Friend or Faux: The Trademark Counterfeiting Act's Inability to Stop the Sale of Counterfeit Sporting Goods

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I. Introduction

The market for sporting goods and apparel is on the rise. In 2012, the global market was worth $135 billion, and is estimated to reach $178 billion by the year 2019.\(^1\) The growth stems from a variety of factors, including an increased level of “fitness consciousness, rising income levels in developing countries, the growing popularity of sports apparel for women as well as the trend toward stylish and comfortable sportswear.”\(^2\)

Unfortunately, however, the increase in demand for sporting apparel is accompanied by an increase in the cost of these items. When Reebok manufactured jerseys for the National Football League (NFL), the cheapest adult replica—the “Game Jersey”—cost consumers only $85.\(^3\) Although, when Nike took over the deal in 2012, the company raised the cost of the cheapest jersey to $100, asserting that it used different materials in the new Nike jerseys.\(^4\) On April 1, 2014, Nike again increased the price of NFL jerseys.\(^5\) The cost of the cheapest replica remained at $100, but price of the “Limited Jersey”—which has embroidered numbers and letters—increased from $135 to $150.\(^6\) Moreover, the cost of the “Elite Jersey”—which is

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\(^2\) *Id.*


\(^4\) *Id.*

\(^5\) *Id.; see also* Kevin Seifert, *Inside Slant: You Aren’t Nike’s Target Market*, ESPN (Apr. 9, 2014, 3:00 PM), http://espn.go.com/blog/nflnation/post/idi/123715/inside-slant-you-arent-nikes-target-market (asserting that “Nike isn’t producing these jerseys for . . . the average American Consumer. They are for the highest levels of our economic stratosphere”).

\(^6\) Rovell, *Nike Raises NFL Jersey Prices*, supra note 3.
extremely similar to what the players wear, is water repellent, and has a tighter fit—increased from $250 to $295.\textsuperscript{7}

The rise in cost of athletic apparel undoubtedly creates a demand for cheaper, affordable alternatives—namely counterfeit goods which will cost only a fraction of the original.\textsuperscript{8} Counterfeiteers also take advantage of specialty sporting events, such as the NFL Super Bowl or National Hockey League (NHL) Winter Classic and Stanley Cup, where “criminal groups try to exploit the enthusiasm of fans” by selling them counterfeit sporting apparel.\textsuperscript{9}

Consumers who search for discounted sporting goods and apparel fall into one of two different categories: (1) individuals who knowingly search for and purchase counterfeit sporting goods and apparel “in order to save money, to bear the status symbol of an item they could not otherwise afford, or even to wear counterfeit . . . labels,”\textsuperscript{10} or (2) individuals who are searching for a bargain and are fraudulently induced into buying the knockoff believing it to be an authentic sporting good or piece of apparel.\textsuperscript{11} Unfortunately, the number of consumers who fall into the first category is steadily increasing.

\textsuperscript{7} Id.

\textsuperscript{8} See Seifert, supra note 5 (reporting that many individuals responded to Nike’s increase in jersey cost by pointing “toward the robust counterfeit . . . market as an increasingly attractive alternative).


\textsuperscript{10} Amanda Silverman, Note, \textit{Draconian or Just? Adopting the Italian Model of Imposing Administrative Fines on the Purchasers of Counterfeit Goods}, 17 \textit{Cardozo J. Int’l & Comp. L.} 175, 198 (2009); see Seifert, supra note 5 (reporting that the increases in cost of authentic sporting goods are leading consumers to look to counterfeits as alternatives).

\textsuperscript{11} See Silverman, supra note 10, at 198; Bukszpan, infra note 105 (stating that “many people who purchase counterfeit products do so unknowingly).
The United Nations estimates that “counterfeit goods generate $250 billion annually for
criminal organizations.”12 As a result, many governmental agencies have increased enforcement
against counterfeit goods. For instance, United States Immigration and Customs Enforcement
(ICE) has teamed with the Department of Homeland Security (DHS) to combat the issue,
resulting in a 159% increase in arrests, 103% increase in convictions, and 264% increase in
indictments.13 Moreover, Customs and Border Protection (CBP) and ICE have increased
seizures of infringing items by 53%.14

Counterfeit suppliers, however, are finding ways to reach consumers as demand for
replica sporting goods and apparel is increasing. Critics may argue that the issue is in fact
circular—purchasing counterfeit goods costs the United States an estimated $200-plus billion per
year, of which domestic producers absorb about $60 billion.15 Domestic producers then increase
the prices of merchandise to make up for their drastic loss.16 In simpler terms, consumers are
buying counterfeit sporting goods because the current prices are too high, but the prices continue
to rise because the domestic producers are losing money to counterfeit producers. The economy
has produced a vicious cycle.

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12 Arelis R. Hernandez, Buying Cheaper Counterfeit Products for the Holidays can have High
Costs, ORLANDO SENTINEL (Dec. 26, 2012), http://articles.orlandosentinel.com/2012-12-
26/news/os-counterfeit-organized-crime-orlando-20121226_1_counterfeit-items-estimates-
counterfeit-goods-counterfeit-copies.
13 OFFICE OF MGMT. & BUDGET, OFFICE OF THE U.S. INTELLECTUAL PROP. ENFORCEMENT
COORDINATOR, 2013 JOINT STRATEGIC PLAN ON INTELLECTUAL PROP. ENFORCEMENT 43, 45
(2013) [hereinafter 2013 Plan on IP Enforcement], available at
http://www.whitehouse.gov/sites/default/files/omb/IPEC/2013-joint-strategic-plan-on-
intellectual-property-enforcement.pdf.
14 Id.
15 See Maxim H Waldbaum & Xuan-Thao N. Nguyen, Using Creativity to Fight a $60 Billion
16 See id.
To combat the growing issue of counterfeit goods being imported into the United States, which is negatively affecting the domestic market, Congress enacted the Trademark Counterfeiting Act of 1984.\(^\text{17}\) The Act provides for criminal and civil penalties for those who intentionally traffic in counterfeit goods and knowingly use an associated counterfeit mark with that good.\(^\text{18}\) Nevertheless, the Act is insufficient to address all of the current problems that face the counterfeit market today.

