THE TROUBLING ROLE OF FEDERAL REGISTRATION IN PROVING INTELLECTUAL PROPERTY CRIMES

Susan M Richey
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Abstract

The government relies upon federal registration of intellectual property as prima facie evidence of valid rights when prosecuting trademark counterfeiting and copyright infringement offenses. The inference of validity arising from registration, well established in civil and administrative proceedings, raises constitutional concerns in the context of criminal proceedings, particularly where validity of the rights is an element of the offense. The federal statute establishing the crime of trademark counterfeiting requires proof of a federal registration but makes no reference to proof that the registration or underlying common law trademark rights are valid; whereas, the federal crime of copyright infringement is understood to require proof that a valid copyright exists but does not require proof of registration. This Article posits that Congress intended validity of intellectual property rights to be an element of both crimes and, against that stance, questions the government’s method of establishing that element with proof of a federal registration.

To the extent the inference of validity arising from federal registration operates to relieve the government of its obligation to prove each element of the relevant offense beyond a reasonable doubt, use of this evidentiary tool violates the constitutional rights of criminal defendants. These rights are at risk unless proof of the basic fact—federal registration—renders existence of the inferred fact—valid intellectual property rights—more likely than not. The “more likely than not” test hinges upon the rigor of the registration examination procedures in place in the Trademark and Copyright Offices, respectively. This Article outlines those procedures and notes the serious difficulty in drawing a conclusion of validity from the cursory nature of the copyright registration process and the less troubling, but still problematic, validity conclusion based on the trademark registration process. Defenses that challenge the validity inference trigger similar constitutional concerns if criminal defendants must carry the burden of persuasion, or in some instances, the burden of production, on such matters. With criminal sanctions on the line, courts should respect the limits of a federal registration as a proxy for proof that valid intellectual property rights exist in the first instance.
*Professor of Law, University of New Hampshire School of Law (UNH Law). I am indebted to Christopher M. Johnson, Appellate Defender for the State of New Hampshire and former Professor of Law, UNH Law, for sharing his expertise and insights in the drafting of this Article, and I claim sole responsibility for any errors or omissions in the content. Additionally, I am grateful to Carroll Dortch and Ryan O’Rourke for their valuable research contributions.
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I. INTRODUCTION

Early legislative attempts in the United States to address intellectual property theft incorporated the sanction of criminal penalties,\(^1\) and, although not consistently available in the intervening years, criminal prosecutions may by urged by present-day trademark and copyright owners to help curb theft. Despite that fact, owners of these rights tend to rely more heavily upon civil remedies, seeming to view infringement as best resolved through litigation between private parties.\(^2\) Whether resulting from that view or giving rise to it, prosecutors historically ignore criminal enforcement of intellectual property rights and focus their resources on more tangible forms of theft, such as bank robbery, burglary, and shoplifting.\(^3\) Recent developments, however, are shifting prosecutorial discretion,\(^4\) drawing attention to intellectual property crimes as offenses with the

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1 Act of Aug. 14, 1876, ch. 273-74, 19 Stat. 141, 141 (enactment of criminal penalties for trademark infringement, declare unconstitutional by the U.S. Supreme Court in its 1879 Trade-Mark Cases decision discussed in Part III.A. of this Article); Act of Jan. 6, 1897, 54th Cong., 2d Sess., 29 Stat. 481 (enactment of misdemeanor penalties for unlawful performances and representations of copyrighted dramatic and musical composition).

2 See JAY DRATLER, JR., & STEPHEN McJOHN, INTELLECTUAL PROPERTY LAW: COMMERCIAL, CREATIVE, AND INDUSTRIAL PROPERTY § 13.04, at 13–111, 112 (2009) (pointing out that intellectual property owners prefer civil to criminal remedies for practical reasons, including a lower standard of proof, no mens rea requirement, no need to rely upon prosecutorial discretion, and the potential for direct monetary gain); Maureen Walterbach, International Illicit Convergence: The Growing Problem of Transnational Organized Crime Groups’ Involvement in Intellectual Property Rights Violations, 34 FLA. ST. L. REV. 591, 594–95 (2007) (commenting that criminal sanctions for intellectual property crime are typically viewed as a last resort, invoked only after administrative or civil remedies have been pursued). Cf. James Gibson, Will You Go To Jail for Copyright Infringement?, The Media Institute (May 25, 2011), available at http://www.mediainstitute.org/IPI/2011/052511.php (last visited June 17, 2012) (noting that, despite the 61% increase in criminal convictions for copyright infringement over the last decade, the number of convictions for combined intellectual property violations remains vastly outpaced by the number of civil copyright infringement actions filed in the same time period).


potential to pose serious risks to public safety and to the viability and stability of economic markets.\(^5\) Counterfeits expanding well beyond the luxury or status goods market\(^6\) to pharmaceuticals,\(^7\) baby formula,\(^8\) airplane and automobile parts,\(^9\) jeopardize the health and physical well-being of unsuspecting consumers while rampant piracy of copyrighted material via the internet threatens the business base

by the U.S. Attorney General in Feb. 2010 with the express mission of increased monitoring, investigation, and prosecution of intellectual property crimes).


\(^6\) See, e.g., OECD 2007 Report, \textit{supra} note 5, at 14 (“In recent years there has been an alarming expansion of the types of products being infringed, from luxury items (such as deluxe watches and designer clothing), to items that have an impact on personal health and safety (such as pharmaceutical products, food and drink, medical equipment, personal care items, toys, tobacco and automotive parts).”).

\(^7\) See, e.g., Counterfeit Medicines: An Update on Statistics, International Medical Products Anti-Counterfeiting Task Force of the World Health Organization (Nov. 15, 2006) (analyzing data indicating that counterfeiting of drugs varies by region and market and may compose less than 1% of the drug market in developed countries and between 10% to 30% in developing countries, with counterfeiting accounting for over 50% of internet drug sales from sites that conceal their physical address).


\(^9\) See, e.g., Inquiry Into Counterfeit Electronic Parts in the Department of Defense Supply Chain, Report of the Committee on Armed Services, United States Senate (May 21, 2012) (investigation of 1,800 cases uncovered in excess of 1 million counterfeit electronic parts in the Air Force’s largest cargo plane, in assemblies intended for Special Operations helicopters, and in a Navy surveillance plane); Defense Industrial Base Assessment: Counterfeit Electronics, U.S. Department of Commerce, Bureau of Industry and Security, Office of Technology Evaluation (Jan. 2010) (documenting a growth in incidents of counterfeit parts for all major electronics applications, including the automotive and aeronautics industries, from 3,300 incidents in 2005 to more than 8,000 incidents in 2008).
of the software, entertainment and music industries. More worrisome still, domestic and international law enforcement agencies have signaled their conviction that intellectual property offenses are being used to fund organized crime and terrorist activity. These developments counsel vigilant investigation and diligent prosecution. At the same time, given the relatively high-stakes criminal penalties that hang in the balance, focusing on the certainty of the intellectual property rights in issue is imperative if only because such property lacks the easily verified physicality of emptied bank vaults, stolen cars, and pilfered electronic gadgets. Put another way, if intangible subject matter does not meet certain requirements, no valid property rights exist and the crime of theft is not possible.

10 See, e.g., Estimating the Global Economic and Social Impacts of Counterfeiting and Piracy: A Report Commissioned by Business Action to Stop Counterfeiting and Piracy (BASCAP) at 23 (Feb. 2011) (“Over the last decade there has been a notable increase in digital piracy. The rapid growth in piracy has particularly affected the recorded music, movie and software industries, all of which have suffered significant and rapidly increasing losses as a result of digital piracy.”); GAO 2010 Report, supra note 5, at 8 (“The development of technologies that enable the unauthorized distribution of copyrighted works is widely recognized as leading to an increase in piracy. . . . Sectors facing threats from digital piracy include the music, motion picture, television, publishing, and software industries.”).

11 See, e.g., Oversight of Intellectual Property Law Enforcement Efforts: Hearing Before the S. Judiciary Comm., 112th Cong. (June 22, 2011) (statement of Gordon M. Snow, Assistant Director, Cyber Division, Federal Bureau of Investigation, Statement, Washington, D.C.), available at http://www.judiciary.senate.gov/pdf/11-06-22%20Snow%20Testimony.pdf (last visited June 17, 2012) (“The FBI’s strategic objective is to detect and disrupt state sponsored groups and international and domestic criminal organizations that manufacture counterfeit and pirated goods or steal, distribute or otherwise profit from the theft of intellectual property.”); Noble Statement, supra note 3 (“IPC [intellectual property crime] involves a wide range of criminal actors ranging from individuals to organized criminal groups. IPC includes the manufacture, transporting, storing and sale of counterfeit or pirated goods. Generally, the above is organized and controlled by criminals or criminal organizations. In Northern Ireland, however, paramilitary groups are known to control some manufacturing through their links to organized crime groups.”). Cf. Film Piracy, Organized Crime, and Terrorism, The Rand Corporation at xii (2009), available at http://www.rand.org/pubs/monographs/MG742/ (last visited June 17, 2012) (referencing documented case studies, the report concludes: “These cases, combined with established evidence for the broader category of counterfeiting-terrorism connections, are highly suggestive that intellectual-property theft—a low-risk, high-profit enterprise—is attractive not only to organized crime, but also to terrorists, particularly opportunistic members of local terrorist cells.”).


13 It is beyond the scope of this Article to examine the distinctions between intangible property and tangible property other than to note that those distinctions mandate careful legislative definition of the intellectual property that triggers criminal sanctions for its unauthorized taking in order to avoid the damaging effects of over-criminalization. See Alex Steel, Problematic and Unnecessary? Issues with the Use of the Theft Offence to Protect Intangible Property, 30 SYDNEY
Logically, proof that purported intellectual property rights are valid should precede a finding that theft has occurred. Courts in the United States routinely handle this analytical step by accepting proof of federal registration to support evidentiary presumptions or inferences of validity in enforcement proceedings. Presumptions or inferences of validity flowing from federal registration of trademarks and copyrights increase the efficiency of such proceedings but raise special concerns in criminal prosecutions because they trigger constitutional protections absent in civil litigation between private parties. An evidentiary inference differs from a true presumption in that it allows but does not require the trier-of-fact to find the inferred fact from proof of the foundational fact; a true presumption, while common in civil actions, is disfavored in criminal prosecutions. A closely related device is the affirmative defense: a requirement that the defendant bear the ultimate burden of proving a defense can be functionally equivalent to an inference that shifts the burden of persuasion on an

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L. Rev. 575, 599 (2008) (“In larceny, the very physical nature of the property and its taking are such that courts and juries can assume the accused was aware of the fact that property was being interfered with, . . . However, if theft extends to intangible property, the accused may very well argue firstly that no such property right existed, . . . Consequently, what was a crime that had a simple and easily observable actus reus connected to an obvious form of property is now a broad and uncertain offence—where the key right around which the offence revolves is potentially non-existent at the time of the accused’s act.”). Cf. Yavar Bathaei, A Constitutional Idea-Expression Doctrine: Qualifying Congress’ Commerce Power When Protecting Intellectual Property Rights, 18 Fordham Intell. Prop., Media & Ent. L.J. 441, 496–98 (2008) (referencing the amorphously-defined property at issue in the anti-bootlegging statute that criminalizes unauthorized fixation of a live performance and noting the resultant danger that the statute will chill otherwise lawful conduct); Lydia Pallas Loren, Digitization, Commodification, Criminalization: The Evolution of Criminal Copyright Infringement and the Willfulness Requirement, 77 Wash. U. L.Q. 835, 856–60 (1999) (arguing that passage of the 1997 No Electronic Theft Act marked an unwise expansion of criminal sanctions for copyright infringement occasioned, in part, by growing acceptance of the misguided view that copyright equates to ordinary chattel).

14 This Article uses the following terminology to distinguish various burdens of proof. “Burden of persuasion” or “ultimate burden of proof” refers to the obligation to persuade the trier-of-fact with regard to each element of a claim or defense in accordance with the standard set by the substantive law, e.g., the requirement that the government prove each element of a criminal offense beyond a reasonable doubt. “Burden of production” means the burden to come forward with enough evidence initially to support a verdict in favor of the element to be proven, in the absence of any counter evidence. An evidentiary presumption or inference may shift the burden of production to the opponent who then risks an unfavorable verdict unless she counters the proponent’s initial evidence. See Glen Weisbenber & James J. Duane, Federal Rules of Evidence: Rules, Legislative History, Commentary and Authority § 301.2, 96–97 (7th ed. 2011).

15 See 1 Jack Weinstein, Margaret Berger, & Joseph M. McLaughlin, Weinstein’s Federal Evidence § 303.05[2][a], at 303–14, 15 (2d ed. 2011). When referencing this evidentiary tool, this Article uses the term “presumption” in conjunction with civil proceedings and the term “inference” in conjunction with criminal proceedings.
To the extent that either litigation tool forces criminal defendants to bear the ultimate burden of proof on validity issues, or, in some instances, to carry the burden of production on such matters, intellectual property criminal statutes may violate the constitutional rights of the accused by relieving the government of its obligation to prove all elements of the offense beyond a reasonable doubt. Government prosecutors rely upon proof of federal registration to establish valid rights for a variety of intellectual property crimes; however, criminal trademark counterfeiting and criminal copyright infringement represent the primary federal offenses to rely upon such proof and, so, are discussed in this Article to the exclusion of other intellectual property crimes.

The statutes defining these two offenses do not establish parallel schemes. The criminal trademark counterfeiting statute requires proof that a federal trademark registration exists whereas the criminal copyright infringement statute specifies only proof that a copyright exists. Federal prosecutors read the latter statute to mean that a valid copyright must exist whereas they read the former statute without any reference to proof of validity. In other words, prosecutors equate proof that a trademark registration exists with proof that valid intellectual property rights exist. Of course, if the registration itself has been procured through fraud in the Trademark Office, or if the registration has been improvidently issued for invalid subject matter, e.g., a generic term, phrase or symbol, or functional trade dress, the equation between registration and

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16 In practical effect, there may be no difference between a presumption that shifts the burden of persuasion from the government to the defendant and a true affirmative defense. See 1 WEINSTEIN, supra note 15, § 303.06[2], at 303–20 (citing Morrison v. California, 291 U.S. 82, 96 (1934) for its analysis of affirmative defenses in terms of evidentiary presumptions).

17 See infra text accompanying notes 141–57, 162–98.


20 COMPUTER CRIMES AND INTELLECTUAL PROPERTY SECTION, CRIMINAL DIVISION, DEPARTMENT OF JUSTICE, PROSECUTING INTELLECTUAL PROPERTY CRIMES (3d ed. 2006) [hereinafter IP CRIMES MANUAL] II.B.1. (“Under 17 U.S.C. § 506(a), the initial element of criminal copyright infringement is that a valid copyright exists in the work or works in question.”) and III.B.1 (listing federal registration of the genuine, i.e., non-counterfeit, mark on the USPTO’s Principal Register as one of the elements that the government must prove in a trademark counterfeiting case but making no mention of validity of the underlying trademark rights or of the registration itself).

