



# Anti-Counterfeiting Developments in the U.S. and the E.U.

Presented by:

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# 15 USCA § 1116

## Civil actions arising out of use of counterfeit marks:

- 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.

# 15 USCA § 1116

## 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 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 court shall not receive an application under this subsection unless the applicant has given such notice of the application as is reasonable under the circumstances to the United States attorney for the judicial district in which such order is sought. Such attorney may participate in the proceedings arising under such application if such proceedings may affect evidence of an offense against the United States. The court may deny such application if the court determines that the public interest in a potential prosecution so requires.

# 15 USCA § 1117

## **Profits; damages and costs; attorney fees**

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. 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. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

# 15 USCA § 1117

## Treble damages for use of counterfeit mark:

In assessing damages under subsection (a) for any violation of section 1114(1)(a) of this title or section 220506 of Title 36, in a case involving use of a counterfeit mark or designation (as defined in section 1116(d) of this title), the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever amount is greater, together with a reasonable attorney's fee, if the violation consists of--

1. intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark (as defined in section 1116(d) of this title), in connection with the sale, offering for sale, or distribution of goods or services; or
2. providing goods or services necessary to the commission of a violation specified in paragraph (1), with the intent that the recipient of the goods or services would put the goods or services to use in committing the violation.

In such a case, the court may award prejudgment interest on such amount at an annual interest rate established under section 6621(a)(2) of Title 26, beginning on the date of the service of the claimant's pleadings setting forth the claim for such entry of judgment and ending on the date such entry is made, or for such shorter time as the court considers appropriate.

# 15 USCA § 1117

## **Statutory damages for use of counterfeit marks:**

In a case involving the use of a counterfeit mark (as defined in section 1116(d) of this title) in connection with the sale, offering for sale, or distribution of goods or services, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a), an award of statutory damages for any such use in connection with the sale, offering for sale, or distribution of goods or services in the amount of--

1. not less than \$1,000 or more than \$200,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just; or
2. if the court finds that the use of the counterfeit mark was willful, not more than \$2,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just.

# 18 USCA § 2320

## Offenses.

Whoever intentionally -

(1) traffics in goods or services and knowingly uses a counterfeit mark on or in connection with such goods or services,

(2) traffics in labels, patches, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, or packaging of any type or nature, knowing that a counterfeit mark has been applied thereto, the use of which is likely to cause confusion, to cause mistake, or to deceive,

(3) traffics in goods or services knowing that such good or service is a counterfeit military good or service the use, malfunction, or failure of which is likely to cause serious bodily injury or death, the disclosure of classified information, impairment of combat operations, or other significant harm to a combat operation, a member of the Armed Forces, or to national security, or

(4) traffics in a drug and knowingly uses a counterfeit mark on or in connection with such drug,

or attempts or conspires to violate any of paragraphs (1) through (4) shall be punished as provided in subsection (b).

# 18 USCA § 2320

## Penalties:

**In general.**--Whoever commits an offense under subsection (a)--

(A) if an individual, shall 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, shall be fined not more than \$5,000,000; and

(B) for a second or subsequent offense under subsection (a), 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.

### **Serious bodily injury-**

Whoever knowingly or recklessly causes or attempts to cause serious bodily injury from conduct in violation of subsection (a), if an individual, shall be fined not more than \$5,000,000 or imprisoned for not more than 20 years, or both, and if other than an individual, shall be fined not more than \$15,000,000.



# 18 USCA § 2320

## **Penalties:** (Continued)

**Death.** Whoever knowingly or recklessly causes or attempts to cause death from conduct in violation of subsection

(a), if an individual, shall be fined not more than \$5,000,000 or imprisoned for any term of years or for life, or both, and if other than an individual, shall be fined not more than \$15,000,000.

## **Counterfeit military goods or services and counterfeit drugs.**

Whoever commits an offense under subsection (a) involving a counterfeit military good or service or drug that uses a counterfeit mark on or in connection with the drug--

(A) if an individual, shall be fined not more than \$5,000,000, imprisoned not more than 20 years, or both, and if other than an individual, be fined not more than \$15,000,000; and

(B) for a second or subsequent offense, if an individual, shall be fined not more than \$15,000,000, imprisoned not more than 30 years, or both, and if other than an individual, shall be fined not more than \$30,000,000.

