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Trademark Enforcement – Stopping Counterfeits at the Border and at Events

Presented by:

Jennifer Sickler, Partner, Gardere Wynne Sewell LLP



Jennifer S. Sickler
Partner, Intellectual Property
1000 Louisiana
Suite 3400
Houston, Texas 77002-5011
Phone: 713.276.5382
Fax: 713.276.6382
jsickler@gardere.com

v-card

Area(s) of Expertise

- Intellectual Property
 - Biotechnology
 - Chemistry
 - Copyright and Trademark
 - Direct Selling and Distribution
 - Franchising
 - Intellectual Property Litigation
 - Patent
- Energy Industry Team
- Hospitality Industry Team
- Retail Industry Team

Practice Emphasis

Jennifer Sickler practices law in all areas of intellectual property, including patent, trademark, copyright, trade secret, and licensing matters. Her emphasis is civil litigation of intellectual property matters in both federal and state courts, including arbitration and mediation experience. Ms. Sickler's practice includes preparation and prosecution of domestic and foreign patent and trademark applications.

Education

- J.D., Tulane University Law School (1988)
 - Co-Editor, Tulane Environmental Law Journal
- B.A., Rice University (1983)
 - Biochemistry

Publications

Publications

- Co-Author with C. Schaeper, R. Ferrara, C. Jacob and J. Gagnon, Two cents: Laying down the law for social media, Hous. B.J., Apr. 23, 2010.
- Author, Willful Infringement Post-Seagate and Revisiting the Need for Patent Opinions, C. St. B. Tex. Bull., p. 8, Summer 2008.
- Co-Author with J. Sander, Protecting IP: An Oil and Gas Perspective, Global Exploration &

- Production News, E&P Magazine, p. 101 (July 2007).
- Author, A View From the Interface: Molecular Biology, Chemistry, Physics, Semiconductors and Software, Hous. B.J., 2002.
- Co-Author with H. Camp, Ch. 8: Intellectual Property in Licensing, Franchising, and Other Business Arrangements, NAFTA and Beyond – A New Framework for Doing Business in the Americas (Martinus Nijhoff Publishers, 1995).
- Co-Author with H. Heim, The Impact of Rule 76A: Trade Secrets Crash and Burn in Texas, 1:2 Tex. Intell. Prop. L.J., pp. 95-107 (Spring 1993).
- Co-Author with Kei-Lai L. Fong, et. al., A Radioimmunoassay for 5-Methyletrahydrohomofolate, J. Pharm. & Exper. Therapeutics, 218; 344-47, 1981.

Speeches

- Speaker, "Intellectual Property Protection For A Start-Up Technology Company", Houston Corporate Paralegal Association, September 2007.
- Speaker, "Overview of Copyright Law", Houston Corporate Paralegal Association, October 2005.
- Speaker, "Recent Developments in Franchising: Trademarks, Trade Dress", ABA IPL Section Mid-Winter Meeting, Report for Committee 307, Copyrights - Authors, and Subcommittee Report for Committee 207 Trademarks – Franchising, January 2004.
- Speaker, "Managing Your Brand", Houston President's Forum, October 2003.
- Speaker, "Intellectual Property Litigation: Trademark, Patent & Copyright Infringement", University of Houston Law Center CLE, Advanced Business Litigation Course, July 2003.
- Speaker, "Trademark Infringement, How to Prosecute It: How to Respond," University of Houston Law Foundation, Intellectual Property Survey for the General Lawyer, Dallas & Houston, July 2000 and July 2001.
- Speaker, "Patent Prosecution Strategy and Recent Changes to the Patent Statute: 18-Months Publication and Provisional Rights," ABA Section of Intellectual Property Law, Summer IPL Conference, Boston, June 2000.
- Speaker, "Recent Cases On Patent Invalidity: Pitfalls to Avoid In Patent Prosecution," Rice University/ Baylor College of Medicine, Technology Managers, March 2000.
- Speaker, "Recent Cases on Patent Invalidity," University of Texas Medical Branch at Galveston, Technology Management Office, February 2000.
- Speaker, "The Affordable Prescription Drugs Act," ABA Section of Intellectual Property Law Mid-Winter Meeting, Report on H.R. 2927, January 2000.

Professional Affiliations

- Admitted to practice before:
 - Texas State Courts
 - U.S. District Courts for all districts of Texas
 - U.S. Court of Appeals for the Fifth and Federal Circuits
 - U.S. Patent and Trademark Office
- Member, State Bar of Texas
 - Intellectual Property Law Section
- Member, American Bar Association
 - Intellectual Property Law Section
- Member, Houston Bar Association
 - Computer & Online Law Section
- Member, Houston Bar Foundation
- Member, American Intellectual Property Law Association
 - Member, Copyright Law Committee
 - Member, Patent Litigation Committee
 - Member Trade Secret Law Committee

- Member, Trade Secret Law Committee
 - member, Chemical Practice Committee
- Member, Houston Intellectual Property Law Association
- Member, International Trademark Association
 - Member, Dilution and Well-Known Marks Committee
 - Member, East Asia and Pacific Subcommittee
- Member, American Intellectual Property Law Association
- Member, College of the State Bar of Texas
- Member, Greater Houston Partnership
 - Member, International Business Issues Committee

Honors and Awards

- Recognized, AV Preeminent Rating (5.0 out of 5), Martindale-Hubbell Attorney Directory

Community Involvement

- Trustee, Houston Grand Opera
- Member, Board of Directors, Houston Grand Opera Guild
 - Former President
- Sustaining Member, Junior League of Houston, Inc.
- Member, MS 150 Gardere Cycling Team

TRADEMARK ENFORCEMENT – STOPPING COUNTERFEITS AT THE BORDER AND AT EVENTS

I. TRADEMARK BASICS

In any discussion of the legal principles and practical applications of the law relating to trademarks, it is understood that what applies to trademarks also applies to service marks. The difference between the two is rather clear. Trademarks are used in connection with the sale of goods, while service marks are used in connection with the offering of services. Another concept that is often confused with trademarks, that is the matter of trade names which is, simply, the name used by the business entity in conducting business. It has no real relationship with the goods or services offered by the business unless the same term is used in a trademark sense in connection with the sale of the goods or the offering of services. For example, the term "Xerox" is both the name of the corporation, i.e., its trade name, and the name of its product "Xerox Brand Copiers".

