role of the CBSA, but I think working in partnership with colleagues from the RCMP and Industry we can use what we see at the border to feed into—

Mr. John Knubley: I think specifically the Canadian Intellectual Property Office, which is part of the Department of Industry, would be undertaking an education initiative around this act.

Hon. James Moore: Sometimes it's easier to find some counterfeit goods than others, such as Duracell batteries with an extra "1". That's a bit telling. Consumers can point that out. They can notify the shop owner to make sure the shop owner knows they are doing something they may not be aware of, which is violating other peoples' property rights. The rights holders can then exercise their rights.

The Chair: You have about 20 seconds left.

Mrs. Cheryl Gallant: Reference is made to a registrar of trademarks and transfers, disclaimers, etc. Is that referring to the Canadian registrar or the international registrar?

Hon. James Moore: The Canadian registrar.

The Chair: Thank you, Madam Gallant.

Mr. Thibeault, for five minutes.

Mr. Glenn Thibeault (Sudbury, NDP): Thank you, Mr. Chair.

Thank you, Minister, and witnesses for being here today.

Through you, Mr. Chair, we at this committee had the fortunate, or I guess the unfortunate, experience of a Canada Goose jacket coming around the table, and it was counterfeit. We were told that many of these jackets are full of animal feces and chicken parts. It's quite grotesque when you think about the toxins that are going into a lot of these products that are coming across the border.

Needless to say, despite the health ramifications, many consumers still buy these products because they think they are getting a good deal.

However, Bill C-8 does include certain consumer exemptions when it comes to personal use, meaning that items in one's possession or baggage will not be subject to penalties under the act.

Minister, could you—or maybe you could pass it off to one of your witnesses—explain how these exemptions will work in practice? For instance, if an individual is found to be in possession of one of those unfortunate jackets, will they be subject to penalties under this act?

Hon. James Moore: They will not, if it's for personal use, but the person who sold it to them would be. And if they were to resell it, that would be illegal.

Mr. Glenn Thibeault: I believe Mr. Knubley mentioned something in relation to e-commerce shipments. If the package comes from China, and what's in there is just one counterfeit item, does the bill even apply in that instance?

Hon. James Moore: Could you give that scenario again?

Mr. Glenn Thibeault: If I were to—well, not me personally—if someone were to order something from—

Hon. James Moore: This guy I know....

Some hon. members: Oh, oh!

Mr. Glenn Thibeault: We need to be very clear on that.

If someone orders something from China and there's only one counterfeit item in that package that's delivered from China, does the bill apply in that instance?

Hon. James Moore: It would depend on the context. The idea is that if it's for commercial purposes or for resale, then you would have a problem, but the rights holder would have the ability to exercise their rights, and a court would decide whether or not they've infringed.

Mr. Glenn Thibeault: Thank you.

Does the act spell out the specific criteria to differentiate between personal use and potentially criminal actions, or will determination be made on a case-by-case basis with subjective tests being applied?

• (1620)

Hon. James Moore: As with our copyright legislation, from time to time it would come under case-by-case; other times it would be self-evident.

I think that's the answer.

Mr. Glenn Thibeault: Okay, perfect, thank you.

Mr. Paul Halucha: Just to add something on that point, as the minister noted, there is a personal exemption that's very clear in the act, so an individual ordering a single item would not be stopped, could not be charged, under the act. However, if through an investigation the authorities became aware that there was, say, an exporter who was consistently sending counterfeit goods into Canada one package by one package, who was counterfeiting goods and sending them into Canada, albeit one package at a time, that could be a justification for a criminal investigation under the act.

Mr. Glenn Thibeault: That was exactly what my next question was going to be. If consumer A keeps ordering just one package from China with one item in it, but he gets that package every day, then the bill would apply.

Mr. Paul Halucha: Exactly. I was speaking about the exporter coming in, but if it's an individual, a consumer, who is consistently ordering over a period of time one package, one package, one package, the exact same principle would apply. It could tip from being a personal exemption under the act to being something of commercial scale.

Mr. Glenn Thibeault: Minister, you brought up some of what we've heard are dangerous counterfeit goods, such as batteries and electrical equipment, and some of my colleagues have talked about pharmaceutical drugs that are making their way into legitimate supply chains and ending up on retailers' shelves.

Can we hear how Bill C-8 will protect Canadian consumers who unknowingly purchase potentially dangerous counterfeit products found in some of the largest retail chains?

Hon. James Moore: Well, by the simple fact that the sale of such goods will be criminal now.

Mr. Glenn Thibeault: For example, we heard about the dollar store earlier. If the dollar store is unknowingly placing items on its shelves, who will do the investigation to say that it's not the dollar store necessarily, it was someone else who sold it to the dollar store? Who's doing that investigation?

Hon. James Moore: The police would do the investigation. The rights holders would trigger the investigation. The courts would determine wrongdoing, and the courts would equally determine the penalty.

Mr. Glenn Thibeault: Thank you.

The Chair: Thank you very much, Mr. Thibeault.

Now we go to Mr. Jean, for five minutes.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chair, and thank you, Minister, for the opportunity.

I was wondering if I could find out more in relation to the most popular things that are copied, which I understand are clothing and shoes, and why those particular items are copied primarily. Also, where do these come from around the world?

Supt Eric Slinn: It's hard to give you the answer on that, other than perhaps that our youth are attracted to apparel and shoes.

Speaking specifically on where they come from around the world, we have them from a number of different countries, but I don't think there's one sole country that is responsible for exporting all of these counterfeit goods. They can come from a number of different countries.

Mr. Brian Jean: Which would be three of the most predominant countries that come to mind?

