

# Kathleen E. McCarthy (Katie)

Partner

*Trial and Global Disputes / Intellectual  
Property*

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Katie McCarthy focuses on trademark, copyright, design, advertising and internet law. As a partner in our Intellectual Property, Patent, Trademark and Copyright Litigation practice, Katie represents clients in a wide array of industries including consumer products, pharmaceuticals, retail, internet services, sports and entertainment, cosmetics, and food and beverages. Katie appears on behalf of clients in federal court and before the U.S. Patent and Trademark Office's Trademark Trial and Appeal Board. Katie also develops domestic and international protection and enforcement programs.

During her more than 30 years of experience, Katie has first-chaired numerous trials and preliminary injunction hearings. Katie actively polices online infringement and scams for several clients. In addition to litigation and contested matters, Katie directs international and domestic trademark clearance and prosecution programs, manages domain name disputes and acquisitions, and develops social media and other intellectual property-related policies.

Katie also counsels clients on a broad range of IP-related matters, helping to find creative and practical solutions to legal challenges, and developing legal strategies and policies that advance their business goals.

Katie has served on the Board of the New York Intellectual Property Law Association for years, recently finishing a term as President during which she organized and moderated a forum of key discussion leaders debating online platform liability. Katie served as Editor-in-Chief of the International Trademark Association peer-reviewed scholarly journal, *The Trademark Reporter*, having served on the committee soliciting and editing articles for the journal for more than 20 years. Katie's article, "Free Ride or Free Speech: Predicting Results and Providing Advice for Trademark Disputes Involving Parody" won INTA's 2020 Ladas Memorial Award for best paper in the professional category. Katie has presented at and co-chaired PLI's IP Enforcement Update program annually since 2011 and frequently writes and speaks for PLI, INTA, NYIPLA and other organizations on trademark, copyright and false advertising topics. Katie is the author of PLI's one volume treatise, "Kane on Trademark Law: A Practitioner's Guide."

Katie has been recognized in the 2012–2016 editions of *Legal 500* for her trademark work.

## Matters

A Better Choice Lock & Key LLC v. **Google Inc.** et al (DC Cir., filed 2016) (Lead counsel for defendant in Lanham Act, antitrust class action case with CDA Section 230 defense motion to dismiss granted and affirmed on appeal in precedential decision).

Baldino's Lock & Key Inc. v. **Google Inc.** et al (EDVA and 4th Cir., filed 2014) (Lead counsel for defendant securing CDA Section 230 defense on motion to dismiss in case involving Lanham Act and RICO claims).

**Valerus Field Solutions LP** v. Valerus Specialty Chemicals (SDTX, filed 2015) (Lead counsel for plaintiff in trademark infringement action, securing settlement prior to preliminary injunction motion).

On Site Energy Co. v. **MTU Onsite Energy** (EDNY, filed 2010; jury trial August 2012) (Lead counsel in trademark infringement action challenging the use of the term ON SITE ENERGY in connection with power generators, securing jury verdict for the defense).

**Spanx, Inc.** v. Times Three Clothiers d/b/a Yummie Tummie (NDGA, SDNY, filed 2013) (Lead counsel in design patent infringement declaratory judgment action and related design patent and utility patent infringement action, securing decision invalidating two patents with case resolved and dismissed thereafter).

**Fritz Hansen A/S** v. Restoration Hardware (SDNY, filed 2013) (Lead counsel in trademark and trade dress infringement action involving copies of chair designs, securing resolution).

**Rolex Watch U.S.A., Inc.** v. PRL Holdings (SDNY 2012) (Lead counsel in appeal of TTAB decision involving marks RLX RALPH LAUREN and RALPH LAUREN RLX, securing resolution prior to trial). Prior cases include: **Rolex Watch U.S.A., Inc.** v. Capetown Diamond Corp. et al (N.D. Georgia 2003-2007) (Lead counsel in the latest of a series of cases establishing that genuine Rolex watches altered with non-genuine integral parts such as diamond bezels and bracelets are counterfeit);

**Rolex Watch U.S.A., Inc.** v. Town & Country Jewelers (2005);

**Rolex Watch U.S.A., Inc.** v. JBJ Distributors, Inc. (5th Cir. July 29, 2003) (per curiam);

**Rolex Watch U.S.A., Inc.** v. Zeotec Diamonds, Inc., 2003 U.S. Dist. LEXIS 5595 (C.D. Cal., Mar. 7, 2003) (Lead counsel);

**Rolex Watch U.S.A., Inc.** v. Michel Co., 179 F.3d 704 (9th Cir. 1999);

**Rolex Watch U.S.A., Inc.** v. Meece, 158 F.3d 816 (5th Cir. 1998).

## Credentials

### EDUCATION

J.D., Columbia University, Harlan Fiske Stone Scholar

B.A., College of the Holy Cross, Dean's List

### ADMISSIONS

U.S. Court of Appeals for the Federal Circuit

Supreme Court of the United States

U.S. Court of Appeals for the Second Circuit

U.S. Court of Appeals for the Fourth Circuit

U.S. Court of Appeals for the Eleventh Circuit

U.S. Court of Appeals for the D.C. Circuit

U.S. District Court for the Eastern District of New York  
U.S. District Court for the Northern District of New York  
U.S. District Court for the Southern District of New York  
New York

## ASSOCIATIONS

New York

## Recognition

Named as a recommended lawyer for Trademarks: Non-Contentious and Trademarks: Litigation  
LEGAL 500, 2022

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Named for Trademark Law

BEST LAWYERS, 2023

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Named a Trademark Star nationwide and in New York

MANAGING INTELLECTUAL PROPERTY, 2022

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Ranked for Trademark Law nationwide and in New York

WORLD TRADEMARK REVIEW 1000

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Named to Managing Intellectual Property's Global Top 250 Women in IP

MANAGING INTELLECTUAL PROPERTY, 2020

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## Insights

### ARTICLE

*February 8, 2017*

Kathleen McCarthy Featured in New International Trademark Association Video

### CLIENT ALERT

*October 31, 2023*

California's New Law To Prevent Greenwashing In Environmental Marketing For Voluntary Carbon Offsets