A. Definitions

A trademark is defined in the Statute 15 U.S.C. § 1127 as:

The term "trade-mark" includes any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others.

The term "service-mark" means a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others. Titles, character names and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

A simple definition of trademarks could be any word, symbol, logo or even a three dimensional shape which can serve as the indicia of the source of the goods or services offered in connection with the mark.

B. Trademark Selection

In selecting a trademark for use in one's business it is prudent to spend some time and money to select a good trademark. The concept of a "good trademark" varies widely depending

upon who you ask. Your ad agency would like to have a descriptive mark because it is easy to put into copy. Your management would want a mark that would be cheap. Your marketing people want one that sells, and your lawyers want a trademark that would require only a letter .to infringers to drive them into a quivering mass of jelly. Over the years a hierarchy has developed relating to the enforceability of trademarks. It generally breaks down into four categories:

1. Arbitrary or Fanciful Marks (KODAK, EXXON, YUBAN)

A fanciful mark is a word that has no meaning. There are a number of criteria that often used in creating arbitrary marks. They have five to seven letters, two syllables, and are easily pronounceable. Some companies use a computer to assemble letters meeting this criteria. Arbitrary or fanciful marks are the-most expensive marks to adopt because they require advertising and extensive public education for their entire substance. An arbitrary mark is used in common usage for something other than the product for which it is adopted (e.g., V-8), OLD CROW). Since the word means nothing or something entirely different in the beginning, advertising must be used to (a) relate the word to a product; and (b) relate the word to the vendor of the product. However, once done, the mark becomes relatively simple to enforce and has characteristics which send the lawyers for infringers to the settlement table. Caution: be sure that the word does not have an unsavory meaning in a foreign language.

2. Suggestive Marks (Q-TIPS, ORANGE CRUSH, CITIBANK, HULA HOOP)

These are marks which have a fanciful element to them, yet suggest the product or service which is offered. In many corners, suggestive marks come closest to satisfying everyone listed above having an input into the mark selection process. They are catchy enough to attract attention and descriptive enough to draw it toward the product.

3. Descriptive Marks (BEEF & BREW, BUFFERIN, RAISIN BRAN)

Descriptive marks come pretty close to being the name of the product being offered. Descriptive marks are not immediately registrable on the Principle Register in the Patent and Trademark Office but must be registered on the Supplemental Register, a register designed for

descriptive marks unless secondary meaning can be shown. It is a requirement of a descriptive mark that it be capable of having trademark significance; i.e., that it become an indicia of the source of the goods or services offered in connection with the mark. After a point of exclusive use and usually considerable promotion, the mark may achieve secondary meaning and become registrable on the Principal register.

4. Generic (Aspirin, Nylon, Escalator, Football, Airline)

A generic term cannot become a trademark at all. A generic term is the name of the goods or services themselves which are offered for sale. You may recognize the marks mentioned parenthetically above as being common things. These were, at one time, very successful trademarks, too successful. While we will talk more later on concerning the enforcement of trademark rights, most former trademarks which have become generic, the name of the goods or services themselves, have done so because the trademark owner did not practice the vigilance necessary to prevent the occurrence. Briefly, in every instance where someone misuses the mark, as the name for goods or the services, they must be notified of the misuse and held accountable for it. There are organizations which will do this watch service and advise trademark owners of misuses of or infringement of, various trademarks.

C. Adoption of Marks

When adopting a trademark, it is important to check the availability of the term "for use". That is done by having a trademark search conducted by one of the many organizations that performs that service. Your trademark attorney would provide that service or acquire it for you. This search is performed in order to save the new trademark owner the cost of adopting and promoting a mark which has already appropriated for trademark use by another party. Therefore, as a practical matter, when an organization selects a trademark for certain products, it should go ahead and look at several alternative terms that would be acceptable. This would save some money.

There has been a recent change in the trademark law which allows trademark applications to be filed before use is made of the mark in commerce. This is called an intent-to-use application and, if you have a six to eight month period of time within to which to select your trademark before offering a product to the public, you might file an application in this manner

and let the Trademark Attorney at the Patent and Trademark Office perform your preliminary search for you. Then you will get a reading as to the registrability of the mark prior to actually putting the mark into use.

The last step of the selection process for a trademark is the use as a mark in connection with offering goods or services in commerce. This date of first use should be carefully recorded, documented and delivered up for proof in case there is a later contest over the ownership of that mark and the right to use it. Of paramount importance to remember with respect to trademarks as an important piece of intellectual property: it is the use of the mark in commerce in connection with the goods or services that establishes the right to enforce the mark.

The use of your trademarks is of paramount importance in creating a valuable piece of intellectual property. Of prime importance, the trademark is always used as an adjective; never a noun, never a verb, always an adjective. In adopting a new mark and building strength in that mark, it should always be followed by the generic term which fits the product. So sensitive are some trademark owners about the value of this property, they even insert the word "brand" between the mark and the generic term to underline the trademark significance.

Often when you see the word "brand" used, it is an indication that the owner recognizes that his mark may be in danger of becoming a generic term for the product. For example, we have all seen the Johnson & Johnson containers of BAND-AID "brand" adhesive bandages; 3M's SCOTCH "Brand" Magic Tape. Before registration it is well to put a "m" or "" on the right-hand shoulder of the trademark when used to provide clear notice to the public that it is a trademark and that you are claiming trademark rights in it. Attention to details of this nature at the outset can end up paying dividends later, if it becomes necessary to enforce the mark. There are many marks that we use so commonly that the use is always considered to be as an adjective. For example, we don't say, "a Ford automobile." We say, "a Ford." The noun, automobile, or car, or truck, is understood. The question would pop into mind, "Well, wouldn't that be taking a risk that the mark would become generic?" That only becomes an issue when you stand the corner looking at a Mercedes 560 and ask, "What kind of ford is that?" Trademark selection, use and protection, once you become exposed to the primary values of trademarks, is a common sense matter.