Part II of this paper gives background information about the Trademark Counterfeiting Act of 1984 and the reasons behind why Congress found it necessary to enact such a law. Part III discusses the creation of the National Intellectual Property Rights Coordination Center (IPR Center) and the IPR Center’s recent enforcement operations aimed to stop the importation and sale of counterfeit sporting goods. Part IV of this paper argues that the Trademark Counterfeiting Act of 1984 is outdated and leads to insufficient efforts by the government to combat the issues surrounding counterfeit goods. Part V identifies the present social consequences of an ineffective law that fails to adequately halt the production and sale of counterfeit goods. Part VI recommends that private organizations that are directly affected by the production and sale of counterfeit goods must take steps to prevent the production of counterfeit goods. Moreover, Congress must amend the Trademark Counterfeiting Act of 1984 so it is still relevant in today’s economy. In order to do so, the Act must criminalize the act of knowingly purchasing counterfeit goods as well as selling counterfeit goods. Finally, Part VII concludes that the government’s actions are currently ineffective in preventing black market profit from counterfeit goods, and the Trademark Counterfeiting Act will remain ineffective unless Congress amends the statute.

\(^\text{17}\) 18 U.S.C § 2320 (2012).

\(^\text{18}\) Id.
II. The Trademark Counterfeiting Act of 1984\(^\text{19}\)

A. Background

“Commercial counterfeiting is the practice of placing a false trademark on a product, often of inferior quality, and thereby making the product superficially indistinguishable from the genuine article.”\(^\text{20}\) The Trademark Counterfeiting Act of 1984 was introduced to deal with the “growing problem of commercial counterfeiting” which resulted in “legitimate businesses suffer[ing] the losses of billions of dollars every year to counterfeiters.”\(^\text{21}\) The legislation aimed to “put product counterfeiters out of business and to protect the trademark owner and the general public.”\(^\text{22}\)

Prior to 1984, there were “virtually no criminal penalties for the sale of goods and services through the use of false trademarks.”\(^\text{23}\) The Lanham Act,\(^\text{24}\) enacted in 1946, in part, to protect “trade-marks used in commerce,”\(^\text{25}\) was the only statute at the time that provided

\(^{19}\) 18 U.S.C § 2320 (2012).


\(^{22}\) Senate Hearing 1982, supra note 20, at 44 (statement of Vernon F. Venne, Ashland Oil, Inc., Valvoline Motor Oil Division).


sanctions for trademark infringement. However, the penalties imposed were “too small, and too infrequently imposed, to deter counterfeiting significantly.”

In response, the Senate introduced Senate Bill 2428, later amended as Senate Bill 875, which imposed “stiff criminal penalties” to deter the “‘epidemic’ of commercial counterfeiting.” The final draft of the bill, before enactment, established “criminal penalties of up to 5 years imprisonment and up to $250,000 in fines for individuals and up to $1,000,000 in fines for corporations and similar legal entities that intentionally traffic in goods or services knowing them to be counterfeit.” The bill also authorized civil lawsuits where the owner of a registered trademark could “bring a civil suit for treble damages against those who violate” the bill.

House Report 997 also proposed an amendment to the Lanham Act in conjunction with the Trademark Counterfeiting Act of 1984. The amendment permits *ex parte* seizures of counterfeit goods, and thus a trademark owner could seize the counterfeit goods without notifying the other, counterfeiting party. To prevent abuse of *ex parte* seizures, the non-infringing party must make a pre-seizure showing that:

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26 S. REP. NO. 98-526, pt. III, at 5. Today, the Lanham Act permits the use of treble damages at the court’s discretion, under 15 U.S.C. § 1117(b), for those who “intentionally use a mark or designation, knowing such mark or designation is a counterfeit mark . . . in connection with the sale, offering for sale, . . . or distribution of goods or services.” Waldbaum & Nguyen, *supra* note 15, at 90 (citing 15 U.S.C. 1117(b)).


30 *Id.*


32 *Id.* at 3.
(1) no adequate alternative remedy is available; (2) the trademark owner has not publicized the requested seizure; (3) the trademark owner is likely to succeed in showing that the alleged counterfeiter used a counterfeit mark; (4) immediate and irreparable injury will result if the court denies the seizure; (6) the harm to the trademark owner outweighs the harm to the alleged counterfeiter; and (7) the alleged counterfeiter would destroy, move, hide, or otherwise make the alleged counterfeit goods inaccessible if the trademark owners provide notice.33

In his opening remarks, Senator Mathias asserted that “[t]he bill’s greatest virtue may be the deterrent effect it will have.”34 Many also supported the primary objectives of the bill, asserting the importance of “trademark registrants to effectively enforce their rights in court.”35 However, the Senator’s optimism was met with skepticism, questioning, among other things, whether it is realistic to assume that this bill would invoke Federal criminal law enforcement.36 Instead, the Department of Justice suggested that the preferred method for recovery was to create “effective private remedies and [to facilitate] self-help remedies to the extent” possible.37

33 Waldbaum & Nguyen, supra note 15, at 88, 90.
34 Senate Hearing 1982, supra note 20, at 2; see id. at 22 (“[B]ecause of its stringent civil and criminal penalties, it will establish a significant disincentive for those who might engage in counterfeiting.”).
35 Id. at 22. The Senate heard testimony from many individuals, including representatives from Bausch & Lomb, producers of Ray Ban Sunglasses, and from Levi Strauss & Co., producers of Levi jeans. See generally id.
36 See id. at 9; see also A Bill to Amend Title 18 of the United States Code to Strengthen the Laws Against the Counterfeiting Trademarks, and for Other Purposes: Hearing on S. 875 Before the Subcomm. on Patents, Copyrights and Trademarks of the S. Comm. on the Judiciary, 98th Cong. 20 (1983) [hereinafter Senate Hearing 1983] (statement of Edward T. Borda, President, Association of General Merchandise Chains) (“We are concerned that this bill would impose substantial and inequitable burdens on retailers who would be subject to severe criminal sanctions and to civil remedies with enormous consequences on their businesses.”).
37 Senate Hearing 1982, supra note 20, at 9; see also id. at 22 (“[T]his is a problem that can best be addressed by private enterprise.”). But see Senate Hearing 1983, supra note 36, at 21 (identifying that the bill “would encourage trademark holders to concentrate private enforcement actions not against counterfeit producers but rather against established retailers”).
The New York City Department of Consumer Affairs testified at the Senate hearing about the importance of attacking counterfeiting of brand-name apparel, focusing on the victimized consumer. The Commissioner stated that a trademark is “an implied warranty to the purchaser that the product is of a certain quality” and that a “consumer who is sold counterfeit merchandise instead of the genuine article has been victimized by a fraudulent trade practice . . . “.38

Congress ultimately enacted the law with the intention of “provid[ing] increased sanctions for the counterfeiting of certain registered trademarks,” thus creating a federal criminal cause of action where the Lanham act only created a civil cause of action.39

B. The Law

Sections (a)(1)-(2) of the Trademark Counterfeiting Act of 198440 criminalize anyone who intentionally “traffics in goods or services and knowingly uses a counterfeit mark on or in connection with such goods or services” and anyone who intentionally traffics in “labels, patches, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, or packaging of any type or nature, knowing that a counterfeit mark has been applied thereto, the use of which is likely to cause confusion, to cause mistake, or to deceive . . . .”.41