### NEWSLETTER

*February 22, 2016*

Intellectual Property Newsletter - January/February 2016

[VIEW ALL ON KSLAW.COM](#)

## Events

### CONFERENCE

*November 7, 2023*

Pharmaceutical University 2023

### SPEAKING ENGAGEMENT

*January 17, 2024*

Kathleen McCarthy, Bruce Baber to Speak at Practising Law Institute

*November 3, 2023*

Kathleen E. McCarthy to Speak at Practising Law Institute

[VIEW ALL ON KSLAW.COM](#)

## News

### CASES & DEALS

*March 6, 2023*

Southern District of New York Issues Terminating Sanctions in Russian Cybercrime Botnet Suit

### IN THE NEWS

*March 2, 2023 • Source: Law360 and Bloomberg Law*

Bruce Baber and Katie McCarthy represent Chutter in a trademark dispute before the Federal Circuit

*November 16, 2022 • Source: Law360, Bloomberg Law and Top Class Actions*

Laura Harris, Andrew Michaelson, Sumon Dantiki, Kathleen McCarthy, Matthew Bush and David Mattern represent Google before a New York federal court

[VIEW ALL ON KSLAW.COM](#)



# Heather J. McDonald

Of Counsel

She | Her | Hers

[New York](#)

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“Heather McDonald is well regarded for her depth of expertise in anticounterfeiting litigation and enforcement work.”

— Chambers USA 2022

Having been involved in anticounterfeiting and other intellectual property (IP) enforcement litigations since the start of her career, Heather McDonald has a depth and breadth of knowledge that few other lawyers possess. Her knowledge and experience are on ample display every time she works with clients to develop creative solutions to their problems. Heather is known for her innovation and historical knowledge in the industry, as there is hardly an aspect of anticounterfeiting litigation that Heather has not previously addressed or encountered. She delves into whatever work is required of her and does not hesitate to take action for clients, whether it lie in firsthand participation in seizures of counterfeit goods or lobbying for legislation to help them fight the battles they face.

Heather is named in the *World Trademark Review's WTR 1000 – The World's Leading Trademark Professionals*, where she is referred to by one client as a lawyer whose "... name alone strikes fear in the hearts of counterfeiters." She has received numerous awards from clients and law enforcement agencies for her service and

## Education

- J.D., Pace University School of Law, 1986
- B.A., Colby College, 1983

## Admissions

- New York
- Connecticut, 1986
- U.S. Court of Appeals Second Circuit
- U.S. District Court District of Connecticut
- U.S. District Court Eastern District of New York



commitment to protecting IP rights. Heather serves as the New York Litigation Leader and is a co-leader of the firm's Litigation Associate Training Program.

- U.S. District Court Southern District of New York

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## Experience

- Coordinates a nationwide network of investigators, attorneys and government agencies on both the federal and state levels pursuing individuals and entities trafficking in counterfeit goods. This groundbreaking, multiclient project brings together competitors from across the industry to fight counterfeiters and has resulted in thousands of seizures of counterfeit goods.
- Is the principal architect of a program that holds third-party infringers liable for the illegal sale of counterfeit goods taking place on their premises if they have knowledge that illegal activity is ongoing and fail to take appropriate steps to remedy the situation. Developed this pioneering approach in the early 1990s, and the program has since expanded from focusing on landlords who lease property to individuals or entities selling counterfeit goods to other businesses and industry sectors where individuals or entities provide counterfeiters with the tools they need to conduct their illegal businesses.
- Was actively involved in drafting and lobbying for new legislation on the federal and state levels that substantially strengthened the penalties for those convicted of trafficking in counterfeit goods.
- Is involved in the global investigation of the largest financial fraud in history on behalf of the Securities Investor Protection Act Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC; leads several litigation teams seeking to recover assets for the Customer Fund.

## Areas of Focus

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### Industries

[Sports](#)

[Retail](#)

### Services

[Litigation](#)

[Blockchain Technologies and](#)

[Digital Assets](#)

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## Recognitions and Memberships

### Recognitions

- Managing IP Awards Americas: Impact Cases of the Year Award (2024)
- *The Best Lawyers in America*®
  - New York: Litigation – Intellectual Property (2022 to present)
- Chambers USA: Intellectual Property: Trademark, Copyright and Trade Secrets in New York (2022 to 2023)



- Band 4 (2022 to 2023)
- National Bar Association “Top 40 Under 40 – Nation’s Best Advocates” (2017)
- WTR 1000—The World’s Leading Trademark Professionals (2013 to 2019, 2021 to 2024)
  - Top Attorney in New York for Enforcement and Litigation – Silver
  - Top Attorney Nationwide for Anti-Counterfeiting
- *New York Law Journal* “Woman of Influence” (2017)
- *Managing Intellectual Property*: “IP Star” (2016)
- Client Choice Award: Intellectual Property: Trademarks in New York (2014)
- IP Stars—Top 250 Women in IP (2013)
- New York Super Lawyers
  - “Super Lawyer” (2013 to 2023)
  - “Top 50 Women” (2015)
- New York Metro “Super Lawyer Top Women Selected” for Intellectual Property Litigation (2020)

## Memberships

- New York Bar Association
- American Bar Association
- International Trademark Association (INTA)
  - Anticounterfeiting Committee
    - Chair (2016 and 2017)
    - US Subcommittee Chair (2014 and 2015)
- International Anticounterfeiting Coalition
  - Public Awareness Taskforce: Co-Chair
- New York Women Attorneys Committee: Co-Chair
- BakerHostetler Women’s Steering Committee
- BakerHostetler Diversity Committee



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## Community and Pro Bono

### Community

- Courageous Kidz (Charleston, South Carolina): President of the Board of Directors
  - A not-for-profit organization serving the needs of children with cancer and their families.
  - Heather has been involved in providing support and services to families for more than 25 years.