# 18 USCA § 2320

## Definitions

(1) the term “**counterfeit mark**” means--

(A) a spurious mark--

(i) that is used in connection with trafficking in any goods, services, labels, patches, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, or packaging of any type or nature;

(ii) that is identical with, or substantially indistinguishable from, a mark registered 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;

(iii) that is applied to or used in connection with the goods or services for which the mark is registered with the United States Patent and Trademark Office, or is applied to or consists of a label, patch, sticker, wrapper, badge, emblem, medallion, charm, box, container, can, case, hangtag, documentation, or packaging of any type or nature that is designed, marketed, or otherwise intended to be used on or in connection with the goods or services for which the mark is registered in the United States Patent and Trademark Office; and

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

# 18 USCA § 2320

## Definitions: (Continued)

(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 220506 of title 36;

but such term does not include any mark or designation used in connection with goods or services, or a mark or designation applied to labels, patches, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, or packaging of any type or nature used in connection with such 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;

# 18 USCA § 2320

## Definitions: (Continued)

(2) the term “financial gain” includes the receipt, or expected receipt, of anything of value;

(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.);

(4) the term “counterfeit military good or service” means a good or service that uses a counterfeit mark on or in connection with such good or service and that-

(A) is falsely identified or labeled as meeting military specifications, or

(B) is intended for use in a military or national security application;

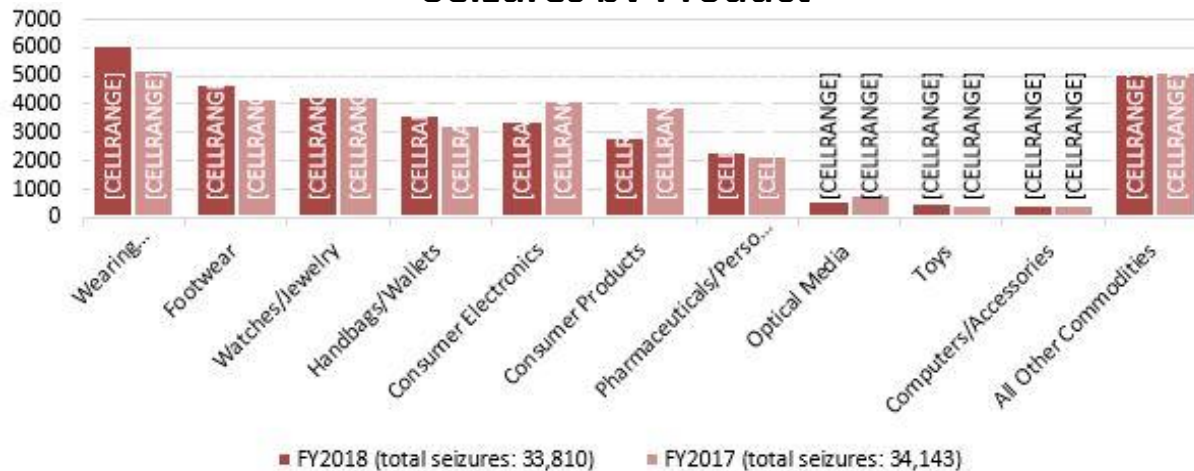
(5) the term “traffic” means to transport, transfer, or otherwise dispose of, to another, for purposes of commercial advantage or private financial gain, or to make, import, export, obtain control of, or possess, with intent to so transport, transfer, or otherwise dispose of; and

(6) the term “drug” means a drug, as defined in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).

# U.S. Customs Statistics Fiscal Year 2018

In fiscal year (FY) 2018, CBP seized 33,810 shipments containing goods that violated intellectual property rights. The total estimated manufacturer's suggested retail price (MSRP) of the seized goods, had they been genuine, increased to nearly \$1.4 billion from over \$1.2 billion in FY 2017.

## Seizures by Product

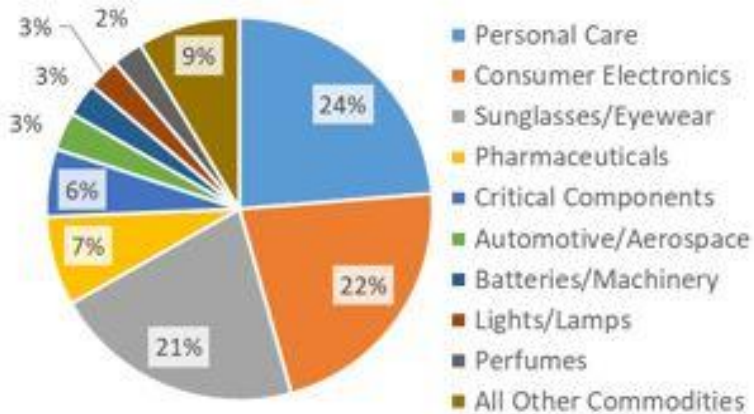


The above chart shows the total number of seizures by product. In FY2018, a total of 33,810 seizures were made, slightly less than the year before. Wearing Apparel and Accessories remained the most seized product category with 18% of all seizures. The next most seized categories were Footwear (14%), Watches/Jewelry (13%), and Handbags/Wallets (11%). Less products were seized in the Consumer Electronics and Consumer Products categories. For Consumer Electronics, numbers decreased from 4,137 to 3,388 in FY2018. Consumer Products seizures decreased from 3,912 to 2,816.