Supt Eric Slinn: We've seen a significant amount of goods come from China, some goods from India, and beyond that.... I'm going deep into my brain trying to come up with another one for you. There are one-offs. With some countries, such as Indonesia, we've seen some seizures.

They come from a number of countries, it's not just one country responsible for this. Sometimes goods may be transshipped through those countries, so we have to be careful how we couch where they are coming from specifically.

Mr. Brian Jean: I would suggest to you it is probably the margins, the markups on clothes, etc. In these third world countries, I understand you can make clothing much cheaper than you can actually buy it, with sometimes a 1,000% margin.

Is there a lot of pressure from our government on these other countries that are homes to the manufacturing industry where this is happening? I imagine that most of these countries have licensing provisions, either state or municipal licensing provisions. Are there not things that more developed countries, those in the G-8, for instance, or the G-7, could do that would put pressure on these countries to stop that type of thing? Has that been done, or is it being done?

Supt Eric Slinn: That is a question probably better suited for the minister or the government. It's not law enforcement's interest.

•(1625)

Hon. James Moore: The rate of growth of 400% is certainly an area of concern. However, we have rules-based trade and enforcement mechanisms. Buyers and sellers are equally empowered, which is a good thing. This is an argument for what we announced in the Canada-Europe trade agreement. It draws in the intellectual property regimes of all countries. One of the precursors for the Canada-Europe trade agreement was the modernizing of copyright legislation. The idea of having rules for the way in which goods are made, engineered, and protected domestically in both trading nations is an area of constant concern. Those boxes have to be checked before trade agreements are even entertained, so it's a constant source of interest.

Mr. Brian Jean: In closing, I congratulate the government for putting this together. It is all about protecting consumers and we are doing that with this legislation. Thank you very much.

The Chair: Thank you, Mr. Jean.

Madam Quach.

[*Translation*]

Ms. Anne Minh-Thu Quach (Beauharnois—Salaberry, NDP): Thank you, Mr. Chair.

I want to thank the minister and the other witnesses for joining us to discuss the legislation on counterfeiting, which concerns all of us.

Minister, in your presentation, you said that, over the last seven years, the amount of counterfeited products seized has increased. The value of those products went from \$7.6 million to \$38 million—an increase of 400%. The government has carried out a study on the issue, so it is aware of the situation. So why have no amendments been made to the legislation in seven years?

Hon. James Moore: That's not at all the case. Our government introduced and passed a bill to modernize the Copyright Act. We're talking about copyrights inside Canada. We have also amended a number of pieces of legislation to protect consumers and creators. This bill is the next step. It was drafted following discussions and consultations. In our opinion, we are doing what is necessary by introducing a bill that ensures a good balance between the interests of the economy and those of the consumers. We are investing enough money to make sure that this balance is achieved in an effective and responsible manner.

Ms. Anne Minh-Thu Quach: You just talked about the money necessary for the seizure of those products to be carried out properly. However, you said earlier that the funding and the number of officers would not increase.

In my constituency, which is located close to the American border, the Franklin customs office has been closed. The RCMP representatives have told us that it has become much more difficult for them to intercept people who are trying to cross the border illegally, or to intercept any illicit smuggling.

So additional efforts are needed to seize counterfeit goods. Will you at least prioritize certain products that are wreaking havoc in terms of health and public safety?

Hon. James Moore: Probably. That decision is not made by the government, a minister of a politician, even though there are

concerns. You, as an MP representing a constituency close to the American border, should share your concerns with the officers, as it is up to them to decide what the best way to proceed is.

Mr. Bolduc, did you want to add anything?

Mr. Martin Bolduc: On a daily basis, 5,600 agency officers work at various ports of entry. Every day, 27,000 commercial shipments cross the border; 9,000 of them arrive through the airports and 5,400 arrive by sea, in containers. Last year, the agency processed more than 14.2 million commercial shipment declarations and carried out over 237,000 inspections.

This bill will be included in the Border Services Agency's enforcement priorities. Based on the figures I just shared with you, we can say that this is already part of our reality. We are confident that, by relying on a solid training program and the rights holders' expertise, we will be able to take measures, detain the shipments we deem suspicious and pass on to our RCMP colleagues the shipments that we feel represent a danger to the health and safety of Canadians.

•(1630)

Ms. Anne Minh-Thu Quach: Thank you, Mr. Bolduc.

When it comes to the investigations and verifications, in a case where costs would be incurred by an importer who is rightfully concerned about the goods detained by the customs officers, and it then turned out that the goods were detained by mistake, who would be responsible for bearing those costs?

Mr. Martin Bolduc: In the case of imported commercial goods, the storage is managed by the private sector. Those goods are not necessarily stored in the agency's stockrooms. They are put into suffrance warehouses that belong to private companies. That's how things are already being done.

In cases where the legitimacy of a shipment is in doubt, the bill will enable the agency to contact the rights holder and to legally detain the goods for 10 days, to give the holder time to take matters to the court.

Storage costs are included in import costs. That aspect will be managed by the private sector, and not by the Border Services Agency.

The Chair: Thank you, Mr. Bolduc.

[*English*]

Now we go to Mr. Holder for five minutes.

Mr. Ed Holder (London West, CPC): Thank you, Chair.

I'd like to thank the minister and our guests.

As the newest member of the committee, this is actually my first meeting where I've had the opportunity of witnesses being in the same room, so I'm struck by how critically important this issue is for all Canadians.

Minister, I was particularly struck, when you were making your formal comments, about the extent of the problem. Over seven years the problem has increased from some \$7.6 million up to some \$38 million of retail value seized. If that's the value that's seized, I'm curious whether we have any sense of how large this problem is, knowing that's the amount that we've actually taken in.