## ALAINA LEIGH VAN HORN

Chief, Intellectual Property Enforcement Branch

U.S. Customs and Border Protection

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[Alaina.vanhorn@cbp.dhs.gov](mailto:Alaina.vanhorn@cbp.dhs.gov)

Alaina van Horn currently serves as the Chief of the Intellectual Property Enforcement (IPE) Branch of U.S. Customs and Border Protection, Office of Trade, where she supervises a team of attorneys and paralegals responsible for administering CBP's nationwide intellectual property border enforcement program. The IPE Branch's core duties include reviewing applications for border enforcement through the e-Recordation system, providing pre-seizure infringement determinations to CBP personnel stationed at all 328 ports of entry, issuing binding rulings to the trade, circulating nationwide guidance on proper interpretation and enforcement of intellectual property rights, adjudicating administrative petitions for post-seizure relief and educating the entire CBP workforce on proper border enforcement procedures. The IPE Branch also serves as technical legal experts for all intellectual property legislation enforced by CBP, is responsible for promulgating all intellectual property border enforcement regulations in Title 19 of the Code of Federal Regulations and serves as CBP's subject matter expert for all international capacity building missions directed toward foreign customs administrations.

Immediately prior to this position Ms. van Horn was detailed to the Office of the U.S. Intellectual Property Enforcement Coordinator (IPEC) in the Executive Office of the President, as a Policy Advisor specializing in customs law. Prior to joining the IPEC she was a Senior Attorney-Advisor in the Intellectual Property Rights Branch of CBP's Office of Trade for over a decade, where she provided legal support to all ports of entry on border enforcement of trademarks and copyrights, adjudicated administrative petition for relief from seizure, issued binding rulings and infringement determinations and administered patent and trade secrets-based exclusion orders issued by the U.S. International Trade Commission. Ms. van Horn has conducted numerous capacity building trainings on border enforcement of intellectual property rights to foreign governments, international organizations, and domestic audiences in both the public and private sectors.

Ms. van Horn received a bachelor's degree in philosophy from New York University, a Juris Doctor (J.D.) degree from Catholic University, Columbus School of Law, a Masters of Arts (M.A.) degree from Catholic's Graduate School of Philosophy, and a Master of Laws (LL.M.) from The George Washington University Law School.



## **Cheryl Wang**

***Attorney, Formerly David Yurman and Birkenstock***

Cheryl Wang, formerly in-house at David Yurman and Birkenstock, is an experienced attorney in the fashion and luxury retail space. Anti-counterfeiting has always been an important part of her work in intellectual property and brand protection.

Most recently, she served as Associate General Counsel and IP attorney at Birkenstock, a footwear company based in Germany. Her responsibilities covered a wide range of practices, including general corporate, privacy, litigation, and compliance, with a particular focus on intellectual property and brand protection for the Americas and LATAM region.

Prior to that, Cheryl started out in fashion law as in-house counsel at the NY-based luxury jewelry company, David Yurman. In addition to handling a variety of general corporate and compliance matters, her main responsibilities involved managing the intellectual property portfolio worldwide and overseeing the global brand protection program.



# Anti-Counterfeiting Panel: Collaborating against Counterfeiting

June 26, 2024

# Introductions

			
<p>Katie McCarthy King &amp; Spalding, LLP</p>	<p>Alaina van Horn, Chief, IP Enforcement Branch, U.S. Customs and Border Protection</p>	<p>Heather J. McDonald Baker &amp; Hostetler</p>	<p>Cheryl Wang Attorney</p>

# The Scope of the Problem / Agenda

- \$2.7 billion goods seized in 2023 [full report here: <https://www.dhs.gov/ohss/topics/trade/intellectual-property-rights-seizures>]
- Tools Available to Address
- Tricky Areas
- Developments to Watch

# Protecting Trademarks

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**REGISTER, RECORD & RENEW**

# Trademark Basics

## Counterfeit v. Infringement

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- **Counterfeit:** Unauthorized use of a mark that is “identical with, or substantially indistinguishable from, a mark registered on the principal register” (15 U.S.C. 1127) with intent to deceive
  - **Mark *must* be registered for remedies**



# Trademark Basics

## Counterfeit v. Infringement

BakerHostetler



### Trademark Infringement

- **Infringement:** Section 32(1)(a) of the Lanham Act imposes liability on anyone “who shall, without the consent of the registrant . . . **use in commerce** any reproduction . . . of a registered **mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services. . .** “ if “**such use is likely to cause confusion**
  - Marks in connection with similar/identical goods that are *similar* to the original trademark where the consumer believes there is an association between the two
  - Marks don’t necessarily need to be registered for an infringement claim



# Is Registration Enough?

Reasonable Consumer Would Not Be Confused:  
Likely Confusion Required for Counterfeiting Claim

Arcona "Eye Dew"



Arcona "Eye Dew Plus"



Arcona, Inc. v. Farmacy Beauty, LLC, (9th Cir. 2020)

# Counterfeiting: you know it when you see it?

Even though the products are the same and use the same “Eye Dew” mark, no reasonable consumer could find confusion likely where the 2 products viewed in their entireties do not remotely resemble each other.

Lanham Act § 1114(1)(a) establishes the counterfeiting cause of action and includes a likelihood of confusion requirement:

“Any person who ... use[s] in commerce any reproduction, **counterfeit**, copy, or colorable imitation of a registered mark ... **which such use is likely to cause confusion, or to cause mistake, or to deceive** ... shall be liable in a civil action by the registrant for the remedies hereinafter provided.”

“For example, the use of a counterfeit Louis Vuitton trademark on a handbag is obviously intended to confuse consumers. Put another way, a counterfeit claim is merely ‘the “hard core” or first degree’ of trademark infringement.”

“There is nothing in the statutory language of § 1114 that suggests that a counterfeit claim should be construed differently from an infringement claim.”