You never use a trademark as a noun or a verb. You don't "Xerox" documents, and you don't hand someone a "Xerox" of the document.

Advertising agencies sometimes resist the necessity of using the trademark as an adjective because it creates awkward sentence structure. They like to select descriptive terms. It is easier to write beautiful prose with a descriptive term than it is to stick another adjective in the advertising copy. The ease of using the trademark in prose should be considered when the mark is being selected.

D. Registration

All of the 50 states, the United States and most foreign countries have trademark registration statutes. Of course, state courts enforce the state registrations and federal courts, the federal registrations. If a state registration exists in the state in which a federal suit is brought, then infringement of the state mark would be included. Normally, in considering the registration of marks, in a particular state, the matter of whether the state court would give an advantage during the enforcement of the registration not obtainable in federal court must be considered. For example, if the state involved has a propensity to quickly grant temporary restraining orders or preliminary injunctions, then it may be better to file state court action to ask that an infringer be enjoined than to file in federal court and wait for that procedure to wind its way through.

The advantage of the federal registration is that it constitutes notice throughout the United States of the exclusive rights to use the mark in connection with the goods or services for which it is registered. It is also a valuable right to have access to the federal court system for prosecuting an infringement suit, except as mentioned above.

There are two types of applications for registration of a mark in the United States Patent and Trademark Office. They are the intent-to-use application, where the application is filed prior to any use of the mark in commerce, and the conventional application which is filed after the use in commerce. Both proceed through the examination procedure identically, except that once the intent-to-use application is accepted, a notice of allowance is sent to the applicant which provides that a sworn statement that the mark is being used in commerce must be filed within six months of the mailing date of the notice of allowance. Though, this time may be extended,

failure to file such a statement of use will result in the abandonment of the application. When the statement of use is filed, the date then refers back to the date in which the intent-to-use application is filed. Until there is use, the filing date of the intent-to-use application is relatively meaningless. No rights in trademark are obtained until use occurs.

Once the application is deemed registrable in the Office, it is published for opposition. The public has thirty days after publication within which to oppose the registration of the mark. Anyone in the public may oppose if they will be damaged by the registration. An opposition does not have to be based upon a registration. If a term is being used as a trade name (i.e., merely the name of a company) which is prior time to the use of trademark sought to be registered, the owner of the trade name may legitimately oppose the registration of another party's trademark.

E. Notices

The notice to be used prior to registration has been discussed above. The little "TM" or "SM" is put on the right-hand shoulder of the mark when used. When the mark becomes registered, then the famous "®" is used. This notice symbol is not to be used prior to registration.

F. Value of Trademarks

The trademark is the most valuable of intellectual property in connection with the marketing of goods and services since it is a perpetual right which, with proper use vigilance, only grows in value.

Trademarks have tremendous power to control markets and even to control things such as television production. In the past basketball season, toward the end, the teams with the best two records in the Western Conference were playing on Sunday afternoon, but television showed a game between teams with the third and fourth best records largely because each of those teams had stars which endorsed the Nike Brand basketball shoe, while the star of the team with the second best record endorsed L.A. Gear. Nike spends more advertising its products on NBC than does L.A. Gear. Does this sound reasonable?

Trademarks also may be coupled with other intellectual property rights so that they enhance each other. For instance, adopting a trademark on a patented consumer product during the period of time while the product cannot be copied due to the patent is an enormous

advantage for the patent/trademark owner to build up strength in the trademark. One such instance would be the Realemon mark owned by Borden Company. Borden had the patent on the lemon juice concentrate and the method for making the concentrate. During the time the patent was running, when nobody else could prepare a product of this nature, the mark "Realemon" became the standard of the industry so that even when the patent expired and other companies made an identical product Realemon was still the one that was being purchased. It was so market-dominant that the Federal Trade Commission attempted to force Borden to issue an illegal license without quality control provisions. Appeal to the courts resulted in an holding that this was an impermissible taking without due process of law.

G. Represents Goodwill

The trademark itself represents the goodwill of the company or trademark owner and, therefore, can be damaged if the quality of products sold under the mark is not kept up. Where the mark is licensed, the quality of the goods made by the licensee under the mark must be controlled by the owner. If not, the mark, hence, the registration, may be considered to be abandoned, a severe penalty.

H. Transferability

A trademark may be assigned to another party if all of the goodwill pertinent to that mark is assigned with it. This normally requires the sale of the entire business to which the mark pertains. An attempt to transfer the mark and registration without transferring the goodwill in connection with the business has been construed to be an abandonment of the mark. Abandonment of the mark is a very severe consequence since it becomes impossible to tie back into the original registration and use once the hiatus of abandonment is realized.

I. License

The trademark is the subject of a license agreement in many instances. A written license between a parent and subsidiary company which actually uses the mark is even important. The most important provision of a trademark license agreement in connection with the continued viability of the mark is that relating to the quality of the goods or services offered under the mark. The agreement must have quality control provisions to allow a periodic check of the quality going into the goods or services by the licensee. A provision in the agreement is not enough if the licensor does not follow up to assure of the quality themselves.

J. Franchises

Just one step away from the license agreement is the franchise agreement. Many of the current agreements thought to be licenses may indeed be franchise agreements. In a franchise agreement the difference in language is that the franchise agreement has provisions in it which control the business of the franchisee, whereas the license agreement does not go that far. This makes a tremendous amount of difference, in fact, since most states and the Federal Trade Commission require certain amounts of reporting and disclosure in order to have a valid franchise agreement. The difference in meeting the reporting requirements of franchises, the cost is considerable. Indeed, unless the intent is to franchise, it is prudent to studiously avoid that characterization. A supposed licensor/licensee relationship may actually be a violation of law. There are many famous franchises. Indeed, the glue which holds franchises together is the trademark, or family of marks.

