

# THE NATIONAL LAW JOURNAL

FEBRUARY 9, 2015

An **ALM** Publication

## INTELLECTUAL PROPERTY | A SPECIAL REPORT

In this week's special report, we consider the responsibility of brand owners to remain resolutely above-board and cooperate with legal authorities when going after counterfeiters. We investigate the wisdom and legality of attempting to trademark slogans, like "Je suis Charlie," that spring up in response to cultural events or tragedies. And we consider a proposed portal proceeding to screen patent claims by nonpracticing entities.



## Brand Owners Need to Be Reliable Victims

That means conducting ethical investigations of alleged counterfeits and cooperating with authorities.

BY DAVID R. COOPER AND RICHARD J. NELSON

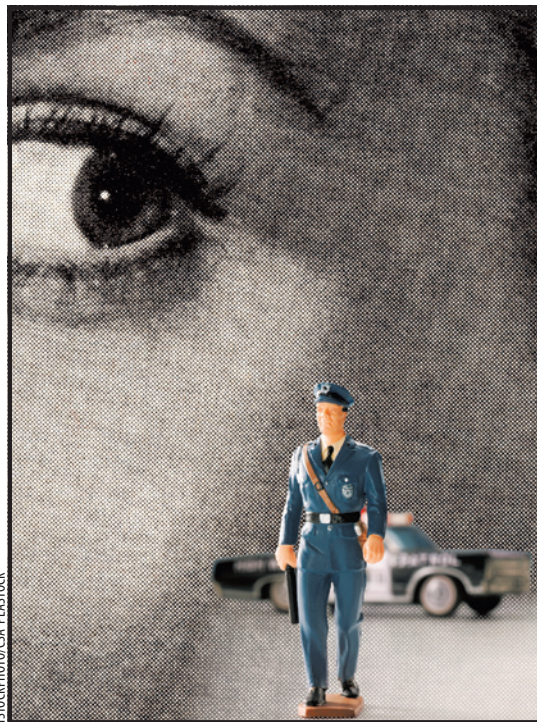
**D**uring the past 10 years, brand owners have become increasingly demanding. The demand for "more" has been a drumbeat: Law enforcement needs to prosecute more counterfeiters. Legislators need to pass more laws. Government needs to devote more resources.

Those who demand more are right. Law enforcement should do more investigations, laws can be improved and more governmental resources can certainly be brought to the battle against counterfeits. But that is only one part of the equation. Brand owners can and must do more, as well. Brand owners must be reliable victims.

What does it mean to be a reliable victim? It means that brand owners need to conduct lawful, ethical investigations to gather the evidence that they present to law enforcement. It means they need to be responsive when law enforcement asks questions of them and provide complete and accurate answers. And it means that brand owners need to be reliable throughout the investigation and prosecution process, supportive of requests for information and expert opinion, and never undercut the referral.

During the past 10 years, the subject of private and public cooperation has been subject to wide discussion. Still, it would appear that some rights holders have yet to fully grasp the challenge.

If we accept the existence of private-sector subject-matter experts, some with as



much as 15 years of experience in intellectual property crime, working for brands for which results matter, then an opportunity exists to conduct investigations on a global scale.

In the United Kingdom in 2013 the Intellectual Property Office funded the creation within the City of London Police of the Police Intellectual Property Crime Unit, an independent law enforcement unit dedicated to tackling serious and organized intellectual property crime. This represents a huge opportunity for rights holders. Should this oppor-

tunity be combined with the opportunity that already exists in the United States with the National Intellectual Property Rights Coordination Center, then the sum of these parts becomes ever more compelling.

However, opportunity is only beneficial if it is leveraged. Organized criminal intellectual property rights crime is burning down brands and economies. Rights holders should be running to the fire, not hiding from it.

### NOT ABOVE THE LAW

For rights holders to leverage these opportunities, perceptions need to change. Nobody, no organization, no group is above the law. Laws exist to protect the innocent and also to temper the overzealous. It is necessary for brand owners to accept that they must work in conjunction with government and law enforcement.

During the past 15 years, laws have evolved to protect rights holders from intellectual property crime. While there is still a way to go in some jurisdictions, on the whole protection is better today than it has ever been. Law enforcement, governments and the judiciary increasingly understand the need to protect intellectual property. However, to support investigations it is incumbent upon rights holders to ensure they obtain solid, trustworthy and lawfully obtained evidence.

Over the years, scrutiny has been raised

as to investigators' behaviors. Dubious investigation methods were the basis in 2006 for the Hewlett-Packard Co. pretexting scandal. As recently as August 2014, a British investigator was jailed in China for illegally obtaining information while working for GlaxoSmithKline PLC.