Hon. James Moore: That's a good question, and perhaps Monsieur Bolduc can speak at greater length on that, but I do have some global stats here. It's quite interesting, given what I've used as a reference about our trade opportunities.

Studies from the OECD suggest that there's been an increase in the trade in counterfeit and pirated goods globally from \$200 billion in 2005 to \$250 billion in 2007, in just two years. In 2012, border officials from the European Union detained over 90,000 shipments containing almost 40 million articles. This represents a retail value of almost 900 million euros or \$1.3 billion Canadian. That's the European market.

It is a global problem; it's not just a Canadian one. Those with whom we are now trading have stepped up, have their regimes in place, have legislation that's necessary, and their border agencies have the necessary authority. By the way, we have been at it for a very long time with modernized tools in a way that I think it's time we stepped forward to do it ourselves.

Mr. Ed Holder: That then prompts a question. You touched on CETA. You made this comment again in your formal remarks. I also sit on the Standing Committee for International Trade, and we're pleased that CETA has finally been signed. We look forward to its passage.

I wonder how the liberalization of this trade agreement with 28 more countries will make it that much more challenging to enforce. I'm trying to get a sense of what we might anticipate as the cooperation with the European Union, and not just the challenge it might be to implement. Going the other way, how much easier will it be, or how does this legislation facilitate our ability to stop counterfeit goods?

Mr. Martin Bolduc: It gives us the ability to leverage the expertise that the rights holders have, but also to draw on colleagues from other border management organizations around the world with which we have a long-standing working relationship, such as the United States and Australia, to leverage the World Customs Organization, to get a sense from them what is out there and align the tools and the training package that we will provide to our front line, based on their knowledge. That's one of the good things, when you can use the good and bad of others in building what you expect to be an effective and efficient system.

• (1635)

Mr. Ed Holder: Minister, I've heard a couple of members opposite make reference to their concern about the challenges associated, not just with training, but with whether there is an adequacy of funding for folks to do their jobs.

I wonder if you could make it clear how strongly you feel that the current budget is sufficient to allow our members of CBSA and RCMP who will be associated with that to not only do their training but to do their job.

Hon. James Moore: I do have confidence in that. As I gather, Ms. Charlton put a motion before the committee to have Minister Blaney come before the committee. He can speak in more detail about the department of Public Safety and its decision on allocation of resources, but I would also reiterate what I said in French: we wouldn't bring forward legislation without having consulted the CBSA, without having done our due diligence to ensure that these

new powers wouldn't be authorized without adequate resources to see them realized on the ground in a practical way.

Every organization wishes it had more funding. In governing, you have to make choices. CBSA has to make choices within its structure, and we have a commitment as a government to balance the budget in 2015. We have limited tax resources coming in. We have to deploy them responsibly, and I have every confidence that CBSA can do its job, and, by the way, perhaps even do its job more efficiently and better with these tools.

When we pass other legislation in the criminal justice area where we increase penalties or we have more tools for the prosecution of certain criminals, it doesn't then necessarily mean that the OPP needs to have an increase in its budget because we have different laws. No, we provide law enforcement with new legislation and new powers sometimes resulting in a reduction of cost of investigation and ease of enforcement that allows them to do their jobs more efficiently.

The Chair: Thank you, Minister.

Thank you, Mr. Holder.

Now we go on to Mr. Stewart for five minutes.

Mr. Kennedy Stewart (Burnaby—Douglas, NDP): Thank you, Mr. Chair.

Hello, Minister. It's nice to talk to you in the room today. We often talk on the plane. It's a great pleasure.

Thank you to the other witnesses.

I just want to follow up with a couple of questions about enforcement, that Mr. Holder and Ms. Charlton were asking about. I was looking at the Treasury Board report on personnel, and it said that in 2012 the CBSA employed 14,710 staff, which is an increase, as you mentioned, from 2006, but in 2013 the CBSA only employed 14,218 staff, which is a cut of 500 people from the rolls. I'm just wondering if you expect that trend to continue, because it does seem odd to add a whole bunch of new responsibilities but yet have 500 fewer people to carry out these responsibilities.

I'm just wondering if you might want to comment on that.

Mr. Martin Bolduc: As I mentioned earlier, our front-line officers have remained constant at 5,600 or so. In the DRAP reductions, there was no impact to the front line, so we are confident. Again, this is the reality of the CBSA every day: process information, refer shipments for examination, detain, and take proper action. With a budget of over \$1.6 billion, which is reflected in the main estimates, we are, in fact, very confident that we will be able to leverage those new authorities and this new tool to better protect Canadians.

Mr. Kennedy Stewart: With all due respect, you can see our concern. Again, our side is supportive of this legislation coming forward and we're glad it's here at committee. We share your concerns. Ms. Charlton talked about the cuts to the budget. And now finding 500 fewer staff, you can see our concerns here. Perhaps you want to revisit the resourcing of this. You may need to add more resources.

•(1640)

Hon. James Moore: As I've said, if you wish to put those questions to Minister Blaney, that's great. But as a government, we also share concerns of arriving at a balanced budget and doing so responsibly. We think that having no reduction in front-line border services and their capacities is a responsible way to arrive at a balanced budget, to meet our commitments to shrink government spending in a responsible way while still realizing the need for public safety.

Mr. Kennedy Stewart: Thanks.

Hon. James Moore: And I do appreciate your support.

Mr. Kennedy Stewart: Thank you.

My second question is specifically on the Port of Vancouver. It touches both of our ridings.