21 Fraudulent trademark registrations result when an applicant or a registrant knowingly makes false, material representations of fact in connection with an application for registration or maintenance of an existing registration. See In re Bose, 580 F.3d 1240, 1243 (Fed. Cir. 2009) (noting the difficulty of proving fraud in the Trademark Office and that it must be proven by clear and convincing evidence).

22 Generic words, phrases, or symbols lack trademark significance because they denote an entire category or subcategory of goods or services and, so, cannot distinguish one merchant’s goods or services within a category or subcategory from those of another. See Park ‘N Fly, Inc. v. Dollar
validity fails. Although not required by the felony copyright infringement statute, prosecutors routinely submit certificates of copyright registration to raise a similar inference of validity.\textsuperscript{24} Unfortunately, this approach does not take into account the cursory nature of examination of applications for registration in the Copyright Office as contrasted with the more rigorous examination at work in the Trademark Office, a factor that should impact the creation, let alone the force, of any evidentiary inference of validity.\textsuperscript{25} In particular, the minimal examination does not delve into either the status of the underlying rights in a claimed derivative work\textsuperscript{26} or the existence of an invalidating first sale of a copyrighted work.\textsuperscript{27} Exacerbating these concerns is a lack of access to relevant information on the part of criminal defendants who might otherwise raise a validity challenge to a charge of intellectual property theft. Many of these individuals may not have the means to hire private counsel and so must rely upon public defenders whose exposure to intellectual property law may be either minimal or non-existent. Complicating matters further, the entity with access to the most information on validity—the purported intellectual property owner—is not a party in a criminal prosecution.\textsuperscript{28}

\begin{footnotes}
\item[23]\textit{Park & Fly, Inc.,} 469 U.S. 189, 194 (1985) (“A generic term is one that refers to the genus of which the particular product is a species.”). \textit{See also} \textit{Kellogg Co. v. Nat’l Biscuit Co.,} 305 U.S. 111, 116 (1938) (“[P]laintiff has no exclusive right to the use of the term ‘Shredded Wheat’ as a trade name. For that is the generic term of the article, which describes it with a fair degree of accuracy; and is the term by which the biscuit in pillow-shape form is generally known . . .”).
\item[25]\textit{See infra} text accompanying notes 35–53.
\item[26]\textit{A derivative work} is an original work of authorship “based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be recast, transformed, or adapted.” 17 U.S.C. §101 (Supp. 2012). Unless a derivative work is based upon a work in the public domain, the author must obtain permission from the author of the preexisting work in order to avoid infringing the preexisting work, and, in any event, copyright protection extends only to the material contributed by the author of the derivative work. 17 U.S.C. §103 (2005).
\item[27]\textit{The first sale doctrine} allows the purchaser or lawful owner of a copy or a phonorecord (material object in which a sound recording is embodied) to use or resell the item without infringing the copyright owner’s distribution rights in the work. 17 U.S.C. §109(a) (2005). In short, a first sale of such objects exhausts the copyright owner’s exclusive right to vend those items.
\item[28]\textit{But see infra} notes 182-183 and accompanying text, reflecting the government’s superior access to information held by intellectual property owners in such proceedings.
\end{footnotes}
This Article argues that validity of asserted copyrights and trademarks, including validity of registrations in trademark counterfeiting cases, is an essential element of either crime and, against the backdrop of that stance, questions the government’s mode of meeting its proof obligation by relying solely on certificates of federal registration. To establish a foundation for this argument, Part II of this Article summarizes the federal registration process for trademarks and copyrights and highlights the disparity in the extent of the administrative examination applied to these two different types of intellectual property. Part III reviews the statutory elements of the crimes of trademark counterfeiting and copyright infringement while Part IV focuses on the question of congressional intent in defining the former crime. Having concluded that, despite the non-parallel language of the criminal statutes, validity of intellectual property rights must be proven in order to sustain a conviction for either crime, Part V analyzes the inference of validity flowing from federal registration against constitutional parameters for such evidentiary tools, and Part VI examines injection of invalidity defenses into prosecutions and discusses allocation of the burdens of persuasion and production with regard to such defenses. In sum, this Article posits that, as the prosecutorial noose continues to tighten for intellectual property crimes, courts must recognize and accommodate the limits of a federal registration for purposes of proving that property, allegedly stolen, exists in the first instance.

II. FEDERAL REGISTRATION OF TRADEMARKS AND COPYRIGHTS

The only U.S. intellectual property scheme that requires successful examination by a federal government authority for the creation of rights is the patent system. In contrast, trademark rights arise when an entity uses a mark in commerce to distinguish itself as the origin of specific goods or services, and copyright arises when an author fixes an original work in a tangible medium. Because federal registration is not the source of rights in the latter two schemes, registration is entirely optional but carries with it substantial procedural and evidentiary benefits. Proponents of the 1946 Lanham Act, which established the

30 Federal registration of intellectual property is valued because it results in a centralized searchable database that provides notice of claimed rights, allowing other claimants to avoid the potential to infringe or to locate potential assignees or licensees of those rights. In order to create the most complete database possible, the perquisites of registration must provide enough incentives to prompt rights holders to pursue such registration, a factor that certainly accounts for the benefits that attend federal registration of trademarks and copyrights. See, e.g., 5 William F. Patry, Patry on Copyright § 17:122, at 17–335 (2012) (“Registration . . . functions to create an official public record of the basis for and nature of claims to copyright. While private parties do benefit from the registration system in the form of incentives to register, the system is directed
current federal system of trademark registration, characterized registration as simply “recognition” of common law rights acquired through use of the mark in commerce, although the current version of the Act has been criticized as granting federal registration beyond the bounds of the common law. For many years, copyright law mandated federal registration in order to prevent original published works from entering the public domain, but the current copyright statute, the 1976 Copyright Act, abolished formalities such as registration as a prerequisite to the creation of valid copyright. Although not required for creation of rights, federal registration (or preregistration) persists as a jurisdictional predicate to instituting civil infringement proceedings for enforcement of copyright in a U.S. work. The jurisdictional requirement of registration does not apply to criminal prosecutions involving U.S. works.

to the larger public benefit.”); DAPHNE ROBERT, THE NEW TRADE-MARK MANUAL at 10 (1947) (noting that the primary purpose of the federal registration scheme set forth in the Lanham Act is to provide incentives to register in order, in part, to correct “an incomplete and thoroughly inadequate public record of marks”).

ROBERT, supra note 30, at 10 (1947) (“The right to use the mark is not granted by the Government and registration of a mark . . . does not in itself create any exclusive rights. Rights in a mark are acquired by use and use must continue if the rights are to continue. Registration is simply a recognition by the Government of the right of the owner to use the mark in commerce to distinguish his goods or services.”).

See, e.g., Stephen L. Carter, The Trouble with Trademark, 99 YALE L.J. 759, 759–60 (1990) (noting that enactment of a system of federal registration that affords automatic nationwide priority for marks in geographic regions in which the mark has never been used and amendment of that system to authorize registrations that mature from intent-to-use applications thereby granting priority for a period of time during which the mark was not in use, extends protection well beyond the bounds of the common law).

17 U.S.C. § 411(a) (Supp. 2012) (“[N]o civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title.”). Since 2005, the Copyright Office has accepted certain types of unpublished works that have a history of pre-release infringement, such as motion pictures, sound recordings, videogames, etc., for preregistration, a program that allows an infringement action to be instituted before the planned commercial release of the work. Preregistration is not a substitute for registration and requires a copyright owner to pursue full registration within a specified time period in order to reap the benefits of the program. 37 C.F.R. § 202.16 (2011). Worth noting, preregistration will not serve as prima facie evidence of copyright ownership or validity. 37 C.F.R. § 202.16 (c), (6), (7), and (13). A split of authority exists as to whether registration is effective upon filing of the application or once the Registrar has taken affirmative action through either issuance of the certificate or refusal to issue a certificate. See generally Note, Reducing the Registrar of Copyrights to the Receiver of Applications: The Ninth Circuit in Cosmetic Ideas, Inc. v. IAC/InteractiveCorp.Erroneously Interpreted the Copyright Act’s Registration Requirement and Adopted the Application Approach, 44 CREIGHTON L. REV. 499 (2010–2011) (discussing split in case law).

See 4 MELVIN B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 15.01[a][2], at 15–5 (2012) (citing the legislative history of the PRO IP Act expressing Congressional intent to facilitate prosecution for early criminal copyright infringements, those that occur prior to or
When an application for federal registration of either copyright or trademark is filed it must proceed successfully through an administrative examination process before a registration will issue. Applications for trademark registration are handled by staff in the Trademark Office of the United States Patent and Trademark Office (USPTO), an agency of the United States Department of Commerce, and applications for copyright registration are administered by staff in the United States Copyright Office, a service unit of the Library of Congress. Neither examination process approximates the rigor of the process a patent application undergoes in the Patent Office of the USPTO but this is hardly surprising as neither process results in the conferral of intellectual property rights as does the patent process. Given that the trademark and copyright registration processes are designed in the main to recognize and record rights, it is troubling that courts accept evidence of the fact of federal registration as proof that valid rights are at issue in the context of a criminal prosecution and, particularly so if registration is the sole evidence of validity. In sum, the accuracy and extent of each administrative examination assumes considerable significance when viewed against the due process rights of criminal defendants.

A. OVERVIEW OF THE REGISTRATION PROCESS

Applications filed in the Trademark Office are subjected to a substantive review in addition to a review for compliance with formalities. Formalities include generally a signed oath or declaration from an identified individual or entity and address attesting to right of exclusive use of the mark, a description of the mark and the goods or services with which it is in use or is intended for use, a date of first use anywhere and a date of first use in commerce, a drawing of any graphically-represented mark, the appropriate fee, and, for marks in use, a specimen of the goods or advertising for the services bearing the subject mark. The Office’s substantive review pertains to the Lanham Act’s statutory bars to registration which are directed to a variety of matters, including non-distinctive terms that reflect some aspect or characteristic of the goods or services, including the geographic locale from which they emanate, or terms that falsely describe any
of the foregoing, fraudulent or scandalous subject matter, and subject matter that is generic or functional in nature. Additionally, the Office conducts a search of its own records to determine whether a conflicting registration or application is on file. If the Office believes that a statutory bar applies or that a conflicting application or registration exists, it will issue one or several Office Actions refusing registration but allowing the applicant to respond and submit supporting evidence. The ultimate burden of proof rests with the Trademark Office to show that a requested registration falls within one of the bars and, so, should not issue; otherwise, the Lanham Act presumes that the registration will issue in due course. If the Office determines that no reason exists to refuse registration, it will publish its decision in the Official Gazette so that anyone who believes he will be harmed by the registration may file an opposition to registration with an administrative tribunal in the Trademark Office. In like manner, one who believes she is harmed by an issued registration may petition for its cancellation in front of the same tribunal or in a court proceeding under section 37 of the Lanham Act.

In marked contrast, the Copyright Office adopts a cursory examination process and generally confines its inquiry to a determination of whether filing and deposit requirements have been met. The copyright examiner checks the

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40 TMEP, supra note 37, § 704.0 –.02.
41 Id. § 705.
42 The prefatory language of section 2 of the Lanham Act allocates the ultimate burden of proof to the Trademark Office: “No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless” one of the listed bars to registration pertains. Lanham Act § 2, 15 U.S.C. § 1052. See In re Mavety Media Group Ltd., 33 F.3d 1367, 1371 (Fed. Cir. 1994) (citing In re Standard Elektrik Lorenz Aegigesellschaft, 371 F.2d 870, 873 (C.C.P.A. 1967)). For a more detailed discussion of the federal trademark registration process, see generally 3 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition ch. 19 (4th ed. 2012).
43 Lanham Act § 13, 15 U.S.C. § 1063 (2009). A less commonly-used informal procedure invoked by third parties to object to pending applications involves submission of independent and objective evidence to support a refusal of the application under cover of a letter of protest. See TMEP, supra note 37, §1715.
deposited material to ascertain that it constitutes subject matter that falls within
certain statutory categories of works and screens the application form for obvious
discrepancies but makes no attempt to determine the veracity of the facts included
in the filed form. Those facts include: the title of the work, name of the author
and related personal information such as date of birth and death (if relevant), the
author’s nationality and domicile, whether the work is a work-for-hire,
identification of the copyright claimant if other than the author, information
related to creation and publication of the work as well as whether the work is a
derivative work, and whether any earlier versions of the work have been
registered. The examination is guided by an operating principle known as “the
rule of doubt” which means that the Copyright Office will err in favor of issuing
the registration when the examiner entertains reasonable doubt that “an
appropriate court” would find the subject matter to be copyrightable or would find
that the legal and formal requirements of the Copyright Act had been met. For
the most part, scant appraisal is made of the originality of a work and,
importantly, no comparison is conducted to determine whether originality has
been added to an underlying work by a claimed derivative work. Finally, the
Copyright Office does not attempt to identify conflicting applications or
registrations, but simply registers any and all conflicting claims and leave it to the

("Unlike patents and trademarks, which go through extensive and lengthy examinations to
determine validity prior to registration, a copyright is never subjected to scrutiny prior to
registration. Indeed, all that is required for copyright registration is the deposit of a copy of the
work, the completion of a short form, and the payment of a small fee.") (citations omitted). Cf.
Bathaee, supra note 13, at 462 ("[I]f given the choice between a long, onerous, and costly patent
examination process and the lax registration requirements for enforcing copyrights in court, there
is little incentive to choose the intellectual property right that is more difficult to obtain."). For a
more detailed discussion of the copyright registration process, see 2 Nimmer, supra note 34, §
7.18.

47 A specified number of copies of virtually all copyrighted works must be deposited with the
Library of Congress to bolster its collection, irrespective of any intent to register; however, that
deposit has the salutary effect of satisfying deposit requirements for registration purposes as well.

48 Compendium II of Copyright Office Practices § 605.01 (1985) [hereinafter Compendium
II] ("In general, the Copyright Office will not question the accuracy of a statement made on an
application.").

