

## **ERA COUNTERFEITING NEWS**

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### **U.S. Trade Rep. Offers Glimpse of ACTA Negotiations**

On November 6, 2009, the United States Trade Representative released a summary of the ongoing Anti-Counterfeiting Trade Agreement (ACTA) negotiations. The summary, which details the specific topics under discussion in the closed-door negotiations, provides a glimpse of the future of international anti-counterfeiting efforts.

The purpose behind the ACTA is to establish a comprehensive, plurilateral agreement to combat the problem of counterfeiting and piracy at the international level. The United States, in collaboration with numerous partners, including Australia, Canada, the European Union, Japan, Mexico, Morocco, New Zealand, Singapore, South Korea, and Switzerland, have been working since 2007 to negotiate suitable terms for the trade agreement.

In response to the increased trade in counterfeit goods worldwide, the ACTA will allow nations to collectively fight the proliferation of counterfeit goods by setting global standards for intellectual property enforcement in participating countries. According to the U.S. Trade Representative, counterfeiting "undermines legitimate trade and the sustainable development of the world economy, and in some cases contributes to organized crime and exposes American families to dangerous fake products." To view the ACTA summary, go to

[http://www.usit.gov/sites/default/files/uploads/factsheets/2009/asset\\_upload\\_file917\\_15546.pdf](http://www.usit.gov/sites/default/files/uploads/factsheets/2009/asset_upload_file917_15546.pdf)

### **U.S. Customs and Border Protection Releases 2009 Seizure Statistics**

A recently released report from the Department of Homeland Security states that the U.S. Customs service seized nearly 15,000 counterfeit and pirated goods at U.S. ports of entry in 2009. The total domestic value of the intercepted goods is estimated at \$260.7 million.

According to the report, footwear was the top product seized by Customs, while jewelry also appeared on the top products list for the first time ever. China continues to be the number one source of counterfeit products, accounting for 79% of the pirated goods entering the United States last year.

To view the seizure statistics released by the U.S. Customs service, go to  
[http://www.cbp.gov/linkhandler/cgov/trade/priority\\_trade/ipr/pubs/seizure/fy09\\_stats.ctt/fy09\\_stats.pdf](http://www.cbp.gov/linkhandler/cgov/trade/priority_trade/ipr/pubs/seizure/fy09_stats.ctt/fy09_stats.pdf)

### **Increased Federal Efforts in the Fight Against Counterfeiting**

The federal government has recently taken new steps in its effort to confront the growing number of intellectual property crimes occurring domestically and abroad.

In December 2009, President Obama's nominee to become the first U.S. Intellectual Property Enforcement Coordinator (IPEC) was confirmed by the Senate. Victoria A. Espinel, whose IPEC office is housed in the Executive Office of the President, will be charged with drafting an Administration-wide strategy for intellectual property enforcement. In a posting by Ms. Espinel on the White House website, she stated, "My job is to help protect the ideas and creativity of the American public" by coordinating the efforts of the "federal agencies that are involved with stopping this illegal behavior." Specifically citing counterfeiting as a "significant threat to the health and safety of us all," the new intellectual property czar identified the purpose of her role: "Our goal is to better use taxpayer dollars and other government resources to be more effective in reducing any threat to our economy and our safety."

More recently, Attorney General Eric Holder announced the formation of the new Department of Justice Task Force on Intellectual Property. Identifying the rise in intellectual property crime as a threat to U.S. public safety and economic wellbeing, the Attorney General called for the Task Force "to identify and implement a multi-faceted strategy with our federal, state, and international partners to effectively combat this type of crime." According to a press release issued by the Department of Justice, "the task force will work closely with the recently established Office of the Intellectual Property Enforcement Coordinator . . . to assist IPEC in recommending improvements to intellectual property enforcement efforts." The Task Force will be chaired by the Deputy Attorney General and will include representatives from multiple offices housed within the Department of Justice.

### **LEGAL SPOTLIGHT: Trademark Counterfeiting Act of 1984**

The Trademark Counterfeiting Act of 1984 is a federal criminal statute making it unlawful to "intentionally traffic or attempt to traffic in goods or service and knowingly use[] a counterfeit mark on or in connection with such goods or services" where such use is likely to cause confusion. 18 U.S.C. § 2320 (2006). Violators of this provision face steep penalties, including fines of not more than \$2 million or imprisonment for not more than ten years, or both. If convicted, counterfeiters may also be ordered to forfeit any property used in connection with their crime, and counterfeit goods usually will be destroyed. Trademark owners must use care when seizing suspected counterfeit goods, though, because a wrongful seizure could lead to liability for any resulting damages. The Act also amends sections 34 and 36 of the Lanham Act to increase remedies available to plaintiffs bringing civil actions for infringement against counterfeiters.

Although the Act broadly criminalizes trafficking in counterfeit goods, the courts have defined some of the law's more specific requirements. The following provisions, and the interpretations that courts have attached to them, are crucial for understanding how the law is applied:

- (1) The defendant must "intentionally" deal in counterfeit goods knowing that they are counterfeit. The general intent to use another's mark on products that the defendant knows did not originate with the trademark owner is sufficient to establish intent.

(2) The term "counterfeit mark" refers to a spurious mark used in connection with the trafficking of any goods or services that is "identical with, or substantially indistinguishable from" a federally registered trademark and that is likely to cause confusion. Courts distinguishing counterfeit marks from infringing marks determine whether they are "substantially indistinguishable" from the standpoint of an average purchaser. Significantly, only federally registered trademarks are protected by the Act.

(3) Courts have interpreted the "consumer confusion" requirement to include post-sale confusion. In other words, a defendant cannot avoid criminal sanctions by informing direct purchasers that the goods are fake to the detriment of subsequent purchasers who are later deceived by them. As a result, a showing that the general purchasing public is likely to be confused by the counterfeit goods is sufficient to satisfy this element.

(4) The "use" requirement does not entail active employment of the counterfeit mark at the point of sale; instead, the counterfeit mark need only be "used in connection with a good" by being affixed to it. Recently, the Third Circuit affirmed the conviction of a defendant who was arrested after being pulled over with counterfeit *Louis Vuitton* handbags in the trunk of his car. According to the court, "the marked handbags were part of [the defendant's] inventory and he was able to enjoy the benefits of the counterfeit 'LV' marks that were on the bags. This was sufficient for a jury to find the element of 'use.'"

The Trademark Counterfeiting Act of 1984 is a powerful tool for combating brand pirates. By understanding when the criminal provisions of the Act are implicated, trademark owners can better equip themselves to protect their brands beyond the civil enforcement provisions of the Lanham Act.