Last year, we had 2.7 million containers come through the port. What percentage of these would have been manually searched? That's what we're going to have to do with these counterfeit goods: we're going to have to manually search a lot of these containers. Can you tell us what percentage was manually searched and if that will increase under this new legislation?

Mr. Martin Bolduc: I don't have the specific data for last year, but physical inspection ranges from leveraging technology—you know, X-rays, what we call a VACIS machine, where we're able to see the inside of a container—open the doors, and verify the content of the container, or a full offload of a container. I don't have the specific numbers for last year. If the chair agrees, we will provide those numbers.

Hon. James Moore: We've deployed that technology not only at the Port of Vancouver but also at the Port of Prince Rupert. It was one of the main additions when we built the container terminal there and expanded it. They have more plans for greater growth, with dedicated roads, where they have that kind of instant X-ray scanning of the containers coming in. It's now considered core and basic infrastructure at these ports.

Mr. Kennedy Stewart: We welcome the figures. As a rough estimate, though, do you think that, with this legislation, you'd be opening more containers or inspecting more containers? Is that your estimate?

Mr. Martin Bolduc: We will have to include those new responsibilities in our targeting priorities. Again, in the large number of inspections we do, we are confident that we will be able to assume the responsibility and what is asked of the CBSA.

Mr. Kennedy Stewart: I have one last question.

Just sticking with the Port of Metro Vancouver...oh, sorry.

Mr. John Knuble: I think it is important to stress that it's not just the responsibility of the CBSA or the RCMP to use the new tools. In fact, the objective of the bill is to create a new framework that gives new powers not only to CBSA and the RCMP but also to the rights holders themselves. As Mr. Bolduc said earlier, part of the benefits of this will be to promote much more sharing of information between the rights holders, the manufacturers, around these pirated goods and counterfeit goods. The bill is designed to encourage this process. That should lead to better results.

The Chair: Thank you, Mr. Knuble and Mr. Stewart.

Mr. Warawa, you have five minutes.

Mr. Mark Warawa (Langley, CPC): Thank you, Minister, and the witnesses, for being here.

I want to focus on the detainment of goods.

I had written down the question: how many days? I heard that it can be up to 10 days, and that the cost to warehouse these detained goods was the private sector's responsibility. Can you explain how that works?

If there's a suspicion that these goods that a customs officer has seen may be counterfeit, the officer makes a decision to detain them. They're put in the warehouse and you contact the rights holder to say, "Do you want to come and take a look at them?"

Is the rights holder at that time paying to have these sit in a warehouse?

Mr. Martin Bolduc: The importer would pay for the storage costs. The way it works is, the majority of the time these goods move from the border to, let's say, Montreal, inbound. So they move on an inbound carrier. They're brought into the warehouse. This is an inbound warehouse that is privately owned, but under CBSA authority. Based on the information provided by the importer, the border services officer would assess the country of origin, importer, exporter, and so on, and would decide to do an examination. In doing an examination, if the officer has reasonable grounds to believe that the goods could be counterfeit, then we'll take samples and pictures. We'd go back to the office and query the system where we have requests for assistance. If there's a request by a rights holder, then we would contact that rights holder and inform him that we have—

•(1645)

Mr. Mark Warawa: I'm sorry for cutting you off, but time is short. So the 10 days is 10 calendar days, or 10 business days?

Mr. Martin Bolduc: It's 10 days as soon as we inform the rights holders.

Mr. Paul Halucha: It's working days.

Mr. Mark Warawa: Okay, it's 10 working days.

Could you elaborate on the rights of the rights holder to take action, a new civil cause of action? The rights holder can take action based on the manufacturing, possessing, importing, exporting, and attempting to export counterfeit goods. What does that look like if there is a manufacturer in another country—and I'm going to give a hypothetical example—who produces a jersey or a jacket legitimately under contract and fills that order of 10,000 items, and then, as he has everything set up, goes and makes another 20,000, 30,000, 100,000 of those? He's not under contract with anybody, so it could be counterfeit. It may not create a risk, but the rights to the thing are owned by maybe a Canadian company. Could you elaborate on that?

Hon. James Moore: Legally, there's a difference between making a replica and making a product for counterfeit. The counterfeit item can go into the marketplace and do commercial damage.

Mr. Mark Warawa: Are there agreements with other countries to make sure that the companies are not overproducing and have excess product that could wiggle its way into our country and create big problems? It may not create a safety issue, but it's a rights issue.

Mr. Paul Halucha: Are you speaking of legally produced goods in foreign markets? Do you mean parallel imports, where the exporter owns the IP and has the rights to produce it for the territory within which the manufacturing takes place?

Mr. Mark Warawa: In my scenario, they do not have the rights to overproduce, but they have the equipment and capability to do it. They over-create and sell it to somebody to import into Canada as a counterfeit product.

Mr. Paul Halucha: In that situation, that's clearly infringing on a legal product. The first time Canadian authorities would have the ability to stop it would be when it came into the country. We would not be in a position to stop manufacturing. The bill applies also to exports leaving Canada. Canada is not only an importer of counterfeit goods, there are exports happening as well, so that's where you're looking at the other causes of action. If there's a manufacturing facility in Canada that is illegally producing a good, that's where the causes of action are that a rights holder could pursue.

The Chair: Please go ahead, Mr. Warawa.

Mr. Mark Warawa: Oh, thank you.

My question was, can they take action outside of Canada? Are there international agreements?

Hon. James Moore: Our international agreements cover only importing and exporting to and from Canada.

Mr. Mark Warawa: Thank you.

The Chair: Mr. Lake.

Hon. Mike Lake: Thank you, Mr. Chair.