49 See 2 Nimmer, supra note 34, § 7.18[A].

50 Compendium II, supra note 48, § 108.07.

51 Patry, supra note 30, § 17:109, at 17–302 ("Of necessity, the [Copyright] Office’s
examination is limited. The large number of applications, the small number of examiners, the
Office’s inability to make factual determinations, and, in the case of derivative works, the Office’s
lack of comparison with works previously deposited in order to evaluate whether particular
material has either already been registered or meets the requisite standard of originality, all
contribute to a fairly cursory examination process.").
parties to sort out the matter.\textsuperscript{52} No administrative procedure, comparable to opposition or cancelation proceedings in the Trademark Office, exists in the Copyright Office enabling a third party to challenge the validity of the registration.\textsuperscript{53}

B. PROOF OF REGISTRATION

The Lanham Act and the Copyright Act encourage federal registration by providing that a certificate of federal registration constitutes prima facie evidence of a variety of matters,\textsuperscript{54} simplifying proof in administrative or judicial enforcement proceedings by creating an evidentiary presumption or inference as to those matters. Specifically, sections 7(b) and 33(a) of the Lanham Act provide that a certificate showing trademark registration on the Principal Register of the USPTO is prima facie evidence “of the validity of the registered mark and of the registration of the mark,\textsuperscript{55} of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate.”\textsuperscript{56} The evidentiary effect may be enhanced if the registration achieves incontestable status which occurs once the mark holder satisfies the requirements of section 15 of the Act.\textsuperscript{57} In such a case, the incontestable registration constitutes conclusive

\textsuperscript{52} See Compendium II, supra note 48, § 108.07 (“Where the Copyright Office is aware that two or more persons or organizations are adversely claiming copyright in, and are seeking separate registrations for, the same material, the Office may inform each applicant of the existence of the other claim(s) and inquire concerning the basis of each claim. All such claims will be registered if they are reasserted and if they are in order as confirmed by the response to the Copyright Office inquiry.”). See also M & D Int’l Corp. v. Chan, 901 F. Supp. 1502, 1510 (D. Haw. 1995) (“‘[T]he Copyright Office is not equipped to gauge the author’s originality versus copying, and will not reject an application, even if a strikingly similar work has been previously registered,’” quoting 3 Nimmer, supra note 34, § 12.11[b], at 12–170.1).

\textsuperscript{53} 5 Patry, supra note 30, § 17:107--108.


\textsuperscript{55} In 1988, Congress amended the language of § 7(b) of the Lanham Act, altering the reference to “prima facie evidence of the validity of the registration and of the registration of the mark” to read, “prima facie evidence of the validity of the registered mark and of the registration of the mark.” The legislative history indicates that Congress made the amendment, along with conforming amendments to § 33(a) and (b) of the Lanham Act, so that all three evidentiary provisions would be consistent and notes that “no apparent reason” exists for the prior inconsistency of the provisions. Trademark Law Revision Act: Hearing on S. 1883 Before the Subcomm. On Patents, Copyrights, and Trademarks of the Senate Comm. on the Judiciary, 100th Cong., 2d Sess. 65–66 (1988) (statement of the U. S. Trademark Ass’n).

\textsuperscript{56} Lanham Act § 7(b), 15 U.S.C. § 1057(b).

\textsuperscript{57} Section 15 requires that the mark holder file an affidavit attesting that the registered mark has been in continuous use in commerce with respect to the goods and services listed in the
evidence of the matters recited in section 7(b), albeit with certain statutory exceptions.\textsuperscript{58} The Copyright Act offers its own version of the evidentiary rule in section 419(c): “In any judicial proceedings the certificate of a registration made before or within five years after first publication of the work shall constitute prima facie evidence of the validity of the copyright and of the facts stated in the certificate.”\textsuperscript{59}

When a registration certificate is proffered for its content in a criminal trial, whether for the offense of trademark counterfeiting or copyright infringement, reliance on the document alone poses a hearsay problem. In the civil context, a registration certificate is self-authenticating\textsuperscript{60} and constitutes a public record, a recognized exception to the hearsay rule; however, that exception does not inure to the benefit of the government in a criminal prosecution.\textsuperscript{61} Federal Rule of Evidence 803(8) disallows such reliance due to an underlying concern for the confrontation rights of the criminal defendant\textsuperscript{62} although a defendant’s failure to make timely objection to introduction of the certificate waives the hearsay objection for purposes of appellate review in the absence of plain error affecting a substantial right.\textsuperscript{63} Application of the hearsay rule in an intellectual property criminal prosecution should prevent the government from relying upon a registration certificate for purposes of proving a factual representation contained therein, e.g., statements regarding ownership and use of a particular mark in conjunction with particular goods or services or statements regarding authorship of a work or the parameters of that work.\textsuperscript{64} Whether such reliance would also violate the constitutional right of a criminal defendant to confront his accuser is a question beyond the scope of this Article.\textsuperscript{65}

\textsuperscript{59} 17 U.S.C. § 410(c). If a certificate of registration is obtained outside the specified time frame, the statute leaves the evidentiary weight of the certificate to the court’s discretion. Id.
\textsuperscript{60} FED. R. EVID. 1005.
\textsuperscript{61} The Federal Rules of Evidence provide that a public record is not excluded by the rule against hearsay if, inter alia, it sets out “in a civil case or against the government in a criminal case, factual findings from a legally authorized investigation.” FED. R. EVID. 803(8).
\textsuperscript{62} FED. R. EVID. 803(8) advisory committee’s note.
\textsuperscript{63} FED. R. EVID. 103.
\textsuperscript{64} But see United States v. Taxe, 540 F.2d 961, 966 (9th Cir. 1976) (affirming trial court’s admission of certificates of copyright registration to prove the dates of fixation recited therein despite the rule against hearsay, in the absence of evidence impugning trustworthiness of the certificates).
\textsuperscript{65} See U.S. CONST., AMEND. VI (“In all criminal prosecutions, the accused shall enjoy the right . . . to be confronted with the witnesses against him.”). In Crawford v. Washington, 541 U.S. 36 (2004), the Supreme Court articulated a new standard under the Sixth Amendment for admission of hearsay evidence against a criminal defendant that depends upon the testimonial nature of the evidence. Such evidence may only be admitted to prove the truth of its contents if the witness
In the event that a certificate of registration is unavailable for purposes of a criminal trial, the best evidence rule should come into play. The rule pertains when the content of a document is in issue at trial and, generally requires the proponent of the evidence to introduce an original or a duplicate of the document. The overarching purpose of the best evidence rule is to prevent inaccuracy and fraud when the content of a document is squarely in issue. In a trademark counterfeiting case, the existence of a registration on the Principal Register may be proven through testimony of knowledgeable witnesses or other documentary evidence. Despite case law indicating the contrary, sole reliance on circumstantial evidence of registration to prove defendant’s use of a counterfeit mark should run afoul of the best evidence rule in a counterfeiting case because the statutory definition of the crime assumes comparison of the mark reflected in the registration with the mark in use by the alleged counterfeiter and a match between the products or services recited in the registration and those marketed by

making the statement is unavailable to testify and the defendant had a prior opportunity to cross-examine the witness. When the evidence in question is a public record, the testimonial nature of the evidence revolves around the formalized nature of the document and whether it was generated with an eye towards trial or criminal proceedings. See Melendez-Diaz v. Massachusetts, 557 U.S. 305 (2009); WEISSENBERGER & DUANE, supra note 15, § 801.2. Arguably, the government’s proffer of a certified copy of a federal registration amounts to testimonial hearsay evidence particularly as a registration incorporates an applicant’s ex parte statements to the Trademark and Copyright Offices, submitted under penalty of perjury, and, in the case of trademark counterfeiting prosecutions, the registration constitutes an element of the offense thereby anticipating its use in criminal proceedings.

66Fed. R. Evid. 1002.
67See generally WEISSENBERGER & DUANE, supra note 14, § 1002.2.
68See, e.g., United States v. DeFreitas, 92 F.Supp.2d 272, 278 (S.D.N.Y. 2000), aff’d 8 Fed. Appx. 58 (2d Cir. 2001) (finding that the government met its burden to prove defendant’s use of a counterfeit mark through introduction of product tags and a catalog indicating federal registration of the subject marks and testimony of the mark holder’s CEO regarding registration and validity of the subject marks as they appeared on samples of genuine product); United States v. Park, 164 Fed. Appx. 584, 585–86 (9th Cir. 2006) (finding that the jury could have inferred existence of a federal registration from defendant’s judicial admission in a prior civil action that the marks in issue were registered along with testimony of defendant’s counsel in the civil action that the victims were trademark owners at the time of the prior matter, and from testimony of an FBI agent that the seized items were identical to items registered in the USPTO). Cf. United States v. Xu, 599 F.3d 452, 454 (5th Cir. 2010) (discounting testimony from mark holder’s employee that the symbol beside the mark affixed to the allegedly counterfeit goods was the “registered trademark symbol” because it did not prove that the genuine mark was registered on the USPTO’s Principal Register for the authentic goods and the witness may have meant registration on the Supplemental Register or any state register, or recordation with U.S. customs officials); Ohio v. Troisi, 124 Ohio St. 3d 404, 406 (2010) (reversing conviction under corollary state trademark counterfeiting statute because police investigator’s testimony that he knew the marks to be registered did not reference the USPTO’s Principal Register and was based upon his training and experience, not upon firsthand knowledge of federal registration certificates or their contents).
the alleged counterfeiter. Courts entertaining copyright infringement cases have long acknowledged the importance of a certificate of registration, over circumstantial evidence, for purposes of understanding the scope of claimed copyright. In a civil or criminal copyright infringement case, introduction of a registration certificate is necessary to invoke the prima facie effect of registration, particularly as that effect creates a presumption or inference that encompasses not only validity but also “the facts stated in the certificate.”

III. ELEMENTS OF THE PRIMARY FEDERAL INTELLECTUAL PROPERTY OFFENSES

Notably, Congress defined the crimes of trademark counterfeiting and copyright infringement in non-parallel fashion. One element in particular—the right infringed—is expressed in significantly different language in the two statutes. Section 2320 of Title 18 establishes criminal liability for trademark counterfeiting. The statute explicitly requires proof of existence of a federal trademark registration on the USPTO’s principal register but makes no mention of the validity of the registration or of the underlying common law trademark rights. In contrast, the statute delineating criminal copyright infringement, 18 U.S.C. § 2319, which incorporates 17 U.S.C. § 506(a) by reference, requires proof that a copyright exists and does not mention either validity or federal registration. The likely reason for a failure to specify validity is the notion that copyright does not exist unless it is valid, just as a common law trademark does not exist unless it is valid. Despite the lack of a statutory reference to proving a valid copyright, the

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69 E.g., United States v. Yamin, 868 F.2d 130, 135 (5th Cir. 1989) (approving trial court’s reliance upon expert witness testimony and jury’s ocular comparison of genuine and counterfeit goods); United States v. McEvoy, 820 F.2d 1170, 1172 (11th Cir. 1987) (approving trial court’s reliance upon expert witness testimony). Cf., United States v. Lam, 677 F.3d 190, 210–11 (4th Cir. 2012) (dissent) (criticizing the majority opinion’s conclusion that trial court’s erroneous instructions to jurors allowing them to rely upon testimony of the government’s witnesses that the genuine and counterfeit marks were substantially indistinguishable was harmless error and citing authority for the position that the trial court should have instructed jurors to rely upon their own ocular comparison). But see United States v. Guerra, 293 F.3d 1279, 1288 (11th Cir. 2002) (jury apparently shown federal registrations for designs in issue as well as labels produced by authorized licensees bearing genuine designs and allowed to compare with counterfeit items).

70 See 3 NIMMER, supra note 34, § 12.11[A][4], at 12–202 (discussing certificate reconstruction cases, specifically Seiler v. Lucasfilm, Ltd., 808 F.2d 1316 (9th Cir. 1986) affirming a trial court’s disallowance of reconstructed copyright subject matter citing the best evidence rule and subsequent refusal to accord prima facie evidentiary effect to certificates of registration based on the reconstructions and noting the rule that “the prima facie presumptions arise only when the certificate itself is admissible”).

71 5 PATRY, supra note 30, § 17:111, at 17–317 (“The facts granted prima facie status are the facts filled in by the applicant on the application form.”).
Department of Justice takes the position that its prosecutors must prove that a valid copyright exists as an element of the crime\(^{72}\) and that view is shared by the commentators and the courts.\(^{73}\)

Congress has wide latitude in the manner in which it defines a crime but, once it defines the crime, the government must prove each element of the crime as defined beyond a reasonable doubt.\(^{74}\) Accepting the disparity between the two definitions, did Congress intend to subsume validity—validity of the registration as well as of the underlying trademark rights—within the bare statutory reference to a federal trademark registration or did Congress intend to omit the qualifier of validity from its definition of criminal counterfeiting altogether? This inquiry has significant import for the due process rights of individuals accused in a criminal trademark counterfeiting case as Congress’ definition of the elements of this crime determines what facts the prosecution must prove in order to secure a conviction.

\(^{72}\) See IP Crimes Manual, supra note 20, at II.B.1 (“Under 17 U.S.C. § 506(a), the initial element of criminal copyright infringement is that a valid copyright exists in the work or works in question.”).

\(^{73}\) See, e.g., ANDROPHY, supra note 12, § 28:2; Min Ae Yu, Ryan Lehrer & Whitney Roland, Intellectual Property Crimes, 45 AM. CRIM. L. REV. 665, 689 (2008). See also United States v. Rose, 149 U.S.P.Q. 820 (S.D.N.Y. 1966), reciting the trial judge’s instructions to the jury in a criminal copyright infringement case, including inter alia:

The Government initially must prove beyond a reasonable doubt that the copyrights alleged in the indictment were at the time involved valid and existing copyrights. I might note that there are certificates of copyright in evidence and no proof to the contrary has been proffered. Nonetheless, this being one of the elements of the offense, you must find that all of the copyrights alleged in the indictment were valid copyrights in existence at the times alleged in the indictment.