The act also punishes anyone who intentionally traffics in goods or services knowing that such good or service is a counterfeit military good or service the use, malfunction, or failure of

41 18 U.S.C § 2320(a)(1)-(2).
which is likely to cause serious bodily injury or death, the disclosure of classified information, impairment of combat operations, or other significant harm to a combat operation, a member of the Armed Forces, or to national security.\(^{42}\)

Finally, the act criminalizes anyone who intentionally “traffics in a counterfeit drug”\(^{43}\) and anyone who “attempts or conspires to violate” any of the prohibitions listed above.\(^{44}\) The term “traffic” is defined as “transport, transfer, or otherwise dispose of, to another, for purposes of commercial advantage or private financial gain . . . .”\(^{45}\)

Violating the Act comes with harsh penalties. Any individual who violates the Act as a first offense will be fined a maximum of $2 million, imprisoned for a maximum of ten years, or both.\(^{46}\) Any person other than an individual will be fined a maximum of $5 million.\(^{47}\) After one’s first offense, an individual will be fined a maximum of $5 million, imprisoned for a maximum of twenty years, or both; and a subsequent offense for anyone other than an individual will be fined a maximum of $15 million.\(^{48}\)

The Act imposes further punishment on “[w]hoever knowingly or recklessly causes or attempts to cause serious bodily injury from conduct in violation of subsection (a).”\(^{49}\) An individual causing serious bodily injury will be fined up to $5 million or imprisoned for no more

\(^{44}\) 18 U.S.C. § 2320(a).
\(^{49}\) 18 U.S.C. § 2320(b)(2).
than twenty years, or both. On the other hand, if it is anyone other than an individual, the maximum fine increases to $15 million.

Finally, the act recognizes an increased fine for one who “knowingly or recklessly causes or attempts to cause death from conduct in violation of subsection (a).” If an individual causes death, he will be fined a maximum of $5 million or imprisoned “for any term of years or for life, or both,” and if anyone other than an individual causes death in relation to counterfeit marks, the maximum fine increases to $15 million.

The scope of this paper is limited to the offenses in 18 U.S.C. § 2320(a)(1)-(2), creating an offense for anyone involved in using counterfeit marks on goods or services, and will not examine counterfeit drugs and military goods, except for use by comparison.

C. Judicial System’s Interpretation

The judicial system has not departed from Congress’s intent when it initially drafted the Trademark Counterfeiting Act of 1984. Rather, courts have taken advantage of the opportunity to interpret the Act in a broader scope than what Congress explicitly stated—specifically considering the social consequences of counterfeit goods in the marketplace. Where Congress considered consequences of counterfeit goods from the perspective of the victimized consumer, the courts considered the consequences of circumstances under which a buyer would knowingly purchase counterfeit goods.

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54 The Trademark Counterfeiting Act addresses counterfeit military goods or services and counterfeit drugs in 15 U.S.C. § 2320(b)(3), however that is outside the scope of this paper.
To illustrate, some circuit courts within the United States Court of Appeals have held that the Trademark Counterfeiting Act of 1984 “is designed to prevent post-sale confusion by the general public when seeing counterfeit goods bearing a logo.”\textsuperscript{55} The United States Court of Appeals for the Second Circuit expressed its concern in \textit{Hermes International v. Lederer de Paris Fifth Avenue, Inc.}\textsuperscript{56} In \textit{Hermes International}, the court asserted that the general public is harmed by the sale of counterfeit goods when the public “believe[s] that the knockoff is actually the genuine article.”\textsuperscript{57} The court reasoned that the individual purchasing the knockoff “confus[es] the viewing public and achiev[es] the status of owning the genuine article at a knockoff price.”\textsuperscript{58} Thus, post-sale confusion was enough to prove that there was in fact harm to the public.\textsuperscript{59}

In addition, the United States Court of Appeals for the Tenth Circuit, in \textit{United States v. Foote},\textsuperscript{60} also adopted the view that the “likely to cause confusion, to cause mistake, or to deceive” test is “whether the defendant’s use of the mark was likely to cause confusion, mistake, or deception in the public in general.”\textsuperscript{61} Moreover, in \textit{United States v. Torkington},\textsuperscript{62} the court held that the “likely to confuse” test may be satisfied “by a showing that it is likely that members

\textsuperscript{56} 219 F.3d 104 (2d. Cir 2000).
\textsuperscript{57} Id. at 108-109.
\textsuperscript{58} Id. at 109.
\textsuperscript{59} See id.
\textsuperscript{60} 413 F.3d 1240 (10th Cir. 2005).
\textsuperscript{61} Id. at 1246 (emphasis added).
\textsuperscript{62} 812 F.2d 1347 (11th Cir. 1987).
of the public would be confused, mistaken or deceived should they encounter the allegedly counterfeit goods in a post-sale context.”63

Overall, the Trademark Counterfeiting Act of 1984 was enacted to protect the general public as well as the product manufacturers from harm resulting from counterfeit goods entering the marketplace.

III. Enforcement Mechanisms

The United States government has taken many steps to protect consumers from intellectual property theft and infringement. This section will introduce the government enforcement agencies leading the fight against counterfeit goods, and will then give examples of efforts to investigate and seize counterfeit sporting goods and apparel.

A. Enforcement Agencies

1. National Intellectual Property Rights Coordination Center

The U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI) has taken the lead on investigating and seizing counterfeit sporting goods. ICE HSI currently leads the National Intellectual Property Coordination Center, with assistance from the United States Customs and Border Protection.64 The IPR Center was created “to ensure national security by protecting the public’s health and safety, the U.S. economy, and our war fighters, and to stop predatory and unfair trade practices that threaten the global economy.”65 The IPR Center is made up of over twenty government agencies66 and employs a multi-layered

63 Id. at 1352.
64 See About the IPR Center, NATIONAL INTELLECTUAL PROPERTY RIGHTS COORDINATION CENTER, http://www.iprcenter.gov/about-us (last visited March 5, 2014).
65 Id.
66 To understand each agency’s role in the National Intellectual Property Rights Coordination Center (IPR Center), see generally About the IPR Center, supra note 64.
approach to combatting intellectual property theft. Specifically, the IPR Center’s approach includes investigation, interdiction, and outreach and training.

Investigation includes “[i]dentifying, disrupting, prosecuting and dismantling criminal organizations involved in the manufacture and distribution of counterfeit products.” Interdiction involves “[u]sing focused targeting and inspections to keep counterfeit and pirated goods out of U.S. supply chains, markets and streets.” Finally, outreach and training entails “[p]roviding training for domestic and international law enforcement to build stronger enforcement capabilities worldwide.”