# Protecting Trademarks

BakerHostetler

REGISTER, RECORD & RENEW

# Registration v. Recordation

- **Registration** relates to the official act of filing (1) a trademark with the U.S. Patent & Trademark office, or (2) a copyright with the U.S. Copyright Office for a federal registration.
- **Recordation** refers to bringing a valid, federally registered right (trademark or copyright) to CBP (IPR Branch, R&R) in order to protect against the importation of infringing goods. 19 CFR § 133.1, *et seq.*
- **Distinction**: Seizure of goods that violate unrecorded rights is not always possible.



# ENDURING MISSION PRIORITIES



- **Counter Terrorism** – Anticipate, detect and disrupt the threat of terrorists, their weapons and actions to protect the people and economy of the United States.
- **Combat Transnational Crime** – Detect, deter and disrupt transnational organized crime that threatens U.S. national and economic security interests at and beyond the border.
- **Secure the Border** – Protect the Homeland through the air, land and maritime environments against illegal entry, illicit activity or other threats to uphold national sovereignty and promote national and economic security.
- **Facilitate Lawful Trade and Protect Revenue** – Enable fair, competitive and compliant trade and enforce U.S. laws to ensure safety, prosperity and economic security for the American people.
- **Facilitate Lawful Travel** – Enhance, enable and transform the travel experience by anticipating, detecting and intercepting threats prior to and at ports of entry.



## U.S. Customs & Border Protection e-Recordation Program

### How to Obtain Border Enforcement of Trademarks and Copyrights

United States Customs and Border Protection (CBP) has the authority to detain, seize, forfeit, and ultimately destroy merchandise seeking entry into the United States if it bears an infringing trademark or copyright that has been registered with the [United States Patent and Trademark Office \(USPTO\)](#) or the [United States Copyright Office \(USCOP\)](#), and has subsequently been recorded with CBP. As an intellectual property right (IPR) owner, you can partner with CBP to receive border enforcement of your registered trademarks and copyrights through CBP's e-Recordation Program.

[New Recordation](#)[Renewal](#)[Change of Ownership](#)[Change Point of Contact](#)[Check Status](#)[Request 3 Month Extension](#)

Electronic Application  
<https://iprr.cbp.gov/>



# Eligibility & Fees

## Trademarks:

- Must have a valid registration published on the Principle Register of the USPTO
- **\$190** per International Class of Goods
- Runs concurrently with the underlying USPTO registration
- \$80 for renewals

## Copyrights:

- Must have valid registration with USCOP (or temporary registration)
- **\$190** per copyright
- Runs concurrently with the underlying copyright, but must be renewed **every** 20 years
- \$80 for renewals





## Stages of CBP IP Enforcement

- Search/Examination
- Detention
- Seizure
- Forfeiture/Destruction
- Penalties





# Main IPR Seizure Statutes

## 19 U.S.C. §1526(e)

Used only for goods bearing counterfeit marks

## 19 U.S.C. §1595a(c)

- goods bearing “confusingly similar” marks
- *Lever*-rule protected goods
- piratical copyright violations
- DMCA violations

## 19 U.S.C. §1526(b)

Used for restricted gray market goods

## 19 U.S.C. §1337(d)

Used to exclude merchandise subject to an exclusion order

## 19 U.S.C. §1337(i)

Used to seize merchandise subject to an ITC Seizure and Forfeiture Order

# Civil (Private) Enforcement: Seizures

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- 15 U.S.C. 1116 et. seq.
- Seizure Order

# Civil Enforcement: 15 U.S.C. 1116 et. seq.: Enhanced Remedies

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- Treble Damages
- Statutory Damages
- Civil Seizures
- Attorney's Fees



# Specific Requirements

- Notification to U.S. Attorney.
- Affidavit of trademark holder or verified complaint.
- Posting of bond (in case of wrongful seizure).

# Specific Requirements

- Must be *ex parte*.
- The seizure cannot be publicized in advance.
- Likelihood of success on the merits.

# Specific Requirements

- Immediate and irreparable injury.
- Specific identification of location where counterfeit products are located and where seizure will occur.
- Balancing of harm between the trademark owner and the alleged counterfeiter.

# Specific Requirements

- Evidence (including a declaration or affidavit) that the target of the seizure would destroy, move, hide goods and documents if proceeding was on notice.
- File case under seal.
- Service by a Federal, State or Local Law Enforcement Officer.



# Specific Requirements

- Pre-Seizure Hearing (if requested by the judge)
- Seizure Confirmation Hearing (if seizure is contested)
- Destruction of Seized Goods (15 U.S.C. § 1118)





# Wrongful Seizure

- If court holds that seizure was wrongful:
  - Defendant can collect damages for lost profits, costs of materials, lost good will.
  - Punitive damages if bad faith can be proven.
  - Attorney Fees.
- So better to be safe, accurate, and thorough.



# Tricky Areas – Gray Market Goods

# Definition of gray market goods per CBP

Gray market goods, or parallel imports, are:

(1) foreign made goods;

(2) that bear a genuine trademark (e.g., one that was applied abroad with the authorization of the trademark owner);

(3) are intended for sale in a market *other than* the United States;

(3) are imported with or without the authorization of the U.S. right holder

# *Restricted* gray market goods per CBP

- (1) foreign made goods;
- (2) that bear a genuine trademark (e.g., one that was applied abroad with the authorization of the trademark owner);
- (3) are intended for sale in a market *other than* the United States;
- (4) are imported with or without the authorization of the U.S. right holder;
- (5) have applied for and received protection from CBP Regulations & Rulings, IP Enforcement Branch**

[HQIPRBranch@cbp.dhs.gov](mailto:HQIPRBranch@cbp.dhs.gov)

# Gray market protection with CBP

- A trademark that is recorded with CBP may receive gray market protection when it is applied under the authority of a foreign trademark owner **other than** *the U.S. owner*, a parent or subsidiary of the U.S. owner, or a party subject to *common ownership or control* with the U.S. owner, from whom the U.S. owner acquired the domestic title, or to whom the U.S. owner sold the foreign title. See 19 C.F.R. § 133.23(a)(2).
- Under the “affiliate exception,” CBP has interpreted section 133.23(a)(2) to mean that where the U.S. trademark owner owns the subject trademark in a foreign country or where a parent, subsidiary or party subject to common ownership or control with the U.S. owner owns the subject trademark in a foreign country, the trademark is **not** entitled to gray market protection from CBP

# Lever-rule Protection

- Trademarks failing to meet the requirements for receiving “pure” gray market protection might still qualify for *Lever*-rule protection
- *Lever*-rule protected goods are gray market goods that would not otherwise be restricted under the CBP regulations but may be refused entry into the United States when it is established to the satisfaction of CBP that such goods are *physically and materially different* from goods produced for the U.S. market under authority of the U.S. trademark owner, **and** the labeling requirements in 19 C.F.R. § 133.23(b) have not been met.