In the United States, we have seen courts in several states call into question the actions of investigators who have conducted test buys and other probes into suspected sellers of counterfeit products. For example, if the brand's investigator takes action in conjunction with law enforcement, it likely implicates the constitutional rights of the subject. See, e.g., *Stapleton v. Superior Court of Los Angeles County*, 70 Cal. 2d 97, 102 (Calif. 1968) (noting that evidence obtained in a joint search by a private citizen and law enforcement was inadmissible).

Decisions in some jurisdictions have questioned whether brand-protection investigations implicated the ethical duties of the lawyers who hired the investigators. See *Midwest Motor Sports v. Arctic Cat Sales*, 347 F.3d 693, 698-699 (8th Cir. 2003); *Gidatex v. Campaniello Imports Ltd.*, 82 F. Supp. 2d 119, 122 (S.D.N.Y. 1999); *In re Pautler*, 47 P.3d 1175 (Colo. 2002). In sum, it is critical to think carefully not only about what evidence one wants to get, but also how one gets it.

There are numerous investigation companies and private detectives, many of whom are former law enforcement agents. Some of these investigators seem to operate under the mantra of "the end justifies the means." Should rights holders really accept this mantra as a business model in 2014?

Numerous inquiries, including the Leveson inquiry into the culture, practices and ethics of the British press following the News of the World phone-hacking scandal, have occurred. But it is not just phone hacking. There are a number of other pending investigations into computer hacking and the activities of private investigators. These inquiries are more than likely just the tip of the iceberg. The Internet and new technology are making it easier than ever to trace people and conduct surveillance against them.

### OVERSIGHT OF THIRD PARTIES

Rights holders as part of their duty as reliable victims in any public-private partnership have to ask themselves whether they have created a market for no-questions-

asked services. Often, rights holders delegate their investigations management to third parties for which they exercise little or no oversight. These third parties may use non-contracted entities to further distance any chain of oversight. This is pure folly. Rights holders are responsible for the actions of those who investigate on their behalf.

The time has come for rights holders to get their houses in order, before legislation does it for them. They need to understand it is fundamental to everyone's success for them to be seen as trusted partners, not as organizations to be wary of or whose motives and techniques must be questioned.

To do this, there is a need for clarity about expectations of those who investigate on behalf of rights holders. Rights holders must ingrain in investigators expectations with regards to ethics, behavior and lawful activities. Any rights holder that gets this wrong drags everyone else down a tier—and in 2015 this is unacceptable. Comprehensive due diligence of investigation resources must be the norm to ensure possession of the necessary experience, training and insurance to protect rights holders' interests.

Once all these elements are in place, rights holders need to ensure they are reliable victims. Reliable victims are truthful with the public body with which they are engaging in any investigations—truthful as to their intentions and their support, and never willing to cut a deal with the bad guys behind the public-sector partner's back.

For public-sector partners to assess any investigation, rights holders must be transparent and share the entirety of any private investigation. This should be simple if the right evidence has been obtained in the right way.

Rights holders need to ensure they actively manage their investigations and that they are subject to the same or higher level of scrutiny and approval as those of the public-sector agency to which they intend to take any findings. They need to ensure they protect and store any data obtained with regards to and in compliance with data-protection legislation.

Rights holders must use the right tools for the right job and make sure when they commission investigations that the actions conducted on their behalf are justified, proportionate and necessary. A simple question they could ask is: "What is the *right* thing to do?" The correct answer flows from that question.

Simplicity needs to be brought back into

the center of the ring. Often, products and the way brands go to market are complex and difficult to convey. Rights holders have a duty as part of any public-private sector partnership to ensure their investigations and what they are alleging are comprehensible.

To quote Albert Einstein, "If you can't explain it simply, you don't understand it well enough." Cases need to be simple for public-sector partners to comprehend what is being alleged and for the judiciary and any jury to grasp what has happened.

Rights holders need to support simplicity through consistency, including consistency of staff allocated to an investigation. Nothing is more demotivating for law enforcement than to have to deal with different and ever-changing contact persons throughout an investigation. Consistency breeds knowledge and knowledge breeds professionalism, which means pressure is kept up on the bad guys. If all stakeholders embrace these factors, this would ensure meaningful and productive public-private partnerships founded upon trust.

To succeed, rights holders must be flexible, innovative and fast learners. They must embody integrity as a core value and must remember that any investigation conducted on their behalf is ultimately their responsibility. The public will judge not only the criminals committing crimes against the brands, but also the rights owners themselves, with regard to their professionalism and integrity. All brands should ask themselves: What is the right sort of person to represent their brand?

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