



FINNEGAN

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SEARCH ORDERS AND EFFECTIVE CO-OPERATION WITH STATE AUTHORITIES

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Washington, D.C.



Search and Seizure Orders

- Available only for counterfeit goods
 - pre-judgment
 - without notice (ex parte)
- Authority
 - Lanham Act Section 35, 15 U.S.C. § 1116(d)(1)(A)
- Not available in standard infringement cases

Growth in Counterfeiting

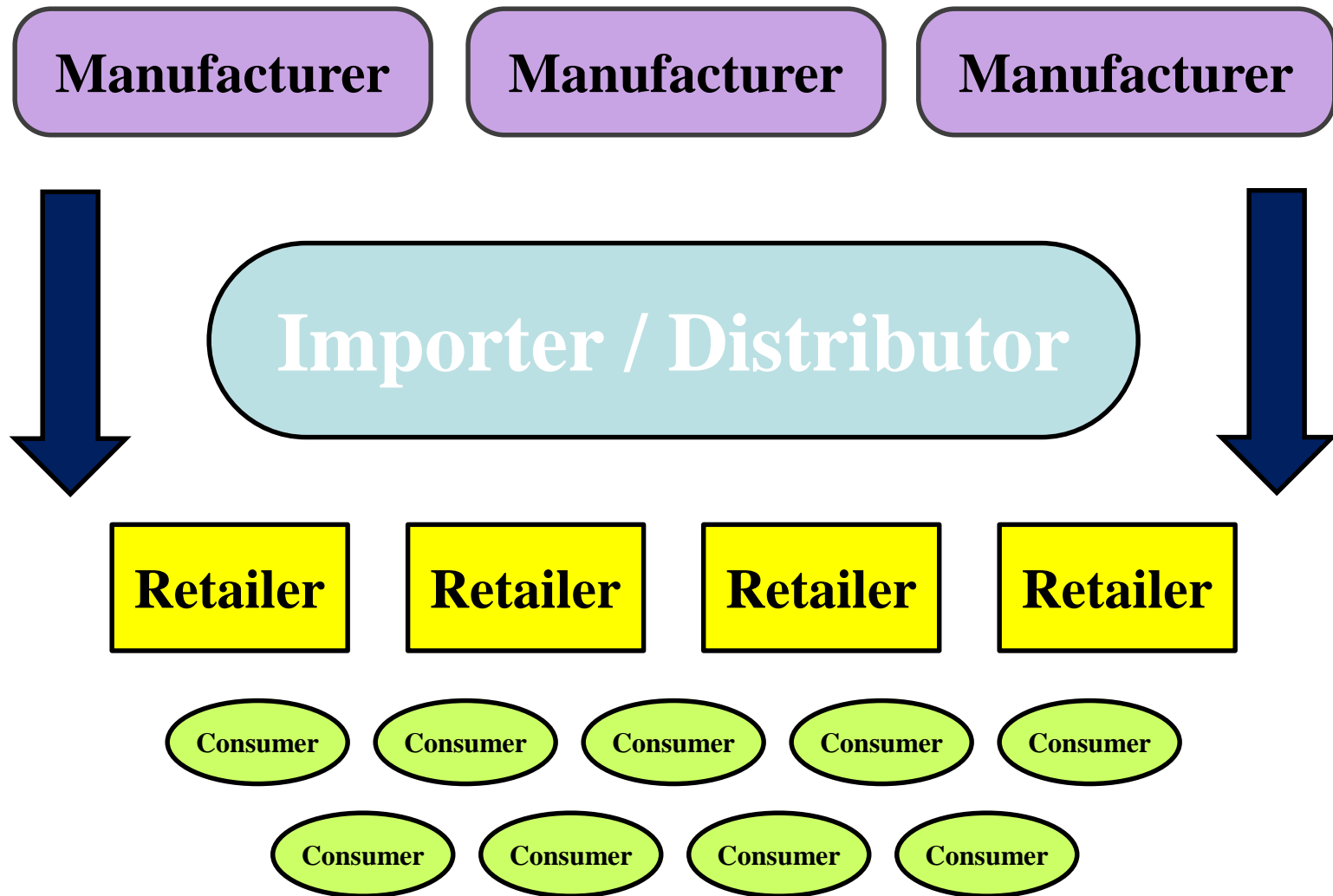
- 10,000 percent growth in counterfeiting over the past two decades
 - Globalization
 - Advanced Technology
 - Internet

Traditional Model of Counterfeiting



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Traditional Model of Counterfeiting



Seizure Remedy in U.S. (Physical Assets)