19 C.F.R. §§ 133.2, 133.23.



# The Soap



# The Dishwashing Liquid





# Applications for *Lever*-rule protection

When applying for Lever-rule protection for specific products, a trademark owner:

- (1) must state the basis for this claim with particularity;
- (2) support the claim by competent evidence; and
- (3) provide CBP with summaries of the alleged physical and material differences that exist between the articles authorized for sale in the United States and those intended for other markets.

See 19 C.F.R. § 133.2(e).

*Lever*-rule protection attaches to particular **products** while pure gray market protection attaches to **trademarks**

When reviewing an application for Lever-rule protection for specific products, CBP may consider, among other things, the following information and factors:

- (1) Specific composition of both the authorized and gray market product(s), (including chemical composition);
- (2) Formulation, product construction, structure, or composite product components, of both the authorized and gray market products;
- (3) Performance and/or operational characteristics of both the authorized and gray market products;
- (4) Differences resulting from legal or regulatory requirements, certification, etc.; or
- (5) Other distinguishing and explicitly defined factors that would likely result in consumer deception or confusion as proscribed under applicable law.

# *Societe Des Produits Nestle, S.A*

Differences in presentation (packaging), composition (ingredients), and price of the products under consideration were deemed to be “material”

Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc., 982 F.2d 633 (1st Cir. 1992)

“PERUGINA chocolates originated in Italy and continue to be manufactured there. They are sold throughout the world and cater to a sophisticated consumer, a refined palate, and an indulgent budget.”



# *Societe Des Produits Nestle, S.A*

“The Venezuelan sweets differ from the Italian sweets in presentation, variety, composition, and price.”

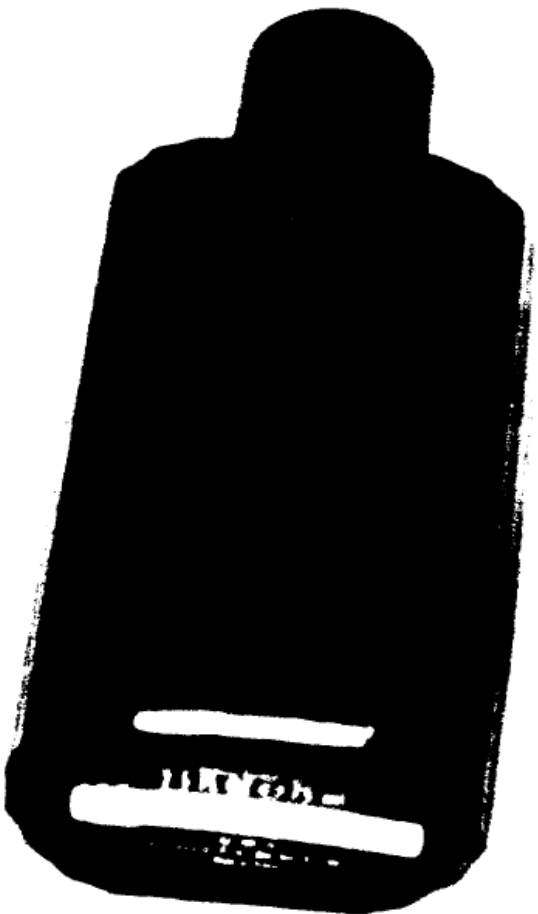
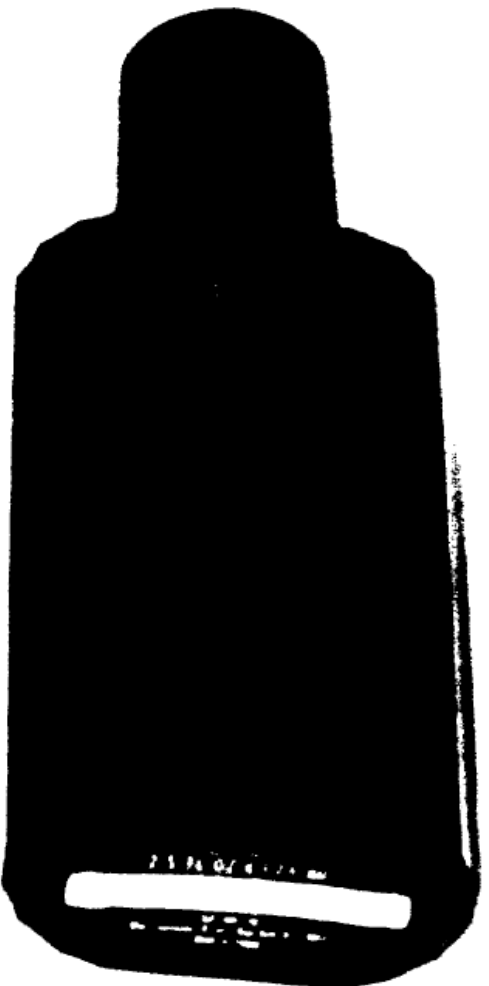
“... the Venezuelan chocolates purveyed by Casa Helvetia were not "genuine" within the meaning of section 32 if they (a) were not authorized for sale in the United States and (b) differed materially from the authorized (Italian-made) version.”

