



301:Guarding Against Counterfeiting

Kevin R. Brown

Assistant General Counsel; Brand Protection
Nike, Inc. and NIKE International Ltd

Alan R. Friedman

General Counsel & Executive Vice President
Miramax Film Corporation

Philip J. Gordon

Chief Legal Officer
Stratford Management, Inc.

Barbara Kolsun

Senior Vice President, General Counsel
Kate Spade LLC

Faculty Biographies

Kevin R. Brown

Assistant General Counsel; Brand Protection
Nike, Inc. and NIKE International Ltd.

Alan R. Friedman

Alan R. Friedman is the general counsel and executive vice president, business affairs for Miramax Film Corporation. His responsibilities include, among other things, oversight of Miramax's relationships with its outside counsel, oversight of all litigation, policing infringement of Miramax's intellectual property and contract rights, involvement in general corporate matters and transactions, as well as in matters involving human resource, labor and personnel issues, and supervision of attorneys in connection with all of the foregoing. Mr. Friedman also supports other in-house attorneys engaged in various film, television, music, and other entertainment related transactional matters.

Prior to joining Miramax, Mr. Friedman was a partner in the New York City-based law firm of Gold, Farrell & Marks (which has since merged and is part of the Chicago-based law firm of Sonnenschein, Nath & Rosenthal). While at Gold, Farrell & Marks, Mr. Friedman actively litigated a broad range of entertainment, securities, and other general commercial cases in state and federal courts and before various arbitration organizations. Among the matters that Mr. Friedman handled were contract, copyright, trademark, and rights of privacy and publicity cases for entertainers including The Beatles and Billy Joel, as well as copyright and trademark matters for various entertainment companies, including Miramax.

Mr. Friedman received a BA from the University of Pennsylvania and a JD from the Georgetown University Law Center, where he was a member of the *Georgetown Law Journal*.

Philip J. Gordon

Philip J. Gordon is the chief legal officer of Stratford Management, Inc. in Boston. His responsibilities include providing legal counsel to the organization and its board of directors, managing outside counsel, and formulating long term strategy.

Prior to joining Stratford Management, Mr. Gordon served as the chief legal officer and executive vice president of strategic development at GenuOne, Inc., directing the company's legal affairs and long-term strategic planning activities since its formation. Prior to joining GenuOne, Inc. Mr. Gordon was a member of the corporate department at Hale and Dorr, LLP and served as a judicial law clerk to Justice Charles Fried of the Supreme Judicial Court of Massachusetts.

Mr. Gordon serves as pro bono counsel to Full Circle: A Journal of Poetry and Prose. He is also on the board of directors, as past chairman, of the young leadership division of the Combined Jewish Philanthropies of Greater Boston. In 1997, Mr. Gordon received the Outstanding Alumnus Award from Suffolk University Law School.

Mr. Gordon earned a BA at Bowdoin College. He earned his JD from Suffolk University Law School where he graduated *cum laude*, was technical editor of the *Suffolk University Law Review*, and a member of the Phillip C. Jessup International Moot Court Team, which won the Northeast Regional Championship.

Barbara Kolsun

Barbara Kolsun is senior vice president and general counsel of Kate Spade LLC where she handles all legal matters including intellectual property, licensing, and anitcounterfeiting.

Prior to Kate Spade, she was assistant general counsel at WestPoint Stevens Inc., the home textile company. She was assistant general counsel of Calvin Klein Jeanswear Co. ("CKJ") responsible for the CKJ anticounterfeiting program in North and South America. Prior to these positions, she practiced in the area of litigation, specializing in intellectual property and anticounterfeiting, representing numerous intellectual property owners throughout the U.S. She clerked for the U.S. Court of Appeals, Second Circuit and taught at Fordham Law School. Prior to her legal career, she was a professional actress and singer.

She was chairman of the board of the International Anitcounterfeiting Coalition ("IACC") and has spoken widely on the topic of counterfeiting and trademark infringement. She co-authored a chapter on organizing and administering an anitcounterfeiting program in *Trademark Counterfeiting*. She authored "Indirect Infringement and Counterfeiting Remedies Available Against Those Who Knowingly Rent To Counterfeiters," in *Cardoza Arts & Entertainment Law Journal*.

She is a graduate of Sarah Lawrence College, and received her JD from Benjamin N. Cardoza School of Law.

Guarding Against Counterfeiting

STATE & FEDERAL ENFORCEMENT, RECENT DEVELOPMENTS & NEW TRENDS

MANAGING A PROGRAM FOR INSIDE COUNSEL

ACCA 2003 ANNUAL MEETING
OCTOBER 8, 2003
SAN FRANCISCO

BARBARA KOLSUN, ESQ.
SENIOR VICE PRESIDENT & GENERAL COUNSEL, KATE SPADE LLC

TABLE OF CONTENTS

INTRODUCTION

- I. NATURE OF THE COUNTERFEITING PROBLEM
- II. CORPORATE AGENTS IN THE EFFORT
- III. ENFORCEMENT BY FEDERAL CRIMINAL STATUTES
- IV. ENFORCEMENT BY STATE CRIMINAL STATUTES
- V. CIVIL ENFORCEMENT
- VI. CIVIL ACTIONS IN DETAIL
- VII. ENFORCEMENT ON THE INTERNET
- VIII. OTHER ANTI-COUNTERFEITING PROGRAM CONSIDERATIONS
- IX. THE KATE SPADE PROBLEM

SPEAKER BIOGRAPHY

SELECTED CASES AND STATUTES

15 U.S.C. § 1116(d) Civil actions arising out of use of counterfeit marks

18 U.S.C. § 2320. Trafficking in counterfeit goods or services

N.Y. Real Prop. Law § 231

Montres Rolex, S.A. v. Snyder, 718 F.2d 524 (2nd Cir. 1983)

Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 59 (9th Cir. 1996)

Hard Rock Cafe Licensing Corp. v. Concession Svcs., Inc., 955 F.2d 1143 (7th Cir. 1992)

State Criminal Statutes

INTRODUCTION

Theft of Intellectual Property, particularly trademark counterfeiting, has often been referred to as "the crime of the 21st Century."¹ As technology advances, so does the ability of criminals and infringers to illegally copy the trademarks of others in the hopes of easy profits.

The size and scope of counterfeiting has dramatically increased over the past decade. The economy of this country, as well as those of companies around the world, are suffering huge losses in the form of tax revenue and unemployment due to the manufacture and sale of counterfeit products. In a survey conducted by the International Anti counterfeiting Coalition, Fortune 500 companies reported that they spend an average of between \$2 - \$4 million per year to combat counterfeiting. Some reported spending up to \$10 million.²

Trademark counterfeiting is defined as the act of manufacturing or distributing a product or service bearing a mark that is identical or substantially indistinguishable from a registered trademark.³ Simply put, trademark counterfeiting is theft of someone's intellectual property.

Trademark counterfeiting has existed for centuries. It undermines the goodwill and reputation of companies symbolized by their trademark. It was not until 1946 that Congress recognized the seriousness of counterfeiting and enacted legislation to protect trademarks.⁴ These laws enabled trademark owners to enforce and protect their

¹ James Moody, former Chief of the Federal Bureau of Investigation's Organized Crime/Drug Operations Division.

² International Anticounterfeiting Coalition Website (www.iacc.org).

³ 15 U.S.C. §§ 1116(d)(1)(B)(I), 1127

⁴ The Lanham Act, 15 U.S.C. § 1041 et seq.

trademarks through civil actions. This statute was amended in 1984 to criminalize trademark counterfeiting, and included stiffer penalties for counterfeiters.⁵

In passing these laws, Congress recognized the importance of intellectual property to the national economy. In 1996, the International Trade Commission estimated that the losses due to trademark counterfeiting were over \$200 billion in the U.S. economy, up from \$5.5 billion in 1982.⁶ The economic impact worldwide is even higher.⁷ These staggering figures are only increasing as the globalization of the marketplace increases along with the technology which facilitates counterfeiting.

A common misconception is that counterfeiting is a "victimless crime." It is not. Aside from the economic harm, counterfeiting negatively impacts both the trademark holder and the consumer. Counterfeiters do not limit their crimes to luxury goods, but have flooded the marketplace with items ranging from auto parts, eyewear, pharmaceutical and food products, many of which are unsafe and threaten the health and safety of the consumer. U.S. automobile manufacturers and suppliers are losing \$12 billion a year in revenue worldwide because of the sale of counterfeit parts. The Federal Trade Commission estimated the auto industry could hire an additional 210,000 workers by eliminating the manufacture and sale of counterfeit auto parts.⁸

Organized crime is increasingly involved in counterfeiting operations. Recently, the relationship between counterfeiting and terrorist organizations has been addressed by the House Committee on International Relations. At a hearing held on July 16, 2003, Robert K. Noble, the Secretary of Interpol, stated in written testimony that "the link

⁵ Trademark Counterfeiting Act of 1984, 18 U.S.C. §2320

⁶ Michael Finn, *Foiling Counterfeiters*, TRADEMARKS AM., April 1994; *Countering Counterfeiting*, International Chamber of Commerce, Counterfeiting Intelligence Bureau, April 1997 at 13.

⁷ "The International Chamber of Commerce reckons counterfeit and pirated goods account for up to 8 percent of world trade, some \$375 billion [in 2003]." Matthew Benjamin, *A World of Fakes: Counterfeit Goods Threaten Firms, Consumers, and National Security*, U.S. News and World Reports, July 14, 2003.

⁸ International Anticounterfeiting Coalition Website (www.iacc.org).

between organized crime groups and counterfeit goods is well established."⁹ Interpol coordinates information among police and security services in 181 countries. Drawn by the low risk/high return aspect, both organized crime and terrorist networks rely on the sale of counterfeit merchandise to raise and launder money, and intellectual property crime is quickly becoming the preferred method.

Counterfeiting operations no longer hide in the shadow of back alleys and sweatshops - the days of a person in a trench coat offering a "good deal on a watch" are over.

Counterfeiting has become big business, with organized criminal enterprises establishing manufacturing and distribution networks in the U.S., Europe and Asia. For example, earlier this year, six men were arrested in Brooklyn for importing up to 35 million counterfeit cigarettes from China to the U.S.¹⁰

There is ample evidence to support the notion that terrorist organizations are currently exploiting valuable trademark rights and profiting from the manufacture and sale of counterfeit and pirate products. The amount of money that can be raised from counterfeiting is surprisingly high. Federal authorities have for years been examining evidence which suggest that Hezbollah, Hamas and other terrorist networks are selling counterfeit products to fund their worldwide operations. The FBI has also compiled evidence of a direct link between the sale of counterfeit merchandise in the streets of New York and the terrorists who bombed the World Trade Center in 1993.¹¹

In response to these threats, laws now exist which allow trademark owners to enforce their rights, and which allow both federal and state authorities to protect the consuming public. The federal government has empowered such agencies as the Federal Bureau of Investigation, Secret Service and Customs Service (now part of the Department of

⁹ David Johnston, Fake Counterfeit Goods Support Terrorism, Interpol Official Is To Testify. The New York Times, July 16, 2003.

¹⁰ *Fake Marlboro Man Busted in Smuggling Ring*. N.Y. Daily News, Feb. 21, 2003 at 37.

¹¹ Willy Stern, *Why Counterfeit Goods May Kill* Bus. Week, Sept. 2, 1996 at 6.

Homeland Security) to monitor and establish trade regulations, patrol the borders and monitor the Internet in order to locate and prosecute counterfeiters.

Today, as many as two thirds of the states in the U.S. have adopted laws criminalizing trademark counterfeiting. Many of these laws include felony penalties, prison terms and fines for those convicted of these crimes.

In addition, trademark owners have at their disposal various civil remedies to protect their trademarks. Under existing laws, companies have the ability to seize counterfeit products, permanently enjoin the manufacturer and sale of such items, remove such items from sale on the Internet and to seek monetary damages.

Generally, it can be said that trademark owners and law enforcement are now well-equipped to combat trademark counterfeiting. However, limited resources of law enforcement and the high cost of civil actions often make enforcement of these laws difficult.

Industry groups are continuing to work on amendments to 18 U.S.C. § 2320 to ask Congress to prohibit trafficking in counterfeit labels, patches and medallions bearing a copy of a registered trademark that are unattached to any goods. In the case of a "famous" mark, the amendment proposed would remove the burdensome requirement that the spurious mark be used in connection with goods or services identical to those for which the genuine mark is already registered.

These issues will be discussed from the viewpoint of the inside counsel. The following materials will explore the process behind building an effective counterfeit protection system through state and federal criminal enforcement, civil enforcement, and Internet monitoring.

I. NATURE OF THE COUNTERFEITING PROBLEM

A. Definition of Counterfeiting

- 1.) Spurious mark that is identical with or substantially indistinguishable from the original registered mark [15 U.S.C. § 1127; 15 U.S.C. § 1116(d)(1)(B)(i); 18 U.S.C. § 2320(e)(1)].
- 2.) All counterfeits are infringements, but not all infringements are counterfeits.
- 3.) More narrow in scope than trademark infringement and applies only to marks made to look identical to the actual mark.
- 4.) A counterfeit mark must be used on the same goods or services as are covered by plaintiff's registrations [15 U.S.C. § 1116(d)(1)(B)].
- 5.) Determination of counterfeit will be made from the point of view of the average purchaser, *Montres Rolex, S.A. v. Snyder*, 718 F.2d 524 (2d Cir. 1983) *cert. denied*, 465 U.S. 1100 (1984). Excludes any use of the registered mark on or in connection with goods or services of which the manufacturer was, at the time of manufacture, authorized to use the mark [15 U.S.C. § 1116].

B. Victims of Counterfeiting

- 1.) Mark Owners
 - a.) Mark owner loses sales.
 - b.) Reputation and goodwill are diluted.
 - c.) Industry groups estimate damages done to U.S. economy exceeds \$300 billion.
- 2.) Consumers
 - a.) Threat to health and safety of consumers, e.g. eyewear, medicines, pharmaceuticals, toys, food, consumer products, automobile and aircraft parts.

- 3.) Taxpayers – Counterfeiters don't pay state or federal taxes, Social Security, workers' compensation, or health benefits, thereby getting a "free ride" on taxpayers' backs.

C. Impact of Counterfeiting

- 1.) Economic
 - a.) U.S. auto industry estimates it could hire 300,000 additional workers if there was no counterfeiting.
 - b.) New York City estimates it loses \$1.25 billion annually in taxes to counterfeiters.
 - c.) The World Health Organization estimates annual profits from fake pharmaceuticals at over \$16 billion.
 - d.) U.S. music industry suffers at least \$300 million in annual losses from domestic record, tape and CD piracy.
- 2.) Social
 - a.) Counterfeiters generally run all cash businesses, and avoid keeping records or paying taxes.
 - b.) Drawn by high profit, low risk nature of being criminally prosecuted, traditional and new crime groups turn to counterfeiting.
 - c.) Big business.
 - d.) Established terrorist and other organized crime links.

II. CORPORATE AGENTS IN THE EFFORT

A. Corporate Executive

- 1.) Needs to be aware of the problem and understand the implications to be ready to answer questions and provide a face for the corporation.

- 2.) Must designate contacts for various needs that may arise including affidavits, examination, etc.

B. In-House Counsel

- 1.) Either a coordinating force or as the prime mover in the effort.
- 2.) Determining strategy, monitoring the efforts of outside vendors conducting enforcement or even being the direct contact with law enforcement, including training in detection.

C. Private Investigators

- 1.) Private investigators has many roles which extend beyond the simple ability to investigate a matter – intermediary between the corporate/legal side and the police – investigators will have strong law enforcement contacts in multiple jurisdictions.

D. Outside Counsel

- 1.) Role of outside counsel will vary with the type of case involved—necessary to pursue civil lawsuit, can offer insights and assistance that can make the difference between a good case and one that will fall flat.
- 2.) Very important to only use outside counsel experienced in anticounterfeiting, not general litigator or even general intellectual property firm. This is a specialty area with risks of unpleasant counterclaims.

III. ENFORCEMENT BY FEDERAL CRIMINAL STATUTES

A. Federal Criminal Statutes

- 1.) 18 U.S.C. § 2318 – Trafficking in Counterfeit Labels for Phonorecords, and Copies of Motion Pictures or Other Audiovisual Works.
- 2.) 18 U.S.C. § 2319 – Criminal Infringement of a Copyright.
- 3.) 18 U.S.C. § 2319(a) – Unauthorized Fixation of and Trafficking in Sound Recordings and Music Videos of Live Musical Performances.
- 4.) 18 U.S.C. § 2320 – Trafficking in Counterfeit Goods or Services AntiCounterfeiting Consumer Protection Act of 1996, the “Trademark Counterfeiting Act of 1996” – increase penalties and tighten loopholes in existing laws. See also strengthened civil provisions in Section VI.
- 5.) 18 U.S.C. §§ 1961 *et seq.* - RICO.
- 6.) 18 U.S.C. § 371 – Criminal Conspiracy.
- 7.) 18 U.S.C. §§ 1956, 1957 – Money Laundering.
- 8.) 18 U.S.C. § 1341 – Mail Fraud.
- 9.) 18 U.S.C. § 1343 – Wire Fraud.
- 10.) 18 U.S.C. § 542 – Entry of Goods by Means of False Statements.
- 11.) 18 U.S.C. § 545 – Smuggling Goods into the United States.
- 12.) 26 U.S.C. §§ 7201 - 7207 – Provisions concerning tax evasion, failure to pay tax or file returns, fraudulent statements, etc.
- 13.) 8 U.S.C. § 1324a – Unlawful employment of unauthorized aliens

B. Federal Law Enforcement Agencies

- 1.) CBP and ICE – Customs and Border Protection (Inspectors and Import Specialists) and Immigration and Customs Enforcements (Agents).
- 2.) Federal Bureau of Investigation
 - a.) A significant rise in interest including actively searching for cases for the FBI's Computer Crimes division.
- 3.) United States Postal Service – where mail is used to send counterfeit goods
- 4.) Secret Service
- 5.) Bureau of Alcohol, Tobacco and Firearms
- 6.) Internal Revenue Service
- 7.) U.S. Attorneys
 - a.) Toughest part of the federal enforcement equation – AUSAs have viewed IPR enforcement with great skepticism – except for large cases.
 - b.) Generally look for some other violations to bundle in.

C. Dealing with Federal Officials

- 1.) Building relationships with the various interested agencies through training and bringing them cases.
- 2.) Good source of information at U.S. Customs is Los Angeles Strategic Trade Center, Mitch Clow (562) 980-3119, x257 or Tom Bang (562) 980-3119, x263

IV. ENFORCEMENT BY STATE CRIMINAL STATUTES

A. State criminal statutes (see Appendix)

- 1.) 35 States have anticounterfeiting laws
- 2.) Multistate lobbying efforts (IACC Model Bill)
- 3.) Other applicable state statutes:
 - a.) Criminal simulation
 - b.) Forgery

B. Working with State Law Enforcement

- 1.) Local Police, Sheriffs, State Police – different forum, same principles for working with Federal Law enforcement.
- 2.) Local police find themselves saddled with more of the enforcement responsibilities being shed by federal agencies; the burden shifts to the local level.
- 3.) Local law enforcement serves as the instrument to deal with local flea markets or retail locations. In addition, they will be called upon to handle Internet cases originating out of their jurisdictions, as well as more complex issues.
- 4.) State/local Prosecutors – a greater willingness in the past to take on IPR cases in contrast to their federal colleagues.
The trademark owner should provide:
 - a.) All requested assistance.
 - b.) Identification of counterfeit merchandise.
 - c.) Supporting Depositions.
 - d.) Training.
 - e.) Testimony.

- f.) Certified copies of trademarks and other documentation.
- 5.) State tax authorities. Counterfeiters don't pay taxes.
- 6.) Labor Department
- 7.) Fire Department

V. CIVIL ENFORCEMENT

A. Cease and Desist ("Voluntary surrender") letters

B. Enforcement by Civil Statutes

- 1.) 15 U.S.C. § 1116(d) – Civil Ex Parte TRO and Seizure Orders – Lanham Act.
- 2.) 15 U.S.C. § 1117(a) and (b) – Damage Awards - Enhancement.

C. Civil Actions

- 1.) Against street, flea market and other vendors.
- 2.) Against fixed locations, e.g. retail stores.
- 3.) Against landlords (e.g., N.Y. Real Prop. § 231), and owners of malls.
- 4.) Against other facilitators, such as flea market management, Internet providers, mall owners, etc.
 - a.) Contributory or vicarious infringers.
 - (i) Hard Rock Café Licensing Corp. v. Concession Svcs., Inc., 955 F.2d 1143 (7th Cir. 1992) (held that a cause of action for contributory trademark infringement existed against a flea market owner for the infringing activities of a vendor.)

(ii) Fonovisa, Inc. v. Cherry Auction, Inc., 76 F. 3d 259 (9th Cir. 1996) (held a cause of action for contributory and vicarious copyright and contributory trademark infringement existed against a swap meet owner for the infringing activities of independent vendors).

(iii) Arista Records, Inc. et. al. v. Flea World, Inc. et. al., U.S.D.C., D. N.J., filed July 2003.

5.) Amendment to U.S.C. . § 2320 to prohibit trafficking in unattached counterfeit labels, etc. See United States v. Giles, 213 F.3d 1247 (10th Cir. 2000).

D. Enforcement at Flea Markets/Fairs/Shows

- 1.) Vendor Identification.
- 2.) Market sweeps.
- 3.) Operator cooperation (notification).
- 4.) Working with site security.
- 5.) Action against operators if cooperation is not provided.

E. Civil Seizures

- 1.) For Counterfeit goods only (not just infringing).
- 2.) Registered trademarks only.
- 3.) “Identical or substantially indistinguishable” marks on goods registered in the same class as genuine mark holder.
- 4.) Does not cover overruns or gray market goods.
- 5.) Includes “means of making” counterfeit products.

F. Specific Requirements -- Review the statute step by step with outside counsel before attempting

- 1.) Notification to U.S. Attorney.
- 2.) Application to court must have holder's affidavit or verified complaint.
- 3.) Posting of bond (wrongful seizure).
- 4.) Nothing but an ex parte order will suffice.
- 5.) No publicity.
- 6.) Likelihood of success on the merits.
- 7.) Immediate and irreparable injury.
- 8.) Specific identification of location where counterfeit product is located and where seizure will occur.
- 9.) Balancing of harm.
- 10.) Target of seizure would destroy, move, hide goods and documents if proceeding was on notice.

G. Order

- 1.) Findings of Fact and Conclusions of Law.
- 2.) Description of items to be seized and their location.
- 3.) 7 day window.
- 4.) Amount of Bond.
- 5.) Date for Confirmation Hearing.
- 6.) Gag order.

H. Other Requirements

- 1.) Seizure of books and records (protective order).

- 2.) Papers filed under seal.
- 3.) Service by a Federal, State or Local Law Enforcement Officer.
- 4.) Seizure Confirmation Hearing.

I. Wrongful Seizure

- 1.) Defendant can collect damages for lost profits, costs of materials, lost good will.
- 2.) Punitive damages if bad faith can be proven.
- 3.) Attorney's Fees.

J. Plaintiff's Recovery of Profits, Damages, Costs and Attorney's Fees

- 1.) And, not or.
- 2.) Plaintiff must prove sales only.
- 3.) Treble damages.
- 4.) Additional award if warranted.
- 5.) Reasonable attorney's fees.
- 6.) Willfulness.

K. Statutory Damages - 15 U.S.C. § 1117(c)

- 1.) \$500 - \$100,000 per mark per type of goods.
- 2.) If conduct is willful, up to \$1,000,000 per mark per type of goods.

L. Destruction of seized items - 15 U.S.C. § 1118

- 1.) Notice to U.S. Attorney's office.

M. Enforcement against manufacturers/distributors

- 1.) Simple Civil Actions.

- 2.) Civil seizures (15 U.S.C. § 1116).

VI. CIVIL ACTIONS IN DETAIL

- A. Trademark Counterfeiting Act of 1984 In addition to the criminalization of trademark counterfeiting [18 U.S.C. § 2320], the T.C.A. also

- 1.) authorizes near mandatory treble damages and attorneys fees in civil anticounterfeiting cases [15 U.S.C. § 1117(b)].
- 2.) authorizes ex parte orders for seizure of counterfeit materials. [15 U.S.C. § 1116(d)(1)(A)].

- B. The Complaint

- 1.) Identify the right forum.
 - a.) Find good jurisdiction and venue.
 - b.) If possible, consider a forum that does not require bad faith to get accounting of profits.
 - c.) Check forum on accounting of profits.
 - d.) Check the circuit law on statutory damages.
- 2.) Identify the right parties.
 - a.) Review the law on jurisdiction as to naming individuals [*Rolex Watch U.S.A., Inc. v. Zeotec Diamonds, Inc.*, No. 02-01089 (C.D. Cal. Nov. 7, 2002) (order re: plaintiff's motion for summary judgment)].
 - b.) Correct name of entities through searches – be diligent
 - c.) As to individual, determine level of involvement so you can name individual.
 - d.) Consider involvement of spouse and naming of spouse for joint liability theory and access to jointly held assets.

- 3.) **Make the right allegations.**
 - a.) Have to focus on the counterfeit nature of the trademark.
 - b.) Plead advertising injury and track language of insurance policies – you want to plead into coverage on the chance there is coverage.
 - c.) Make willfulness alternative.
 - d.) Carefully plead the trademarks infringed; this will become important to statutory damages.
- 4.) **Seek the right remedies.**
 - a.) Profits [15 U.S.C. § 1117 (a) (1)].
 - b.) Trebling [15 U.S.C. § 1117 (b)].
 - c.) Hard to show actual damages.
 - d.) Injunctive relief.
 - e.) Destruction of goods [15 U.S.C. § 1118].
 - f.) Statutory damages [15 U.S.C. § 1118 (c)].
 - g.) Attorney's fees, costs, and investigative fees.

C. Discovery

- 1.) Early shot at discovery with seizure because it allows for seizure of books and records [15 U.S.C. § 1116(d)(1)(A)].
- 2.) Seizure order will allow for expedited discovery [15 U.S.C. § 1116(d)(10)(B)].

D. Document requests

- 1.) Request all documents related to purchases, sales, profits, advertising, web-based transactions and inventory.
- 2.) Tax returns.
- 3.) Email.

E. Interrogatories

- 1.) Specials only – basic info - consult Fed. R. Civ. P. 26.
- 2.) Better to ask in deposition.

F. Requests for admissions

G. Depositions

- 1.) Get right to it.
- 2.) Conduct deposition prior to service of document requests.
- 3.) Catch defendants off guard.
- 4.) The bookkeeper knows all.
- 5.) Email.

H. Dispositive motions

- 1.) Consider the motion for summary judgment (Fed. R. Civ. P. 56)
 - a.) First on liability.
 - b.) Through discovery establish sales of counterfeit goods.
 - c.) Determine volume of sales.
 - d.) Determine profits.
 - e.) If possible, hire a damages expert.
 - f.) Amount of damages.
 - g.) Go statutory damages if you can [15 U.S.C. § 1117(c)].

I. Trial

- 1.) Some judges do not like summary judgment.
- 2.) Some judges want to hear the case – novel question.
- 3.) Opportunity to make law.

J. Witnesses

- 1.) Investigator – testify as to purchases.
- 2.) Company executive – testify as to harm.
- 3.) Company technicians – testify as to counterfeit marks on the goods.
- 4.) Damage and/or computer experts.
- 5.) Witness as to actual confusion, but not required.

K. Evidence

- 1.) Counterfeit goods.
- 2.) Investigative reports.
- 3.) Technical evaluations of counterfeit goods.

L. Remedies

- 1.) Injunction [15 U.S.C. § 1116].
- 2.) Destruction [15 U.S.C. § 1118].
- 3.) Money [15 U.S.C. § 1117(a)(b)(c)].
- 4.) Tommy Hilfiger v. Goody's Family Clothing, 2003 U.S. Dist. LEXIS 8788 (N.D. Georgia, May 9, 2003) (Court found retail owner was wilfully blind to purchase and sale of counterfeit jeans and t-shirts and trademark owner recovered treble damages in the amount of \$ 2,066,985.57, or in the alternative, statutory damages in the amount of 2,100,000.00, as well as profits in the amount of \$ 8,976,440.58, reasonable attorney's fees and costs.

VII. ENFORCEMENT ON THE INTERNET

A. Domain Name Enforcement

- 1.) Cybersquatting – the unauthorized use of a trademark in a domain name.
- 2.) Global Top Level Domains (gTLDs): (e.g.: .com; .net;.org.).
- 3.) Country Code Domains (ccTLDs) – 243 to date: (e.g.: .uk (United Kingdom); .tv (Tuvalu)).
- 4.) Trademark Rights v. Free Speech (Fair Use) – possible infringement of a trademark outweighed by the domain name owner's right to express his/her views (e.g.: "Fan" Sites – protected by free speech. (e.g.: ilovenike.com)).
- 5.) "Typosquatting" – Intentional misspelling of a trademark in a domain name to avoid Cybersquatting claims. (e.g.: loouievuitton.com).
- 4.) Reverse Domain Name Hijacking – The *infringer* files a cybersquatting claim hoping the trademark owner defaults, thereby obtaining legal ownership of the domain.

B. Remedies for Domain Name Infringements

- 1.) Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125
 - a.) Federal Statute. Procedures for civil lawsuit apply (lengthy and costly). Remedies are injunctive relief, transfer or cancellation of the domain, and monetary damages.
- 2.) Uniform Dispute Resolution Policy (UDRP)
 - a.) ICANN's Rules (Internet Corporation for Assigned Names and Numbers – governing body of the Internet policy). Administrative Proceeding (quick and inexpensive).

Remedies limited to transfer or cancellation of the domain name.

C. Auction Site Enforcement

- 1.) eBay, Yahoo! – 2 of the largest (dozens of others). Have become a virtual flea market – safe haven for the sale of counterfeit merchandise, despite prohibiting the use of copyright or trademark infringing
- 2.) Identifying the counterfeiters is labor intensive—requires trained personnel looking and searching on the auction sites
- 3.) Auction site sellers most often caught selling counterfeit merchandise:
 - a.) Use unclear photos
 - b.) Have a “no return”, “as-is” policy
 - c.) Sell items without tags
 - d.) Have a large number of similar items for sale
 - e.) Try to protect themselves by claiming not to know whether or not merchandise is authentic.
- 4.) eBay's VeRO (Verified Rights Owners Program) program -- trademark rights owners register with VeRO, monitor the auction sites themselves, and send email to VeRO of counterfeit or infringing goods. VeRO notifies the sellers and bidders of a violation and removes the auctions.
 - a.) VeRO is only auction site other than Yahoo! that has as a structured system for reporting counterfeits.
 - b.) VeRO is quicker to respond than Yahoo!
 - c.) VeRO has no punishment or scarlet letter for counterfeiters. The auction is simply ended, and the seller could re-auction the item with a different seller name.
- 5.) Contributory Liability theories – the auction site should be held responsible for the illegal acts that occur on their site. Auctions

sites say they are not responsible for content on their sites. Cases on both sides. Without legislation, issue will be decided in the Courts.

D. Enforcement of websites selling counterfeit merchandise

- 1.) Name and address of the domain name registrant can be used to identify a "person" or business behind the website, using Whois information.
- 2.) A Whois listing contains basic name, address, etc. contact information of the domain name registrant (person who registers a domain name) by the domain name registrar (company who issues the domain name to the registrant).
- 3.) ICANN requires that domain name registrars provide a searchable Whois database of all domain names they issue. Third party providers also provide searchable Whois information.
- 4.)
 - a.) No requirement that Whois information be accurate.
 - b.) Proxies can register domain names on behalf of registrants and agree to be liable.

E. Sale of "Genuine" Goods

- 1.) Guarantees of Authenticity – Principles of *Caveat Emptor* apply.
- 2.) Unauthorized retailers.
 - a.) Creates warranty/service issues.
 - b.) Important to work with business people on controlling inventory, agreements with customers on not "dumping" goods.
- 5.) Gray Market/Parallel Import Concerns.

VIII. OTHER ANTI-COUNTERFEITING PROGRAM CONSIDERATIONS

A. Role of the Mark Owner and Its Counsel

- 1.) Have your facts and paperwork correct and ready. Do not cry wolf at every turn.
- 2.) Pick your battles wisely and get the best cases for federal action.

B. Potential Remedies

- 1.) Deterrent (i.e. seizure) - federal or state law criminal seizure may have a greater deterrent effect than a civil seizure – criminal trial and jail time deal a more serious blow to the enterprise.

C. Prosecution – Some comments as above on prosecutors apply as caveat. Prosecution, when it occurs, must be supported wholeheartedly. Prosecution puts others on notice that the laws will be enforced and will result, hopefully, a more cautious approach by the violator and others like him.

D. Restitution (18 U.S.C. §§ 3663 *et seq.*) Deterrent effect - reminds the defendant of the penalties every time he writes out a check to the rights holder. In order to obtain restitution, the government will have to demonstrate the loss suffered by the victim. The timely and accurate preparation of the victim impact statement will facilitate this process. The rights holder or counsel will also need to lobby for this as some prosecutors may not initially consider the restitution aspect. The judges in such cases may provide an additional hurdle in needing convincing the impact of the crime.

- E. Strengthen security measures – anything to make it harder for someone to counterfeit your goods, and easier for law enforcement and investigators to identify the authentic from non-authentic goods.
- 1.) security tags with vendor numbers
 - 2.) hangtags
 - 3.) holograms
 - 4.) stitched labels
 - 5.) also, monitor vendors if possible
- F. Strengthen IP rights—stay on top of copyright and trademark registrations, and U.S. Customs recordations.
- G. Work with other partners in your industry -- they encounter the same counterfeiters, work with the same law enforcement and investigators, likely to share tips when your counterfeit goods are found in the same place as theirs.
- H. Consumer Education -- spread the word about the dangers and disadvantages of counterfeiting
- 1.) Use the press.
 - 2.) Have a place on your website where consumers can report counterfeiters.
 - 3.) Respond to auction site sellers who wonder why their auction was closed—be clear and firm. Auction site buyers and sellers are from all over the country, might not encounter legitimate outlets for particular goods, and might genuinely be ignorant or confused. Also respond to recipients of cease and desist letters.

IX. THE KATE SPADE PROBLEM

- A. eBay and Yahoo! auction sites and websites
- B. mall kiosks
- C. retail stores in the hinterland
- D. purse parties, the new "Tupperware party" = housewives in handcuffs
- E. flea markets in jurisdictions where law enforcement does not enforce
- F. Chinatown, New York; Santee Alley, Los Angeles; Harwin, Houston;
Henry Hines Blvd., Dallas; Little Five Points, Atlanta.
- G. Consumer Awareness – Ethical Issues

SELECTED CASES AND STATUTES

15 U.S.C. § 1116(d) Civil actions arising out of use of counterfeit marks

(1) (A) In the case of a civil action arising under section 1114(1)(a) of this title or section 220506 of title 36 with respect to a violation that consists of using a counterfeit mark in connection with the sale, offering for sale, or distribution of goods or services, the court may, upon ex parte application, grant an order under subsection (a) of this section pursuant to this subsection providing for the seizure of goods and counterfeit marks involved in such violation and the means of making such marks, and records documenting the manufacture, sale, or receipt of things involved in such violation.

(B) As used in this subsection the term "counterfeit mark" means -

(i) a counterfeit of a mark that is registered on the principal register in the United States Patent and Trademark Office for such goods or services sold, offered for sale, or distributed and that is in use, whether or not the person against whom relief is sought knew such mark was so registered; or

(ii) a spurious designation that is identical with, or substantially indistinguishable from, a designation as to which the remedies of this chapter are made available by reason of section 220506 of title 36;

but such term does not include any mark or designation used on or in connection with goods or services of which the manufacture or producer was, at the time of the manufacture or production in question authorized to use the mark or designation for the type of goods or services so manufactured or produced, by the holder of the right to use such mark or designation.

18 U.S.C. § 2320. Trafficking in counterfeit goods or services

(a) Whoever intentionally traffics or attempts to traffic in goods or services and knowingly uses a counterfeit mark on or in connection with such goods or services shall, if an individual, be fined not more than \$2,000,000 or imprisoned not more than 10 years, or both, and, if a person other than an individual, be fined not more than \$5,000,000. In the case of an offense by a person under this section that occurs after that person is convicted of another offense under this section, the person convicted, if an individual, shall be fined not more than \$5,000,000 or imprisoned not more than 20 years, or both, and if other than an individual, shall be fined not more than \$15,000,000.

(b) Upon a determination by a preponderance of the evidence that any articles in the possession of a defendant in a prosecution under this section bear counterfeit marks, the United States may obtain an order for the destruction of such articles.

(c) All defenses, affirmative defenses, and limitations on remedies that would be applicable in an action under the Lanham Act shall be applicable in a prosecution under this section. In a prosecution under this section, the defendant shall have the burden of proof, by a preponderance of the evidence, of any such affirmative defense.

(d) (1) During preparation of the presentence report pursuant to Rule 32(c) of the Federal Rules of Criminal Procedure, victims of the offense shall be permitted to submit, and the probation officer shall receive, a victim impact statement that identifies the victim of the offense and the extent and scope of the injury and loss suffered by the victim, including the estimated economic impact of the offense on that victim.

(2) Persons permitted to submit victim impact statements shall include -

(A) producers and sellers of legitimate goods or services affected by conduct involved in the offense;

(B) holders of intellectual property rights in such goods or services; and

(C) the legal representatives of such producers, sellers, and holders.

(e) For the purposes of this section -

(1) the term "counterfeit mark" means -

(A) a spurious mark -

(i) that is used in connection with trafficking in goods or services;

(ii) that is identical with, or substantially indistinguishable from, a mark registered for those goods or services on the principal register in the United States Patent and Trademark Office and in use, whether or not the defendant knew such mark was so registered; and

(iii) the use of which is likely to cause confusion, to cause mistake, or to deceive; or

(B) a spurious designation that is identical with, or substantially indistinguishable from, a designation as to which the remedies of the Lanham Act are made available by reason of section 220706 ⁽¹⁾ of title 36; "220506". but such term does not include any mark or designation used in connection with goods or services of which the manufacturer or producer was, at the time of the manufacture or production in question authorized to use the mark or designation for the type of goods or services so manufactured or produced, by the holder of the right to use such mark or designation;

(2) the term "traffic" means transport, transfer, or otherwise dispose of, to another, as consideration for anything of value, or make or obtain control of with intent so to transport, transfer, or dispose of; and

(3) the term "Lanham Act" means the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946 ([15 U.S.C. 1051](#) et seq.).

(f) Beginning with the first year after the date of enactment of this subsection, the Attorney General shall include in the report of the Attorney General to Congress on the business of the Department of Justice prepared pursuant to section [522](#) of title [28](#), an accounting, on a district by district basis, of the following with respect to all actions taken by the Department of Justice that involve trafficking in counterfeit labels for phonorecords, copies of computer programs or computer program documentation or packaging, copies of motion pictures or other audiovisual works (as defined in section [2318](#) of title [18](#)), criminal infringement of copyrights (as defined in section [2319](#) of title [18](#)), unauthorized fixation of and trafficking in sound recordings and music videos of live musical performances (as defined in section [2319A](#) of title [18](#)), or trafficking in goods or services bearing counterfeit marks (as defined in section [2320](#) of title [18](#)):

(1) The number of open investigations.

(2) The number of cases referred by the United States Customs Service.

(3) The number of cases referred by other agencies or sources.

(4) The number and outcome, including settlements, sentences, recoveries, and penalties, of all prosecutions brought under sections [2318](#), [2319](#), [2319A](#), and [2320](#) of title [18](#)

NY REAL PROP § 231

§ 231. Lease, when void; liability of landlord where premises are occupied for unlawful purpose

1. Whenever the lessee or occupant other than the owner of any building or premises, shall use or occupy the same, or any part thereof, for any illegal trade, manufacture or other business, the lease or agreement for the letting or occupancy of such building or premises, or any part thereof of shall thereupon become void, and the landlord of such lessee or occupant may enter upon the premises so let or occupied.

2. The owner of real property, knowingly leasing or giving possession of the same to be used or occupied, wholly or partly, for any unlawful trade, manufacture or business, or knowingly permitting the same to be so used, is liable severally, and also jointly with one or more of the tenants or occupants thereof, for any damage resulting from such unlawful use, occupancy, trade, manufacture or business.

3. For the purposes of this section, two or more convictions of any person or persons had, within a period of one year, for any of the offenses described in [section 230.00](#), [230.05](#), [230.20](#), [230.25](#), [230.30](#), or [230.40 of the penal law](#) arising out of conduct engaged in at the same premises consisting of a dwelling as that term is defined in subdivision four of section four of the multiple dwelling law shall be presumptive evidence of unlawful use of such premises and of the owners knowledge of the same.

4. Any lease or agreement hereafter executed for the letting or occupancy of real property or any portion thereof, to be used by the lessee as a residence, which contains therein a provision pledging personal property exempt by law from levy and sale by virtue of an execution, as security for the payment of rent due or to become due thereunder, is void as to such provision.

5. [See also subd. 5 below.] The attorney general may commence an action or proceeding in the supreme court to enjoin the continued unlawful trade, manufacture or business in such premises.

5. [See also subd. 5 above.] For the purposes of this section, two or more convictions of any person or persons had, within a period of one year, for any of the offenses described in [section 225.00](#), [225.05](#), [225.10](#), [225.15](#), [225.20](#), [225.30](#), [225.32](#), [225.35](#) or [225.40 of the penal law](#), arising out of conduct engaged in at the same premises consisting of a dwelling as that term is defined in subdivision four of section four of the multiple dwelling law shall be presumptive evidence of unlawful use of such premises and of the owner's knowledge of the same.

6. Any owner or tenant, including a tenant of one or more rooms of an apartment house, tenement house or multiple dwelling of any premises within two hundred feet of the demised real property, may commence an action or proceeding in supreme court to enjoin the continued unlawful trade, manufacture or other business in such premises.

Montres Rolex, S.A. v. Snyder

718 F.2d 524 (2d Cir. 1983)

GEORGE C. PRATT, Circuit Judge:

This case of first impression presents important questions concerning Congress's effort to protect domestic trademarks from foreign counterfeiters. The major issues *526 are (1) whether the definition of a "counterfeit" trademark, incorporated from the Lanham Act by § 211 of the Customs Procedural Reform and Simplification Act of [1978, Pub.L. No. 95-410](#), 92 Stat. 888, 903-04, [19 U.S.C. § 1526\(e\) \(Supp. V 1981\)](#), should be applied from the standpoint of an average purchaser or an expert, and (2) whether the alleged counterfeit mark should be compared with the "registered mark" as the latter appears on actual merchandise or as it appears on a registration certificate filed with Customs. Adopting the average purchaser test and comparing the challenged mark with the registered mark imprinted on actual merchandise, Judge Broderick below ruled that the designs on a shipment of 18-karat gold watch bracelets imported by intervenor Grand Jewels, Inc. ("the importer") were counterfeits of plaintiff Montres Rolex, S.A.'s registered trademark. Accordingly, he ordered Customs to comply with the mandatory forfeiture provisions of [§ 1526\(e\)](#). Because Judge Broderick's interpretation and application of [§ 1526\(e\)](#) is fully consistent with its punitive and deterrent purposes, we affirm.

I. Facts, Administrative Proceedings, and Decision Below.

In early May 1981, a Customs import specialist at J.F.K. International Airport in New York detained a shipment of approximately 100 18-karat solid gold watch bracelets, each bearing a fan or crown-like design on the clasp. The bracelets were destined for Grand Jewels, Inc., a New York City retailer. Suspecting a possible violation of Rolex's trademark rights, the specialist forwarded samples of the bracelets to Joseph J. DeNardo, Assistant Chief of Customs' Imports Compliance Branch. Following standard operating procedures, DeNardo compared the designs on the bracelets' clasps with the drawing of the Rolex trademark on the registration certificate Rolex had filed with Customs pursuant to [19 C.F.R. § 133.1-7](#). By letter dated May 12, 1981, DeNardo advised the importer that:

Examination of two samples from the shipment reveals that they both bear a crown design which is considered to infringe on the registered and recorded "Crown Design" trademark owned by Montres Rolex S.A. in violation of the Trademark Law ([15 U.S.C. § 1124](#)).

Accordingly, this merchandise is a prohibited importation and subject to seizure and forfeiture unless written consent is received from the trademark owner * * *.

When advised that the Grand Jewels bracelets had been detained, Rolex refused to consent to the importation, notwithstanding Grand Jewels' offer to remove the offending marks. Rather, Rolex contended

that the imported bracelets bore counterfeit marks within the meaning of [§ 1526\(e\)](#) and demanded that they be forfeited.