K. Enforcement of Trademark Rights

Trademark rights may be asserted against those would use the mark in a generic sense rather than a proper trademark manner. A dictionary may be enjoined if you catch the dictionary publisher before publication and distribution. The publishers of telephone books classified pages are frequent defendants to trademark infringement matters. These often become areas of negotiation rather than litigation is required. There is a great tendency in the market place to come as close to success as possible and the adoption of trademarks is no exception. When this occurs, the trademark owner is forced to file an infringement suit to ask for an injunction to keep the other party from using the mark. The test for infringement of a trademark, just as it is the test for registration of a mark, is likelihood of confusion as to the source, sponsorship or association of the supplier of one product with the owner of the mark itself. To arrive at the result, a number of factual determinations are required to support a finding of the likelihood of confusion. There are two main cases which are followed by most of the circuit courts in the United States Federal Court System. Rather than discuss them, I will merely list a number of the factual determinations for your consideration and reference when you need to make such a determination. It is not necessary for them all to be present and they are not weighed equally but in their consideration a result is reached. These factors are:

- The similarity or dissimilarity of the marks in their entirety as to appearance, sound,

connotation and commercial impression;

- The similarity or dissimilarity and nature of the goods or services as described in an application or registration in connection with which a prior mark is in use;
- The similarity or dissimilarity of established, likely to-continue trade channels. Restriction of channels can avoid a conflict. Where the identification of goods is restricted to certain narrow channels of trade, it can avoid a finding of a likelihood of confusion with a registration for a similar mark for related goods.
- The conditions under which and buyers to whom sales are made, i.e., "impulse" vs. careful, sophisticated purchasing;
- The fame of the prior mark (sales, advertising, length of use);
- The number and nature of similar marks in use on similar goods;
- The nature and extent of any actual confusion;
- The length of time during and conditions under which there has been concurrent use without evidence of actual confusion;
- The variety of goods on which a mark is or is not used (house mark, "family" mark, product mark);
- The market interface between applicant and the owner of a prior mark: (a) a mere "consent" to register or use, (b) agreement provisions designed to preclude confusion, i.e., limitations on continued use of the marks by each party, (c) assignment of mark, application, registration and good will of the related business, (d) laches and estoppel attributable to the owner of the prior mark and indicative of lack of confusion;
- The extent to which the applicant has a right to exclude others from use of its mark on its goods; The extent of potential confusion, i.e., whether *de minimis* or substantial; and
- Any other established fact probative of the effect of use.

Another important fact is the intent of the infringer in adopting the mark in question.

Often intent can tip the scales one way or the other.

The main redress sought in a trademark suit is injunction -- that is stop the infringer from using the mark -- and not damages. Money damages are difficult to determine and prove and often, even when proof is possible, the amount is small relative to the cost of the proofs. In obtaining the injunction, we often ask that the offending party surrender up all manifestations of the mark for destruction. This is not uncommon. Many times, settlement of infringement actions occur by allowing the offending party to change the mark over a period of time while it works out the collection of infringing materials.

Another concept that is becoming frequently used in connection with encroachment on one's trademark matters is the matter of dilution. This often has been construed only to apply

to famous marks such as Tiffany and Rolls Royce, for example, where the mark is used in connection with the sale of goods that do not cause a likelihood of confusion under the traditional concepts of trademark infringements. It is spreading to other, lesser-known marks also. Courts have granted injunctions based on dilution and some states have enacted valid anti-dilution statutes.

L. Trade Dress

A relative of the trademark is recognizable trade dress which follows many of the same tenets of trademark law and has become enforceable under the same statute setting forth the trade regulations involving trademark law. It is also unfair competition when the trade dress of a party is copied. Trade dress may amount to the packaging of a product, the ambiance of a that there is a relationship between restaurants that have the same ambiance or products that have similar packaging. The proof of such trade dress infringement is much like the proof of trademark infringement and can follow the same scenario as discussed above with the same factual determinations and presentations.

As you can see from the foregoing, trademarks and its cousin, trade dress include important commercial rights falling under the heading of intellectual property with the value of the property having some proportion to the effort expended by the owner of the property in protecting and enforcing it. Continued vigilance and aggressive posture with respect to those who would encroach on one's trademark rights is paramount. Think of the value of trademark rights the next time you see a sports personality doing Nike ads or even merely playing in a game. See if you don't think "Nike", even though you are watching the game. The mark can be your most valuable possession in business.

II. STOPPING COUNTERFEITERS AT EVENTS

A. Counterfeits – Definition

Shopping deals at flea markets and street vendors are hard to resist. But are those authentic goods or counterfeits that you are buying? The Lanham Act § 1127 defines a counterfeit as "a spurious mark which is identical with, or substantially indistinguishable from, a registered mark." Thus t-shirts marked with NFL or Houston Texans without permission from the trademark owner are counterfeits.

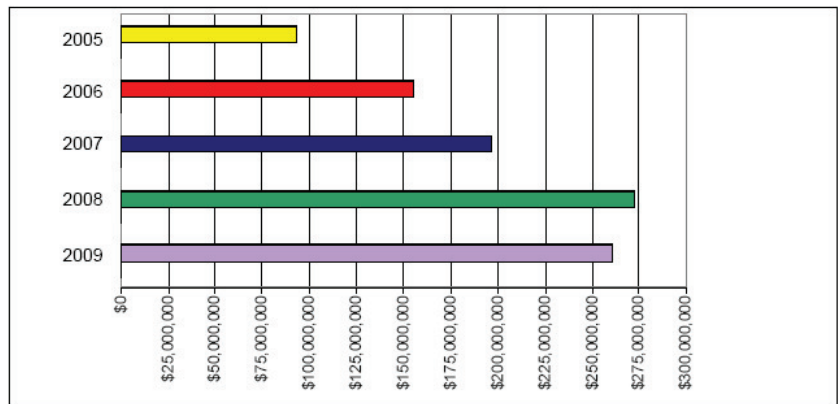
B. Counterfeiting Statistics

According to U.S. Customs Office publications, the government seized 19,959 counterfeit and pirated goods in fiscal year 2010 at point of entry to the U.S. These goods had a total domestic value of \$188.1 million and a manufacturer's suggested retail price of \$1.4 billion. The total domestic value of counterfeit products seized that bear potential safety or security risks seized was reported as \$42 million. Cigarettes were the top product in this category. China continues to be the number one source for counterfeit and pirated goods seized in fiscal year 2010, per Customs, accounting for 66 % of the total seizure value. For the fifth year in a row, footwear was the top counterfeit product seized, accounting for 24 % of the entire domestic value of infringing goods. U.S. Customs charts are shown below for similar data from 2009.