*Cf. [Monte Carlo Shirt, Inc. v. Daewoo Int'l \(Am.\) Corp., 707 F.2d 1054, 1057 \(9th Cir. 1983\)](#) (finding no section 32 violation where imported goods were identical to domestic goods and were intended for sale in the United States); [Sasson Jeans, Inc. v. Sasson Jeans, L.A., Inc., 632 F. Supp. 1525, 1528 \(S.D.N.Y. 1986\)](#) (similar).*

# *Davidoff & CIE*

- Material differences revolve around those that will affect a consumer's decision to purchase a product bearing a trademark
- The threshold of materiality in gray market cases is low, and includes even subtle differences between products
- Etching the glass to remove the batch code degrades the appearance of the product and creates a likelihood of confusion
- The etching may make a consumer think that the product had been harmed or tampered with.

Davidoff & CIE v. PLD Int'l Corp, 263 F.3d 1297, 1302 (11th Cir. 2001)



# Distinguishing *Davidoff*

- The removal of batch codes on hair care products does not constitute infringement.
- However, neither court found that the removal affected the overall appearance of the product to the extent that it might be material to a consumer decision to purchase the product

[Graham Webb International Ltd. Partnership v. Emporium Drug Mart, Inc., 916 F. Supp. 909 \(E.D. Ark. 1995\)](#)

“the removal of batch codes resulted in ‘almost imperceptible scratches’ that were not likely to confuse consumers.”

[John Paul Mitchell Systems v. Randalls Food Markets, Inc., 17 S.W.3d 721 \(Tex. App. 2000\)](#)

"there was no evidence that removal of the batch codes defaced the bottles."

# *Ferrero U.S.A., Inc.*

US product: 1 ½ calorie

UK product: 2 calories, and larger

UK product did not contain information concerning serving size, servings per container, or nutrient and mineral composition.

UK products contained the English spelling of words such as "flavour" and "colour" as well as differing UPC bar codes. The Ferrero U.S.A. product employed the spelling of "flavor" and "color" as commonly accepted and used in the United States.

The spearmint TIC TAC product imported by Ozak contains the U.K. food color additive E131. This additive (also known as Patent Blue V) is banned in the United States.





# Factor: Presence of foreign languages

Courts have found that the presence of product labeling in foreign languages can constitute a material difference in combination with other differences.

PepsiCo, Inc. Nostalgia Products Corp., 18 U.S.P.Q.2d 1404 (N.D. Ill. 1990)

material differences existed when Mexican PEPSI-COLA bottles were in Spanish and did not contain a list of ingredients

Helene Curtis v. National Wholesale Liquidators, Inc., 890 F. Supp. 152 (E.D.N.Y. 1995)

material differences existed when unauthorized hair care products made in Canada were labeled in both French and English, listed quantities in metric, did not contain list of ingredients as required by U.S. law, and contained formulation variations

PepsiCo, Inc. v. Reyes, 50 U.S.P.Q.2d 1696 (C.D. Cal. 1999)

material differences existed when Mexican PEPSI-COLA bottles were in Spanish and there were differences in packaging, marketing and quality control).

## § 133.2 Application to record trademark.

(f) CBP will publish in the *Customs Bulletin* a notice listing any trademark(s) and the specific products for which gray market protection for physically and materially different products has been requested. CBP will examine the request(s) before issuing a determination whether gray market protection is granted. For parties requesting protection, the application for trademark protection will not take effect until CBP has made and issued this determination. If protection is granted, CBP will publish in the *Customs Bulletin* a notice that a trademark will receive *Lever-rule* protection with regard to a specific product.



Merchandise or its packaging must bear a conspicuous and legible label designed to remain on the product until the first point of sale to a retail consumer in the United States stating that:

**“This product is not a product authorized by the United States trademark owner for importation and is physically and materially different from the authorized product.”**

The label must be in close proximity to the trademark as it appears in its most prominent location on the article itself or the retail package or container. Other information designed to dispel consumer confusion may also be added.

19 CFR 133.23(b)

https://iprs.cbp.gov/s/



U.S. Customs and  
Border Protection

Home

IPRS

# Intellectual Property Rights Recordation Search

You are entering an Official United States Government System, which may be used only for authorized purposes. The Government may monitor and audit usage of this system, and all persons are hereby notified that use of this system constitutes consent to such monitoring and auditing. Unauthorized use of this system and the disclosure of information on this Web site are strictly prohibited and are subject to prosecution under the Computer Fraud and Abuse Act of 1986 and Title 18 U.S.C. Sec.1001 and 1030.

## IPRS (Intellectual Property Rights Search)

The Intellectual Property Rights Search (IPRS) is a database containing public versions of U.S. Customs and Border Protection (CBP) intellectual property rights recordations.

CBP has the authority to detain, seize, forfeit, and ultimately destroy merchandise seeking entry into the United States if it bears an infringing trademark or copyright that has been registered with the [United States Patent and Trademark Office \(USPTO\)](#) or the [United States Copyright Office \(USCO\)](#). Pending copyright registrations may be temporarily recorded for a period of 6 months.

CBP IPR's e-Recordation program is administered by the IPE Branch within the Regulations and Rulings Directorate, Office of Trade. If you have any questions regarding eligibility for recordation, administration of the program, or how to properly search this database, do not hesitate to contact [IPRS@cbp.dhs.gov](#).

For additional information on the e-Recordation program visit <https://iprr.cbp.gov/> and see [19 CFR Part 133](#) for all applicable federal regulations concerning e-Recordation and CBP's IP border enforcement regime.

## Making Changes to your Recordation

To update the information in an existing recordation, such as changing the Point of Contact, licensees or countries of manufacture, a request must be made on company letterhead and emailed to [IPRRQuestions@cbp.dhs.gov](mailto:IPRRQuestions@cbp.dhs.gov) indicating all recordation numbers for which the change is requested.


## Programs Available to Recordation Holders

Visit <https://www.cbp.gov/trade/priority-issues/ipr/protection> for a description of all of the resources and programs available to recordation holders to partner with CBP in helping to enforce their intellectual property rights at the border.