2. U.S. Intellectual Property Enforcement Coordinator

As part of the Office of Management and Budget, the Office of the Intellectual Property Enforcement Coordinator is dedicated to protecting the intellectual property rights of entrepreneurs, business owners, and the general public. The Intellectual Property Enforcement Coordinator “coordinate[s] the work of the Federal government in order to stop illegal and damaging intellectual property theft.” The Office works with different entities, such as “relevant Federal agencies, law enforcement organizations, foreign governments, private

67 See id.
68 See id.
69 Id.
70 Id.
71 Id.
73 Id.
companies, public interest groups, and others,” to ensure that the United States economy is not vulnerable to infringing intellectual property.\textsuperscript{74}

In 2010, the U.S. Intellectual Property Enforcement Coordinator released the first Joint Strategic Plan on Intellectual Property Enforcement (the 2010 Plan).\textsuperscript{75} The 2010 Plan stated that “[b]etween January and March 2010, ICE and CBP teamed with the NFL, [National Basketball Association (NBA)], [National Collegiate Athletic Association (NCAA),] industry and local law enforcement to conduct operations targeting counterfeit sports merchandise sold during the Super Bowl, NBA All-Star Game, and the NCAA Final Four and Frozen Four tournaments. These operations resulted in seizures of over 14,000 items valued at more than $760,000.”\textsuperscript{76}

The U.S. Customs and Border Protection Intellectual Property Rights Seizure Statistics indicated that China remains the primary source of counterfeit goods, representing 68\% of all seizures in fiscal year 2013, totaling over $1.1 billion.\textsuperscript{77} China is followed by Hong Kong, which is responsible for 25\% of all seizures, totaling over $437 million.\textsuperscript{78} The statistics also identified that the number of seizures for sporting goods decreased from 496 in fiscal year

\footnotesize{
\begin{itemize}
\item \textsuperscript{74} Id.
\item \textsuperscript{76} Id. at 40.
\item \textsuperscript{78} Id. at 10.
\end{itemize}
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2012—which was 2% of the total number of seizures—to 266 in fiscal year 2013—which was less than 1% of the total number of seizures.\textsuperscript{79}

This past year, the U.S. Intellectual Property Enforcement Coordinator released the 2013 Joint Strategic Plan on Intellectual Property Enforcement (the 2013 Plan).\textsuperscript{80} The 2013 Plan detailed ICE HSI’s involvement in investigating and confiscating numerous sporting goods and apparel containing infringing trademarks.\textsuperscript{81} While ICE has been involved in numerous anti-counterfeit operations, this paper will only give examples of some of the recent operations.

B. Operations for Seizure of Counterfeit Goods

1. Project Fake Sweep

Project Fake Sweep concerned a joint effort with multiple law enforcement agencies to “identify vendors selling counterfeit NFL trademarked merchandise.”\textsuperscript{82} Between October 1, 2011 and February 6, 2012, Project Fake Sweep seized approximately 50,703 counterfeit NFL merchandise items and 22,570 “non-NFL sport affiliated items . . . .”\textsuperscript{83} In total, law enforcement agencies estimate the manufacturer’s suggested retail price for these items to be $6.69 million.\textsuperscript{84} Project Fake Sweep also seized over 22,000 items infringing the trademarks of Major League Baseball (MLB), the NBA, and the NHL.\textsuperscript{85} In addition to seizing tangible goods, Project Fake

\textsuperscript{79} Id. at 8-9.
\textsuperscript{80} See 2013 Plan on IP Enforcement, supra note 13, at 63-64.
\textsuperscript{81} See infra notes 82-86 and accompanying text.
\textsuperscript{82} 2013 Plan on IP Enforcement, supra note 13, at 65.
\textsuperscript{83} Id.
\textsuperscript{84} See id.
\textsuperscript{85} Id.
Sweep “executed warrants to seize over 300 websites engaged in selling counterfeit merchandise and distributing pirated works, such as copyrighted telecasts of these sports leagues.”

2. Operation Red Zone

More recently, the NFL cooperated with ICE’s Homeland Security Investigations, U.S. Customs and Border Protection, and the U.S. Postal Inspection Service throughout the 2012 football season to combat the sale of counterfeit goods in a joint effort called Operation Red Zone. Before the Super Bowl in 2013, the NFL announced that it had seized “$13.6 million worth of counterfeit NFL merchandise” throughout the season, which included 160,000 pieces of Super Bowl memorabilia and a 226-box shipment containing 4016 counterfeit jerseys.

3. Operation Team Player

Operation Team Player is a continuing investigation that partners with the NFL and other sports leagues to target counterfeit sports apparel from all of the different sports leagues. In its recent wave of seizures led by the National Intellectual Property Coordination Center, the team of government agencies seized 397,140 “fake jerseys, [tickets,] ball caps, T-shirts, jackets and other souvenirs,” with a manufacturer’s suggested retail price of over $37.8 million. In addition, the operation led the government to arrest seventy-six people in connection with the

86 Id.
88 Id.
90 Id.
counterfeit goods.\textsuperscript{91} As a result, the NFL was also able to execute its own civil seizure orders for more than 5000 websites.\textsuperscript{92}

C. Online Operations

1. Project Sustained Effort

Moreover, the Department of Justice has also contributed to combating intellectual property infringement. In an ongoing investigation, “Project Sustained Effort,” the Asset Forfeiture and Money Laundering Section (AFMLS) has been working with other governmental departments to seize “over $2.4 million in proceeds from the distribution of counterfeit sports apparel and jerseys as the result of investigations into the sale of counterfeit goods on commercial websites.”\textsuperscript{93} In addition, government seized “10 domain names associated with websites engaged in the sale of counterfeit goods. The funds were seized from correspondent bank accounts in China as well as PayPal accounts.”\textsuperscript{94}

2. Operation In Our Sites

Operation In Our Sites “specifically targets websites and their operators that distribute counterfeit and pirated items over the internet, including counterfeit pharmaceuticals and pirated movies, television shows, music, software, electronics, and other merchandise as well as products that threaten public health and safety.”\textsuperscript{95} In 2011, the government had seized 150

\textsuperscript{91} See id.


\textsuperscript{93} 2013 Plan on IP Enforcement, supra note 13, at 70 (2013).