Comparison of Yearly Domestic Values of IPR Seizures

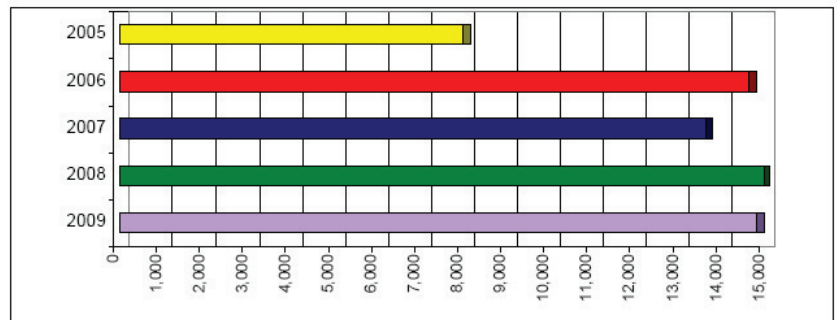
The total value of IPR seizures has increased by more than 25% each year since FY 2005, with the exception of FY 2009 which posted a small decrease. There was a 25% decline of all importations in FY 2009 compared to FY 2008.

Fiscal Year	Overall Total Values (IPR)
2005	\$ 93,234,510
2006	\$ 155,369,236
2007	\$ 196,754,377
2008	\$ 272,728,879
2009	\$ 260,697,937
Total	\$ 978,784,939



Comparison of Yearly IPR Seizure Totals

Fiscal Year	Number of Seizures
2005	8,022
2006	14,675
2007	13,657
2008	14,992
2009	14,841
Total	66,187

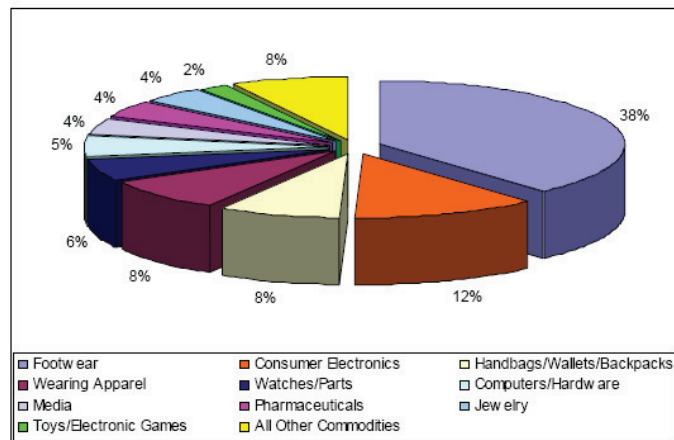


U.S. Customs and
Border Protection

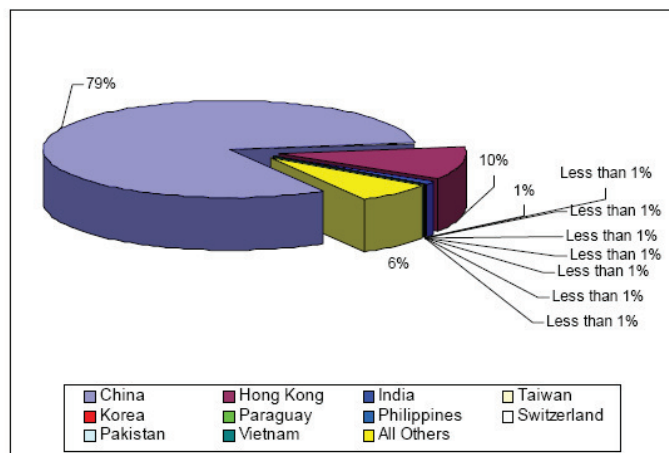
Disclaimer
The information contained on this page does not constitute the official trade statistics of the United States. The statistics, and the projections based upon those statistics, are not intended to be used for economic analysis, and are provided for the purpose of establishing CBP priorities and workload.

U.S. Immigration and
Customs Enforcement

FY 2009 Commodity	Domestic Value	Percent of Total
Footwear	\$ 99,779,263	38%
Consumer Electronics	\$ 31,773,625	12%
Handbags/Wallets/Backpacks	\$ 21,501,614	8%
Wearing Apparel	\$ 21,462,276	8%
Watches/Parts	\$ 15,533,922	6%
Computers/Hardware	\$ 12,546,098	5%
Media	\$ 11,099,758	4%
Pharmaceuticals	\$ 11,057,991	4%
Jewelry	\$ 10,499,243	4%
Toys/Electronic Games	\$ 5,503,143	2%
All Other Commodities	\$ 19,941,004	8%
Total FY 09 Domestic Value	\$ 260,697,937	
Number of Seizures	14,841	



FY 2009 Trading Partner	Domestic Value	Percent of Total
China	\$ 204,656,093	79%
Hong Kong	\$ 26,887,408	10%
India	\$ 3,047,311	1%
Taiwan	\$ 2,453,914	Less than 1%
Korea	\$ 1,510,443	Less than 1%
Paraguay	\$ 1,496,043	Less than 1%
Philippines	\$ 1,479,958	Less than 1%
Switzerland	\$ 1,277,646	Less than 1%
Pakistan	\$ 710,658	Less than 1%
Vietnam	\$ 603,529	Less than 1%
All Others	\$ 16,574,934	6%
Total FY 09 Domestic Value	\$ 260,697,937	
Number of Seizures	14,841	