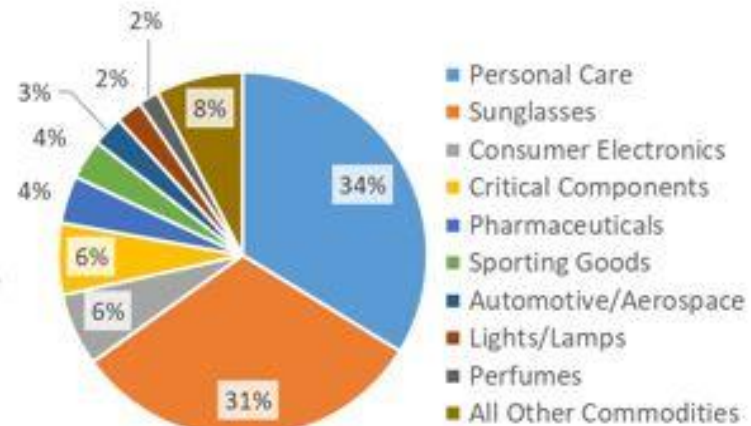
[https://www.cbp.gov/sites/default/files/assets/documents/2019-Aug/IPR\\_Annual-Report-FY-2018.pdf](https://www.cbp.gov/sites/default/files/assets/documents/2019-Aug/IPR_Annual-Report-FY-2018.pdf)

# Health, Safety & Security Seizures

Health, safety and security seizures, FY2018  
Total seizures: 5,329

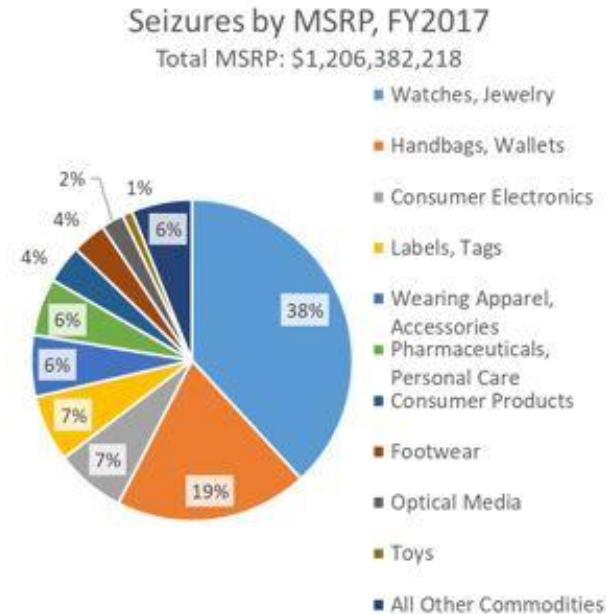
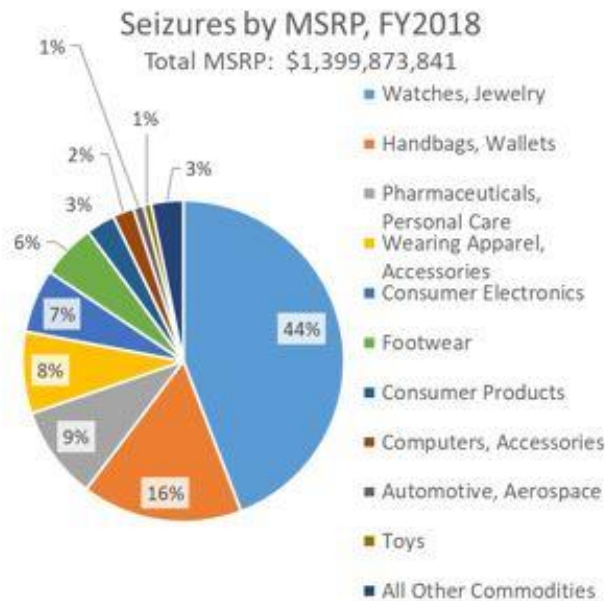