\textsuperscript{94} Id.

domain names linked to websites that were selling counterfeit merchandise,\(^96\) representing an 83% increase from the previous year.\(^97\) Since the operation’s inception in 2010, the National Intellectual Property Coordination Center seized 350 domain names, after which the sites still “received more than 77 million individual views.”\(^98\)

IV. The Trademark Counterfeiting Act of 1984 is Outdated and Ineffective

The government’s enforcement of the Trademark Counterfeiting Act is in line with the purpose indicated by the congressional record. However, the drafters of the Trademark Counterfeiting Act failed to take into consideration certain circumstances beyond the scope of what the Act currently covers. Through this legislation, the government cannot effectively stop counterfeiters “because there is not enough manpower or strength in legislation to threaten the operation of large counterfeiting empires.”\(^99\) As discussed below, the seller of counterfeit goods, the “middleman,” has been eliminated and replaced by direct-to-consumer sales over the internet. Moreover, there is increased demand for counterfeit goods as the prices of authentic sporting goods continue to rise. Unfortunately, the Trademark Counterfeiting Act of 1984 does not adequately address these issues.

A. The Middleman has been Eliminated

Although the government has made substantial improvements in trying to combat intellectual property theft, its efforts are still not sufficient. One of the biggest challenges in

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\(^97\) See id.

\(^98\) Id.

combating counterfeit goods is that the products originate in foreign countries where criminal penalties imposed by statute will not apply. The government has prosecuted individuals in the United States who act as a middleman between foreign producers and domestic consumers, however the middleman is slowly being eliminated. Instead, foreign countries rely on direct internet sales to import their counterfeit sporting goods into not only the United States market, but the worldwide market. In fact, in most cases of website seizure, “the [counterfeit] goods were shipped directly into the United States from suppliers in other countries.”

With improvements in technology, consumers searching to buy sporting goods and apparel are purchasing their goods online. Some consumers go directly to the source, such as NFL.com or Nike.com, and know that they are getting authentic goods. On the other hand, “websites that advertise counterfeit jerseys generate about [fifty-six] million page visits a year” and many consumers do not know that they are purchasing a counterfeit product. The

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101 See IP Seizure Statistics, *supra* note 77 (stating that the interagency collaboration led to 465 convictions of intellectual property crime in fiscal year 2013).

102 See Sargizian, *supra* note 99, at 120.


105 See id. (finding that “20 percent of the people who buy counterfeit jerseys don’t know they’re getting an illegitimate product”); Daniel Bukszpan, *Counterfeiting: Many Risks and Many Victims*, CNBC.COM (Jul. 13, 2010, 5:00 PM), http://www.cnbc.com/id/38229835 (asserting that shoppers who never would have bought counterfeit goods on the streets of New York can easily be fooled into purchasing counterfeit goods on the internet).
Chief Marketing Officer of MarkMonitor, a brand protection company, “estimates [that] 800,000 counterfeit jerseys are sold online each year.”\textsuperscript{106} Without the middleman physically selling the counterfeit sporting goods and apparel in the United States, the Trademark Counterfeiting Act of 1984, as applied to counterfeit sporting goods and apparel, is essentially useless. Currently, the Act penalizes “whoever intentionally traffics in goods or services and knowingly uses a counterfeit mark on or in connection with such goods or services . . . .”\textsuperscript{107} As stated, the Act only criminalizes the sale of counterfeit goods within the United States and does not allow for recourse when the sale is conducted online directly by a foreign producer or manufacturer.

Moreover, the ease of creating websites on the Internet has proven to be a hurdle for government investigators. Counterfeiting companies usually create multiple websites.\textsuperscript{108} For each site that the government shuts down, many more pop up with a slightly altered domain name—oftentimes adding a couple of letters or numbers—making it harder for the government to detect.\textsuperscript{109}

B. Increased Consumer Demand

As the cost of authentic jerseys and other sporting goods and apparel continue to rise,\textsuperscript{110} consumer demand for an affordable alternative—including counterfeit jerseys and other league-

\begin{itemize}
  \item \textsuperscript{106} Rott, \textit{supra} note 104; see also Bukszpan, \textit{supra} note 105 (“[T]he Internet has made the sale of counterfeit goods more widespread than ever, as consumers using this retail channel can’t verify the authenticity of the product they’re buying.”).
  \item \textsuperscript{107} 18 U.S.C. § 2320 (2012).
  \item \textsuperscript{108} See Rott, \textit{supra} note 104 (reporting on an investigation which “found more than 1,300 merchant websites selling questionable gear” and that “[o]ne counterfeiting company can create multiple websites”).
  \item \textsuperscript{109} See \textit{id}.
  \item \textsuperscript{110} See, \textit{e.g.}, \textit{infra} page 1 (discussing the recent increase in cost of Nike National Football League (NFL) jerseys).
\end{itemize}
related merchandise—will also rise. Consumers who knowingly purchase counterfeit sporting goods and apparel do so “in order to save money, [or] to bear the status symbol of an item they could not otherwise afford.” Surprisingly, there is no incentive to stop an individual residing in the United States from purchasing a counterfeit jersey or other sporting good item, either online or in person.

The legislative history behind the Trademark Counterfeiting Act of 1984 failed to address whether there would ultimately be consumer demand for counterfeit goods, and instead viewed the consumer as the innocent and unknowing victim. The brand protection company, MarkMonitor, found that only “20 percent of the people who buy counterfeit jerseys don’t know they’re getting an illegitimate product.” Therefore, the remaining eighty percent of consumers are knowingly and willingly purchasing counterfeit sporting items, such as jerseys and other logo-embedded apparel, or they “just don’t care” because the jerseys and other items are offered at an extremely discounted price.

Currently, the Trademark Counterfeiting Act does not penalize the consumer for knowingly purchasing a counterfeit good online or in person. Therefore, the Trademark Counterfeiting Act does not adequately address the issues within the realm of counterfeit sporting goods and apparel.

V. Consequences of an Ineffective Law

The United States government has recognized the importance of protecting the intellectual property rights of innovators and of enhancing the U.S. economy by eliminating the

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111 Silverman, supra note 10, at 198.
112 See supra note 38 and accompanying text.
113 Rott, supra note 104.
114 See id.
sale of counterfeit goods. However, permitting the government to rely on a law that inadequately addresses the evolving issues of counterfeiting has its consequences.

A. The Anti-Counterfeiting Trade Agreement (ACTA) is Good in Theory, Bad in Practice

The Anti-Counterfeiting Trade Agreement, which was signed on October 1, 2011, is an initiative to “strengthen the international legal framework for effectively combating global proliferation of commercial-scale counterfeiting and piracy.” Participants include Australia, Canada, the European Union, Japan, Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland, and the United States. The Act addresses “(1) enhanced international cooperation; (2) promotion of sound enforcement practices; and (3) a strengthened legal framework for [intellectual property rights] enforcement in the areas of criminal enforcement, enforcement at the border, civil and administrative actions, and distribution of copyrighted material on the Internet.”