Seizure of counterfeit products within the United States is important too. Due to the sheer volume of imports, it is difficult to “catch” everything at the border. Further, some counterfeits are manufactured within the U.S. The World Cup, Super Bowl, rock concerts, and other large events are premium targets of counterfeiters. U.S. Immigration and Customs Enforcement officials announced in February 2011 that, with two days left before Super Bowl XLV, they had already seized a record number of counterfeit Super Bowl merchandise - 36,273 fake items nationwide, with a value of about \$3.56 million. About 10,430 of these items were seized in North Texas. In addition to the merchandise, agents reportedly also shut down ten illegal websites, eight of which

were streaming illegal video of NFL games.

C. Civil Court *Ex Parte* Seizures

In 1984, Congress amended the Lanham Act (commonly referred to as the Trademark Act) to make clear the procedures for *ex parte* seizure orders. Under 35 U.S. C. §1116(d), a party seeking an *ex parte* seizure of counterfeit goods must:

- File an application with an affidavit or verified complaint establishing the necessary facts for issuance of the order; and
- Post a bond in an amount deemed adequate by the court for payment of damages if a wrongful seizure is made.

The Court should grant an *ex parte* order if it finds clearly from the pleadings and evidence that:

- An order other than an *ex parte* seizure order is not adequate to provide relief;
- The applicant has not publicized the requested seizure;
- The applicant is likely to succeed in showing that the person/entity against the whom the order is sought used a counterfeit mark in connection with the sale, offer for sale, or distribution of goods or services;
- An immediate and irreparable injury will occur if the seizure is not ordered;
- The matter to be seized will be located at the place identified in the application;
- The harm to the applicant in denying the application outweighs the harm to the legitimate interests of the alleged counterfeiter; and
- The alleged counterfeiter would destroy, move, hide, or otherwise make the goods inaccessible to the court, if the applicant were to give notice to such person.

The seizure must be completed within seven days after issue of the order and the seized goods are taken into the custody of the court. Unless the court finds extenuating circumstances, applicant should be awarded treble damages or profits and a reasonable attorney fee, if the counterfeiter intentionally sold counterfeit goods. 15 U.S.C. §1117(b).

D. Criminal Penalties

In 1984, Congress enacted the Federal Counterfeiting Act, which provides for criminal anti-counterfeiting penalties. See 18 U.S.C. §2320. The statute defines intentional trafficking in counterfeit

goods or services as a federal crime with a maximum penalty for a first offense by a person of \$2 million and/or 10 years in prison. The maximum fine against a corporation is \$5 million. A 2008 amendment increased criminal penalties if the defendant knowingly or recklessly sold counterfeit goods that caused, or attempted to cause, serious bodily injury or death. This enhanced penalty is important in particular for the pharmaceutical and food industries.

III. STOPPING COUNTERFEITERS AT THE BORDER

Statutory authority for stopping infringing imports can be found in both the Lanham (Trademark) Act and the Tariff Act. See 15 U.S.C. §1124 and 19 U.S.C. §1526. Trademark owners may implement seizure procedures through Customs by filing an application which records its mark. This may be done via a letter to Customs. Alternatively, a trademark owner may use an Internet registration procedure called IPRR, the Intellectual Property Rights e-Recordation online system. It can be found at apps.cbp.gov/e-recordations. Copyrights may be recorded at this site too. Below is the home page of this service.

Welcome to the Intellectual Property Rights e-Recordation (IPRR) application.



This new method for filing initial trademark and copyright recordation applications will greatly decrease the amount of time and paperwork normally required, thus providing more timely enforcement of your intellectual property rights. (* Please note: An electronic application for trademark and copyright "renewals" and "tradename" recordations is not yet available. For additional information, please review the "Renewals" and "Tradename" sections at the bottom of this page.)

The filing of this electronic application will begin the administrative recordation process with CBP. A separate application is required for each recordation sought. Applications will be processed in the order in which they are received. The recordation fee for copyrights is \$190. The recordation fee for trademarks is \$190 per International Class of goods. By submitting this application on-line, you agree to supply the documents specified in [19 CFR 133.3](#) for trademarks, and [19 CFR 133.33](#) for copyrights, upon request by CBP. Failure to do so will result in your recordation being suspended pending receipt of the documents.

We recommend that you have the following materials and information readily available before you begin the application process:

- ✓ U.S. Patent & Trademark Office Registration Number or the U.S. Copyright Office Registration Number
- ✓ Digital images of the protected mark/work in ".jpg" or ".gif" format that accurately depict the right to be protected. Individual image files are limited to 2MB.
- ✓ Familiarization with the applicable regulations
 - ▶ [Trademarks: 19 CFR 133.1 et seq.](#)
 - ▶ [Copyrights: 19 CFR 133.31 et seq.](#)

FORM OF PAYMENT

The recordation fee may be made either by credit card or check. Please be advised that applications paid for by check could be delayed up to six weeks. All incoming mail is processed through CBP's mailroom at the Ronald Reagan Building, which includes irradiation and sorting. It is then transferred to OR&R, where it is sorted again for final delivery to the IPR Branch. We apologize in advance for any delay this may cause in providing enforcement. On the other hand, applications paid for on-line with a credit card are generally processed within three (3) business days.

RENEWALS OF EXISTING TRADEMARK AND COPYRIGHT RECORDATIONS

To renew your existing trademark or copyright recordation, please submit an e-mail message to iprr.questions@dhs.gov containing the information provided for in [19 CFR 133.7](#) and [19 CFR 133.37](#), respectively. You will be contacted by a representative of the IPR Branch regarding payment of the recordation fee and, if applicable, for additional required information. Note that credit card payment for renewals is not yet available.