Health, safety and security seizures, FY2017  
Total seizures: 4,171



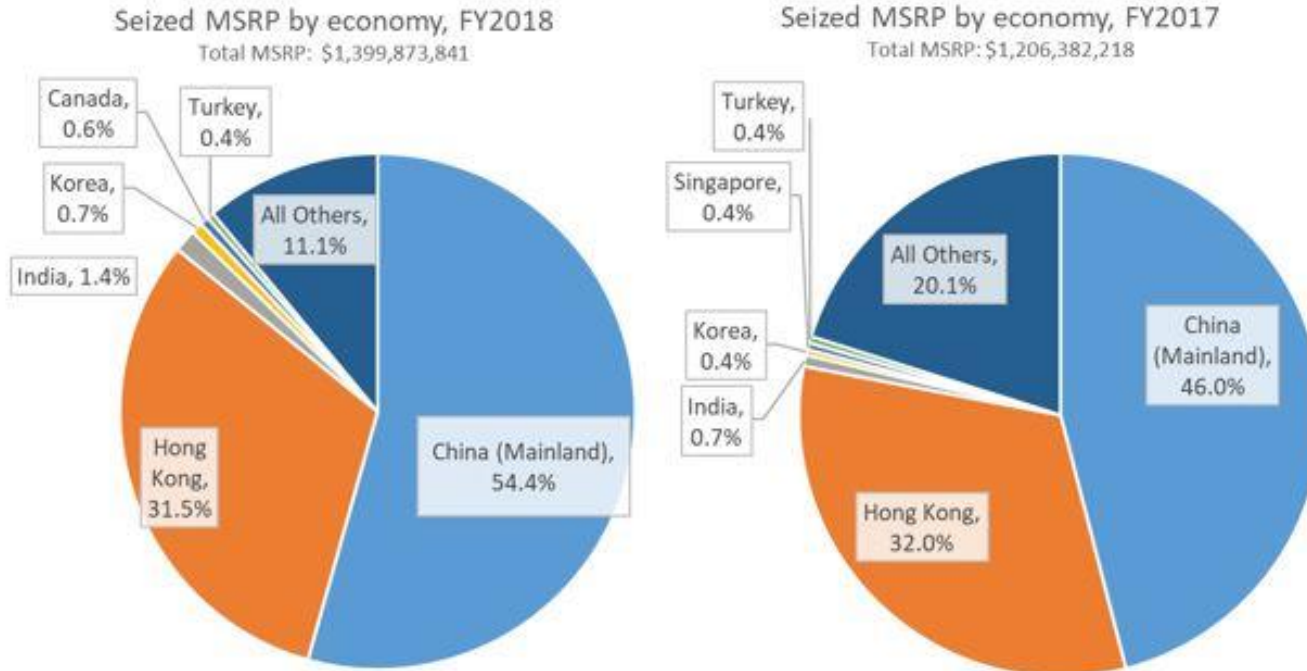
CBP also reported on seizures in the health, safety and security categories. In general, there have been 28% more seizures in this category than in FY2017. Personal Care items remained the most seized products. Consumer Electronics replaced Sunglasses as the second most seized product. Remarkably, the number of Pharmaceuticals seizures increased from 175 in FY2017 to 403 in FY2018, which represents 4% and 7% of total seizures, respectively.

# Seizures by MSRP



If the seized products were genuine, their Manufacturer Suggested Retail Price (MSRP) would have been \$1,399,873,841 in 2018. Compared to FY2017, their MSRP has increased by 14%, despite the total number of products seized being lower. In FY2018, the most seized product by MSRP remained Watches/Jewelry. The lower number of Consumer Electronics and Consumer Products seized can also be seen in their MSRP. Another notable difference compared to FY2017 is the absence of the Labels and Tags category. Furthermore, an increase in the seized value of Pharmaceuticals and Personal Care products is visible.

