



## TOPIC 11

# SUBSTANTIAL ELEMENTS OF COUNTERFEITING AND PIRACY

TOKYO 2017

LTC HARMS

# Introduction

TRIPS: Counterfeiting and piracy must be criminalized at least if it takes place

- on a “commercial scale”

and

- willfully

Higher standards optional

# COUNTERFEITING

# Counterfeiting and trademark infringement

- Counterfeiting concerned with primary trademark infringement.
- Use of identical or virtually identical signs
- Issues relating to similarity OR (likelihood of) confusion do not arise.



## Top Counterfeit Brands

The top 10 brands counterfeited.

**LV**  
LOUIS VUITTON

**NIKE**

  
**LACOSTE**

**VIAGRA**  
JANSEN-CILAG

  
**adidas**

**Reebok**

  
**BURBERRY**  
ESTD 1856

 **Microsoft**

**SONY**

**BENSON & HEDGES**

# Can you tell the difference?



# Primary infringement

Primary infringement consists of

- the use of any sign,
- which is identical with the registered trademark,
- in relation to goods or services which are identical with those for which the trademark is registered,
- in the course of trade,
- without the consent of the trademark proprietor.

# Secondary infringement

Secondary infringement consists of the use in the course of trade of any sign where,

- because of its identity with, or similarity to, the registered trademark
- and the identity or similarity of the goods or services covered by that trademark,
- there exists a likelihood of confusion on the part of the public.

# Counterfeiting or infringement only?



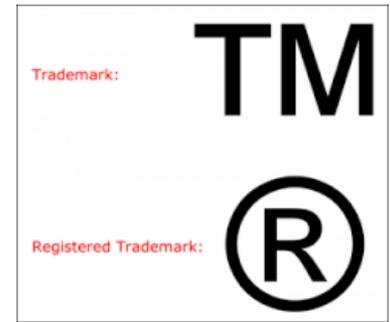
# TRIPS definition of “counterfeit trademark goods”

- any goods, including packaging,
- bearing without authorization
- a trademark which is identical to the trademark
- validly registered in respect of such goods,
- or which cannot be distinguished in its essential aspects from such a trademark,
- and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation.

# “Any goods, including packaging”

- Trademarks can apply to goods (say: computers) or services (say: financial services like insurance).
- It is not necessary that a trademark is affixed to the goods themselves.
- It may be on the packaging.
- Both amount to infringement and counterfeiting.

# “Bearing a trademark validly registered”



- The trademark must have been “registered”.
- Within the jurisdiction where the prohibited dealing takes place.
- Imported goods: registered in the jurisdiction into which the goods are imported.
- Certificate issued by the local Registrar of Trademarks.

# “Registered in respect of such goods”

- Trademarks are registered in respect of specific goods in classes.
- The mere use of an identical mark does not amount to counterfeiting.
- It is only if the trademark has been registered in respect of those goods.

# “Which is identical to the [registered] trademark”

- The same in all material respects.
- Based on the overall impression.
- Insignificant differences must be ignored.
- Comparison with the “registered mark” as it appears on the official registration certificate and not as it has actually been used by the trademark owner on its merchandise.

# Development of a tm



# OR “which cannot be distinguished in its essential aspects”

- “Or which cannot be distinguished in its essential aspects from such a trademark”.
- Counterfeit marks are inherently confusing.
- Counterfeiter cannot escape liability by modifying a trademark in trivial ways.
- Confusingly similar marks cannot be considered to be counterfeit.
- Not necessary to consider whether a mark creates a likelihood of confusion about its source.





by  [Logoblink.com](http://Logoblink.com)



# Actual confusion is not required

- Many persons buy counterfeit goods willingly.
- However, an accused may not rely on the fact that the purchaser was not or could not have been misled because, for instance, of the price or low quality of the goods or the location of the seller's premises.



# “Without authorization”

- There cannot be infringement of a right if what was done was with the consent of the rights owner.
- The prosecution must prove that the goods are not genuine goods meaning that they did not originate from the trademark owner or its licensee.