With the importer and the trademark owner thus at loggerheads, DeNardo again examined the designs on the surface of the imported bracelets' clasps to determine formally whether they constituted counterfeits. He carefully compared those designs, element-by-element and as a whole, with the crown design protected as Rolex's trademark filed with Customs. Because of the minute size of the crowns and their elements, DeNardo used a jeweler's magnifying loupe in the course of his examination.

In a brief letter decision dated July 22, 1981, DeNardo ruled that the designs on the sample bracelets were not counterfeit trademarks. He concluded, therefore, that the detained goods need not be forfeited and could be lawfully imported after the infringing marks were removed or obliterated. A later examination of an authentic Rolex bracelet, supplied by Rolex, did not lead him to change his mind.

Upon Rolex's request for review, Darrell D. Kast, Chief of Customs' Entry, Licensing, and Restricted Merchandise Branch, affirmed DeNardo's decision. Kast reasoned that:

Although the appearance of the mark used on the imported bracelet is very similar to that of the crown design applied to the Rolex bracelet, it can easily *527 be distinguished from the drawing of the official "Crown Design" on the trademark registration. For example, we note that the spikes on the crown design on the sample bracelets submitted are not nearly as long or as tapered in appearance as they are in the official version of the "Crown Design" and that the spacing between the balls at the top of the spikes is minimal and not as clearly defined.

Accordingly, we are of the opinion that the mark that appears on the imported [Grand Jewels] bracelets merely copies or simulates the genuine Rolex "Crown Design" trademark. While the mark in question is close enough in appearance to cause some confusion on the part of the average purchaser at retail as to the source of the bracelet, the infringement, in our opinion, does not amount to a "counterfeit trademark" violation, and the laws and regulations governing "counterfeit trademark" violations would not apply.

Rolex then brought this suit seeking a preliminary and permanent injunction that would require Customs to declare the bracelets counterfeit and therefore forfeited. Following a trial on the merits, accelerated pursuant to [Fed.R.Civ.P. 65\(a\)\(2\)](#), Judge Broderick in an oral decision found that Rolex had standing to challenge Customs' determination that the Grand Jewels bracelets were not counterfeits, and that jurisdiction was available under the Mandamus Act, [28 U.S.C. § 1361 \(1976\)](#) and under the general federal question provision, [28 U.S.C. § 1331 \(Supp. V 1981\)](#). On the merits, Judge Broderick ruled that Customs had erred as a matter of law in two respects in determining whether the Grand Jewels bracelets were counterfeits: it should have compared the designs on the accused bracelets with the marks on actual Rolex bracelets, rather than with the pen-and-ink drawing on the Rolex trademark registration certificate, and it should have examined the bracelets from the perspective of an average purchaser rather than an expert.

Applying the proper standards, Judge Broderick held that "the average buyer examining a bracelet carrying the infringing mark would, if he or she were familiar with plaintiff's mark, conclude that the infringing mark was in fact plaintiff's mark." He then entered judgment (1) determining Customs' ruling to be erroneous, (2) declaring that the marks on the imported bracelets were counterfeits and that the bracelets should be forfeited in the absence of Rolex's consent, and (3) directing Customs to declare the marks counterfeit and to dispose of the merchandise.

II. *The Statutory and Regulatory Scheme.*

The statute at the center of this dispute, [19 U.S.C. § 1526\(e\)](#), provides as follows:

Any such merchandise [manufactured abroad] bearing a counterfeit mark (within the meaning of [section 1127 of Title 15](#)) imported into the United States in violation of the provisions of [section 1124 of Title 15](#), shall be seized and, in the absence of the written consent of the trademark owner, forfeited for violations of the customs laws. Upon seizure of such merchandise, the Secretary [of the Treasury] shall notify the owner of the trademark, and shall, after forfeiture, obliterate the trademark where feasible and dispose of the goods seized * * *

See also 19 C.F.R. § 133.23a(b), (c).

The statutory provisions to which [§ 1526\(e\)](#) refers, [15 U.S.C. §§ 1124](#) and [1127](#), correspond to sections 42 and 45 of the Lanham Act. [Section 1127](#), the Lanham Act's general definitional section, defines a "counterfeit" as "a spurious mark which is identical with, or substantially indistinguishable from, a registered mark." [Section 1124](#) generally prohibits the importation of goods which "copy or simulate" a registered trademark. Under [19 C.F.R. § 133.21\(a\)](#), a "copying or simulating" mark or name" is either "an actual counterfeit of the recorded mark" or "is one which so resembles it as to be likely to cause the public to associate the copying or simulating mark with the registered mark or name." The latter component of this

definition tracks the language of that part of [section 1127](#) which defines the term "colorable imitation" as "any mark which so resembles *528 a registered mark as to be likely to cause confusion or mistake or to deceive." Similarly, 19 C.F.R. § 133.23a(a) tracks [section 1127](#) by defining a "counterfeit trademark" as "a spurious trademark which is identical with, or substantially indistinguishable from, a registered trademark." Thus the customs laws and regulations create a two-tier classification scheme. The first category consists of marks which are merely infringements, judged by whether they are likely to cause the public to associate the copying mark with the recorded mark. In the second category are those marks which not only infringe but in addition are such close copies that they amount to counterfeits.

The significance of this distinction emerges from the consequences that are attached to the two categories. Counterfeits are treated harshly: absent written consent of the trademark owner they "shall be seized and * * * forfeited". [19 U.S.C. § 1526\(e\)](#); 19 C.F.R. § 133.23a(b). On the other hand, merely infringing articles may be imported, provided that:

[t]he objectionable mark is removed or obliterated prior to importation in such a manner as to be illegible and incapable of being reconstituted, for example by:

- (i) Grinding off imprinted trademarks wherever they appear;
 - (ii) Removing and disposing of plates bearing a trademark or trade name
- [19 C.F.R. § 133.21\(c\)\(4\)](#).

III. Customs' Threshold Claims.

On appeal, Customs has not pressed its procedural claims; it has simply remarked in a footnote in its brief that "the district court's conclusion[s] as to both mandamus jurisdiction and standing appear to be erroneous * * *." Similarly, neither Rolex nor Grand Jewels briefed or argued these issues. Nevertheless, because "our jurisdiction to decide the case is implicated," [Village of Arlington Heights v. Metropolitan Housing Development Corp.](#), 429 U.S. 252, 260, 97 S.Ct. 555, 561, 50 L.Ed.2d 450 (1977), we are compelled to briefly address these novel questions.

A. Standing.

Customs argued below that its resolution of the counterfeit issue--even if erroneous--did not injure Rolex in a manner sufficient to confer standing under Article III of the Constitution. The crux of its argument was that the Grand Jewels bracelets had already been declared infringements and that the offending marks would therefore have to be obliterated before the merchandise was released. Under these circumstances, Customs contended, Rolex was not exposed to any actual or threatened harm, much less the type of "injury in fact" required by Article III.

We think that Customs takes too narrow a view of the consequences to Rolex of an adverse determination here. Commercial counterfeiting has reached epidemic proportions. *See generally* Rakoff & Wolff, *Commercial Counterfeiting and the Proposed Trademark Counterfeiting Act*, 20 Am.Crim.L.Rev. 145 (1982). As we previously witnessed in [Matter of Vuitton et Fils S.A.](#), 606 F.2d 1 (2d Cir.1979), the owners of trademarks on prestige items are particularly likely to be plagued by recurring counterfeit problems. Indeed, in this case Customs official DeNardo testified that the Grand Jewels bracelets were not the first batch of fake Rolex merchandise that Customs had intercepted. And Rolex's expert confirmed that Rolex encounters three or four counterfeits a week.

Given this predicament, there is more at stake for Rolex in this action than the fate of this particular shipment of Grand Jewels bracelets. A ruling that the designs on these bracelets were not counterfeits of Rolex's trademark, despite the fact that only an expert could distinguish between the two, would remove a major disincentive that might otherwise prevent counterfeiters from pirating Rolex's mark. Counterfeiters would be free to copy the Rolex crown with relative impunity, safe in the knowledge that if their merchandise was intercepted at Customs and deemed an infringement, they could still salvage most of their investment *529 by selling the merchandise after the offending marks were removed.

Contrary to Customs' position below, this potential harm to Rolex is not so abstract or speculative as to deny Article III standing. As this court, sitting *en banc*, recognized in [City of Hartford v. Towns of Glastonbury](#), 561 F.2d 1032, 1050 (2d Cir.1977), *cert. denied*, 434 U.S. 1034, 98 S.Ct. 766, 54 L.Ed.2d 781 (1978) (quoting [Village of Arlington Heights v. Metropolitan Housing Development Corp.](#), 429 U.S. 252 at 260-61, 97 S.Ct. 555 at 561 (citations omitted)):

The essence of the standing question, in its constitutional dimension, "is whether the plaintiff has 'alleged such a personal stake in the outcome of the controversy' as to warrant *his* invocation of federal court jurisdiction and to justify exercise of the court's remedial powers on his behalf." ... The plaintiff must show that he himself was injured by the challenged action of the defendant. The injury may be indirect ... but the complaint must indicate that the injury is indeed fairly traceable to the defendant's acts or omissions.

In the present case, the challenged action of defendants places a uniquely personal interest of Rolex in jeopardy. And Rolex has established at least a substantial probability that it will in fact be harmed. In our view, this is sufficient to confer standing. See *Douglas Oil Co. v. Petrol Stops Northwest*, 441 U.S. 211, 218 n. 8, 99 S.Ct. 1667, 1672 n. 8, 60 L.Ed.2d 156 (1979); *Ludlow Corp. v. SEC*, 604 F.2d 704, 706 (D.C.Cir.1979); cf. *Warth v. Seldin*, 422 U.S. 490, 504, 95 S.Ct. 2197, 2208, 45 L.Ed.2d 343 (1975). Furthermore, "where a dispute is otherwise justiciable, the question whether the litigant is a 'proper party to request an adjudication of a particular issue,' * * * is one within the power of Congress to determine." *Sierra Club v. Morton*, 405 U.S. 727, 732 n. 3, 92 S.Ct. 1361, 1365 n. 3, 31 L.Ed.2d 636 (1972) (citation omitted). Here, Congress has passed a statute that expressly requires notification of the trademark owner after counterfeit merchandise is seized. Together with the applicable regulations, see 19 C.F.R. § 133.23a, the statute contemplates that the trademark owner will play an active role in the ensuing administrative process. It is not unreasonable to assume that Congress also intended for the trademark owner to have some input into the initial administrative determination as to whether the detained merchandise was counterfeit. Indeed, that is apparently the way Customs interpreted the statute at the administrative level in this case, for it permitted Rolex actively to participate in the Customs proceedings. It would be anomalous to rule now that Rolex had no standing to pursue this appeal.

Finally, we cannot overlook that the result of accepting Customs' standing argument would be to render its decision unreviewable. In the absence of any explicit indication, we will not assume that Congress intended to entrust Customs with final disposition of substantial competing commercial interests through the exclusive administration of § 1526(e).

B. Subject Matter Jurisdiction.

Turning briefly to Customs' second threshold argument, we need not determine whether the district court had jurisdiction to adjudicate this dispute under the Mandamus Act, 28 U.S.C. § 1361. While the district judge did find that mandamus jurisdiction was appropriate, he also found that the court had general federal question jurisdiction under 28 U.S.C. § 1331, and this latter ruling is unassailable. Kast's administrative affirmance of DeNardo's initial decision unquestionably qualified as reviewable "final agency action" under 5 U.S.C. § 704 (1982), since Rolex had exhausted its administrative remedies. And the district court clearly had jurisdiction to review Rolex's challenge to Kast's final determination under § 1331 as an action arising under § 1526(e).

Further, to the extent that Rolex sought mandatory relief, it was well within the district court's traditional equitable powers to award it in an action based on *530 § 1331. Any doubts as to whether these powers may be exercised in this context are laid to rest by 5 U.S.C. § 703 (1982), which provides that a court reviewing agency action may issue "writs of prohibitory or mandatory injunction * * *".

Thus, mandamus jurisdiction, if available, would be superfluous. See 4 K. Davis, *Administrative Law Treatise* §§ 23:8-23:14 (2d ed. 1983). We therefore do not reach the academic question of whether, in the circumstances present here, § 1361 might be an appropriate vehicle for challenging Customs' decision.

IV. The Merits.

We turn, finally, to the substantive issues presented on this appeal. The standard of review here, as it was in the district court, is whether Customs' determination that the Grand Jewels bracelets were not counterfeits within the meaning of § 1526(e) was "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law". 5 U.S.C. § 706(2)(A) (1982).

A. Average Purchaser or Expert?

The central disagreement dividing the parties on appeal concerns the standard that should be applied in determining whether the marks on the Grand Jewels bracelets bear a "counterfeit mark" under § 1526(e). Customs contends that only an expert can determine whether the bracelets are "identical with or substantially indistinguishable from" Rolex's mark. On the other hand, Rolex argues, Grand Jewels concedes, and Judge Broderick below held, that this determination should be made from the standpoint of an average purchaser.

Neither § 1526(e) itself, the applicable regulations, nor prior case law sheds any light on this question. As we earlier indicated, the statute and the regulations together incorporate the Lanham Act's definitional distinction between "counterfeits" and those "colorable imitations" that merely infringe a protected mark. Unlike the customs laws and regulations, however, the Lanham Act does not impose different penalties for these two types of violations. As a result, courts deciding cases directly under the Lanham Act have never had to wrestle with this distinction. Thus, while it is well settled that whether an article is an infringement, *i.e.*, sufficiently similar to cause public confusion, must be determined from the perspective of an average consumer, *see, e.g.*, *Electronic Communications, Inc. v. Electronic Components for Industry Co.*, 443 F.2d

[487, 492 \(8th Cir.\)](#), *cert. denied*, [404 U.S. 833, 92 S.Ct. 80, 30 L.Ed.2d 63 \(1971\)](#); [Maternally Yours, Inc. v. Your Maternity Shop, Inc.](#), [234 F.2d 538, 542 \(2d Cir.1956\)](#), there is no similar body of law construing the definition of "counterfeit".

Nor is there any legislative history directly on point. The Customs Procedural Reform and Simplification Act of 1978 was a multi-faceted measure which effected major substantive and procedural changes in the customs laws. Section 211, codified at [19 U.S.C. § 1526\(e\)](#), represented only one of many changes, and the precise meaning of the term "counterfeit", as used in the amendment, did not receive express consideration in any of the written reports that were generated, in any of the hearings that were conducted, or in any floor debate that took place.

On the other hand, the general thrust of [§ 1526\(e\)](#) is easy to discern from the context, as opposed to the express recitals, of the legislative history. Prior to 1978, imported goods caught bearing a counterfeit mark could be admitted into this country after removal of the offending mark, or they could be exported to another country. [19 U.S.C. § 1526](#); [19 C.F.R. § 133.21\(c\)\(1\)-\(7\)](#); see Walker, *A Program To Combat International Commercial Counterfeiting*, 70 Trade-Mark Rep. 117, 125-26 (1980). Counterfeiters therefore ran very little risk, since even if their goods were intercepted by Customs, they could still salvage, perhaps even profit from, their investment.

Section 211 was not included in the version of the Customs Procedural Reform and Simplification Act that was originally introduced in the House of Representatives. It was added by the Senate Finance Committee, apparently at the behest of a coalition of European and American companies which had mounted an international lobbying ^{*531} effort to combat commercial counterfeiting. See Walker, *supra*, 70 Trade-Mark Rep. at 126. One of the reasons for this amendment was expressed in the Senate Finance Committee report: The committee believes that there is now no effective sanction against violations of section 42 [42 U.S.C. § 1124] as it relates to merchandise which simulates or copies a registered trademark. Under present law, Customs may immediately sell goods bearing a counterfeit trademark after forfeiture. Such a disposition puts the counterfeit goods in competition with legitimate trademark goods.

S.Rep. No. 778, 95th Cong., 2d Sess. 34, *reprinted in* 1978 U.S.Code Cong. & Ad.News 2211, 2245. This was expanded upon in the House Conference report:

[T]he amendment is intended solely to strengthen the remedies available to prevent the importation of merchandise bearing [a counterfeit] mark and to require the obliteration of the counterfeit trademark where feasible in all cases before disposition of the merchandise by the Customs Service.

H.R.Rep. No. 1517, 95th Cong. 2d Sess. 17, *reprinted in* 1978 U.S.Code Cong. & Ad.News 2249, 2259.

As even the importer in this case is forced to concede, these references demonstrate that [§ 1526\(e\)](#) "represents a specific effort by Congress to stiffen the penalties for and to deter the use of infringing marks which amount to 'counterfeits'." In our view, these related purposes will best be furthered by adopting the "average purchaser" test applied by Judge Broderick below. The alternative test proposed by the government would be not nearly as strict, since an expert, aided by a loupe or a microscope, could readily discern differences between allegedly counterfeit and registered marks that would be unnoticed or even undetectable by the average purchaser. Indeed, one of the distinguishing characteristics of an expert is his ability to see differences that the rest of us do not, and, once the expert sees a difference between the imported object and the registered mark it is unlikely he could find them to be "substantially indistinguishable".

Consequently, the "expert" test would tend to frustrate the central purpose underlying the amendment: to provide an "effective sanction" against merchandise which "simulates or copies a registered trademark."

S.Rep. No. 778, *supra*. In the absence of any more explicit congressional guidance, we believe that the proper course is to adopt the test that ensures the efficacy of the sanction added by the amendment. While it is true that forfeiture of merchandise is a severe penalty, Congress clearly intended such severity to be inflicted upon counterfeiters.

Customs argues that determining from the perspective of an average purchaser both whether an allegedly offending mark constitutes an infringement and whether it constitutes a counterfeit will "utterly [destroy] the distinction carefully drawn by the statute." We disagree. Incorporating the average purchaser test into both tiers of the statutory scheme will only require that the two very different statutory standards be applied from the same standpoint.

We recognize that in a case like the one at bar, the difference between these two standards may be more theoretical than real, *i.e.*, the challenged mark, when viewed from the perspective of the average purchaser, would not be "likely to cause confusion" unless it was "substantially indistinguishable" from the registered mark. But this will not always be so. We are aware of at least three Customs rulings in which different

results would likely follow under the two standards.

For example, in *In re Louis Vuitton*, (C.S.D. 80-97, August 31, 1979), both the legitimate and the bogus merchandise bore marks comprised of two capital letters superimposed one upon the other, surrounded by a fleur-de-lis pattern. Customs ruled that the use of a superimposed "P" rather than an "L" over a "V" created a substantial likelihood of customer confusion. However, it is doubtful that the average purchaser would have viewed these marks as substantially indistinguishable.

The same is true of *In re Amazonas*, (C.S.D. 80-39, July 17, 1979). At issue *532 there was the use of the name "Amazonas" as opposed to "Amazon" on shoe heels and soles. While Customs found that these two marks were similar enough to cause confusion, it could not be seriously contended that the average consumer would have found them substantially indistinguishable.

Similarly, in *In re Bulova Watch Co.*, (C.S.D. 80-77, 14 Cus.Bull. No. 30, July 23, 1980), which involved the use of the name "Bolivia" as opposed to "Bulova", Customs found an infringement. Once again, however, it is unlikely that an average purchaser would have found the marks on the two watches to be substantially indistinguishable.

These cases demonstrate that Judge Broderick's interpretation of the statutory scheme does retain the distinction that Congress created. While the two standards may converge in certain applications, that possibility is hardly a sufficient justification for construing [§ 1526\(e\)](#) in a manner that would undermine its principal objective of severely punishing counterfeiting activities.

B. *The Registered Mark as It Appears on Actual Merchandise or as It Appears on the Registration Certificate?*

Customs next argues that Judge Broderick misconstrued the statutory scheme by comparing the designs on the Grand Jewels bracelets with the Rolex crown as it appears on actual merchandise. Customs emphasizes that [§ 1526\(e\)](#) requires it to protect only a "registered" mark and contends that Rolex must bear the risk of deviating from that mark. Further, Customs submits that Judge Broderick's interpretation of [§ 1526\(e\)](#) would create additional administrative burdens which Congress deliberately declined to impose upon Customs when it required in [§ 1526\(e\)](#) that Customs contact the trademark holder only after it determined that a counterfeit mark had been used.

We are not persuaded by these arguments. To begin with, the "deviation" that serves as the factual predicate for Customs' position is slight and inconsequential. Whenever a two-dimensional paper facsimile of a mark like the Rolex crown is compared with the three-dimensional mark fabricated on actual merchandise, some differences will be detectable. To allow such differences to undercut the protection Congress intended to grant the trademark owner would be absurd. *Cf. Ilco Corp. v. Ideal Security Hardware Corp.*, 527 F.2d 1221 (C.C.P.A.1976) (a mark may be modified in such a fashion as to retain its trademark impact and symbolize a single and continuing commercial impression; a change which does not alter the distinctive characteristics of a mark represents a continuity of trademark rights).

Furthermore, the narrow construction of [§ 1526\(e\)](#) urged by Customs is inconsistent with the commercial realities of the counterfeit trademark trade. It seems safe to assume that counterfeiters copy actual merchandise, not registration certificates. In this case, for example, the designs on the Grand Jewels bracelets more closely resemble the Rolex mark as it appears on actual merchandise than they do the registered Rolex mark. Thus, just as the protected mark on actual merchandise is unlikely to be identical with the two-dimensional facsimile of the mark recorded on the registration certificate, so, too, an infringing mark would be unlikely to be substantially indistinguishable from that facsimile. As a result, if Customs' exclusive focus on the registered mark were to prevail, infringing merchandise with three-dimensional marks could rarely, if ever, be deemed counterfeit. Given the punitive and deterrent purposes underlying [§ 1526\(e\)](#), we cannot acquiesce in so narrow an interpretation.

Nor do we see much merit to Customs' concern with the administrative burdens that Judge Broderick's interpretation of the statute would impose. If Customs' experience in this case is any indication, there will be no problem at all obtaining samples of the trademark owner's actual merchandise for purposes of comparison. We see no reason why a trademark owner would not eagerly cooperate with Customs in this regard, and even if the owner failed to do so after receiving notice of the seizure, Customs could still make its determination based on the mark as registered.

*533 C. *"Counterfeit" or "Colorable Imitation"?*

Applying the standards we have indicated are appropriate, we have little difficulty concluding that Judge Broderick properly determined that the Grand Jewels bracelets were counterfeits. We examined the actual bracelets at oral argument and found the Grand Jewels samples to be the spitting image of the Rolex merchandise. An average purchaser would surely find the real and fake bracelets to be substantially

indistinguishable. We do not understand the government to have argued otherwise on appeal.

V. Conclusion

For all these reasons we must conclude that Customs' interpretation and application of [§ 1526\(e\)](#) in this case was "arbitrary, capricious, and otherwise not in accordance with law" under [5 U.S.C. § 706\(2\)\(A\)](#). We are, of course, sensitive to

the deference to be given an agency administering a statute, particularly "when the administrative practice at stake 'involves a contemporaneous construction of a statute by [those] charged with the responsibility of setting its machinery in motion, of making the parts work efficiently and smoothly while they are yet untried and new.' "

[Connecticut Fund for the Environment v. EPA, 672 F.2d 998, 1010 \(2d Cir.1982\)](#) (quoting [Power Reactor Development Co. v. International Union of Electrical, Radio & Machine Workers, 367 U.S. 396, 408, 81 S.Ct. 1529, 1535, 6 L.Ed.2d 924 \(1961\)](#)). That deference, however, is unwarranted when the administering agency's interpretation would cripple a statutory scheme in its inception. Customs' position in this case, if accepted, would have just that effect. Its standing argument would preclude an aggrieved trademark owner from seeking judicial review at all. And its substantive claims would minimize the chances of any merchandise being declared counterfeit.

We hold that Rolex had standing and the district court had jurisdiction to review Customs' final determination that the crown on the accused bracelets was not a "counterfeit". We further hold that Judge Broderick correctly interpreted [§ 1526\(e\)](#) to require in this case (1) that the "counterfeit" question be determined by comparing the accused mark on the imported bracelets with the protected mark on Rolex's own merchandise, and (2) that the comparison be made from the perspective of an average purchaser rather than an expert. Finally, we hold that Judge Broderick properly determined that the Grand Jewels bracelets were counterfeits under [§ 1526\(e\)](#).

Affirmed.

Fonovisa, Inc. v. Cherry Auction, Inc.

76 F.3d 259 (9th Cir. 1996)

[SCHROEDER](#), Circuit Judge:

This is a copyright and trademark enforcement action against the operators of a swap meet, sometimes called a flea market, where third-party vendors routinely sell counterfeit recordings that infringe on the plaintiff's copyrights and trademarks. The district court dismissed on the pleadings, holding that the plaintiffs, as a matter of law, could not maintain any cause of action against the swap meet for sales by vendors who leased [*261](#) its premises. The district court's decision is published. [Fonovisa Inc. v. Cherry Auction, Inc., 847 F.Supp. 1492 \(E.D.Cal.1994\)](#). We reverse.

Background

The plaintiff and appellant is Fonovisa, Inc., a California corporation that owns copyrights and trademarks to Latin/Hispanic music recordings. Fonovisa filed this action in district court against defendant-appellee, Cherry Auction, Inc., and its individual operators (collectively "Cherry Auction"). For purposes of this appeal, it is undisputed that Cherry Auction operates a swap meet in Fresno, California, similar to many other swap meets in this country where customers come to purchase various merchandise from individual vendors. *See generally, Flea Market Owner Sued for Trademark Infringement*, 4 No. 3 J. Proprietary Rts. 22 (1992). The vendors pay a daily rental fee to the swap meet operators in exchange for booth space. Cherry Auction supplies parking, conducts advertising and retains the right to exclude any vendor for any reason, at any time, and thus can exclude vendors for patent and trademark infringement. In addition, Cherry Auction receives an entrance fee from each customer who attends the swap meet.

There is also no dispute for purposes of this appeal that Cherry Auction and its operators were aware that vendors in their swap meet were selling counterfeit recordings in violation of Fonovisa's trademarks and copyrights. Indeed, it is alleged that in 1991, the Fresno County Sheriff's Department raided the Cherry Auction swap meet and seized more than 38,000 counterfeit recordings. The following year, after finding that vendors at the Cherry Auction swap meet were still selling counterfeit recordings, the Sheriff sent a letter notifying Cherry Auction of the on-going sales of infringing materials, and reminding Cherry Auction that they had agreed to provide the Sheriff with identifying information from each vendor. In addition, in 1993, Fonovisa itself sent an investigator to the Cherry Auction site and observed sales of counterfeit recordings.

Fonovisa filed its original complaint in the district court on February 25, 1993, and on March 22, 1994, the district court granted defendants' motion to dismiss pursuant to [Federal Rule of Civil Procedure 12\(b\)\(6\)](#). In this appeal, Fonovisa does not challenge the district court's dismissal of its claim for direct copyright infringement, but does appeal the dismissal of its claims for contributory copyright infringement, vicarious copyright infringement and contributory trademark infringement.

The copyright claims are brought pursuant to [17 U.S.C. §§ 101 et seq.](#) Although the Copyright Act does not expressly impose liability on anyone other than direct infringers, courts have long recognized that in certain circumstances, vicarious or contributory liability will be imposed. See [Sony Corp. of America v. Universal City Studios, Inc.](#), 464 U.S. 417, 435, 104 S.Ct. 774, 785, 78 L.Ed.2d 574 (1984) (explaining that "vicarious liability is imposed in virtually all areas of the law, and the concept of contributory infringement is merely a species of the broader problem of identifying circumstances in which it is just to hold one individually accountable for the actions of another").

Similar principles have also been applied in the trademark field. See [Inwood Laboratories v. Ives Laboratories](#), 456 U.S. 844, 844-46, 102 S.Ct. 2182, 2184, 72 L.Ed.2d 606 (1982). The Seventh Circuit, for example, has upheld the imposition of liability for contributory trademark infringement against the owners of a flea market similar to the swap meet operated by Cherry Auction. [Hard Rock Cafe Licensing Corp. v. Concession Services, Inc.](#), 955 F.2d 1143 (7th Cir.1992). The district court in this case, however, expressly rejected the Seventh Circuit's reasoning on the contributory trademark infringement claim. Contributory and vicarious copyright infringement, however, were not addressed in [Hard Rock Cafe](#), making this the first case to reach a federal appeals court raising issues of contributory and vicarious copyright infringement in the context of swap meet or flea market operations.

We analyze each of the plaintiff's claims in turn.

Vicarious Copyright Infringement

The concept of vicarious copyright liability was developed in the Second Circuit as an *262 outgrowth of the agency principles of respondeat superior. The landmark case on vicarious liability for sales of counterfeit recordings is [Shapiro, Bernstein and Co. v. H.L. Green Co.](#), 316 F.2d 304 (2d Cir.1963). In [Shapiro](#), the court was faced with a copyright infringement suit against the owner of a chain of department stores where a concessionaire was selling counterfeit recordings. Noting that the normal agency rule of respondeat superior imposes liability on an employer for copyright infringements by an employee, the court endeavored to fashion a principle for enforcing copyrights against a defendant whose economic interests were intertwined with the direct infringer's, but who did not actually employ the direct infringer.

The [Shapiro](#) court looked at the two lines of cases it perceived as most clearly relevant. In one line of cases, the landlord-tenant cases, the courts had held that a landlord who lacked knowledge of the infringing acts of its tenant and who exercised no control over the leased premises was not liable for infringing sales by its tenant. See e.g. [Deutsch v. Arnold](#), 98 F.2d 686 (2d Cir.1938); c.f. [Fromont v. Aeolian Co.](#), 254 F. 592 (S.D.N.Y.1918). In the other line of cases, the so-called "dance hall cases," the operator of an entertainment venue was held liable for infringing performances when the operator (1) could control the premises and (2) obtained a direct financial benefit from the audience, who paid to enjoy the infringing performance. See e.g. [Buck v. Jewell-LaSalle Realty Co.](#), 283 U.S. 191, 198-199, 51 S.Ct. 410, 411-12, 75 L.Ed. 971 (1931); [Dreamland Ball Room, Inc. v. Shapiro, Bernstein & Co.](#), 36 F.2d 354 (7th Cir.1929).

From those two lines of cases, the [Shapiro](#) court determined that the relationship between the store owner and the concessionaire in the case before it was closer to the dance-hall model than to the landlord-tenant model. It imposed liability even though the defendant was unaware of the infringement. [Shapiro](#) deemed the imposition of vicarious liability neither unduly harsh nor unfair because the store proprietor had the power to cease the conduct of the concessionaire, and because the proprietor derived an obvious and direct financial benefit from the infringement. 316 F.2d at 307. The test was more clearly articulated in a later Second Circuit case as follows: "even in the absence of an employer-employee relationship one may be vicariously liable if he has the right and ability to supervise the infringing activity and also has a direct financial interest in such activities." [Gershwin Publishing Corp. v. Columbia Artists Management, Inc.](#), 443 F.2d 1159, 1162 (2d Cir.1971). See also 3 Melville Nimmer & David Nimmer, *Nimmer on Copyright* § 1204(A)[1], at 1270-72 (1995). The most recent and comprehensive discussion of the evolution of the doctrine of vicarious liability for copyright infringement is contained in Judge Keeton's opinion in [Polygram Intern. Pub., Inc. v. Nevada/TIG, Inc.](#), 855 F.Supp. 1314 (D.Mass.1984).

The district court in this case agreed with defendant Cherry Auction that Fonovisa did not, as a matter of law, meet either the control or the financial benefit prong of the vicarious copyright infringement test

articulated in *Gershwin, supra*. Rather, the district court concluded that based on the pleadings, "Cherry Auction neither supervised nor profited from the vendors' sales." [847 F.Supp. at 1496](#). In the district court's view, with respect to both control and financial benefit, Cherry Auction was in the same position as an absentee landlord who has surrendered its exclusive right of occupancy in its leased property to its tenants. This analogy to absentee landlord is not in accord with the facts as alleged in the district court and which we, for purposes of appeal, must accept. The allegations below were that vendors occupied small booths within premises that Cherry Auction controlled and patrolled. According to the complaint, Cherry Auction had the right to terminate vendors for any reason whatsoever and through that right had the ability to control the activities of vendors on the premises. In addition, Cherry Auction promoted the swap meet and controlled the access of customers to the swap meet area. In terms of control, the allegations before us are strikingly similar to those in *Shapiro* and *Gershwin*.

In *Shapiro*, for example, the court focused on the formal licensing agreement between defendant department store and the direct infringer- concessionaire. There, the concessionaire selling the bootleg recordings had a *263 licensing agreement with the department store (H.L. Green Company) that required the concessionaire and its employees to "abide by, observe and obey all regulations promulgated from time to time by the H.L. Green Company," and H.L. Green Company had the "unreviewable discretion" to discharge the concessionaires' employees. [316 F.2d at 306](#). In practice, H.L. Green Company was not actively involved in the sale of records and the concessionaire controlled and supervised the individual employees. *Id.* Nevertheless, H.L. Green's ability to police its concessionaire--which parallels Cherry Auction's ability to police its vendors under Cherry Auction's similarly broad contract with its vendors--was sufficient to satisfy the control requirement. *Id.* at 308.

In *Gershwin*, the defendant lacked the formal, contractual ability to control the direct infringer. Nevertheless, because of defendant's "pervasive participation in the formation and direction" of the direct infringers, including promoting them (i.e. creating an audience for them), the court found that defendants were in a position to police the direct infringers and held that the control element was satisfied. [443 F.2d at 1163](#). As the promoter and organizer of the swap meet, Cherry Auction wields the same level of control over the direct infringers as did the *Gershwin* defendant. See also *Polygram*, [855 F.Supp. at 1329](#) (finding that the control requirement was satisfied because the defendant (1) could control the direct infringers through its rules and regulations; (2) policed its booths to make sure the regulations were followed; and (3) promoted the show in which direct infringers participated).

The district court's dismissal of the vicarious liability claim in this case was therefore not justified on the ground that the complaint failed to allege sufficient control.

We next consider the issue of financial benefit. The plaintiff's allegations encompass many substantive benefits to Cherry Auction from the infringing sales. These include the payment of a daily rental fee by each of the infringing vendors; a direct payment to Cherry Auction by each customer in the form of an admission fee, and incidental payments for parking, food and other services by customers seeking to purchase infringing recordings.

Cherry Auction nevertheless contends that these benefits cannot satisfy the financial benefit prong of vicarious liability because a commission, directly tied to the sale of particular infringing items, is required. They ask that we restrict the financial benefit prong to the precise facts presented in *Shapiro*, where defendant H.L. Green Company received a 10 or 12 per cent commission from the direct infringers' gross receipts. Cherry Auction points to the low daily rental fee paid by each vendor, discounting all other financial benefits flowing to the swap meet, and asks that we hold that the swap meet is materially similar to a mere landlord. The facts alleged by Fonovisa, however, reflect that the defendants reap substantial financial benefits from admission fees, concession stand sales and parking fees, all of which flow directly from customers who want to buy the counterfeit recordings at bargain basement prices. The plaintiff has sufficiently alleged direct financial benefit.

Our conclusion is fortified by the continuing line of cases, starting with the dance hall cases, imposing vicarious liability on the operator of a business where infringing performances enhance the attractiveness of the venue to potential customers. In *Polygram*, for example, direct infringers were participants in a trade show who used infringing music to communicate with attendees and to cultivate interest in their wares. [855 F.Supp. at 1332](#). The court held that the trade show participants "derived a significant financial benefit from the attention" that attendees paid to the infringing music. *Id.*; See also *Famous Music Corp. v. Bay State Harness Horse Racing and Breeding Ass'n*, [554 F.2d 1213, 1214 \(1st Cir.1977\)](#) (race track owner vicariously liable for band that entertained patrons who were not "absorbed in watching the races"); [Shapiro, 316 F.2d at 307](#) (dance hall cases hold proprietor liable where infringing "activities provide the

proprietor with a source of customers and enhanced income"). In this case, the sale of pirated recordings at the Cherry Auction swap meet is a "draw" for customers, as was *264 the performance of pirated music in the dance hall cases and their progeny.

Plaintiffs have stated a claim for vicarious copyright infringement.

Contributory Copyright Infringement

Contributory infringement originates in tort law and stems from the notion that one who directly contributes to another's infringement should be held accountable. See [Sony v. Universal City, 464 U.S. at 417, 104 S.Ct. at 774-776](#); 1 Niel Boorstyn, Boorstyn On Copyright § 10.06[2], at 10-21 (1994) ("In other words, the common law doctrine that one who knowingly participates in or furthers a tortious act is jointly and severally liable with the prime tortfeasor, is applicable under copyright law"). Contributory infringement has been described as an outgrowth of enterprise liability, see 3 Nimmer § 1204[a] [2], at 1275; [Demetriades v. Kaufmann, 690 F.Supp. 289, 292 \(S.D.N.Y.1988\)](#), and imposes liability where one person knowingly contributes to the infringing conduct of another. The classic statement of the doctrine is in [Gershwin, 443 F.2d 1159, 1162](#): "[O]ne who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a 'contributory' infringer." See also [Universal City Studios v. Sony Corp. of America, 659 F.2d 963, 975 \(9th Cir.1981\)](#), *rev'd on other grounds, 464 U.S. 417, 104 S.Ct. 774, 78 L.Ed.2d 574 (1984) (adopting [Gershwin](#) in this circuit).*

There is no question that plaintiff adequately alleged the element of knowledge in this case. The disputed issue is whether plaintiff adequately alleged that Cherry Auction materially contributed to the infringing activity. We have little difficulty in holding that the allegations in this case are sufficient to show material contribution to the infringing activity. Indeed, it would be difficult for the infringing activity to take place in the massive quantities alleged without the support services provided by the swap meet. These services include, *inter alia*, the provision of space, utilities, parking, advertising, plumbing, and customers. Here again Cherry Auction asks us to ignore all aspects of the enterprise described by the plaintiffs, to concentrate solely on the rental of space, and to hold that the swap meet provides nothing more. Yet Cherry Auction actively strives to provide the environment and the market for counterfeit recording sales to thrive. Its participation in the sales cannot be termed "passive," as Cherry Auction would prefer.

The district court apparently took the view that contribution to infringement should be limited to circumstances in which the defendant "expressly promoted or encouraged the sale of counterfeit products, or in some manner protected the identity of the infringers." [847 F.Supp. 1492, 1496](#). Given the allegations that the local sheriff lawfully requested that Cherry Auction gather and share basic, identifying information about its vendors, and that Cherry Auction failed to comply, the defendant appears to qualify within the last portion of the district court's own standard that posits liability for protecting infringers' identities. Moreover, we agree with the Third Circuit's analysis in [Columbia Pictures Industries, Inc. v. Aveco, Inc., 800 F.2d 59 \(3rd Cir.1986\)](#) that providing the site and facilities for known infringing activity is sufficient to establish contributory liability. See 2 William F. Patry, Copyright Law & Practice 1147 ("Merely providing the means for infringement may be sufficient" to incur contributory copyright liability).

Contributory Trademark Infringement

Just as liability for copyright infringement can extend beyond those who actually manufacture or sell infringing materials, our law recognizes liability for conduct that assists others in direct trademark infringement. In [Inwood Laboratories, 456 U.S. 844, 102 S.Ct. 2182](#), the Court said that contributory trademark liability is applicable if defendant (1) intentionally induces another to infringe on a trademark or (2) continues to supply a product knowing that the recipient is using the product to engage in trademark infringement. [Inwood at 854-55, 102 S.Ct. at 2188-89](#). As Cherry Auction points out, the [Inwood](#) case involved a manufacturer- *265 distributor, and the [Inwood](#) standard has generally been applied in such cases. The Court in [Inwood](#), however, laid down no limiting principle that would require defendant to be a manufacturer or distributor.

The defendant in [Inwood](#) distributed drugs to a pharmacist, knowing that the pharmacist was mislabeling the drugs with a protected trademark rather than a generic label. In this case, plaintiffs correctly point out that while Cherry Auction is not alleged to be supplying the recordings themselves, it is supplying the necessary marketplace for their sale in substantial quantities.

In [Hard Rock Cafe, 955 F.2d 1143](#), the Seventh Circuit applied the [Inwood](#) test for contributory trademark liability to the operator of a flea market. In that case, there was no proof that the flea market had actual

knowledge of the sale by vendors of counterfeit Hard Rock Cafe trademark merchandise, but the court held that contributory liability could be imposed if the swap meet was "willfully blind" to the ongoing violations. [Hard Rock Cafe, 955 F.2d at 1149](#). It observed that while trademark infringement liability is more narrowly circumscribed than copyright infringement, the courts nevertheless recognize that a company "is responsible for the torts of those it permits on its premises 'knowing or having reason to know that the other is acting or will act tortiously....'" *Id.* quoting [Restatement \(Second\) of Torts § 877\(c\)](#) & cmt. d (1979).

[Hard Rock Cafe's](#) application of the [Inwood](#) test is sound; a swap meet can not disregard its vendors' blatant trademark infringements with impunity. Thus, Fonovisa has also stated a claim for contributory trademark infringement.

The judgment of the district court is REVERSED and the case is REMANDED FOR FURTHER PROCEEDINGS.

Hard Rock Cafe Licensing Corp. v. Concession Services, Inc.

955 F.2d 1143 (7th Cir. 1992)

[CUDAHY](#), Circuit Judge.

The Hard Rock Cafe Licensing Corporation (Hard Rock) owns trademarks on several clothing items, including t-shirts and sweatshirts and apparently attempts to exploit its trademark monopoly to the full. In the summer of 1989, Hard Rock sent out specially trained private investigators to look for counterfeit Hard Rock Cafe merchandise. The investigators found Iqbal Parvez selling counterfeit Hard Rock t-shirts from stands in the Tri-State Swap-O-Rama and the Melrose Park Swap-O-Rama, flea markets owned and operated by Concession Services Incorporated (CSI). The investigators also discovered that Harry's Sweat Shop (Harry's) was selling similar items. Hard Rock brought suit against Parvez, CSI, Harry's and others not relevant to this appeal under the Lanham Trademark Act, [15 U.S.C. § 1051](#) *et seq.* (1988). Most of the defendants settled, including Parvez, who paid Hard Rock some \$30,000. CSI and Harry's went to trial. After a bench trial, the district court found that both remaining defendants violated the Act and entered permanent injunctions forbidding Harry's to sell merchandise bearing Hard Rock's trademarks (whether counterfeit or genuine) and forbidding CSI to permit the sale of such merchandise at its flea markets. The court also awarded treble damages against Harry's. The court did not, however, award attorney's fees against either defendant.

All of the parties who participated in the trial appealed. CSI believes that it is not liable and that, in any event, entry of the injunction was inappropriate. Hard Rock wants attorney's fees from both defendants. Harry's appealed from the finding of liability and the entry of the injunction as well, but filed its appeal one day too **1146* late; its appeal has therefore been dismissed. Finding errors of law and a fatal ambiguity in the findings of fact, we vacate the judgment against CSI, vacate the denial of attorney's fees and remand for further proceedings.

I.

Most of the facts are undisputed. The following account draws from the district court's findings, the record on appeal and the submissions of the parties. Where there are disputes of fact we will note them and defer to the district court's resolution unless clearly erroneous. [Anderson v. Bessemer City, 470 U.S. 564, 573, 105 S.Ct. 1504, 1511, 84 L.Ed.2d 518 \(1985\)](#).

A. *The Parties and Their Practices*

1. *Concession Services, Inc.*

In the summer of 1989, CSI owned and operated three "Swap-O-Rama" flea markets in the Chicago area: the Tri-State, in Alsip, Illinois; the Melrose Park, in Melrose Park, Illinois; and the Brighton Park, in Chicago itself. Although Parvez sold counterfeits at the Tri-State Swap-O-Rama and at Melrose Park, testimony at trial concentrated on the operations at the Tri-State. We too will refer mainly to the Tri-State Swap-O-Rama, although CSI's operations are apparently similar at all three flea markets. CSI generates revenue from a flea market in four ways. First, it rents space to vendors for flat fees that vary by the day of the week and the location of the space. Second, CSI charges a reservation and storage fee to those vendors who want to reserve the same space on a month-to-month basis. Third, CSI charges shoppers a nominal 75 cents admission charge. Fourth, CSI runs concession stands inside the market. To promote its

business, CSI advertises the markets, announcing "BARGAINS" to be had, but does not advertise the presence of any individual vendors or any particular goods.

Supervision of the flea markets is minimal. CSI posts a sign at the Tri-State prohibiting vendors from selling "illegal goods." It also has "Rules For Sellers" which prohibit the sale of food or beverages, [\[FN1\]](#) alcohol, weapons, fireworks, live animals, drugs and drug paraphernalia and subversive or un-American literature. Other than these limitations, vendors can, and do, sell almost any conceivable item. Two off-duty police officers provide security and crowd control (an arrangement that does not apply to the other markets). These officers also have some duty to ensure that the vendors obey the Sellers' Rules. The manager of the Tri-State, Albert Barelli, walks around the flea market about five times a day, looking for problems and violations of the rules. No one looks over the vendors' wares before they enter the market and set up their stalls, and any examination after that is cursory. Moreover, Barelli does not keep records of the names and addresses of the vendors. The only penalty for violating the Seller's Rules is expulsion from the market.

