



Counterfeits and Infringements: Problems and Solutions

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Congratulations - you have a commercially successful product. You've invested sweat and equity into developing your product, bringing it to market and building its brand. Unfortunately, as a result of your success, you may run into imitators and counterfeiters that eat into your profits, infringe on your rights, and expose you to liability. This is an all too common problem, particularly in light of the ease of the online marketplace.

The true economic loss from piracy to businesses is impossible to quantify. Estimates put global counterfeit sales at between \$200 billion and \$600 billion a year, which amounts to between 2.5% and 7% of all world trade. For a business, loss of sales and value are not the only injuries. Counterfeiting can undercut the reputation and good will of a brand you worked hard to build.

Venable has years of experience protecting intellectual property. We have recovered substantial damage awards against counterfeiters for our clients as well as facilitated the seizure and destruction of counterfeit products. Because we know this business, we deliver both results and value.

The Problem

Counterfeits and Infringements: A counterfeit is an imitation, usually one that is made with the intent of fraudulently passing it off as genuine. Think: counterfeit toys that look identical to the originals and are sold on the street corner or online.

An infringing or knock-off product, though it might not be a direct imitation, still intends to take advantage of the established value of the infringed product. Think: a knock-off toy that uses your idea, your layout or format, or a close resemblance to your name.

The Scope is Vast: The internet and technological innovations have revolutionized the way consumers purchase products, but they have also facilitated piracy and counterfeiting on a global scale. The U.S. Government has acknowledged that the breadth of intellectual property infringement, piracy and counterfeiting represents a serious problem that imposes substantial costs on businesses and the economy, depresses investment, and puts consumers at risk.¹ U.S. Customs and Border Protection found that in 2009, they alone seized over \$260 million in infringing items at the border. Toys and electronic games were in the top ten category of commodities seized.² On February 2, 2011, the International Chamber of Commerce estimated that by 2015, counterfeiting and piracy will cost the global economy an annual \$1.7 trillion and threaten some 2.5 million "legitimate" jobs each year.³

The Consequences are Serious: Business reputations are tarnished and consumers are harmed. Products that infringe upon your intellectual property cause both measurable economic harm and immeasurable reputational harm. Consumers may purchase an infringement instead of your product, inadvertently or not. On its face, this causes damage to you through loss of direct sales. In addition, it may also confuse the consumer that the products come from the same source, meaning that they attribute the knock-off to your company.

Counterfeits cause the same problems, and counterfeit toys that use inappropriate or dangerous materials may be purchased by a consumer who believes they are actually purchasing from you, damaging your reputation and exposing you to liability. Tragically, these consequences can be fatal: a seven-year old boy was killed by electrocution from a faulty counterfeit Nintendo Gameboy charger.⁴

¹ 2010 Joint Strategic Plan on Intellectual Property Enforcement. (Whitehouse.gov).

² Intellectual Property Rights, Seizure Statistics: Fiscal Year 2009 (cbp.gov).

³ Estimating The Global Economic And Social Impacts Of Counterfeiting And Piracy (iccwbo.org).

⁴ Modern-Day Piracy (Counterfeitscankill.com).

How Venable Can Help:

Protecting Your Intellectual Property (IP): The U.S. Department of Commerce succinctly advises that “the first step in protecting your business from intellectual property theft is to protect your IP – both in the United States and in other countries where you do business and source product.”⁵ They advise, “Companies should inventory their IP. Examine your business to see what might be eligible for a patent, trademark, copyright or trade dress status.”

Venable has a nationally recognized intellectual property practice, with more than 50 attorneys adept in IP auditing, IP enforcement, IP portfolio management, and patent, trademark and copyright acquisition in both the U.S. and overseas.

Stopping Fakes at the Border: Once you have registered a copyright or a trademark with the U.S. Patent and Trademark Office (USPTO), you may record your registration with U.S. Customs and Border Protection, which allows them to identify, seize and destroy infringing materials. Ensuring that you have a good relationship with U.S. Customs and providing them with tips for spotting infringements and counterfeits is crucial. An International Trade Commission proceeding is another relatively quick, effective way to stop importation of infringing goods.

Venable has attorneys who are not only experienced with registering and recording your copyrights and trademarks, but who also specialize in international trade and have established relationships with U.S. Customs. Further, Venable has had significant success for clients before the International Trade Commission (ITC).

Enforcement in the U.S.: Litigation is a viable option for enforcing your IP and acquiring not only injunctive relief, but also monetary damages. Without prompt help from a court, infringements of your intellectual property can kill market share or severely hurt your company.

Venable attorneys have extensive experience and success with motions for preliminary injunctions and temporary restraining orders involving a wide variety of products and services. Our IP litigation team is made up of seasoned trial lawyers who also have the technical knowledge required to handle complex IP litigation, if needed. Venable additionally has cutting edge experience combating online infringements, from copyright take-downs and domain name retrieval, to

⁵ *International Trade Administration, U.S. Department of Commerce (stopfakes.gov).*

social media enforcement. For example, Venable filed *amicus* briefs on behalf of Coty, Inc., in both the Second Circuit and before the Supreme Court, in the *Tiffany v. eBay* case, urging the Court to require online marketplaces to take further measures to prevent counterfeiting.

We also have a long record of working with regulatory and law-enforcement agencies to address counterfeiting issues on behalf of our clients. Our team has well-established relationships with agencies such as the Federal Trade Commission, the Food and Drug Administration and the Consumer Products Safety Commission.

Enforcement Overseas: China, Hong Kong, India, Taiwan and Korea have been identified by U.S. Customs as significant sources of counterfeit products. Venable lawyers combine tremendous experience with a global network of attorneys and agents to put a stop to copyright, trademark and patent infringement all over the world. Not only is Venable experienced in acquiring IP in those countries, but we have local connections to act to monitor production facilities, stop counterfeiting and arrange for seizures.

Industry Initiatives to Stop Fakes: Monitoring trade shows, the internet, and retailers is a vital measure in ensuring that you find the fakes that need to be stopped. Venable is experienced in conducting and overseeing this monitoring. We also have experience in the auditing and investigation of manufacturing facilities, and have effected numerous search and seizures. Venable attorneys have also created and worked with industry-wide anti-counterfeiting groups such as the Art Copyright Coalition and the Electronic Retailers Association Anti-Counterfeiting group.

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For more than three decades, we have been helping companies protect their brands and their bottom lines against counterfeiting and piracy in all its insidious forms, wherever it takes place. For more on how Venable can help you battle counterfeits and infringements, see: <http://www.Venable.com/intellectual-property-litigation-practices/> and <http://www.Venable.com/anti-counterfeiting/>.

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