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New Apple Lawsuit Combats Counterfeit Products at Home and Abroad

AUTHORS

Marcella Ballard
Victoria R. Danta

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A lawsuit recently filed by Apple Inc. in New York took aim at two stores in Flushing, New York, that allegedly profited from selling counterfeit Apple accessories to New York City residents. In the 18-page complaint, Apple details visits it made to the stores “on multiple occasions over several weeks,” during which it discovered allegedly counterfeit iPod, iPhone, and iPad accessories containing various Apple trademarks. The packaging housing some of these alleged fakes was “nearly an exact duplicate of genuine Apple packaging,” or perhaps a color photocopy, causing confusion even among Apple employees. Among other things, Apple demanded that the stores cease using Apple’s trademarks, turn over all of the alleged counterfeit products, and generate a list of both the products’ manufacturers and anyone who purchased them.

This lawsuit coincides with a parallel anti-counterfeiting operation currently in place in China, where Apple has been cracking down on fake Apple stores, in addition to fake Apple products. According to a memorandum posted on WikiLeaks, Apple has been combating counterfeiting in China since at least 2008, when it hired former Pfizer employees Don Shruhan and John Theriault to manage its growing security concerns. Incredibly, prior to 2008, Apple had no global security team in place and had not even taken the basic step of registering its trademarks in China. However, with Shruhan and Theriault at the helm, Apple embarked on a multi-prong anti-counterfeiting strategy of locating the counterfeit goods at retail stores, determining the identities of their manufacturers and distributors, and tackling online sales of the counterfeit goods. Apple also envisioned a partnership with the Chinese Public Security Bureau (PSB), with which Shruhan had a pre-existing relationship with vis-à-vis Pfizer. So far, raids conducted by Apple and the PSB have been successful. However, the extent and impact of the counterfeit goods in China has been difficult to measure. Accordingly, Apple finds itself in the middle of an uphill battle on two global fronts.