[\[FN1\]](#). The parties loudly dispute the purpose of the rule against selling food and beverages. CSI characterizes the rule as a safety rule. CSI Br. at 12. Hard Rock contends that the rule is designed to protect CSI's concession sales from competition. Hard Rock Br. at 4. But resolving the dispute is not necessary, or even helpful, to deciding the issues before us.

James Pierski, the vice president in charge of CSI's flea markets, testified that CSI has a policy of cooperating with any trademark owner that notifies CSI of possible infringing activity. But there is no evidence that this policy has ever been carried into effect. Before this case, there have been a few seizures of counterfeit goods at Swap-O-Rama flea markets. In no case was CSI informed of a pending seizure, involved in a seizure or notified as to the ultimate disposition of the seized goods. On the other hand, CSI did not investigate any of the seizures, though it knew they had occurred.

2. Harry's Sweat Shop

Harry's is a small store in Darien, Illinois, owned and operated by Harry Spatero. The store sells athletic shoes, t-shirts, jackets with the names of professional sports teams and the like. Spatero testified **1147* that the store contains over 20,000 different items. When buying t-shirts, Harry's is somewhat indiscriminate. The store buys seconds, overruns and closeouts from a variety of sources. Harry's buys most of its t-shirts from Supply Brokers of Pennsylvania, a firm which specializes in buying up stocks from stores going out of business. Spatero testified that Supply Brokers sends him largely unidentified boxes of shirts which he may choose to return after looking them over. But Spatero testified that Harry's also bought shirts from people who came around in unmarked vans, offering shirts at a discount. The store kept no records of the sources of its inventory.

3. Hard Rock Licensing Corp.

Hard Rock owns the rights to a variety of Hard Rock trademarks. The corporation grants licenses to use its trademarks to the limited partnerships that own and operate the various Hard Rock Cafe restaurants. These restaurants are the only authorized distributors of Hard Rock Cafe merchandise, but apparently this practice of exclusivity is neither publicized nor widely known. The shirts themselves are produced by Winterland Productions, which prints logos on blank, first quality t-shirts that it buys from Hanes, Fruit-of-the-Loom and Anvil. According to the manager of the Chicago Hard Rock Cafe, Scott Floersheimer, Winterland has an agreement with Hard Rock to retain all defective Hard Rock shirts. [\[FN2\]](#) Thus, if Winterland performs as agreed, all legitimate Hard Rock shirts sold to the public are well-made and cleanly printed.

[\[FN2\]](#). CSI contends that the testimony was not competent evidence because it was not based on first-hand knowledge. Nonetheless, no evidence suggests that the shirts seized from Parvez and Harry's came from Winterland.

The Chicago Hard Rock Cafe has done very well from its business. Since 1986, it has sold over 500,000 t-shirts at an average gross profit of \$10.12 per shirt.

B. The Investigation

National Investigative Services Corporation (NISCOR) carried out the search for counterfeit merchandise on Hard Rock's behalf. Another firm, Trademark Facts, Inc., trained NISCOR's investigators to recognize counterfeit merchandise. Recognizing counterfeit Hard Rock goods was apparently easy. Any shirt not sold

in a Hard Rock Cafe restaurant was, unless second-hand, counterfeit. Other than this, the investigators were instructed to check for the manufacturer of the t-shirt, a registration or trademark symbol, the quality of the printed design, the color of the design, the quality of the shirt stock and the price. But as to these latter factors (except for the price), Floersheimer testified that even he would have trouble distinguishing a good counterfeit from a legitimate t-shirt.

The investigators visited both the Melrose Park and the Tri-State Swap-O-Ramas and observed Iqbal Parvez (or his employees) offering more than a hundred Hard Rock t-shirts for sale. Cynthia Myers, the chief investigator on the project, testified that these shirts were obviously counterfeit. The shirts were poor quality stock, with cut labels and were being sold for \$3 apiece (a legitimate Hard Rock shirt, we are told, goes for over \$14). Harry's had four Hard Rock shirts for sale, sitting on a discount table for \$3.99 each. The district court found that these too were of obviously low quality, with cut labels and cracked and worn designs. Nonetheless, both Parvez and Harry's were selling t-shirts made by approved manufacturers. Parvez was selling Hanes t-shirts, and Harry's was selling Fruit-of-the-Loom.

At no point before filing suit did Hard Rock warn Harry's or CSI (or Parvez, whose supplier Hard Rock was trying to track down) that the shirts were counterfeits.

C. The District Court Proceedings

Hard Rock brought suit against the defendants in September 1989, alleging violations of sections 32 and 43 of the Lanham Act. [15 U.S.C. §§ 1114 & 1125 \(1988\)](#). Pending trial, the court entered temporary restraining orders and then preliminary injunctions **1148* against both CSI and Harry's. Harry's got rid of its remaining Hard Rock t-shirts, and CSI told any vendors selling Hard Rock merchandise in its flea markets to get rid of their stock as well. There have been no more violations.

After a bench trial, the district court entered permanent injunctions against both defendants and ordered Harry's to pay treble damages based on Hard Rock's lost profits on four t-shirts (in sum, \$120). Findings of Fact, Conclusions of Law and Order at 8 (Sept. 12, 1990) (hereinafter Mem.Op.). The court denied Hard Rock's request for attorney's fees. *Id.*

The court's reasoning is crucial to the resolution of this appeal. Accordingly, we think it appropriate to quote from it at some length. The court concluded that both defendants were "guilty of willful blindness that counterfeit goods were being sold on [their] premises." *Id.* at 7. Another sentence follows, however, which somewhat dilutes the impact of the preceding finding: "Neither defendant took reasonable steps to detect or prevent the sale of Hard Rock Cafe counterfeit T-shirts on its premise [sic]." *Id.* This suggests mere negligence.

Willful blindness, the court said, "is a sufficient basis for a finding of violation of the Lanham Act. [Louis Vuitton S.A. v. Lee](#), 875 F.2d 584, 590 (7th Cir.1989)." *Id.* As to CSI's argument that it did not actually sell the offending goods, the court observed that CSI is not "merely a landlord; it also advertises and promoted the activity on its premises, sells admission tickets to buyers and supervises the premises. Under these circumstances it must also take reasonable precautions against the sale of counterfeit products." *Id.*

II.

The Lanham Trademark Act protects consumers from deceptive claims about the nature and origin of products. [15 U.S.C. § 1114\(1\)\(a\) & \(b\)](#) (use of mark violates Act if "likely to cause confusion, or to cause mistake, or to deceive"); [15 U.S.C. § 1125\(a\)\(1\)](#) (false designation of origin violates Act if "likely to cause confusion, or to cause mistake, or to deceive"). But the Lanham Act also protects trademarks as a form of intellectual property. In this case, the Act protects Hard Rock's investment in a fashionable image and a reputation for selling high quality goods. See [Inwood Laboratories, Inc. v. Ives Laboratories, Inc.](#), 456 U.S. 844, 854 n. 14, 102 S.Ct. 2182, 2188 n. 14, 72 L.Ed.2d 606 (1982) (citing S.Rep. No. 1333, 79th Cong., 2d Sess. 3 (1946)).

A. Secondary Liability

The most interesting issue in this case is CSI's liability for Parvez's sales. Hard Rock argues that CSI has incurred both contributory and vicarious liability for the counterfeits, and we take the theories of liability in that order.

It is well established that "if a manufacturer or distributor intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, the manufacturer or distributor is contributorily responsible for any harm done as a result of the deceit." *Id.* at 854, 102 S.Ct. at 2188 (footnote omitted). Despite this apparently definitive statement, it is not clear how the doctrine applies to people who do not actually manufacture or distribute

the good that is ultimately palmed off as made by someone else. A temporary help service, for example, might not be liable if it furnished Parvez the workers he employed to erect his stand, even if the help service knew that Parvez would sell counterfeit goods. Thus we must ask whether the operator of a flea market is more like the manufacturer of a mislabeled good or more like a temporary help service supplying the purveyor of goods. To answer questions of this sort, we have treated trademark infringement as a species of tort and have turned to the common law to guide our inquiry into the appropriate boundaries of liability. [David Berg & Co. v. Gatto Int'l Trading Co.](#), 884 F.2d 306, 311 (7th Cir.1989).

CSI characterizes its relationship with Parvez as that of landlord and tenant. *1149 Hard Rock calls CSI a licensor, not a landlord. Either way, the Restatement of Torts tells us that CSI is responsible for the torts of those it permits on its premises "knowing or having reason to know that the other is acting or will act tortiously...." [Restatement \(Second\) of Torts § 877\(c\)](#) & cmt. d (1979). The common law, then, imposes the same duty on landlords and licensors that the Supreme Court has imposed on manufacturers and distributors. In the absence of any suggestion that a trademark violation should not be treated as a common law tort, we believe that the [Inwood Labs.](#) test for contributory liability applies. CSI may be liable for trademark violations by Parvez if it knew or had reason to know of them. But the factual findings must support that conclusion.

The district court found CSI to be willfully blind. Since we have held that willful blindness is equivalent to actual knowledge for purposes of the Lanham Act, [Lee](#), 875 F.2d at 590, this finding should be enough to hold CSI liable (unless clearly erroneous). But we very much doubt that the district court defined willful blindness as it should have. To be willfully blind, a person must suspect wrongdoing and deliberately fail to investigate. *Id.* The district court, however, made little mention of CSI's state of mind and focused almost entirely on CSI's failure to take precautions against counterfeiting. Mem.Op. at 5-6. In its conclusions of law, the court emphasized that CSI had a duty to take reasonable precautions. Mem.Op. at 7. In short, it looks as if the district court found CSI to be negligent, not willfully blind.

This ambiguity in the court's findings would not matter if CSI could be liable for failing to take reasonable precautions. But CSI has no affirmative duty to take precautions against the sale of counterfeits. Although the "reason to know" part of the standard for contributory liability requires CSI (or its agents) to understand what a reasonably prudent person would understand, it does not impose any duty to seek out and prevent violations. [Restatement \(Second\) of Torts § 12\(1\)](#) & cmt. a (1965). We decline to extend the protection that Hard Rock finds in the common law to require CSI, and other landlords, to be more dutiful guardians of Hard Rock's commercial interests. Thus the district court's findings do not support the conclusion that CSI bears contributory liability for Parvez's transgressions.

Before moving on, we should emphasize that we have found only that the district court applied an incorrect standard. We have not found that the evidence cannot support the conclusion that CSI was in fact willfully blind. At the Tri-State, Barelli saw Parvez's shirts and had the opportunity to note that they had cut labels and were being sold cheap. Further, Barelli testified that he did not ask vendors whether their goods were counterfeit because they were sure to lie to him. One might infer from these facts that Barelli suspected that the shirts were counterfeits but chose not to investigate.

On the other hand, we do not wish to prejudge the matter. For it is undisputed that Hard Rock made no effort to broadcast the information that legitimate Hard Rock t-shirts could only be found in Hard Rock Cafes. Moreover, there does not seem to be any particular reason to believe that inexpensive t-shirts with cut labels are obviously counterfeit, no matter what logo they bear. *Cf.* [Lee](#), 875 F.2d at 590 (genuine Vuitton and Gucci bags unlikely to display poor workmanship or purple vinyl linings). The circumstantial evidence that Barelli suspected the shirts to be counterfeit is, at best, thin. On remand, the district court may choose to develop this issue more fully.

Perhaps recognizing that the district court's opinion is unclear, Hard Rock urges us to find CSI vicariously liable for Parvez's sales, regardless of its knowledge of the counterfeiting. Indeed, if we accept this theory, CSI is liable for Parvez's sales even if it was not negligent. [FN3](#) See, e.g., *1150 [Shapiro, Bernstein & Co. v. H.L. Green Co.](#), 316 F.2d 304, 309 (2d Cir.1963).

[FN3](#). Unfortunately, counsel for both sides have done their best to confuse this issue. Although the type of vicarious liability that Hard Rock advocates is a form of strict liability, Hard Rock continues to assert CSI's negligence as an element of its case. Either because it did not realize the incongruity in Hard Rock's position, or because it did not wish to discuss the possibility of strict liability, CSI has offered us no assistance on this point. Nor has CSI pointed out that Hard Rock appears to have waived its argument for

strict liability in the proceedings below. Accordingly, CSI has waived Hard Rock's waiver, and we must forge through the thickets unguided.

We have recognized that a joint tortfeasor may bear vicarious liability for trademark infringement by another. [David Berg](#), 884 F.2d at 311. This theory of liability requires a finding that the defendant and the infringer have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product. *Id.* The case before us does not fit into the joint tortfeasor model, and Hard Rock does not argue that it does.

Instead, Hard Rock wants us to apply the more expansive doctrine of vicarious liability applicable to copyright violations. Under the test developed by the Second Circuit, a defendant is vicariously liable for copyright infringement if it has "the right and ability to supervise the infringing activity and also has a direct financial interest in such activities." [Gershwin Publishing Corp. v. Columbia Artists Management, Inc.](#), 443 F.2d 1159, 1162 (2d Cir.1971) (hereinafter *CAMI*); [F.E.L. Publications, Ltd. v. National Conf. of Catholic Bishops](#), 466 F.Supp. 1034, 1040 (N.D.Ill.1978); see also [Dreamland Ball Room, Inc. v. Shapiro, Bernstein & Co.](#), 36 F.2d 354, 355 (7th Cir.1929) (owner of dance hall liable for copyright violations by band hired to entertain paying customers); [Famous Music Corp. v. Bay State Harness Horse Racing & Breeding Ass'n](#), 554 F.2d 1213, 1215 (1st Cir.1977) (owner of racetrack liable for copyright violations by company hired to supply music over public address system). The purpose of the doctrine is to prevent an entity that profits from infringement from hiding behind undercapitalized "dummy" operations when the copyright owner eventually sues. [Shapiro, Bernstein](#), 316 F.2d at 309.

The parties have argued vigorously about the application of this doctrine to the facts. [FN4] But we need not decide the question; for the Supreme Court tells us that secondary liability for trademark infringement should, in any event, be more narrowly drawn than secondary liability for copyright infringement. [Sony Corp. of America v. Universal City Studios, Inc.](#), 464 U.S. 417, 439 n. 19, 104 S.Ct. 774, 787 n. 19, 78 L.Ed.2d 574 (1984) (citing "fundamental differences" between copyright and trademark law). If Hard Rock referred us to some principle of common law that supported its analogy to copyright, we would be more understanding of its claims. But it has not. Further, there is no hint that CSI is playing at the sort of obfuscation that inspired the Second Circuit to develop its more expansive form of vicarious copyright liability. Hard Rock must look to Congress to provide the level of protection it demands of CSI here.

[FN4] We are inclined to favor CSI's side of the dispute. CSI neither hired Parvez to entertain its customers, cf. [Dreamland Ball Room](#), 36 F.2d at 355, nor did it take a percentage of his sales, cf. [Shapiro, Bernstein](#), 316 F.2d at 306 (department store took 10%-12% of record department's gross receipts); [CAMI](#), 443 F.2d at 1161 (management company took percentage of infringer's performance fees). Further, whether CSI is a landlord or a licensor, CSI exercises no more control over its tenants than any landlord concerned with the safety and convenience of visitors and of its tenants as a group. [Deutsch v. Arnold](#), 98 F.2d 686, 688 (2d Cir.1938) (ignorant landlord not liable for copyright infringement by tenant).

In sum, we find that CSI may bear contributory liability for Parvez's unlawful sales, but we see no evidence on the record that would support a finding that CSI is vicariously liable. Accordingly, because the district court's findings fail to establish that CSI knew or had reason to know that Parvez was selling counterfeits, we must vacate the judgment against CSI and remand for further proceedings.

***1151**

B. Injunctive Relief

CSI argues that entry of a permanent injunction is inappropriate even if it is liable, because there is no reason to believe that it will permit more vendors to infringe Hard Rock's trademarks. In this Circuit, however, "[i]t is within the discretion of the trial court to grant or deny an injunction against conduct which has ceased and is not likely to recur." [Schutt Mfg. Co. v. Riddell, Inc.](#), 673 F.2d 202, 207 (7th Cir.1982); [Scotch Whisky Ass'n v. Barton Distilling Co.](#), 489 F.2d 809, 813 (7th Cir.1973). More generally, a plaintiff in a trademark case:

is entitled to effective relief; and any doubt in respect of the extent thereof must be resolved in its favor as the innocent producer and against the [defendant], which has shown by its conduct that it is not to be trusted.

[Polo Fashions, Inc. v. Dick Bruhn, Inc.](#), 793 F.2d 1132, 1135 (9th Cir.1986) (quoting [William R. Warner & Co. v. Eli Lilly & Co.](#), 265 U.S. 526, 532, 44 S.Ct. 615, 618, 68 L.Ed. 1161 (1924)); see also [Champion Spark Plug Co. v. Sanders](#), 331 U.S. 125, 130, 67 S.Ct. 1136, 1139, 91 L.Ed. 1386 (1947); 2 J. Thomas

McCarthy, *Trademarks and Unfair Competition* § 30:2 at 466 (2d ed. 1984). On remand, if the district court finds that CSI is liable, the entry of an appropriate injunction will again be within its discretion. To paraphrase the Ninth Circuit: if CSI sincerely intends not to permit the sale of Hard Rock merchandise at its flea markets, the injunction harms it little; if it does, the injunction gives Hard Rock substantial protection of its trademarks. [Polo Fashions, 793 F.2d at 1135-36.](#)

C. Attorney's Fees

Section 35 of the Lanham Act, [15 U.S.C. § 1117 \(1988\)](#), provides that prevailing plaintiffs may be awarded attorney's fees in two circumstances. If a defendant has sold counterfeit goods by mistake or through negligence, attorney's fees may be awarded "in exceptional circumstances." [§ 1117\(a\)](#). But if the violation "consists of intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark," treble damages and attorney's fees *must* be awarded *unless* there are "extenuating circumstances." [§ 1117\(b\)](#). Willful blindness is sufficient to trigger the mandatory provisions of subsection b. [Lee, 875 F.2d at 590.](#)

1. Concession Services, Inc.

In response to Hard Rock's claim for attorney's fees, CSI argues that it cannot be liable for mandatory attorney's fees under subsection b because even if it is a contributory infringer, it did not "intentionally us[e]" a counterfeit mark. We reject this argument. If CSI can bear contributory liability under substantive provisions that impose liability on those who "use []" a counterfeit mark "in commerce," [15 U.S.C. §§ 1114 & 1125](#) (sections 32 and 43 of the Act), there is no reason to believe that it cannot "intentionally us[e]" a counterfeit within the meaning of section 35(b).

On remand, if the district court finds CSI liable as a contributory infringer, it should consider whether its findings also amount to intentional use. If CSI is liable because it knew that the t-shirts were counterfeit, or because it was willfully blind, an award of attorney's fees is mandatory under section 35(b). If, however, CSI is liable, but only because it had "reason to know" that the shirts were counterfeits, [\[FN5\]](#) then the district court should award attorney's fees only if it finds that the circumstances were exceptional.

[\[FN5\]](#). We realize that finding the line between "willful blindness" and "reason to know" may be like finding the horizon over Lake Michigan in a snowstorm. Nonetheless, we emphasize that the former is a subjective standard--what did Barelli suspect, and what did he do with his suspicion?--whereas the latter is an objective standard--would a reasonably prudent man in Barelli's shoes have known that the t-shirts were counterfeits? See 2 J. Thomas McCarthy, *Trademarks and Unfair Competition* § 25:2 at 246 (2d ed. 1984).

Finally, CSI also argues that Hard Rock failed to come up with competent evidence to support an award of attorney's fees and that it already received its fees when it settled with the primary infringer, Parvez. But since the district court refused to **1152* award attorney's fees, it never had a chance to pass on these questions. We decline to do so here and leave these arguments for the district court on remand.

2. Harry's Sweat Shop

The district court's findings about Harry's suffer from the same defect as the findings about CSI. It is simply not clear whether the court used the phrase "willful blindness" to mean that Harry's suspected the goods were counterfeit but decided not to investigate or to mean that Harry's failed to take precautions. The evidence would support either conclusion. Unfortunately, because of the ambiguity, we must remand this question as well, although the finding of liability stands. [\[FN6\]](#) If the district court finds that Harry's was willfully blind as to the counterfeit nature of the t-shirts it sold, it must award attorney's fees to Hard Rock under section 35(b). Only if Harry's was not willfully blind does the "exceptional circumstances" standard from section 35(a) apply. [\[FN7\]](#)

[\[FN6\]](#). We note in passing that the district court did not have to find that Harry's was willfully blind to establish its liability. Sellers bear strict liability for violations of the Lanham Act. [Henri's Food Products Co. v. Kraft, Inc., 717 F.2d 352, 359 \(7th Cir.1983\)](#); [Tisch Hotels, Inc. v. Americana Inn, Inc., 350 F.2d 609, 613 \(7th Cir.1965\)](#).

[\[FN7\]](#). Harry's also argues that Hard Rock failed to present competent evidence to support an award of fees. Again, we leave the resolution of this issue to the district court.

III.

For the foregoing reasons, we VACATE the finding of liability as to CSI, VACATE the denial of Hard Rock's request for attorney's fees against both defendants and REMAND for further proceedings consistent with this opinion.

APPENDIX 4-2

STATE CRIMINAL STATUTES

ALABAMA (1975)

4-24

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Theft of Trade Secrets or Trademarks	Alabama Code § 13A-8-10.4(b), (c)	<p>§ 13A-8-10.4 (b) A person commits the crime of "theft of trade secrets or trademarks" if without the owner's effective consent, he knowingly:</p> <p>(1) Steals a trade secret;</p> <p>(2) Makes a copy of an article representing a trade secret;</p> <p>(3) Communicates or transmits a trade secret;</p> <p>(4) Makes a copy or reproduction of a trademark for any commercial purpose; or</p> <p>(5) Sells an article on which a trademark is reproduced knowing said trademark was used without the owner's consent.</p>		<p>"Trademark." Any word, name, symbol, or device adopted and used by any person or business entity to identify his goods or services, and to distinguish them from the goods and services of others.</p>	

ALABAMA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Criminal Simulation Forgery and Related Offenses</p>	<p>§ 13A-9-10 § 13A-9-1(T)</p>	<p>(c) Theft of trade secrets or trademarks is a Class C felony.</p>			

4-25

ARIZONA (1/1/60; amended 5/26/98)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Counterfeit Marks; Violation; Classification; Presumption; Seizure; Forfeiture; Civil Penalties; Definitions</p>	<p>Arizona Revised Statutes § 44-1453</p>	<p>§ 44-1453 (A) Except as provided in subsections B and C, a person who knowingly and with intent to sell or distribute uses, displays, advertises, offers for sale, sells or possesses any item that bears a counterfeit mark or any service that is identified by a counterfeit mark is guilty of a class 1 misdemeanor. (B) A person who commits any act proscribed in subsection A is guilty of a class 6 felony if either: (1) The person has one previous conviction under this section. (2) At least one of the following is true: (a) The violation involves more than one hundred but fewer than one thousand items that bear the counterfeit mark.</p>	<p>State or Federal Registration I. Any certificate of registration pursuant to this article or federal law of any intellectual property is prima facie evidence of the facts stated in the certificate of registration.</p>	<p>(1) "Counterfeit mark" means: (a) any unauthorized reproduction or copy of intellectual property. (b) Intellectual property that is affixed to any item that is knowingly sold, offered for sale, manufactured or distributed or to any identifying services offered or rendered without the authority of the intellectual property owner. (2) "Intellectual property" means: any trademark, service mark, trade name, label, term, device, design or word that is adopted or used by a person to identify that person's goods or services. (3) "Retail value" means: (a) For items that bear a counterfeit mark and that are components of a finished product, the counterfeiter's regular selling price of the finished product on or in which the component would be utilized.</p>	<p>Seizure of all items bearing counterfeit marks and the instrumentalities of the crime. All personal property subject to forfeiture pursuant to Title 13, Chapter 39. Destruction of all items bearing counterfeit marks or other</p>

4-27

ARIZONA (continued)

4-28

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Criminal Simulation; Forgery and Fraudulent Practices; Deceptive Business Practices; Classification</p>	<p>§ 13-2004 § 13-2001(T) § 13-2202</p>	<p>(b) The total retail value of all of the items or services that bear or are identified by the counterfeit mark is more than thousand dollars but less than ten thousand dollars. (C) A person who knowingly manufactures or produces with intent to sell or distribute any item that bears a counterfeit mark or any service that is identified by a counterfeit mark is guilty of a class 5 felony. (D) A person who commits any act proscribed by subsection A is guilty of a class 5 felony if either: (1) The person has two or more previous convictions under this section. (2) At least one of the following is true: (a) The violation involves at least one thousand items that bear the counterfeit mark.</p>		<p>(b) for all other items that bear a counterfeit mark or services that are identified by a counterfeit mark, the counterfeiter's regular selling price for those items or services.</p>	<p>dispositions with Intellectual Property Owners consent. If defendant convicted of violation of this section, court may order defendant to pay restitution to the intellectual property owner.</p>

ARIZONA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Sale or Keeping For Sale of Goods Bearing Counterfeit Trademark; Violation; Classification	§ 44-1455	(b) The total retail value of all items or services that bear or are identified by the counterfeit mark is at least ten thousand dollars. (E) A person who knowingly has possession, custody or control of at least twenty-six items that bear a counterfeit mark is presumed to possess the items with intent to sell or distribute the items.			
Use of Trademarked Container For Other Articles, Violation; Classification	§ 44-1456				

4-29

CALIFORNIA (1872, amended 1998, effective January 1, 1999)

4-31

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Counterfeit of Registered Mark; Offenses; Punishment	California Penal Code 9 § 350	<p>§ 350</p> <p>(a) Any person who willfully manufactures, intentionally sells, or knowingly possesses for sale any counterfeit of a mark registered with the Secretary of State or registered on the Principal Register of the United States Patent and Trademark Office, shall upon conviction, be punishable as follows:</p> <p>(1) Where the offense involves less than 1,000 of the articles described in this subdivision, with a total retail or fair market value less than that required for grand theft as defined in Section 487, and if the person is an individual, he or she shall be punished by a fine of not more than five thousand dollars (\$5,000), by imprisonment in a county jail for not more than one year, or by both that fine and imprisonment; or, if</p>	State or Federal Registration "Registrant" means any person to whom the registration of a mark is issued and that person's legal representatives, successors, or assigns.	<p>"Counterfeit Mark" means a spurious mark that is identical with, or confusingly similar to, a registered mark and is used on or in connection with the same type of goods or services for which the genuine mark is registered. It is not necessary for the mark to be displayed on the outside of an article for there to be a violation. For articles containing digitally stored information, it shall be sufficient to constitute a violation if the counterfeit mark appears on a video display when the information is retrieved from the article. The term "spurious mark" includes genuine marks used on or in connection with spurious articles and includes identical articles containing identical marks, where the goods or marks were reproduced without authorization of, or in excess of any authorization granted by, the registrant.</p>	§ 350(e) Forfeiture and destruction of all items bearing counterfeit trademarks and instrumentalities of the crime.

CALIFORNIA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>the person is a corporation, by a fine of not more than one hundred thousand dollars (\$100,000).</p> <p>(2) Where the offense involves 1,000 or more of the articles described in this subdivision, or has a total retail or fair market value equal to or greater than that required for grand theft as defined in § 487, and if the person is an individual, he or she shall be punished by imprisonment in a county jail not to exceed one year, or in the state prison for 16 months, or two or three years, by a fine not to exceed two hundred fifty thousand dollars (\$250,000), or by both that imprisonment and fine; or, if the person is a corporation, by a fine not to exceed five hundred thousand dollars (\$500,000).</p>		<p>“Knowingly possesses” means that the person possessing and article knew or had reason to believe that it was spurious, or that it was used on or in connection with spurious articles, or that it was reproduced without authorization of, or in excess of any authorization granted by, the registrant.</p> <p>“Sale” includes resale.</p> <p>“Value” has the following meanings:</p> <p>(A) When counterfeit items of computer software are manufactured or possessed for sale, the “value” of those items shall be equivalent to the retail price or fair market price of the true items that are counterfeited.</p>	

4-32

CALIFORNIA *(continued)*

4-33

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>(b) Any person who has been convicted of a violation of either paragraph (1) or (2) of subdivision (a) shall, upon a subsequent conviction of paragraph (1) of subdivision (a), if the person is an individual, be punished by a fine of not more than fifty thousand dollars (\$50,000), by imprisonment in a county jail for not more than one year, or in the state prison for 16 months, or two or three years, or by both that fine and imprisonment; or, if the person is a corporation, by a fine of not more than two hundred thousand dollars (\$200,000).</p> <p>(c) Any person who has been convicted of a violation of subdivision (a) and who, by virtue of the conduct that was the basis of the conviction, has directly and foreseeably caused death or great</p>		<p>(B) When counterfeited but unassembled components of computer software packages are recovered, including but not limited to, counterfeited digital disks, instruction manuals, or licensing envelopes, the "value" of those components of computer software packages shall be equivalent to the retail price or fair market value of the number of completed computer software packages that could have been made from those components.</p> <p>(C) "Retail or fair market value" of a counterfeit article means a value equivalent to the retail price or fair market value, as of the last day of the charged crime, of a completed similar genuine article containing a genuine mark.</p> <p>(e) As used in this section, the following definitions shall apply:</p>	

CALIFORNIA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
	<p>§ 12022.6</p>	<p>bodily injury to another through reliance on the counterfeited item for its intended purpose shall, if the person is an individual, be punished by a fine of not more than fifty thousand dollars (\$50,000), by imprisonment in the state prison for two, three, or four years, or by both that fine and imprisonment; or, if that person is a corporation, by a fine of not more than (\$200,000).</p> <p>§ 12022.6 (a) When any person takes, damages, or destroys any property in the commission or attempted commission of a felony, with the intent to cause that taking, damage, or destruction, the court shall impose an additional term as follows: (see statute for § 1 through 4).</p>		<p>(1) When counterfeited but unassembled components of computer software packages are recovered, including but not limited to, counterfeited computer diskettes, instruction manuals, or licensing envelopes, the number of "articles" shall be equivalent to the number of completed computer software packages that could have been made from those components. (f) This section shall not be enforced against any party who has adopted and lawfully used the same or confusingly similar mark in the rendition of like services or the manufacture or sale of like goods in this state from a date prior to the earliest effective date or registration of the service mark or trademark either with the Secretary of State or on the Principle Register of the United States Patent and Trademark Office.</p>	

4-34

CALIFORNIA (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Forgery Falsely Representing Goods As Types of Other Than True Dealer, Manufacturer or Producer</p>	<p>13 § 470 9 § 351a</p>			<p>(g) An owner, officer, employee, or agent who provides, rents, leases, or sells real property upon which a violation of subdivision (a) occurs shall not be subject to a criminal penalty pursuant to this section, unless he or she sells, or possesses for sale, articles bearing a counterfeit mark in violation of this section. This subdivision shall not be construed to abrogate or limit any civil rights or remedies for a trademark violation.</p>	

4-35

CONNECTICUT (10/1/71, amended 1997)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Prohibited Acts Relative to Stamps, Labels, Trademarks, Service Marks, Collective Marks and Certification Marks.</p>	<p>Connecticut General Statutes Annotated § 53-347a</p>	<p>§ 53-347a (a) Any person who uses, forges or counterfeits the individual stamp or label of any mechanic or manufacturer, with intent to defraud another, or vends or offers to vend any goods having any such forged or counterfeited stamp or label thereon, knowing it to be forged or counterfeited, without disclosing the fact to the purchaser, shall be imprisoned not more than five years or fined not more than two hundred fifty thousand dollars or both.</p> <p>(b) Any person who, fraudulently and with intent to deceive, affixes any mark recorded under chapter 621a or any imitation thereof calculated to deceive, to any goods, receptacle or package similar in descriptive properties to those to which such mark is appropriated; or,</p>			

4-37

CONNECTICUT *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>who fraudulently and with intent to deceive, places, in any receptacle or package, to which is lawfully affixed a recorded mark, goods or other than those which such mark is designed and appropriated to protect; or who, fraudulently and with intent to deceive, deals in or keeps for sale any goods with a mark fraudulently affixed as above described in this section, or any goods contained in any package or receptacle having a lawful mark, which are not such goods as such mark was designed and appropriated to protect, shall be fined not more than two hundred fifty thousand dollars or imprisoned not more than five years or both.</p> <p>(c) Any person, firm, partnership, corporation, association, union or other organization (1) who wilfully and knowingly counterfeits or imitates, or offers for sale or otherwise utters or</p>			

4-38

CONNECTICUT *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>circulates any counterfeit or imitation of a mark recorded under chapter 622a; or (2) who uses or displays a genuine mark recorded under said chapter in a manner not authorized by the registrant and knowing that such use or display is not so authorized; or (3) who in any way uses the name or mark, whether recorded under said chapter or not, of any individual, firm, partnership, corporation, association, union or other organization, in and about the sale of goods or otherwise not being authorized to use the same and knowing that such use is unauthorized, shall be fined not more than two hundred fifty thousand dollars or imprisoned not more than five years or both. In all cases where such association, union or other organization is not incorporated, complaint may be made by any officer or member of such</p>			

4-39

CONNECTICUT *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Criminal Simulation Forgery and Related Offenses</p>	<p>53a-141 53a-139-40</p>	<p>association, union or organization on behalf of such union, association or organization.</p>			

4-40

DELAWARE (1953)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Forgery	Delaware Code Annotated 11 § 861	<p>§ 861</p> <p>(a) A person is guilty of forgery when, intending to defraud, deceive or injure another person, or knowing that the person is facilitating a fraud or injury to be perpetrated by anyone, the person:</p> <p>(1) Alters any written instrument of another person without the other person's authority; or</p> <p>(2) Makes, completes, executes, authenticates, issues or transfers any written instrument which purports to be the act of another person, whether real or fictitious, who did not authorize that act, or to have been executed at a time or place or in a numbered sequence other than was in fact the case or to be a copy of an original when no original existed; or</p> <p>(3) Possesses a written instrument, knowing that it was made, completed</p>		<p>§ 863</p> <p>"Written instrument" means any instrument or article containing written or printed matter or the equivalent thereof, used for the purpose of reciting, embodying, conveying or recording information or constituting a symbol or evidence of value, right, privilege or identification.</p>	

4-41

DELAWARE *(continued)*

442

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Possession of Forgery Devices	§ 862	<p>or altered under circumstances constituting forgery.</p> <p>(b) Forgery is classified and punished as follows: (2) Forgery is forgery in the second degree if the written instrument is or purports to be: a. A deed, will, codicil, contract, release, assignment, commercial instrument, check or other instrument which does or may evidence, create, transfer, terminate, or otherwise affect a legal right, interest, obligation, or status; Forgery in the second degree is a class G felony. (3) All other forgery is forgery in the third degree, a class A misdemeanor.</p> <p>§ 862 A person is guilty of possession of forgery devices when:</p>			

DELAWARE *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>(1) The person makes or possesses with knowledge of its character and intending to use it unlawfully any plate, die or other device, apparatus, equipment or article specifically designed for use in counterfeiting or otherwise forging written instruments; or</p> <p>(2) The person makes or possesses any device, apparatus, equipment or article capable of or adaptable to use for purposes of forgery, intending to use it unlawfully. Possession of forgery devices is a class G felony.</p>			

4-43

DISTRICT OF COLUMBIA (6/3/97)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Trademark Counterfeiting	District of Columbia Code Annotated § 22-752	<p>§ 22-752</p> <p>(a) A person commits the offense of counterfeiting if such person willfully manufactures, advertises, distributes, offers for sale, sells or possesses with intent to sell or distribute any items, or services bearing or identified by a counterfeit mark. There shall be a rebuttable presumption that a person having possession, custody, or control of more than 15 items bearing a counterfeit mark possesses said items with the intent to sell or distribute.</p> <p>(b) A person convicted of counterfeiting shall be subject to the following penalties:</p> <p>(1) For the first conviction, except as provided in paragraphs (2) and (3) of this subsection, by a fine not exceeding \$1,000 or imprisonment for not more than 180 days, or both;</p>	Any State or Federal Registration	<p>§ 22-751</p> <p>(1) "Counterfeit Mark" means:</p> <p>(A) Any unauthorized reproduction or copy of intellectual property; or</p> <p>(B) Intellectual property affixed to any item knowingly sold, offered for sale, manufactured, or distributed, or identifying services offered or rendered, without the authority of the owner of the intellectual property.</p> <p>(2) "Intellectual property" means any trademark, service mark, trade name, label, term, picture, seal, word, or advertisement or any combination of these adopted or used by a person to identify such person's goods or services and which is lawfully filed for record in the office of the secretary of state of any state or which the exclusive right to</p>	<p>Forfeiture of all items bearing counterfeit marks and instrumentalities of the crime.</p> <p>Destruction of all items bearing counterfeit marks or donation with intellectual property owners consent.</p>

4-44

DISTRICT OF COLUMBIA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>(2) For the second conviction, or if convicted under this section of an offense involving more than 100 but fewer than 1,000 items, or involving items with a total retail value greater than \$1,000 but less than \$10,000, by a fine not exceeding \$3,000 or by imprisonment for not more than 3 years, or both; and</p> <p>(3) For the third or subsequent conviction, or if convicted under this section of an offense involving the manufacture or production of items bearing counterfeit marks involving 1,000 or more items, or involving items with a total retail value of \$10,000 or greater, by a fine not exceeding \$10,000 or by imprisonment for not more than 10 years or both.</p>		<p>reproduce is guaranteed under the laws of the United States or the District of Columbia.</p> <p>(3) "Retail value" means the counterfeiter's regular selling price for the item or service bearing or identified by the counterfeit mark. In the case of items bearing a counterfeit mark which are components of a finished product, the retail value shall be the counterfeiter's regular selling price of the finished product or in which the component would be utilized.</p>	

4-45

DISTRICT OF COLUMBIA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Forging or Imitating Brands or Packing Goods</p>	<p>§ 22-1402</p>	<p>Whoever wilfully forges, or counterfeits, or makes use of any imitation calculated to deceive the public, though with colorable difference or deviation therefrom, of the private brand, wrapper, label, trademark, bottle, or package usually affixed or used by any person to or with the goods, wares, merchandise, preparation, or mixture of such person, with intent to pass off any work, goods, manufacture, compound, preparation, or mixture as the manufacture or production of such person which is not really such, shall be fined not more than \$500 or imprisoned not more than 180 days, or both.</p>			

4-46

FLORIDA (1885, amended 1995)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Forging or Counterfeiting Private Labels; Possession of Reproduction materials</p>	<p>Florida Statutes Annotated § 831.03</p>	<p>§ 831.03 (1) Whoever, knowingly and willfully, forges or counterfeits, or causes or procures to be forged or counterfeited, upon or in connection with any goods or services, the trademark or service mark of any person, entity, or association, which goods or services are intended for resale, or knowingly possesses tools or other reproduction materials for reproduction of specific forged or counterfeit trademarks or service marks shall be guilty of the crime of counterfeiting. The crime of counterfeiting shall be punishable as follows: (a) If the goods or services to which the forged or counterfeit trademarks or service marks are attached, affixed, or used in connection with, or to which the offender intended they be attached, affixed, or used in connection with,</p>	<p>Any State or Federal Registration or Protected by Amateur Sports Act of 1978</p>	<p>§ 831.03(3)\831.05(3) The term "forged or counterfeit trademark or service mark" refers to a mark: (a) that is identical with or an imitation of a mark registered for those goods or services on the principal register in the United States Patent and Trademark Office or the trademark register for the state of Florida or any other state, or protected by the Amateur Sports Act of 1978, 36 U.S.C § 380 whether or not the offender knew such mark was so registered or protected; and the use of which is unauthorized by the owner of the registered mark.</p>	<p>§ 831.03(4)(a)\ 831.05(4)(a) Destruction of all items bearing counterfeit marks and tools or other reproduction materials with consent of offender or judicial determination. Instrumentalities of crime subject to forfeiture.</p>

4-47

FLORIDA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>have a retail sale value of more than \$1,000, the offender commits a felony of the third degree, punishable as provided in Section 775.082, Section 775.083, or section 775.084.</p> <p>(b) If the goods or services to which the forged or counterfeit trademarks or service marks are attached, affixed, or used in connection with, or to which the offender intended they be attached, affixed, or used in connection with, have a retail sale value of less than \$1,000, the offender commits a misdemeanor of the first degree, punishable as provided in Section 775.082 or 775.083.</p> <p>(c) When an offender has in the last 5 years been convicted of counterfeiting under this section, or vending counterfeit goods under Section 831.05, and is convicted of counterfeiting goods or services, irrespective of their retail sale value, the offender commits a felony of</p>			

4-48

FLORIDA (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Vending Goods or Services with Counterfeit Trademarks or Service Marks</p>	<p>§ 831.05</p>	<p>the third degree, punishable as provided in Section 775.082, Section 775.083, or Section 775.084.</p> <p>§ 831.05 (1) Whoever knowingly sells or offers for sale, or knowingly purchases and keeps or has in his or her possession, with intent that the same shall be sold or disposed, or vends any goods having there on a forged or counterfeit trademark, or who knowingly sells or offers for sale any service which service is sold in conjunction with a forged or counterfeit service mark, of any person, entity or association, knowing the same to be forged or counterfeited shall be guilty of the crime of selling or offering for sale counterfeit goods or services, punishable as follows:</p>			
	<p>§ 831.05(a)</p>	<p>(a) If the goods or services to which the offender sells, or offers for sale, have a retail sale value of \$1,000 or more, the</p>			

4-49

FLORIDA *(continued)*

4-50

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Uttering Forged Instruments</p>	<p>§ 831.05(b)</p>	<p>offender commits a felony of the third degree, punishable as provided in § 775.082, § 775.083, or § 775.084.</p>			
	<p>§ 831.05(c)</p>	<p>(b) If the goods or services to which the forged or counterfeit trademarks or service marks are attached, affixed or used in connection with, or to which the offender intended they be attached, affixed, or used in connection with, have a retail value of less than \$1,000, the offender commits a misdemeanor of the first degree punishable as provided in § 775.082 or § 775.083.</p>			
	<p>§ 831.02</p>	<p>(c) When an offender has in the last 5 years been convicted of counterfeiting under this section, or vending counterfeit goods under § 831.05, and is convicted of counterfeiting goods or services, irrespective of their retail value, the offender commits a felony in the third degree punishable as provided in § 775.082, § 775.083 or § 775.084.</p>			

GEORGIA (1981, amended 7/1/96)

4-51

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Forged or Counterfeited Trademarks, Service Marks, or Copyrighted or Registered Designs; Unauthorized Reproductions</p>	<p>Official Code of Georgia Annotated 10-1-454</p>	<p>10-1-454 (b) Any person who knowingly and willfully forges or counterfeits any trademark, service mark, or copyrighted or registered design, without the consent of the owner of such trademark, service mark, or copyrighted or registered design, or who knowingly possesses any tool, machine, device or other reproduction instrument or material with the intent to reproduce any forged or counterfeited trademark, service mark, or copyrighted or registered design counterfeiting and upon conviction, shall be punished as follows: (1) If the goods and services to which the forged or counterfeit trademarks, service marks, or registered designs are attached or affixed or in connection with which they are used, or to which the offender intended they be attached or affixed,</p>	<p>Any State or Federal Registration or Protected by the Amateur Sports Act of 1978.</p>	<p>10-1-454(a) As used in this Code section, the term "forged or counterfeited trademark, service mark, or copyrighted or registered design" means any mark or design which is identical to, substantially indistinguishable from, or an imitation of a trademark, service mark or copyrighted or registered design which is registered for those types of goods or services with the Secretary of State pursuant to this part or registered on the Principal Register of the United States Patent and Trademark Office or registered under the laws of any other state or protected by the federal Amateur Sports Act of 1978, 36 U.S.C. § 380 ...</p>	<p>10-1-454(4) Forfeiture of all items bearing counterfeit marks, proceeds derived from the crime and instrumentalities of the crime. Donation of items bearing counterfeit marks available with owners consent and with marks obliterated.</p>

GEORGIA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>or in connection with which the offender intended they be used, have, in the aggregate, a retail sale value of \$100,000 or more, such person shall be guilty of a felony and, upon conviction, shall be punished by imprisonment for not less than five nor more than 20 years and by a fine not to exceed \$200,000 or twice the retail sale value of the goods or services, whichever is greater;</p> <p>(2) If the goods and services to which the forged or counterfeit trademarks, service marks, or copyrighted or registered designs are attached or affixed, or in connection with which they are used, or to which the offender intended they be attached or affixed, or in connection with which the offender intended they be used, have in the aggregate, a retail sale value of \$10,000 or more but less</p>			

4-52

GEORGIA (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>than \$100,000, such person shall be guilty of a felony and, upon conviction, shall be punished by imprisonment for not less than two nor more than ten years and by a fine not to exceed \$20,000 or twice the retail sale value of the goods or services, whichever is greater;</p> <p>(3) If the goods or services to which the forged or counterfeit trademarks, service marks, or copyrighted or registered designs are attached or affixed, or in connection with which they are used, or to which the offender intended they be attached or affixed, or in connection with which the offender intended they be used, have, in the aggregate, a retail sale value of less than \$10,000, such person shall be guilty of a misdemeanor of a high and aggravated nature; or</p> <p>(4) If a person who violates this subsection previously has been convicted</p>			

4-53

GEORGIA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>of another violation of this subsection, such person shall be guilty of a felony and, upon conviction of the second or subsequent such violation, shall be punished by imprisonment for not less than ten nor more than 20 years and by a fine not to exceed \$200,000 or twice the retail sale value of the goods or services, whichever is greater.</p> <p>(c) Any person who sells or resells or offers for sale or resale or who purchases and keeps or has in his or her possession with the intent to sell or resell any goods he or she knows or should have known bear a forged or counterfeit trademark or copyrighted or registered design or who sells or offers for sale any service which is sold or offered for sale in conjunction with a forged or counterfeit service mark or copyright or registered design, knowing the same to be forged or counterfeited, shall be guilty of the</p>			

4-54

GEORGIA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>offense of selling or offering for sale counterfeit goods or services and, upon conviction, shall be punished as follows:</p> <p>(1) If the goods or services sold or offered for sale to which the forged or counterfeit trademarks, service marks, or copyrighted or registered designs are attached or affixed, or in connection with which they are used, have, in the aggregate, a retail sale value of \$10,000 or more, such person shall be guilty of a felony and, upon conviction, shall be punished by imprisonment for not less than one nor more than five years and by a fine not to exceed \$50,000 or twice the retail sale value of the goods or services, whichever is greater;</p> <p>(2) If the goods or services to which the forged or counterfeit trademarks, service marks, or copyrighted or registered designs are attached or affixed,</p>			

4-55

GEORGIA *(continued)*

4-56

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Forgery and Related Offenses</p>	<p>16-9-1(T)</p>	<p>or in connection with which they are used, have, in the aggregate, a retail sale value of less than \$10,000, such person shall be guilty of a misdemeanor of a high and aggravated nature; or</p> <p>(3) If a person who violates this subsection previously has been convicted of another violation of paragraph (1) of this subsection, such person shall be guilty of a felony and, upon conviction of the second or subsequent such violation, shall be punished by imprisonment for not less than five nor more than ten years and by a fine not to exceed \$100,000 or twice the retail sale value of the goods or services, whichever is greater.</p>			

HAWAII (6/21/97)

4-57

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Trademark Counterfeiting	<p>Hawaii Code Annotated 37 § 708-875(1), (3)</p> <p>§ 706-606.5(1)</p>	<p>§ 708-875 (1) A person commits the offense of trademark counterfeiting who knowingly manufactures, produces, displays, advertises, distributes, offers for sale, sells or possesses with the intent to sell or distribute any item bearing or identified by a counterfeit mark, knowing that the mark is counterfeit.</p> <p>(3) Trademark counterfeiting is a class C felony.</p> <p>(a) one prior felony conviction: (iv) Where the instant conviction is for a class C felony offense enumerated above — one year, eight months;</p> <p>(b) Two prior felony convictions: (iv) Where the instant conviction if for a class C felony offense enumerated above — three years, four months;</p>	State or Federal Registration	<p>§ 708-875 (2) As used in this section: "Counterfeit mark" means any spurious mark that is identical to or confusingly similar to any print, label, trademark, service marks or trade name registered in accordance with chapter 482 or registered on the Principal Register of the United States Patent and Trademark office.</p> <p>"Sale" includes resale.</p>	§ 708-875(4) Forfeiture and destruction of all items bearing counterfeit marks and instrumentalities of the crime upon conviction or a plea of nolo contendere.