TRADENAME RECORDATIONS

To apply for a tradename recordation, please submit an e-mail message to iprr.questions@dhs.gov containing the information provided for in [19 CFR 133.11 et seq.](#) You will be contacted by a representative of the IPR Branch regarding payment of the recordation fee and, if applicable, for additional required information. Note that credit card payment for renewal is not yet available.

A filing fee of about \$190 is required for each trademark and each trademark class. The Customs recordation should be maintained for the term of the trademark registration, and can be renewed when a registration is renewed.

Imports with a mark or name that has been recorded with Customs should be denied entry into the U.S. Customs will detain the infringing goods for thirty days, during which time it will communicate with the owner of the infringing goods about the seizure. If the importer receives a notice of exclusion, it has three administrative options:

- Obliteration of the trademark;
- Initiation of a judicial forfeiture proceeding under 19 U.S.C. §1608; or
- A petition for discretionary remission or mitigation under 19 U.S.C. §1618 and appeal to the Court of International Trade.

An importer can often get goods released by obliterating the trademark from the goods or withdrawing the goods and sending them to another country. This does not apply to counterfeit goods, which will be destroyed by Customs. These import seizure remedies are not exclusive; the trademark owner may also pursue a trademark infringement lawsuit in federal court.

In 1996, the Tariff Act was amended to permit Customs to impose civil fines on persons involved in importing counterfeit goods. The fine for a first offense should be equal to the market value of genuine goods, according to the manufacturer's suggested retail price. The fine may be doubled for repeat offenses.

IV. ANTI-COUNTERFEITING TECHNOLOGY

A variety of technologies have been developed to help inhibit counterfeiters. A few of those are:

- A taggant comprised of a radio frequency microchip used in automated identification and data capture (see RFID). Electronic devices use radio waves to track and identify items, such as pharmaceutical products, by assigning individual serial numbers to the containers holding each product. This technology may prevent the diversion or counterfeiting of drugs by allowing wholesalers and pharmacists to determine the identity and dosage of individual products.
- A taggant may also be a chemical or physical marker added to materials to allow various forms of testing. They may consist of microscopic particles built up in many layers, which

are made of different materials. It is a somewhat secretive process, but products that may be affected include ink, paper, perfume, and medication. Taggants allow testing marked items for qualities such as lot number and concentration (to test for dilution, for example).

- Holograms in labels and packaging.
- Using DNA of everyday plants to mark goods in a unique manner.

V. CONCLUSION

In this global economy, trademark infringement and counterfeiting are an increasing problem. However, trademark owners have a range of enforcement and prevention options, as discussed in this presentation.

Trademark Enforcement – Stopping Counterfeiters At The Border and At Events

Presenter

- Jennifer S. Sickler
- Partner, Gardere Wynne Sewell LLP, Intellectual Property Law Section
- Practices law in all areas of intellectual property, including patent, trademark, copyright, trade secret, and licensing matters
- She also litigates intellectual property matters in federal and state courts

Trademark Basics

- The term "trade-mark" includes any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others.
- The term "service-mark" means a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others. 15 U.S.C. § 1127

Trademark Basics



- Over the years a hierarchy has developed relating to the enforceability of trademarks. It generally breaks down into four categories:
- Arbitrary or Fanciful Marks (KODAK, EXXON, YUBAN)
 - A fanciful mark is a word that has no meaning for the goods or services in question.

Trademark Basics



- There are a number of criteria that often used in creating arbitrary marks:
 - They have five to seven letters, two syllables, and are easily pronounceable.
 - Some companies use a computer to assemble letters meeting this criteria
- Arbitrary or fanciful marks are the most expensive marks to adopt because they require advertising and extensive public education for their entire substance.

Trademark Basics



Suggestive Marks (Q-TIPS, ORANGE CRUSH, CITIBANK, HULA HOOP)

- These are marks which have a fanciful element to them, yet suggest the product or service which is offered. In many instances, suggestive marks come closest to satisfying everyone having input into the mark selection process. They are catchy enough to attract attention and descriptive enough to draw it toward the product.

Trademark Basics



Descriptive Marks (BEEF & BREW, BEER NUTS, BUFFERIN, RAISIN BRAN)

- Descriptive marks come pretty close to being the name of the product being offered. Descriptive marks are not immediately registrable on the Principle Register in the Patent and Trademark Office but must be registered on the Supplemental Register, a register designed for descriptive marks, unless secondary meaning (i.e., distinctiveness) can be shown. After a point of exclusive use and usually considerable promotion, the mark may achieve secondary meaning and become registrable on the Principal register.



Trademark Basics



Generic (aspirin, nylon, airplane, football)

- A generic term cannot become a trademark at all. A generic term is the name of the goods or services themselves which are offered for sale. You may recognize the marks mentioned parenthetically above as being common things. Some of them were, at one time, very successful trademarks, too successful.



Trademark Basics



Registration

- All of the 50 states, the United States and most foreign countries have trademark registration statutes.
- The advantage of the federal registration is that it constitutes notice throughout the United States of the exclusive rights to use the mark in connection with the goods or services for which it is registered.



Trademark Basics



Notice

- The superscript "TM" or "SM" may be put on the right-hand side of a mark when used.
- When the mark becomes registered, then "®" is used. This notice symbol is not to be used prior to registration.



Stopping Counterfeits at Events



Counterfeits – Definition

- The Lanham Act § 1127 defines a counterfeit as “a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.”
- Thus t-shirts marked with “NFL” or “Houston Texans” without permission from the trademark owner are counterfeits.



Counterfeiting Border Seizure Statistics



- According to U.S. Customs Office publications, the government seized 19,959 counterfeit and pirated goods in fiscal year 2010 at point of entry to the U.S. These goods had a total domestic value of \$188.1 million and a manufacturer’s suggested retail price of \$1.4 billion.
- The total domestic value of counterfeit products seized that bear safety or security risks was reported as \$42 million. The most product seized in this category was cigarettes.