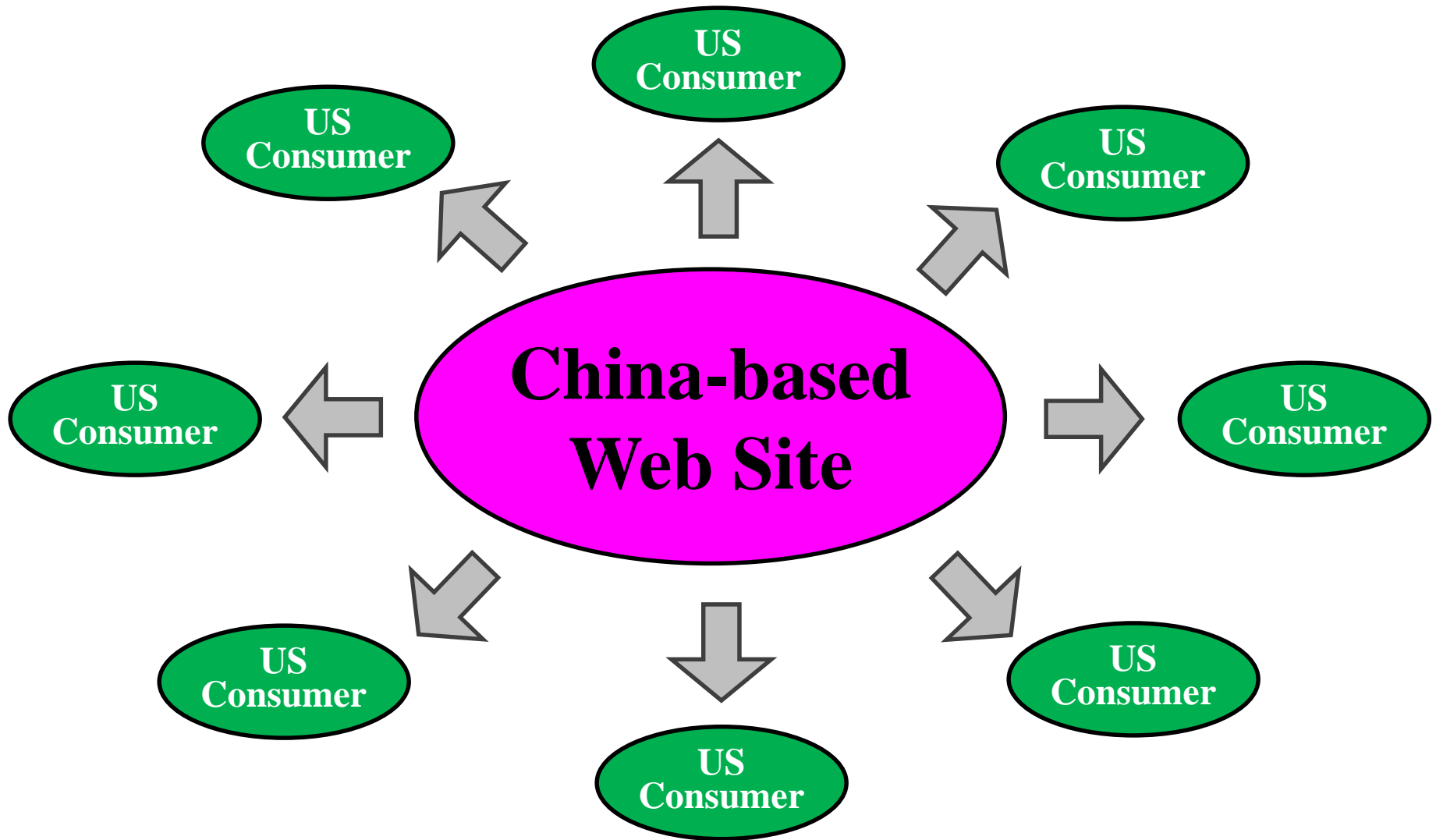
- Seizure of goods bearing counterfeit marks
- Seizure of “means of making” such counterfeit marks
- Seizure of “records documenting the manufacture, sale, or receipt of things involved in such violation,” Lanham Act § 34(d), 15 U.S.C. § 1116(d)
- Seizure mechanics
 - Notice to U.S. Attorney in specific judicial district
 - U.S. Marshal or other law enforcement officer present

Current Model of Counterfeiting

The screenshot shows the Taobao.com homepage. At the top left is the Taobao logo. A search bar is located at the top center with the text '搜索'. Below the search bar are navigation links for '宝贝', '天猫(淘宝商城)', '店铺', '拍卖', '淘吧', and '宝贝分享'. On the left side, there is a vertical menu with categories like '所有商品分类', '流行女装、男装精品', '女鞋、男鞋', '箱包、配件', '婚礼、居家', '美容工具、百货', '数码、3C配件', and '母婴玩具、美妆'. The main content area features several promotional banners and sections: '全场包邮3折起贩售', '付款教学', '阿里旺旺 即时沟通好方便', '明天我要嫁给你啦', 'Buyer's Quick Start Guide', '店铺推荐', and 'TOP10 热销商品排行榜'. The 'Buyer's Quick Start Guide' section includes a cartoon character and the text '双语买家教学'.