The idea behind the ACTA is novel and admirable, however the ACTA’s extreme weakness is that it does not require the United States to take any additional legal steps. For instance, Article 2 declares that “[a] Party may implement in its law more extensive enforcement of intellectual property rights than is requirement by this Agreement. . . . Each Party shall be free

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116 Id.
to determine the appropriate method of implementing the provisions of this Agreement within its
own legal system and practice.”¹¹⁸

Therefore, the ACTA gives the United States the discretion to decide whether or not it
believes that its laws are effective in supporting the anti-counterfeiting initiative. Not
surprisingly, the Office of the United States Trade Representative assures consumers that the
United States’ laws are in fact sufficient. The Office of the United States Trade Representative
stressed that “the ACTA is consistent with existing U.S. law, and does not require any change to
U.S. law for its implementation in the United States. In particular, the ACTA is consistent with
U.S. copyright, patent, and trademark laws.”¹¹⁹

As previously discussed, the Trademark Counterfeiting Act of 1984 has slowly become
ineffective as counterfeiters are finding new ways to reach consumers without the use of
middlemen inside the United States. Moreover, the Trademark Counterfeiting Act of 1984 does
not adequately address the increased demand in counterfeit products. Consequently, the Office
of the United States Trade Representative is incorrect in stating that the currently enacted
intellectual property protections are sufficient to meet the demands of the ACTA.

B. Social Consequences of Counterfeiting

Furthermore, there are extreme social consequences of counterfeiting. Counterfeiting is
not a victimless crime. Ultimately counterfeiting is linked to social problems such as “child

¹¹⁸ See Text of the Anti-Counterfeiting Trade Agreement (ACTA), OFFICE OF THE U.S. TRADE
visited Apr. 20, 2014).
¹¹⁹ ACTA: Meeting U.S. Objectives, supra note 117. But see INTA Best Practices for Addressing
the Sale of Counterfeits on the Internet, INT’L TRADEMARK ASS’N (Sept. 2009) [hereinafter INTA
Best Practices],
http://www.inta.org/Advocacy/Documents/INTA%20Best%20Practices%20for%20Addressing%20the%20Sale%20of%20Counterfeits%20on%20the%20Internet.pdf (stating that the Anti-Counterfeiting Trade Agreement (ACTA) was created “with the objective of raising standards in combating counterfeiting and piracy”).
labor; public health and safety; innovation; intellectual property rights; the basis of our functioning economy; and, importantly . . . the area of national security."120

Reports of raids of foreign factories have led to the discovery of extreme circumstances of child labor. In Thailand, for instance, investigators found young children, under the age of ten years old, producing counterfeit handbags.121 The owners of the factory broke the children’s legs “and tied the lower leg to the thigh so the bones wouldn’t mend” because the children “wanted to go outside and play.”122

Similarly, consumers are putting their own health and safety at risk by purchasing counterfeit products. Many counterfeit products are not produced in controlled environments which would protect from “dangerous chemicals like lead and mercury.”123 Reports have indicated that some counterfeit items, like perfumes, include “things like urine, bacteria, and antifreeze.”124 In New York, where many of these items are sold, “it is common for the shoppers to be locked into . . . showrooms until they make a purchase.”125 Although the “shoppers in these buildings know that they’re getting bogus goods,”126 they are not always aware of the health and safety risks associated with purchasing counterfeit goods.

Finally, the sale of counterfeit items has been linked to organized crime. The Federal Bureau of Investigation (FBI) discovered that “the sale of counterfeit tee-shirts and sports

120 Sargizian, supra note 99, at 116.
121 See Bukszpan, supra note 105.
122 Id.
123 Sargizian, supra note 99, at 117.
125 Bukszpan, supra note 105.
126 Id.
apparel were used to fund the 1993 bombing of the World Trade Center.”127 Moreover, a gang leader in New York essentially created and controlled the counterfeit market on Canal Street making it “a worldwide tourist visit location for bootlegged items.”128 Although the gang leader only sold counterfeit watches, he made over $13 million.129

VI. Recommendations

The United States government must make changes to the Trademark Counterfeiting Act of 1984 in order to properly enforce the laws against emerging issues. First, Congress should require private companies that have knowledge of counterfeits to first take their own anti-counterfeiting efforts before utilizing government assistance. Second, Congress should reduce demand for counterfeit sporting goods and apparel by criminalizing the act of knowingly purchasing counterfeit goods.

A. Require Private Companies to Exhaust their own Anti-Counterfeiting Efforts Before Involving Government Resources

The operations discussed above indicate that the government took actions to seize the counterfeit sporting goods and apparel at the border or after they were already imported into the United States.130 Merely seizing these items is not enough to deter counterfeiters from continuing to import counterfeit goods. Therefore, the government would be better aided by private efforts to stop the production of counterfeit goods rather than only stop the sale of imported counterfeit goods.

127 Sargizian, supra note 99, at 117.
128 Id. at 118.
129 Id.
130 See supra Part III (discussing governmental enforcement operations).
1. Private Companies Must Utilize Their Resources to Prevent the Production of Counterfeit Sporting Goods and Apparel

The Trademark Counterfeiting Act of 1984 should be amended to require private companies to first take their own preventative measures to combat the production of counterfeit goods before utilizing government resources. The government’s enforcement efforts are funded by public tax dollars that are ultimately “protect[ing] the private property rights of . . . multi-billion dollar empires . . . .”131 However, the government has only limited resources which are too often ineffective in protecting borders, deterring criminal activity, and prosecuting these criminals.132 Instead of using taxpayer dollars, to protect the unknowing consumer, private companies should be tasked with taking anti-counterfeiting measures once it learns that a counterfeit of its own product has been circulated throughout the U.S. market.

Private companies in the past have taken action against foreign entities that are engaged in producing counterfeit goods. For instance, Glaxo Wellcome took voluntary action against counterfeiters to protect the consumers of their product.133 In the 1980s, Glaxo Wellcome became aware of counterfeit Zantac that was circulating throughout the consumer market in the United Kingdom.134 In response, Glaxo Wellcome “replaced the product’s simplistic packaging, which ensured that the counterfeits would be easy to make and difficult to detect, with more sophisticated packaging bearing a security hologram.”135 By changing something as simple as

131 Sargizian, supra note 99, at 130.
134 See id.
135 Id. at 25 (internal quotations omitted).
the packaging, Glaxo Wellcome unilaterally halted counterfeit drug production and made it easier for a consumer to spot a counterfeit product on the shelves.\textsuperscript{136} There were no known attempts to counterfeit the drug after the new packaging was introduced.\textsuperscript{137}

Moreover, Edward Brown, the manager of international special services at A. T. Cross Export Co., testified at a Senate Hearing in 1982 that “very cooperative work with [their] international representatives” coupled with “daily investigative services . . . are the best defense against what is going on.”\textsuperscript{138} Specifically, Brown stated that the company previously raided a factory in Taiwan that was copying their products.\textsuperscript{139} Although the factory was back in business at the time of the hearing, A. T. Cross Export Co. contracted with an individual in Taiwan to work in the factory and inform the company “if [their] product becomes something of interest to [the factory] again.”\textsuperscript{140}