HAWAII *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Criminal Simulation Forgery and Related Offenses</p>	<p>§ 708-855 37 § 708- 851(T)</p>	<p>(c) Three or more prior felony convictions: (iv) Where the instant conviction for a class C felony offense enumerated above — five years.</p>			

4-58

IDAHO (1/1/72)

4-59

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Forging or Counterfeiting Trade-marks	Idaho Code § 18-3614	<p>§ 18-3614 Every person who willfully forges or counterfeits or procures to be forged or counterfeited, any trade-mark usually affixed by any person to his goods, with intent to pass off any goods to which such forged or counterfeited trade-mark is affixed or intended to be affixed, as the goods of such person, is guilty of a misdemeanor.</p>		<p>§ 18-3616 The phrase "forged trademark" and "counterfeited trademarks" or their equivalents, as used in this chapter include every alteration or imitation of any trade-mark so resembling the original as to be likely to deceive.</p>	
Sale of Counterfeit Goods	§ 18-3615	<p>Every person who sells or keeps for sale any goods upon or to which any counterfeited trade-mark has been affixed, intending to represent such goods as the genuine goods of another, knowing the same to be counterfeited, is guilty of a misdemeanor.</p>		<p>§ 18-3617 The phrase "trademark" as used in the three (3) preceding sections, includes every description of word, letter, device, emblem, stamp, imprint, brand, printed ticket, label, or wrapper usually affixed by any mechanic, manufacturer, druggist, merchant or tradesman, to denote any goods to be imported, manufactured, produced, compounded, or sold by him, other than any name, word, or expression generally denoting any goods to be of some particular class or description.</p>	
See Also: Forgery	§ 18-3601				

ILLINOIS (1/1/93, amended 6/1/97)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Counterfeit Trademark Act: Counterfeit or Imitation of Trade-Mark Prohibited</p>	<p>Illinois Annotated Statutes 765 ILCS 1040/2</p>	<p>1040/2 Whoever counterfeits or imitates any trade-mark or service mark of which he or she is not the rightful owner or in any way utters or circulates any counterfeit or imitation or such a trade-mark or service mark or knowingly uses such counterfeit or imitation or knowingly sells or disposes of or keeps or has in his or her possession, with intent that the same shall be sold or disposed of, any goods, wares, merchandise, or other product of labor or service, to which any such counterfeit or imitation is attached or affixed, or on which any such counterfeit, or imitation is printed, painted, stamped or impressed, or knowingly sells or disposes of any goods, wares, merchandise or other product of labor contained in any box, case, can, or package to which or on which any such counterfeit, or imitation</p>	<p>Federal Registration</p>	<p>1040/1 "Counterfeit item" means any goods, components of goods, or services made, produced, or knowingly sold or knowingly distributed that use or display a trademark, trade name, or service mark that is a spurious mark identical with or substantially indistinguishable from the registered mark as registered with the United States Patent and Trademark Office. "Mark" includes any trade-mark or service mark whether registered or not. "Trademark" means anything adopted and used by a person to identify goods made, sold, produced or distributed by him or her or with his or her authorization and which distinguishes them from goods made, sold, produced or distributed by others.</p>	<p>1040/9 Forfeiture and destruction of all items bearing counterfeit marks and instrumentalities of the crime with the consent of defendant or after a judicial determination 1040/8(e) Court may order restitution to mark owners</p>

4-60

ILLINOIS (continued)

4-61

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Use or Display of Trade-Mark Belonging to Another	765 ILCS 1040/3	<p>is attached, affixed, printed, painted, stamped or impressed, or keeps or has in his possession with intent that the same shall be sold or disposed of, any goods, wares, merchandise or other product of labor in any box, case, can, or package to which or on which any such counterfeit, or imitation is attached, affixed, printed, painted, stamped or impressed, or knowingly sells a service using a counterfeit service mark, shall be guilty of a Class A misdemeanor for each offense or in the case of a counterfeit item shall be punished as provided in Section 8 [765 ILCS 1040/8].</p> <p>1040/3 Every person who shall knowingly use or display a trade-mark, trade name or service mark of which he or she is not the lawful owner in any manner not authorized by such owner, whether or</p>		<p>“Service Mark” means anything adopted and used by a person to identify services rendered by him or her or with his or her authorization and that distinguishes them from services rendered by others.</p> <p>“Trade-name” includes individual names and surnames, firm names and corporate names used by manufacturers, industrialists, merchants, agriculturists, and others to identify their businesses, vocations, or occupations; the names or titles lawfully adopted and used by persons, firms, associations, corporations, companies, unions, and any manufacturing, industrial, commercial, agricultural, or other organizations engaged in trade or commerce and capable of suing and being sued in a court of law.</p>	

ILLINOIS *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>not the unauthorized use creates a likelihood of confusion or misunderstanding, (a) in the sale of goods or services produced by the owner, but with alterations in packaging or labeling, or (b) in the sale of goods or services produced by the owner but in a packaging form not intended by him for such sale, or (c) in the packaging or labeling of goods or services not produced by the owner, if the trademark, trade name, or service mark of the owner is used for the purpose or with the effect of exploiting or impairing the owner's good will or as a means of representing a quality, property or characteristic of the goods or services being sold, other than the utility of the goods or services in the repair of or as a replacement of a component of the product of the owner and the trademark, trade name, or service</p>			

4-62

ILLINOIS *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
	765 ILCS 1040/4	<p>mark is used in a non-misleading manner solely to indicate such utility shall be deemed guilty of a Class A misdemeanor, or in the case of a counterfeit item shall be punished as provided in Section 8 [765 ILCS 1040/8]. In all cases where such owner is an incorporated association or union, suits under this Act may be commenced and prosecuted by an officer or member of such association or union on behalf of and for the use of such association or union.</p> <p>1040/4 Any person or persons who shall in any way use the name or seal of any trademark or service mark owner in and about the sale of goods or services or otherwise, not being authorized to so use the same.</p>			

4-63

ILLINOIS *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
	765 ILCS 1040/8	<p>1040/8 (a) A person who knowingly sells, offers for sale, holds for sale, or uses fewer than 100 counterfeit items or counterfeit items having a retail value in the aggregate of \$1,000 or less is guilty of a Class A misdemeanor and shall be fined at least 25% of the retail value of all counterfeit items but no more than \$1,000, except that a person who has a prior conviction for a violation of this act within the preceding 5 years is guilty of a Class 4 felony and shall be fined at least 25% but no more than 100% of the retail value of all counterfeit items.</p> <p>(b) a person who knowingly sells, offers for sale, holds for sale, or uses 100 or more, but fewer than 500 counterfeit items or counterfeit items having a retail value in the aggregate of more than \$1,000 but less than \$25,000 is guilty</p>			

4-64

ILLINOIS *(continued)*

4-65

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>of a Class A misdemeanor and shall be fined at least 25% but no more than 100% of the retail value of all counterfeit items, except that a person who has a prior conviction for a violation of this act within the preceding 5 years is guilty of a Class 4 felony and shall be fined at least 25% but no more than 100% of the retail value of all counterfeit items.</p> <p>(c) a person who knowingly sells, offers for sale, holds for sale, or uses 500 or more but fewer than 2,000 counterfeit items or counterfeit items having a retail value in the aggregate of \$25,000 or more or less than \$100,00 is guilty of a Class 4 felony and shall be fined at least 25% but no more than 100% of the retail value of all counterfeit items.</p> <p>(d) A person who knowingly sells, offers for sale, holds for sale, or uses \$2,000 or</p>			

ILLINOIS *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>more counterfeit items or counterfeit items having a retail value in the aggregate of \$100,000 or more is guilty of a Class 3 felony and shall be fined at least 25% but no more than 100% of the retail value of all counterfeit items.</p> <p>(d-5) For the purposes of determining the number of counterfeit items which subsection (a), (b), (c), (d), the service marks or trademarks need not be an aggregate of identical marks but may be the aggregate of all counterfeit items offered for sale, held for sale or used by the defendants.</p> <p>(f) A manufacturer of counterfeit items is guilty of a Class 4 felony for a first offense and a Class 3 felony for second or subsequent offenses and may be fined up to 3 times the retail value of all</p>			

4-66

ILLINOIS (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
See Also: Forgery	765 ILCS 5/17-3	<p>counterfeit items produced by the manufacturers.</p> <p>(g) The retail value of the counterfeit items shall be the counterfeiter's per unit sale price for the counterfeit items. The retail value of a component of a counterfeit item shall be the same as the sale price of the counterfeit item with which the component is sold.</p>			

4-67

IOWA

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Simulating Objects of Antiquity or Rarity</p> <p>Forgery</p>	<p>Code of Iowa Title XVI § 715A.3</p> <p>§ 715A.2(T)</p>	<p>§ 715A.3 A person commits a serious misdemeanor if, with intent to defraud anyone or with knowledge that the person is facilitating a fraud to be perpetrated by anyone, the person makes, alters, or utters any object so that it appears to have value because of antiquity, rarity, source or authorship which it does not possess.</p> <p>1. A person is guilty of forgery if, with intent to defraud or injure anyone, or with knowledge that the person is facilitating a fraud or injury to be perpetrated by anyone, the person does any of the following: a. Alters a writing of another without the other's permission. b. Makes, completes, executes, authenticates, issues, or transfers a writing so that it purports to be the act of another who did not authorize that</p>		<p>§ 715A.1 1. As used in this chapter the term "writing" includes printing or any other method of recording information, and includes money, coins, tokens, stamps, seals, credit cards, badges, trademarks, and other symbols of value, right, privilege, or identification.</p>	

4-69

IOWA (continued)

4-70

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>act, or so that it purports to have been executed at a time or place or in a numbered sequence other than was in fact the case, or so that it purports to be a copy of an original when no such original existed.</p> <p>c. Utters a writing which the person knows to be forged in a manner specified in paragraph "a" or "b".</p> <p>d. Possesses a writing which the person knows to be forged in a manner specified in paragraph "a" or "b".</p> <p>2.a. Forgery is a class "D" felony if the writing is or purports to be any of the following:</p> <p>(2) Part of an issue of stock, bonds, credit-sale contracts as defined in section 203.1, or other instruments representing interests in or claims against any property or enterprise.</p>			

KANSAS (1969)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Forgery	Kansas Statutes Annotated § 21-3710 (T)	<p>§ 21-3710 (a) Forgery is knowingly and with intent to defraud:</p> <p>(1) Making, altering, or endorsing any written instrument in such manner that it purports to have been made, altered or endorsed by another person, either real or fictitious, and if a real person without the authority of such person; or altering any written instrument in such manner that it purports to have been made at another time or with different provisions without the authority of the maker thereof; or making, altering or endorsing any written instrument in such manner that it purports to have been made, altered or endorsed with the authority of one who did not give such authority;</p> <p>(2) issuing or delivering such written instrument knowing it to have been thus made, altered or endorsed; or</p>		<p>§ 21-3110 (25) "Written instrument" means any paper, document or other instrument containing written or printed matter or the equivalent thereof, used for purposes of reciting, embodying, conveying or recording information, and any money, token, stamp, seal, badge, trademark, or other evidence or symbol of value, right, privilege or identification, which is capable of being used to the advantage or disadvantage of some person.</p>	

4-71

KANSAS (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Deceptive Commercial Practices</p>	<p>§ 21-4403</p>	<p>(3) Possessing, with intent to issue or deliver, any such written instrument knowing it to have been thus made, altered or endorsed.</p> <p>(b) Forgery is a severity level 8, nonperson felony.</p>			

4-72

LOUISIANA (1984)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Illegal Use of Counterfeit Trademark; Penalties</p>	<p>Louisiana Revised Statutes § 14:229</p>	<p>§ 14:229 A. No person shall knowingly sell or otherwise transfer for compensation anything of value having a counterfeit trademark. C. Whoever violates the provision of this Section shall be fined not more than ten thousand dollars, or be imprisoned with or without hard labor for not more than five years, or both. D. In lieu of a fine otherwise authorized by law, any person convicted of engaging in conduct in violation of the provisions of this Section through which said person derived pecuniary value, or by which said person caused personal injury or property damage or other loss, may be sentenced to pay a fine that does not exceed three times the gross value</p>	<p>Any State or Federal Registration</p>	<p>§ 14:229(b) For the purpose of this section: (2) "Counterfeit trademark" shall mean a false trademark that is identical to or substantially indistinguishable from: (a) A genuine trademark registered on the principal register in the United States Patent and Trademark Office and used or intended for use on or in connection with goods or services; or (b) A genuine trademark specifically protected by any state or federal statute. § 14:223.1 (7) "Counterfeit label" means an identifying label or container that appears to be genuine but is not.</p>	

4-74

LOUISIANA (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
See Also: Forgery	§ 14:72	gained or three times the gross loss caused, whichever is greater. The court shall hold a hearing to determine the amount of the fine authorized by this Subsection.			

4-75

MARYLAND (10/1/96)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Trademarks Counterfeiting</p>	<p>Annotated Code of Maryland Article 27 § 48A(b)-(e)</p>	<p>§ 48A (b) Trademark counterfeiting. A person commits the offense of trademark counterfeiting when the person willfully manufactures, produces, displays, advertises, distributes, offers for sale, sells or possesses with the intent to sell or distribute items or services that the person knows are bearing or identified by a counterfeit mark. (c) Penalty for offense involving \$1,000 or more. A person convicted of trademark counterfeiting where the aggregate retail value of the items or services is \$1,000 or greater is guilty of a felony and shall: (1) Transfer all of the items to the owner of the intellectual property; (2) Be fined not more than \$10,000 or imprisoned for not more than 15 years or both.</p>	<p>State or Federal Registration (G) Evidence of trademark— State or federal registration of intellectual property is prima facie evidence that the intellectual property is a trademark or trade name.</p>	<p>§ 48A (a)(2) "Counterfeit mark" means: (i) An unauthorized reproduction or copy of intellectual property; or (ii) Intellectual property affixed to items knowingly sold, offered for sale, manufactured, or distributed, or identifying services offered or rendered, without the authority of the owner of the intellectual property. (3) "Intellectual property" means a trademark, service mark, trade name, label, term, device, design or word adopted or used by a person to identify the person's goods or services. (4) "Retail value" means: (i) The trademark counterfeiter's selling price for the items or services bearing or</p>	<p>All items bearing a counterfeit mark subject to seizure or transfer to Intellectual Property Owner upon consent of defendant or upon conviction.</p>

4-77

MARYLAND *(continued)*

4-78

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>(d) Penalty for offense including less than \$1,000 —</p> <p>(1) A person convicted of trademark counterfeiting where the aggregate retail value of the items or services is less than \$1,000 is guilty of a misdemeanor and shall:</p> <p>(i) Transfer all of the items to the owner of the intellectual property; and</p> <p>(ii) Be fined not more than \$1,000 or imprisoned for not more than 18 months or both.</p> <p>(2) All actions or prosecutions for trademark counterfeiting where the aggregate retail value of the items or service is less than \$1,000 shall be commenced within 2 years after the commission of the offense.</p> <p>(e) Penalty for more than one offense. A person convicted of a second or subsequent violation of subsection (d)</p>		<p>identified by the counterfeit mark; or</p> <p>(ii) The trademark counterfeiters selling price of the finished product, if items bearing a counterfeit mark are components of a finished product.</p>	

MARYLAND *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
See Also: Fraud—False Advertisement	Article 27 § 195	of this section is subject to a fine of not more than \$5,000.			

4-79

MASSACHUSETTS (May 15, 1998)

4-80

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Massachusetts General Laws	Chapter 266 § 147	<p>§ 147 (b) Whoever willfully manufactures, uses, displays, advertises, distributes, offers for sale, sells or possesses with intent to sell or distribute any item or services bearing or identified by a counterfeit mark shall be punished as follows:</p> <p>(1) if the violation involves 100 or fewer than 1,000 items bearing a counterfeit mark or the total retail value of all items bearing or of services identified by a counterfeit mark is more than \$1,000 but less than \$10,000 or is a second offense, by imprisonment in the state prison for not more than five years;</p> <p>(2) if the violation involves more than 100 but fewer than 1,000 items bearing a counterfeit mark or the retail value of all items bearing or of service identified by a counterfeit mark is more than \$1,000 but less than \$10,000 or is a second</p>	State or Federal Registration	<p>§ 147 "Counterfeit mark," any unauthorized reproduction or copy of intellectual property, or intellectual property affixed to any item knowingly sold, offered for sale, manufactured or distributed, or identifying services offered or rendered, without the authority of the owner of the intellectual property.</p> <p>"Intellectual property," any trademark, service mark, trade name, label, term, device, design or word that is (1) adopted or used by a person to identify such person's goods or services, and (2) registered, filed or recorded under the laws of the commonwealth or of any other state, or registered in the principal register of the United States Patent and Trademark Office.</p>	<p>§ 147(g) Seizure of all items bearing counterfeit marks and instrumentalities of the crime.</p> <p>Forfeiture of all personal property pursuant to provisions of chapter 257.</p> <p>Upon request of the intellectual property owner all items bearing</p>

MASSACHUSETTS (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>offense, by imprisonment in the state prison for not more than five years; (3) if the violation involves 1,000 or more items bearing a counterfeit mark or the total retail value of all items bearing or of services identified by a counterfeit mark is \$10,000 or more if the violation involves the manufacture or production of items bearing counterfeit marks or if the violation involves the manufacture or production of items that pose a threat to the public health or safety or it is a third or subsequent offense, by imprisonment in the state prison for not more than ten years.</p> <p>(c) For the purpose of this section, the quantity or retail value of items or services shall include the aggregate quantity or retail value of all items bearing or of services identified by</p>		<p>“Retail value,” the counterfeiter’s regular selling price for the item or service bearing or identified by the counterfeit mark; provided, however, that in the case of items bearing a counterfeit mark which are components of a finished product, the retail value shall be the counterfeiter’s regular selling price of the finished product on or in which the component would be utilized.</p>	<p>counterfeit marks shall be released to the intellectual property owner for destruction or other disposition. If no request is made by the intellectual property owner consents to another disposition.</p> <p>Destruction or donation of all items bearing</p>

4-81

MASSACHUSETTS *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>every counterfeit mark the defendant manufactures, uses displays, advertises, distributes, offers for sale, sells or possesses.</p> <p>(d) A person having possession, custody or control of more than 25 items bearing a counterfeit mark shall be presumed to possess said items with the intent to sell or distribute. Any state or federal certificate or registration of any intellectual property shall be prima facie evidence of the facts stated therein.</p> <p>(e) Any person convicted under this section shall, in addition to any penalty imposed pursuant to subsection (b), be punished by a fine in an amount not to exceed three times the retail value of the items bearing or of services identified by a counterfeit mark, unless extenuating</p>			<p>counterfeit marks by intellectual property owners consent to another disposition.</p>

4-82

MASSACHUSETTS *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>circumstances are shown by the defendant.</p> <p>(f) Any person convicted under this section shall, in addition to any penalty imposed pursuant to subsections (b) and (e), be punished by a fine in an amount equal to 75 per cent of the retail value of the items bearing or of services identified by a counterfeit mark, when the items involved posed a threat to public health or safety.</p>			

4-83

MICHIGAN (3/1/98)

4-84

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Counterfeit marks; willful intent to deceive or defraud; violations; penalties and fines</p>	<p>Michigan Statutes Annotated § 750.263</p>	<p>§ 750.263 (1) A person who willfully counterfeits an identifying mark with intent to deceive or defraud another person or to represent an item of property or service as bearing or identified by an authorized identifying mark is guilty of a misdemeanor punishable by imprisonment for not more than 1 year or a fine of not more than \$500, or both (2) Except as provided in subsection (3), a person who willfully delivers, offers to deliver, uses, displays, advertises, or possesses with intent to deliver any item of property or services bearing, or identified by a counterfeit mark, is guilty of a misdemeanor punishable by imprisonment for not more than 1</p>		<p>§ 750.263 (a) "Aggregate value of the violation" means the total value of all items of property or services bearing or identified by a counterfeit mark and involved in the violation, determined using the defendant's regular or intended selling price for each item or service or, if an item of property is intended as a component of a finished product, the defendant's regular or intended selling price of the finished product in which the component would be used. (b) "Counterfeit mark" means either of the following: (i) A copy or imitation of an identifying mark without authorization by the identifying mark's owner (ii) An identifying mark affixed to an item of property or identifying</p>	<p>Forfeiture and Destruction of all Items Bearing Counterfeit Marks. Other dispositions available with mark owner's consent.</p>

MICHIGAN *(continued)*

4-85

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>year or a fine of not more than \$500 or 3 times the aggregate value of the violation, whichever is greater, or both imprisonment and a fine.</p> <p>(3) A person who violates subsection (2) is guilty of a felony punishable by imprisonment for not more than 5 years or a fine of not more than \$50,000 or 3 times the aggregate value of the violation, whichever is greater, or both imprisonment and a fine, if any of the following apply:</p> <p>(a) The person has a prior conviction under this section, section 264 or 265a, or former section 265 or a law of the United States or another state substantially corresponding to this section, section 264 or 265a, or former section 265.</p> <p>(b) The violation involved more than 100 items of property.</p>		<p>services without authorization by the identifying mark's owner.</p> <p>(c) "Deliver" means to actually or constructively transfer or attempt to transfer an item of property from 1 person to another, regardless of whether there is an agency relationship.</p> <p>(d) "Identifying mark" means a trademark, service mark, trade name, name label, device, design, symbol, or word, in any combination, lawfully, adopted or used by a person to identify items of property manufactured, sold, or licensed by the person or services performed by the person.</p> <p>(e) "Person" means an individual, partnership, corporation, limited liability company, association, union, or other legal entity. For purposes of ownership of</p>	

MICHIGAN *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>(c) The aggregate value of the violation is more than \$1,000.</p> <p>(4) A person who wilfully manufactures or produces an item of property bearing or identified by a counterfeit mark is guilty of a felony punishable by imprisonment for not more than 5 years or a fine of not more than \$50,000 or 3 times the aggregate value of the violation whichever is greater, or both imprisonment and a fine.</p> <p>(5) Willful possession of more than 25 items of property bearing a or identified by a counterfeit mark gives rise to a rebuttable presumption that the person possessed. Those items with intent to deliver them in violation of subsection (2).</p>		<p>an identifying mark, person includes a governmental entity.</p>	

4-86

MICHIGAN *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
See Also: Possession of a Counterfeit Mark	§ 28.475 § 264	A person who possesses a counterfeit mark with intent to use or deliver it, who possesses a die, plate, engraving, template, pattern, or material with intent to create a counterfeit mark, or who possesses an identifying mark without authorization of the identifying mark's owner and with intent to create a counterfeit mark is guilty of a misdemeanor punishable by imprisonment for not more than 1 year or a fine of not more than \$500, or both.			

4-87

MINNESOTA (1986)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Counterfeiting or Dealing in Counterfeits; How Punished.</p>	<p>Minnesota Statutes § 333.42</p>	<p>§ 333.42 Every person who shall counterfeit or imitate any such label, trademark, term, design, device, or form of advertisement, or shall sell, offer for sale, or in anyway utter or circulate any counterfeit or imitation thereof; or who shall keep or possess, with intent that the same shall be sold or disposed of any product of labor to or upon which any such counterfeit or imitation is attached, affixed, or impressed; or who shall knowingly sell or dispose of any product of labor contained in any box, case, can or package to or upon which any such counterfeit or imitation is attached, affixed, or impressed; or who shall possess, with intent that the same shall be sold or disposed of, any product of labor in any box, case, can or package to which or upon which any such counterfeit or imitation is attached,</p>		<p>§ 325D.43 Subdivision 7 "Trademark" means a mark used by a person to identify goods and to distinguish them from the goods of others. Subdivision 8 "Trade name" means a word, name, symbol, device, or any combination of the foregoing in any form or arrangement used by a person to identify the person's business, vocation, or occupation and distinguish it from the business, vocation, or occupation of others.</p>	

4-88

MINNESOTA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
See Also: Forgery	§ 609.63	affixed, or impressed, shall be punished by imprisonment in the county jail for not more than three months, or by a fine of not more than \$100.			

4-89

MISSISSIPPI (1857, 1942 amended)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Trade-marks; Counterfeiting and Forging of.	Mississippi Code Annotated § 97-21-53	<p>§ 97-21-53 Every person who shall knowingly and willfully forge or counterfeit, or cause or procure to be forged or counterfeited, any representation, likeness, similitude, copy, or imitation of the private stamp, wrappers, or labels usually fixed by any mechanic or manufacturer to, and used by such mechanic or manufacturer on, in, or about the sale of any goods, wares, or merchandise whatsoever, shall be guilty of a misdemeanor, and, upon conviction, shall be punished by a fine not exceeding five hundred dollars, or imprisonment in county jail not less than three months nor more than one year.</p>			

4-90

MISSISSIPPI *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Trademarks; Possession of Dies, Plates, Printed Labels or any Imitation for Purpose of Vending Imitation Goods.</p>	<p>§ 97-21-55</p>	<p>§ 97-21-55 Every person who shall have in his possession any die, plate, engraving, or printed label, stamp, or wrapper, or any representation, likeness, similitude, copy, or imitation of the private stamp, wrapper, or label usually fixed by any mechanic or manufacturer to, and used by such mechanic or manufacturer on, in, or about the sale of any goods, wares, or merchandise, with intent to use or sell the said die, plate or engraving, or printed stamp, label or wrapper, for the purpose of aiding or assisting, in any way whatever, in vending any goods, wares, or merchandise in imitation of, or intended to resemble and be sold for the goods, wares, or merchandise of such mechanic or manufacturer, shall be guilty of a misdemeanor, and upon conviction, be punished by a fine not exceeding five hundred dollars or imprisonment in county jail not less</p>			

4-91

MISSISSIPPI (continued)

4-92

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Trademarks; Sale of Goods Bearing Counterfeit Stamp or Label</p> <p>See Also: Forgery and counterfeiting</p>	<p>§ 97-21-57</p> <p>97-21-29</p>	<p>than three months nor more than one year.</p> <p>§ 97-21-57 Every person who shall vend any goods, wares, or merchandise having thereon any forged or counterfeit stamp or label, imitating, resembling, or purporting to be the stamp or label of any mechanic or manufacturer, knowing the same to be forged or counterfeited, and resembling or purporting to be imitations of the stamps or labels of such mechanic or manufacturer, without disclosing the fact to the purchaser thereof, shall be guilty of a misdemeanor, and, upon conviction, shall be punished by imprisonment in the county jail not exceeding three months, or by a fine not less than fifty nor more than five hundred dollars or both.</p>			

MISSOURI (1968)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Forgery	Revised Statutes of the State of Missouri	<p>§ 570.103</p> <p>(2) Any person who willfully manufactures, uses, displays, advertises, distributes, offers for sale, sells, or possesses with intent to sell or distribute any item, or services, bearing or identified by a counterfeit mark, shall be guilty of the crime of counterfeiting. A person having possession, custody or control of more than twenty-five items bearing a counterfeit mark shall be presumed to possess said items with intent sell or distribute.</p> <p>(3) Counterfeiting shall be a class A misdemeanor, except as provided in subsections 4 and 5 of this section.</p> <p>(4) Counterfeiting shall be a class D felony if:</p>	Any State or Federal certificate or registration of intellectual property shall be prima facie evidence of the facts stated herein.	<p>§ 570.103.1</p> <p>(1) "Counterfeit mark," any unauthorized reproduction or copy of intellectual property or intellectual property affixed to any item knowingly sold, offered for sale, manufactured, or distributed, or identifying services offered or rendered, without the authority of the owner of the intellectual property;</p>	<p>§ 570.105</p> <p>Seizure and forfeiture of all items bearing counterfeit marks and instrumentalities of the crime.</p> <p>Destruction of all items bearing counterfeit marks or another disposition with the intellectual property owner's consent.</p>

4-93

MISSOURI *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>(i) The defendant has previously been convicted under this section; or</p> <p>(ii) The violation involves more than one hundred but fewer than one thousand items bearing a counterfeit mark or the total retail value of all items bearing, or services identified by, a counterfeit mark is more than one thousand dollars, but less than ten thousand dollars.</p> <p>(5) Counterfeiting shall be a class C felony if:</p> <p>(i) The defendant has been previously convicted of two or more offenses under this section;</p> <p>(ii) The violation involves the manufacture or production of items bearing counterfeit marks; or</p>		<p>(2) "Intellectual property," any trademark, service mark, trade name, label, term, device, design, or</p> <p>(3) "Retail value," the counterfeiter's regular selling price for the item or service bearing or identified by the counterfeit mark. In the case of items bearing a counterfeit mark which are components of a finished product, the retail value</p>	

4-94

MISSOURI *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>(iii) The violation involves one thousand or more items bearing a counterfeit mark or the total retail value of all items bearing, or services identified by, a counterfeit mark is more than ten thousand dollars.</p> <p>(6) For purposes of this section, the quantity or retail value of items or services shall include the aggregate quantity or retail value of all items bearing, or services identified by, every counterfeit mark the defendant manufactures, uses, displays, advertises, distributes, offers for sale, sells or possesses.</p> <p>(7) Any person convicted of counterfeiting shall be fined an amount up to three times the retail value of the items</p>		<p>shall be the counterfeiter's regular selling price of the finished product on or in which the component would be utilized.</p>	

4-95

MISSOURI *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Forgery; Possession of a Forging Instrumentality</p>	<p>§ 570.090 § 570.100</p>	<p>bearing, or services identified by, a counterfeit mark, unless extenuating circumstances are shown by the defendant.</p> <p>(8) The remedies provided for herein shall be cumulative to the other civil remedies provided by law.</p>			

4-96

NEVADA (1911, amended 1967)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Counterfeiting Trade-mark or Design	Nevada Revised Statutes Annotated Title 15 § 205.205	<p>§ 205.205 Every person who shall use or display or have in his possession with intent to use to or display the genuine label, trademark, term, design, device, or form of advertisement of any person, corporation, association or union lawfully filed for record according to law of the state, or the exclusive right to use which is guaranteed to any person, corporation, association or union by the laws of the United States, or of this state, without the written authority of such person, corporation, association or union, or who shall willfully forge or counterfeit or use or display or have in his possession with intent to use or display any representation, likeness, similitude, copy or imitation of any genuine label, trademark, term design, device, or form of advertisement, so filed or protected, or any die, plate, stamp or other device for manufacturing the same, shall be guilty of a misdemeanor.</p>	State or Federal Registration		

4-99

NEVADA (1929)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Displaying Goods with False Trade-mark</p>	<p>§ 205.210</p>	<p>§ 205.210 Every person who shall knowingly sell, display or advertise, or have in his possession with intent to sell, any goods, wares, merchandise, mixture, preparation or compound having affixed thereto any label, trade-mark, term, design, device or form of advertisement lawfully filed for record in the office of the secretary of state by any person, corporation, association or union, or the exclusive right to the use of which is guaranteed to such person, corporation, association, or union under the laws of the United States which label, trade-mark, term, design, device or form of advertisement shall have been used or affixed thereto without the written authority of such person, corporation, association or union, or having affixed thereto any forged or counterfeit representation,</p>			

4-100

NEVADA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Forgery Unlawful Acts; Penalty</p>	<p>§ 205.090 § 600.450</p>	<p>likeness, similitude, copy or limitation thereof, shall be guilty of a misdemeanor.</p>			

4-101

NEW HAMPSHIRE (1971, 1972)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Forgery	New Hampshire Revised Statutes Annotated § 638:1(T)	<p>§ 638:1</p> <p>I. A person is guilty of forgery if, with the purpose to defraud anyone, or with knowledge that he is facilitating a fraud to be perpetrated by anyone, he:</p> <p>(a) Alters any writing of another without his authority or utters any such altered writing; or</p> <p>(b) Makes, completes, executes, authenticates, issues, transfers, publishes or otherwise utters any writing so that it purports to be the act of another, or purports to have been executed at a time or place or in a numbered sequence other than was in fact the case, or to be a copy of an original when no such original existed.</p> <p>III. Forgery is a class B felony if the writing is or purports to be:</p>		<p>§ 638:1</p> <p>II. As used in this section, "writing" includes printing or any other method of recording information, checks, tokens, stamps, seals, credit cards, badges, trademarks, and other symbols or value, right, privilege, or identification.</p>	

4-102

NEW HAMPSHIRE *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Deceptive Business Practices</p>	<p>§ 638.6</p>	<p>(b) A check, an issue of stocks, bonds, or any other instrument representing an interest in or a claim against property, or a pecuniary interest in or claim against any person or enterprise</p> <p>IV. All other forgery is a class B misdemeanor.</p> <p>V. A person is guilty of a class B misdemeanor if he knowingly possesses any writing that is a forgery, under this section or any device for making any such writing. It is an affirmative defense to prosecution under this paragraph that the possession was without an intent to defraud.</p>			

4-103

NEW JERSEY (4/1/97)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
New Jersey Statutes	New Jersey Trademark Counterfeiting Act 2C:21-32	<p>§ 2C:21-32</p> <p>(c) A person commits the offense of counterfeiting who, with the intent to deceive or defraud some other person, knowingly manufactures, uses, displays, advertises, distributes, offers for sale, sells, or possesses with intent to sell or distribute within, or in conjunction with commercial activities within New Jersey, any item, or services, bearing, or identified by, a counterfeit mark.</p> <p>A person who has in his possession or under his control more than 25 items bearing a counterfeit mark shall be presumed to have violated this section.</p> <p>(d)(1) An offense set forth in this act shall be punishable as a crime of the fourth degree if:</p>	State or Federal Registration	<p>(1) "Counterfeit Mark" means a spurious mark that is identical with or substantially indistinguishable from a genuine mark that is registered on the principal register in the United States Patent and Trademark Office or registered in the New Jersey Secretary of State's office; and that is used or is intended to be used on, or in conjunction with, goods or services for which the genuine mark is registered and in use.</p> <p>(2) "Retail Value" means the counterfeiter's regular selling price for the item or service bearing or identified by the counterfeit mark. In the case of items bearing a counterfeit mark which are components of a finished product, the retail value shall be the counterfeiter's regular selling price of the finished</p>	2C:21-32(e) Forfeiture of all items bearing counterfeit marks and instrumentalities of the crime.

4-104

NEW JERSEY (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>the offense involves fewer than 100 items bearing a counterfeit mark; the offense involves a total retail value of less than \$1,000 for all items bearing, or services identified by, a counterfeit mark; or the offense involves a first conviction under this act.</p> <p>(2) An offense set forth in this act shall be punishable as a crime of the third degree if: the offense involves 100 or more but fewer than 1,000 items bearing a counterfeit mark; the offense involves a total retail value of \$1,000 or more but less than \$15,000 of all items bearing, or services identified by, a counterfeit mark; or the offense involves a second conviction under this act.</p>		<p>product on or in which the component would be utilized</p>	

4-105

NEW JERSEY (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Criminal Simulation Forgery and related offenses</p>	<p>2C:21-2 2C:21-1(T)</p>	<p>(3) An offense set forth in this act shall be punishable as a crime of the second degree if:</p> <p>the offense involves 1,000 or more items bearing a counterfeit mark; the offense involves a total retail value of \$15,000 or more of all items bearing, or services identified by a counterfeit mark; or the offense involves a third or subsequent conviction under this act.</p> <p>(f)(1) The quantity or retail value of items or services shall include the aggregate quantity or retail value of all items bearing, or services identified by, every counterfeit mark the defendant manufactures, uses, displays, advertises, distributes, offers for sale, sells or possesses.</p>			

4-106

NEW YORK (11/1/92, 11/1/95, amended)

4-107

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Trademark Counterfeiting: 3rd Degree</p>	<p>NY Penal Law § 165.71</p>	<p>§ 165.71 A person is guilty of trademark counterfeiting . . . when, with the intent to deceive or defraud some other person or with the intent to evade a lawful restriction on the sale, resale, offering for sale, or distribution of goods, he or she manufactures, distributes, sells, or offers for sale goods which bear a counterfeit trademark, or possesses a trademark knowing it to be counterfeit for the purpose of affixing it to any goods...</p> <p>Trademark counterfeiting in the third degree is a class A misdemeanor.</p>	<p>Any State or Federal Registration</p>	<p>§ 165.70 1. The term "trademark" means (a) any word, name, symbol, or device, or any combination thereof adopted and used by a person to identify goods made by a person and which distinguish them from those manufactured or sold by others which is in use and which is registered, filed or recorded under the laws of this state or any other state or is registered in the principle register of the United States Patent and Trademark Office; (b) the symbol of the International Olympic Committee 2. The term "counterfeit trademark" means a spurious trademark or imitation of a trademark that is: (a) used in connection with trafficking in goods; and (b) used in connection with the sale, offering for sale or distribution of goods that are identical with or substantially</p>	<p>§ 165.74 Forfeiture and destruction of all items bearing counterfeit trademarks and forfeiture of all instrumentalities of the crime.</p>
<p>2nd Degree</p>	<p>§ 165.72</p>	<p>A person is guilty of trademark counterfeiting . . . when, with the intent to deceive or defraud some other person or with the intent to evade a lawful restriction on the sale, resale, offering for sale or distribution of goods, he or she</p>			

NEW YORK *(continued)*

4-108

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>1st Degree</p> <p>See Also: Criminal Simulation Forgery Fraudulent Accosting</p>	<p>§ 165.73</p> <p>§ 170.45</p> <p>§ 170.00</p> <p>§ 165.30</p>	<p>manufacturers, distributes, sells, or offers for sale goods which bear a counterfeit trademark, or possesses a trademark knowing it to be counterfeit for the purpose of affixing it to any goods and the retail value of all such goods bearing counterfeit trademark exceeds one thousand dollars.</p> <p>Trademark counterfeiting in the second degree is a class E felony.</p> <p>and the retail value of all such goods bearing or counterfeit trademark exceeds one hundred thousand dollars.</p> <p>Trademark counterfeiting in the first degree is a class C felony.</p>		<p>indistinguishable from a trademark as defined in subdivision one of this section.</p> <p>3. The term "traffic" means to transport, transfer, or otherwise dispose of, to customer, as consideration for anything of value, or to obtain control or with intent to so transport, transfer, or otherwise dispose of.</p> <p>4. The term "goods" means any products, services, objects, materials, devices, or substances which are identified by the use of a trademark.</p>	

NEW MEXICO (1963)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Forgery	New Mexico Statutes Annotated § 30-16-10	<p>§ 30-16-10 Forgery consists of: A. falsely making or altering any signature to, or any part of, any writing purporting to have any legal efficacy with intent to injure or defraud. B. knowingly issuing or transferring a forged writing with intent to injure or defraud. Whoever commits forgery is guilty of a third degree felony.</p>			

4-109

NORTH DAKOTA (1973)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Forgery or Counterfeiting (T)</p>	<p>North Dakota Century Code § 12.1-24-01</p>	<p>§ 12.1-24-01 1. A person is guilty of forgery or counterfeiting if with intent to deceive or harm the government or another person, or with the knowledge that he is facilitating such deception or harm by another person, he: a. Knowingly and falsely makes, completes, or alters any writing, or b. Knowingly utters or possesses a forged or counterfeited writing. 2. Forgery or counterfeiting is: (a) A class B felony if: (2) The offense is committed pursuant to a scheme to defraud another or others of money or property of a value in excess of ten thousand dollars.</p>		<p>§ 12.1-24-04 13. "Writing" means: b. Any coin or any gold or silver bar coined or stamped at a mint or assay office or any signature, certification, credit card, token, stamp, seal, badge, decoration, medal, trademark, or other symbol or evidence of value, right, privilege, or identification which is capable of being used to the advantage or disadvantage of the government or any person.</p>	

4-110

NORTH DAKOTA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Selling Goods Bearing Counterfeit Trademark— Penalty</p>	<p>§ 51-07-04</p>	<p>(b) A class C felony if:</p> <p>(3) The actor forges or counterfeits any writing from plates, dies, molds, photographs, or other similar instruments designed for multiple reproduction;</p> <p>(5) The offense is committed pursuant to a scheme to defraud another or others of money or property of a value in excess of one hundred dollars.</p> <p>(c) A class A misdemeanor in all other cases.</p>			

4-111

NORTH CAROLINA (12/1/95)

4-112

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Criminal Use of Counterfeit Trademark</p>	<p>General Statutes of North Carolina 80-11.1</p>	<p>§ 80-11.1 (b) Any person who knowingly and wilfully (i) uses or causes to be used a counterfeit mark on or in connection with goods or services intended for sale or (ii) has possession, custody, or control of goods having a counterfeit mark used thereon or in connection therewith, that are intended for sale, shall be punished as follows:</p> <p>(1) If the goods or services having a counterfeit mark used thereon or in connection, or on or in connection with which the person intends to use a counterfeit mark, have a retail sales value not exceeding three thousand dollars, the person is guilty of a Class 2 misdemeanor;</p> <p>(2) If the goods or services having a counterfeit mark used there on or in</p>	<p>State or Federal Registration or the Amateur Sports Act of 1978</p>	<p>§ 80-11.1 (a) For the purposes of this section: (1) "Counterfeit Mark" means a mark that is used in connection with the sale or offering for sale of goods or services that are identical to or substantially indistinguishable from the goods or services with which the mark is used or registered, and the use of which is likely to cause confusion, mistake, or deception, with the use occurring without authorization of the:</p> <p>a. Owner of the registered mark, and is identical to or substantially indistinguishable from a mark that is registered on the principal register of the United States Patent and Trademark Office or with the Trademark Division of the Department of the Secretary of State; or</p> <p>b. Owner of the unregistered mark and is identical to or substantially indis-</p>	<p>Forfeiture of all instrumentalities of the crime.</p>

NORTH CAROLINA *(continued)*

4-113

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>connection with which the person intends to use a counterfeit mark, have a retail sales value exceeding three thousand dollars (\$3,000) but not exceeding ten thousand dollars (\$10,000), the person is guilty of a Class I felony; and</p> <p>(3) If the goods or services having a counterfeit mark used thereon or in connection therewith, or on or in connection with which the person intends to use a counterfeit mark, have a retail sales value exceeding \$10,000, the person is guilty of a Class H felony</p> <p>The possession, custody, or control of more than 25 items having a counterfeit mark used thereon or in connection therewith creates a presumption that the person having possession, custody, or control of the items intended to sell those items.</p>		<p>tinguishable from symbols, signs, emblems, insignias, trademarks, trade names, or words protected by section 110 of the Amateur Sports Act of 1978 (Title 36, U.S.C. § 380).</p> <p>(2) "Retail sales value" means the value computed by multiplying the number of items having a counterfeit mark used thereof in connection therewith, by the retail price at which a similar item having a mark is used thereon or in connection therewith, the use of which is authorized by the owner, is offered for sale to the public.</p>	

NORTH CAROLINA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Uttering Forged Paper or Instrument Containing a Forged Endorsement</p>	<p>§ 14-120</p>	<p>(c) Any person who knowingly (i) uses any object, tool, machine, or other device to produce or reproduce a counterfeit mark or (ii) has possession, custody, or control of any object, tool, machine, or device with intent to produce or reproduce a counterfeit mark, is guilty of a Class H felony.</p>			

4-114

OHIO (1997)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Trademark Counterfeiting	Ohio Revised Code Annotated § 2913.34	<p>§ 2913.34 (A) No person shall knowingly do any of the following: (1) Attach, affix, or otherwise use a counterfeit mark in connection with the manufacture of goods or services whether or not the goods or services are intended for sale or resale; (2) Possess, sell, or offer for sale tools, machines, instruments, materials, articles, or other items of personal property with the knowledge that they are designed for the production or reproduction of counterfeit marks; (3) Purchase or otherwise acquire goods, and keep or otherwise have the goods in the person's possession, with the knowledge that a counterfeit mark is attached to, affixed to, or otherwise used in connection with the goods and with the intent to sell or otherwise dispose of the goods;</p>	Federal or State Registration	<p>§ 2913.34(F) As used in this section: (1)(a) Except as provided in division (F)(1)(b) of this section "counterfeit mark" means a spurious trademark or a spurious service mark that satisfies both of the following: (i) It is identical with or substantially indistinguishable from a mark that is registered on the principal register in the United States Patent and Trademark Office for the same goods or services as the goods or services to which or in connection with which the spurious trademark or spurious service mark is attached, affixed, or otherwise used or from a mark that is registered with the secretary of state pursuant to § 1329.54 to § 1329.67 of the Revised Code for the same goods or services as the goods or services to which or in connection with which the spurious trademark or spurious service mark is attached, affixed, or</p>	Forfeiture and destruction of all items bearing counterfeit marks and instrumentalities of the crime.