E-Commerce Model of Counterfeiting



Shipping Labels Do Not Reveal Identity of Seller

DÉCLARATION ENDOUANE МИТНА ДЕКЛАРАЦІЯ		Peut être ouvert d'office Може бути розкрито в службовому порядку		CN 22	
Administration des postes Поштова адміністрація		UKRAINE УКРАЇНА		Important! Voir instructions au verso Увага! Див. інструкції на зворотному боці	
<input checked="" type="checkbox"/> Cadeau Подарунок Documents Документи		<input type="checkbox"/> Échantillon commercial Комерційний зразок Autre Інше		Cocher la ou les cases appropriées Занести відповідні позначки (-)	
Quantité et description détaillée du contenu (1) Кількість і докладний опис вкладення (1)		Poids (en kg) (2) Вага (в кг) (2)		Valeur (3) Вартість (3)	
parts of miniatures, GIFT, not for sale		0,29		204	
Pour les envois commerciaux seulement N° tarifaire du SH (4) et pays d'origine des marchandises (si connus) (5) Тільки для комерційних відправлень Код ТНЗЕД (4) і країна походження товарів (якщо відомо) (5)		Poids total (en kg) (6) Загальна вага (в кг) (6)		Valeur totale (7) Загальна вартість (7)	
		0,29		204	


Forge Discount
Level 18
40 Bank Street (HQ3)
Canary Wharf London E14 5NR
T +44 20 3059 7800

- Virtual offices and shell companies are the norm

Je, soussigné dont le nom et l'adresse figurent sur l'envoi, certifie que les renseignements donnés dans la présente déclaration sont exacts et que ces envois ne contiennent aucun objet dangereux ou interdit par la législation ou la réglementation postale ou douanière.

Я, що нижче підписався, (прізвище і адреса зазначені на відправленні), підтверджую, що вказані в даній митній декларації відомості є достовірними, і що в даному відправленні не міститься ніяких небезпечних або заборонених законодавством або поштовою або митною регламентацією предметів.

Date et signature de l'expéditeur (8)
Дата і підпис відправника (8)

26.07.13. 

Low Risk, High Returns Make it the Perfect Crime

- Easy to put up rogue websites and ship goods
- Easy to keep inventory and assets outside United States
- Easy to remain anonymous
- Difficulty of enforcement and monetary recovery

Pursuing Enforcement Actions

- Civil actions
 - Seizure of physical assets vs. financial assets
- Criminal Enforcement
- Customs

- Evaluate harm and prioritize enforcement
- Investigate

Enforcement through Customs

- Record marks with Customs agents in the suspected counterfeiting jurisdictions, e.g., both import and export jurisdictions
- Benefit: Seizure of counterfeit (and in some jurisdictions, gray market) goods
- Keep recordations current and renew them prior to expiration
- Provide manuals and training to Customs' personnel

Civil Actions: Selecting the Defendant

- Individual counterfeiters
 - Identity of seller not needed
- Intermediaries/facilitators
 - Contributory liability
 - Online marketplaces (eBay, Amazon.com, sell.com, Alibaba, Taobao)
 - Payment processors
- Source of the problem
 - In many instances, organized crime/terrorist groups
 - Generally requires the use of ex parte seizures, asset restraints, and close coordination with law enforcement officials in several countries

Asset Freeze Remedy for Counterfeiting in U.S.

- Restraint of Assets (i.e., bank accounts)
 - A district court is empowered to freeze funds pursuant to a temporary restraining order or preliminary injunction where the plaintiff has an equitable claim in the funds
 - Lanham Act authorizes the award of an accounting of a counterfeiter's profits
 - Courts have inherent authority to issue an order restraining a defendant's assets to preserve plaintiff's rights to an equitable accounting
 - Once assets are frozen, burden shifts to defendant to demonstrate how much of the frozen assets are not the proceeds of counterfeiting activities

- Actual damages or defendant's profits trebled and attorney's fees (absent extenuating circumstances)
- Under 15 U.S.C. § 1117(c) (as amended), instead of actual damages, Plaintiff can elect to instead recover statutory damages of:
 - up to \$200,000 per counterfeit mark per type of goods/services sold, or
 - up to \$2,000,000 per if willful
- No attorney's fees if statutory damages elected
 - *K&N Eng'g, Inc. v. Bulat*, 259 Fed. Appx. 994 (9th Cir. 2007)