149 U.S.P.Q. at 823.

\(^{74}\) McMillan v. Pennsylavania, 477 U.S. 79, 85 (1986) (“In determining what facts must be proved beyond a reasonable doubt the . . . legislature's definition of the elements of the offense is usually dispositive. . . .”).
A. THE CRIME OF TRADEMARK COUNTERFEITING DEFINED

Trademark counterfeiting as a crime is not a new concept in federal law. In the famous 1879 Trade-Mark Cases decision,75 the U.S. Supreme Court declared the first statute establishing a federal trademark registration scheme and civil remedies for infringement,76 and a later statute authorizing criminal penalties for counterfeiting federally-registered marks,77 to be unconstitutional exercises of Congress’ power. The Court held that regulation of trademarks could not be justified under the Intellectual Property Clause of the U.S. Constitution78 because trademarks did not fall into the enumerated categories of discoveries, inventions, or writings nor could such regulation be justified under the Commerce Clause79 because the statutory scheme encompassed purely intrastate use of marks, a matter reserved to the states for regulation.80 The severity of criminal sanctions and the fact that they had been founded on an unconstitutional statute probably accounts for the fact that almost a century would pass after the Trade-Mark Cases decision before criminal penalties would be reinstated for trademark counterfeiting.81

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75 Trade–Mark Cases, 100 U.S. 82 (1879). The cases involved three separate prosecutions for counterfeiting federally-registered marks to which all defendants filed a general demurrer challenging Congress’ authority to regulate trademarks; upon certification of a division of opinion on the question among the circuit court judges, appeals were taken to the U.S. Supreme Court.
76 Act of July 8, 1870, ch. 230, 16 Stat. 198.
78 U.S. CONST., art. I, § 8, cl. 8 (“The Congress shall have the Power . . . To promote the Progress of Science and the useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”).
79 Id., cl. 3 (“The Congress shall have the Power . . . To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.”).
80 Avoiding the question of whether or not Congress had the authority to regulate “trademarks” per se under the Commerce Clause, the Court noted that the Clause only authorized Congress to regulate interstate, foreign, or tribal “commerce.” The Trade-Mark Cases decision represents a narrow reading of Congress’ authority to regulate trademarks under the Commerce Clause, a reading that has now been largely disavowed. See, e.g., Zvi S. Rosen, In Search of the Trade-Mark Cases: The Nascent Treaty Power and the Turbulent Origins of Federal Trademark Law, 83 ST. JOHN’S L. REV. 827, 901 (2009) (“By 1905, the Commerce Clause was seen as broad enough to allow for domestic trademark regulation, and the reach of the Commerce Clause would continue to expand. The law still needed to require use in interstate commerce, but that became an incredibly broad mandate.”); John T. Cross, The Lingering Legacy of Trade-Mark Cases, 2008 MICH. ST. L. REV. 367, 373 (“The Commerce Clause discussion in Trade-Mark Cases is today largely viewed as a quaint anachronism—a reflection of the Court’s failure to predict how railroads and corporations would soon establish a national economy in which the lines between local and interstate commerce would be hopelessly blurred.”).
81 See Rosen, supra note 80, at 884–88 (discussing Congress’ refusal to enact criminal penalties for trademark counterfeiting as part of its 1881 legislative response to the Trade-Mark Cases decision, in part, because “jail time for trademark infringement seemed perverse, and in any case,
In 1984, Congress responded to mounting pressure from trademark owners concerned about widespread counterfeiting and passed legislation that created civil and criminal remedies for trafficking or attempting to traffic in counterfeits of marks for which a federal registration has been issued in accordance with the provisions of the Lanham Act. The 1946 Lanham Act, the current federal trademark statute, avoids the constitutional issue identified in *Trade-Mark Cases* by requiring an applicant for federal registration to show use of the mark in a type of commerce that Congress may lawfully regulate and, with regard to federal enforcement of trademarks, requires as a jurisdictional prerequisite either federal registration or common law rights gained through use of a commercial designation in commerce that Congress may lawfully regulate. The legislative history of the 1984 Trademark Counterfeiting Act declared trademark counterfeiting to be “the most egregious” form of trademark infringement. Congress emphasized that the Act does not encompass use of an unregistered mark and, with regard to a registered mark, only reaches: (1) a mark-holder’s use of a mark registered on the Principal Register, and (2) defendant’s use of a mark that is identical to or substantially indistinguishable from the mark shown in the registration, and then only when the use is in conjunction with goods or services explicitly listed in the registration. In short, Congress focused squarely on the content of the federal registration itself, proscribing activity that “matches” both the mark and the items listed in the registration. Presumably, “the match” is what it was unwise to increase the criminal jurisdiction of the federal courts without good reason.”); Beverly Pattishall, *Two Hundred Years of American Trademark Law*, 65 TRADE-MARK REP. 121, 130 (1978) (crediting the psychological effect of the *Trade-Mark Cases* decision with “more than a century’s federal antipathy for criminal sanctions” in trademark counterfeiting cases); Walter J. Derenberg, *The Problem of Trademark Dilution and the Antidilution Statutes*, 44 CAL. L. REV. 439, 442–45 (1956) (arguing that the psychological effect of the *Trade-Mark Cases* was to nullify all legislative proposals to reinstitute criminal penalties for trademark counterfeiting, from the decision through enactment of the Lanham Act).

82 The major supporters of the 1984 Trademark Counterfeiting Act were members of the International Anti-Counterfeiting Coalition, in the main, multi-national corporations that manufacture and distribute luxury items, e.g., Rolex watches, Gucci handbags, etc. See PAUL R. PARADISE, TRADEMARK COUNTERFEITING, PRODUCT PIRACY, AND THE BILLION DOLLAR THREAT TO THE U.S. ECONOMY 18 (1999) (“The IACC was formed in 1978 by the Levi Strauss Co. and 15 other companies that were seriously endangered by commercial counterfeiting. By 1985, its membership had grown to more than 300 major corporations, associations, and professional firms worldwide.”); Michael Coblenz, *Intellectual Property Crimes*, 9 ALB. L.J. SCI. & TECH. 235, 239–40 (1999) (discussing market forces that led to passage of the 1984 Anti-Counterfeiting Trademark Act, including “strong lobbying by the affected industries.”).


84 See 130 CONG. REC. 31,675 (1984) (Joint Legislative Explanatory Statement) [hereinafter Joint Statement] (“[A] counterfeit mark is the most egregious example of a mark that is ‘likely to cause confusion.’”).

85 Id.
renders the conduct sufficiently egregious to merit imposition of criminal fines and imprisonment.

Congress expanded the definition of “counterfeit” for purposes of criminal penalties in 2006 to extend beyond goods and services identified in the mark-holder’s registration to reach items designed, marketed, or intended for use in conjunction with those goods or services, specifically, a wide variety of labeling and packaging methods as well as associated documentation. This legislation was intended to address a gap in the 1984 Act identified by the Tenth Circuit in U.S. v. Giles. Giles involved an appeal from a criminal conviction under § 2320 following from an indictment for trafficking of “patch sets,” described by the appellate court as follows:

A ‘patch set’ consists of a leather patch and a gold medallion, which both bear the Dooney & Bourke logo, and a leather strap which is used to attach the medallion to a purse or piece of luggage. The leather patch can either be sewn or glued on. Once the patch set is applied to a generic purse or piece of luggage, the bag will appear to have been made by Dooney & Bourke.

Dooney & Bourke’s federal trademark registration listed handbags, luggage, and accessories but made no mention of patches or medallions. The defendant argued that the indictment was defective because it did not allege the elements of a crime under § 2320 which requires proof of trafficking in “goods.” The appellate court agreed with the defendant, setting aside the conviction because patches and medallions intended for attachment to handbags and luggage are not themselves “goods” but are mere functional representations of the mark and, if Dooney & Bourke had wanted to establish patches and medallions as goods, the company could have listed those items in its federal registration. Congress’ legislative response to Giles adhered to its earlier focus on “the match” between the defendant’s activities and the trademark holder’s federal registration by enlarging

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86 Stop Counterfeiting in Manufactured Goods Act, Pub. L. No. 109–181, §§ 1(b), 2(b), 120 Stat. 285, 285–86 (2006) (modifying the criminal statute’s definition of counterfeiting to include the following itemization: “labels, patches, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, or packaging of any type or nature.”).
87 213 F.3d 1247, 1253 (10th Cir. 2000). See H. Rep. No. 109–68, at 7 (2005) (“This modification is intended to overrule the holding in the case United States v. Giles. . . . This bill closes a loophole that has allowed counterfeiters to avoid prosecution.”)
88 213 F.3d at 1248.
89 Id. at 1251–52 n.7.
the definition of “counterfeit” to encompass items “designed, marketed, or intended” for attachment to goods listed in the registration.\textsuperscript{90}

As a final matter, section 2320 requires that the defendant’s use of the counterfeit mark be use that is likely “to cause confusion, to cause mistake, or to deceive,” an element that is the sine qua non of civil trademark infringement under the Lanham Act. A joint statement of the House and the Senate included in the legislative history of the 1984 Trademark Counterfeiting Act emphasizes: “This is a key phrase in the remedial section of the Lanham Act, 15 U.S.C. 1114, and its inclusion here is intended to ensure that no conduct will be criminalized by this Act that does not constitute trademark infringement under the Lanham Act.”\textsuperscript{91} In short, Congress intended section 2320 to apply to a well-defined, egregious subset of infringing activities for which criminal penalties would be appropriate.

B. THE CRIME OF COPYRIGHT INFRINGEMENT DEFINED

Unlike Congress’ belated reenactment of criminal penalties for trademark counterfeiting, criminal sanctions for willful copyright infringement have existed continuously in the United States since 1897.\textsuperscript{92} Congress’ authority to regulate copyrights arises directly from the Patent and Copyright Clause of the U.S. Constitution and, under the current Copyright Act, pre-empts state regulation of copyright\textsuperscript{93} in contrast to its Commerce Clause-based authority to regulate trademarks, authority that it shares with the states. Like criminal penalties for trademark counterfeiting, however, criminal sanctions for copyright infringement tend to be reserved for the most serious cases.\textsuperscript{94} Under the present statutory scheme, the government assesses severity of the infringement by whether the defendant acted with a commercial or financial motive or, lacking such motivation, by examining the specific copyright right infringed and the financial or numerical impact of such infringement.\textsuperscript{95} In all such cases, however, the government must prove that the defendant willfully violated one or more of the

\begin{footnotesize}
\textsuperscript{90} IP Crimes Manual, \textit{supra} note 20, at 106 (“Congress did not relax the requirement of matching the defendant’s goods and services to those on the registration certificate [in the 2006 amendments] . . . . Instead, Congress adapted the requirement for labels, documentation, and packaging cases so that the government must prove that those items were ‘designed, marketed, or intended to be used on or in connection with the goods or services for which the mark is registered in the United States Patent and Trademark Office.’”).

\textsuperscript{91} See Joint Statement, \textit{supra} note 84, at 31,675 (1984).

\textsuperscript{92} See Trotter Hardy, \textit{Criminal Copyright Infringement}, 11 \textsc{WM. \& MARY BILL OF RIGHTS J.} 305, 315–23 (2002) (detailing the increasing criminalization of copyright infringement); Mary Jane Saunders, \textit{Criminal Copyright Infringement and the Copyright Felony Act}, 71 \textsc{DENV. L. REV.} 671, 673–80 (1994) (following the evolution of criminal copyright infringement sanctions).

\textsuperscript{93} 17 U.S.C. § 301(a) (2005).

\textsuperscript{94} See generally \textit{ANDROPHY}, \textit{supra} note 12, § 28:15.

\textsuperscript{95} \textit{Id.}
\end{footnotesize}
exclusive rights in an existing copyright.\textsuperscript{96} Section 2319 of Title 18 establishes penalties for criminal conduct as outlined in section 506 of the 1976 Copyright Act, and the Act establishes the requirements for creation of a valid copyright. Under the Act, copyright arises automatically when an original work of authorship is fixed in a tangible medium of expression, if that work does not consist of subject matter excluded from protection by statute, as, for example, facts, scientific principles, and abstract ideas.\textsuperscript{97} Notably, federal registration is not required in order to obtain copyright rights and it is not an element of the criminal offense.

IV. CONGRESS’ DEFINITIONAL INTENT IN 18 U.S.C. § 2320

The juxtaposition of the two criminal statutes, one for trademark counterfeiting and the other for copyright infringement, puts the question of Congress’ definitional intent in 18 U.S.C. § 2320 front and center. Given that both federal crimes relate to theft of intellectual property and that neither type of property arises through the fact of federal registration, what effect, if any, should flow from Congress’ choice to define one crime in terms of registration but to omit registration from definition of the other crime altogether? Against this backdrop rests the ultimate question of whether Congress intended the crime of trademark counterfeiting to require proof that the subject registration exists and is valid, i.e., was obtained in an examination process untainted by fraud, and that it overlays valid common law rights, or simply proof that a registration exists?

A. SILENCE ON THE ISSUE OF VALIDITY

In light of Congress’ differing treatment of the two intellectual property crimes discussed in this Article, it is tempting to conclude that Congress’ explicit mention of federal registration in the trademark counterfeiting statute, and lack of reference to validity, meant to exclude consideration of validity as an element of the crime. Note, however, that the criminal copyright infringement statute makes no mention of validity either, yet the federal government assumes that it must prove existence of a valid copyright beyond a reasonable doubt. Likely, the distinction between the two statutes lies not in the need to prove valid intellectual property rights in one instance but not in the other; rather, it lies in the need to establish a federal nexus for the crime of trademark counterfeiting, a need that does not exist for copyright infringement because copyrights, with or without

\textsuperscript{96} 17 U.S.C. § 506(a) (“Any person who willfully infringes a copyright shall be punished as provided under section 2319 of title 18, . . . ”); IP Crimes Manual, \textit{supra} note 20, at II.B.2 (explaining the legal standard of willfulness).

federal registration, are creatures of federal law. In contrast, proof of federal trademark registration based on commerce “that Congress may lawfully regulate” overcomes *The Trade-Mark Cases* defect. Moreover, incorporating existence of a federal trademark registration satisfies Congress’ desire to define the crime more narrowly than mere trademark infringement. Nevertheless, these conclusions shed little light on whether proof of validity is embedded in the government’s obligation to prove the existence of a federal trademark registration.

In other contexts, Congress has defined federal crimes to require the government to prove the fact, but not the validity, of an agency determination. In *United States v. Hammoud*, 98 an appeal from conviction for the crime of providing material support to a foreign terrorist organization (FTO), a Lebanese citizen and resident of North Carolina argued that his right to a jury determination of guilt on every element of the crime charged was violated because he was unable to challenge the designation of Hizbollah as an FTO. The statute establishing the crime explicitly prohibits a criminal defendant from challenging the designation, which is made by the U.S. Secretary of State with input from a variety of other federal agencies, but does create an avenue by which the organization itself may challenge the designation. Noting that legislative determination of the elements of the crime and, hence, the facts that must be proven beyond a reasonable doubt, “‘is usually dispositive,’” the U.S. Court of Appeals for the Fourth Circuit observed that validity of the FTO designation is not an element of the crime and, therefore, the defendant’s constitutional argument fails.99 The defendants in *United States v. Mandel*100 urged reversal of their conviction for exporting goods on the Commodity Control List (CCL) to Bulgaria without the necessary license in violation of the Export Administration Act (EAA), because the goods they exported should not have been placed on the list and the government bore the burden of proving otherwise. The U.S. Secretary of Commerce maintains the CCL under the authority of the EAA, and the EAA explicitly precludes judicial review for any action taken under the Act. Noting the judicial preclusion language and legislative history confirming the intent of the language, the Ninth Circuit held that validity of designations on the CCL is not an element of the federal offense.101 These cases stand in contrast to U.S. Supreme Court precedent that requires the defendant to have some meaningful ability to challenge an agency determination that plays “a critical role in the subsequent imposition of a criminal sanction,” where the determination directly involves the defendant’s

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98 381 F.3d 316 (4th Cir. 2004), vacated on other grounds, 543 U.S. 1097 (2005).
100 914 F.2d 1215 (9th Cir. 1990).
101 Id. at 1221.
individual rights. Like the federal agency action at issue in *Hammoud* and *Mandel*, however, the USPTO’s decision to issue a federal registration to a trademark holder does not directly impact the individual rights of criminal defendants charged under 18 U.S.C. § 2320.