4-115

OHIO (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>(4) Sell, offer for sale, or otherwise dispose of goods with the knowledge that a counterfeit mark is attached to, affixed to, or otherwise used in connection with the goods;</p> <p>(5) Sell, offer for sale, or otherwise provide services with the knowledge that a counterfeit mark is used in connection with that sale, offer for sale, or other provision of the services.</p> <p>(B)(1) Whoever violates this section is guilty of trademark counterfeiting.</p> <p>(B)(2) Except as otherwise provided in this division, a violation of division A(1) of this section is a felony of the fifth degree. Except as otherwise provided in this division, if the cumulative sales price of the goods or services to which or in connection with which the counterfeit mark is attached, affixed, or otherwise used in the offense</p>		<p>otherwise used, and the owner of the registration uses the registered mark, whether or not the offender knows that the mark is registered in a manner described in division (F)(1)(a)(i) of this section.</p> <p>(ii) Its use is likely to cause confusion or mistake or to deceive other persons.</p> <p>F(1)(b) "Counterfeit mark" does not include a mark or other designation that is attached to, affixed to, or otherwise used in connection with goods or services if the holder of the right to use the mark or other designation authorizes the manufacturer, producer, or vendor of those goods or services to attach, affix, or otherwise use the mark or other designation in connection with those goods or services at the time of their manufacture, production, or sale.</p>	

4-116

OHIO (continued)

4-117

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>is five thousand dollars or more but less than one hundred thousand dollars or if the number of units of goods to which or in connection with which the counterfeit mark is attached, affixed, or otherwise used in the offense is more than one hundred units but less than one thousand units, a violation of division (A)(1) of this section is a felony of the fourth degree.</p> <p>If the cumulative sales price of the goods or services to which or in connection with which the counterfeit mark is attached, affixed, or otherwise used in the offense is one hundred thousand dollars or more or if the number of units of goods to which or in connection with which the counterfeit mark is attached, affixed, or otherwise used in the offense is one thousand units or more, a violation of division (A)(1) of this section is a felony of the third degree.</p>		<p>(2) "Cumulative sales price" means the product of the lowest single unit sales price charged or sought to be charged by an offender for goods to which or in connection with which a counterfeit mark is attached, affixed, or otherwise used or of the lowest single service transaction price charged or sought to be charged by an offender for services in connection with which a counterfeit mark is used, multiplied by the total number of those goods or services, whether or not units of goods are sold or are in an offender's possession, custody or control.</p>	

OHIO (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>(B)(3) Except as otherwise provided in this division, a violation of division (A)(2) of this section is a misdemeanor of the first degree. If the circumstances of the violation indicate that the tools, machines, instruments, materials, articles, or other items of personal property involved in the violation were intended for use in the commission of a felony, a violation of division (A)(2) of this section is a felony of the fifth degree.</p> <p>(B)(4) Except as otherwise provided in this division, a violation of division (A)(3), (4), or (5) of this section is a misdemeanor of the first degree. Except as otherwise provided in this division, if the cumulative sales price of the goods or services to which or in connection with which the counterfeit mark is attached, affixed, or otherwise used in the</p>			

4-118

OHIO (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>offense is five hundred dollars or more but less than five thousand dollars, a violation of division (A)(3), (4), or (5) of this section is a felony of the fifth degree.</p> <p>Except as otherwise provided in this division, if the cumulative sales price of the goods or services to which of in connection with which the counterfeit mark is attached, affixed, or otherwise used in the offense is five thousand dollars or more but less than one hundred thousand dollars or if the number of units of goods to which or in connection with which the counterfeit mark is attached, affixed, or otherwise used in the offense is more than one hundred units but less than one thousand units, a violation of division (A)(3), (4), or (5) of this section is a felony of the fourth degree.</p>			

4-119

OHIO (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Criminal Simulation Forgery</p>	<p>§ 2913.32 § 2913.31(T)</p>	<p>If the cumulative sales price of the goods or services to which or in connection with which the counterfeit mark is attached, affixed, or otherwise used in the offense is one hundred thousand dollars or more or if the number of units of goods to which or in connection with which the counterfeit mark is attached, affixed, or otherwise used in the offense is one thousand units or more, a violation of division (A)(3), (4), or (5) of this section is a felony of the third degree.</p>			

4-120

OREGON (1985)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Selling Counterfeit of a Mark; Authority of Court to Order Destruction and Disposition of Counterfeit.</p>	<p>Oregon Revised Statutes Title 50 § 647.125 § 647.991</p>	<p>§ 647.125 (1) A person commits the offense of manufacturing or selling a counterfeit of a mark if the person, without consent of the registrant, manufactures or sells any counterfeit of a mark registered under this chapter or registered under 15.U.S.C § 1052 with knowledge that a mark is counterfeit.</p> <p>Penalty for violation of 647.125. (1) The offense described in ORS 647.125, manufacturing or selling a counterfeit of a mark, is punishable as a class A misdemeanor, except that, notwithstanding ORS § 161.635 and § 161.655: (a) If the offense is committed by an individual, the maximum fine that may be imposed for commission of the offense is \$5,000 for a first conviction and \$50,000 for a second or subsequent conviction.</p>	<p>State or Federal Registration</p>	<p>§ 647.125 (3) For purposes of this section, a mark is counterfeit if:</p> <p>(a) It is a mark that is identical with or substantially indistinguishable from a registered mark; and (b) It is used on or in connection with the same type of goods or services for which the genuine mark is registered.</p>	<p>§ 647.125(2) Destruction or donation of all items bearing counterfeit marks.</p> <p>Upon court determination that goods bear counterfeit marks, the court may order destruction of goods bearing counterfeit marks and instrumentalities of the crime or upon consent of</p>

4-121

OREGON *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Criminal Simulation Forgery</p>	<p>§ 165.037 § 165.007</p>	<p>(b) If the offense is committed by a corporation, the maximum fine that may be imposed for the commission of the offense is \$100,000 for a first conviction and \$200,000 for a second or subsequent conviction.</p>			<p>the owner of the mark, may donate after obliteration of the mark.</p>

4-122

PENNSYLVANIA (6/6/73, amended 10/16/96)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Trademark Counterfeiting	Pennsylvania Statutes and Consolidated Statutes Annotated 18 § 4119	<p>§ 4119</p> <p>(a) Offense defined. — Any person who, knowingly manufactures, uses, displays, advertises, distributes, offers for sale, sells or possesses with intent to sell or distribute any items or services bearing or identified by a counterfeit mark shall be guilty of the crime of trademark counterfeiting.</p> <p>(b) Presumption. — A person having possession, custody or control of more than 25 items bearing a counterfeit mark may be presumed to possess said items with intent to sell or distribute.</p> <p>(c) Penalties.— (1) Except as provided for in paragraphs (2) and (3) a violation of this section constitutes a misdemeanor of the first degree.</p> <p>(2) A violation of this section constitutes a felony of the third degree if:</p> <p>(i) the defendant has previously been convicted under this section; or</p>	Any State or Federal Registration. Any federal or state certificate of registration of any intellectual property shall be prima facie evidence of the facts stated therein.	<p>“Counterfeit mark” is defined as any of the following:</p> <p>(1) Any unauthorized reproduction or copy of intellectual property.</p> <p>(2) Intellectual property affixed to any item knowingly sold, offered for sale, manufactured or distributed or identifying services offered or rendered, without the owner of the intellectual property.</p> <p>“Intellectual property.”</p> <p>Any trademark, service mark, trade name, label, term, device, design or word adopted or used by a person to identify that person’s goods or services.</p> <p>“Retail value.”</p> <p>The counterfeiter’s regular selling price for the item or service bearing or identified by the counterfeit mark. In the case of items bearing a counterfeit mark</p>	<p>§ 4119(f) Forfeiture of all items bearing counterfeit marks and all instrumentalities of the crime.</p> <p>Other dispositions available with intellectual property owner’s consent.</p>

4-123

PENNSYLVANIA (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>(ii) the violation involves more than 100 but less than 1,000 items bearing a counterfeit mark or the total retail value of all items or services bearing or identified by a counterfeit mark is more than \$2,000, but less than \$10,000.</p> <p>(3) A violation of this section constitutes a felony of the second degree if:</p> <p>(i) defendant has been previously convicted of 2 or more offenses under this section;</p> <p>(ii) violation involves the manufacture or production of items bearing counterfeit marks; or</p> <p>(iii) the violation involved 1,000 or more items bearing a counterfeit mark or the total retail value of all items or services bearing or identified by a counterfeit mark is more than \$10,000.</p>		<p>which are components of a finished product, the retail value, shall be the counterfeiter's regular selling price of the finished product on or in which the component would be utilized.</p>	

4-124

PENNSYLVANIA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Simulating Objects of Antiquity, Rarity, etc. Forgery</p>	<p>§ 4102 § 4101(T)</p>	<p>(d) Quantity or retail value — The quality or retail value of items or services shall include the aggregate quantity or retail value of all items or services bearing or identified by every counterfeit mark the defendant manufactures, uses, displays, advertises, distributes, offers for sale, sells or possess.</p>			

4-125

RHODE ISLAND (1997)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Forgery, Counterfeiting, or Alteration of a Trademark, Service Mark, or Identification Mark</p>	<p>General Laws of Rhode Island Annotated 11-17-13</p>	<p>11-17-13 (b) Any person who knowingly and willfully forges or counterfeits a trademark, service mark or identification mark, without consent of the owner of such trademark, service mark or identification mark, or who knowingly possesses any tool, machine device, or other reproduction instrument or material with the intent to reproduce any forged or counterfeited trademark, service mark, identification mark, shall be guilty of the offense of trademark counterfeiting. (c) Any person who knowingly and willfully sells, offers to sell, or possesses with the intent to sell goods which contain a counterfeit trademark, service mark, identification mark or sells or offers for sale a service in conjunction with a service mark the person knows</p>	<p>Any State or Federal Registration or protected by the Federal Amateur Sports Act of 1978</p>	<p>11-17-13 (a) As used in this chapter, the term "forged" or "counterfeited trademark," "service mark" or "identification mark" means any mark or design which (1) identical to, substantially indistinguishable from, or an imitation of a trademark, service mark, or identification mark which is registered for those types of goods or services. With the Secretary of State pursuant to chapter 2 of title 6 or registered on the principal register of the United States Patent and Trademark Office or registered under the laws of any other state or protected by the Federal Amateur Sports Act of 1978, Title 36 US § 380 or if a registered or unregistered use of such trademark or design or data plate, serial number, or part identification number; and (2) which has not been</p>	<p>11-17-13 Forfeiture and destruction of all items bearing counterfeit trademarks and all instrumentalities of the crime. Counterfeit items may be donated with the consent of the owner of the mark.</p>

4-126

RHODE ISLAND *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>is counterfeit shall be guilty of the offense of trafficking in trademark counterfeits.</p> <p>(1) If the goods or service to which the forged or counterfeit trademarks, service marks, or identification marks are attached or affixed or in conjunction with which they are used, or to which the offender intended they be attached or affixed, or in connection with which the offender intended they be used, have, in the aggregate, a retail value of the goods if they were not forged or counterfeited of five thousand dollars (\$5,000) or more, such person shall be guilty of a felony and upon conviction may be imprisoned up to five (5) years and fined up to ten thousand dollars (\$10,000).</p>		<p>authorized by the owner thereof and is done for pecuniary gain and with the intent to defraud the holder of the trademark, service mark, or identification mark.</p>	

4-127

RHODE ISLAND *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>(2) If the goods or service to which the forged or counterfeit trademarks, service marks, or registered designs are attached or affixed or in connection with which they are used, or to which the offender intended they be attached or affixed, or in connection with which the offender intended they be used, have, in the aggregate, a retail value of goods if they were not counterfeited of less than five thousand dollars (\$5,000), such person shall be guilty of a misdemeanor and may be imprisoned up to one (1) year and fined up to one thousand dollars (\$1,000).</p> <p>(3) Any person who knowingly (i) uses an object, tool, machine, or other devise to produce or reproduce a counterfeit mark or (ii) has possession, custody</p>			

4-128

RHODE ISLAND *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>or control of any object, tool, machine or device with intent to produce or reproduce a counterfeit mark, is guilty of a felony and may be imprisoned up to five (5) years and fined up to five thousand dollars (\$5,000).</p> <p>(4) The possession, custody, or control of more than twenty-five (25) items having a counterfeit mark used thereon or in connection therewith creates a presumption that the person having possession, custody, or control of the items intended to sell those items.</p> <p>(5) If a person who violates this section previously has been convicted of violating this section such person shall be guilty of a felony and may be imprisoned up to five (5) years and fined up to five thousand dollars (\$5,000).</p>			

4-129

SOUTH DAKOTA (1877, amended 1977)

4-130

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Forgery or Counterfeiting of Trade-mark as a Misdemeanor — Fraudulent Use — Sale of Goods under Counterfeit Mark</p>	<p>South Dakota Codified Laws § 37-6-2</p>	<p>§ 37-6-2 Every person who intentionally forges or counterfeits any trade-mark usually fixed by any person to any goods of such person with intent to pass off any goods to which such forged or counterfeited trade-mark is affixed as to the goods of such person; or who, with intent to defraud keeps any dies, plate, or brand, or imitation of the trade-mark of any person for the purpose of counterfeiting the same or selling such trade-mark when counterfeited, or affixing the same to any goods and selling the same as genuine goods of the person entitled to the trade-mark; or who fraudulently uses the genuine trade-mark of another with intent to sell or offer for sale or disposal, any goods as genuine, which are not the original and genuine goods of the person to whom the trade-mark properly</p>		<p>§ 37-6-1 (2) "Goods" includes every kind of goods, wares, merchandise, compound, or preparation that may be lawfully kept or offered for sale. (3) "Trade-mark" includes every description of word, letter, device, emblem, stamp, imprint, brand, printed ticket, label or wrapper, usually affixed by any mechanic, manufacturer, druggist, merchant, or tradesman to denote any goods to be goods imported, manufactured, produced, compounded, or sold by him, other than any name, word, or expression generally denoting any goods to be of some particular class or description.</p>	

SOUTH DAKOTA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Making or Possessing Forgery or Counterfeiting Devices</p>	<p>§ 22-39-37</p>	<p>belongs; or who sells or keeps for sale any goods upon which any counterfeit trade-mark has been affixed, intended to represent such goods as the genuine goods of another, knowing the trade-mark to be counterfeited.</p> <p>Any person who: (1) makes or possession with knowledge of its character, any plate, die or other device, apparatus, equipment or article specifically designated for use in counterfeiting, unlawfully simulating, or simulating, or otherwise forging, written instruments; (2) makes or possesses any device, apparatus, equipment, or article capable of or adaptable to a use specified in subdivision (1) of this section, with intent to use it himself, or to aid or</p>			

4-131

SOUTH DAKOTA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
See Also: Forgery	§ 22-39-36	permit another to use it, for the purpose of forgery; or (3) possesses a genuine plate, die, or other device used in the production of written instruments, with intent to defraud.			

4-132

SOUTH CAROLINA (10/13/94)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Intentional Use of Counterfeit Mark or Trafficking in Goods or Services Using Such Marks...</p> <p>See Also: Forgery</p>	<p>Code of Laws of South Carolina § 39-15-1190 Annotated</p> <p>§ 16-13-10</p>	<p>§ 39-15-1190(A) Whoever intentionally traffics or attempts to traffic in goods or services and knowingly uses or should have known a counterfeit mark on or in connection with such goods or services shall be deemed guilty of a misdemeanor, if an individual, be fined not more than five thousand dollar or imprisoned not more than one year, or both, and, if a person other than an individual, be fined not more than twenty thousand dollars.</p>	<p>State Registration</p>	<p>§ 39-15-1190(B)(1)(a-c) The term "counterfeit mark" in this section means: (1) a spurious mark:(a) that is used in connection with trafficking in goods or services; (b) that is identical with, or substantially indistinguishable from, a mark registered for those goods or services with the secretary of state under this chapter and in use, whether or not the defendant knew such mark was so registered; and (c) the use of which is likely to cause confusion, to cause mistake, or to deceive.</p> <p>§ 39-15-1190(C) "Traffic" means transport, transfer, or otherwise dispose of, to another as consideration for anything of value, or make or obtain control of with intent so to transport, transfer, or dispose of.</p>	

4-133

TEXAS (9/1/97)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Trademark Counterfeiting Title § 7</p>	<p>Texas Statutes and Codes Annotated § 32.23</p>	<p>§ 32.23 (b) A person commits an offense if the person intentionally manufactures, displays, advertises, distributes, offers for sale, sells or possesses with intent to sell or distribute a counterfeit mark or an item or service that: (1) bears or is identified by a counterfeit mark; or (2) the person knows or should have known bears or is identified by a counterfeit mark. (c) A State or federal certificate of registration of intellectual property is prima facie evidence of the facts stated in the certificate. An offense under this section is a: (d) For the purposes of subsection (e), when items or services are the subject of counterfeiting in violation of this section pursuant to one scheme or continuing course of conduct, the conduct may be considered as one offense and the retail value of the items or services aggre-</p>	<p>Any State or Federal registration or protected by § 16.30 Business and Commerce Code, or by 36 U.S.C. § 371 <i>et seq.</i></p>	<p>§ 32.23(a) (1) "Counterfeit mark" means a mark that is identical to or substantially indistinguishable from a protected mark, the use of production of which is not authorized by the owner of the protected mark. (2) "Identification Mark" means a data plate, serial number, or part identification number. (3) "Protected Mark" means a trademark or service mark or an identification mark. (4) "Retail value" means the actor's regular selling price for a counterfeit mark or an item or service that bears or is identified by a counterfeit mark, except that if an item bearing a counterfeit mark is a component of a finished product, the retail value means the actor's regular selling price of the finished product on or in which the component is used, distributed, or sold.</p>	

4-135

TEXAS (continued)

4-136

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Criminal Simulation Forgery</p>	<p>§ 32.22 § 32.21(T)</p>	<p>gated in determining the grade of offense. (e)(1) Class C misdemeanor if the retail value of the item or service is less than \$20 (2) Class B misdemeanor if the retail value of the item or service is \$20 or more, but less than \$500 (3) Class A misdemeanor if the retail value of the item or service is \$500 or more, but less than \$1,500 (4) State jail felony if the retail value of the item or service is \$1,500 or more, but less than \$20,000 (5) Felony of the third degree if the retail value of the item or service is \$20,000 or more, but less than \$100,000 (6) Felony of the second degree if the retail value of the item or service is \$100,000 or more, but less than \$200,000 (7) Felony of the first degree if the retail value of the item or service is \$200,000 or more</p>		<p>(5) "Service mark" has the meaning assigned by Section 16.01, Business & Commerce Code. (6) "Trademark" has the meaning assigned by Section 16.01, Business & Commerce Code.</p>	

UTAH (1953, amended 1984)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Selling Goods Under Counterfeited Trademark, Trade Name or Trade Device	Utah Code Annotated § 76-10-1003	Every person who sells or keeps for sale any goods upon or to which any counterfeited trademark, trade name or trade device has been affixed, after it has been filed with the Division of Corporations and Commercial Code, intending to represent the goods as the genuine goods of another, knowing it to be counterfeited, is guilty of a class B misdemeanor.	State Registration	<p>§ 76-10-1001</p> <p>(1) "Forged trademark," forged trade name, "forged trade device," "and counterfeited trademark," "counterfeit trade name," "counterfeit trade device," or their equivalents, as used in this part, include every alteration or imitation of any trademark, trade name, or trade device so resembling the original as to be likely to deceive.</p> <p>(2) "Trademark" or "trade name" or "trade device" as used in this part, includes every trademark registrable with the Division of Corporation and Commercial Code.</p>	

UTAH (1973)

Use of Registered Trademark Without Consent	§ 76-10-1007	Every person who adopts or in any way uses the registered trademark of another, without the consent of the owner thereof is guilty of a class B misdemeanor.			
---	--------------	--	--	--	--

VERMONT (1957)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Violations	Vermont Statutes Annotated, § 9-2530	<p>§ 9-2530 Subject to the provisions of section 2532 of this title, no person shall knowingly or willfully:</p> <p>(1) Falsely make, counterfeit, imitate, sell, offer for sale, or in any way utter or circulate any trademark which has been registered in accordance with the provisions of this subchapter;</p> <p>(2) Affix to any article or merchandise a false or counterfeit or imitation trademark, or the genuine trademark of another which has been registered in accordance with the provisions of this subchapter without the latter's consent; or</p> <p>(3) Sell, keep, or offer for sale an article of merchandise, to which is affixed a false or counterfeit trademark, and the genuine trademark, or an imitation of the trademark or another which has been registered in accordance with the</p>			

4-139

VERMONT *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>provisions of this subchapter, without the latter's consent; or (4) Having in his possession a counterfeit trademark or a die, plate, brand or other thing for the purpose of falsely making or counterfeiting a trademark which has been registered in accordance with the provisions of this subchapter; or (5) Make or sell, or offer to sell or dispose of, or have in his possession with intent to sell or dispose of, an article of merchandise with a trademark which has been registered in accordance with the provision of this subchapter by another, which indicates falsely the quantity, character, place of manufacture or production or person manufacturing, producing or sponsoring the article.</p>			

4-140

VIRGINIA (4/6/96 amended)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Infringement	Code of Virginia § 59.1-88	<p>§ 59.1-88 Subject to the provisions of § 59.1-89, any person who (i) uses, in this Commonwealth, without the consent of the registrant, any reproduction, counterfeit, copy or colorable imitation of any registered trademark, case mark or service mark in connection with the sale, offering for sale, manufacturing, distribution, or advertising of any goods or services in a manner likely to cause confusion or mistake or to deceive purchasers as to the source or origin of such goods or services; (ii) reproduces, counterfeits, copies, or colorably imitates any such trademark, case mark or service mark and applies such reproduction, counterfeit, copy, or colorable imitation to signs, prints, packages, wrappers, apparel, manufactured items or advertisements intended to be used</p>	State Registration		<p>§ 59.1-89 All items bearing counterfeit marks will be delivered to an officer of the court, or to the complainant for destruction and disposition.</p>

4-142

VIRGINIA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Remedies; Criminal Penalties	§ 59.1-89	<p>upon or in connection with the sale or other distribution in this commonwealth of such goods or services, shall be liable as provided in § 58.1-89...</p> <p>A. Any owner of a trademark or service mark registered under this chapter, or prior acts, and in force and effect, may proceed by suit in a circuit court to enjoin the manufacture, use, display or sale in this Commonwealth of any counterfeits or imitations thereof and the court may grant injunctions to restrain such manufacture, use, display or sale as may be by the court deemed just and reasonable, and may require the defendants to pay to such owner all profits derived from and/or all damages suffered by reason by such wrongful manufacture, use, display or sale.</p>			

4-143

VIRGINIA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
See Also: Forgery	§ 18.2-172	B. Any person who knowingly and intentionally violates the provisions at § 59.1-88 is guilty of a Class 2 misdemeanor and, upon a second or subsequent conviction, is guilty of a Class 6 felony.			

4-144

WASHINGTON (1909)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Counterfeiting Trademark, Brand, etc.	Annotated Revised Code of Washington § 9.16.030	<p>§ 9.16.030 Every person who shall use or display or have in his possession with intent to use or display, the genuine label, trademark, term, design, device, or form of advertisement of any person, corporation, association or union, lawfully filed for record in the office of the secretary of state, or the exclusive right to use which is guaranteed to any person, corporation, association or union, by the laws of the United States, without the written authority of such person, corporation, association or union, or who shall willfully forge or counterfeit or use or display or have in his possession with intent to use or display any representation, likeness, similitude, copy or imitation of any genuine label, trademark, term, design, device, or form of advertisement, so filed or protected, or any die, plate, stamp or</p>	Federal or State Registration	<p>§ 9.16.070 Form and similitude defined. A plate, label, trademark, term, design, device or form of advertisement is in the form and similitude of the genuine instrument imitated if the finished parts of the engraving thereupon shall resemble or conform to the similar parts of the genuine instrument.</p> <p>§ 9.16.050 When deemed affixed. A label, trademark, term, design, device or form of advertisement shall be deemed to be affixed to any goods, wares, merchandise, mixture, preparation or compound whenever it is in any manner placed in or upon either the article itself, or the box, bale, barrel, bottle, case, cask or other vessel or package, or the cover, wrapper,</p>	

4-145

WASHINGTON (continued)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Displaying Goods with False Trademark</p>	<p>§ 9.16.040</p>	<p>other device for manufacturing the same, shall be guilty of a gross misdemeanor</p> <p>§ 9.16.040 Every person who shall knowingly sell, display or advertise, or have in his possession with intent to sell, any goods, wares, merchandise, mixture, preparation or compound having affixed thereto any label, trademark, term, design, device, or form of advertisement lawfully filed for record in the office of the secretary of state by any person, corporation, association or union, or the exclusive right to the use of which is guaranteed to such person, corporation, association or union under the laws of the United States, which label, trademark, term, design, device or from of advertisement shall have been used or affixed thereto</p>		<p>stopper, brand, label or other thing in, by or with which the goods are packed, enclosed, or otherwise prepared for sale or distribution.</p>	

4-146

WASHINGTON *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
See Also: Forgery	§ 9A.60.020	without the written authority of such person, corporation, association or union, or having affixed thereto any forged or counterfeit representation, likeness, similitude, copy or imitation thereof, shall be guilty of a misdemeanor.			

4-147

WEST VIRGINIA

4-148

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Making plates, etc., for forgery; possession of same; penalty.</p>	<p>West Virginia Code § 61-4-4</p>	<p>§ 61-4-4 If any person engrave, stamp, or cast, or otherwise make or mend any plate, block, press or other thing adapted and designed for the forging and false-making of any writing or other thing, the forging or false making whereof is punishable by this article; or if such person have in his possession any such plate, block, press, or other thing, with intent to use, or cause or permit it to be used, in forging or false-making an such writing or other thing, he shall be deemed guilty of a felony, and, upon conviction, shall be confined in the penitentiary not less than two nor more than ten years.</p>			
<p>Forging or uttering other writing; penalty.</p>	<p>§ 61-4-5</p>	<p>§ 61-4-5 If any person forge any writing, other than such as is mentioned in the first and third sections [§§ 61-4-1, 61-4-3] of this</p>			

WEST VIRGINIA *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>article, to the prejudice of another's right, or utter or attempt to employ as true such forged writing, knowing it to be forged, he shall be guilty of a felony, and upon conviction, shall be confined in the penitentiary not less than one nor more than ten years, or in the discretion of the court, be confined in jail not more than one year and be fined not exceeding five hundred dollars.</p>			

4-149

WISCONSIN (1905, amended 1991)

4-150

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
Duplication or Reproduction	Wisconsin Statutes Annotated § 132.02	<p>§ 132.02</p> <p>(1) It shall be unlawful for any person, firm, copartnership, corporation, association or union of working men, without the consent of the owner of any mark, to remove any such mark attached to merchandise or products of labor, for the purpose of using such merchandise or products of labor as a pattern for the duplicating or reproduction of the same, either in the identical form or in such near resemblance thereto as may be calculated to deceive.</p> <p>(3) It shall be unlawful for any other person to make use, with the intent to deceive, of that mark or any counterfeit mark which is identical to or substantially identical to that mark, or to utter or display the same orally, or in any printed or written form in the conduct of his or her business or any business transaction without the express consent,</p>		<p>§ 132.01</p> <p>(1) "Counterfeit mark" means a spurious mark that is identical to or substantially identical to a genuine mark and that is used or intended to be used on or in connection with goods or services for which the genuine mark is registered and in use. "Counterfeit mark" does not mean any mark or designation used in connection with goods or services if, at the time the goods or services were manufactured or produced, the holder of the right to use the mark authorized the manufacture or producer to use the mark or designation for the type of goods or services manufactured or produced.</p> <p>(2) "Mark" means a label, trademark, tradename, term, design, pattern, model, device, shopmark, drawing, specification,</p>	

WISCONSIN *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
		<p>license, and authority of the person, firm, partnership, corporation association or union so owning the same, and such unauthorized and unlawful use may be prohibited and prevented by injunction or other proper proceeding in a court of competent jurisdiction without recourse to the penal statute providing punishment for such unlawful use. In case such association or union of workingmen is not incorporated such actions may be commenced and prosecuted by an officer of member of such association or union on behalf of and for the use of such association or union. This subsection does not apply to the purchase of merchandise in good faith from a distributor or the retail sale of that merchandise in good faith.</p>		<p>designation, or form of advertisement that is adopted or used by any person to designate, make, known or distinguish any goods or service as having been made, prepared or provided by that person and that is registered by that person under § 132.01.</p>	

4-151

WISCONSIN *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Penalty Trafficking in Counterfeit Marks</p>	<p>§ 132.03</p> <p>§ 132.20(a)</p>	<p>Every person who knowingly violates §§ 132.01 or 132.02, except those provisions relative to emergency repairs, shall be imprisoned for not more than 6 months or fined not more than \$10,000 or both.</p> <p>Any person who, with intent to deceive, traffics or attempts to traffic in this state in a counterfeit mark or in any goods or service bearing or provided under a counterfeit mark shall, if the person is an individual, be fined not more than \$250,000 or imprisoned for not more than 5 years or both, or, if the person is not an individual, be fined not more than \$1,000,000.</p>			
<p>See Also: Forgery</p>	<p>943.38(3)(a)(c)</p>				

4-152

WYOMING (1982)

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>Forgery; Penalties</p>	<p>Wyoming Statutes Annotated § 6-3-602</p>	<p>§ 6-3-602 (a) A person is guilty of forgery if, with the intent to defraud, he: (i) Alters any writing of another without authority; (ii) Makes, completes, executes, authenticates, issues or transfers any writing so that it purports to be the act of another who did not authorize that act or to have been executed at a time or place or in a number sequence other than was in fact the case, or to be a copy of an original when no such original existed. (iii) utters any writing which he knows to be forged in a manner specified in paragraphs (i) or (ii) of this subsection. (b) Except as provided in subsection (c) of this section, forgery is a felony punishable by imprisonment for not more than ten (10) years, a fine of not</p>		<p>§ 6-3-601 "Writing" means printing or any other method of recording, information, money, coins, tokens, stamps, seals, credit cards, badge, trademarks, and other symbols of value, right, privilege or identification.</p>	

4-153

WYOMING *(continued)*

State Law(s)	Statutory Section(s)	Statutory Elements	Registration Requirements	Statutory Definitions	Forfeiture/ Destruction/ Restitution Provisions
<p>See Also: Possession of Forged Writing and Forgery Devices; Penalties</p>	<p>§ 6-3-603(T)</p>	<p>more than ten thousand dollars (\$10,000), or both.</p>			

4-154

APPENDIX 6-1

**STATE STATUTES AND
COMMON LAW RELATING
TO COUNTERFEITING**

ALABAMA

Statute	Code Provision	Statutory Description
Trademark Registration	Ala. Code § 8-12-6 to 19 (1993 Repl. Vol.)	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Alabama. Remedies include injunctive relief and recovery of the infringer's profits and/or the owner's damages and costs. Ala. Code § 8-12-16 to 18 (1993 Repl. Vol.). A state registration is not required for the public prosecutor to bring criminal charges for theft of trademarks Ala. Code § 13A-8-10.4 (1994 Repl. Vol.).
Dilution	Ala. Code § 8-12-17 (1993 Repl. Vol.)	The statute provides for injunctive relief only.
Unfair Business Practices Act	Not applicable	Alabama does not have an unfair business practices act which would apply to trademark matters.
Unfair Competition	Not applicable	Alabama does not have a separate state statute prohibiting unfair competition.
Common Law	Not applicable	State courts have recognized a common law cause of action for unfair competition which includes palming off and imitation of unregistered trademarks. Remedies: Injunctive relief, damages, profits and, in exceptional cases, punitive damages.

ALASKA

Statute	Code Provision	Statutory Description
Trademark Registration	AS §§ 45.50.010-45.50.205	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Alaska. Remedies include injunctive relief and, where the acts are committed with the intent to cause confusion, mistake or to deceive, the registrant may recover profits or damages. The court may also order that the counterfeits or imitations be delivered up for destruction and may enter judgment for punitive damages in an amount not to exceed three times the profits and damages. <i>See AS § 45.50.180.</i>
Dilution	AS § 45.50.180(d)	The statute provides for injunctive relief against another's dilution of a famous mark and, for willful dilution, the same remedies for trademark infringement or counterfeiting.
Unfair Competition	AS § 45.50.471	Remedies: Injunctive relief as well as civil penalties to be paid to the State.

ARIZONA

Statute	Code Provision	Statutory Description
Trademark Registration	A.R.S. § 44-1441 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Arizona. Remedies include injunctive relief, recovery of infringer's profits and/or damages, and destruction of infringer's goods.
Dilution	Not applicable	Arizona does not have a separate statute for dilution.
Unfair Business Practices Act	A.R.S. § 44-1522	The act prohibits unlawful business practices and prohibits any deception, deceptive act or practice, fraud, false pretense, misrepresentation, or concealment in connection with the sale or advertisement of any merchandise. Damages are limited to actual damages. ¹ Yet, if the violations are willful, then punitive damages may be assessed. ²
Unfair Competition	Not applicable	Arizona does not have a separate statute prohibiting unfair competition.
Common Law	Not applicable	State courts have recognized common law rights in trademarks and actions for unfair competition. ³ The question is whether there was confusion to the public. ⁴ Damages may include injunctive relief.

6-22

¹Peery v. Hansen, 120 Ariz. 266, 585 P.2d 574 (Ariz. Ct. App. 1978).

²Dunlap v. Jimmy GMC of Tucson, Inc., 136 Ariz. 338, 666 P.2d 83 (Ariz. Ct. App. 1983).

³Kaibab Shop v. Desert Son, Inc., 135 Ariz. 487, 662 P.2d 452 (Ariz. Ct. App. 1982).

⁴Taylor v. Quebedeaux, 126 Ariz. 515, 617 P.2d 23 (Ariz. 1980).

ARKANSAS

Statute	Code Provision	Statutory Description
Trademark Registration	Ark.Code Ann. § 4-71-101 through 4-71-114	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Arkansas. Remedies: Injunctive relief, recovery of infringer's profits and/or damages and destruction of counterfeits or imitations in the possession or control of the defendant. Treble damages and/or attorney's fees are also recoverable if the court finds knowledge or bad faith. Arkansas does not provide for any criminal sanctions for engaging in trademark counterfeiting.
Dilution	Ark.Code Ann. § 4-71-113	The statute provides for injunctive relief and, if willful intent is shown, recovery of profits and attorney's fees.
Unfair Competition	Not applicable	Arkansas does not have a separate state statute prohibiting unfair competition. The courts have defined "unfair competition" to mean "a course of dealing which leads, or is likely to lead, consumers into believing that the goods or services of one supplier are those of another." ⁵
Consumer Fraud	Not applicable	Arkansas has not enacted any consumer fraud statutes.
Common Law	Not applicable	Arkansas recognizes common law actions for both trademark and trade name infringement.

6-23

⁵Southwestern Bell T. Co. v. Nationwide Ind. Dir. Serv., Inc., 371 F. Supp. 900, 907 (W.D. Ark. 1974).

CALIFORNIA

Statute	Code Provision	Statutory Description
Trademark Registration	Ann. Cal. Bus. & Prof. Code § 14200 <i>et seq.</i>	A state trademark registration is not required for a party to sue for trademark counterfeiting or infringement in California. Remedies: Injunctive relief to prevent future harm, as well as up to three times the registrant's losses and three times the infringer's profits. In addition, the court may order that all counterfeits be destroyed. A State registration is not required for the public prosecutor to bring criminal charges for theft of trademarks. (Cal. Pen. Code § 350).
Dilution	Ann Cal. Bus. & Prof. Code § 14330	The statute provides for injunctive relief to prevent dilution of a mark registered under this chapter or dilution of a mark valid at common law.
Unfair Competition	Ann. Cal. Bus. & Prof. Code § 17200 <i>et seq.</i>	California recognized a common law right of unfair competition which provides for injunctive relief and restitution. ⁶
Unfair Business Practices Act	Trade Practices Ann. Cal. Bus. & Prof. Code § 14330 <i>et seq.</i>	The Act protects consumers and competitors. Remedies: Injunctive relief as well as any other orders necessary to restore the party harmed by the unfair competition.
Common Law	Not applicable	California recognized a common law right of unfair competition which provides for injunctive relief and restitution. ⁷

6-24

⁶See *Mallard Creek Industries, Inc. v. Morgan*, 56 Cal. App. 4th 426 (Cal. Ct. App. 1997); *Lebas Fashion Imports of USA, Inc. v. ITT Hartford Bus. Group, Inc.*, 50 Cal. App. 4th 548 (Cal. Ct. App. 1996).

⁷*Id.*

COLORADO

Statute	Code Provision	Statutory Description
Trademark Registration	Colo. Rev. Stat § 7-70-111 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Colorado. Remedies: Injunctive relief, recovery of infringer's profits or damages. (Colo. Rev. Stat § 7-70-112). Attorney's fees may also be awarded.
Dilution	Not applicable	Colorado does not have a separate statute for dilution.
Unfair Business Practices Act	Colo. Rev. Stat. § 6-1-105, <i>et seq.</i> Colo. Rev. Stat. § 6-1-113	The statute, also referred to as the Consumer Protection Act, prohibits the passing off of goods and services of another. Relief under the deceptive trade practice act is available to any person in a civil action. Damages include monetary relief and attorney's fees and costs. ⁸
Unfair Competition	Not applicable	Colorado does not have a specific statement for unfair competition.
Common Law	Not applicable	State courts have recognized common law actions for unfair competition. Remedies: Injunctive relief, damages, or profits. ⁹

6-25

⁸Dodds v. Frontier Chevrolet Sales and Service, Inc., 676 P.2d 1237 (Colo. Ct. App. 1983).

⁹Lexton-Ancira Real Estate Fund v. Heller, 826 P.2d 819 (Colo. 1992); Dunlap v. Colorado Springs Cablevision, Inc., 829 P.2d 1286 (Colo. 1992).

CONNECTICUT

Statute	Code Provision	Statutory Description
Trademark Registration	Conn. General Statutes, 621a, § 35-11a <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Connecticut. Remedies: Injunctive relief, recovery of infringer's profits and/or damages, and destruction of counterfeits or imitations in the possession or control of the defendant. A state registration is not required for the public prosecutor to bring criminal charges for theft of trademarks. § 53-347a.
Dilution	§ 35-11i(c).	The statute provides for injunctive relief, recovery of infringer's profits and/or damages, and destruction of counterfeits or imitations in the possession or control of the defendant.
Unfair Competition	Not applicable	Connecticut does not have a separate state statute prohibiting unfair competition.
Unfair Business Practices Act	§§ 42-110a <i>et seq.</i>	Connecticut's Act protects consumers and competitors. Remedies: Injunctive relief, recovery of infringer's profits and/or damages, and destruction of counterfeits or imitations in the possession or control of the defendant.
Common Law	Not applicable	Connecticut recognized a common law right of unfair competition, including infringement of trademarks, trade names, and trade dress. Remedies: Injunctive relief and damages.

DELAWARE

Statute	Code Provision	Statutory Description
Trademark Registration	6 Del. C. § 3303 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Delaware. Remedies: Injunctive relief and an award of lost profits and/or damages. The court may also order that all counterfeits or imitations be delivered up for destruction. <i>See</i> 6 Del. C. §§ 3312 & 3314.
Dilution	6 Del. C. § 3313	The statute provides for injunctive relief to prevent the dilution of a mark registered under this chapter or dilution of a mark or trade name valid at common law.
Unfair Competition	6 Del. C. § 2532	Delaware also has a separate state statute prohibiting unfair competition. Remedies: Injunctive relief and, in exceptional cases, the court may award reasonable attorneys' fees to the prevailing party. Costs or attorneys' fees may be assessed against a defendant only if he has willfully engaged in a deceptive trade practice. The relief provided is in addition to remedies otherwise available under the common law or other Delaware statutes.
Common Law	Not applicable	Delaware has recognized a common law right of unfair competition. If damages are awarded to the aggrieved party, under common law or other Delaware statutes, such damages awarded shall be treble the amount of actual damages proved. <i>See</i> 6 Del. C. § 2533.

DISTRICT OF COLUMBIA

Statute	Code Provision	Statutory Description
Trademark Registration	Not applicable	The District of Columbia does not have a separate Trademark registration statute. Marks are registered federally under the Lanham Act.
Dilution	Not applicable	The District of Columbia does not have a separate statute for Dilution.
Unfair Business Practices Act	Not applicable	The District of Columbia does not have an Unfair Business Practices Act which would apply to trademark matters.
Unfair Competition	Not applicable	The District of Columbia does not have a separate statute prohibiting unfair competition.
Common Law	Not applicable	Local courts have held that a common law cause of action exists. ¹⁰ The elements of such common law action follow the Lanham Act. Remedies: Injunctive relief and damages.

6-28

¹⁰Blacks in Gov't v. National Ass'n of Blacks Within Gov't, 601 F. Supp. 225 (D.D.C. 1983).