Customs Border Seizure Statistics



The total value of IPR seizures has increased by more than 25% each year since FY 2005, with the exception of FY 2009 which posted a small decrease. There was a 25% decline of all importations in FY 2009 compared to FY 2008.

Fiscal Year	Overall Total Values (IPR)
2005	\$ 93,234,510
2006	\$ 155,369,236
2007	\$ 196,754,377
2008	\$ 272,728,879
2009	\$ 260,697,937
Total	\$ 978,784,939

Customs Seizure Statistics

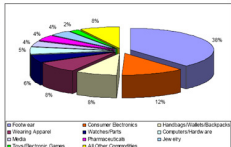


U.S. Customs and Border Protection

The information reported on this report is for informational purposes only. It is not intended to be used for legal or other purposes. The information is subject to change without notice.

U.S. Immigration and Customs Enforcement

FY 2009 Commodity	Domestic Value	Percent of Total
Footwear	\$ 99,779,203	38%
Consumer Electronics	\$ 31,773,825	12%
Handbags/Wallets/Backpacks	\$ 21,551,614	8%
Wearing Apparel	\$ 21,462,276	8%
Watches/Parts	\$ 10,533,322	4%
Computers/Hardware	\$ 12,546,068	5%
Media	\$ 11,059,758	4%
Pharmaceuticals	\$ 11,057,861	4%
Jewelry	\$ 10,499,243	4%
Toys/Electronic Games	\$ 5,563,143	2%
All Other Commodities	\$ 19,941,904	8%
Total FY 09 Domestic Value	\$ 260,697,937	
Number of Seizures	14,841	



Customs Seizure Statistics



FY 2009 Trading Partner	Domestic Value	Percent of Total
China	\$ 204,656,093	79%
Hong Kong	\$ 26,887,408	10%
India	\$ 3,047,311	1%
Taiwan	\$ 2,453,914	Less than 1%
Korea	\$ 1,510,443	Less than 1%
Paraguay	\$ 1,496,043	Less than 1%
Philippines	\$ 1,479,958	Less than 1%
Switzerland	\$ 1,277,646	Less than 1%
Pakistan	\$ 710,658	Less than 1%
Vietnam	\$ 603,529	Less than 1%
All Others	\$ 16,574,934	6%
Total FY 09 Domestic Value	\$ 260,697,937	
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Customs Statistics



- Seizure of counterfeit products within the United States is important too. The World Cup, Super Bowl, rock concerts, and other large events are premium targets of counterfeiters. U.S. Customs officials announced in February 2011 that, with two days left before Super Bowl XLV, they had already seized a record number of counterfeit Super Bowl merchandise - 36,273 fake items nationwide, with a value of about \$3.56 million. About 10,430 of these items were seized in North Texas.
- In addition to the merchandise, agents reportedly also shut down ten illegal websites, eight of which were streaming illegal video of NFL games.

Ex Parte Seizures



- In 1984, Congress amended the Lanham Act to make clear the procedures for *ex parte* seizure orders. Under 35 U.S.C. § 1116(d), a party seeking an *ex parte* seizure of counterfeit goods must:
 - File an application with an affidavit or verified complaint establishing the necessary facts for issuance of the order; and
 - Post a bond in an amount deemed adequate by the court for payment of damages if a wrongful seizure is made.

Ex Parte Seizures



The Court should grant an *ex parte* order if it finds clearly from the pleadings and evidence that:

- An order other than an *ex parte* seizure order is not adequate to provide relief;
- The applicant has not publicized the requested seizure;
- The applicant is likely to succeed in showing that the person/entity against the whom the order is sought used a counterfeit mark in connection with the sale, offer for sale, or distribution of goods or services;

Ex Parte Seizures



- An immediate and irreparable injury will occur if the seizure is not ordered;
- The matter to be seized will be located at the place identified in the application;
- The harm to the applicant in denying the application outweighs the harm to the legitimate interests of the alleged counterfeiter; and
- The alleged counterfeiter would destroy, move, hide, or otherwise make the goods inaccessible to the court, if the applicant were to give notice to such person.

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Ex Parte Seizures



- The seizure must be completed within seven (7) days after issue of the order
- The seized goods are taken into the custody of the court.
- Unless the court finds extenuating circumstances, applicant should be awarded treble damages or profits and a reasonable attorney fee, if the counterfeiter intentionally sold counterfeit goods.

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Criminal Penalties



- In 1984, Congress enacted the Federal Counterfeiting Act, which provides for criminal anti-counterfeiting penalties. See 18 U.S.C. § 2320.
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Customs Seizures



Prevention of Infringing Imports Through the U.S. Customs and Borders Protection Service

- Statutory authority for stopping infringing imports can be found in both the Lanham (Trademark) Act and the Tariff Act. See 15 U.S.C. § 1124 and 19 U.S.C. § 1526 respectively.

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- This may be done via a letter to Customs.
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- A filing fee of about \$190 is required for each trademark and each trademark class.
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- Imports with a mark or name that has been recorded with Customs should be denied entry into the U.S.

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Customs Seizures



- An importer can often get goods released by obliterating the trademark from the goods or withdrawing the goods and sending them to a another country. This does not apply to counterfeit goods.
- The trademark owner does not have a right to be involved in the process.
- The import seizure remedies are not exclusive; the trademark owner may also pursue a trademark infringement lawsuit in federal court.

Customs Seizures



- In 1996, the Tariff Act was amended to permit Customs to impose civil fines on persons involved in importing counterfeit goods.
- The fine for a first offense should be equal to the market value of genuine goods, according to the manufacturer's suggested retail price.
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Anti-Counterfeiting Technologies



- A variety of technologies have been developed to help inhibit counterfeiters. A few of those are:
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Anticounterfeiting Technologies



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- Using DNA of everyday plants to mark goods in a unique manner.

Conclusion



- In this global economy, trademark infringement and counterfeiting are an increasing problem. However, trademark owners have a range of enforcement and prevention options, as discussed in this presentation.
- Questions?