In *Hammoud*, the criminal statute explicitly removes validity as an element of the crime and, in *Mandel*, the statute establishing the administrative scheme at issue and the confirming legislative history specifically preclude all judicial review of agency determinations, whereas nothing in the substance or legislative history of either the Lanham Act or the Trademark Counterfeiting Act compels a similar conclusion. In fact, § 2320(c) specifies that a criminal defendant may avail himself of “any defense, affirmative defense, or limitation on remedies that would be applicable in an action under the Lanham Act.” Those defenses include matters that are directed to validity of the underlying common law rights, as for example, genericism and functionality. A civil defendant may invoke such defenses in support of a counterclaim for cancelation under § 37 of the Lanham Act or “any person who believes he is or will be damaged” by an existing registration may rely upon such defenses as grounds for inter partes cancelation proceedings in the Trademark Office pursuant to § 14 of the Lanham Act. These avenues for challenging validity of existing registrations perform a quality control function with regard to maintaining the Principal Register. Section 2320’s explicit incorporation of all applicable Lanham Act defenses and affirmative defenses points to Congress’ intent to reserve criminal liability for infringing conduct directed at valid registrations and, indeed, it would be incongruous for Congress to create criminal liability for an act that could be excused in a civil forum due to a successful validity challenge.

**B. SEPARATE “IN USE” REQUIREMENT**

102 *See* United States v. Mendoza-Lopez, 481 U.S. 828, 837–39 (1987) (collateral challenge to civil deportation proceedings must be available to criminal defendant in order for prosecution to rely upon deportation order to conclusively establish crime of illegal re-entry); Estep v. United States, 327 U.S. 114, 116–17 (1946) (principle of personal liberty mandates that Jehovah’s Witnesses who pursued administrative remedies to challenge their draft classification be allowed to seek judicial review of induction order in criminal proceedings for failure to submit to the order).

103 Lanham Act § 37, 15 U.S.C. § 1119 (2009) (“In any action involving a registered mark the court may determine the right to registration, order the cancelation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action.”).


105 ROBERT, *supra* note 30, at 221.

106 *See supra* note 91 and accompanying text.
The holding of United States v. Guerra\textsuperscript{107} involves the statutory requirement in a trademark counterfeiting prosecution that the government prove not only the existence of a federal registration, which is prima facie evidence of, inter alia, the exclusive right to use the mark, but also that the mark is "in use." At issue in Guerra was a jury instruction that cited the prima facie effect of a certificate of federal trademark registration and stated: "Prima facie means sufficient evidence to establish that the mark is valid, that the registrant owns the mark, and has the exclusive right to use it, and the owner continues to use the mark." Because the statutory definition of "counterfeit mark" includes not only the requirement that the mark be registered on the USPTO’s Principal Register but also specifies that the mark be "in use" by the trademark holder, the Eleventh Circuit found that "actual use" of the registered mark while the complained-of activity was ongoing constituted a separate element of the crime, proof of which could not consist only of the evidentiary presumption as stated in the jury instruction.\textsuperscript{108} Although erroneous, the jury instruction constituted harmless error beyond a reasonable doubt because the defendants introduced evidence at trial of a publication which appeared to establish the trademark holder’s current use of the registered mark on the goods listed in the registration and, at no time during the trial, did the defendant contest whether the trademark holder had sold the genuine merchandise during the period when defendants were engaged in counterfeiting.\textsuperscript{109}

\textsuperscript{107} 293 F.3d 1279 (11th Cir. 2002).

\textsuperscript{108} Id. at 1290. The separate “in use” requirement was added to the definition of “counterfeit mark” after Senate hearings were held on an initial version of the Trademark Counterfeiting Act. Compare Trademark Counterfeiting Act of 1982, S. 2428, 97th Cong. § 2(b)(1) (1982) and Trademark Counterfeiting Act of 1983, S. 875, 98th Cong. § 2(b)(1)(A) (1983). The requirement appears to have been added at the suggestion of the U.S. Trademark Association and supports the Guerra court’s interpretation of 18 U.S.C. § 2320 as requiring the government to show the markholder’s use of the mark contemporaneous with the defendant’s intentionally deceptive conduct:

These suggestions are intended to overcome a principal substantive issue which is that, as written, the Bill would criminalize a variety of kinds of conduct which neither constitute ‘counterfeiting’ in the commonly understood meaning of that term nor appear to warrant criminal penalties. . . . Specifically, the Bill would encompass conduct which, although perhaps constituting trademark infringement under 15 U.S.C. § 1114 (the Lanham Act), would not appear to partake of the central evil at which the Bill is aimed, i.e., the sale of goods made in imitation of the registrant’s goods, and made under the registrant’s trademark, which are neither likely nor intended to be distinguished from the genuine. Such conduct could include . . . use for goods or services literally encompassed within the description in the certificate of registration but for which the trademark is not in fact in use by the registrant.


\textsuperscript{109} 293 F.3d at 1290.
The district court decision in *United States v. Foote*,\(^{110}\) follows the holding of *Guerra* and posits that the conceptual difficulty with utilizing a certificate of registration to prove the trademark-holder’s use of the mark contemporaneous with that of the defendant arises from the fact that most federal trademark registrations in the United States issue from one of two types of application—an application made after the mark has been used in commerce\(^ {111}\) or an application based upon a bona fide intent to use the mark in commerce at some point in the future.\(^ {112}\) The court suggests, incorrectly, that the latter basis for an application means that a federal trademark registration could issue prior to any actual use of the mark in commerce.\(^ {113}\) Although the intent-to-use procedure triggers examination of the application by the USPTO to determine the propriety of registration prior to actual use, no registration will issue until the applicant avers that the mark is in use in commerce.\(^ {114}\) Despite the court’s misreading of the law in this regard, a registration that matures from an intent-to-use application could pose a problem if it provides the sole source of proof that the trademark holder used the mark while the alleged counterfeiter’s activities were taking place. Such a registration confers nationwide priority on the registrant as of the date of application, a date in time when the mark was contemplated but not in use and, hence, when no trademark rights based on use were extant.\(^ {115}\) To base criminal sanctions on conduct occurring when an intent-to-use application is filed and before actual use of the mark surely would offend notions of due process and would run afoul of the *Guerra* court’s interpretation of the statute to require contemporaneous use by the mark holder and the defendant. The district court in *Foote* correctly observes that, even if a registration is based upon use prior to application, there is no reason to assume continuous use of the mark after

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\(^{110}\) 238 F.Supp.2d 1271 (D.C. Kan. 2002), aff’d 413 F.3d 1240 (10th Cir. 2005).


\(^{112}\) Lanham Act § 1(b), 15 U.S.C. § 1051(b).

\(^{113}\) 238 F.Supp.2d at 1278 (“[T]he trademark registration does not establish actual use because intent to use a trademark suffices for registration.”).

\(^{114}\) Lanham Act § 1(d), 15 U.S.C. § 1051(d). Less common bases for federal registration constitute an exception to the general rule and exist to enable United States compliance with international agreements and treaty obligations. Specifically, the Trademark Office allows foreign applicants for federal trademark registration to obtain issuance of a registration by declaring a bona fide intent to use the mark in U.S. commerce, without making a showing of actual use in commerce in two instances: (1) where they rely upon a foreign trademark registration issued in their country of origin in accordance with the Paris Convention, under section 44(e) of the Lanham Act, 15 U.S.C. §1126(e) (2009); or (2) when they hold an international trademark registration issued by a country other than the United States that is a signatory to the Madrid Protocol under section 66 of the Lanham Act, 15 U.S.C. §1141h(a)(3) (2009).

\(^{115}\) Cf. Carter, *supra* note 32, at 784 (highlighting the fact that Congress’ enactment of the intent-to-use provisions created an exception to the common law rule that priority of trademark rights is premised upon use).
registration, apart from the statutory inferences set forth in sections 7(b) and 33(a) of the Lanham Act.\textsuperscript{116}

Arguably, the \textit{Guerra} decision may be read to mean that Congress articulated a separate “in use” element of the crime because only the fact of registration, and not any of the matters of which registration constitutes prima facie evidence, are included within the statutory definition of the crime. That interpretation is at odds with the appellate court’s focus on the need to prove contemporaneous use of the registered mark and the spurious mark. By its terms, the statutory inference created by registration evidences only an exclusive right to use on the part of the mark holder, not that the mark is actually in use at the time of the defendant’s alleged counterfeiting activities, although case law expands the scope of the inference to encompass continuous use of the mark.\textsuperscript{117} In fact, the Lanham Act contemplates that a mark holder may not be engaged in continuous use of its mark for periods of time following registration.\textsuperscript{118} For example, the Act requires a registered mark holder to file an affidavit of use at periodic intervals after registration in order to maintain its “live” status on the Principal Register, and, if a registered mark is not in use for the listed goods and services at the time the affidavit is filed, the mark holder must establish special circumstances that excuse nonuse and negate any intent to abandon the registration.\textsuperscript{119} Because an inference of continuous use is not in the statute but arises from the case law, it seems likely that Congress included a separate contemporaneous “in use” requirement to clarify the matter for purposes of criminal proceedings; that

\textsuperscript{116} 238 F.Supp.2d at 1278.


\textsuperscript{118} Abandonment of a mark is an explicit defense to enforcement actions under the Lanham Act. \textit{See} Lanham Act § 33(b)(2), 15 U.S.C. § 1115(b)(2). The Act provides that abandonment occurs when “use [of the mark] has been discontinued with intent not to resume such use” or when the mark becomes generic by virtue of the mark holder’s affirmative acts or failure to act. Lanham Act § 45, 15 U.S.C. § 1127 (2009).

clarification establishes an element of the crime additional to matters covered by the statutory prima facie effect of a federal trademark registration not in exclusion of those matters.

C. SPECIFICATION OF THE PRINCIPAL REGISTER

Tellingly, § 2320 is restricted to prosecutions involving a registration on the USPTO’s Principal Register.120 The omission of any reference to the Supplemental Register creates a negative pregnant in the criminal statute emphasizing congressional intent that criminal proceedings be bottomed only on registrations supported by valid common law trademark rights. The USPTO administers the Supplemental Register for purposes of registering descriptive words, phrases, symbols, and other indicators that are capable of trademark significance but that do not yet distinguish the commercial origin of the goods or services with which they are associated.121 With the passage of enough time and sufficient expenditure of promotional resources, subject matter registered on the Supplemental Register may acquire distinctiveness, and once that occurs, the subject matter constitutes a valid trademark and may qualify for registration on the Principal Register.122 By its nature, a registration on the Supplemental Register does not reflect valid underlying common law trademark rights123 and

120 See Joint Statement, supra note 84, at 31674 (“The definition of ‘counterfeit mark’ . . . includes the fact that the infringed mark must be registered on the principal register in the United States Patent and Trademark Office. This factor was included in the definition of ‘counterfeit mark’ in order to make this Act easier to administer by limiting its scope to a clearly defined class of marks.”). See also Testimony of Gerald J. Mossinghoff, Comm’r, Patents and Trademarks and Ass’t Sec’y, Comm. Dep’t, Hearing on Subcommittee on Crime to consider H.R. 2447 and related S. 875 (both Trademark Counterfeiting Act of 1983), Committee on the Judiciary Serial No. 151 (1983) (referring to requirement that defendant’s conduct relate to a mark registered on the Principal Register as one of several “fairly heavy safeguards” in the proposed legislation that “would get at the egregious forms of counterfeiting” targeted by the legislation’s criminal penalty provisions without resulting in over-criminalization).


122 A registration on the Supplemental Register may not be amended to the Principal Register; instead, the registered mark holder must file a new application for registration on the Principal Register. TMEP, supra note 37, § 1609.09.

123 See Lanham Act § 26, 15 U.S.C. § 1094 (2009) (providing that registrations on the Supplemental Register “shall not be subject to or receive the advantages of,” inter alia, section 7(b) of the Lanham Act). See also Hearings on H.R. 4744 Before the Subcomm. on Trademarks of the House Comm. on Patents, 76th Cong., 1st Sess. 158, at 194 (1939) (letter from Maxwell Barns, Chairman, The Committee on Trademark of the New York Patent Law Association, commenting on an early version of the 1946 Lanham Act that proposed to criminalize imitation of all registered marks and emphasizing the point that knowing imitation of marks on the Supplemental Register is not criminal conduct because such marks lack trademark significance).
will not support criminal charges under § 2320. This point is reinforced by the fact that, although Congress relied on the issuance of a federal registration to provide the jurisdictional basis for the federal crime of trademark counterfeiting and a registration on the Supplemental Register could have supplied that basis, Congress restricted the reach of § 2320 to registrations on the Principal Register, registrations designed to recognize valid common law rights on a nationwide basis.

D. THE RULE OF LENIENCY

In the face of an ambiguous penal statute, courts may employ a canon of statutory construction known as the rule of lenity which requires that statutory ambiguities be resolved in favor of the defendant, in other words, that ambiguities be interpreted to lead to the more, rather than less, lenient result for the defendant. Critics of traditional application of the rule argue that its oft-cited justifications—fair warning to potential lawbreakers regarding the scope of criminal liability, judicial respect for the separation of powers and concomitant refusal to create a federal common law of crimes, and prevention of prosecutorial overreaching by encouraging clear legislation—do not correspond to actual operation of the rule. Additionally, critics note that courts have not been consistent in their application of the rule. Nevertheless, recent commentary argues that one policy

124 Cf. IP Crimes Manual, supra note 20, at 101 (noting that alternate theories of prosecution may be available in the absence of a registration on the USPTO’s Principal Register, e.g., mail fraud, wire fraud, or state or local criminal trademark charges).
125 See 15 Comprehensive Crime Control Act of 1984, Pub. L. No. 98–473 (Title II), 98 Stat. 1976, Oct. 12, 1984, S13069 (“At the suggestion of the Justice Department, neither the Senate nor the House bill included an explicit ‘effect on interstate commerce’ element. The Department argued that the explicit inclusion of this element was unnecessary, since a Federal nexus exists because the marks protected are Federally registered trademarks . . . . However, the bill is intended to reach all trafficking in counterfeits that affects interstate commerce, including trafficking that is discovered in its incipiency, such as before counterfeit merchandise has left the factory.”).
126 3 MC CARTHY, supra note 42, § 19:18, at 664 (noting that the primary advantage of registering a mark on the Supplemental Register is to confer federal jurisdiction on federal courts for enforcement of the mark).
clearly and consistently served by the rule of lenity is “innocence-protecting.”¹²⁹ That observation, taken at face value, leads to the conclusion that the government must prove valid intellectual rights in order to gain a conviction under 18 U.S.C. § 2320. This follows because Congress enacted criminal sanctions for trademark counterfeiting to redress a particularly egregious subset of infringing activity and emphasized that it did not intend to criminalize any conduct that did not, at bottom, constitute trademark infringement under the Lanham Act. Because an invalid trademark or a fraudulently procured registration cannot support a civil infringement action, the rule of lenity counsels interpreting the criminal statute’s requirement of proof of a federal registration to subsume proof of validity matters as well.