FLORIDA

Statute	Code Provision	Statutory Description
Trademark Registration	Chapter 495, Florida Statutes (1997).	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Florida. Remedies: (a) injunctive relief; (b) payment of the defendant's profits and/or plaintiff's damages; (c) delivering up and destruction of "counterfeits or imitations"; and (d) treble damages in the court's discretion. Additionally, if "the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case." Section 495.141, Florida Statutes (1997). A state registration is not required for the public prosecutor to bring criminal charges.
Dilution	495.151, Florida Statutes (1997)	The statute provides for injunctive relief, but there is no requirement that the trademark be either "famous" or registered.
Unfair Competition	Not applicable	Florida does not have a separate state statute prohibiting unfair competition.
Common Law	Not applicable	Section 495.161, Florida Statutes expressly preserves all "rights in marks acquired in good faith at any time at common law." Florida recognizes a common law right of unfair competition. ¹¹

6-29

¹¹Crown Central Petroleum Corp. v. Standard Oil Co., 135 So. 2d 26, 28 (Fla. Dist. Ct. App. 1961); Chassis Master v. Borrego, 610 F. Supp. 473, 479 (S.D. Fla. 1985).

FLORIDA *(continued)*

Statute	Code Provision	Statutory Description
Unfair Business Practices Act	Section 495.151, Florida Statutes (1997)	Florida has enacted an Unfair Business Practices Act which protects consumers and competitors. Remedies: Injunctive relief to prevent subsequent use by another of the same or any similar mark, trade name, label or form of advertisement if it appears to the court that there exists a likelihood of injury to business reputation or of dilution of the distinctive quality of the mark, trade name, label or form of advertisement of the prior user, notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services.

6-30

GEORGIA

Statute	Code Provision	Statutory Description
Trademark Registration	O.C.G.A. §§ 10-1-440 <i>et seq.</i>	State trademark registration is required for a party to sue for trademark counterfeiting or infringement in Georgia. Remedies: Injunctive relief, liquidated damages in the amount of \$10,000 where the infringer is knowledgeable about the registration, and profits and damages may be recovered where the infringement has been "committed with knowledge that such trademark or service mark is intended to be used to cause confusion or mistake or to deceive." O.C.G.A. § 10-1-450. State registration is not required for the public prosecutor to bring criminal charges for theft of trademark if the mark is registered either (1) with the U.S. Patent and Trademark Office, (2) under the laws of any other state, or protected under the Federal Amateur Sports Act of 1978, 36 U.S.C. § 380. O.C.G.A. § 10-1-454.
Dilution	O.C.G.A. § 10-1-451(b).	Remedy: Injunctive relief only.
Unfair Competition	O.C.G.A. § 23-2-55	An action under this section may be based upon passing off, unauthorized use of the name or mark of another, or other traditional forms of unfair competition. Remedy: Equitable relief.

GEORGIA (continued)

Statute	Code Provision	Statutory Description
Unfair Business Practices Act	O.C.G.A. §§ 10-1-390 through 10-1-407	The Act protects consumers and legitimate business enterprises from unfair or deceptive acts or practices in the conduct of consumer transactions and consumer acts or practices in trade and commerce. Remedies: Issuance of a cease and desist order, civil penalty of up to \$5,000 per violation, injunctive relief, restitution, and the appointment of a receiver or conservator for the defendant or its assets. General or compensatory damages may be sought by the injured party after 30 days written notice to the defendant. The court may award treble and punitive damages for intentional violations of the Act.
Common Law	Not applicable	Georgia also has a common law claim of unfair competition, which may allow for the recovery of tort damages including actual and punitive damages. ¹²

6-32

¹²Hagan & Dodd Co. v. Ribgers, 1 Ga. App. 190, 57 S.E. 970 (1907).

HAWAII

Statute	Code Provision	Statutory Description
Trademark Registration	HRS § 482-2 <i>et seq.</i>	A trademark registration is required for a party to sue for trademark counterfeiting or infringement in Hawaii. Remedies: Injunctive relief and actual damages. Under the State Criminal Counterfeit Statute, civil damages of restitution are provided. HRS. § 706-601(1)(d).
Dilution	Not applicable	Hawaii does not have a separate statute for dilution.
Unfair Business Practice Act	HRS § 480-2 <i>et seq.</i>	The act prohibits unfair methods of competition in commerce or trade. Private actions are available. Damages may also include attorney's fees and treble damages. ¹³
Uniform Deceptive Trade Practice Act	HRS § 481A-1 <i>et seq.</i>	Damages include injunctive relief and attorney's fees. Monetary damages are not available. ¹⁴
Unfair Competition	Not applicable	Hawaii does not have a separate statute for unfair competition and imitation of unregistered marks.
Common Law	Not applicable	Courts have recognized common law action for unfair competition, trademark infringement and palming off. ¹⁵ Remedies: Damages and injunctive relief. ¹⁶

¹³ *Island Tobacco Co. v. R.J. Reynolds Tobacco*, 627 P.2d 260 (Haw. 1981).

¹⁴ *Carrington v. Sears, Roebuck & Co.*, 683 P.2d 1220 (Haw. Ct. App. 1984).

¹⁵ *Famolare, Inc. v. Melville Corp.*, 472 F. Supp. 738 (D. Haw. 1979) *aff'd* 652 F.2d 62 (9th Cir. 1981).

¹⁶ *Cieri v. Leticia Querry Realty, Inc.*, 80 Haw. 54, 905 P.2d 29 (Haw. 1995).

IDAHO

Statute	Code Provision	Statutory Description
Trademark Registration	I.C. § 48-502 (1997)	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Idaho. I.C. § 48-512. Remedies: Injunctive relief, seizure and destruction of infringing articles, profits, or damages if the infringement was committed with intent to cause confusion or mistake. The court also has discretion to order treble damages. I.C. §§ 48-511-513. State registration is not required for the public prosecutor to bring criminal charges for theft of trademarks, which is considered a misdemeanor and provides for imprisonment of not more than six months and/or a fine not to exceed \$300.
Dilution	§ 48-513 (1997)	Remedies: Injunctive relief and, if willful intent is proven, additional remedies at the discretion of the court.
Consumer Protection Act	I.C. §§ 48-601 <i>et seq.</i> (1997)	The Act prohibits passing off goods or services, creating a likelihood of confusion regarding the source of origin of goods or services, and falsely disparaging the goods or services of another. I.C. § 48-603 (1997). Actions may be brought by the Idaho Attorney General or any private person who suffered a loss as a result of a purchase or lease transaction. Pursuant to an action instituted by the Attorney General, the court may order restitution. Remedies for actions brought by individuals include attorney's fees and the greater of \$1,000 or the consumer's actual damages. Punitive damages are also recoverable. I.C. § 48-608 (1997).
Unfair Competition	Not applicable	Idaho does not have a separate statute prohibiting unfair competition.
Common Law	Not applicable	Idaho has recognized a common law right of unfair competition in the trademark context. Remedies: Injunctive relief and, if infringement or unfair competition was intentional, damages.

6-34

ILLINOIS

Statute	Code Provision	Statutory Description
Trademark Registration	765 ILCS § 1036/1 <i>et seq.</i>	State trademark registration is required for a party to sue for trademark counterfeiting or infringement in Illinois. Remedies: Injunctive relief and recovery of infringer's profits and/or the owner's damages and costs. The counterfeit items may also be destroyed by order of court. Treble damages and/or attorneys fees are available if the infringer's actions are done with knowledge or in bad faith. 765 ILCS § 1036/10.
Dilution	765 ILCS § 1036/65	The act provides for injunctive relief only unless infringer's conduct was willful. At which point, treble damages, infringer's profits and/or attorneys' fees may be recovered. The mark must be "famous" in order to be protected from dilution. The act is extremely similar to the Federal Dilution Act.
Consumer Fraud and Deceptive Practices Act	815 ILCS § 505/1 <i>et seq.</i>	The Act protects consumers and business persons from fraud and unfair methods of competition in commerce or trade. Private actions are permissible and punitive damages may be awarded if violations were done willfully. Injunctive relief is also available, along with attorney's fees and costs. 815 ILCS § 505/10(a)(c). ¹⁷
Uniform Deceptive Practices Act	815 ILCS § 510/1 <i>et seq.</i>	The Act protects against any action which tends to create a likelihood of confusion in the public. ¹⁸ Damages include injunctive relief, but not monetary damages.

6-35

¹⁷ *Brown v. Consumer Installment Lenders Processing Center, Inc.*, 1996 U.S. Dist. LEXIS 4917 (N.D. Ill.), adopted, mot. Denied, 1996 U.S. Dist. 4053 (N.D. Ill.)

¹⁸ *National Football League Properties, Inc. v. Consumer Enterprises, Inc.*, 26 Ill. Appl. 3d 814, 327 N.E. 2d 242 (Ill. App. Ct. 1975).

ILLINOIS *(continued)*

Statute	Code Provision	Statutory Description
Unfair Competition	Not applicable	Illinois does not have a general unfair competition statute.
Common Law	Not applicable	Illinois courts have recognized common law actions for unfair competition. Damages: Injunctive relief, monetary relief, and/or defendant's profits. ¹⁹ Remedies may include injunctive relief and defendant's profits.

¹⁹Spangler Candy Company v. Crystal Pure Candy Company, 235 F. Supp. 18, 25 (N.D. Ill. 1964), *aff'd* 353 F.2d 641 (7th Cir. 1965).

INDIANA

Statute	Code Provision	Statutory Description
Trademark Registration	IC 24-2-1-1 <i>et seq.</i>	State trademark registration is required for a party to sue for trademark counterfeiting or infringement in Indiana. Remedies: Injunctive relief and awarding of all profits derived from infringement as well as damages suffered except that profits may only be awarded upon a showing that the acts were committed with knowledge. State registration is not required for the public prosecutor to bring criminal charges for theft of trademarks. IC 35-43-5-7.
Dilution	IC 24-2-1-13	The statute provides for injunctive relief to prevent the dilution of a mark registered under this chapter or dilution of a mark or trade name valid at common law.
Unfair Competition	IC 24-2-2-1 <i>et seq.</i>	Indiana recognized a common law right of unfair competition which provides for protection of marks when a person attempts to create confusion concerning the source of goods. Remedies: Injunctive relief and damages.
Common Law	Not applicable	Indiana recognized a common law right of unfair competition which provides for protection of marks when a person attempts to create confusion concerning the source of goods. Remedies: Injunctive relief and damages.

IOWA

Statute	Code Provision	Statutory Description
Trademark Registration	Iowa Code ch. 548	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Iowa. Chap. 548.1-101. Remedies: Injunctive relief, seizure and destruction of infringing goods, profits and/or damages and attorney's fees in exceptional cases. Chap. 548.101, 548.114. Iowa has no criminal statute for trademark counterfeiting, but Iowa Code ch. 714.8(8) prohibits the manufacture or possession of false or counterfeit labels with the intent to place it on merchandise to falsely identify its origin or quality. No cases have been brought under this subsection of the statute.
Dilution	Iowa Code ch. 548-113	The statute provides for injunctive relief only.
Unfair Business Practices Act	Not applicable	Iowa does not have an unfair business practices act.
Unfair Competition	Not applicable	Iowa does not have a statute prohibiting unfair competition.
Common Law	Not applicable	Iowa state courts recognize a common law action of unfair competition which encompasses imitation of unregistered trade names, trademarks, and palming off. Remedies: Injunctive relief, damages, and exemplary damages if plaintiff has suffered more than nominal damages.

KANSAS

Statute	Code Provision	Statutory Description
Trademark Registration	K.S.A. 81-111 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Kansas. Remedies: Injunctive relief and, if the wrongful acts are "committed with knowledge that such mark is intended to be used to cause confusion or mistake or to deceive," the court may require the defendants to pay the trademark owner all profits derived from and all damages suffered by reason of the wrongful acts. The court may also order all counterfeits or imitations to be delivered up for destruction. <i>See</i> , K.S.A. 81-122.
Dilution	Not applicable	Kansas does not have an anti-dilution statute or recognize dilution at common law.
Unfair Competition	Not applicable	Kansas does not have a separate state statute prohibiting unfair competition.
Common Law	Not applicable	Kansas recognizes a common law right of unfair competition which provides for injunctive relief. ²⁰

6-39

²⁰Manor of Burlingame, Inc. v. SHCC, Inc., 916 P.2d 733 (Kan. App. 1996); Harp v. Appliance Mark, Inc., 827 P.2d 1209 (Kan. App. 1992).

KENTUCKY

Statute	Code Provision	Statutory Description
Trademark Registration	KRS § 365.560 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Kentucky. Remedies: Injunctive relief, recovery of infringer's profits and/or damages, and destruction of infringer's goods. Attorney's fees may be awarded if infringing act was committed in bad faith.
Dilution	Not applicable	Kentucky does not have a separate statute for dilution.
Unfair Business Practices Act	Not applicable	Kentucky does not have an unfair business practices act which would apply to trademark matters.
Unfair Competition	Not applicable	Kentucky does not have a separate statute prohibiting unfair competition.
Common Law	Not applicable	State courts have recognized common law actions for unfair competition. Damages include injunctive relief and monetary damages. 21

6-40

²¹Covington Inn Corp. v. White Horse Tavern, Inc., 445 S.W. 2d 135 (Ky. Ct. App. 1969); Churchill Downs Distilling Co. v. Churchill Downs, Inc., 90 S.W. 2d 1041 (Ky. 1939).

LOUISIANA

Statute	Code Provision	Statutory Description
Trademark Registration	La. Rev. Stat. Ann. 51:211 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Louisiana. Remedies: Injunctive relief, seizure and destruction of infringing goods, and profits and/or damages if the infringement was committed with intent to cause confusion or mistake. La. R.S. 51:222(2). A state registration is not required for the public prosecutor to bring criminal charges for trademark counterfeiting. La. R.S. 14:229.
Unfair Trade Practices and Consumer Protection Law	La. Rev. Stat. Ann. 51:1401-1419	The Act does not condemn specific practices, but courts have interpreted it to prohibit a wide variety of consumer fraud practices including false designation of origin under the Lanham Act. Remedies: Damages, restitution, reasonable attorney's fees, and costs. Treble damages may be awarded if the court finds that the unfair practice was conducted knowingly. Only the state can obtain injunctive relief. An award of damages for mental anguish and humiliation is also recoverable. ²²
Unfair Competition	Not applicable	Louisiana has not enacted a separate statute prohibiting unfair competition.
Common Law	Not applicable	Louisiana state courts recognize a common law action of unfair competition which encompasses imitation of trade names, trademarks, and palming off. Remedies: Injunctive relief and damages.

²² Vercher v. Ford Motor Co., 527 So. 2d 995 (La. Ct. App. 1988).

MAINE

Statute	Code Provision	Statutory Description
Trademark Registration	10 M.R.S.A. § 1521 <i>et seq.</i>	A State Trademark Registration is required for a party to sue for trademark counterfeiting or infringement in Maine. Remedies: Injunctive relief and the recovery of the defendant's profits and the trademark owner's damages if the wrongful "acts have been committed with knowledge that the mark is intended to be used to cause confusion or mistake or to deceive." See 10 M.R.S.A. § 1529. The court may also order that any counterfeits or imitations be delivered up for destruction. The mark owner may also "elect, at any time before final judgment is rendered, to recover instead of actual damages or profits an award of statutory damages with respect to any one mark . . . in an amount not to exceed \$2,000." 10 M.R.S.A. § 1531.(2). The court shall also "award the prevailing party costs and, in exceptional cases only, may award the prevailing party reasonable attorney's fees." See 10 M.R.S.A. § 1531.(3). A State registration is not required for the public prosecutor to bring criminal charges for theft of trademarks. 10 MRSA § 701.
Dilution	10 M.R.S.A. § 1530	The statute provides for "injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services."
Unfair Competition	Not applicable	Maine does not have a separate state statute prohibiting unfair competition.
Maine Deceptive Trade Practices Act	10 M.R.S.A. § 206 <i>et seq.</i>	Maine Deceptive Trade Practices Act protects consumers and competitors. Remedies: Injunctive relief and, in cases where the deceptive trade practice was willful, the court may award attorney's fees and court costs.
Common Law	Not applicable	Maine recognizes a common law right of unfair competition which provides for injunctive relief. ²³

²³Hubbard v. Nisbet, 193 A.2d 850 (1963).

MARYLAND

Statute	Code Provision	Statutory Description
Trademark Registration	Md. Bus. Reg. Code Ann. § 1-401 to § 14-415	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Maryland. Remedies: Injunctive relief (§ 1-414(c), profits and damages if committed with infringer's knowledge that such actions will cause confusion or deceit (§ 1-14(b)(2)). Destruction of infringing goods may also be ordered (§ 1-14(d)(3)). Moreover, all rights available under common law exist so it may be argued that non-registered trademark holders may proceed for an infringement action (§ 1-402).
Dilution	Not applicable	Maryland does not have a separate dilution statute.
Unfair Business Practices Act	Not applicable	Maryland does not have an Unfair Business Practices Act which would apply to trademark matters.
Unfair Competition	Not applicable	Maryland does not have a separate general statute for unfair competition. Yet, its Unfair Business Practice Act found at Md. Commercial Law Code Ann. § 13-301 <i>et seq.</i> prohibits unfair competition.
Common Law	Not applicable	Maryland recognizes common law action for unfair competition. Remedies are limited to injunctive relief.²⁴

643

²⁴ *Attorney General of Maryland v. Dickson*, 717 F. Supp. 1090 (D.Md. 1989); *Mascaro v. Snelling & Snelling*, 243 A.2d 1 (Md. 1968).

MASSACHUSETTS

Statute	Code Provision	Statutory Description
Trademark Registration	Mass. Laws Ann. Ch. 110B, §§ 1-16.	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Massachusetts. Remedies: Injunctive relief, seizure and destruction of infringing goods and profits, and/or damages if the infringement was committed with intent to cause confusion or mistake. §§ 11, 13. There is no separate statute regarding criminal prohibitions on counterfeiting of trademarks.
Regulation of Business Practices for Consumers Protection Law	Mass. Laws Ann. Ch. 93A, §§ 1-11	The Act prohibits a wide variety of business practices both between consumers and business and between two businesses. The State Attorney General may bring an action for restitution. Private parties may also bring actions, for which the remedies include injunctive relief, damages, reasonable attorney's fees and costs. Treble damages may be awarded if the court finds that the unfair practice was conducted wilfully and knowingly. §§ 9, 11.
Unfair Competition	Not applicable	Massachusetts has not enacted a separate statute prohibiting unfair competition.
Common Law	Not applicable	The state courts recognize a common law action of unfair competition where plaintiff can prove either likelihood of confusion or palming off. Remedies: Injunctive relief and general damages.

MICHIGAN

Statute	Code Provision	Statutory Description
Trademark Registration	M.C.L. § 429.31 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Michigan. Remedies: Injunctive relief and, if the acts have been committed with knowledge that the mark is intended to be used to cause confusion or mistake or to deceive, lost profits or damages may also be recovered. The court may also order that any counterfeits or imitations be delivered up and destroyed. <i>See</i> M.C.L. §§ 429.42 and 429.43. A State registration is not required for the public prosecutor to bring criminal charges for theft of trademarks. M.C.L. § 750.263.
Dilution	Not applicable	There is no statutory or common law cause of action for trademark dilution in Michigan. ²⁵
Unfair Competition	Not applicable	Michigan does not have a separate state statute prohibiting unfair competition.
Consumer Protection Act	M.C.L. § 445.901 <i>et seq.</i>	Michigan's Act protects consumers and competitors. Remedies: Damages as well as injunctive relief regardless of whether the plaintiff has an adequate remedy at law.
Common Law	Not applicable	Michigan recognizes a common law right of unfair competition which has been "analyzed under the Lanham Act." ²⁶ Remedies: Injunctive relief and damages.

²⁵ *Aero-Motive Co. v. U.S. Aeromotive, Inc.*, 922 F. Supp. 29 (W.D. Mich. 1996).

²⁶ *Sports Authority, Inc. v. Abercrombie & Fitch, Inc.*, 965 F. Supp. 925 (E.D. Mich. 1997); see also *Two Men and a Truck International v. Two Men and a Truck/Kalamazoo, Inc.*, 949 F. Supp. 500 (W.D. Mich. 1996).

MINNESOTA

Statute	Code Provision	Statutory Description
Trademark Registration	M.S.A. § 333.001 to 333.55	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Minnesota. Remedies: Injunctive relief, recovery of infringer's profits and/or owner's damages and costs. The statute does not provide for seizure or destruction of goods.
Dilution	M.S.A. § 325D.165 (1997)	Minnesota's dilution statute can be found at M.S.A. § 325D.165 (1997). The statute provides for injunctive relief only and mark must be well known or "famous."
Unfair Business Practices Act and Consumer Fraud	M.S.A. § 325 E and F	(The statute is not unified, but rather a compilation of several sections). The sections are designed to protect consumers and business persons from fraud and deceit in commerce and trade. Damages: Costs and attorneys fees and equitable relief. Private causes of action are permissible pursuant to M.S.A. § 325 D.09 to § 325 D.16 and M.S.A. § 325 F.68 to § 325 F.70.
Uniform Deceptive Trade Practices Act	M.S.A. §§ 325D. 43-325D.48	Remedies: Injunctions and attorney's fees.
Unfair Competition	Not applicable	Minnesota does not have a separate statute prohibiting unfair competition.
Common Law	Not applicable	Minnesota recognizes a common law action for unfair competition. Remedies: Injunctive relief, actual and punitive damages, loss profit and/or attorney's fees.²⁷

²⁷Minneapolis Company v. William Normandin, 338 N.W. 2d 18 (Minn. 1983); North Star Bank v. North Star Bank of Minnesota, 361 N.W. 2d 889 (Minn. Ct. App. 1985).

MISSISSIPPI

Statute	Code Provision	Statutory Description
Trademark Registration	Miss. Code Ann. § 75-25-1, <i>et seq.</i> (1972)	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Mississippi. Remedies: Injunctive relief, seizure and destruction of infringing articles, profits and damages. Treble damages and/or attorney's fees may be awarded at the discretion of the court or where the conduct involved was willful or in bad faith. A state registration is not required for the public prosecutor to bring criminal charges for trademark counterfeiting. Miss. Code Ann. § 97-21-51.
Dilution	Miss. Code Ann. § 75-25-25	Remedies: Injunctive relief and, if the conduct was willful, the court has discretion to award additional remedies.
Unfair Trade Practices Act	Miss. Code Ann. §§ 75-24-1 <i>et seq.</i>	The Act pertains to trademark infringement including false designation of origin and passing off goods or services of another. The State Attorney General may bring an action and obtain injunctive relief, revocation or suspension of a business license, and civil penalties up to \$10,000 payable to the State. Private parties may also bring actions after participating in an informal dispute resolution settlement program with the Attorney General's office. Remedies: Injunctive relief, damages, and reasonable attorney's fees.
Unfair Competition	Not applicable	Mississippi does not have a separate statute prohibiting unfair competition.
Common Law	Not applicable	Mississippi state courts have recognized a common law action for unfair competition that encompasses imitation of trademarks and trade names. Remedies include all those available under general tort law.

MISSOURI

Statute	Code Provision	Statutory Description
Trademark Registration	RS Mo. 417.005 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Missouri. Remedies: Injunctive relief, profits and damages only if intended to cause confusion or to deceive as to source of origin. A state registration is not required for the public prosecutor to bring criminal charges for theft of trademarks. RS Mo. 570.010.
Dilution	RS Mo. § 417.061	The statute provides for an automatic imposition of an injunction upon a showing of a violation of the statute and damages.
Unfair Competition	Not applicable	Missouri does not have a separate state statute prohibiting unfair competition.
Unfair Business Practices Act	407.020, 407.010 <i>et seq.</i>	Missouri protects consumers and competitors. Remedies: Injunctive relief and restitution payable to the State. In addition, the Court may impose a court penalty of not more than \$1,000 per violation.
Common Law	Not applicable	Missouri recognizes a common law right of unfair competition regardless of whether the mark is registered with the Patent Office. ²⁸ Remedies: Injunctive relief as well as the possibility of punitive damages.

6-48

²⁸Dynamic Sales Company, Inc. v. Dynamic Fastener Service, Inc., 803 S.W. 2d 129 (Mo. Ct. App. 1990).

MONTANA

Statute	Code Provision	Statutory Description
Trademark Registration	Mont. Code Ann. § 30-13-101 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement under the Act. Remedies: Profits or damages (§ 30-13-331-1-333(2)) and destruction of seized goods (§ 30-13-335(1)). The statute specifically states that common-law trademark rights are preserved. Therefore, an owner of a non-registered mark may bring an action for common law infringement. Mont. Code Ann. § 30-13-336.
Dilution	Mont. Code Ann. § 30-13-334	The statute does not require a likelihood of confusion, but the mark must be registered within the state. Remedies are the same as those for an infringement action.
Unfair Business Practices Act	Not applicable	Montana does not have an Unfair Business Practices Act which would apply to trademark matters.
Unfair Competition	Mont. Code Ann. § 30-14-207 <i>et seq.</i>	The Act protects businesses.
Common Law	Not applicable	Montana also maintains common law action for unfair competition. Remedies: Injunctive relief. ²⁹

6-49

²⁹ Warwood v. Hubbard, 218 Mont. 438, 709 P.2d 637 (Mont. 1985).

NEBRASKA

Statute	Code Provision	Statutory Description
Trademark Registration	R.R.S. 1943, Ch. 87, §§ 87-111 through 87-125	State trademark registration is required for a party to sue for trademark counterfeiting or infringement in Nebraska. Remedies: Injunctive relief, seizure and destruction of infringing articles, and profits and damages. R.R.S. 1943 § 87-123. A state registration is also required for the public prosecutor to bring criminal charges for trademark counterfeiting. R.R.S. 1943 § 87-121(1).
Dilution	R.R.S. 1943 § 87-122	The statute provides for injunctive relief only.
Consumer Protection Act	§§ 59-1601 through 1623	The Act is drafted broadly and prohibits unfair methods of competition as well as restraint of trade and monopolies. The State Attorney General may bring an action for injunctive relief and obtain civil fines up to \$25,000. The Act also provides for a private right of action of which the remedies include injunctive relief, damages, costs and attorney's fees. The court may also increase the damages award by \$1,000 at its discretion.
Unfair Competition	Not applicable	Nebraska does not have a separate statute prohibiting unfair competition.
Common Law	Not applicable	Nebraska state courts recognize common law actions for unfair competition which encompasses imitation of trademarks and trade names and passing off. Remedies: Injunctive relief and damages.

NEVADA

Statute	Code Provision	Statutory Description
Trademark Registration	NRS § 600.240 to § 600.450	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Nevada. Remedies: Injunctive relief and an award of the defendant's profits and all damages suffered by the trademark owner. The court may also order that any counterfeits or imitations be delivered up for destruction. NRS § 600.430. A state registration is required for the public prosecutor to bring criminal charges under NRS § 600.450. A state registration is not required for criminal prosecution for counterfeiting under NRS § 205.205, or for displaying goods with false trademark under NRS § 205.210, as long as the "exclusive right to use" is guaranteed under the laws of the United States.
Unfair Competition	Not applicable	Nevada does not have a separate state statute prohibiting unfair competition. <i>See Deceptive Trade Practices Chapter 598.</i>
Deceptive Trade Practices Act	NRS § 598.0903 to § 598.0999	Nevada's Act protects consumers and competitors.
Common Law	Not applicable	Nevada recognizes a common law right of unfair competition which provides the same remedies available under the Lanham Act. ³⁰

6-51

³⁰Wells Fargo & Co. v. Wells Fargo Express, 358 F. Supp. 1065 (D. Nev. 1973).

NEW HAMPSHIRE

Statute	Code Provision	Statutory Description
Trademark Registration	R.S.A. § 350-A <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in New Hampshire. Remedies: Injunctive relief and recovery of infringer's profits and/or the owner's damages and costs. (R.S.A. § 350-A:13). Destruction or disposition of infringed goods may also be ordered.
Dilution	R.S.A. § 350-A:12	Statute provides for injunctive relief only. The statute requires a likelihood of confusion. The mark does not have to be "famous," but is must have acquired secondary meaning. <i>Auto Body Specialists, Inc. v. Vallee</i> , 500 A.2d 372 (N.H. 1985)
Unfair Business Practices Act	R.S.A. § 358-A <i>et seq.</i>	The act prohibits unfair or deceptive acts in trade and commerce. Remedies: Actual damages and injunctive relief. Treble damages may be awarded if willfulness is shown.
Unfair Competition	R.S.A. § 358-A:2	An action under this section may be based upon passing off, causing confusion and/or false representations. The Statute provides remedies for actual damages, equitable relief, injunction, and treble damages if violations were willful.
Common Law	Not applicable	New Hampshire has a common law claim for unfair competition.

NEW JERSEY

Statute	Code Provision	Statutory Description
Trademark Registration	N.J. Stat. Ann. §§ 56:3-13.a through 13.21 (West 1989 & Supp. 1996)	Registration in the state or with the U.S. Patent & Trademark Office is required for a party to sue for trademark counterfeiting or infringement in New Jersey. Remedies: Injunctive relief, seizure and destruction of infringing articles, and profits and/or damages. § 56:3-13.16. Treble damages, attorney's fees and costs may be awarded if bad faith or egregiousness is proven. § 56:3-13.18. State or federal registration is also required for the public prosecutor to bring criminal charges for trademark counterfeiting. § 56:3-13.1(H).
Dilution	Located within the Trademark Registration Statute	The statute provides for injunctive relief only.
Consumer Fraud Act	§§ 56:8-1 through 48	The Act is drafted broadly and prohibits deceptive practices. The State Attorney General may bring an action for injunctive relief and restitution and obtain civil fines up to \$15,000. The Act also provides for a private right of action. Remedies: Injunctive relief, damages, costs and attorney's fees, and treble damages.
Unfair Competition	§§ 56:4-1 through 2	New Jersey's unfair competition statute prohibits the appropriation by a merchant, firm, or corporation of a name, brand, trademark, reputation, or goodwill or by any maker in whose product such merchant, firm, or corporation deals. Remedies: Injunctive relief, damages, profits, attorney's fees, and treble damages.
Common Law	Not applicable	State courts recognize common law actions for unfair competition which encompasses imitation of trademarks and passing off. Remedies: Injunctive relief, damages, profits, attorney's fees, and treble damages.

NEW MEXICO

Statute	Code Provision	Statutory Description
Trademark Registration	NMSA § 57-3B-1 to § 57-3B-17	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in New Mexico. Remedies: Injunctive relief and an award of all profits derived from, or all damages suffered by reason of, the counterfeit or imitation of the registered mark. <i>See</i> NMSA § 57-3B-14 and § 57-3B-16. However, the registrant of the mark may only recover profits or damages under NMSA § 57-3B-14(B) if the “acts have been committed with the intent to cause confusion or mistake or to deceive.” The court may also order that any counterfeits or imitations be delivered up for destruction. <i>See</i> NMSA § 57-3B-16. Additionally, the court, “in its discretion, may enter judgment for an amount not to exceed three times the profits and damages and for reasonable attorney fees of the prevailing party . . . where . . . the other party committed the wrongful acts with knowledge or in bad faith or as otherwise the circumstances of the case may warrant. <i>See</i> NMSA § 57-3B-16.
Dilution	NMSA § 57-3B-15	The statute provides for only injunctive relief unless willful intent is proven in which case the mark owner shall also be entitled to the remedies set forth in the Trademark Act (57-3B-1 to 57-3B-17 NMSA 1998) subject to the discretion of the court and the principles of equity.
Unfair Competition	Not applicable	New Mexico does not have a separate state statute prohibiting unfair competition.
Common Law	Not applicable	New Mexico recognizes a common law right of unfair competition which includes injunctive relief. ³¹

³¹ *Value House v. Phillips Mercantile Company*, 523 F.2d 424 (10th Cir. 1975).

NEW YORK

Statute	Code Provision	Statutory Description
Trademark Registration	N.Y. General Business Law § 360-a <i>et seq.</i>	State registration is required for a party to sue for trademark counterfeiting or infringement in New York. Remedies include injunctive relief, seizure and destruction of infringing articles, and profits and/or damages. Treble damages, attorney's fees, and costs may be awarded if knowledge or bad faith is proven. State registration is not required for the public prosecutor to bring criminal charges for trademark counterfeiting.
Dilution	General Business Law § 360-1	The statute provides for injunctive relief only.
Consumer Protection from Deceptive Practices Act	General Business Law § 349	The Act is broadly drafted and prohibits deceptive acts or practices in the conduct of any trade or business. The State Attorney General may bring an action for injunctive relief and restitution. The Act also provides for a private right of action. Remedies: Injunctive relief and actual damages or \$50, whichever is greater. The court has discretion to treble the damages up to \$1,000 and award attorney's fees if defendant acted willfully or knowingly in violating the statute.
Unfair Competition	Not applicable	New York has no unfair competition statute concerning trademarks.
Common Law	Not applicable	State courts recognize common law actions for trademark, trade dress, and trade name infringement. Remedies include injunctive relief, damages, and profits.

NORTH CAROLINA

Statute	Code Provision	Statutory Description
Trademark Registration	N.C.G.S. §§ 80-1 <i>et seq.</i>	North Carolina's Trademark Registration Statute is required for a party to sue for trademark counterfeiting or infringement in North Carolina. However, there is no separate statute for infringement. (N.C.G.S. § 88-11). The Statute does not provide for specific remedies, but refers to the remedies available under the unfair competition statute located at N.C.G.S. § 75:1.1 discussed below.
Dilution	Not applicable	North Carolina does not have a separate statute for dilution.
Unfair Business Practices Act	N.C.G.S. § 75-1.1	The statute broadly prohibits deceptive acts which affect commerce. Remedies: Injunctive relief, actual damages, and treble damages and attorney's fees in the court's discretion. ³²
Unfair Competition	Not applicable	North Carolina does not have a separate statute prohibiting unfair competition.
Common Law	Not applicable	Common-law rights of unfair competition have been incorporated into N.C. G.S. § 75-1.1, discussed above.

6-56

³²Polo Fashions, Inc. v. The Gordon Group, 627 F. Supp. 878 (M.D.N.C. 1985).

NORTH DAKOTA

Statute	Code Provision	Statutory Description
Trademark Registration	NDSA § 47-22-01 to § 47-22-13	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in North Dakota. Remedies: Injunctive relief and an award of defendant's profits and the mark owner's damages, except that the registrant shall not be entitled to recover profits or damages, under NDSA § 47-22-11(2), "unless the acts have been committed with knowledge that such trademark is intended to be used to cause confusion or mistake or to deceive." A state registration is not required for the public prosecutor to bring criminal charges for theft of trademarks. NDSA 51-07-04.
Dilution	Not applicable	North Dakota does not have a dilution statute.
Unfair Competition	Not applicable	North Dakota does not have a separate state statute prohibiting unfair competition.
Common Law	Not applicable	North Dakota recognized a common law right of unfair competition which provides³³ remedies including injunctive relief.

6-57

³³KAT Video Productions, Inc. v. KKCT-FM Radio, 560 N.W.2d 203 (N.D. 1997).

OHIO

Statute	Code Provision	Statutory Description
Trademark Registration	ORC §§ 1329.54-1329.99	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Ohio. O.R.C. § 1329.66. Remedies: Seizure and destruction of infringing articles, profits, and/or damages.
Dilution	Not applicable	Ohio does not have a separate statute for dilution. However, common law dilution has been found to exist. ³⁴
Unfair Business Practices Act	Not applicable	Ohio does not have an Unfair Business Practices Act which would be applicable to trademarks.
Uniform Deceptive Trade Practices Act	O.R.C. § 4165.01 <i>et seq.</i>	The act protects businesses and individuals from any deceptive trade practices. Remedies: Injunctive relief, attorney's fees and actual damages. ³⁵
Unfair Competition	Not applicable	Ohio does not have a separate state statute prohibiting unfair competition.
Common Law	Not applicable	Ohio recognizes the common law right of unfair competition. Remedies: Injunctive relief, attorney's fees, and compensable damages. ³⁶

6-58

³⁴ *Ameritech, Inc. v. American Information Technologies Corp.*, 811 F.2d 960 (6th Cir. 1987).

³⁵ *Yocono's Restaurant v. Yocono*, 100 Ohio App. 3d 11, 651 N.E. 2d 1347 (Ohio 1994).

³⁶ *Cesare v. Work*, 36 Ohio App. 3d 26, 520 N.E. 2d 586 (Ohio Ct. App. 1987).

OKLAHOMA

Statute	Code Provision	Statutory Description
Trademark Registration	78 Okl. St. Ann. §§ 21-33	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Oklahoma. §§ 31(b), 32. Remedies: Injunctive relief, seizure and destruction of infringing articles, and profits and/or damages. § 32. There are no Oklahoma statutes for criminal prosecution of trademark counterfeiting.
Dilution	Not applicable	Oklahoma does not have a dilution statute.
Consumer Protection Act	15 Okl. St. Ann. §§ 751 through 790	The Act enumerates a broad range of prohibited activities. The State Attorney General or district attorney can bring an action for damages and penalties. The Act also provides for a private right of action for which the remedies include damages, costs, and attorney's fees.
Unfair Competition	Not applicable	Oklahoma does not have a statute for unfair competition.
Common Law	Not applicable	State courts recognize common law actions for trademark, trade dress, and trade name infringement. Remedies: Injunctive relief, damages, and profits.

OREGON

Statute	Code Provision	Statutory Description
Trademark Registration	ORS § 647.005 to § 647.991	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Oregon. Remedies: Injunctive relief and an award of “the greater of \$10,000 or the sum of: (a) [a]n amount not to exceed three times the profit derived by the defendant from the wrongful . . . use . . . ; and (b) [a]n amount not to exceed three times all damages suffered by the [mark] owner.” <i>See</i> ORS § 647.105. However, the registrant is not entitled to recover profits or damages, under subsection (1)(b) of ORS § 647.095, “unless the acts have been committed with knowledge that such mark is intended to be used to cause confusion or mistake or to deceive.” Moreover, if the court determines that a mark is counterfeit, the court may order destruction of all counterfeit marks, all means of making the marks, and all goods, articles, or other matter bearing the marks. The court may also “order seizure of the counterfeit goods.” <i>See</i> ORS § 647.105. A state registration is required for the public prosecutor to bring criminal charges for trademark counterfeiting. <i>See</i> ORS § 647.125 and § 647.991.
Dilution	ORS § 647.107	The statute provides for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services. Oregon has a separate state statute prohibiting unlawful trade practices—see below.
Unfair Competition	Not applicable	Oregon has no specific unfair competition statute.

OREGON (continued)

Statute	Code Provision	Statutory Description
Unlawful Trade Practices Act	ORS § 646.608	Oregon's Act protects consumers and competitors. Remedies: Injunctive relief as well as actual damages or \$200, whichever is greater. The court may also award punitive damages and such equitable relief as it deems necessary. ORS § 646.638.
Common Law	Not applicable	Oregon recognizes a common law right of unfair competition. ³⁷

³⁷Dial Temporary Help Service, Inc. v. Shrock, 946 F. Supp. 847 (D. Or. 1996).

PENNSYLVANIA

Statute	Code Provision	Statutory Description
Trademark Registration	54 Pa.C.S.A. § 1101 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Pennsylvania. Pa.C.S.A. § 1123 and 1125. Remedies include injunctive relief and recovery of infringer's profits and/or the owner's damages and destruction of infringer's goods. Lost profits may be limited to those cases where acts were committed with knowledge that such mark intended to cause confusion, mistake, or deceit.
Dilution	54 Pa.C.S.A. § 1124	Plaintiffs must establish secondary meaning. The statute provides for injunctive relief only. ³⁸
Unfair Business Practice Act	Not applicable	Pennsylvania does not have an Unfair Business Practice Act applicable to trademarks.
Unfair Competition	Not applicable	Pennsylvania does not have a separate state statute prohibiting unfair competition.
Common Law	Not applicable	Owners of unregistered trademarks may still pursue civil remedies based upon common law. 54 Pa.C.S.A. § 1126. ³⁹ Pennsylvania recognizes a common law right of unfair competition including remedies for infringement of trademarks. Remedies include injunctive relief and damages. ⁴⁰

6-62

³⁸Nugget Distributors Coop, Inc. v. Mr. Nugget, Inc., 776 F. Supp. 1012 (E.D. Pa. 1991).

³⁹Bicentennial Commission v. Olde Bradford Company, Inc., 365 A.2d 172, 26 Pa. Commw. 636 (Pa. Commw. Ct. 1976).

⁴⁰Institute for Scientific Information v. Gordon and Breach, 743 F. Supp. 369 (E.D. Pa. 1990). Brody's, Inc. v. Brody Brothers, Inc., 308 Pa. Super. 417, 454 A.2d 605 (Pa. Super. Ct. 1982).

PUERTO RICO

Statute	Code Provision	Statutory Description
Trademark Registration	Title 10 LPRA § 171-171y, Act. No. 63, August (1992)	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Puerto Rico. Remedies include injunctive relief, seizure and destruction of infringing articles, profits and/or damages, costs, and attorney's fees. § 171w. State registration is required for the public prosecutor to bring criminal charges for trademark counterfeiting. § 171x.
Dilution	Not applicable	Puerto Rico does not have a dilution statute.
Consumer Protection Act	10 LPRA §§ 257-276	Puerto Rico's Act primarily regulates restraints of trade and monopolies.
Unfair Competition	Not applicable	Puerto Rico does not have a separate statute for unfair competition.
Common Law	Not applicable	Local courts recognize common law actions for trademark, trade dress, and trade name infringement. Remedies: Injunctive relief, damages, and attorney's fees.

RHODE ISLAND

Statute	Code Provision	Statutory Description
Trademark Registration	§ 6-2-1 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Rhode Island. Remedies include injunctive relief and awarding of all profits derived from infringement as well as damages suffered except that profits may only be awarded upon a showing that the acts were committed with knowledge. A state registration is not required for the public prosecutor to bring criminal charges for theft of trademarks. § 11-17-13.
Dilution	§ 6-2-12	The statute provides for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.
Unfair Competition	Not applicable	Rhode Island does not have a separate state statute prohibiting unfair competition.
Deceptive Trade Practices Act	§ 6-13.1-1 <i>et seq.</i>	Rhode Island's statute protects consumers and competitors. Remedies: Civil penalties of not more than \$10,000 for each violation.
Common Law	Not applicable	Rhode Island recognizes a common law right of unfair competition. Remedies: Injunctive relief.

SOUTH CAROLINA

Statute	Code Provision	Statutory Description
Trademark Registration	S.C. Code Ann. § 39-15-1100 <i>et seq.</i>	A mark must be registered in the state or federally for a party to sue for trademark counterfeiting or infringement in South Carolina. S.C. Code Ann. § 39-15 1170. Remedies include injunctive relief, destruction of infringing articles, profits, or damages.
Dilution	S.C. Code Ann. § 39-15-1165	If the mark is "famous," then the remedies are limited to injunctive relief. If the acts were committed willfully, remedies may include damages, profits, and destruction of goods.
Unfair Trade Practices Act	S.C. Code Ann. § 39-5-10 to § 39-5-560	The act is designed to protect against unfair and deceptive acts in any trade or commerce. Remedies: Actual damages and, if willful, treble damages.
Unfair Competition	Not applicable	South Carolina does not have a separate statute prohibiting unfair competition.
Common Law	Not applicable	South Carolina recognizes a common law right of unfair competition. Remedies: Injunctive relief and actual damages. ⁴¹

6-65

⁴¹Taylor v. Hoppin' Johns, Inc., 304 S.C. 471, 405 S.E. 2d 410 (S.C. Ct. App. 1991).

SOUTH DAKOTA

Statute	Code Provision	Statutory Description
Trademark Registration	SDCL ch. 37-6	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in South Dakota. Remedies: Injunctive relief and seizure and destruction of infringing articles. Profits and/or damages are recoverable if the acts were committed with the intent to cause confusion or mistake or to deceive. SDCL 37-6-26. South Dakota does not have any statutes for criminal prosecution of trademark counterfeiting.
Dilution	Not applicable	South Dakota does not have a dilution statute.
Deceptive Trade Practices and Consumer Protection Act	SDCL 37-24-6	South Dakota has Deceptive Trade Practices and Consumer Protection Act which prohibits the use of deceptive acts or practices in the conduct of a business. The State Attorney General may bring an action for an injunction and for restitution. SDCL 37-24-29, 37-24-6. Private actions are also allowed for actual damages suffered.
Unfair Competition	SDCL 37-67-2	South Dakota's statute prohibits passing off and trademark infringement. Remedies: Injunctive relief, damages, and lost profits.
Common Law	Not applicable	South Dakota courts recognize common law actions for trademark, trade dress, and trade name infringement. Remedies: Injunctive relief, damages, and lost profits.

TENNESSEE

Statute	Code Provision	Statutory Description
Trademark Registration	Tenn. Code Ann. §§ 47-25-501 (-514)	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Tennessee. Remedies: Injunctive relief and awarding of all profits derived from infringement as well as damages suffered except that profits may only be awarded upon a showing that the acts were committed with knowledge. A state registration is required for the public prosecutor to bring criminal charges for theft of trademarks.
Dilution	§ 47-25-512	The statute provides for protection of unique or distinctive marks notwithstanding the absence of confusion as to the source of goods or services.
Unfair Competition	Not applicable	Tennessee does not have a separate state statute prohibiting unfair competition.
Common Law	Not applicable	Tennessee recognizes a common law right of unfair competition which provides for remedies similar to those provided under the Lanham Act.