Customs Recordation Number  
TMK 10-00244

### Recordation Information

Title	TIDE & DESIGN
Product	IC 003.Laundry detergent.
Description	The mark consists of the word "TIDE" lined for the color blue superimposed on three radial symmetrical bands lined for the colors yellow and red.   LAPSE IN PROTECTION: TH 06/07/2010 and 05/11/2021. For information regarding the recordation, please contact <a href="mailto:IPRRQUESTIONS@CBP.DHS.GOV">IPRRQUESTIONS@CBP.DHS.GOV</a> . For legal questions regarding enforcement please
Owner of Intellectual Property Right	Procter & Gamble Company
Gray Market Importations Restricted	Lever-Rule Protection 
Registration Number	2326614
Point of Contact	Angelia Farrell Email: <a href="mailto:farrell.ar@pg.com">farrell.ar@pg.com</a> Phone: 5139833365

# Tricky Areas – Contributory and Vicarious Liability

# Contributory Liability

## Not Just the Seller Anymore

- Who/what can you pursue?
  - Auction sites
  - Banks
  - Credit card companies
  - Internet registries and registrars
  - Payment processors
  - Search engine optimization companies
  - Web hosts and servers



# Trademark Basics

## Direct Liability v. Third Party Liability

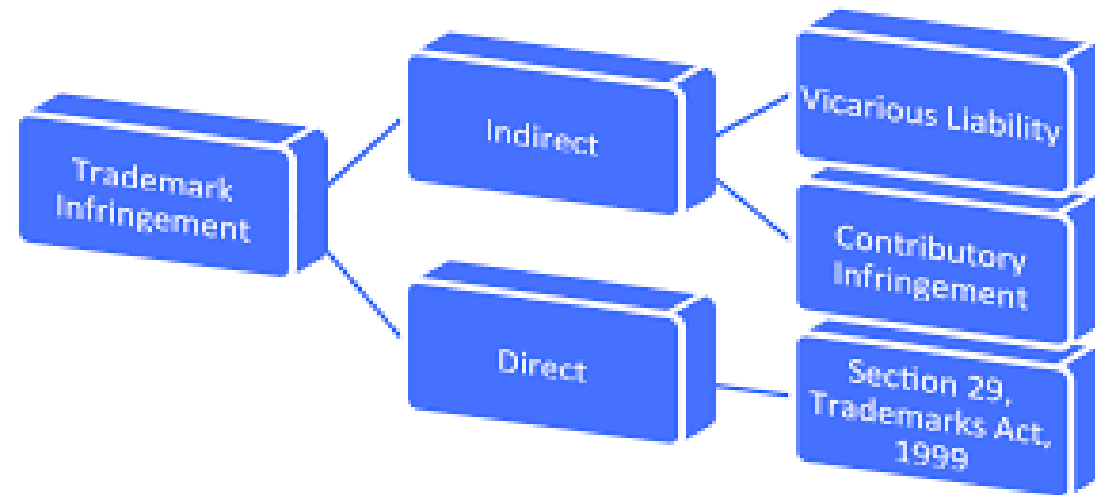
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- Direct Liability
  - a person or a company becomes liable to another on the basis of their own unauthorized use
  - **Example:** Seller of counterfeit goods is liable – actual or statutory damages
- Third Party Liability
  - a third party (e.g., service provider or landlord) has more than generalized knowledge to know that they are being used to sell counterfeit goods or are “helping” the actual counterfeiter
  - **Example:** Landlord can be liable if put on notice of tenant selling counterfeit goods – can be contributorily liable



# Contributory and Vicarious Liability

- Both are secondary liability (or third-party liability) in that the defendant is not the actual counterfeiter but is “helping” or otherwise aiding the actual counterfeiter in a way that opens them up to liability.

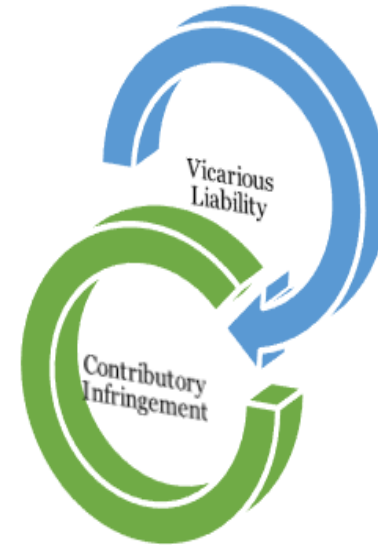


# Contributory and Vicarious Liability

## Comparing Contributory v. Vicarious

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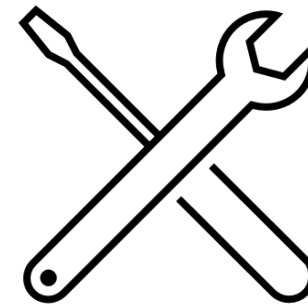
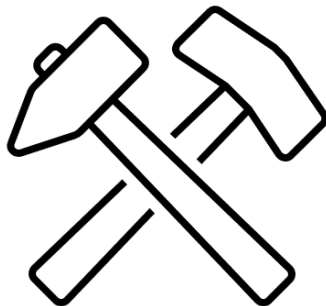
- **Contributory liability:** When the defendant does not control the direct infringer, but knowingly assists or somehow provides the means for the infringement.
- **Vicarious liability:** When the direct infringer is an agent or business partner of the defendant. It must be proven that such a relationship exists.



# Contributory and Vicarious Liability

## Practical Tools

- Easily Identified and Located
  - Maybe you can't find the counterfeiters (anonymous website owner)
- Third party may have deeper pockets
- Third party may be more legitimate (often a corporation)
- Maybe the third party is facilitating multiple counterfeiters (e.g., landlord or ISP)
- Deterrence
  - Send a message to other facilitators
- Almost Always Carry Insurance



# Contributory and Vicarious Liability

## Key Cases

- Any distributor who supplies a product to one whom it knows is engaging in trademark infringement may be held liable itself
  - *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844 (1982).
- Willful Blindness
  - *Hard Rock Café Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143 (7th Cir. 1992).
- Right to police vendors = vicarious infringement
  - *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259 (9th Cir. 1996) (cited in *A&M Records, Inc. v. Napster*, 239 F.3d 1004 (9th Cir. 2001)).