# “Which infringes the rights of the owner of the trademark”

- Trademark infringement by means of counterfeiting is a crime while “ordinary” trademark infringement is a statutory civil wrong.
- Criminal counterfeiting inevitably constitutes civil infringement of the registered trademark.

# “Under the law of the country of importation”

- Requirement not of general application.
- Applies to imported goods only.
- Consequence of
  - the principle of territoriality and
  - the requirement of registration

**COPYRIGHT PIRACY**

# Works that are typically pirated

- Computer programs
- Optical media such as DVDs and CDs
- Digital downloads
- Photographs
- Books and teaching materials
- Broadcasts of sporting events.



# TRIPS DEFINITION

- Any goods which are copies
- made without the consent of the right holder
- in the country of production and
- which are made directly or indirectly from an article
- where the making of that copy would have constituted an infringement of a copyright or a related right
- under the law of the country of importation.

# “Copies made directly or indirectly from a copyright work”

- Copyright infringement is a pre-requisite for piracy.
- But not mean that all infringing acts amount to piracy.
- Pirate goods take wholesale the value of the work.
- In practice, pirate goods are duplicates of the original.

# Copies made without consent

- Lack of consent of the right holder is also a requirement for civil infringement
- Follows from the definition of the rights of a copyright owner.
- Prosecution must prove the lack of consent
- Seldom in issue.

# Country of production

- “Made without the consent of the right holder or person duly authorized by the right holder in the country of production.”
- Applies to goods for local use or export.

# Country of importation

- Must also be an infringement under the law of the country of importation.
- Of relevance in respect of imported goods only.
- If not exported, the question is whether made with the consent of the local owner.

# Different copyright owners

- Copyright in the same work may be in the hands of different persons in different countries.
- Goods that are counterfeit in the country of production are not counterfeit in the country of importation if the making of that copy would not have constituted an infringement under the law of the country of importation.

Commercial scale

# TRIPS: “commercial scale”

- Not defined
- Dispute panel decision:
- Depends on what is the typical or usual commercial activity in respect to
  - the particular product
  - in the local market



# TRIPS cont.

- Factual issue
- Relative standard
- Varies when applied to different factual situations.
- Varies by product and market.
- May be small or large.

# National laws

Almost all countries define the criminal offense by reference to overtly commercial acts, such as

- sale or offer for sale of infringing copies,
- to obtain a “commercial advantage” or
- “in the course of trade or commerce” or
- Importation except for personal use.

# Making or buying of fakes for personal or private use

- TRIPS directed at punishing the counterfeiter and the dealer
- Does not require that the purchaser of a fake watch, CD or DVD be criminally liable unless the purchase is with the object of an on-sale.
- A person who for own use makes an otherwise unauthorized copy does not commit a crime.

Wilfullness

# TRIPS

- Requires willfulness for
  - trademark counterfeiting and
  - copyright piracy.
- National laws may have other standards

# National laws: examples

- Accused to prove the absence of *mens rea* by establishing that he believed on reasonable grounds that the act was not an infringement.
- Accused knew or had reason to suspect that the goods were counterfeit;
- Accused failed to take all reasonable steps in order to avoid any act or conduct with reference to the counterfeit goods.

# Meaning of “willfulness”

- Same as in criminal law generally.
- It refers to
  - an intention to infringe,
  - willful blindness, or
  - a conscious disregard of a substantial risk of infringement (subjective recklessness).

# Wilful blindness

That the accused

- had a subjective realization that a certain fact was likely or that there was a “real suspicion”
- failed to make the inquiry
- to avoid actual knowledge of the suspected fact.

**A FAKE  
CROCODILE  
CAN MAKE YOU CRY  
REAL TEARS.**



**IN FRANCE, BUYING OR CARRYING A COUNTERFEIT  
PRODUCT IS A CRIMINAL OFFENCE PUNISHABLE BY UP  
TO 3 YEARS IMPRISONMENT AND A € 300 000 FINE.  
COUNTERFEITING IS A REAL MENACE TO SOCIETY.**



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