TEXAS

Statute	Code Provision	Statutory Description
Trademark Registration	Tex. Bus. & Com. Code. §§ 16.01-16.28	A state trademark registration is required for parties to sue for trademark counterfeiting or infringement in Texas. § 16.26(c)(d). Remedies: Injunctive relief, damages, destruction or confiscation of goods. Yet, damages are limited to a period of time when infringer had actual knowledge of registrant's mark.
Dilution	Tex. Bus. & Com. Code. § 16.29	A showing of likelihood of confusion is not required. Remedies: Injunctive relief only. ⁴²
Deceptive Trade Practices and Consumer Protection Act	Tex. Bus. & Com. Code § 17.41 <i>et seq.</i>	The act is designed to protect against deceptive acts in trade or commerce. The act specifically lists twenty-four 'per se' violations of deceptive acts. They include, among others, passing off goods of another and causing confusion as to the source of such goods. Remedies: Actual damages, injunctive relief, and other relief to be determined by the court. ⁴³ The act does not apply to business consumers who have over twenty-five million dollars in assets. § 17.45(4).
Unfair Competition	Not applicable	Texas does not have a separate statute prohibiting unfair competition.
Common Law	Not applicable	Texas has recognized the common law right of unfair competition. Remedies: Damages, injunctions, loss profit, and punitive damages. ⁴⁴

6-68

⁴²National Football League Properties v. Playoff Corp., 808 F. Supp. 1288 (N.D. Tex. 1992).

⁴³Duncan v. Luke Johnson Ford, Inc., 603 S.W. 2d 777 (Tex. 1980).

⁴⁴Miller v. Lone Star Tavern, Inc., 593 S.W. 2d 341 (Tex. Ct. App. 1979).

UTAH

Statute	Code Provision	Statutory Description
Trademark Registration	UCA 70-3-1 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Utah. Remedies: Injunctive relief, seizure and destruction of infringing articles, profits, and damages. State registration is required for the public prosecutor to bring criminal charges for trademark counterfeiting. UCA 76-10-1001 <i>et seq.</i>
Dilution	Not applicable	Utah does not have a dilution statute.
Unfair Practices Act	UCA 13-5-1 <i>et seq.</i>	The Act substantially regulates monopolies and restraints of trade and is not applicable to trademark infringement matters.
Consumer Sales Practices Act	UCA 13-11-1 <i>et seq.</i>	That Act deals with consumer sales practices but several aspects can be applied to trademark infringement matters. The Division of Consumer Protection can commence an action and obtain injunctive relief, a fine of not more than \$5,000 and recovery of actual damages sustained by complaining consumers. Private actions are also allowed. Remedies: Declaratory judgment, injunctive relief, and actual damages or \$2,000, whichever is greater. Class actions are allowable under this Act.
Unfair Competition	Not applicable	Utah has no unfair competition statute.
Common Law	Not applicable	Utah courts recognize a common law action for unfair competition which encompasses palming off and unfairly benefiting from the good will and reputation of another. Remedies: Injunctive relief and damages.

VERMONT

Statute	Code Provision	Statutory Description
Trademark Registration	9 VSA § 2521 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Vermont. Remedies: Injunctive relief and the recovery of all profits derived from the violation. In addition, the court may order that all counterfeit and imitations be destroyed. A state registration is required for the public prosecutor to bring criminal charges for theft of trademarks. 9 VSA § 2531.
Dilution	Not applicable	Vermont does not have a dilution statute.
Unfair Competition	9 VSA § 2451 <i>et seq.</i>	Vermont has a separate state statute prohibiting unfair competition. Vermont recognizes a common law right of action for unfair competition, but majority of caselaw follows the statute.
Consumer Fraud Act	9 VSA § 2451	Vermont's Act protects consumers and competitors. Remedies: Civil fines of not more than \$10,000 per each violation as well as actual damages, attorney's fees and, in some cases, exemplary damages.
Common Law	9 VSA § 2451 <i>et seq.</i>	Vermont recognizes a common law right of action for unfair competition, but majority of caselaw follows the statute. ⁴⁵

6-70

⁴⁵Vermont Motor Co., Inc. v. Monk et al., 116 Vt. 309, 75 A.2d 671 (1950).

VIRGINIA

Statute	Code Provision	Statutory Description
Trademark Registration	Va. Code Ann. § 59.1-92.1 <i>et. al.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Virginia. (Va. Code Ann. §§ 59.1-92.12). Remedies: Injunctive relief, profits or damages if acts were committed with intent to cause confusion or mistake.
Dilution	Not applicable	Virginia does not have a separate statute for dilution.
Unfair Business Practices Act	Not applicable	Virginia does not have an Unfair Business Practices Act which would apply to trademark matters.
Unfair Competition	Not applicable	Virginia does not have a separate statute prohibiting unfair competition.
Common Law	Not applicable	Courts have recognized a common law right for unfair competition associated with trademarks. Remedies: Injunctive relief and damages. ⁴⁶

6-71

⁴⁶Rosso & Mastracco, Inc. v. Giant Foods Shopping Center, 200 Va. 159, 104 S.E. 2d 776 (Va. 1958).

WASHINGTON

Statute	Code Provision	Statutory Description
Trademark Registration	R.C.W. 19.77.010 <i>et seq.</i>	State registration is required for a party to sue for trademark counterfeiting or infringement in Washington. R.C.W. 19.77.140. Remedies: Injunctive relief, seizure and destruction of infringing articles, and profits and/or damages. Attorney's fees and costs may be awarded in exceptional cases.
Dilution	R.C.W. 19.77.160	The statute provides for injunctive relief only, although if willful intent is proven, remedies under the trademark statute are available.
Unfair Business Practices Consumer Protection Act	R.C.W. 19.86.010	Although the Act generally deals with monopolies and restraint of trade, it has been held to prohibit trademark infringement as well. The State Attorney General may bring an action for restitution. The Act also provides for a private right of action — Remedies: Injunctive relief and actual damages. The court has discretion to treble the damages up to \$10,000 and award costs and attorney's fees. 19.86.090.
Unfair Competition	Not applicable	Washington has no separate unfair competition statute.
Common Law	Not applicable	State courts recognize common law actions for trademark infringement. Remedies: Injunctive relief. There is no Washington common law addressing the award of additional damages.

WEST VIRGINIA

Statute	Code Provision	Statutory Description
Trademark Registration	Code § 47-2-1 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in West Virginia. Remedies: Injunctive relief and awarding of all profits.
Dilution	47-2-13	The statute provides for protection of unique or distinctive marks notwithstanding the absence of confusion as to the source of goods or services.
Unfair Competition	Not applicable	West Virginia does not have a separate state statute prohibiting unfair competition.
Common Law	Not applicable	West Virginia recognizes a common law right of unfair competition which provides injunctive relief. ⁴⁷

6-73

⁴⁷ A.W. Cox Department Store Co. v. Cox's Incorporated, 159 W.Va. 306, 221 S.E. 2d 539 (W. Va. 1976).

WISCONSIN

Statute	Code Provision	Statutory Description
Trademark Registration	Wis. Stat. §§ 132.01 <i>et seq.</i>	A state trademark registration is required for a party to sue for trademark counterfeiting or infringement in Wisconsin. Wisconsin Statute §§ 132.033. Remedies: Actual damages, destruction of goods, and treble damages if willfulness is shown.
Dilution	Not applicable	Wisconsin does not have a separate statute for dilution.
Unfair Business Practices Act	Wisconsin Statute §§ 100.20 <i>et seq.</i>	The act protects against unfair business activities. Remedies: Damages and injunctive relief.
Unfair Competition	Not applicable	Wisconsin does not have a separate statute prohibiting unfair competition.
Common Law	Not applicable	Courts have recognized common law actions for unfair competition. Remedies: Damages, profits, and/or injunctive relief. ⁴⁸

6-74

⁴⁸ Leon's Frozen Custard, Inc. v. Leon Corp., 513 N.W. 2d 636 (Wis. Ct. App. 1994).

WYOMING

Statute	Code Provision	Statutory Description
Trademark Registration	W.S. §§ 40-1-101 <i>et seq.</i>	A state trademark registration is required for parties to sue for trademark counterfeiting or infringement in Wyoming § 40-1-112. Remedies: Injunctive relief, recovery of infringer's profits and/or damages, and destruction of infringer's goods if infringer had knowledge that actions would cause confusion, mistake or deceit.
Dilution	W.S. § 40-1-115	Wyoming's anti-dilution statute does not require proof of a likelihood of confusion, however, the mark must be "famous." Remedies are limited to injunctive relief.
Unfair Business Practices Act	Not applicable	Wyoming does not have an unfair business practice act which would apply to trademark matters.
Unfair Competition	Not applicable	Wyoming does not have a separate statute prohibiting unfair competition.
Common Law	Not applicable	Courts have recognized a common law right of such action. Remedies include injunctive relief and actual damages if defendant acted with intent to confuse or deceive purchaser. ⁴⁸

6-75

⁴⁸Plains Tire and Battery Co. v. Plains A-Z Tire Co., 622 P.2d 917 (Wyo. 1981).

Ensuring Brand Authenticity:

How to Guard Against Product Counterfeiting

By Philip J. Gordon

An airplane disintegrates at 22,000 feet when bolts in the tail assembly shake loose, causing the tail to shimmy violently and fall off in mid-air. Everyone on board is killed. The bolts turn out to be counterfeit.

One hundred nine children die after having taken a popular fever medicine. The medicine is a counterfeit. It actually contains industrial solvents.

A mother and her child perish in a traffic accident when a replacement brake pad in their vehicle fails. The pad is a counterfeit made of wood chips.¹

No longer a victimless crime associated just with valuable papers, currency, and luxury goods, counterfeiting today compromises both brand integrity and product quality and threatens more than just the bottom line. It also endangers consumer health and safety—conceivably, consumers of your company's products.

The International Anticounterfeiting Coalition ("IACC") estimates that counterfeiting in the United States currently costs \$200 billion a year.² U.S. automobile manufacturers and suppliers alone lose \$12 billion a year in worldwide revenue because of the sale of counterfeit parts.³ Although counterfeiting has been a profitable trade for centuries, today's counterfeiters have exploited unprecedented access to advanced manufacturing technologies and materials to ratchet up the stakes. With the consumer appetite for counterfeit—or knockoff—goods growing, the IACC expects the problem only to escalate significantly.

Reprinted with permission of Philip J. Gordon and the American Corporate Counsel Association/Global Corporate Counsel Association as it originally appeared: Philip J. Gordon, "Ensuring Brand Authenticity: How to Guard against Product Counterfeiting," *ACCA Docket* 21, no. 1 (January 2003): 24-42. Copyright © 2003 Philip J. Gordon and the American Corporate Counsel Association/Global Corporate Counsel Association. All rights reserved. For more information or to join ACCA, call 202.293.4103, ext. 360, or visit www.acca.com.

Copyright © 2003 Philip J. Gordon and the American Corporate Counsel Association/Global Corporate Counsel Association. All rights reserved.

against counterfeiting. Criminal penalties are severe, but because law-enforcement agencies have their hands full with prosecuting drug-trafficking and violent crimes, counterfeiting increasingly has become a crime of choice. To the chagrin of manufacturers, governments, and consumer advocacy groups, counterfeiting has hit unwary consumers who desire authentic products and are often disappointed, and sometimes seriously injured, by the substandard forgeries.

If your company sells a product that, if counterfeited, could cause consumer injury, you face the very real possibility that a court could hold your company legally responsible. To protect your company from such liability and other economic injury caused by counterfeiting, you should assess the susceptibility of your company's products to counterfeiting and then determine the best combination of technology and law to protect your brand, as well as your consumers, from harm. Ultimately, your success may serve to increase revenues from recovered sales and improve your company's image with a public that may become wary of poorly protected products. The tragedies cited above might not have occurred if the original brand owners of the counterfeited products had implemented in-house anti-counterfeiting programs based on cutting-edge technology, prudent business management, and sound legal strategy. You can ensure your brand's integrity.

COUNTERFEITING HISTORY

Much has been written about the conduct that constitutes counterfeiting for purposes of civil law,

criminal law, customs, treaties, and contracts, and although the definitions often differ in their precise terms, they are generally similar in substance. Typically, anyone trafficking in goods featuring a mark that is substantially indistinguishable from someone else's preexisting mark, without permission and in a manner that is likely to cause confusion, is engaged in counterfeiting. The details of each incident often dictate the consequences of the conduct, but the motivation is usually the same: money.

Historians have traced early trademark counterfeiting to Gaul and merchants who tried to capitalize on the popularity of Roman wine by labeling their wine, falsely, as genuine Roman wine.⁴ More recently, counterfeiting began in the United States during colonial times and focused on currency. By the close of the Civil War, between one-third and one-half of all U.S. paper currency in circulation was counterfeit, a situation that threatened to destabilize the economy.⁵ To combat the problem, Congress created the Secret Service in 1865, and within less than a decade, counterfeiting had sharply declined.⁶ In aggressively prosecuting currency counterfeiters, however, the Secret Service changed the offenders' risk-reward balance, so criminal enterprises shifted their focus to branded luxury goods.

From Canal Street in New York's Chinatown to Nathan Road in Hong Kong's Stanley Market, from Santee Alley in Los Angeles to Oxford Street in London, counterfeiters have built a thriving trade. They offer easy access to the latest fake handbags, watches, and clothes, and consumers show little concern for quality as long as the "image" fits.

Today, to the delight of some consumers searching for ever-improving knockoffs, counterfeiters have expanded production capacities, as well as product lines. Widespread availability of color printing, personal computers, and scanners has facilitated the counterfeiting of labels, marks, and tags. Improved manufacturing processes in countries that have minimal penalties for product counterfeiting have lowered the barriers to entry. Increased reliance on outsourced manufacturing has led to wider dissemination of product specifications and blueprints. And superior distribution mechanisms, such as the internet, have enlarged the geographic playing field.

The result has been a dramatic increase in product counterfeiting, leading to an increase in related consumer injuries and threatening brand owners with legal liability.

BRAND OWNER LIABILITY

Although the law offers a sophisticated scheme of civil and criminal remedies against counterfeiters, it does not guarantee protection for brand owners from consumers in the event of an injury. One commentator has suggested that, "if a manufacturer fails to take inexpensive measures to reduce the risk of distribution of counterfeit versions of [its] products, it could face liability for injuries a counterfeit caused to an innocent purchaser."⁷ Where it is foreseeable that counterfeiting presents a product-related injury risk, liability may extend back through the sales chain to the brand owner. Two general doctrines would likely support this new cause of action: premises liability and product liability.

Premises Liability

The doctrine of premises liability sounds in the general duty of care that your company owes to individuals to protect them from injuries stemming from activity on your premises.⁸ Applied to brand counterfeits, the courts could extend this liability doctrine to make an injured consumer's proximity to the brand owner's premises unnecessary. Thus, a brand owner may have to determine whether counterfeiting presents a foreseeable risk to consumers of products from its premises and, if so, appropriate steps that it should take to protect against the risk.

Product Liability

The second doctrine of brand owner liability, product liability, sounds in the general duty of care that your company may owe to consumers under a variety of negligence claims and the additional exposure under contract and warranty claims. You may face liability for a failure to design your products in a manner that adequately protects against counterfeiting, either in the actual product design, such as by adding identifiable markings to the product that are difficult to copy, or in the packaging design, such as by using tamper-evident packaging. You may also face liability for a failure to warn con-

sumers of counterfeiting as a potential product "defect" known either before the product sale, such as by placement of a warning label on the product or packaging, or discovered after the product sale, such as by newspaper advertisements or by letters addressed to purchasers. You may also be liable for product recalls.

WHERE IT IS FORESEEABLE THAT COUNTERFEITING PRESENTS A PRODUCT-RELATED INJURY RISK, LIABILITY MAY EXTEND BACK THROUGH THE SALES CHAIN TO THE BRAND OWNER.

Consider, for example, the recent claim against the biotech company Serono for injuries resulting from counterfeits of its growth hormone, Serostim. In that case, plaintiffs alleged that Serono had known that a black market had developed for Serostim and had failed to use reasonable efforts, such as adding holographic markings to its product, to prevent counterfeits from entering the distribution chain.⁹ Although this California lawsuit was settled in July 2002, at its core, it considers whether brand owners should be liable for failure to use low-cost protections against counterfeit products when such measures can mitigate the grave risks to consumers.¹⁰ Brand owners who wish to maintain their brand equity thus find that their interests are aligning with those of consumers, forming a united front in the pursuit to guarantee authenticity.¹¹

DESIGNING AN ANTICOUNTERFEITING PROGRAM

To help protect your company from the full brunt of such liability claims and to preserve the value of your brand, you should make sure that your company has in place an effective anticounterfeiting program. If your company does not have such a program, you should establish one. Establishing such a program should include these steps: evaluating product susceptibility, identifying channel weaknesses, forecasting potential liabilities, devising short-term solutions, and developing a long-term plan.

1. Evaluate Product Susceptibility

The first step in designing an effective anticounterfeiting solution involves an assessment of the economic incentives that an offender would have to counterfeit your company's product or its components. You must determine whether your products are likely candidates for counterfeiting.

Some factors that suggest product susceptibility to counterfeiting include the following:

- Premium pricing for the brand name.
- Low production and distribution costs.
- Widespread availability of manufacturing equipment, plans, product specifications, and raw materials.
- Significant reliance on outsourced manufacturing, distribution, and/or sales.
- Limited number of distribution and supply chain controls.
- Numerous and low-quality distributors and sales outlets.
- Widespread use of online or worldwide distribution and/or sales networks.
- Limited warranty costs and after-market support.
- Complex pricing and distribution schemes with significant geographic controls.
- Lack of existing law enforcement efforts to combat counterfeiting.

The recent indictments involving counterfeit Viagra illustrate this evaluation process.

Manufactured exclusively by Pfizer, Viagra is a small, blue, diamond-shaped pill used by more than 10 million men for treating impotence.¹² Pfizer's wholesale cost of Viagra is about \$7 per tablet; the retail cost to consumers of the same pill is about \$10.¹³ The difference represents a significant premium over the cost to produce a counterfeit. Indeed, manufacturers in China and India have produced the pill with a form of the active ingredient and have made it available through the internet and a variety of brokers for about 50 cents per tablet.¹⁴ The active ingredient, sildenafil citrate, is the subject of a publicly available patent, and consumers can purchase the pills via the internet, which keeps distribution costs low. In addition, thousands of pharmacies in both the physical world and the online world carry the drug, so many distributors and sales outlets exist. In short, Viagra is a good candidate for counterfeiting.

Alternatively, your company might own a hot children's toy property that sells in a worldwide marketplace that, according to the International Council of Toy Industries, exceeds \$50 billion in sales, excluding video games.¹⁵ You might also be among the many toy brands that license toy manufacturing, distribution, and sales to third parties, who sell toys over the internet and in thousands of stores worldwide. The toys themselves are often easy to duplicate along with the packaging, and if the toys are in-demand properties, especially during the winter holiday season, they command significant premiums. Counterfeits of these toys, however, may present choking hazards to children, and if your company has a "hot" toy property, it is likely a good candidate for counterfeiting.

Suppose, instead, that your company manufactures airplane parts. Employing an analysis similar to the one above, you should recognize that your parts carry a premium price. You must have the Federal Aviation Administration ("FAA") approve and certify them as coming from an FAA-approved facility.¹⁶ Although the parts must bear a yellow tag, counterfeiters can duplicate this tag, and with parts commanding significant premiums—duplicates of \$30 bolts manufactured to specifications cost a mere \$3—their incentive is great.¹⁷ You should also recognize that, although manufacturers typically do not sell airplane parts online, an estimated 2,000 to 5,000 unregulated parts dealers exist, and billions of parts are on the market. Such a broad marketplace makes regulation difficult to enforce.¹⁸ In short, airplane parts are another excellent candidate for counterfeiting.

Consider, finally, the case of Serono's popular product, Serostim. A 12-week course of Serostim costs \$21,000 from the manufacturer, and the brand name enjoys excellent recognition among consumers.¹⁹ It is the only growth hormone approved by the U.S. Food and Drug Administration ("FDA") for the treatment of AIDS wasting,²⁰ but body builders also use it to help build muscle.²¹ Thus, two sets of active consumer markets exist. Knockoffs need not contain any active ingredients to fool consumers at the point of sale, and the drug can be sold and distributed easily over the internet and through unscrupulous pharmacies without alerting the consumer to the danger. Thus, Serostim has great susceptibility to counterfeiting.

*From this point on . . .
Explore information related to this topic.*

ONLINE:

- *Aircraft Parts: "Bogus" or "Unapproved,"* Special Report of AVIATION TODAY, Dec. 11–3, 2002, at www.aviationtoday.com/reports/VII.htm.
- "Counterfeiting and Piracy: The Commission Puts Forward an Ambitious Action Plan," at europa.eu.int/comm/internal_market/en/indprop/piracy/counterf.htm.
- "E-Commerce: Protecting Your Trademarks and Copyrights in Cyberspace," online CLE program, 2002 West LegalED Center Online CLE, at <http://westlegaledcenter.com>.
- "Economic Loss Data & Seizure Statistics," at www.iacc.org.
- German Pharma Health Fund, E.V., "Counterfeit Medicines—An Unscrupulous Business," at www.gphf.org/web_en/projekte/minilab/hintergrund_arzneimittelaelschungen.htm.
- "Get the Facts," at www.iacc.org.
- Ron Giling, *Fatal Forgeries*, 67 ORBIT 12 (1st quarter 1998), available at www.oneworld.org/vso/pubs/orbit/67/medicine.htm.
- Edward Hardcastle, *Remedies Available to Tackle Counterfeiting in the Middle East*, in INTELLECTUAL PROPERTY HANDBOOK (Global Counsel 2002), available on PLC Law Department at www.practicallaw.com/a21263.
- William K. Hubbard, Senior Associate, Commission for Policy, Planning, and Legislation, U.S. Food and Drug Administration, statement before the Subcommittee on Health, Committee on Energy and Commerce, U.S. House of Representatives, July 25, 2002, at <http://fda.gov/ola/2002/personaldrugimportation.html>.
- INTELLECTUAL PROPERTY HANDBOOK (Global Counsel 2002), available on PLC Law Department at www.practicallaw.com/T2065.
- International AntiCounterfeiting Coalition ("IACC"), a "partnership to deter counterfeiting and piracy and protect the freedom to create," at www.iacc.org.
- Neil Jenkin, *Pan-European IPR Enforcement Strategies*, in INTELLECTUAL PROPERTY HANDBOOK (Global Counsel 2002), available on PLC Law Department at www.practicallaw.com/a21262.
- Geoff Power, "Pharmaceutical Counterfeiting," at www.interpol.int/Public/Publications/ICPR/ICPR476_1.asp.
- Nigel Swycher and Mark Parsons, *IPR Damages: A Pan-European Perspective*, GLOBAL COUNSEL, 2002, VIII(8), 35, available on PLC Law Department at www.practicallaw.com/a25521.

ON PAPER:

- Arthur Best, *Manufacturer's Responsibility for Harms Suffered by Victims of Counterfeiters: A Modern Elaboration of Causation Rules and Fundamental Tort Law*, 8 SUM. CURRENTS: INT'L TRADE L.J. 43 (Summer 1999).
- Gerry Khermouch, Stanley Holmes & Moon Ihlwan, *The Best Global Brands*, BUS. WK., Aug. 6, 2001, at 50.
- J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION (West 1996).
- NILS VICTOR MONTAN, TRADEMARK ANTICOUNTERFEITING IN ASIA AND THE PACIFIC RIM 140 (International Trademark Association 2001).
- FREDERICK W. MOSTERT, FAMOUS AND WELL-KNOWN MARKS: AN INTERNATIONAL ANALYSIS (Butterworths 1997).
- Jed S. Rakoff & Ira B. Wolff, *Commercial Counterfeiting and the Proposed Trademark Counterfeiting Act*, 20 AM. CRIM. L. REV. 145, 146–49 (1982) (reviewing history of trademark counterfeiting).
- Willy Stern, *Warning! Bogus Parts Have Turned Up in Commercial Jets. Where's the FAA?*, BUS. WK., June 10, 1996, at 84.

In fact, after complaints by consumers of adverse reactions to Serostim, the FDA identified two counterfeit lots within the distribution network, and Serono subsequently issued press releases and warning letters to health care professionals.²² The FDA's Office of Criminal Investigations identified a man in China as a Serostim counterfeiter and, working with the U.S. Postal Inspection Service and Iowa State Police, arrested him.

2. Identify Channel Weaknesses

If any of your products is a likely candidate for counterfeiting, you should assess the risk of actual occurrence by investigating your company's entire manufacturing and distribution channel, from raw materials to the end user, and identify any possible weaknesses. Focus your inquiry on the following six questions:

What parts of the supply chain does your company control?

You should be looking primarily for instances in which your company outsources any parts of your manufacturing and distribution channel, in which many manufacturers possess the capabilities required to produce your products, or in which many players involved in a particular stage make detection of counterfeits difficult. For example, you might license your product to one or more third party manufacturers, and you might have had a variety of manufacturers to select from when you made your initial sourcing decision. Your company might authorize multiple third-party distributors, resellers, wholesalers, and/or retailers. Or perhaps your product is also sold over the internet. Once you understand each component of your manufacturing and distribution channel, you should then evaluate the extent to which criminal enterprise could infiltrate, duplicate, or compromise any part of this chain.

What does one need to counterfeit your product?

You may find that your product plans are readily available. This availability might be due to publicly

accessible patent filings, the fact that your products and packaging might be particularly easy to reverse engineer, or the reality that a number of different manufacturers have been involved in producing your products at one time or another and that, as a result, your production plans are widely available. You might also learn that raw materials needed to produce your product or a sufficient forgery, such as plastic, steel, and saline solution, are readily available on the open market.

Who has the ability to engage in counterfeiting of your product?

You might find, for example, that the manufacturing and distribution processes for your products are sufficiently simple to match the capabilities of a large number of manufacturers and distributors. Or you might learn that a third-party distributor licensed to sell 2 million units of your products, reports 2 million units sold, but is actually well-positioned to sell 3 million units into the marketplace without your knowledge, with the additional million units coming from a counterfeit manufacturing operation. Alternatively, you might discover that your principal manufacturer can run a night shift producing a significant number of unauthorized low-quality knockoffs of the same high-quality products that it produces for you during the day.

As you might imagine, you might encounter a variety of different organizational structures, but one common theme of susceptible supply chains remains the same: the more third parties involved in your supply chain or otherwise capable of manufacturing your products, the greater the number of potential weaknesses.

Are there obstacles to distribution and sale?

You should evaluate the extent to which your product is easy to distribute, perhaps because it is small enough to ship via regular post. You should also evaluate whether any regulations apply to the import, export, sale, or resale of your products. Significant distribution hurdles, such as oversized mail requirements, as well as significant governmental regulation, make counterfeiting more difficult, because oftentimes more people and paperwork are involved at each step of the supply

chain process. Concurrently though, you should recognize that, although the risks of getting caught in a regulated industry may increase, the profit margins, if sufficient, may nevertheless make the risks attractive.

Q How could counterfeiting escape detection?

You should assess the sophistication of counterfeiters, product formulation, product packaging, and the ease of detection. You might learn that much of your product is sold through mom-and-pop stores, making detection of counterfeit products difficult. Or you could ascertain that an inexpensive substitute material would be difficult to detect without sophisticated equipment. For example, a simple saline solution might adequately masquerade as a sophisticated clear-liquid drug. You might also discover that knock-offs can be imported without labeling, as innocuous generics, and then receive labeling at the point-of-sale.

Q What steps have you taken to build and protect your brand?

You should identify the steps that your company may have already taken with respect to protecting its brands. Perform an internal audit and identify any trademark registration, prosecution, and protection programs. Check with the U.S. Patent and Trademark Office ("PTO"), the European Community Trademark Office, U.S. Customs, and similar offices in any other countries where your company does business to make sure that your filings are accurate, current, and effective.

Walk through your company's facilities, identify the facility and materials security, and speak with your engineers and designers to learn more about your products, packaging, and shipping procedures. You may even find that you have some product security features already in place.

You should also perform an audit of the competitive marketplace to determine whether other similar marks exist and whether you may have, or be subject to, an infringement claim. You might then examine your company's use of its own marks to determine whether such use has been consistent and appropriate with trademark guidelines or whether your own use may be diluting the value and enforceability of your marks.

3. Forecast Potential Liabilities

Having identified your product's susceptibility, as well as any weaknesses in your manufacturing and distribution channels, you should turn your attention to evaluating the potential liabilities for failure to address any discovered concerns. These concerns often include personal injuries suffered by consumers, customer dissatisfaction, regulatory fines, notification responsibilities, warranty claims, brand erosion, and, ultimately, loss in shareholder value. Once you have an understanding of the potential damages, you will have a benchmark to begin the process of evaluating potential solutions.

You might also calculate the expected effectiveness of a program against its actual cost. In this way, you can evaluate the return on investment that a particular solution offers. You should be wary, however, of exposing your company to increased liability by making a decision based upon a return-on-investment calculation that consciously or recklessly disregards public safety.

From that point, you can select the measures that you deem necessary to mitigate adverse effects. The choices include insurance, warranty coverage, crisis management, changes to the supply chain, anticounterfeiting technologies, integration schemes, and enforcement programs.

4. Devise Short-Term Solutions

Three short-term solutions to counterfeiting exist: insurance, warranty coverage, and crisis management. Although this article will not explore these efforts in depth, the following advice should provide a useful starting point.

First, you should meet with your insurance agent and review your policies covering product liability, commercial general liability, property and casualty, directors' and officers' liability, and general negligence, as well as any umbrella policies, to determine whether you have adequate insurance to protect against counterfeiting problems. You should also meet with companies in your supply chain, including third-party manufacturers, vendors, distributors, wholesalers, and retailers, to evaluate their coverage and perhaps obtain "additional insured" endorsements.

Second, you will need to evaluate any warranties that you provide to consumers. Typically, consumers

find warranties from three sources: express, third-party beneficiary rules, or implied by law. You should understand how each may be relevant to your products and determine a strategy for supporting potential warranty claims. The first, express, is often found through a direct sales contract, verbal assurances, or labeling. Perhaps you sell your products directly to your consumers, and your sales person, labels, or contracts explicitly state a warranty or fail to disclaim a warranty or provide limitations on liability. The second is through third-party beneficiary rules, whereby injured consumers will attempt to reach you through warranties that you may have in contracts with your vendors. The third may be from warranties that are implied under law. Implied warranties have two basic sources: merchantability and fitness for a particular purpose. Although there are often industry specific differences, many state laws prohibit manufacturers from disclaiming warranty protection when dealing with consumers.

ALTHOUGH THERE ARE OFTEN INDUSTRY SPECIFIC DIFFERENCES, MANY STATE LAWS PROHIBIT MANUFACTURERS FROM DISCLAIMING WARRANTY PROTECTION WHEN DEALING WITH CONSUMERS.

Third, you should form and maintain a crisis management team that is ready to respond whenever you discover that a counterfeit product has infected your market. This team should include in-house counsel, a member of executive management, and staff members from the public relations, operations, and audit departments. You should also identify competent outside counsel, private investigators, and a public relations firm. Then, as the company gathers information, the crisis management team should deal with any related exposure.

- 5. Develop a Long-term Plan**
Although it is likely unrealistic to think that you could actually stop every instance of counterfeiting every time, you can at least develop a long-range

plan for thwarting attempts, mitigating damages, and responding in a timely, effective manner. Such a long-term plan should include the following elements: establishing a brand protection task force, registering and enforcing trademarks, integrating technologies, generating publicity, determining legal strategy, and enforcing your program.

Establish a Brand Protection Task Force

For enduring brand protection efforts, you should start by building a brand protection task force of internal management team members and external security partners and government agencies. Although this brand protection task force will initially consist of members of your crisis management team, you should expand the group to include those who can implement a solution, not just those who can respond to a crisis. Internally, you should seek active participation from product development, manufacturing, supply, package design, quality assurance, media relations, sales, marketing, security, and executive management. Externally, you should coordinate efforts with your auditors, outside counsel, a public relations firm, local and federal law enforcement, regulators, private investigators, the U.S. Customs Service, and a brand protection specialty company with experience in your industry.

Your first task will be to identify the goals of your brand protection program. Although specific goals will vary in details, the major heads will likely include the following:

- Shielding consumers from unsafe products.
- Protecting value of trademarks.
- Improving value of brand.
- Punishing and deterring counterfeiters.
- Recovering lost sales revenues.
- Minimizing false warranty claims.

Be careful not to let members of your brand protection team or senior management label your efforts as “another legal expense,” or you may shortchange your solution. Have your team discuss the program’s budget upfront and allocate it to an appropriate profit and loss statement. There are many ways to accomplish this task. Some companies consider their brand protection program part of the manufacturing costs, because it resolves distribution chain and inventory control issues. Some consider the program part of their marketing bud-

get, because it protects trademarks and resolves brand equity issues associated with potentially bad publicity. Others carve out a special program allocation. Whatever allocation method you ultimately determine, be sure to get buy-in from the appropriate profit-and-loss manager, as well as executive management, if necessary.

Register and Enforce Trademarks

You should also consider developing an effective trademark registration and enforcement program. Examine registration opportunities worldwide, with typical registration bodies, such as the U.S. Patent and Trademark Office, as well as other entities, such as U.S. Customs. Then, work with the task force to educate your company's sales, marketing, design, and distribution teams to use trademarks properly, to identify counterfeits, and to rethink their work to include anti-counterfeiting considerations. Also note that, in November 2002, President Bush signed H.R. 2215, the 21st Century Department of Justice Appropriations Authorizations Act. This act will allow the United States to become a part of the Madrid Protocol treaty, which provides a "one-stop" filing mechanism for the international registration of trademarks.

A NEEDS ASSESSMENT COUPLED WITH AN ENGINEERING AND INTEGRATION REVIEW SHOULD ASSIST YOU IN SORTING THROUGH THE MYRIAD OF TECHNOLOGIES AVAILABLE TO COMBAT COUNTERFEITING.

Integrate Technologies

Work with the group to consider channel weaknesses, and if you choose to employ technology solutions, be sure to keep the group focused on solutions that relate to actual vulnerabilities.

Too many brand owners have employed technology to secure their supply chains, only to find out later that their efforts involved fragmented and indiscriminate technology purchases, bearing little relationship to the actual root problem or providing wholly insufficient protection.

For example, a label placed on containers shipped from a pharmaceutical manufacturer may prove an inadequate solution for counterfeit drugs

if distributors routinely repackage drugs for pharmacies and can insert counterfeit product. Laser etching on computer cases may prove insufficient where integrators and assemblers can replace the internal components with counterfeits, sell the cased computer at full price, and resell the legitimate components through the parts market. Hang tags affixed to automotive parts may prove insufficient where reconditioning companies can collect such tags after installation of original parts and simply reuse the tags to pass off reconditioned products. In short, such arbitrary efforts frequently fail to mitigate a counterfeiting problem.

A needs assessment coupled with an engineering and integration review should assist you in sorting through the myriad of technologies available to combat counterfeiting and determining the most effective integration strategy. Anticounterfeiting technologies can be covert or overt and may include ink- and dye-based labeling, optical scanning, laser etching, magnetic markings, bar coding, biological protein screens, microscopic chemical taggants, and a variety of other advanced molecular, optical, and magnetic-based technologies. Companies can integrate such technologies in both packaging and product-based schemes that may occur at any point in the supply and distribution chain.

An effective anticounterfeiting solution will employ media, hardware, and software systems that involve aspects of many of the above-mentioned technologies. For instance, in order to secure the authenticity of the product itself, you could use product marking and tagging devices, such as secure inks, dyes, and microfibers. You could mark the package containing the products with tamper-evident breakaway patterns and then secure cases and cartons of packages by using secure packaging tape embedded with covert anticounterfeiting technologies. Specialized hardware can guarantee the validity of the markings on any product, package, case, or carton using optical and magnetic-based readers and thermal transfer inks from barcode printing systems. The final piece of this brand protection solution incorporates software systems that manage inventory, track products, and allow manufacturers to trace supply chain security. See the sidebar on the next page for a list of companies that you might contact to provide anticounterfeiting technologies and solutions.

Using these technologies can give you a host of benefits. Brand labels embedded with covert inks or dyes allow you to work with U.S. Customs officials during seizures to identify instantly and machine-verify authentic products. Tracking technology integrated into product packaging allows you to identify product origins immediately from manufacturing to retailer, thus revealing any sources of product diversion. Preventing counterfeit and diverted product shipments with such measures can save your company millions of dollars annually and root out potentially dangerous products.

With knowledge of the available anticounterfeiting technologies and complete supply and distribution chain evaluations in hand, you should return to your brand equity calculations, develop models demonstrating a return on investment for each solution, add considerations for general consumer safety, and find your optimal choice.

Generate Publicity

In designing your anticounterfeiting plan, you should also consider publicity campaigns to educate consumers about identifying overt marks on your products. Many brand owners balk at this suggestion, believing that such advertising messages serve to scare consumers about a brand's potential susceptibility to counterfeiting. But by crafting a message that helps consumers to identify genuine sources of your product and to understand your company's proactive steps, you can improve your

ANTICOUNTERFEITING SYSTEMS VENDORS

The following is an alphabetical list of companies that you might engage to provide anticounterfeiting systems:

- Applied Optical Technologies, plc, at www.aotgroup.com.
- Banknote Corporation of America, Inc., at www.banknote.com.
- De La Rue, plc, at www.delarue.com.
- GenuOne, Inc., at www.genuone.com.
- MeadWestvaco Corporation, at www.meadwestvaco.com.
- 3M Worldwide, at www.3m.com.

corporate reputation and increase brand awareness. As an added benefit, you also serve to inform counterfeiters that your products are protected. This notice may deter and discourage their efforts.

Determine Legal Strategy

You should prepare an appropriate legal strategy to respond in the event that you identify a potential counterfeiter and decide to take remedial action. For a discussion of international enforcement efforts and an analysis of legal protection in the United States and the effectiveness of remedial strategies, see the respective sidebars on pages 38, 40–42. Typically, you will select some combination of civil or criminal prosecution and work closely with state and federal prosecutors, as well as the U.S. Customs Service or other border security agency. Although legal efforts are often frustrating in that they are time consuming and rarely produce dramatic results, they are nevertheless an important component of any anticounterfeiting response program.

Enforce the Program

Follow-through will be key to your anticounterfeiting program's success. Schedule routine audits for each member of your manufacturing and distribution chain. Respond promptly to calls from law enforcement agents and customs to confirm counterfeit products. Work with members of the task force to keep abreast of program developments, success stories, and disappointments. Modify the program to suit changes in budgets, product designs, or counterfeiting sources. Keep informed about changing anticounterfeiting technologies so that you can stay one step ahead of counterfeiters. Be mindful of manufacturing advances that may make counterfeiting easier. Speak with members in your company's industry about developing product security standards. And aggressively prosecute counterfeiters.

CONCLUSION

With advances in counterfeiting methods and scope, the importance of product authenticity is growing, particularly in industries with heightened health and safety risks. Consumer injuries have increased, and in their desire to hold someone

accountable, plaintiffs and plaintiffs' lawyers have targeted brand owners. Although no court has held a brand owner liable under the product liability theory proposed in the Serono litigation, it is probably just a matter of time.

The onus is on you to protect your brands, as well as your consumers, from potentially substantial injuries caused by counterfeit products. To do so, you must assess your products' susceptibility to counterfeiting, organize a crisis response team, and develop short-term and long-term anticounterfeiting solutions, including unearthing a sufficient budget. Effective technology exists in a variety of forms to allow you to make calculated decisions to regulate your supply chains and minimize the effects of counterfeiting.

With the proper solutions in hand, you can turn any negative finger-pointing into positive results for

your products. Successful anticounterfeiting efforts not only increase consumer confidence in the brand, but also increase revenues from recovered sales. In this way, you can protect what often represents your largest asset—brand equity—from what may loom as its largest threat. In the end, you and your consumers will benefit from the sale of safe, secure, and genuine products. ■

NOTES

1. See Willy Stern, *Warning! Bogus Parts Have Turned Up in Commercial Jets. Where's the FAA?*, BUSINESS WEEK, June 10, 1996, at 84 (airplane); Ron Giling, *Fatal Forgeries*, 67 ORBIT 12 (1st quarter 1998), available at www.oneworld.org/vso/pubs/orbit/67/medicine.htm (fever medication); "Get the Facts," at www.iacc.org (brake pad). Other examples of potentially fatal consequences of counterfeiting include rashes and seizures from baby formula pre-

INTERNATIONAL ANTICOUNTERFEITING EFFORTS

The United States, home to some of the world's most valuable brands,¹ stands at the forefront of the battle against counterfeiting, but governments worldwide have started weighing in with a variety of new initiatives.

The Trade-Related Aspects of Intellectual Property Rights ("TRIPs") Agreement, one of the agreements of the World Trade Organization ("WTO"), in protecting intellectual property rights in pharmaceutical patents, is a significant agreement designed to reduce barriers to international trade and economic development by recognizing intellectual property rights as private rights, but setting forth procedures and mechanisms to enforce those rights without allowing them to become barriers to international trade and development. For example, TRIPs strikes a balance between public health and technological development.² Other positive signs include the European Commission's declaration³ that counterfeiting threatens the single market, the recent addition of China to the WTO, and the WTO's extensive deliberations surrounding world anticounterfeiting policies.

Nations have begun to recognize the importance of global economic stability and free trade. They also have witnessed the health and safety ramifications resulting from faulty products, along with the criminal enterprises funded by their spoils.⁴ Many have been slow, however, to punish the powerful illicit manufacturing operations headquartered within their borders and have delayed or refused to enforce anticounterfeiting mea-

asures. As a result, effective global cooperation, although helpful, will likely coalesce too slowly to permit brand owners or consumers to rely on foreign governments for overseas protection from counterfeiting or to satisfy immediate shareholder mandates to protect and build brand equity.

NOTES

1. According to a 2002 study by Interbrand and *Business Week*, the world's most valuable brands include Coca-Cola, with an estimated value of \$69.6 billion, Microsoft (\$64.1 billion), IBM (\$51.2 billion), and GE (\$42.4 billion). Gerry Khermouch, Stanley Holmes & Moon Ihlwan, *The Best Global Brands*, BUS. WK., Aug. 5, 2002, at 48.
2. See arts. 7, 8, and 27 of the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPs") of the World Trade Organization, at www.wto.org/english/docs_e/legal_e/27-trips.doc.
3. The European Commission was expected to turn this declaration, "Green Paper on Combating Counterfeiting and Piracy in the Single Market," Oct. 22, 1998, into a directive in 2002. See "Counterfeiting and Piracy: The Commission Puts Forward an Ambitious Action Plan," at europa.eu.int/comm/internal_market/en/indprop/piracy/counterf.htm.
4. According to congressional testimony by the International Anticounterfeiting Coalition ("IACC") (a "partnership to deter counterfeiting and piracy and protect the freedom to create") and to media accounts, the Islamic extremists linked to the 1993 bombing of the World Trade Center in New York reportedly raised cash by selling counterfeit products. See "Organized Crime, Terrorism and Violent Crimes," at www.iacc.org.

- pared without hypoallergenic ingredients; burns from electrical appliances lacking proper insulation; allergic reactions from cosmetics containing industrial solvents and carcinogens; serious health complications from antibiotics made with yellow paint and talcum powder and produced in varying potencies; and retinal damage from sunglasses lacking protection from ultraviolet rays. See "Economic Loss Data & Seizure Statistics," at www.iacc.org; see also "Counterfeit Medicines—An Unscrupulous Business," German Pharma Health Fund, E.V., at www.gphf.org/web_en/projekte/minilab/hintergrund_arzneimittelfaelschungen.htm (listing injuries due to counterfeit pharmaceuticals).
2. See "Get the Facts," at www.iacc.org.
 3. See "Economic Loss Data & Seizure Statistics" at www.iacc.org.
 4. See Christopher Dolan, *Fits over Counterfeiting: Legislative Accomplishments and Directions*, 27 AIPLA Q.J. 233, 243 (Summer 1999), citing Jed S. Rakoff & Ira B. Wolff, *Commercial Counterfeiting and the Proposed Trademark Counterfeiting Act*, 20 AM. CRIM. L. REV. 145, 146–49 (1982) (reviewing history of trademark counterfeiting).
 5. See "Secret Service History—Beginnings," at www.ustreas.gov/usss/history_beginnings.shtml.
 6. *Id.*
 7. See Arthur Best, *Manufacturer's Responsibility for Harms Suffered by Victims of Counterfeiters: A Modern Elaboration of Causation Rules and Fundamental Tort Law*, 8 SUM. CURRENTS: INT'L TRADE L.J. 43 (Summer 1999).
 8. *Id.* Premises liability extends from the broad duty of care that a business has to protect its patrons from foreseeable dangers posed by criminal activity on or near its premises.
 9. See "First Amended Complaint for Damages, Restitution and Injunctive Relief," dated Apr. 20, 2001, and filed by plaintiffs Robert Lunn and Kelly Burke, on behalf of them-

WHEN COUNTERFEITING OCCURS . . .