The National Hockey League has recently taken similar steps to prevent foreign countries from importing counterfeit hockey jerseys. The NHL and Reebok contracted with a Chinese investigative firm to assist the Chinese Bureau of Quality and Technical Supervision and law enforcement with a raid on “a factory in Foshan City China manufacturing counterfeit NHL jerseys.”\textsuperscript{141} After raiding the factory in March 2013, the enforcement officers found and seized 601 finished counterfeit jerseys and 296 counterfeit jerseys that were still in progress.\textsuperscript{142}

\begin{footnotesize}
\textsuperscript{136} See id.
\textsuperscript{137} See id.
\textsuperscript{138} Senate Hearing 1982, supra note 20, at 69 (statement of William F. Baxter, Assistant Att’y Gen., Antitrust Division, U.S. Department of Justice).
\textsuperscript{139} Id.
\textsuperscript{140} Id.
\textsuperscript{142} Id.
\end{footnotesize}
Moreover, “[o]fficials also seized more than 500 ‘Made in Canada’ tags which are sewn into the neckline of counterfeit NHL jerseys to lend an air of authenticity.”\textsuperscript{143} As the NHL is taking effective steps to prevent the production of counterfeit jerseys, other sporting leagues should follow along.

Some sports leagues and sporting merchandise retailers currently inform consumers about how to tell the difference between real and fake jerseys.\textsuperscript{144} However, this information is not enough to protect both consumers and the original producers and retailers. For NFL jerseys, “fake NFL holograms can be very similar to the official ones.”\textsuperscript{145} Therefore, the NFL could take an action such as completely altering the hologram sticker—as was done with Zantac—to prevent foreign companies from easily copying their product.

The government does not have the appropriate resources to contract with an individual to monitor the production of counterfeit sporting goods, and therefore the interested private party, such as a national sports league, would be the better entity in charge of deterrence. If the private entity’s anti-counterfeiting efforts are not sufficient, then the government should take similar steps to investigate the source of the problem rather than solely seize the imported goods at the border. It is almost impossible for ICE and HSI to identify and seize every single package of

\textsuperscript{143} \textit{Id.}


counterfeit sporting goods that is imported to the country. Therefore, the government would be using its resources effectively if it attempted to stop foreign entities from producing these items rather than just from selling the items.

2. Follow Best Practices for Combating the Sale of Counterfeit Goods on the Internet

In 2008, the International Trademark Association (INTA) formed task forces to examine and compile the best ways for “trademark owners, online marketplaces, search websites and payment service providers to address the sale of counterfeits over the Internet.” Although the standards are voluntary best practice standards, Congress should amend the Trademark Counterfeiting Act of 1984 to require private companies to take exhaustive internal measures and follow anti-counterfeiting best practices before instituting a civil lawsuit under the Act.


   The INTA best practices report asserts that “[t]rademark owners should take steps on an ongoing basis to educate the public as to their trademarks.” The Vancouver Canucks, an NHL team, explicitly and conspicuously posts information about counterfeit jerseys on its team website. For example, the site contains tips for buying an authentic jersey, such as “[i]f someone, or a website, is selling a Canucks jersey with a sewn player name and number kit for $50-$100, it’s a fake.” The team site also discusses shipping locations, warns against purchasing jerseys outside the arena on a game night or at a flea market, and shows images of an

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146 INTA Best Practices, supra note 119.
147 Id.
149 Id.
authentic jersey compared to a counterfeit jersey. Surprisingly, however, most of the other NHL teams do not have this helpful information on their team sites.

Professional sports leagues should be required to have similar identifying information available to consumers on their websites so the consumers are aware of the differences between authentic and counterfeit jerseys. In addition, leagues should have these warnings on their sites so they can prevent the sale of counterfeit jerseys at the outset, rather than taking measures after the transaction has been completed.

b. Best Practices for Trademark Owners Relating to Payment Service Providers

The INTA best practices report suggests that trademark owners should provide the following information to payment service providers:

(a) A detailed description of the transactions alleged to be illegal; (b) Information identifying the website where the alleged transactions occurred; (c) Evidence that the alleged counterfeit item was purchased using the [payment service provider’s] services; (d) Proof of ownership of a registered trademark in one or more of the applicable jurisdictions; (e) A representation that the sale of the counterfeit goods at issue will cause damage to the trademark owner; and (f) A description of the trademark owner’s good faith efforts to resolve the issue directly with the seller of the alleged counterfeit goods (or an explanation as to why such efforts have not been made).151

The report further states that trademark owners should indemnify payment service providers “against all liability for monetary damages, costs and attorneys’ fees awarded to sellers of alleged counterfeit goods for unlawful termination of the [payment service provider’s] services resulting from the trademark owner’s complaint.” 152

150 See id.
151 INTA Best Practices, supra note 119.
152 Id.
Requiring private companies to follow best practices before they can take action against one who is infringing upon their trademark will give the judicial system a standard by which judges can determine whether private companies have done enough to prevent the sale of counterfeit goods. The companies should be held responsible for exhausting their own efforts to stop the production and sale of counterfeit goods before they can resort to the U.S. legal system.

B. Penalize the Buyer

Currently, it is not illegal for an individual to purchase counterfeit goods, and is in fact “socially acceptable.”\textsuperscript{153} Legislative history of the Trademark Counterfeiting Act of 1984 explicitly discusses a concern with a victimized consumer,\textsuperscript{154} but nothing addresses the consequences of an individual knowingly and purposefully purchasing a counterfeit good.

Italy and France currently penalize an individual for purchasing counterfeit goods as their own anti-counterfeit measure, and the United States government should enact a law that is similarly enforced. Italy’s law currently fines a person up to 10,000 euros when that individual purchases an item believing that the “laws on the origin and source of the good and on intellectual property have been infringed.”\textsuperscript{155} Therefore, the intent of the purchaser is extremely relevant to determine whether the individual has in fact violated the law. Similarly, France imposes upon “any individual in possession of a counterfeit product . . . a fine equivalent to twice the value of the genuine article.”\textsuperscript{156}

\textsuperscript{153} Silverman, supra note 10, at 196.
\textsuperscript{154} See Senate Hearing 1982, supra note 20, at 20.
\textsuperscript{156} Id. at 199 (citing What Penalties Can be Imposed by the Court?, COMITÉ COLBERT, http://www.comitecolbert.com/internet/index.php?option=com_content&task=view&id=249&Itemid=235 (last visited Jan. 13, 2008)).
The United States government should act in the market’s best interest and take similar steps to protect the United States economy by penalizing the buyer as well as the seller of counterfeit goods. The United States should follow the Italian model of punishment rather than the France model of punishment. It is highly unlikely that the United States would be able to “impose fines on the mere possession of counterfeit goods” without raising “constitutional or privacy concerns.”157