The disparity in the definitions of the crimes of trademark counterfeiting and copyright infringement were noted at the beginning of this section and a question was posed as to whether Congress intended both crimes to require proof that the intellectual property rights at issue are valid. The remainder of this Article assumes that the question should be answered in the affirmative and addresses the evidentiary effect of a federal registration when directed to proof of that element, either as it creates evidentiary presumptions or inferences or operates to shift burdens of production and persuasion with regard to invalidity defenses. In any case, the government’s sole reliance on a registration to prove validity generates concerns of constitutional dimension in the context of a criminal prosecution.

V. INJECTING THE CIVIL PRESUMPTION CREATED BY REGISTRATION INTO A CRIMINAL CASE

Although federal prosecutors routinely invoke the statutory inferences created by sections 7(b) and 33(a) of the Lanham Act for purposes of criminal prosecution, no authority exists for their ability to do so. In inter partes proceedings before the Trademark Office, the presumptions “accrue only to the benefit of the owner of the registration, and hence come into play only when the registration is made of record by its owner, or when the registration is cited by a trademark examining attorney (in an ex parte case) as a reference . . . against a mark sought to be registered.”¹³⁰ Additionally, the Lanham Act provides that the presumption activates in “an action” if the registration is “owned by a party” to

¹²⁹ Note, supra note 127, at 2434–37. See also William N. Eskridge, Jr., Public Values in Statutory Interpretation, 137 U. PA. L. REV. 1007, 1029 (1989) (“[T]he rule is applied most generously when the questioned conduct is accepted by general social norms and least frequently when the questioned conduct is widely considered horrible.”).
the action. Nowhere does the text of the Lanham Act, or its legislative history, support the notion that Congress intended to extend the evidentiary benefit of the registration to a federal prosecutor, or for that matter to any party in a criminal proceeding, which by definition does not include the registered mark holder. Of course, federal prosecutors act in the public interest when they prosecute trademark counterfeiters which includes the interests of the victims, in this case the registered mark holders. Nevertheless, a prosecutor may not act as the victim’s surrogate in pursuing the case without putting her professional obligation of neutrality in doubt. When a mark holder introduces its own registration in civil infringement proceedings, the self-interested nature of statements made to the Trademark Office that led to issuance of the registration are understood but that self-interest is surely less apparent to a fact-finder faced with an officially-issued document from a federal agency, introduced into evidence by a government attorney.

The text of section 410(c) of the Copyright Act provides that a certificate of copyright registration gives rise to the prima facie evidentiary effect in “any judicial proceeding.” Taken at face value, the quoted language means that Congress intended to make the evidentiary effect available not only in civil proceedings but also in criminal proceedings, to be invoked by a federal prosecutor. This interpretation has some force given the continuing availability of criminal penalties for copyright infringement for over a century. Further, the fact that Congress did not limit this phrase to “any civil judicial proceeding” in 2008, when it restricted the jurisdictional requirement of registration in section 411(a) from “any action for infringement of copyright” to “any civil action for infringement of copyright,” supports the conclusion that Congress intended the

132 ABA STANDARDS FOR CRIMINAL JUSTICE, Standard 3–3.2 cmt. (1993) (“[T]he prosecutor’s client is not the victim but the people who live in the prosecutor’s jurisdiction. . . .”). See also Bennett L. Gershman, Prosecutorial Ethics and Victim’s Rights: The Prosecutor’s Duty of Neutrality, 9 LEWIS & CLARK L. REV. 559, 564–69(2005) (arguing that a prosecutor’s duty of neutrality requires that she not be perceived as advancing the victim’s private agenda.); Carol A. Corrigan, On Prosecutorial Ethics, 13 HASTINGS CONST. L.Q. 537, 537 (1986) (“The prosecutor does not represent the victim of a crime, the police, or any individual. Instead, the prosecutor represents society as a whole.”).
134 See supra note 92.
presumptions to apply broadly. Cast against the minimal examination that gives rise to registrations in the Copyright Office, application of a presumption of copyright validity in criminal proceedings is particularly troubling. Citing the limited nature of the examination, one noted commentator suggests that the prima facie status accorded by section 410(c) is “slight” and, with regard to the facts stated in the certificate which the Office does not verify, the basis for applying the evidentiary presumption is “highly dubious” and results in “bad policy.”

Despite this criticism and against the backdrop of the comparatively thorough examination that occurs in the Trademark Office, if a registration-generated presumption of validity pertains in a copyright infringement prosecution, no particular logic supports a court’s refusal to apply the parallel presumption in a trademark counterfeiting prosecution.

Courts and commentators frequently downplay the evidentiary effect created by introducing a certificate of registration into evidence in a civil action, pointing out that such evidence merely reorders the burden of production and does not absolve the holder of the intellectual property rights of its ultimate burden to prove the elements of its case. The argument is structured as follows: a certificate of registration introduced into evidence and accepted as authentic by the court acts as prima facie evidence that the intellectual property in question is valid, thereby shifting the burden of production to the defendant who may rebut the presumption with proof of invalidity. When rebutted, the presumption created by the certificate drops out of the case and, assuming no proof that the registration was obtained by fraud, the certificate remains simply as one piece of evidence to be weighed by the fact-finder in the overall determination of validity. If not rebutted, the presumption results in a verdict for the rights holder.

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135 See 4 NIMMER, supra note 34, § 15.01[A][2], at 15–5 fn. 25 (2011) (“Even after the passage of the PRO IP Act, the current Act still mandates, ‘In any judicial proceedings . . . the prima facie evidence of the copyright’ shall pertain. 17 U.S.C. § 410(c) (emphasis added). The negative pregnant of failing to amend that language in 2008 is that it deliberately applies to both criminal and civil proceedings.”).

136 5 PATRY, supra note 30, § 17:109, at 17–302.

137 Id. § 17:111, at 17–309.

138 Introducing “some evidence” of a plausible factual or legal argument that challenges validity of the copyright in a civil case effectively rebuts the presumption. See, e.g., Lamps Plus, Inc. v. Seattle Lighting Fixture Co., 345 F.3d 1140, 1145 (9th Cir. 2003); Durham Indus., Inc. v. Tomy Corp., 630 F.2d 905, 908 (2d Cir. 1980). The corollary for civil matters involving registered trademarks is less clear and rebuttal may require introduction of a “preponderance of the evidence,” or in some cases, “sufficient evidence” to pierce the presumption. See, e.g., Vuitton et Fils S.A. v. J. Young Enters., Inc., 644 F.2d 769, 776 (9th Cir. 1981); Keebler Co. v. Rovira Biscuit Corp., 624 F.2d 366, 373 (1st Cir. 1980).

139 See, e.g., Retail Svs., Inc. v. Freebies Publ’g, 364 F.3d 535, 542–43 (4th Cir. 2004) (describing operation of the presumption created by the registration in a civil trademark infringement case); Tie Tech, Inc. v. Kinedyne Corp., 296 F.3d 778, 783 (9th Cir. 2002) (equating rebuttal of the prima
holder. In the absence of rebutting evidence in a criminal case, however, a conviction gained through sole reliance upon the force of a certificate of registration raises the spectre of a mandatory presumption, or at a minimum, an unconstitutional permissive inference.\textsuperscript{140} Query whether the rigor of the

facie case of validity created by a federal registration with piercing the presumption ); Am. Online, Inc. v. AT&T Corp., 243 F.3d 812, 818 (4th Cir. 2001) (characterizing the evidentiary status of a certificate once the presumption has been rebutted as opinion evidence from the Commissioner of Trademarks “that the application of the registrant was sufficient to demonstrate a valid mark”); Liquid Controls Corp. v. Liquid Control Corp., 802 F.2d 934, 938 (7th Cir. 1986) (noting that rebuttal evidence bursts the evidentiary presumption that accompanies federal registration). Cf. Jed S. Rakoff and Ira B. Wolff, Commercial Counterfeiting and the Proposed Trademark Counterfeiting Act, 20 AM. CRIM. L. REV. 145, 191 n. 315 (1982–83) (opining that proof of federal registration would entitle the government in a criminal counterfeiting prosecution or the plaintiff in a civil counterfeiting case to a jury instruction prohibiting the defendant from challenging validity of the registration or underlying common law rights if the trier-of-fact finds that the defendant acted with the requisite wrongful intent). \textit{See also}, \textit{e.g.}, Universal Furniture Int’l, Inc. v. Collezione Europa USA, Inc., 618 F.3d 417, 428 (4th Cir. 2010) (“[T]he Copyright Office’s practice of summarily issuing registrations (perhaps even the day of filing the application, as in this case) counsels against placing too much weight on registrations as proof of a valid copyright.”); Woods v. Bourne Co., 60 F.3d 978, 990 (2d Cir. 1995) (“[T] the existence of a registration certificate is not dispositive.”).\textsuperscript{140} \textit{E.g.}, Supreme Court Standard 303, recited below, provides a useful guide with regard to the application of common law and statutory presumptions against defendants in criminal cases: Presumptions in Criminal Cases

\begin{enumerate}
\item (a) Scope. Except as otherwise provided by Act of Congress, in criminal cases, presumptions against an accused, recognized at common law or created by statute, including statutory provisions that certain facts are prima facie evidence of other facts or of guilt, are governed by this rule.

\item (b) Submission to Jury. The judge is not authorized to direct the jury to find a presumed fact against the accused. When the presumed fact establishes guilt or is an element of the offense or negatives a defense, the judge may submit the question of guilt or of the existence of the presumed fact to the jury, if, but only if, a reasonable juror on the evidence as a whole, including the evidence of the basic facts, could find the guilt or the presumed fact beyond a reasonable doubt. When the presumed fact has a lesser effect, its existence may be submitted to the jury if the basic facts are supported by substantial evidence, or are otherwise established, unless the evidence as a whole negatives the existence of the presumed fact.

\item (c) Instructing the Jury. Whenever the existence of a presumed fact against the accused is submitted to the jury, the judge shall give an instruction that the law declares that the jury may regard the basic facts as sufficient evidence of the presumed fact but does not require it to do so. In addition, if the presumed fact establishes guilt or is an element of the offense or negatives a defense, the judge shall instruct the jury that its existence must, on all the evidence, be proved beyond a reasonable doubt.
\end{enumerate}

Standard 303 originated in 1971 as Proposed Federal Rule of Evidence 303 but was not enacted because several bills were then pending to revise the criminal code. \textit{See} 1 WEINSTEIN, \textit{supra} note 15, § 303.02, Historical Appendix § 303App.02[2] (2d ed. 2011).
examination processes in either the Copyright or the Trademark Offices resulting in issuance of a registration supports the notion that the registration and underlying rights are valid to the requisite degree, i.e., beyond a reasonable doubt.

A. MANDATORY PRESUMPTION

Through a series of cases, the U.S. Supreme Court has directed trial courts to avoid mandatory language in jury instructions that would create a presumption operating to relieve the prosecution of its ultimate burden of proof.\(^{141}\) In simple terms, a court may not require jurors to assume a fact essential to the prosecution’s case once a foundational fact has been proven unless the foundational fact establishes the presumed fact beyond a reasonable doubt.\(^{142}\) Put in the context of the arguments in this Article, a court may not issue jury instructions that require jurors to assume valid intellectual property rights in a criminal infringement case based solely upon evidence of a federal registration, unless a rational juror would view the existence of the registration in a trademark counterfeiting case as removing all reasonable doubt that the registration was obtained free of fraud and in either a trademark counterfeiting or copyright infringement case as removing all reasonable doubt that the underlying intellectual property rights are valid.\(^{143}\) Equally, a court should not instruct the jury that it must find valid intellectual property rights upon proof of a federal registration unless the defendant offers rebuttal evidence of invalidity.\(^{144}\) In the

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141 Francis v. Franklin, 471 U.S. 307 (1985) (upholding the appellate court’s reversal of a murder conviction because the jury instructions taken as a whole do not explain or cure instruction that could be understood as by a reasonable juror as creating a mandatory presumption with regard to the element of intent); Sandstrom v. Montana, 442 U.S. 510 (1979) (ambiguous jury instructions involving presumptions require reversal of defendant’s murder conviction because a reasonable juror could understand them to create a mandatory presumption that shifts burden of persuasion as to elements of the offense to the defendant); County Court of Ulster v. Allen, 442 U.S. 140 (1979) (delineating the distinction between a mandatory presumption and a permissive inference and upholding a conviction on habeas review because the permissive inference in the jury instructions was supported by a sufficient connection between the facts proved and the facts inferred). See also Supreme Court Standard 303(b)-(c), infra note 142.

142 See Carella v. California, 491 U.S. 263, 272 (1989) (Scalia, J., concurring) (aligning presentation of a conclusive presumption to the jury and an impermissible directed verdict against the defendant and noting that “the error in such a case is that the wrong entity judged the defendant guilty”). Note that this constitutional rule almost certainly would prevent application of the conclusive evidentiary effect of incontestable registrations, established in § 33(b) of the Lanham Act, in criminal proceedings. See supra note 58 and accompanying text. Because the specific invalidity defenses referenced in this Article are exceptions to incontestability—fraud, genericism, and functionality—the § 33(b) conclusive presumption is not addressed further in this Article.

143 Cf. 1 WEINSTEIN, supra note 15, § 303.05[2][c].

144 Id.
absence of a connection between the foundational fact and the presumed fact strong enough to meet the reasonable doubt standard, the first example illustrates a conclusive mandatory presumption because it operates to remove the presumed element from the case entirely, thereby relieving the prosecution of its burden to persuade the jury on that issue. The second example, a rebuttable mandatory presumption shifts the burden of production with regard to an element of the crime from the prosecution to the defense which may amount to an impermissible directed verdict against the defendant and also may relieve the prosecution of its burden of persuasion if the court requires a certain quantum of rebuttal proof. Since the Supreme Court’s pronouncements in this area, courts generally avoid mandatory language in jury instructions and typically phrase instructions in permissive terms. In any event, the constitutional deficiencies of mandatory presumptions in criminal cases are subject to the harmless error rule.

