

"PRO-IP Act" Anti-Piracy Law: Copyright and trademark infringers beware October, 2008

In these thorny economic times, the protection of business intellectual property assets – and the dollars they represent - is more important than ever. Fortunately, Congress has recognized the heightened value of IP assets through legislation signed into law this month by President Bush. This legislation is known as the Prioritizing Resources and Organization for Intellectual Property Act of 2007, or "PRO-IP Act." The Act is important to U.S. businesses because it increases penalties for counterfeiting of intellectual property associated with works of music, film, software, and prescription drugs, while providing more resources for law enforcement agencies. The Act explicitly criminalizes the transshipment or exportation of counterfeited goods, and trafficking in such pirated materials is now a violation of the "Lanham" or Trademark Act.

The PRO-IP Act includes several measures intended to curb counterfeiting and trafficking of pirated intellectual property materials, chief among them are the following:

- 1) A 100 percent increase in statutory damages for trademark counterfeiting, with a maximum available award for willful counterfeiting increased from \$1 to \$2 million;
- 2) Authority for impoundment and forfeiture of documents and goods relating to infringement and trafficking activities;
- 3) Application of U.S. copyright laws to the export of infringing materials in the same manner as is currently applied to the import of pirated goods;
- 4) Mandatory awards of treble damages and attorneys' fees for either a) the intentional use of a trademark or other designation knowing such mark or designation is counterfeit, or b) providing goods or services necessary for infringement with the intent that the recipient of such goods or services actually commit infringement;
- 5) Enhanced criminal penalties for trafficking in counterfeit goods or services, including prison time for those who knowingly conduct human trafficking and cause serious bodily harm or death; and
- 6) Increased funding for the Department of Justice Computer Hacking and Intellectual Property Section of the Criminal Division.

The Act also creates a national "IP Czar" in the form of an "Intellectual Property Enforcement Coordinator," a cabinet-level post reporting directly to the President. The authority and responsibilities of the IP Czar are significant and include serving as the principal advisor to the President on matters of intellectual property enforcement, issuing enforcement policy to departments and agencies, coordinating the preparation of a national "Joint Strategic Plan

against counterfeiting and infringement," the primary purpose of which is "[r]educing counterfeit and infringing goods in the domestic and international supply chain," and serving as chair of the interagency intellectual property enforcement advisory committee, which also is created by the Act.

While the Act is supported and praised by the International Trademark Association, Recording Industry Association of America, the Motion Picture Association and the U.S. Chamber of Commerce, among others, consumer rights groups lament it. Groups such as the Electronic Frontier Foundation, Consumer Electronics Association, Public Knowledge and the Center for Democracy and Technology, to name a few, argue the Act is unnecessary and dangerous. Such organizations opine that the Act is unnecessary in that large statutory and punitive damages awards were already available under pre-Act law. These groups also contend that the Act is dangerous in that it will create "copyright trolls" who will file lawsuits in order to take advantage of increased statutory damages, the net effect of which will be to stifle innovation.

Regardless of these opposing views among industry members and consumer rights groups, what should be clear to the business owner of IP assets is that the benefits of this Act are ripe for the taking. The Act provides enhanced tools to police and enforce intellectual property rights, but these remedies are not self-enacting. Therefore, be sure to contact your IP counsel to discuss how your IP asset protection policy should be modified and enforced consistent with this new and important law.