I just want to follow up on that a little.

Paul, maybe you could elaborate on this export impact for those who might be creating counterfeit goods in Canada and then exporting them. How does this bill impact that?

• (1650)

Mr. Paul Halucha: Just in the ways the honourable member's question exposed, to the extent that an illegally produced counterfeit product by a manufacturer in Canada that doesn't have the right to produce it could also impact the Canadian innovator who does have that right. It could also impact a foreign company that has rights to Canada and internationally for that product. There's a kind of a good citizenship component to the bill as well, in that it applies to exports as well as imports.

Hon. Mike Lake: For those who might be watching the proceedings here and might not be IP experts or experts in the way the border works, could someone describe how the system works right now? How are counterfeit goods identified at the border right now, what happens, and maybe what are the shortcomings in that system?

Mr. Martin Bolduc: Right now, our officers from time to time do find counterfeit goods, but the CBSA has no authority to detain or seize those shipments. The big advantage of the proposed bill is that

it will give us the ability to detain and, in partnership with the rights holder, to confirm whether they are in fact counterfeit goods.

Today when counterfeit goods are declared, they're declared as a sweater or a shirt or a.... There's no difference when we process the information, because we have no authority to detain those goods. In some cases, rights holders will go to court and get a court order to get the assistance of the CBSA in getting a specific exporter, a specific shipment, and we cooperate with stakeholders when we are mandated by the court to do so.

For the CBSA, we value and are looking forward to those new authorities that will help us protect those copyrights.

Hon. Mike Lake: In layman's terms, what types of actions can you take right now? Maybe you could clearly differentiate that from the types of actions you can't take but will be able to take with the new act, just in a way that a regular person around the dinner table might understand.

Mr. Martin Bolduc: Let's take the example of sweaters. Right now, there's nothing the CBSA can do. If we go with goods that could represent a danger to the safety and security of Canadians, then the CBSA has the ability to refer to and seek the help of the RCMP or Health Canada. We do so on a daily basis, because we have MOUs with these two organizations. That's today.

Tomorrow, the CBSA will be able to detain the shipment, get information, validate that information with the rights holders, and have the rights holders seek relief with the courts. In cases of a product that could represent a danger to safety and security or for shipments that we believe a criminal organization could be behind, we would refer those cases to the RCMP for further investigation.

The Chair: Thank you, Mr. Lake.

We'll now move to the NDP again.

Madam Charlton.

Ms. Chris Charlton: Thank you very much, Chair.

I have a number of questions, so I'll try to be really quick about them.

First, did you consult with the Canadian Federation of Independent Business around this bill? One of the things I'm concerned about is that if there's an investigation at the retail level about possible counterfeit products and in the end you find that those products actually aren't counterfeit, the shop owner in the meantime would have been responsible for paying for expenses through, for example, the investigative process, but also potentially through court proceedings, until the final determination is made.

For some small businesses, that may lead to serious financial hardship, so I wondered whether you had an opportunity to consult on that aspect of the bill with CFIB, but also with others representing small and perhaps even medium-sized businesses.

●(1655)

Mr. Paul Halucha: We heard from CFIB, and we heard from retailers, and they are supportive of the bill. The issue I think you are pointing to is that small and medium-sized companies may not have the resources or may have fewer resources to participate in the system at the border regime right now. Is that the focus of your question?

Ms. Chris Charlton: I'm concerned, because the remedy this bill provides, as I understand it, is possible reimbursement to those businesses at the end of the court proceedings, but that suggests at the front end that small businesses will have to pay those expenses out of pocket. You know how tight the margins are for many of those businesses, so I'm concerned about how viable that is for them as the investigation is occurring, particularly if the finding is that the products weren't counterfeit.

Hon. James Moore: It's seen as a net benefit. There could be a cost to enforcement, but the net benefit is they can go after those who have abused the privilege of having products in their stores, and they can prosecute. As well, the rights holders could defend themselves. So it's seen as a net benefit.

Ms. Chris Charlton: There's another part I don't fully understand. I know you have presented us with data about the increase in the number of counterfeit goods seized, but that's goods seized. We don't actually have very reliable data on what the overall cost is, what the economic impact is, what the overall size of the problem is, and what the overall impact on health and safety issues is.

Do you have reliable data on those things? In short, why are we doing this? We obviously think there's a bigger problem out there. What is that problem, and what's the magnitude of that problem?

Mr. Martin Bolduc: CBSA has no specific data as to.... We have no authority to take action today. What we have already started doing is engaging with other customs organizations to get a sense of what they are seeing.

As you know, many countries have IP legislation and are able to get a sense of exactly what the problem is.

Ms. Chris Charlton: So we can't quantify the problem, but we're offering a solution.

Hon. James Moore: It's a self-evident problem. We do know that there are prosecutions in Canada. Beyond that, as I said, with regard to the European numbers, just three numbers are relevant, because they involve our trading partners. The European Union detained over 90,000 shipments containing 40 million articles worth an estimated value of 900 million euros. According to the United States government numbers, U.S. customs officials in 2012 seized almost 23,000 articles representing a retail value of \$1.2 billion, with the average seizure of more than \$10,000. As well—this is from the Japanese government—according to the Survey Report on Losses Caused by Counterfeiting, which is a report by the Government of Japan, more than one out of every five Japanese companies sustained losses from counterfeiting in 2011.

I remind you that Japan is a centrepiece country of the Trans-Pacific Partnership trade agreement as well. This is a growing problem of international consequence.

Ms. Chris Charlton: I don't deny that the problem is real. I'm just trying to get a handle on what the magnitude is.