B. PERMISSIVE INFERENCE

More likely to be a problem in intellectual property prosecutions are instructions that invite, but do not require, jurors to draw the conclusion that valid rights exist when the only evidence before them on the matter is a federal registration. Because the language is permissive, the evidentiary benefit is not

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145 Id. § 303.06[4][d] (2d ed. 2011) (constrasting Sandstrom and Franklin with Allen and noting that “[t]he many cases from the Supreme Court addressing presumptions have left it unclear whether a mandatory presumption that shifts the burden of production is constitutionally permissible”). But see CHRISTOPHER B. MUELLER & LAIRD KIRKPATRICK, 1 FEDERAL EVIDENCE 522 (3d ed. 2007) (noting the weight of scholarly opinion that “presumptions simply cannot be used to shift to defendants the burden of production on an element of a charged crime”).

146 Rose v. Clark, 478 U.S. 570, 580 (1986) (error in the jury instruction impermissibly shifting the burden of proof on malice was not “so basic to a fair trial” that it could never be harmless; accordingly, court below must make a determination as to whether error was harmless beyond a reasonable doubt). See 26–630 MOORE’S FEDERAL PRACTICE—CRIMINAL PROCEDURE § 630.20[3] (2011) (A jury instruction creating a mandatory presumption will trigger reversal of a conviction unless, with regard to a rebuttable presumption, the error is harmless beyond a reasonable doubt based upon the entirety of the record, or with regard to a conclusive presumption, the error is harmless beyond a reasonable doubt on the face of the instruction.).

147 For example, see the following sample jury instructions utilized by the U.S. Department of Justice for the relevant intellectual property offenses, providing in pertinent part:

Sample Jury Instructions for Felony Copyright Infringement

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A person or entity who holds a copyright in a work may obtain a certificate of registration from the United States Copyright Office. If registered before or within five years after the work was first published, the certificate of registration constitutes prima facie evidence that a valid copyright exists for the work, meaning that it is sufficient to establish that there is a valid copyright unless outweighed by other evidence in the case.
a true presumption but rather an inference. Such inferences do not run afoul of due process guarantees if a sufficient rational connection exists between the foundational fact and the inferred fact. Again, placed in the context of this Article, a jury instruction that allows jurors to conclude validity based upon evidence of a federal registration is proper but only if it is rational to conclude that the examination process in the Trademark Office results in valid registrations and that the process in either the Trademark or Copyright Offices results in registrations that protect only valid underlying trademarks or copyrights. The rationality of that conclusion depends upon whether or not proof that the foundational fact exists makes it more likely than not that the inferred fact exists. If the trial judge concludes that existence of a federal registration meets the “more likely than not” connection test and submits the inference of validity to the jury, the judge should instruct jurors that they must find validity beyond a reasonable doubt against the backdrop of all the evidence in the case.

IP Crimes Manual, supra note 20, Appendix B.

Sample Jury Instructions for Trafficking in Counterfeit Trademarks, Service Marks, and Certification Marks

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A certificate of registration from the United States Patent and Trademark Office is prima facie evidence of the validity of the registered mark, of the ownership of the mark, and of the owner’s exclusive right to use the registered mark. That is, such a certificate is sufficient proof of the existence of a valid registered mark unless outweighed by other evidence in the case.

IP Crimes Manual, supra note 20, Appendix C.

148 WEISSENBERGER & DUANE, supra note 14, § 301.2, at 97–98. Jury instructions that utilize the phrase “is sufficient,” as do the sample instructions cited in note 147, have been held by some courts to be permissive in nature thereby creating a permissive inference as opposed to a mandatory presumption. See, e.g., Higgins v. Indiana, 783 N.E.2d 1180, 1186 (Ind. App. 2003) (“is sufficient” is not “command” language and, so, creates a permissive inference and not a mandatory presumption). See also Supreme Court Standard 303(c), supra note 142 (combining “is sufficient” language with instruction explaining non-mandatory nature of the presumption).

149 Tot v. United States, 319 U.S. 463, 467 (1943) (holding that section 2(f) of the Federal Firearms Act, which provides that possession of a firearm by an individual previously convicted of a violent crime is evidence that the firearm was shipped in violation of the Act does not satisfy due process requirement that a rational connection exist between the foundational fact and the inferred fact).

150 Leary v. United States, 395 U.S. 6, 36 (1969) (“[A] criminal statutory presumption must be regarded as ‘irrational’ or ‘arbitrary’ and hence unconstitutional, unless it can at least be said with substantial assurance that the presumed fact is more likely than not to flow from the proved fact on which it is made to depend.”).

151 United States v. Gainey, 380 U.S. 63, 68 (1965) (when a presumption satisfies the rational connection test, the trial judge has the discretion to submit the presumption to the jury, or not, if the presumption is the sole evidence of guilt on issue). See also Supreme Court Standard 303(c) (“[I]f the presumed fact establishes guilt or is an element of the offense or negatives a defense, the judge shall instruct the jury that its existence must, on all the evidence, be proved beyond a reasonable doubt.”).
evidence of validity other than a federal registration has been introduced, the trial judge should charge the jury with regard to the inference only if a rational juror could find validity of the registration and underlying rights beyond a reasonable doubt.  

The “more likely than not” connection test hangs upon the thoroughness and accuracy of the examination process conducted in the Trademark and Copyright Offices, respectively. A conclusion of validity based solely upon issuance of a copyright registration strains credulity because the process involves virtually no substantive examination of applications. Copyright registration does not render validity of the registration or underlying copyright more likely than not, let alone, satisfy the more stringent reasonable doubt standard. Accordingly, courts should refuse to submit the inference to the jury in such cases as a matter of law. Failing that resolution, courts should submit the inference to the jury only if accompanied by instructions explaining the ex parte, cursory and ministerial nature of the copyright registration process. Less troubling, but potentially problematic as well, is the registration process for trademarks for which no objective statistical evidence exists as to its accuracy on the validity question and for which the existence of several civil collateral challenge mechanisms suggests doubt on the part of Congress that registration assures validity. Perhaps most damning is Congress’ unequivocal delegation of supervisory power over the trademark registers to federal courts entertaining infringement actions involving federally-registered trademarks. Section 37 of the Lanham Act authorizes such courts to “determine the right to registration, order the cancelation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of

152 Supreme Court Standard 303(b), supra note 142 (“When the presumed fact establishes guilt or is an element of the offense or negatives a defense, the judge may submit the question of guilt or of the existence of the presumed fact to the jury, if, but only if, a reasonable juror on the evidence as a whole, including the evidence of the basic facts, could find the guilt or the presumed fact beyond a reasonable doubt.”).

153 Cf. Hyde, supra note 46, at 391–94 (discussing the lack of evidentiary strength to prove validity that should accompany introduction of a copyright registration into evidence in a civil infringement action as a result of the cursory nature of the registration examination process). See also 2 PATRY, supra note 30, § 9:14, at 9–32–33 (“[O]ne wonders why the certificate should constitute prima facie evidence of things the Office cannot examine, much less verify.”).


155 See supra notes 43–45 and accompanying text.

any party to the action.”

In those instances where the only evidence addressing validity is the inference created by federal registration, serious questions exist as to whether the Trademark Office’s decision to issue a registration attests to a fraud-free examination process, or overlies valid common law trademark rights, beyond a reasonable doubt. In such a case, the court should instruct the jury with regard to the ex parte nature of the trademark examination process and the legislatively-created mechanisms for canceling registrations in civil proceedings.

VI. INVOKING INVALIDITY DEFENSES IN A CRIMINAL CASE

In establishing the two primary intellectual property crimes discussed in this Article—trademark counterfeiting and copyright infringement—Congress clearly stated its intent that no conduct be criminalized unless it first crosses the threshold of civil infringement. That statement of intent buttresses the notion that a defense to civil liability based upon invalidity is a defense that negates an element of the corollary criminal offense. Because trademark counterfeiting actions often involve commercially strong trademarks, especially trademarks associated with the luxury or status goods market, and because copyright infringement actions generally are not resolved on pure invalidity grounds, the temptation may be to dismiss the concerns raised in this Article as more theoretical than grounded in reality. It is important to note, however, that when the Trademark Counterfeiting Act of 1984 was enacted, commercial counterfeiting was becoming a problem outside the realm of well-known marks on status goods and, certainly now, implicates marks that may not be

157 Id. See also Am. Online, 243 F.3d at 817 (emphasizing that Congress “left no doubt” that registration decisions fall under the supervision of the courts and, for that reason, did not instruct federal courts to review registration decisions of the Trademark Office under a deferential standard); Aktieselskabet AF 21, November 2001 v. Fame Jeans, Inc., 525 F.3d 8, 9–10 (D.C. Cir. 2008) (noting that the authority of federal district courts to conduct de novo review of T.T.A.B. decisions in registration opposition and cancellation proceedings, and the fact that cancellation of a registration also may be sought directly in federal district court without first pursuing administrative relief from the T.T.A.B., or in some cases, while a proceeding is pending with the T.T.A.B., emphasizes the lack of judicial deference accorded registration validity decisions by the Trademark Office).

158 See Joint Statement, supra note 84, at 31,675 (Congress “intended to ensure that no conduct will be criminalized by the act that does not constitute trademark infringement under the Lanham Act”). Cf. 4 DRATLER & MCJOHN, supra note 2, § 13.04[1][a], at 13–118 (“Criminal copyright infringement is not an independent offense. Whether a misdemeanor or felony, it requires civil copyright infringement as a predicate for criminal liability.”).

159 See Memorandum from Malcolm Baldridge, U.S. Sec’y of Commerce, to Cabinet Council on Commerce and Trade 1 (April 4, 1983) (on file with Ronald Reagan Library) (“Now, not only has the counterfeiting of luxury goods increased significantly, but counterfeiting has spread to general consumer items and industrial products such as jeans, tennis rackets, phonograph records,
particularly famous, marks utilized in an ever-expanding variety of consumer product markets. Moreover, even commercially strong marks are not immune to invalidity concerns. Although copyright validity is measured by a relatively low standard—minimal originality, fixation in tangible form, and lack of protection for facts, scientific principles, and the like—offering infringement defendants little advantage in raising invalidity defenses, analogous unenforceability defenses related to unauthorized use of derivative works or to the first sale doctrine can be invoked by a criminal defendant to argue that its conduct is lawful and therefore not subject to criminal penalties. Whether the government charges trademark or copyright infringement, the intellectual property rights upon which the prosecution proceeds must be able to withstand validity (and enforceability) challenges in order to support a conviction.

A. BURDEN OF PERSUASION


160 “[F]or almost every legitimate product manufactured and sold within the United States, there is a parallel counterfeit product being sold for no more than half the price.” 152 Cong. Rec. 1367, 1368 (2006) (statement of Sen. Arlen Specter).

161 A few examples suffice to make the point:

• In the early 2000s, Microsoft Corp. was embroiled in trademark infringement litigation with software manufacturer, Lindows, Inc., over the famous federally-registered “Windows” trademark and was pushed to settle the dispute when the U.S. Court of Appeals for the Ninth Circuit declined to entertain an appeal from the lower court’s ruling that Microsoft must respond at trial to the defense that the term “windows” is generic and had been so ever since its adoption in the 1980s by Microsoft. See, e.g., Todd Bishop, Setback for Microsoft in Lindows Dispute, SEATTLE POST-INTELLIGENCER (May 24, 2004); Press Release, Microsoft Corp., Microsoft and Lindows Settle Trademark Case (July 19, 2004).

• A federal district court declined to issue a preliminary injunction against a competitor’s manufacture and sale of a round thermostat despite Honeywell’s federal registration for the well-known circular shape because the court opined that the trade dress was functional and that Honeywell would not prevail on the merits of the action. See Eco Mfg. LLC v. Honeywell Int’l, Inc., 295 F.Supp.2d 854 (S.D. Ind.), aff’d 357 F.3d 649 (7th Cir. 2003).

• The original owner of the nationally-recognized “Trailways” service mark for bus services fraudulently represented its relationship to and control over companies using the mark, in procuring the registration from the Trademark Office, precipitating cancelation of the federal registration in trademark infringement litigation. See Nat’l Trailways Bus Sys. v. Trailway Van Lines, Inc., 269 F.Supp. 352 (E.D.N.Y. 1965).
Case law readily acknowledges the government’s obligation to carry the burden of persuasion with regard to validity of copyright rights in a criminal prosecution but offers far less clarity on the question of whether that burden extends to validity of the registration and underlying common law trademark rights in a trademark counterfeiting prosecution. The criminal counterfeiting statute’s importation of the civil defenses to infringement referenced in the Lanham Act does little to elucidate the matter. Section 2320 of Title 18 explicitly adopts “[a]ll defenses, affirmative defenses, and limitations on remedies that would be applicable under the Lanham Act,” into a criminal prosecution for counterfeiting, but conditions their relevance on the circumstances of the case. In United States v. Milstein, the Second Circuit found the equitable defense of laches to be an inappropriate defense to criminal charges despite frequent invocation of that defense in civil judicial and administrative proceedings between private parties. The appellate court reasoned that, because laches may not be asserted against the federal government in a civil context when the government acts on behalf of the public, it is not available in a criminal prosecution where the government represents the people; that the federal government’s pursuit of a criminal prosecution bears no relationship to the registered mark holder’s decision as to when or if to sue alleged infringers; and, that an actor with “unclean hands” may not invoke the defense of laches whether in a civil or a criminal context. Unlike equitable defenses, however, other Lanham Act defenses relate directly to the validity and evidentiary effect of the federal registration. Because those defenses would immunize a civil defendant from liability for infringement, it would be anomalous to prevent a criminal defendant from relying upon them, particularly in light of Congress’ characterization of counterfeiting as an egregious form of infringement.

162 Several circuits go further and designate the first sale defense, an affirmative defense in civil proceedings, as an element of the government’s case-in-chief in criminal proceedings. See, e.g., United States v. Cohen, 946 F.2d 430, 434 (6th Cir. 1991); United States v. Powell, 701 F.2d 70, 72 (8th Cir. 1983); United States v. Moore, 604 F.2d 1228, 1232 (9th Cir. 1979); United States v. Wells, 176 F.Supp. 630, 633 (S.D. Tex 1959). But see United States v. Goss, 803 F.2d 638, 643–44 (11th Cir. 1986) (first sale defense is a defense and not part of the government’s case-in-chief).


164 Joint Statement, supra note 84, at 31675 (“Of course, as is the case under the Lanham Act, only those defenses, affirmative defenses, and limitations on relief that are relevant under the circumstances will be applicable in a prosecution under this section.”).

165 401 F.3d 53 (2d Cir. 2005).

166 Id. at 63–64. See § 19 of the Lanham Act, 15 U.S.C. § 1069 (2009) (“In all inter partes proceedings equitable principles of laches, estoppel, and acquiescence, where applicable may be considered and applied.”).

