

New Pro-IP Act increases penalties for trademark and copyright counterfeiting and establishes IP czar

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As one of his final acts in office, President Bush signed into law the Prioritizing Resources and Organization for Intellectual Property Act of 2008, or the "PRO-IP Act." The Act increases resources for the enforcement of federal criminal laws that protect intellectual property rights and increases penalties for particular types of infringement. The Act also establishes an IP Czar in an attempt to aid in the fight against counterfeiting by promoting coordination among federal and state agencies. The main provisions of the Act are as follows:

1. Statutory Damages for Counterfeiting are Increased. In situations in which a trademark is not only infringed, but also counterfeited, the PRO-IP Act doubles the statutory damages that are available up to \$200,000. These damages can increase up to \$2 million if the counterfeiting was "willful." Further, the law imposes treble damages on parties that intentionally assist counterfeiters which, in effect, targets not only those who manufacture and sell counterfeit goods, but those who knowingly supply goods and services necessary for use of the counterfeit goods in commerce.
2. Exportation of Counterfeit Goods Constitutes Violation of the Lanham Act. Previously, U.S. trademark law prevented the importation of counterfeit goods. The Pro-IP Act extends Section 42 of the Lanham Act to also include the exportation of counterfeit goods out of the U.S.
3. Criminal Counterfeiting Penalties Increased. A counterfeiter may be imprisoned for life or up to 20 years in situations in which the counterfeiter knowingly or recklessly caused (or attempted to cause) death or "serious bodily injury" (for example, providing counterfeit pharmaceuticals).
4. Expansion of Government Power to Seize Property. In criminal infringement matters, the Pro-IP Act allows the seizure and forfeiture of property used in the commission of the criminal infringement.
5. Clarification of Harmless Errors in Copyright Registration. Inadvertent and harmless errors in a copyright registration no longer invalidate the copyright registration. As a valid copyright registration is a requirement for enforcement of copyright in federal court and entitlement to certain statutory damages and attorneys' fees, this change constitutes an important revision for litigants.
6. Establishment of IP Czar. The Act creates a new cabinet level position titled the Intellectual Property Enforcement Coordinator, which has become known as the IP Czar. The IP Czar will be appointed by the president (and confirmed by the Senate) and will coordinate the efforts of various federal agencies to fight counterfeiting and other types of intellectual property infringement.

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