# Seized MSRP by Reported Country of Origin



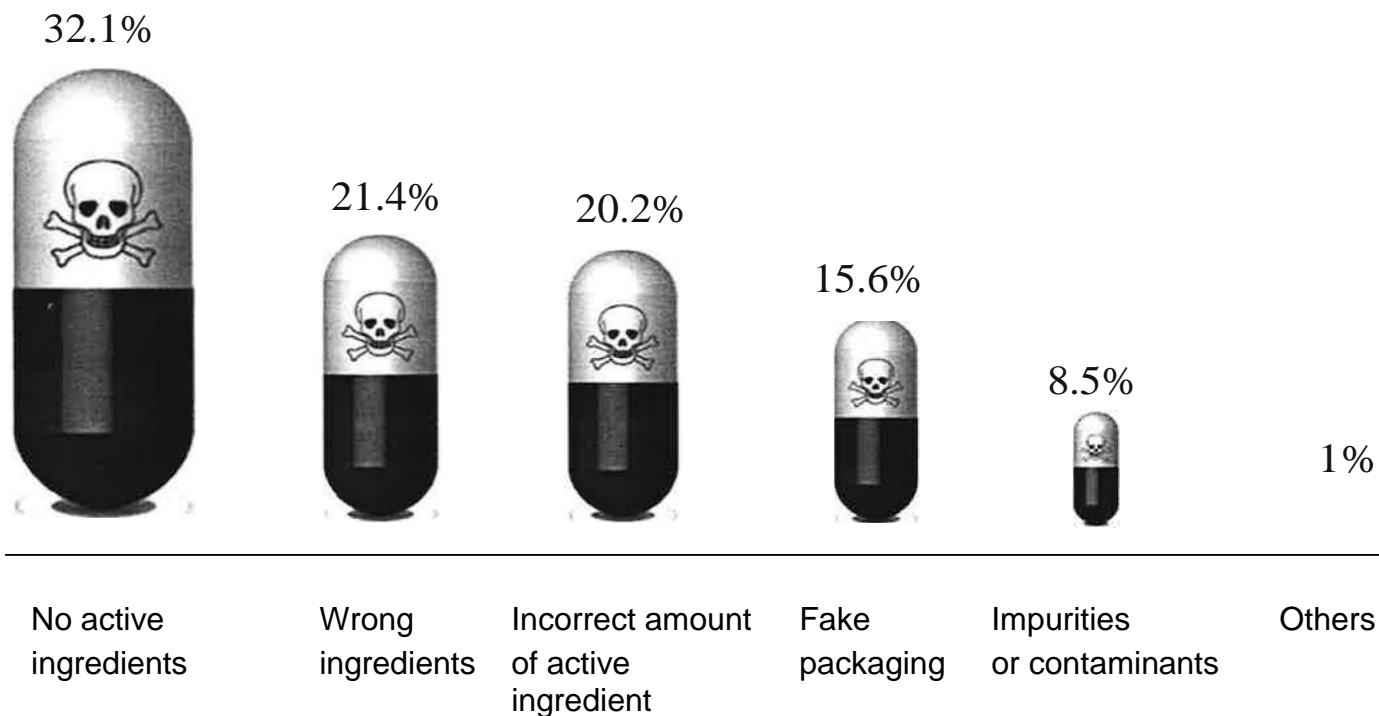
*Note: the seizure data reflect the reported country of origin, which is not necessarily the country where the seized products were produced.*

Unsurprisingly, most of the intercepted items originated in either China or Hong Kong. The total MSRP of seized products in FY2018 increased by 16%. At the same time, China's share in the total MSRP went up by 37%. The value of products arriving from Hong Kong, although representing a slightly smaller share of the total MSRP compared to FY2017, went up by 32% in absolute numbers. The MSRP of items arriving from India and Korea both increased by a remarkable 139%.



# What is falsified medicine?

“Falsified medical products that deliberately / fraudulently misrepresent their identity, composition, or source (WHO / EU Directive Falsified medicine)



# LEGISLATION: Medicrime Convention

**First international treaty to establish a criminal legal framework** to prevent and combat threats to public health. It provide tools to fight against falsified medicines and similar crimes, through 3 pillars:

1. Criminalization of certain acts;
2. Protection of the rights of the victims; and
3. Promotion of a national and international cooperation.

The Convention was adopted by the Council of Europe in December 2010.

**It entered into force on 1<sup>st</sup> January 2016.**

# LEGISLATION: Medicrime Convention

**29 Countries have signed:** Armenia, Austria, Belgium, Bosnia-Herzegovina, Croatia, Cyprus, Denmark, Finland, France, Germany, Hungary, Iceland, Italy, Liechtenstein, Luxembourg, Portugal, Republic of Moldova, Russian Federation, Slovenia, Spain, Switzerland, Turkey, Ukraine + Non members of Council of Europe: Benin, Burkina-Faso, Guinea, Israel, Morocco

**15 countries have ratified:** Albania, Armenia, Belgium, France, Hungary, Republic of Moldova, Russian Federation, Spain, Turkey, Ukraine, Portugal, Switzerland + Non members of Council of Europe: Benin, Burkina-Faso, Guinea

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