167 See supra note 84 and accompanying text.
Consequently, invalidity defenses should be “relevant under the circumstances” of any criminal prosecution for trademark counterfeiting.

Section 33(b) of the Lanham Act lists a variety of defenses, or incorporates them into that section by reference, for one purpose only, i.e., addressing the weight of the statutory presumption of ownership, validity, and exclusive rights created by federal registration. In other words, the Act’s statutory defenses are not substantive defenses or defenses on the merits; rather, they are defenses designed to counter the evidentiary effect of registration. Three of the Lanham Act’s statutory defenses—fraudulent procurement of the registration, genericism, and functionality—illustrate the operation of section 33(b). A trademark registration that was granted incontestable status as a result of registrant’s fraudulent averments to the Trademark Office, if successfully challenged, would be demoted to contestable status, exerting only a prima facie, and not conclusive, evidentiary effect. In like fashion, a contestable registration invalidated for fraudulent statements made to the Trademark Office in the application for registration or during the examination process, would reduce the mark to common law status without the evidentiary boost that accompanies registration. Similarly, invalidation of a registration, whether incontestable or contestable, on the ground that it was improvidently granted for underlying generic or functional subject matter, while not automatically extinguishing underlying rights, would place the proponent of trademark rights in the position of needing to prove either non-genericism or non-functionality of a common law mark. If a registration is invalidated for genericism, functionality, or any other statutory ground, no counterfeiting remedy remains, civil or criminal, because the definitional requirement of a federal registration cannot be met.

Although the Lanham Act statutory defenses are often loosely termed “affirmative defenses” for purposes of civil litigation, they constitute affirmative defenses in a criminal case if proving them “does not serve to negative any facts of the crime.” Categorization of a defense as an affirmative defense may affect allocation of the burden of proof because the legislature may, within constitutional parameters, assign to a criminal defendant the burden of persuasion

168 See generally 6 MCCARTHY, supra note 42, § 32:153.
169 Id. § 32–325.
170 Id. §§ 32–32, 328.
171 Id. § 32:138.
on affirmative defenses.\textsuperscript{173} Section 2320 (c) of Title 18 illustrates the foregoing principle by providing that the accused in a trademark counterfeiting prosecution must prove, by a preponderance of the evidence, any defenses that are affirmative defenses under the Lanham Act.\textsuperscript{174} The legislative history of section 2320 directs: “[S]hould any issue appear to be both an element of the offense and part of an affirmative defense, the conflict should be resolved by placing the burden on the prosecutor”\textsuperscript{175} and, when the matter is simply unclear, doubt should be resolved against the prosecutor as well.\textsuperscript{176} At the end of the day, categorization of the Lanham Act statutory defenses matters little when the defense in question negates validity, an element of the offense. The burden of persuasion on such matters should remain with the prosecution throughout and should not be governed by the statutory prescription of proof by a preponderance of the evidence. One might argue that shifting the burden of persuasion to the criminal defendant is a logical response if obtaining proof related to a defense poses particular difficulty for the prosecution and facts related to the defense are within the special knowledge of the defendant;\textsuperscript{177} however, facts supporting validity defenses in intellectual property prosecutions are, in most cases, more accessible to the government than to the criminal defendant.\textsuperscript{178}

B. BURDEN OF PRODUCTION

When considering the burden of production, the general rule with regard to defenses, even those that cancel out some element of the crime, is that a criminal defendant must offer some evidence of her defense in order to inject it as an issue into the case.\textsuperscript{179} The justification for the rule, stated with regard to more common, traditional crimes, follows:

\textsuperscript{173} See generally WAYNE R. LAFAVE, SUBSTANTIVE CRIMINAL LAW § 1.8(c) at 89–90 (2d ed. 2003 & 2011–2012 Supp.).
\textsuperscript{174} 18 U.S.C. § 2320 (c).
\textsuperscript{175} Id. Note that the defendant’s use of a registered mark in connection with overrun goods, that is, goods produced beyond the scope of a license between the registered mark owner and the defendant, is an explicit statutory exception, or affirmative defense, to either a civil or criminal charge of counterfeiting for which the defendant bears the ultimate burden of proof. See § 34(d)(1)(B) of the Lanham Act, 15 U.S.C. § 1116(d)(1)(B)(civil exception), and 18 U.S.C. § 2320(e)(1)(criminal exception).
\textsuperscript{176} Joint Statement, supra note 84, at 31,675.
\textsuperscript{177} See, e.g., LAFAVE, supra note 173, at 89–90 (citing as an example of such a defense a showing of due diligence on the part of corporate officers to prevent commission of a criminal offense by the corporation).
\textsuperscript{178} See infra notes 182-183 and accompanying text.
\textsuperscript{179} LAFAVE, supra note 173, at 82–83.
Experience shows that most people who commit crimes are sane and conscious; they are not compelled to commit them; and they are not so intoxicated that they cannot entertain the states of mind which their crimes may require. Thus it makes good sense to say that if any of these unusual features are to be injected into the case, the defendant is the one to do it; it would not be sensible to make the prosecution in all cases prove the defendant’s sanity, sobriety and freedom from compulsion.\footnote{Id., at 83 (citation omitted).}

In addition to saving time as to matters about which there may be no dispute, the rule recognizes that the defendant likely will have access to the facts related to the defense and, so, should bear the burden of production.\footnote{Id.} Invalidity defenses in intellectual property prosecutions share the trait of being uncommon but that may result from the criminal defendant’s lack of access to resources and facts with which to mount a validity challenge.\footnote{Cf. United States v. Almany, 872 F.2d 924 (9th Cir. 1989) (interlocutory appeal of individual indicted for violation of 18 U.S.C. § 2320 on grounds that the district court erred in refusing to refer the case to the USPTO in aid of primary jurisdiction and in refusing to allow discovery of grand jury transcripts to ascertain whether the prosecutor informed the grand jury of certain Lanham Act defenses which may have obviated the indictment dismissed for lack of jurisdiction); United States v. Shinyder, No. 88–7236, 1989 WL 126528 n. 1 (4th Cir. Oct. 13, 1989) (appeal of defendant convicted under 18 U.S.C. § 2320, based upon ineffective assistance of counsel for failing to raise Lanham Act defenses, dismissed as meritless).} Moreover, federal prosecutors rely upon close coordination and cooperation between intellectual property rights holders and the government in such prosecutions\footnote{See Cotton, supra note 3, at 394–95 (acknowledging that intellectual property owners and law enforcement agencies often combine forces to investigate intellectual property crimes and urging an examination of the evidentiary and procedural implications created by this “open reality.”); Kim F. Natividad, Stepping It Up and Taking It To The Streets, 23 BERKELEY TECH. L.J. 469, 483 (2008) (referencing several “joint ventures” to investigate copyright piracy, between federal law enforcement agencies and recording, motion picture, and software trade associations).} and, in the vast majority of cases, it is the rights holders and not the defendants who will have access to the facts underlying the question of validity. Despite these arguments, the weight of authority counsels that the accused in intellectual property prosecutions should come forward with some evidence to inject invalidity defenses into the case as a counter to the evidentiary force of a federal registration.

This approach makes sense with regard to invalidity defenses in trademark counterfeiting prosecutions where a rational connection between registration and the fact of validity may exist but case law does not address how much rebuttal evidence a criminal defendant must present to shift the burden of production back to the government. Civil case law generally holds the presumption to be a strong
one, but some difference of opinion exists as to the level of evidence required for rebuttal, varying from “sufficient evidence” to a “preponderance of the evidence.” The preponderance of the evidence standard evolved from cases in which validity was challenged by an entity seeking cancelation of a federal trademark registration. Given that criminal defendants are not attempting cancelation of the registrations relied upon by the government and, indeed, no authority exists for such an attempt in a criminal prosecution, but are merely trying to disable the evidentiary inference, the lesser standard of “sufficient evidence” should carry the day.

In the civil copyright infringement context, authority exists supporting the view that “only a small degree of evidence” rebutting validity of a registered copyright should be required from the defendant in order to shift the burden of production back to the plaintiff. For example, the district court in *CHM Industries, Inc. v. Structural Steel Products, Inc.*, found the presumption of validity applied to plaintiff’s registered works to be effectively rebutted when the defendants pointed to the plaintiff’s applications for registration of high-mast lighting application designs which failed to disclose the derivative nature of the copyrighted works despite the fact that the form calls for this information. Additionally, the defendants argued that that the works at issue lacked originality as they were a “composition of common industrial elements.” This argument, combined with plaintiff’s submission of sketches depicting its own designs and those of the defendant and other competitors, without any explanation as to how its designs were distinguishable in originality from the others, was sufficient to rebut the presumption of validity.

Given the almost negligible evidence required from a defendant in a civil copyright infringement case to meet the burden of production on invalidity in order to rebut the presumption created by a

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185 E.g., Retail Svs. 364 F.3d at 544, *Tie Tech*, 296 F.3d at 783; *Liquid Controls*, 802 F.2d at 938.
186 E.g., Vuitton et Fils S.A. v. J. Young Enters., Inc., 644 F.2d 769, 776 (9th Cir. 1981); Keebler Co. v. Rovira Biscuit Co., 624 F.2d 366, 373 (1st Cir. 1980).
187 See *Vuitton et Fils*, 644 F.2d at 775–76 (citing appeals from cancelation proceedings before the Trademark Office and from a cancelation order by a federal district court); *Keebler Co.*, 624 F.2d at 373 (citing appeals from cancelation proceedings before the Trademark Office).
188 See, e.g., 2 *Patry*, supra note 30, § 9:15, at 9–33.
190 *Id.*, at 1306–07. Without accepting the plaintiffs’ argument that an application for registration is sufficient to invoke a statutory presumption of validity in the absence of issued registrations, the court noted that the presumption is subject to rebuttal in any event and that it had been rebutted sufficiently so that plaintiffs had failed to establish a likelihood of success on the merits of their request for preliminary injunctive relief.
191 *Id.*, at 1308.
192 *Id.*
registration and given the high stakes of a criminal prosecution, a persuasive case exists for the argument that the validity inference should never be given effect in the criminal context.\footnote{\textit{Cf.} H.R. Rep No. 94–1476, 94\textsuperscript{th} Cong., 2d Sess. 157 (1976) (apparently referring to a civil action, the legislative history of the 1976 Copyright Act states that “[t]he plaintiff should not ordinarily be forced for the first instance to prove all the multitude of facts that underline the validity of the copyright unless the defendant, by effectively challenging them, shifts the burden of doing so to the plaintiff.”).}

Despite the foregoing, criminal copyright prosecutions to date follow the general rule that the defendant must produce some evidence to rebut the validity presumption arising from federal registration, at least when analyzing the first sale defense and an analogous licensing defense. \textit{United States v. Goss}\footnote{803 F.2d 638 (11\textsuperscript{th} Cir. 1986).} involved an appeal from a conviction for illegally distributing copies of video games on the grounds that the copyright owner had exhausted its distribution rights in the subject copies. Casting the first sale issue as a defense as opposed to a factor negating an element of the crime,\footnote{But see supra note 162 and cases cited therein following the rule that the first sale defense negates an element of the offense.} the appellate court held that the defendant shifted the burden of production to the government by putting forward evidence of numerous possible sources of legally made copies in conjunction with uncontroverted proof that he had purchased the copies and owned them. Because the government failed to respond with any evidence that the copies had been anything other than legally made and acquired, the court reversed the conviction.\footnote{803 F.2d at 644.} Despite characterizing the first-sale doctrine as an affirmative defense, a defense that depends upon facts uniquely available to the criminal defendant,\footnote{\textit{Cf.} United States v. Larracuente, 952 F.2d 672 (2d Cir. 1992). In \textit{Larracuente}, an appeal from a criminal conviction for a variety of substantive and conspiracy copyright offenses, the appellate court held that a criminal defendant must bear the burden of production with regard to a defense analogous to the first sale defense, i.e., that a legitimate licensee could have sublicensed him to produce the videotapes he had been convicted of counterfeiting and the government had not carried the burden of production or persuasion as to that possibility. Labeling the defense an affirmative defense, the court dismissed defendant’s argument: Evidence of sub-licensing is obviously readily available to a sub-licensee. Without such evidence, inquiry concerning sub-licensing is pointless. Appellant’s theory would oblige the Government to elicit testimony from all licensees of a copyright owner and from all the licensees’ sub-licensees, and if the sub-licensees had ever granted further sub-licensees, the inquiry would presumably continue. \textit{Id.} at 674.} the appellate court found that the defendant’s production of “any” supporting evidence shifted the burden of production back to the government.

The rule of \textit{Goss} should apply when a court entertains a defense directed to
validity of the copyright, an accepted element of the offense of criminal infringement and a matter squarely within the purview of the copyright holder.

VII. CONCLUSION

Conviction of an intellectual property offense carries with it harsh penalties, including imprisonment, substantial monetary fines, and, where appropriate, deportation. In counterpoint, the pervasive spread of counterfeiting and piracy pits law enforcement against a contagion that endangers the public and undermines economic markets. A balance must be struck that serves all interests, and a fundamental principle informing that exercise must be that no individual is sanctioned for the theft of intellectual property unless the government proves beyond a reasonable doubt that the property, in fact, exists. Without such proof, the potential that prosecutions will chill access to public domain words, symbols, designs, and ideas is real and, coupled with the risk of punishing lawful activity, is unacceptable in a democratic criminal justice system.

The first step in achieving this balance is to acknowledge Congress’ intent to require proof of valid common law trademark rights as contained within its explicit requirement that a federal registration be proven in trademark counterfeiting prosecutions and, similarly, its intent to require proof that the registration is valid. Against arguments in both trademark counterfeiting and copyright infringement prosecutions that validity is proven by relying upon the evidentiary inference attending federal registration is the fact that the U.S. Constitution circumscribes the manner in which the inference may be applied when the inferred fact is an element of the offense. Equivalent limitations pertain when the validity inference counters an invalidity defense, triggering constitutional protections embedded in the rules governing burdens of production and persuasion.

At the end of the day, the legitimacy of the civil evidentiary presumption of validity applied as an inference in criminal proceedings depends on the rigor of the examination process in the Trademark and Copyright Offices, respectively. Without substantial rigor, the process fails to establish a nexus between the foundational fact—federal registration—and the inferred fact—validity of the intellectual property rights, capable of satisfying the constitutional protections guaranteed to every criminal defendant. Nothing in the legislative history or text of the relevant federal statutes suggests Congress’ intent that a jury return a conviction for theft of intellectual property rights bottomed on a validity determination arising solely from the decision of an administrative agency to issue a federal registration. A registration may constitute some evidence of validity to support a criminal conviction—and that conclusion is highly
questionable with regard to a copyright registration—but not the sole evidence. Something more is required when the government charges theft of an intangible.