New York Councilwoman Margaret Chin recently proposed a bill “that would make it a Class A misdemeanor to purchase counterfeit merchandise.”158 If the bill passes, a purchaser would “face a $1000 fine or up to a year in jail if convicted.”159 As proposed, the bill penalizes a consumer who “should have known such trademark is counterfeit for reasons including, but not limited to, the quality and price of the purchased item, and/or the condition of the seller and the sale location.”160

The New York bill is also in line with analyses from different circuit courts in the United States Court of Appeals. As previously discussed, many of the circuit courts have interpreted the Trademark Counterfeiting Act of 1984 as protecting “post-sale confusion”—the issue arising when an individual with a counterfeit item deceives the general public into believing that they

157 Silverman, supra note 10, at 200; see also Fitzgerald, infra note 165 (“Mere possession or acceptance of a counterfeit fashion item is not sufficient to violate the crime.”).
159 Id.
have the status that comes with purchasing the genuine item.\textsuperscript{161} Imposing sanctions on the buyer, who is in fact contributing to the social issue of post-sale confusion, would ensure that the manufacturer is not as harmed by the sale of counterfeit goods—as demand for these items would decline—and that the general public is not being deceived by their own peers.

However, whether an individual \textit{knows} that the goods are counterfeit has always been an issue of concern. The legislative history of the Trademark Counterfeiting Act of 1984 discusses problems with proving that the individual trafficking in goods actually knows that the item is a counterfeit.\textsuperscript{162} This concern surrounding the issue of knowledge may also be applied to whether individuals know that they are purchasing counterfeit goods.

A bright-line standard for “knowledge” must be articulated in order to appropriately implement a penalty on individuals for knowingly purchasing a counterfeit item. The legislative history of the Trademark Counterfeiting Act of 1984 indicates that the “price differential that is associated with the product that is being purchased” is taken into consideration “as to whether or not the individual knows whether it is a counterfeit or it is not a counterfeit.”\textsuperscript{163} However, it would be unfair to assume that an individual purchasing an item at a discounted price must always know that the item is a counterfeit.\textsuperscript{164} The circumstantial evidence explicitly called for in

\textsuperscript{161} See Newman, \textit{supra} note 55, at 371 (discussing case law that has developed around “post-sale confusion”).

\textsuperscript{162} See \textit{Senate Hearing 1982, supra} note 20, at 70. (statement of Seymour Merrall, Corporate Vice President for Administrative Services, Bausch & Lomb Corp.) (testifying that the problem “of proving that the individual knows that it is a counterfeit” has “always been a concern”).

\textsuperscript{163} \textit{Id. But see} Wall, \textit{supra} note 160 (“[I]f you buy a Louis Vuitton bag for $50 from the back of a van under a bridge, can you really argue that you thought it was authentic?”)

\textsuperscript{164} \textit{Compare id.} (asserting that a price differential may be enough to satisfy the knowledge requirement), \textit{with} Rott, \textit{supra} note 104 (noting that twenty percent of people who buy sports jerseys on the internet do not know that they are purchasing counterfeit goods and there is no way to check the authenticity of the item before purchasing).
the proposed New York bill against counterfeit goods does not adequately address the issue of knowledge for purchases over the Internet.\footnote{Cf. Erin Fitzgerald, Note, The Fashion Police: Criminalizing the Knowing Purchase of Trademark Counterfeit Fashion Items, 47 NEW ENG. L. REV. 127, (2012) (explaining that “the circumstantial evidence that establishes an individual knew or reasonably should have known a trademark is counterfeit includes: (1) the location of the purchase; (2) the price of the good; and (3) the quality of the product”).}

Additional circumstances must be taken into consideration to establish whether individuals have actual knowledge that they are about to purchase a counterfeit item over the Internet. In addition to the price of the item, circumstantial evidence should include the method of payment, and the country from which the item is shipped—if that information is available from the merchant.\footnote{See, e.g., Fight the Fake, supra note 148 (informing consumers where their authentic jerseys are manufactured and from where they are shipped).} Taking all of these elements into consideration should be sufficient to establish that an individual knowingly purchased a counterfeit sports jersey or other good.

VII. Conclusion

The Trademark Counterfeiting Act of 1984 is currently outdated and should be amended to better address the evolving market of counterfeit goods. As it is currently drafted, the Act only criminalizes, in relevant part, the trafficking in goods or services on which the individual knows uses a counterfeit mark.\footnote{18 U.S.C. § 2320 (2012).} The United States government, by way of the IPR Center and associated governmental agencies, has taken substantial efforts to enforce laws protecting intellectual property rights, including working with other governmental agencies and private companies to investigate and seize counterfeit sports jerseys and other related sporting apparel that have been imported into the United States for sale in the consumer market. The IPR Center’s recent and current enforcement operations have successfully seized thousands of
counterfeit sporting goods, apparel, and event tickets that are worth billions of dollars in retail market value. However, the government’s efforts are insufficient to truly address the continuously evolving problems.

Technological advances and increased consumer demand for counterfeit sports jerseys and other apparel have created new hurdles that the current Trademark Counterfeiting Act of 1984 does not appropriately address. Most transactions of counterfeit sports jerseys and apparel are completed on the Internet and consumers searching for discounted authentic jerseys may unknowingly arrive upon a site that sells counterfeit sports merchandise. On the other hand, a greater proportion of the population oftentimes is aware that they are in fact purchasing a counterfeit jersey.

The government has no recourse against counterfeiters engaging in the online consumer market other than to merely shut the website down and seize the domain name. Once the government seizes a domain name, it is likely that a new counterfeit website with a slightly different domain name will appear again in a matter of days. Regardless of whether the consumer knows or does not know that they are purchasing a counterfeit good from a foreign country, the Trademark Counterfeiting Act completely ineffective at protecting the rights of both the unknowing consumer and the infringed upon retailer.

Therefore, the government should penalize the buyer who knowingly purchases counterfeit goods in order to decrease demand for these low-quality, illegally produced items. In addition, the government should require that the interested private party takes its own anti-counterfeiting measures in order to stop the production of counterfeit goods abroad.

National sports leagues across the country are continuously raising the cost of league apparel and tickets based on demand—as evidenced by the recent increase in cost for the high-
end Nike NFL jerseys. As the prices rise, consumers will undoubtedly look for cheaper alternatives to support the teams of their choice. Unfortunately, the market for counterfeit sporting goods and apparel will continue to thrive so long as the government does not implement any changes in its current intellectual property legal infrastructure.