When you are talking about other governments and their reports, there is one report that says folks in a Chinese prison are making fake PlayStation 3s, so the government at least tacitly is aware of what they are doing there.

Do we have any bilateral agreements with other countries? Because it seems to me we can go after manufacturers of these goods in Canada, but we don't have any jurisdiction to go after manufacturers in other countries.

Does enforcement really only involve the retailer on the Canadian side? What are we doing to go after the manufacturers? Do we have international agreements?

Hon. James Moore: We're the Government of Canada. We're not the government of other countries.

Ms. Chris Charlton: Exactly.

Hon. James Moore: But you're correct that bilateral trade agreements that are rules-based and that enforce international laws are good things, which is why we're proud to be a party that supports free trade.

Ms. Chris Charlton: Even with China?

The Chair: Thank you very much, Madam Charlton.

Now we go to the Conservative Party and Mr. McColeman for five minutes.

Mr. Phil McColeman: Thank you, Chair.

Mr. Halucha, at the end of Mr. Lake's questioning I think you had a comment to make, and you didn't get a chance to make it. Do you recall that, and is there something you wanted to add to that discussion?

Mr. Paul Halucha: Thank you, sir.

The point I was going to make was about how powerful the new system will be in terms of getting information to Canadian rights holders who otherwise wouldn't have it.

There was discussion about the current process involved in getting a border agent to take action when a counterfeit good comes in. Right now the rights holder has to have information on the location in advance. They need to know where it's coming into the country; they need to know what it is, and they need to know when it's coming in.

They can get action from CBSA only if it receives a court order. That's all CBSA is permitted to do, so it's extremely limited. In fact the ability of CBSA agents to share information when they have suspicious goods will be extremely powerful in enabling Canadian companies to protect their IP.

●(1700)

Mr. Phil McColeman: That's exactly the kind of questioning I wanted to go down, about the infringement of their IP and their brand identities.

From the witnesses we had—and Canada Goose is set out there as the kind of iconic brand that is being infringed upon—the expense right now to significant brands is large in their business models. I'm wondering if you could give us a sense, from your discussions and consultations with them throughout this, of not only the cooperation you're receiving but also the kinds of investments they're needing to make in order to ferret out the counterfeiters all along the line: the manufacturers, the distributors, whether or not it involves organized crime. This is a very large financial cost to doing business, is it not?

Mr. Paul Halucha: It absolutely is. Intellectual property is one of the most valued intangible assets of many companies. You can lose a factory if something negative happens in terms of a natural disaster. Having damage to your brand is something that's very difficult to withstand, so they're extremely supportive of the measures the government is bringing forward. In fact, they will actually be paying in. It's a system that actually balances the government playing a role, establishing a framework, and—as the gentleman from the CBSA noted—rights holders will be paying to participate in that system and be part of it. That's an indication of just how valuable it is.

One statistic that always strikes me is that there are over a million trademarks registered in Canada. That really tells you how valuable they are to the companies that register them.

Mr. Phil McColeman: That's exactly what we heard throughout the hearings we had with the different manufacturers and the different associations representing manufacturers. I appreciate that question.

I'm going to pass the rest of my time to my colleague Madam Gallant.

Mrs. Cheryl Gallant: Thank you, Mr. Chairman.

This bill grants extra powers to the CBSA agents as well as the trademark owners. What measures or restrictions are in place to ensure these new powers are not abused?

Hon. James Moore: Again, these are powers that are principally for rights holders. Of course, by engaging CBSA in trying to protect their rights, the CBSA operates within the context of the rule of law, of which these new powers will be enforced.

I'm not sure if you want to say something more to your power.

Mr. Martin Bolduc: We're guided by the Customs Act.

In this particular case, the detention is for 10 days. There's a possibility to get an extension. But if within the first 10 business days nothing happens, then the goods are released from CBSA detention.

We're guided by the Customs Act, which guides everything we do. We're also guided by section 107 of the act, in information-sharing with rights holders. So we feel we have the proper framework to make this happen.

The Chair: Thank you very much, Mr. Bolduc.

Now on to Madam Sgro for five minutes.

Hon. Judy Sgro: Thank you very much, Mr. Chair.

Perhaps I could just finish the question I didn't have enough time on, on the issue of distinctiveness. Will the case law that's currently there be preserved? You indicated that “distinctiveness” was just a

modernization of a word. Will that have any implications on the current laws or any new subsections that would be produced?

● (1705)

Mr. Paul Halucha: You're asking me to predict what the courts will do, which is always very difficult to do. We can only look backwards at what jurisprudence has told us.

Hon. Judy Sgro: Is Bill C-8 going to make any changes in the current case law?

Mr. Paul Halucha: Not in our view. Because we're basically replacing one phrase with a synonym that's more modern, the view is that it's not going to make any changes.

The concern that generics have raised is around the size, shape, or colour of a pill or a medicine being trademarked. In fact, in the jurisprudence the courts have been quite clear that what is of value.... Drugs aren't prescribed because of the shape, size, or colour of a pill. They're prescribed because of a medicinal ingredient. The medicinal ingredient is the basis for the distinctiveness of the product, not the dress of the product, which is its colour, its shape, or its size.

Hon. Judy Sgro: The generic industry is a multi-billion dollar business. It's an important industry to our country, and in dealing with the many health challenges, it's an important industry. You say “in your opinion...”, but have you actually examined the bill and made sure that it is not going to have negative implications on that important industry?

Mr. Paul Halucha: Absolutely. We would not have brought it forward as part of the bill had there been concerns that we were going to be changing outcomes in how the courts view trademarks.

