

House Passes Bill Designed to Enhance Intellectual Property Enforcement

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On May 8, 2008, the U.S. House of Representatives passed H.R. 4279, the “Prioritizing Resources and Organization for Intellectual Property Act of 2008,” on a 410-11 vote. Sponsored by Democrats John Conyers of Michigan and Howard Berman of California, as well as Republican Lamar Smith of Texas, the bill now moves to the Senate for consideration. The bill provides for a number of measures to promote enforcement of intellectual property rights.

The bill substantially broadens property seizure provisions, including:

- Forfeiture provisions applicable to civil actions, enabling courts to order the forfeiture of:
 - Any items that are (1) counterfeit documentation, packaging and labels, (2) articles to which the counterfeit documentation, packaging or labels are affixed, (3) willfully infringing copies of any copyrighted work, (4) copies of a live musical performance made without the consent of the performer(s) and (5) copies of an audiovisual work made without the consent of the owner (collectively referred to for brevity in this Client Alert as “Illicit Goods”, a term that was not used in the bill);
 - Any property constituting or derived from the proceeds obtained from the sale of Illicit Goods;
 - Any property used in, or to facilitate, the creation or distribution of Illicit Goods. The civil forfeiture of property used to commit or facilitate the creation or distribution of Illicit Goods is only applicable to property owned or “predominantly controlled” by the violator or persons aiding or abetting the violator, and only if the government establishes “a substantial connection between the property and the violation.”
- Forfeiture provisions applicable to criminal actions, requiring courts to order forfeiture of any property constituting or derived from the proceeds obtained from the creation or sale of Illicit Goods as well as any property used to commit or substantially facilitate the offense. In addition, the court is required to order the person convicted of creating or selling Illicit Goods to pay restitution to victims of the offense.

In addition to broadening the powers and obligations of courts to seize property in intellectual property enforcement matters, the bill contains a number of other important revisions to U.S. copyright and trademark laws, including:

- An amendment to 17 U.S.C. 410 providing that an inaccurate copyright registration will remain valid provided that the applicant did not knowingly include inaccurate information and that correction of the inaccuracy would not have prevented registration;
- Revisions to 17 U.S.C. 411 such that registration of a copyright is not a prerequisite to criminal enforcement actions. Registration would remain a prerequisite for civil actions;
- Doubling the statutory damages recoverable for the use of counterfeit marks and allowing treble damages for intentional acts of infringement;
- Expansion of the provisions which forbid the importation of goods bearing infringing marks and infringing copies of copyrighted works, to also apply to the exportation of such items.

Finally, the bill includes a number of measures designed to promote the enforcement of intellectual property laws, including:

- Creation of a new Office of the United States Intellectual Property Enforcement Representative. The head of this new agency would be a member of the Executive Branch, appointed by the President and confirmed by the Senate, reporting directly to the President and serving as his or her principal advisor and spokesperson regarding intellectual property enforcement matters;
- Requiring the development of a Joint Strategic Plan against counterfeiting and piracy in the domestic and international supply chain to ensure that information regarding counterfeiting and piracy is shared among the bodies responsible for intellectual property enforcement and to work with other countries to establish international policies for protection and enforcement of intellectual property rights;
- Establishment of an interagency committee responsible for strategic planning of all Federal efforts against counterfeiting and piracy in the U.S. and abroad, chaired by the U.S. Intellectual Property Enforcement Representative, and composed of senior representatives of certain departments and agencies responsible for intellectual property enforcement, including the Department of Justice, the Patent and Trademark Office, the Copyright Office, and the U.S. Trade Representative; and
- Creation of an "Intellectual Property Enforcement Division" in the Department of Justice to take over the intellectual property enforcement-related functions of the department's computer crime section.

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