You have a choice of remedies to pursue in the event that you detect a counterfeit of your company's brand and identify the source. Choose carefully your goals because there are a variety of approaches that you might consider when confronted with counterfeiting and a variety of consequences that can result.

CIVIL

Civil legal efforts begin with traditional trademark enforcement under federal law, primarily, the Lanham Act, the Trademark Counterfeiting Act of 1984, the Trademark Dilution Act of 1996, and the Economic Espionage Act of 1996.¹ These laws generally protect marks that brand owners have registered with the U.S. Patent & Trademark Office ("PTO") and give you the tools to obtain restraining orders, seizures, and ultimately damages.²

In most cases, you would first consider issuing a standard cease-and-desist letter. You should reserve cease-and-desist letters for small operations, however, when consumer safety is not at risk and where the likelihood of any useful connection to a larger, more significant player is remote. You should also be careful to use cease-and-desist letters only when you plan to follow up with action, because failure to follow up may be deemed acquiescence to the wrongful use.

For potentially more damaging cases, you should consider instituting civil proceedings for infringement by obtaining a restraining order against the alleged counterfeiter to cease sales of counterfeit goods. You should carefully consider the target of any given raid and weigh whether it will lead you to the major manufacturers and distributors or only serve as an early warning

system. You should also consider when and how to involve local law enforcement authorities and whether those authorities, too, might tip your hand to the major players. Despite these complex deliberations, a restraining order may prove your only effective civil remedy against fleet-footed counterfeiting operations. If you prove successful, you will obtain permanent injunctions and damages. In the meantime, you might also review the protections provided by individual states through state trademark infringement and unfair competition statutes.³

Although useful in concept, state and federal civil actions unfortunately often prove ineffective. Typical counterfeiting operations relocate quickly and maintain few obtainable assets. They have little incentive to comply with injunctions and are often well organized, highly profitable enterprises that view civil fines as merely a cost of doing business.

CRIMINAL

A more viable course might exist with state and federal criminal prosecution.⁴ To instigate criminal proceedings, you should initiate a seizure through the U.S. Department of Justice ("DOJ") and state law enforcement authorities.⁵ As in civil proceedings, federal criminal law provides for an ex parte judicial hearing to obtain seizure orders, and it presents the same considerations regarding warnings and leaks to the major players.⁶ The criminal path, however, may present the additional advantage of a well-trained and motivated staff paid by the government and armed with harsher penalties for proven violators.⁷

Once apprehended, offenders face stiff penalties for intentional and knowing counterfeiting, including payment to the

selves and all others similarly situated, against Serono, in the Superior Court of the State of California for the County of San Diego, Case No. GIC 761598, at 10, ¶¶ 35, 36.

10. Interpol recently reported a counterfeiting incident in Latin America that involved an asthma-relief product used in hospitals for serious and sometimes critical cases. See Geoff Power, "Pharmaceutical Counterfeiting," at www.interpol.int/Public/Publications/ICPR/ICPR476_1.asp. "The counterfeits varied widely in active content (40-110%) and some were over-acidic, showing very poor quality control. The local company took the unusual step of voluntarily withdrawing the entire relevant batch (both counterfeit and genuine) from the market. There was an immediate redesign of the pack and the company incorporated a general-purpose hologram on the carton with an embossed logo to 'customize' it. Other covert security features were included, and the new packaging produced

within a very short lead-time to ensure continuity of supply to the market." *Id.*

11. A recent study of juror attitudes in civil litigation found that jurors hold corporations to rigorous standards of conduct. Although the study was undertaken with respect to product liability cases in which product origination was not an issue, the findings are arguably analogous to counterfeiting in predicting juror sentiments:
- 73 percent of jurors agree that regulations and standards cannot be too high to ensure product safety.
 - 63 percent agree that requiring products to be 100 percent safe is not too expensive.
 - 93 percent believe that companies should be required to tell the public of the possibility, no matter how small, that their products might be unsafe.
 - 65 percent believe that business has either too much or far too much power.

brand owner of three times either the offender's profits or the brand owner's damages.⁸ If damages are difficult to prove, an offender could owe the brand owner up to \$100,000 for each counterfeited mark⁹ or up to \$1 million if the infringement was willful.¹⁰ Offenders also face up to 10 years of imprisonment and fines of up to \$2 million for individuals and \$5 million for corporations.¹¹ Second offenses carry prison sentences up to 20 years and fines up to \$5 million for individuals and \$15 million for corporations.¹²

Counterfeiters also may violate mail and wire fraud statutes that prohibit using the mails or wires in interstate or foreign commerce to carry out any scheme to defraud¹³ and laws that prohibit the making of false and fraudulent statements to U.S. departments or agencies, such as customs or tax authorities.¹⁴ In both cases, prosecutors have a long history with the statutes, and violations carry up to five years of imprisonment, fines, or both. Although this criminal justice system is useful, the federal government does not seem to enforce it with sufficient vigor to provide much comfort.

In fiscal year 2000, the DOJ opened 106 cases with 162 defendants in connection with trafficking in counterfeit goods and services, counterfeit labels for audiovisual works, and unauthorized recordings of live music performances, as well as criminal copyright infringement.¹⁵ Of those cases, only 76 ended with either a guilty plea or a conviction, and of those, only 25 defendants served prison terms—no improvement over the results posted for FY 1998 and 1999.¹⁶

CUSTOMS

Although its general enforcement powers are limited to articles "of foreign manufacture," the U.S. Customs Service pro-

vides a proximate resolution to the problem of imported counterfeit products.¹⁷ To ensure maximum protection, you should register your marks with the U.S. Customs Service by submitting an application along with a \$190 recordation fee.

The U.S. Customs Service's intellectual property rights database contains about 23,000 company trademarks, copyrights, and patent exclusion orders. Although many counterfeit products enter the United States without offending trademarks (they are often affixed immediately before sale), all U.S. Customs agents have access to the database, and it remains a useful resource for identifying counterfeit goods. Once the U.S. Customs Service has identified a particular good as counterfeit, it can delay the entry of the particular good into the United States until you and the importer have given the U.S. Customs Service better information. You should be aware that conversations with some U.S. Customs agents indicate that they may be unwilling to exercise their enforcement powers with respect to marks not registered in the U.S. Customs database.

Customs also works closely with the Federal Bureau of Investigation ("FBI"), as a core member of the U.S. government's National Intellectual Property Rights Coordination Center ("IPR Center").¹⁸ Although the IPR Center focuses on the use of the internet to commit intellectual property crimes, it also facilitates further enforcement actions by operating as a contact and collection point for intelligence provided by domestic and international law enforcement agencies, private industry, Congress, and media outlets.

On a typical day, the U.S. Customs Service examines 1.3 million passengers, 2,661 aircraft, 60,196 trucks, 348,205 vehicles, and 522 vessels. In FY 2001, these searches led the U.S. Customs Service and the IPR Center to seize \$57 million of counterfeit products.¹⁹ These seizures occurred at ports of entry, international mail depots, and border crossings. FY 2001 pro-

- See VALERIE P. HANS, BUSINESS ON TRIAL: THE CIVIL JURY AND CORPORATE RESPONSIBILITY 165-70 (Yale Univ. Press 2000).
12. See www.viagra.com.
 13. See May 17, 2002, news release from the District Attorney of New York County at www.manhattanda.org/whatsnew.
 14. *Id.*
 15. "ICTI Announces 2000 Toy Sales at US\$69.5 Billion," dated June 1, 2001, at www.toy-icti.org/newsinfo/060101_toysales00.htm.
 16. See 14 C.F.R. §§ 21.21-21.61.621 (1996) (detailing certification procedures for aircraft parts).
 17. See Stern, *supra* note 1 at 84 (discussing accompanying paperwork).
 18. *Id.* See also *Aircraft Parts: "Bogus" or "Unapproved,"* Special Report of *Aviation Today*, Dec. 11-3, 2002, at www.aviationtoday.com/reports/VII.htm.
 19. See Melody Petersen, *3 Fake Drugs Are Found in Pharmacies*, N.Y. TIMES, June 5, 2001, reporting on FDA investigation of counterfeit Serostim, at www.nytimes.com/2001/06/05/business/05DRUG.html?ei=1&en=&ex=993018741&pagewanted=print.
 20. See www.seronusa.com (describing Serostim and linking to additional information at www.aidswasting.com/aids/serostim/index.html).
 21. See Petersen, *supra* note 19.
 22. See William K. Hubbard, Senior Associate, Commission for Policy, Planning, and Legislation, U.S. Food and Drug Administration, statement before the Subcommittee on Health, Committee on Energy and Commerce, U.S. House of Representatives, July 25, 2002, at <http://fda.gov/ola/2002/personaldrugimportation.html>.

duced the second highest yearly domestic total in intellectual property seizures for the U.S. Customs Service, but against the scale of problems posed by counterfeiting, the U.S. Customs Service's resources remain insufficient.

NOTES

1. Lanham Act, 15 U.S.C. §§ 1051-1127 (1997); Trademark Counterfeiting Act of 1984, 18 U.S.C. § 2320 (2000); Trademark Dilution Act of 1996, 15 U.S.C. § 1125(c) (1997); Economic Espionage Act of 1996, 18 U.S.C. § 1831 (2000). See also Anticounterfeiting Consumer Protection Act of 1996, Pub. L. No. 104-153, 110 Stat. 1386 (1996) (increasing anticounterfeiting enforcement and penalties).
2. The Lanham Act provides a limited course of action for injunctions to protect unregistered marks. In addition to trademark protection, federal law provides protection through patent law for products protected by a design patent and copyright law for protection to the extent that the counterfeiting constitutes piracy.
3. Worth noting, as well, because of the relief that it may provide brand owners who choose to pursue civil remedies, is the recently introduced Intellectual Property Protection Act of 2002. See Intellectual Property Protection Act of 2002, H.R. 5057, 107th Cong. (2002). This proposed act would criminalize the counterfeiting of authentication features, such as holograms, as well as trafficking in documentation and packaging for software programs, music, movies, and other audiovisual works. It includes civil remedies for violations. The legislation allows victimized brand owners to recover actual damages equal to the retail value of the authorized goods, as well as any profits of the counterfeiter, or statutory damages up to \$25,000 and, thus, may serve as a deterrent for counterfeiters and traffickers. Furthermore, a court may award the brand owner treble damages, where appropriate, against subsequent violators of the act within a three-year period.
4. See generally NILS VICTOR MONTAN, TRADEMARK ANTICOUNTERFEITING IN ASIA AND THE PACIFIC RIM 140 (International Trademark Association 2001) (positing civil remedies are generally more useful than criminal remedies in many foreign jurisdictions).
5. Federal prosecutors are often better suited to act for a variety of reasons, including the multistate nature of counterfeiting activity, limited state resources, stronger federal laws, and, occasionally, a lack of state interest in prosecuting in-state criminals on behalf of out-of-state rightsholders.
6. 15 U.S.C. § 1116(d)(1)(A) (1997).
7. On July 23, 1999, U.S. Deputy Attorney General Eric Holder formally designated intellectual property crime a national investigative and prosecutorial priority for federal law enforcement. Perhaps the new designation will attract necessary resources. See remarks of Eric Holder Jr., Deputy Attorney General, U.S. Department of Justice, at a press conference announcing the intellectual property rights initiative, San Jose, CA, July 23, 1999, at www.cybercrime.gov/dagipini.htm.
8. 15 U.S.C. § 1117(b) (1997).
9. 15 U.S.C. § 1117(c)(1) (1997).
10. 15 U.S.C. § 1117(c)(2) (1997).
11. 18 U.S.C. § 2320(a) (2000) (penalizing intentional and attempted trafficking in goods or services if the defendant knowingly uses a counterfeit mark on or in connection with the goods or services).
12. In the case of organized counterfeit trafficking, those who make and sell counterfeit products also face liability under racketeering laws, such as the Racketeer Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C. § 1961. RICO violations carry fines up to \$25,000 and imprisonment up to 20 years. Moreover, depending on whether a brand owner sues under trademark, copyright, or patent infringement laws, additional damages may be available.
13. See 18 U.S.C. §§ 1341, 1343 (2000).
14. See 18 U.S.C. § 1001 (2000).
15. See U.S. Department of Justice, *FY 2000 Performance Report and FY 2002 Performance Plan*, App. F, "Intellectual Property Cases—U.S. Attorney's Office—Fiscal Year 2000" (prepared by Justice Management Division, Apr. 2001), at www.usdoj.gov/ag/annualreports/pr2000/AppFIntellProperty.htm.
16. *Id.*
17. See 19 U.S.C. § 1526(a) (1999).
18. See "Factsheet: National Intellectual Property Rights Coordination Center," at www.customs.ustreas.gov/enforcem/ipr.htm.
19. See "Customs Seizures" at www.iacc.org.

Guarding Against Counterfeiting: Issues Confronting the Motion Picture Industry

By Alan R. Friedman

Background: Several major areas of counterfeiting and piracy challenge motion picture distribution companies. Chief among them are the unauthorized copying and distribution of feature films prior to their home video release and, all too often, prior to their theatrical release. The principle legal tools and leading cases pertinent to opposing these forms of piracy are discussed below

I. Internet Piracy Through Peer-to-Peer Networks

A. The newspapers and legal publications generally are rife with stories about the battles being waged between copyright owners (mainly music companies so far) and Napster and distributors/operators of peer-to-peer software systems. Among the readers of this outline it is a safe bet that there are few who do not either directly utilize peer-to-peer systems to download copyrighted works (again, usually recorded music) or know people who regularly make such downloads. In contrast there are likely to be few readers who either have shoplifted CDs or videos from their local record/video stores or who know someone who has done so.

B. The legal fighting to date has generally focused on the culpability of the peer-to-peer software distributors/operators on the grounds that they have committed contributory copyright infringement or are vicariously liable for the direct infringements committed by individuals utilizing their software and/or network.

C. Three cases illustrate the issues, although they do not lead to a uniform rule.

- A & M Records, Inc. v. Napster, Inc. (“Napster”), 239 F.3d 1004 (9th Cir. 2001) – **The Copyright Owners Win**
- Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd. (“Grokster”), 259 F. Supp. 2d 1029, 2003 WL 1989129 (C.D. Cal. April 25, 2003) – **The File-Sharers Strike Back**
- In re Aimster Copyright Litigation (“Aimster”), 334 F.3d 643 (7th Cir. June 30, 2003) – **Another to the Copyright Owners: But What Does It Mean?**

1. A & M Records, Inc. v. Napster, Inc., 239 F.3d 1004 (9th Cir. 2001)

In Napster, the Ninth Circuit addressed for the first time at an appellate court level whether the copyright laws could be applied against the operator of a peer-to-peer Internet service. After making an extensive analysis of the facts, the court ruled that the operator was liable as a contributory infringer.

Facts: Napster designed and operated a system that permitted its users to swap sound recordings over the Internet. To use its system, a person must simply download Napster's "Music Share" software and establish a user name and password. Thereafter, the user can decide which, if any, of his music files he wishes to make available for sharing (which he can change at anytime). Also, merely by typing in the name of an artist or a specific song, a user can determine whether music files he wishes to copy are available from any other Napster user. Computer servers operated by Napster perform this search and, if a match is found, the Napster servers communicate the host's Internet address to the requesting user.

Claims Asserted: The claims asserted against Napster were for contributory and vicarious copyright infringement. While each claim requires infringement by a third party, this was not an issue on the appeal, as Napster did not challenge the District Court's finding that Napster users were engaged in the unauthorized copying and distribution of copyrighted works. *In fact, the District Court found that as much of 87% of the files available on Napster were copyrighted.*

Napster opposed the claims against it both on the basis that its users were engaged in a fair use of the transferred music files and because the other elements required to establish its liability as a secondary infringer under the copyright laws could not be established. The Ninth Circuit disagreed.

a. **Fair Use:** The court gave short shrift to the argument that the wholesale reproduction of copyrighted songs over the Internet constituted "fair use." It agreed with the District Court's finding that the use was not "transformative" and its conclusion that the fact that entire copyrighted songs were copied militated against a finding of fair use. Similarly, the Ninth Circuit also accepted the District Court's findings that Napster harms the market for the copyrighted songs transferred by, at the minimum, reducing audio CD sales and raising barriers to the plaintiff record companies' ability to enter the market for the digital downloading of music.

In the course of affirming the District Court's rejection of Napster's fair use defense, the Ninth Circuit also agreed that the fact that Napster could be used to "space shift" did not validate its fair use defense. Napster argued that the space shifting its software allowed – *i.e.*, permitting a Napster user to download MP3 music files that the user already owned in order to listen to them at different times over different media – was analogous to the time shifting that the United States Supreme Court sanctioned in Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417 (1984). The Ninth Circuit, like the District Court, disagreed, finding that the Sony case – in which Sony's status as a secondary copyright infringer was in issued based upon its sale of Betamax video recorders – was "inapposite" because the method of shifting in that case "did not also simultaneously involved distribution of the copyrighted material to the general public"

b. Secondary Infringement: After concluding that the fair use defense did not apply, the Court next addressed whether Napster could be held liable for its users direct infringement, either as a contributory infringer or under a theory of vicarious liability.

(1) Contributory Infringement: Contributory liability requires the existence of direct infringement by a third party and that the secondary infringer (a) know or have reason to know of the direct infringement, and (b) materially contribute to the infringing conduct. Based upon its rejection of the “fair use” defense, the Court found that direct infringement by Napster’s users was occurring. Turning to the next two elements to a finding of contributory infringement, and citing to Sony Corp., the Ninth Circuit first ruled the requisite knowledge cannot be imputed merely because Napster’s peer-to-peer file sharing technology “may be used to infringe plaintiff’s copyrights.” Nevertheless, the Court concluded that the record supported the District Court’s finding that “Napster has actual knowledge that specific infringing material is available using its system, that it could block access to the system by suppliers of the infringing material, and that if failed to remove the material.” The Court next ruled that Napster also “materially contributes to the infringing conduct of another,” finding that Napster’s users could not find and download the music they want without the support services that Napster provides, which constitute the “site and facilities” for their direct infringement.

(2) Vicarious Liability: The Ninth Circuit also affirmed the District Court’s ruling that Napster engaged in vicarious copyright infringement, which required a finding that it had the “right and ability to supervise the infringing activity” and that it had a direct financial interest in such activity. As to the latter, the Ninth Circuit ruled that financial benefit exists where the availability of infringing material acts as a draw for customers, and it found there to be “ample evidence” of such a draw with respect to Napster’s users.

With respect to the “right and ability to supervise” element, the Court found that Napster had expressly retained the right to control access to its system and to terminate accounts if, among other things, a user’s conduct violated applicable law. The Court further ruled that Napster’s failure to exercise its ability to police and terminate did not let it off the hook: “*Turning a blind eye to detectable acts of infringement for the sake of profit gives rise to liability.*” (Emphasis added.)

2. MGM Studios, Inc. v. Grokster, Ltd., 259 F. Supp.2d 1029 (C.D. Cal. April 25, 2003).

In Grokster, an array of companies in the motion picture and music industries sued several Internet software distributors for contributory and vicarious copyright liability. Although the material facts were not in dispute – both sides moved for summary judgment – the law was hotly contested.

Facts: Defendants distributed software that could be downloaded for free from defendants’ computers which enabled users to exchange digital media (e.g., music and

audiovisual files) over peer-to-peer networks. The Defendants used software very popular in the peer-to-peer community known as Morpheus and as Kazaa, both of which operate differently than the software Napster utilized. While Napster itself hosted on its computer servers a central list of the files available for downloading – which list was essential to its users' ability to download files – the court in Grokster court described the process employed in downloading files with the Morpheus and Kazaa systems as follows: “When users search for and initiate transfers of files using [Kazaa software], they do so without any information being transmitted to or through any computers owned or controlled by Grokster.” The Court similarly ruled that transfers made using the Morpheus network occur “directly between the two users” and do not involve the computers of defendant StreamCast (the distributor of the Morpheus software).

Claims Asserted: Again, the claims asserted against the Defendants were for contributing and vicarious copyright infringements. In Grokster, the existence of direct copyright infringement again was not in issue, as “it [was] undisputed that at least some of the individuals who use Defendant’s software are engaged in direct copyright infringement of Plaintiff’s copyrighted works.”

(1) **Contributory Infringement:** Beyond the threshold showing of direct infringement, as discussed above, to establish contributory infringement the plaintiff must show that the “secondary infringer” (1) knew of or had reason to know of the direct infringement, and (2) materially contributed to the infringing activity of another. Citing Napster, the court found that “evidence of actual knowledge of *specific acts* is required for contributory infringement liability.” (Emphasis in original.) This was a daunting and, ultimately, unachievable burden for the plaintiffs as applied by the Grokster court, which viewed it as requiring the plaintiffs to show that the defendants had *actual knowledge* of its users’ infringement at a time when they could use that knowledge to stop the infringement.

Turning to the “material contribution” prong, the court noted that, in Napster, this prong was satisfied because “without the services [Napster] provide[d], Napster users could not find and download the music they want – and because Napster “served as the axis of the file-sharing network’s wheel.” The Grokster court found that there was a “seminal distinction” between Napster and the processes at issue in Grokster because they did not require the defendants to facilitate the exchange of files between users in the way Napster’s software required Napster’s direct involvement for specific files to be shared. The Court, in what only can be seen as the most charitable of characterizations, described the Defendant’s activities as “not significantly different from companies that sell home video recorders or copy machines, both of which can be and are used to infringe copyrights.” Notably, while the Grokster court cited frequently to the Ninth Circuit’s decision in Napster as support for its ruling, it chose neither to cite to or acknowledge the Napster court’s clear and unequivocal distinction of the home video recorders at issue in Sony and the copying permitted by peer-to-peer internet systems (like those operated by the defendants in Grokster):

While the majority of VCR purchasers did not distribute taped television broadcasts, but merely enjoyed them at home, "it is obvious that once a user lists a copy of music he already owns on the Napster system in order to access the music from another location, the song becomes available for millions of other individually, not just the original CD owner."
(Emphasis added.)

(2) **Vicarious Liability**: In frank recognition of the direct copyright infringement occurring, the Court found that the "financial benefit" prong of this claim was met: "it is clear that defendants derive a financial benefit from the infringing conduct "because the ability to trade copyrighted works is a "draw" for "many" of defendants' tens of millions of users. The Court found, however, that the undisputed facts established that the right and ability to supervise the infringing conduct could not be established, which was a key difference from the facts in Napster. shown. In brief, the Court found that the Defendants had no ability to supervise and control the infringing conduct of users of the peer-to-peer network *after* [their software] product has passed to end users." By restricting its focus to what the defendants could do after the software was distributed, the Court found it to be "immaterial" that the defendants could have done more to limit the ability of their users to apply the software to transfer copyrighted works.

3. **In Re: Aimster Copyright Litigation, 334 F.3d 643 (7th Cir. June 30, 2003).**

The plaintiffs in Aimster, once again an array of owners copyrighted music, asserted claims against the "Aimster" Internet service for contributory and vicarious copyright infringement. The case was before the Seventh Circuit following the District Court's entry of a preliminary injunction that, effectively, shutdown the Aimster service.

Facts: The Court described the Aimster system as having the following essential components: (a) proprietary software that can be downloaded for free; (b) a computer server that (i) hosts the website and collects information obtained from users, (ii) does not make copies of swapped files, but (iii) does provide a matching service to enable users to find other users who have the file desired to be copied; (c) computerized tutorials that instruct software users' how to swap files; and (d) "Club Aimster," a related website available to Aimster software users to join for a monthly fee and use to download "top 40" popular-music files more easily than by using the free service. The process through which Aimster users share files entailed the following: users list on their computers the files they are willing to share; a user who wants to copy a file enters his request in the "Search For" field and Aimster's server then searches its software users' computers for the requested file and, if it finds the file, it instructs the computer of the user in which it is located to the computer of the user who made the request. The Court ruled that Aimster was not a direct infringer because the copyrighted works copied were located on the computers of its users and not on Aimster operated computers.

The Court next turned to the manner in which the Aimster file-sharing system is used, noting that it could readily be used for “innocuous” and salutary purposes such as expediting the exchange of confidential business data among employees of a business firm.

Claims Asserted: Significant to the court’s analysis of whether there was a sufficient likelihood of success on the plaintiffs’ claim that Aimster was a secondary infringer to affirm the entry of the preliminary injunction was the decision in Sony Corp. of America, Inc. v. Universal City Studios, Inc., 464 U.S. 417 (1984), that Sony was not a secondary infringer even though its Betamax video recorder allowed copyrighted television programs to be privately recorded without the consent of the copyright owners. The Aimster court carefully considered the Sony court’s ruling that the producer of a product that has substantial non-infringing uses is not a contributory infringer merely because some of the uses actually made of the project are infringing. In addressing where the balance is to be drawn in determining when the product’s infringing uses rise to a sufficient magnitude to warrant a finding of contributory infringement, the court rejected Aimster’s argument that it was enough for it to show that its service could be used in non-infringing ways – which it undisputedly could – in order to preclude a finding of contributory infringement.

The Seventh Circuit found significant that Aimster’s tutorial regarding the use of its software includes as its only examples of file sharing the sharing of copyrighted music. The court viewed this as “an invitation to infringement.” Likewise, the court found that the Club Aimster program, in which, in return for payment of a monthly fee, club members could download the “top 40” songs in a streamlined, single-click manner, “invariably” included songs that were under copyright. Further, the Court noted that Aimster’s server searched the computers of Aimster users in response to a club member’s file (i.e., song) request and, when the file was located, “effects the transmission.” While noting that the Aimster service was capable of “substantial non-infringing uses,” these possibilities were of no relevance on the record before the court, because “Aimster has failed to produce any evidence that its service has ever been used for a non-infringing use, let alone evidence concerning the frequency of such uses.”

In affirming the entry of the preliminary injunction against Aimster, the Court rejected the argument that Aimster could not be liable for contributory infringement because the design of its software ensured that it “lacked the knowledge of infringing uses that liability for contributory negligence requires” – a reference to both the software encryption that enabled users to conceal their identities and to the software design that provided for the file swapping to occur between computers that were not operated by Aimster. The court was unimpressed, ruling that: “Willful blindness is knowledge in copyright law ... [and] [o]ne who, knowing or strongly suspecting that he is involved in shady dealings, takes steps to make sure that he does not acquire full or exact knowledge of the nature and extent of those dealings is held to have a criminal intent.” In the words of the court, Aimster did not escape liability “by using encryption software to prevent [itself] from learning what surely [it] strongly suspects to be the case: that the users of [its] service – maybe all the users of [its] service – are copyright infringers.” (Emphasis

in original.) Further, while not separately resolving whether Aimster was liable as a vicarious copyright infringer, the court again commented that Aimster's "ostrich-like refusal to discover the extent to which its system was being used to infringe copyright is merely another piece of evidence that it was a contributing infringer."

D. What Do the Napster, Grokster and Aimster Decisions Tell Us?

While there is no shortage of decisions regarding the legality of peer-to-peer file sharing software services, the issues they raise have not been uniformly resolved. The decisions are consistent in establishing that a Napster-like service, in which the software company itself retains control over and possesses knowledge of the unauthorized copying of copyrighted works, has little chance of avoiding liability.

However, following the Napster decision, the peer-to-peer software has been adapted in an effort to skirt the boundaries of secondary liability. In Grokster, the District Court found these modifications to be sufficient to take the challenged software outside the proscriptions of Napster. In Aimster, the Seventh Circuit did not. While the software at issue in Aimster was not identical to that in Grokster, with the Aimster software leaving more control with the software distributor, that factor does not appear to have been decisive to the Seventh Circuit's ruling. Rather, the Aimster Court emphasized (1) the absence of evidence of non-infringing uses (as opposed to the possibility of non-infringing uses), and (2) Aimster's "willful blindness" and "ostrich-like" behavior in preventing itself from learning the extent to which its software users used to share copyrighted works. Given this emphasis, it is readily conceivable that the Seventh Circuit would find that the software in Grokster – which was intentionally designed so that the sharing activities occurred between the computers of anonymous users of software – constituted contributory copyright infringement.

While the Grokster Court recognized "the possibility that Defendants may have intentionally structured their businesses to avoid secondary liability for copyright infringement, while benefiting financially from the illicit draw of their wares," it made no reference to the law cited by the Aimster Court regarding "willful blindness," stating that it was up to the lawmakers to enact new legislation to expand copyright law boundaries to include such conduct.

Significantly, the Ninth Circuit may have signaled its views in Napster, where it ruled that "[t]urning a blind eye to detectable acts of infringement for the sake of profit gives rise to [vicarious] liability." While the specific acts committed by Aimster users may not be detectable at the time they occur, the act of devising a system to make such detection impossible may well be viewed as nothing more than an act of "willful blindness" that is not entitled to immunity.

While time will tell whether the Grokster court or the Seventh Circuit's view will prevail, there is no dispute that file sharing does constitute direct copyright infringement. And, copyright owners of recorded music have become increasingly aggressive since the Grokster decision in issuing subpoenas and pursuing the file-swappers themselves.

While this is a less efficient and less popular way for these owners to protect their rights, it may provide the chill that is necessary to curtail the explosive growth of for-free, unauthorized copying of copyrighted works.

II. Internet Piracy Through Sales of Copyrighted Works Over the Internet.

A. Introduction: In addition to the downloading of copyrighted works over the Internet through the peer-to-peer systems discussed above, there are also sites that offer for sale bootlegged and pirated copies of music and motion pictures. This section of the outline addresses how to protect against such distribution.

1. What happens when your copyrighted material shows up without authorization on the Internet
2. Not surprisingly, one's options are stronger if the works at issue have been registered for copyright with the Copyright Registrar. Such registration provides a public record of ownership of the material in question and, if the registration was filed prior to the infringing activity (or within 3 months after publication), in the event that liability is proven, the remedies available include statutory damages (which often are easier to prove than actual damages) and attorneys' fees.
3. Conversely, if there has not been prior registration, then the expense of proceeding against sales of a relatively limited number of copyrighted products over the Internet may weigh unfavorably against the potential recovery. Accordingly, it is always advisable to register copyrighted works as early as possible under the circumstances.

B. Contact the Internet Site Directly

1. Cease and Desist Letter (best option if your goal is to make the site stop the infringing activity)
 - A. Example of Cease and Desist Letter (Exhibit A)
 - B. At a minimum, cease and desist letter should contain the following:
 - i. Statement that you own the copyright
 - ii. Statement that website's actions are infringing and unauthorized
 - iii. Demand that website cease and desist from infringing activity
 - iv. Demand for an accounting of the exploitation made
 - v. Description of the website's liability and potential damages
 - vi. A deadline as to when you expect confirmation that website will cease infringing activity
 - C. Do not make threats you do not intend to act upon

C. Contact the Internet Service Provider – Digital Millennium Copyright Act of 1998 (codified at 17 U.S.C. § 512)

1. Title II – “Online Copyright Infringement Liability Limitation”: contains a procedure that grants ISP immunity from copyright infringement liability under certain circumstances
 - A. Service provider defined as “a provider of online services or network access, or the operator of facilities therefore” (§512(k)(1)(B))
 - B. Title II provides safe harbor provisions
 1. transitory communications: limits liability where ISP acts as a data conduit, transmitting digital information from one point on a network to another at someone else’s request §512(a)
 2. system caching: limits liability of ISP’s practice of retaining copies, for a limited time, of material that has been made available online by a person other than the provider and then transmitted to a subscriber at his or her direction §512(b)
 3. information residing on systems or networks at the direction of users: limits liability of ISPs for infringing material on websites hosted on their systems §512(c) – most common and will discuss in further detail
 4. information location tools: applies to hyperlinks, online directories, search engines, etc; limits liability for the act of referring or linking users to a site that contains infringing material by using such information location tools (ex. Google can not be liable for sending someone to a website that may contain infringing material); §512(d)
2. A More In-Depth Look at §512(c) – Limitation for Information Residing on Systems or Networks at the Direction of Users
 - A. In order to qualify for the limitation, ISP must meet the following criteria
 1. ISP must show that it did not have actual knowledge of the infringing activity
 2. ISP must show that it did not receive direct financial benefit attributable to the infringing activity
 3. ISP must expeditiously take down or block the infringing material upon proper notification
 - B. Statute requires that copyright owner provide proper notice, which includes:

1. A physical or electronic signature of a person authorized to act on behalf of the owner of an exclusive right that is allegedly infringed
 2. identification of the copyrighted work claimed to have been infringed, or, if multiple copyrighted works at a single online site are covered by a single notification, a representative list of such works at that site
 3. Identification of the material that is claimed to be infringing or to be the subject of infringing activity and that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate the material
 4. Information reasonably sufficient to permit the service provider to contact the complaining party, such as an address, telephone number, and, if available, an electronic mail address at which the complaining party may be contacted
 5. A statement that the complaining party has a good faith belief that use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law
 6. A statement that the information in the notification is accurate, and under penalty of perjury, that the complaining party is authorized to act on behalf of the owner of an exclusive right that is allegedly infringed
 7. *Hendrickson v. eBay, Inc.*, 165 F. Supp. 2d 1082 (C.D. Cal 2001): plaintiff brought suit against eBay alleging copyright infringement for the sale of unauthorized copies of film on eBay; court granted summary judgment in favor of eBay because plaintiff failed to provide proper notice under DMCA (no written statement under “penalty of perjury, no statement that plaintiff had a good faith belief that the use of the material was not authorized and failed to provided sufficient information identifying the alleged infringing material)
- C. **§512(g) – provides safeguards against erroneous or fraudulent notification** – subscriber (website) can respond to ISP’s removal of alleged infringing material with a counter notification (specific requirement include statement under penalty of perjury that material was removed or disabled through mistake or misidentification); unless copyright owner files action seeking a court order against the subscriber, ISP must put material back up within 10-14 business days
- D. **§512(i)(A) – safe harbor provisions apply only to ISPs who have adopted and implemented a policy (which has been transmitted to**

subscribers) that provides for the termination of accounts of repeated infringers

E. Examples of ISPs policies to report copyright infringement

1. Yahoo – designates agent and sets forth what is required in notice (Exhibit C)
2. eBay – explanation of VeRO Program (Verified Rights Owner Program) – (Exhibit D – sample policy); Notice of Claimed Infringement (Exhibit E)
3. Miramax's has had success with eBay's VeRO program – typical process includes sending (by e-mail or fax) a Notice of Infringement, including eBay auction number and description of material and eBay will remove (usually same day). However, with rare exceptions, burden is on copyright holder to find and identify all infringing material
3. Subpoena to Identify Infringer (§512(h) – copyright owner may request that the clerk of any US district court issue a subpoena to an ISP for identification of an alleged infringer
4. Pre-emptive moves: Fox and Lucasfilm issued warnings to ISPs about pirated copies of "Planet of the Apes" and "Star Wars: Episode I – The Phantom Menace" before they had any evidence of infringing copies being available on the ISP. The notices were based upon past experiences and the popularity of the movies in issue.
 - A. Many argue that this would not constitute sufficient notice under the DMCA because it is ambiguous and not specific
 - B. Public relations issue – many ISPs put off by threatening letter

November 6, 2001

VIA FACSIMILE and REGULAR MAIL

Company.com
Address
Address

Attention: Chief Legal Officer

Dear Sir or Madam:

It has just come to our attention that Company.com is selling, distributing and/or otherwise exploiting in the United States on its website "Company.com" at least the following motion pictures on DVD as to which Miramax Film Corp. ("Miramax") holds the exclusive rights): "Movie A," "Movie B," "Movie C," and "Movie D" (collectively the "Unauthorized Titles"). Company.com's actions in this regard are completely unauthorized and violate valuable rights held by Miramax. Miramax is the exclusive licensee of the right to distribute all of the foregoing Unauthorized Titles, as well as in other languages, on all home video formats, as well as through other forms of exploitation in, among other territories, the United States and Canada.

Miramax has not granted Company.com or any other entity or person associated with Company.com the right to sell the *Unauthorized Titles on DVD or to otherwise exploit the movie*. Thus, any such sale or other exploitation by Company.com is both unlawful and in violation of Miramax's rights, including, but not limited to, statutory and common law protections against copyright infringement and unfair competition.

On behalf of Miramax, we hereby demand that Company.com and any person or entity with which Company.com is affiliated immediately: (i) cease and desist from the distribution and/or sale of the Unauthorized Titles; (ii) provide us with all licenses or other documents, if any, by which Company.com claims any right to distribute and/or sell the Unauthorized Titles; (iii) provide us with a complete statement of the manner in which Company.com is exploiting the Unauthorized Titles, including copies of any agreements that Company.com has entered into with any person regarding the Unauthorized Titles; (iv) provide us with: (a) a detailed accounting of all revenues and profits that Company.com has derived from the sale of such DVDs, (b) the number of DVDs, that Company.com has manufactured and/or obtained and the source(s) from whom Company.com has obtained such copies; (c) the number of DVDs that it has sold or otherwise distributed (with full details as to the persons/entities to whom such sales were made, the dates of such sales or distributions and the number sold or otherwise distributed to each such person/entity); and (d) the number of DVDs in inventory; and (v) withdraw from distribution all copies of and all marketing and promotional materials relating to the Unauthorized Titles.

Company.com's exploitation of the Unauthorized Titles constitutes a willful and indefensible violation of Miramax's legal and equitable rights for which Company.com will be held fully accountable. Please respond to this letter no later than November 12, 2001 to confirm that you will immediately cease all exploitation of the Unauthorized Titles and that you will comply with the items listed in the preceding paragraph. For the record, nothing contained in or omitted from this letter shall be deemed an admission by Miramax of any facts or a waiver of any rights or

remedies, legal or equitable, which Miramax may have in connection with this matter, all of which are expressly reserved.

Sincerely,

Attorney

June 13, 2002

VIA FACSIMILE AND AIRBORNE EXPRESS

Anthony P. Coll
c/o Yahoo! Inc.
701 First Avenue
Sunnyvale, California 94089

Re: Unauthorized "Chicago" Website

Dear Mr. Coll:

I, the undersigned, certify under penalty of perjury that I am an agent authorized to act on behalf of Miramax Film Corp. ("Miramax"). Please be advised that Miramax is the exclusive owner of all rights to exploit "Chicago" (the "Picture").

It has recently come to our attention that one of your web-hosting clients at URL www.geocities.com/chicagomovie is exploiting, without Miramax's consent, an unauthorized trailer of the Picture, unauthorized photographs from the Picture, an unauthorized cast list and unauthorized credits from the Picture, and an unauthorized plot summary of the Picture (collectively the "Unauthorized Materials"). A hard copy printout of the pages displaying the menu for the Unauthorized Materials is attached for your reference. We have a good faith belief that this website is not authorized to exploit any materials related to the Picture.

We are therefore writing to provide you with notice that, under the Online Copyright Infringement Liability Limitation Act (17 U.S.C. § 512), and the laws governing contributory copyright infringement, Yahoo may be held liable for the above described infringements unless it responds expeditiously by removing or disabling access to these infringing materials.

Accordingly, we request that Yahoo immediately and permanently remove or disable access to the infringing materials listed above at URL www.geocities.com/chicagomovie and all related subpages. Please let me know promptly whether you will comply with this request. If you have any questions in the meantime, please feel free to call me. I look forward to your response.

Very truly yours,

Attorney

Yahoo! Media Relations

Exhibit C

8/4/03 12:48 PM

YAHOO! Media Relations



[Copyright Home](#) - [Media Relations Home](#) - [Info Center Home](#)

Copyright and Intellectual Property Agent for Notice

Yahoo! respects the intellectual property of others, and we ask our users to do the same. Yahoo! may, in appropriate circumstances and at its discretion, *disable and/or terminate the accounts of users who may be infringing the intellectual property rights of others.*

If you believe that your work has been copied in a way that constitutes copyright infringement, or your intellectual property rights have been otherwise violated, please provide Yahoo!'s Copyright Agent the following information:

1. an electronic or physical signature of the person authorized to act on behalf of the owner of the copyright or other intellectual property interest;
2. a description of the copyrighted work or other intellectual property that you claim has been infringed;
3. a description of where the material that you claim is infringing is located on the site;
4. your address, telephone number, and email address;
5. a statement by you that you have a good faith belief that the disputed use is not authorized by the copyright or intellectual property owner, its agent, or the law;
6. a statement by you, made under penalty of perjury, that the above information in your Notice is accurate and that you are the copyright or intellectual property owner or authorized to act on the copyright or intellectual property owner's behalf.

If you are seeking permission to use Yahoo! trademarks, logos, service marks, trade dress, slogans, screen shots, copyrighted designs, or other brand features, please contact the [permission requests](#) department, *not* the copyright agent.

Yahoo!'s Agent for Notice of claims of copyright or other intellectual property infringement can be reached as follows:

By mail:

Anthony P. Coll
c/o Yahoo! Inc.
701 First Avenue
Sunnyvale, CA 94089

By phone:

(408) 349-5080

By fax:

(408) 349-7821

By email:

copyright@yahoo-inc.com

Copyright © 2003 Yahoo! Inc. All Rights Reserved

<http://docs.yahoo.com/info/copyright/copyright.html>

[Topics](#) > [Safe Trading](#) > [Protection Programs](#) > [Protecting Intellectual Property](#) > eBay's Verified Rights Owner (VeRO) Program

eBay's Verified Rights Owner (VeRO) Program

eBay's VeRO Program was developed to facilitate cooperation between eBay and rights owners protecting their intellectual property rights.

Highlights of the program include:

- expeditious removal of listings reported to eBay by over 5,000 VeRO Program participants;
- specific, detailed warnings designed to deter the listing of potentially infringing items before a listing is posted on eBay;
- voluntary daily monitoring and removal by eBay of listings offering potentially counterfeit or otherwise infringing items;
- voluntary daily monitoring and removal by eBay of listings that violate eBay policies designed to prevent the listing of infringing items on eBay;
- ability to save searches and have the results emailed to you through [Favorite Searches](#);
- suspension of repeat offenders;
- continuing efforts to identify and prevent previously suspended users from reregistering for eBay; and
- cooperation with rights owners seeking personal information on alleged infringers.

However, because eBay is not an expert in your intellectual property rights, and cannot verify that sellers have the right to sell the millions of items they post on eBay each day, we need your help in identifying listings which do not appear on their face to infringe your rights.

How to report a listing to eBay

Step One:

If you have a good faith belief that a listing on eBay infringes your copyright, trademark, or other intellectual property rights, all you need to do is download our Notice of Claimed Infringement (NOCI) form, fill it out, and fax it to eBay. Download [eBay's NOCI form](#).

You will need Adobe® Acrobat Reader to view and print our NOCI form. If you do not have Adobe® Acrobat Reader, you can [download a free copy](#) at Adobe's web site by.

Step Two:

After we receive your first NOCI, you can report listings through Ranger Online's new VeRO tool. [Learn more about Ranger Online](#)



Alternatively, we will send you an electronic version of our NOCI form so you can send future notices to us via email, if you prefer.

Step Three:

We encourage you to educate eBay users about your products and legal positions by creating an "About Me" page. We have found that many of our users cease listing potentially infringing items when presented with such information.

[Learn how to set up your About Me page](#). Once you have posted your About Me page, send us an email and we will include it in our list of [VeRO Program participant About Me pages](#).

[Email us](#) for more information.

Related Help topics

- [Protection Programs: Overview](#)
- [Prohibited and Restricted Items: Overview](#)
- [Why did eBay remove my listing?](#)

Address of this page: <http://pages.ebay.com/help/confidence/vero-rights-owner.html>

[eBay Home](#) | [Using eBay Help](#) | [Print](#) | [Add to Favorites](#)

Notice of Claimed Infringement

Date:

eBay Inc.
Attn: eBay VeRO Program
2145 Hamilton Ave.
San Jose, CA 95125
Fax Number: (408) 516-8811

Dear eBay:

I, the undersigned, state UNDER PENALTY OF PERJURY that

- I am _____, the owner, or an agent authorized to act on behalf of the owner, of certain intellectual property rights ("IP Owner");
I have a good faith belief that the listings identified below (by item number) offer items or contain materials that are not authorized by the IP Owner, its agent, or the law, and therefore infringe the IP Owner's rights; and
The information in this notice is accurate.

Please act expeditiously to remove the following listings.

Item Numbers: _____

List (or representative list) of works infringed: _____

I may be contacted at:

Name and Title _____
Company _____
Address _____

email address (for eBay) _____
email address (for sellers) _____
Telephone _____
Fax _____

In addition to the undersigned, the following persons have the proper authority to sign future Notices of Claimed Infringement on behalf of the IP Owner:

Name: _____ Name: _____

Name: _____ Name: _____

Truthfully,

signature