Hon. Judy Sgro: You're confident that we're not going to end up in court arguing over this word “distinctiveness” and its impact on the industry?

Mr. Paul Halucha: The pharmaceutical industry is well known to be one of the more litigious industries in Canada, and I would not want to put a number to the percentage of chance that there could be suits as a result of this. But that's not the same thing as having the law changed. The law is always tested.

In any case, when you move forward with new legislation, the chance of having a law tested increases.

Mr. John Knubley: Simply put, though, we believe that this is truly just modernization of the language. The legal risks are low.

Hon. Judy Sgro: I would hope that.

But on that issue, when we talk about counterfeit clothing and other things, a major concern for all of us is the whole issue of counterfeiting drugs, taking a generic and making it look like a non-generic. We have people's health clearly in mind there.

How well is Bill C-8 going to be able to make sure that's not happening and that consumers are protected? We're talking about a health issue.

Mr. John Knubley: This act is designed to put in place a new framework that addresses gaps currently in the system. In the health and safety area, as in the other areas, it's a huge opportunity to learn more about what is actually happening on the ground with respect to this illicit activity.

Clearly, Mr. Chair, health and safety are key issues, and the act is designed to try to do a better and more efficient job of addressing the issues here.

Hon. Judy Sgro: Regarding the ACTA, has the United States ratified that agreement, or any other country that you're aware of?

Hon. James Moore: This is not related to that. This is about domestic pressures, but it does bring our status quo in line with what other jurisdictions in the world are doing.

Hon. Judy Sgro: What other countries have ratified that agreement?

Mr. John Knubley: Mr. Chair, I understand the main agreement is what's called ACTA, the Anti-Counterfeiting Trade Agreement. It was signed in October 2011 by Australia, Canada, Japan, Morocco, New Zealand, Singapore, South Korea, and the U.S.

As the minister has said, while this legislation is domestically focused, it brings us in line with that particular international agreement.

The Chair: Thank you very much, Madam Sgro and Mr. Knubley.

We will now move to Mr. Holder, for five minutes.

Mr. Ed Holder: Thank you, Chair, and thank you again to our guests.

Minister, might I ask a favour? I'd get rid of the fake Crosby, but if you get an original, I'd appreciate it if you would pass it on to me. You can give the electrical circuit gadget to the member for Brant, because he likes those kinds of things.

We've focused totally on goods that come from outside of Canada. But when we look at this, the short title of the bill is the Combating Counterfeit Products Act.

Could you imagine the circumstance where we would have the potential for counterfeiting in Canada, and if so, how would this bill respond?

• (1710)

Hon. James Moore: We do, and there are counterfeit goods that are created in Canada that are exported elsewhere in the world. This combats that. Again, this is about the importing and exporting of counterfeit goods. It's legislation that covers both the push and pull of bogus products.

Mr. Ed Holder: I know we have representatives from the CBSA, but what about counterfeiting in Canada for goods that are distributed in Canada? Would the bill respond equally, Minister, or could you imagine a circumstance where that might happen?

Hon. James Moore: Sure, and I'm sure there are examples.

Mr. Martin Bolduc: I'm sorry, can you repeat that?

Mr. Ed Holder: Where there might be a counterfeit good manufactured in Canada and distributed in Canada, would this bill assist in terms of response? Would the same regulations intended to protect rights holders and all of the other circumstances associated with this bill apply?

Hon. James Moore: That would not be associated with this bill. That would be associated with the Copyright Act, and we do have that. People take movies, burn them onto discs or put them onto

thumb drives and circulate them around dorms and those types of things. That does happen within Canada and there are penalties in the Copyright Act as a result of our Copyright Modernization Act. Again, this is about importing and exporting. The domestic penalties and domestic regimes are there now.

Mr. Ed Holder: What about the issue of counterfeit cigarettes that come in from overseas? They might come in from the United States across our borders through various means. Would this legislation apply there?

Hon. James Moore: It would, but I think you're opening a big can of worms when it comes to the tobacco issue.

Mr. Ed Holder: I can imagine I am.

Mr. Martin Bolduc: The CBSA already focuses with colleagues from the RCMP on counterfeit cigarettes. We have seizures happening. I'm not sure this bill would particularly focus on cigarettes, but I do believe we have the tools we need to be able to take action.

Mr. Ed Holder: Since we have the RCMP here as well, I would make the comment that that's obviously a very serious issue. We know it is. Again, I'd be curious, Mr. Slinn, if you might comment. If this bill isn't the issue, and I don't want to get away from the point of this bill, does it assist in tackling the very serious issue of illegal tobacco? When I say illegal, I'm talking about counterfeit specifically.

Supt Eric Slinn: Absolutely. As I pointed out earlier, we focus on organized crime, the diversity of organized crime—

Mr. Ed Holder: That becomes the issue.

Supt Eric Slinn: —and it becomes the issue. This bill gives us that added tool, the flexibility to take shots at those organized crime groups that may be involved in cigarettes, drugs, contraband jerseys, whatever.

Mr. Ed Holder: I appreciate you saying that, and I think we know it's an extremely significant issue in this country.

Minister, if I may, my Cape Breton mom used to say that nothing is either good or bad except by comparison. Relative to the old law and what this is intended to do, for the purpose of the folks who are around this table and those who are listening to this session, what would you say are the most critical parts of this bill, the most salient pieces, where someone could say, "Yes, that matters and I'm glad the government is doing that because this impacts us"?