# Contributory Liability

- Defendants may be contributorily liable for direct infringement of others:
  - (1) if the defendant “**intentionally induces another to infringe a trademark,**” or
  - (2) if the defendant “**continues to supply its service to one whom it knows or has reason to know is engaging in trademark infringement.**”
    - *Inwood Labs, Inc. v. Ives Labs, Inc.*, 456 U.S. 844, 853-54 (1982).

# Contributory Liability

- To satisfy the knowledge requirement, a **service provider** must have:
  - **More than a general knowledge** or reason to know that its service is being used to sell counterfeit goods
  - Some **specific knowledge** of which particular listings are infringing is **necessary**

# Contributory Liability Online

## Notable Cases

- Coach sought \$2M in damages per counterfeit mark, per type of counterfeit good, and an injunction.
  - Coach notified the City of Chicago numerous times to report sales of knockoffs at a city market; Coach settled with the city in November of 2011.
    - *Coach Inc et al v. City of Chicago et al.*, No. 10 C 3108, 2010 WL 2610668 (N.D. Ill. 2010).
- Willful blindness by flea market operator & concluded with default judgement against individual defendants.
  - *Coach Services, Inc. v. Gata Corp.*, 2011 WL 2358671 (D.N.H. Jun. 9, 2011).
- A landlord's knowledge of infringing conduct by its tenants may come from raids by law enforcement agencies, in addition to Plaintiffs' notice letters.
  - *Luxottica Grp., S.p.A. v. Airport Mini-Mall, LLC*, 287 F.Supp.3d 1338 (N.D. Ga. 2017) (citing *Fonovisa Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 264-65 (9th Cir. 1996)).
- To show that Redbubble was willfully blind, Atari had to produce evidence that they had “specific knowledge of infringers or instances of infringement.”
  - *Atari Interactive, Inc. v. Redbubble, Inc.*, 2023 WL 4704891 (9th Cir. 2023).



# State - Contributory and Vicarious Liability

## NY Real Property Law § 231

- In New York, under in N.Y. Real Prop. § 231, Landlords can be held responsible for the illegal conduct of their tenants when put on notice of the illegal activity but fail to act accordingly. They are also given the right to declare a lease void and evict tenants conducting illegal activities.



# Contributory Liability

## *Omega SA v. 375 Canal LLC*

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- Found landlord contributorily liable for trademark counterfeiting & infringement; jury award in favor of Omega for \$1.1 million.

– *Omega SA v. 375 Canal, LLC*, No. 12-CV-06979, 2019 WL 2442434 (S.D.N.Y. June 12, 2019), *aff'd*, 984 F.3d 244 (2d Cir. 2021).



# Another Tool – The ITC

# Using the International Trade Commission

- LEO 337-TA-1269 Certain Electrolyte Containing Beverages and Labeling and Packaging Thereof

- GEO 337-TA-678 Certain Energy Drink Products



- GEO 337-TA-1232 Certain Chocolate Milk Powder and Packaging Thereof



# Developments to Watch



# Resale Platforms

*Ask Yourself What's Real*

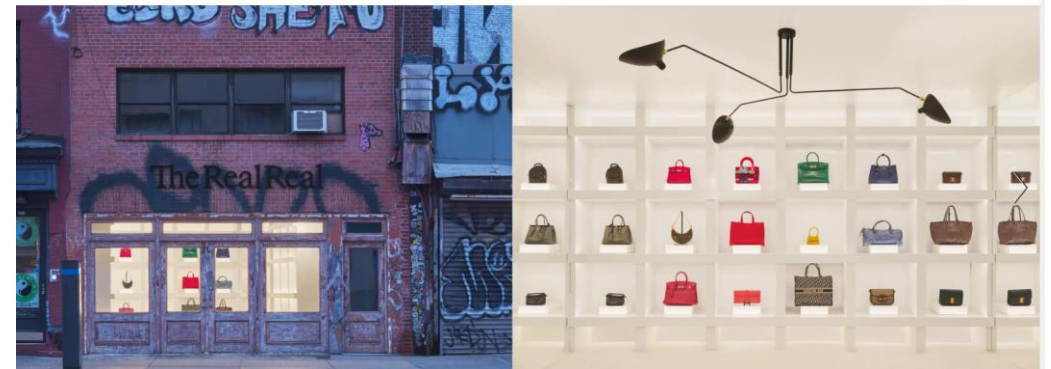


The Fashion Law

<https://www.thefashionlaw.com> › chanel-v-what-goes-a... ⋮

## Chanel v. What Goes Around Comes Around: A Resale ...

Feb. 6, 2024: The jury has sided with **Chanel** on all four of its causes of action (two trademark infringement claims, unfair competition, and false advertising), ...





# The Pennsylvania State University v. Vintage Brand, LLC (M.D.Pa. 4:21-cv-01091-MWB)



# “Right to Repair”

## FTC Approves Final Orders in Right-to-Repair Cases Against Harley-Davidson, MWE Investments, and Weber

Orders require companies to fix warranties and come clean with consumers about their right to use third-party repair services and aftermarket parts

## TFL

LAW

## What Harley-Davidson’s Right to Repair Case Win Means for Other Brands

Harley-Davidson has sidestepped a proposed class action that accused it of using its warranty “to force Harley owners ... to purchase Harley-Davidson-branded parts, instead of other available aftermarket parts.” In an order on June 5, Judge William Griesbach of the U.S. ...

# Shop Safe Act of 2024: Stopping Harmful Offers on Platforms by Screening Against Fakes in E-commerce Act

- Reintroduced in the Senate in October 2023 and in the House in June 2024
- Provides incentives for online platforms to vet sellers and goods, address repeat counterfeiter sellers, and provide consumers with access to relevant information about the seller at the time of purchase

# Questions?