



INVESTIGATING IP CRIMES

Reasonable suspicion

Nature of goods: Counterfeiting

- Tobacco products, especially cigarettes
- Alcoholic beverages
- Branded clothing and footwear
- Luxury goods such as handbags, watches, pens and perfumes
- Pharmaceuticals and some foodstuffs
- Consumer electronics
- Critical technical components.

Introduction

- Police, customs and prosecutorial action depends on a reasonable suspicion that a crime has been or may be committed.
- How does a reasonable suspicion arise justifying police or customs action?
- A number of pointers.

Nature of goods: Piracy

- Computer programs
- Optical media such as DVDs and CDs
- Books and teaching materials.



Trade source and outlet

- Typical legitimate trade sources:
 - Licensed importers, dealers and outlets.
 - Luxury goods: specialist retail shops located in upmarket shopping areas.
 - Motor parts: authorized motor dealers.
 - Pharmaceuticals: licensed pharmacists.
- Any trading elsewhere ought to give rise to a reasonable suspicion that they are fakes.

Price difference





Quality



Packaging



Documentation



Timing

- Fake DVDs of films and the like tend to appear on the market before the official launch.
- Originals are usually released to the retail market some time after the official launch.



Questioning the suspect

- Why he has multiple copies?
- How is it possible to sell so cheaply?
- What steps did the suspect take to determine whether the goods are genuine?
- Did the suspect have the permission of the owner of the trademark/copyright to make or distribute the goods?

Country of origin and shipping routes



Packaging and concealment methods

- Transparent vinyl film with no logo.
- Bundled in small batches in cheap boxes.
- Unboxed goods mixed in the same parcel.
- Hiding counterfeit items behind cover loads or deep inside a container.
- Domestic assembly. Labels and blank products imported separately.



Prosecutorial discretion

Law enforcers



- Investigating crime: police services.
- Inspectors: IP and tax. Their “police” powers may be limited.
- Right holders: own market surveillance provides a valuable tool and is indispensable for proper policing.

State interest in prosecuting

- local and regional industries,
- price levels,
- jobs,
- international trade relations,
- tax and customs income,
- public health and safety,
- and the prevention of corruption and organized crime.

5/6/2019

16

State interest in prosecuting

- Law enforcement priorities
- The nature and seriousness of the offense
- The deterrent effect of prosecution
- The individual's culpability
- The individual's criminal history
- The individual's willingness to cooperate in the investigation or prosecution of others
- The probable sentence and other consequences of conviction

5/6/2019

17



Decision to prosecute

- Different levels of criminality/criminal.
- Who to target effectively?
- Ordinarily, the prosecutor should commence prosecution if he believes that
 - the person's conduct constitutes an offence and that
 - the admissible evidence will probably be sufficient to obtain and sustain a conviction.

5/6/2019

18

Prosecutorial considerations: Health and safety

Whether the counterfeit goods present potential health or safety issues

- Counterfeit medications
- Food
- Spare parts
 - Vehicle and airplane parts

5/6/2019

19

Prosecutorial considerations: Scale

- The scale of (*e.g.*, the amount of illegitimate revenue and profit);
- The number of participants and the involvement of any organized criminal group;
- The scope of activities (*e.g.*, whether the subject infringes or traffics in multiple items or the infringes upon multiple industries or victims),
- The volume of infringing items

5/6/2019

20

Prosecutorial considerations: The Loss

- The scale of the victim's loss or potential loss,
- the size of the market for the infringed IP that is being undermined (*e.g.*, a best-selling software package or a famous trademark) and
- the impact of the infringement on that market.

5/6/2019

21

Prosecutorial considerations: The Victims

- Is the victim a member of a vulnerable class?
- Is the victim a willing participant?; and
- Is the purchasers a victim of a fraudulent scheme?

5/6/2019

22

Decision not to prosecute:

A provable case may not be prosecuted when:

- prosecution would serve no substantial state interest;
- the person is subject to effective prosecution in another jurisdiction;
- an adequate non-criminal alternative to prosecution is available.

5/6/2019

23

Overlapping charges

- Pirated goods usually have counterfeit trademarks.
- If easier to prove counterfeiting than piracy, concentrate instead on counterfeiting.
- Anti-counterfeiting laws may be useful in combating crimes such as dealing in fake medicines.

Complementary charges: big fish

- Fraud
- Customs
- Tax
- Racketeering and money laundering
- Drug and food legislation
- Labour related legislation
- Aiding, abetting, attempt



5/6/2019

25

Alternative charges: municipal infringements

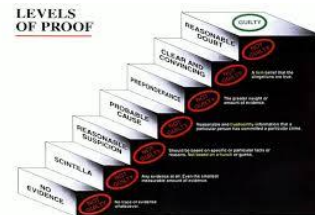
- Trading licences
- Trading zones
- Traffic offences
- Health regulations
- Aiding, abetting

5/6/2019

26

Intermediaries

- Consider liability of intermediaries with guilty knowledge: "Usually blame for counterfeiting goes to the manufacturing side, occasionally the demand side, but more focus should also go on what happens in between."
- Mall owners
- Shippers
- Bankers



5/6/2019

27

Onus

- Criminal case: beyond reasonable doubt.
- Is it justifiable to forego principle for the sake of expediency in the case of certain crimes?
- Presumptions: different countries different approaches.
- No presumptions in certain countries.