Hon. James Moore: When a business creates a product they are planning to sell, either internationally or at home, and somebody is able to take that product, match its quality, have it manufactured in a cheaper jurisdiction somewhere else in the world and bring it into the country and sell it at flea markets, or sell it at dollar stores and undermine that business, when that product comes in it can undermine and, indeed, collapse an entire idea that somebody has come up with. Worse, somebody can bring in a product that can be manufactured more cheaply outside the country, bring it in and there's lead in the toy, or mercury in it, or there's an electrical good that actually doesn't have a proper fuse in it, or is not made of the proper plastic and can overheat and cause a fire, and that's being sold....

To the average citizen watching, what we're trying to do is to stop goods from coming into the country that would undermine and destroy small business, that would take away great ideas that are being thought of by Canadians that are being implemented in the marketplace. We're also trying to stop goods from coming into the country that would endanger our health and safety.

• (1715)

The Chair: Thank you, Minister, and thank you, Mr. Holder.

Now to Mr. Thibeault for five minutes.

Mr. Glenn Thibeault: Thank you, Mr. Chair.

I have a couple of quick questions, first for some clarification.

If there's a larger product made—I'll use Sudbury as an example, where there are many mining supply and services companies. Suppose they make a great product but within the product there are counterfeit items, what happens then? Is there a way to clarify that for us?

Hon. James Moore: Do you mean, if you had a widget and within the widget there were nine pieces and three of the nine pieces were counterfeit?

Mr. Glenn Thibeault: Yes.

Hon. James Moore: What would you do?

Some hon. members: Oh, oh!

Hon. James Moore: I'd ask the enforcement guy.

Mr. Martin Bolduc: Past experience tells us that the rights holders have good intelligence networks. As you know, they have specific suppliers. Again, it's hypothetical, but we'd probably leverage intelligence, both from the rights holders but also from other means and, for sure, cooperate with colleagues from the RCMP.

Supt Eric Slinn: I think that's critical. The level of intelligence sharing, not only domestically but internationally, is paramount for us to carry out effective and efficient investigations. There's one aspect of this bill where CBSA can share that intelligence much more efficiently with us.

That becomes paramount. If there are three out of nine items, it gives us a better chance or a better footing to get started on an investigation that's going to have success.

Mr. Glenn Thibeault: Then the widget maker, if he or she is shipping let's say 100 of these products, are they then detained and held once they are found? Are cash, costs, all of those types of things, put back onto the business owner?

Or is it that you look at the three and say to send them back and replace...? What's the process there? I'm just trying to get an understanding.

Supt Eric Slinn: Well, every investigation has its uniqueness. As Martin has said, it's hypothetical for us. Whether we're going to take further enforcement action, whether we're going to just say no, would really depend on a number of factors. It's a difficult question for me to come out and compartmentalize for you.

Mr. Glenn Thibeault: Fair enough.

Thank you, sir.

What is the range of fees being considered for companies to submit a request for assistance in order to have border officials seize goods infringing on their copyrights or trademarks?

How will this fee structure be balanced to ensure that small businesses have equal protection to large multinationals with far greater resources? Is it going to be a sliding scale? What type of things are being considered there?

Mr. Martin Bolduc: This is done at no cost—and Paul can weigh in on this—the way to make a request for assistance is done at no cost for the rights holder. Storage costs, as I mentioned earlier, are part of the private sector, so CBSA has no say in those. There's no cost for detention that CBSA imposes on an importer/exporter.

I don't know if you want to....

Mr. Paul Halucha: I will just add the one cost would be around storage and detention. The bill does not contain an indication of what those costs are going to be. I understand from CBSA that they're going to be doing consultations with stakeholders and identifying what would be the appropriate scheme for the cost of entry into the regime.

Mr. Glenn Thibeault: For clarification, then, the tradition of intellectual property rights puts the onus of enforcement on rights holders. Is that staying the same? Is it reasonable to require rights holders to share the cost of enforcement that's laid out in this bill?

• (1720)

Hon. James Moore: They don't share the cost of enforcement, but it is upon them to demonstrate in court that their rights are being violated, as is the case with the Copyright Act in Canada.

Mr. Glenn Thibeault: Great. Thank you, Minister.

How much time do I have, Chair?

The Chair: One more minute.

Mr. Glenn Thibeault: I have one last brief question.

Do we have any numbers of how many Canadian manufacturers have been convicted of importing or exporting counterfeited goods?

Supt Eric Slinn: I don't have those figures, no.

Mr. Glenn Thibeault: Are they out there? If you don't have them with you today, would we be able to get a report on that sent to the committee?

Supt Eric Slinn: I could certainly look into getting those. I'm not aware if we have them or not, but I'll certainly endeavour to see if we can pull them for you.

Mr. Glenn Thibeault: Great.

Thank you very much.

Thank you, Chair.

The Chair: Thank you, Mr. Thibeault.

I'm mindful of two undertakings: one by Mr. Bolduc, one by Mr. Slinn. Once I get that information, we'll distribute it to the committee, if it's available in both cases.

The Conservative Party has stood down for their rotation position, so we have the unusual luxury of being able to offer the minister and his colleagues some closing remarks.

If you have some closing remarks, Minister, we'll entertain them.

Hon. James Moore: First, I'll close where I began, which is to thank the committee for having us all here. As I said, Minister Blaney would have been here along with me...he accepted the invitation to come today, he would have been here, but I'm sure he'll revisit the legislation if you like.

Second, we are sincere on the government side that if you have amendments that you think would strengthen the legislation, our side will certainly entertain those amendments, but let's do it quickly and get the bill back to the House.

Thank you all again.

The Chair: Thank you very much for your testimony. Minister, it is not lost on us that you did invest the full two hours here. We appreciate that very much.

Thank you very much to my colleagues.

The meeting is adjourned.

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