

## New Publications Illuminate the Field

Two recent publications shed considerable light on the subject of product counterfeiting, its development and solutions. Paul Paradise's book, *Trademark Counterfeiting Product Piracy and the Billion Dollar Threat to the U.S. Economy*, reviews the factors leading to today's problems in several key industries, while at the same time weaving fascinating anecdotal information into these analyses. The South Texas College of Law's, *Currents (International Trade Law Journal)*, is the first law review issue devoted entirely to counterfeiting.

### **Trademark Counterfeiting - The \$1 Billion Threat**

Paul Paradise's skill as a researcher and his ability to describe the exotic combine to make *Trademark Counterfeiting* a landmark. He spans the breadth of the field, tying the disparate pieces together to establish a unified picture. His focus is on the problem and its impact in America, but his examples and case histories draw on the international scene. Attorneys, investigators, government officials, brand managers, packaging designers, and security suppliers can all learn from this volume.

He begins his work with a clear and useful discussion of US law. Chapter 1, *Trademark Counterfeiting*, summarizes the Trademark Act of 1946 (the Lanham Act), the Copyright Act of 1976, the Patent Act, and the Common Law. While this is a familiar terrain for intellectual property lawyers, it is a useful review for brand managers, business development specialists and packaging designers.

Moving from laws to reality, Chapter 6, *Pursuing the Counterfeiters*, follows one investigator, David Woods, through the streets and back alleys of Southern California, the assumed personalities used in an investigation and the courtroom cross-examination by defense counsel. Paradise weaves together the gritty reality of the investigator's job (gaining the counterfeiter's trust) with the legal standards that must be met for the investigation to stand up in court. This leads to

stories of giving away fake watches in order to coax the crooks to sell counterfeit Polo shirts. And, in chapter 9, *Nuts and Bolts*, to the use of an overheard Russian conversation to secure valuable evidence that thousands of seized car brake parts were fakes.

In chapter 3, *The Trade Dispute with the People's Republic of China*, Paradise takes us to the formal ban-

quets and the private hotel discussions connected with the US Trade Representative's (USTR) confrontation with China. He paints a picture of the extent of the counterfeit problem (virtually the entire book publishing, software, video and music industries owned by pirates), the scale of the political problems (potential military conflict between the PRC and Taiwan as an element in the negotiations), and the complexity of the negotiations (the PRC attempting to fracture the US coalition by dangling orders for Boeing aircraft). Paradise does us all a service by showing us how complex this issue really is.

### **From Medicine to Music**

The second important feature of *Trademark Counterfeiting* is the range and depth of industries examined. In chapter 8, *The Pill Pirates*, for example, Paradise not only surveys several counterfeit pharmaceutical disasters (3,000 deaths in Niger in 1995 from fake meningitis vaccine, 1997 fake microval contraceptives in Brazil) he also traces the development of the problem as far back

### **Currents Addresses Key Counterfeiting Issues**

The Summer 1999 issue of the *Currents International Trade Law Journal* contains nearly 100 pages of legal analysis that bears directly on today's anti-counterfeiting fight.

Most significantly, Professor Best, University of Denver Law School, covers the issue of the *Manufacturer's Responsibility for Harms Suffered by Victims of Counterfeiters: A Modern Elaboration of Causation Rules and Fundamental Torts*. Professor Best has previously outlined the legal theories that courts might use if they were to impose liability on the manufacturers for injuries caused by counterfeits of those goods in **Authentication News** (AN vol 4, no 9/10). This article presents a more detailed analysis and citations to the tort law doctrines of foreseeability (of harm by counterfeits), duty (of the manufacturer to warn and protect its consumers about the risks), existence of a 'special relationship' (between the brand holder who creates the market and its customers), and product liability (obligations to adequately label and package products for safety). Any judge (or jury) faced with a plaintiff injured by a counterfeit will base his judgement on his own view of the law and on the facts of the case. In novel cases such as a case like this, however, courts often look to the legal literature for insights. Professor Best's publication of this article is important exactly because it is now a part of this legal literature.

The issue also contains important articles on trademark enforcement in Mexico and protection of copyrighted material over the Internet. It is part of the developing legal literature providing the underpinning for the development of the field. Larry Pfeil, the *Currents* editor who stimulated publication of the issue, deserves congratulations and thanks.

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## ***Trademark Counterfeiting*** *continued from page 7*

as the 1600s, when 'patented' (i.e. registered) medicines arose in England. Competitors frequently took the patented formulae and made their own pirate versions. 'At the time of the [American] Revolutionary War, it was a common practice for someone who had purchased a bottle of a popular remedy to bring the bottle back to the pharmacist for a refill. The pharmacist, in turn, often refilled the bottle by mixing up a batch from what knowledge he possessed of the remedy.' This practice of refilling is just what many counterfeiters do today.

More recently, many developing countries have been reluctant to grant patent rights in medicines, because doing so would cause the price to rise and enrich foreign companies. Japan only extended patent rights to pharmaceuticals in 1975, and Taiwan in 1985. India, however, did away with patent protection for medicines in 1970. 'By the end of the twentieth century, India was possibly the world's leading pharmaceutical pirate.' Brazil followed a similar pattern. This caused havoc for US drug manufacturers and the trade in counterfeit pharmaceutical

flourished. Not until 1995, after years of international pressure and several well documented defective drug incidents, did Brazil finally re-enact patent protection for pharmaceuticals.

Chapter 7, *The Entertainment Industries*, gives a similar historical perspective on the music industry. Music piracy first arises with copied sheet music. Copies of vinyl recordings began to appearing in the US during 1940 but were difficult to stop because US law did not extend copyright protection to recordings until 1972. Cassettes opened up popular music and counterfeiting as well. The 1980 prosecution of executives from Sam Goody Inc slowed the problem in the US but it accelerated in Hong Kong, then moved to Singapore, Indonesia and Malaysia. The pirates left locations where enforcement picked up for more lax jurisdictions. CDs, DVDs and now distribution over the Internet have added new challenges to the protection of music.

*Trademark Counterfeiting, Product Piracy, and the Billion Dollar Threat to the U.S. Economy*, ISBN: 1-56720-250-0 (1999).  
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