5/6/2019

29

Who may not be prosecuted

- Counterfeiting and piracy for personal and domestic use is not criminalized.
- The likelihood that someone would counterfeit for personal and domestic use is remote but it is different with piracy.

The complainant

- The right holder or his licensee or agent
- With *ex officio* action, such as customs seizures or police raids, the authorities are first on the scene and they are then dependent on the rights owners to provide them with the necessary evidence and support.

When is *ex officio* action justified?

- Whether enforcement should be left to right holders or whether *ex officio* action is preferable depends on local priorities and circumstances.
- *Ex officio* action against the producer, exporter, importer and wholesaler is fully justified.
- Private enforcement against a retailer (for example, a street trader) is in general impracticable and may also warrant *ex officio* action.

Diversion



- Plea bargaining
- Compounding:
 - In Thailand: always compoundable.
 - any offence which is prescribed to be a compoundable offence by accepting from the person
 - reasonably suspected of having committed such offence a sum of money.

Abuse of criminal proceedings

- Rights holders may use the threat of criminal proceedings as leverage to obtain a civil settlement.
- Once settlement reached, they do not assist the prosecution.
- Rights holders may have no interest in criminal prosecution e.g. global settlement.

5/6/2019

33

5/6/2019

34

Settlement between the complainant and the accused/defendant

- The criminal case is in a material sense in the hands of the right holder.
- Rights owners often settle the civil claim and then withdraw the complaint or fail to provide the necessary evidence.
- With adequate admissions from the accused, there may be no need for evidence from the right holder.
- Local law may require the consent of the prosecutorial authority of any settlement that has the effect of a withdrawal or abandonment of the charge.



EVIDENTIAL ISSUES

Introduction

- Object: establish
 - the commission of the crime and
 - the guilt of the accused
 - with reference to the elements of the crime
- Admissible evidence
- Presumptions
- Admissions

Evidential issues



- The IP right of the right holder;
- the infringing act;
- the participation of the accused in the infringing act; and
- the guilt of the accused.

The right of the right holder: counterfeiting

- Trademark registration certificate
 - certified extract
 - issued by the local Registrar of Trademarks.
- Content:
 - Issued by an authorized person.
 - The trademark (word, device etc) as registered.
 - The class in which and the goods or services for which the trademark is registered.
 - Registration was current at the time of the alleged offense.

The right of the copyright owner: piracy

- Problem areas
 - More difficult to establish the rights of copyright owner than it is with counterfeiting.
 - No registration
 - Author may not be the owner.
 - A written assignment (transfer) of copyright may be required.
- Presumptions

The right of the copyright owner: piracy 2

Witness statement or affidavit from the author of the work

- who was a qualified person
- on the date of first publication
- setting out that he created the work independently and
- that he did not copy it from another work.
- that the work was eligible for copyright.

Issues relating to change in ownership

The infringing act: counterfeiting

Infringement is established by

- comparing the counterfeit trademark and the trademark as registered.
 - identical to or
 - indistinguishable in its essential aspects from the trademark.
- comparing the class in respect of which the trademark is registered.
- lack of license or consent of the trademark owner.

Evidence/witnesses

Evidence:

- Production of counterfeit
- Representative of the trademark owner
 - produce an original product to compare
 - no licence
- Judicial notice re comparisons and class?

Chain of evidence



The infringing act: piracy

- Compare the original and the pirated copy.
- If identical or virtually identical the inevitable conclusion must be that the one was copied directly or indirectly.
- Whether the court will perform the exercise without evidence will depend on local law.
- The copy must have been made without the license or consent of the owner.
- These aspects are also conveniently dealt with by a representative of the copyright owner who in addition should produce an original product and compare it (also quality wise) with the pirated product.

Evidence/witnesses

Evidence:

- Production of pirated goods
 - Chain of evidence
- Representative of the copyright owner
 - produce an original to compare
 - no licence
- Judicial notice re comparisons?



Participation of the accused in the infringing act

- “Counterfeiting” and “piracy” are variously defined in local laws and usually include the making, importation or selling of counterfeit or pirated goods.
- Evidence of the accused’s participation is required.
- The nature and scale of the accused’s participation.
- The chain of movement of the goods from confiscation – safe storage – to court.

Guilt of the accused

- Wilfulness (or other statutory test)
- Direct evidence
- Circumstantial/inferential: See relevant factors in chapter 7, *Reasonable suspicion*.

Defendant abroad



IP crime is very commonly cross-border crime.

- Assistance from police and courts in foreign countries.
- United Nations Convention against Transnational Organized Crime (the Palermo Convention).
- INTERPOL: coordination of cross-border operations and in securing the arrest of fugitive suspects for purposes of extradition.

