

Intellectual Property News

State v. Troisi: Registration required in trademark counterfeiting prosecution

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Trademark counterfeiting has become a worldwide epidemic of astonishing proportions.¹ Reports estimate that the economic impact on international trade from counterfeit goods grew from \$200 billion in 2005 to \$250 billion in 2007.² Beyond merely damaging the pocketbooks of high-fashion companies, counterfeiting also raises national security and public health concerns.³ Consequently, Congress and many state governments have enacted criminal statutes to combat this serious problem.⁴ The enactment of criminal counterfeiting laws was designed to strengthen traditional civil remedies which were proving ineffective against counterfeiters.⁵ While the efficacy of criminal counterfeiting statutes is uncertain, what is clear is that the language of most statutes—including both the U.S. and Ohio provisions—indicates an intent to protect *only registered* trademarks.⁶ Therefore, sufficient proof of registration is vital to successful criminal prosecutions under trademark counterfeiting laws. And according to the Supreme Court of Ohio's recent decision in *State v. Troisi*,⁷ direct evidence or testimony based on personal knowledge is required to prove trademark registration beyond a reasonable doubt.

State v. Troisi

The registration status of well-known trademarks such as Gucci, Prada and Tiffany was the central issue before the Supreme Court of Ohio in *State v. Troisi*.⁸ In *Troisi*, the Court held by a 5-2 vote that an “expert’s testimony that he is aware that certain trademarks are registered but that he has never personally viewed the trademark-registration documents is insufficient to prove by itself that the trademarks are registered on the principal register in the United States Patent and Trademark Office as required for a conviction under R.C. 2913.34.”⁹ The decision affirmed the court of appeals decision which ultimately vacated a criminal conviction handed down by a jury.¹⁰ The *Troisi* Court served notice to criminal prosecutors in Ohio that they should—at the very least—require their experts to view the registrations of the trademarks alleged to be counterfeited, and suggested that if the state’s expert had done so in *Troisi* the conviction would have stood.

However, *Troisi* leaves open a number of questions—highlighted by two dissenting opinions—regarding the sufficiency and admissibility of expert testimony with respect to trademark registration. First, what treatment should be afforded the testimony of an expert who has no personal knowledge of a trademark registration? Second, what role can an appeals court play in evaluating evidence without usurping the role of the jury? And finally, assuming *arguendo* that the expert in *Troisi* had personally viewed the registration certificates at issue, are certified copies of the registrations still required under the best evidence rule?

Ultimately, while the holding in *Troisi* is best kept limited to its facts, the Court does underscore the policy articulated in Ohio’s Trademark Counterfeiting statute: Only *registered* trademarks

are provided anti-counterfeiting protection.

Factual background

Trademark counterfeiting is a criminal offense under Ohio Revised Code §2319.34, which provides that “[n]o person shall knowingly ... [s]ell, offer for sale, or otherwise dispose of goods with the knowledge that a counterfeit mark is attached to, affixed to, or otherwise used in connection with the goods.”¹¹ As defined by the statute, a “counterfeit mark” means “a spurious trademark” that is *both* “identical with or substantially indistinguishable from a mark that is registered on the principal register in the United States patent and trademark office ... ” and “is likely to cause confusion or mistake or to deceive other persons.”¹²

The defendant, Juanita Troisi, hosted a “purse party” in Kirtland, where she offered “knock-off” purses and other items for sale. After receiving a tip from an invitee to the party, the police raided the event and seized more than 1,700 allegedly counterfeit purses, wallets and jewelry items.¹³ Troisi was eventually tried in front of a jury on charges of one count of trademark counterfeiting—pursuant to R.C. §2913.34—and one count of possessing criminal tools, pursuant to R.C. §2923.24.

At trial, the prosecution offered the expert testimony of Sgt. Timothy Richissin, an officer with the Cleveland Police Department, who was also employed by Professional Investigation Consulting Agency, where he specialized in investigating intellectual property issues.¹⁴ Sgt. Richissin testified to his experience and training regarding trademark counterfeiting issues, which consisted of approximately 30 training sessions taught by trademark owners, including Gucci, Prada, Coach, Tiffany and Louis Vuitton, wherein Richissin was instructed regarding how to distinguish genuine products from counterfeit ones.¹⁵ It was during these training sessions that Richissin purportedly learned that the trademarks at issue were all registered on the principal register of the U.S. Patent and Trademark Office (USPTO).¹⁶ However, the trainers apparently did not provide Richissin with actual copies of the certificates of registration.

Sgt. Richissin also testified to his opinion that the items seized at the “purse party” were counterfeit. Troisi’s own statement to police acknowledging that she knew that “the purses and wallets were not authentic” was also admitted into testimony.¹⁷ However, “[n]o certified copies of the registered trademarks were offered as evidence; no other witness testified about the registration status of the trademarks; and no examples of genuine trademarks or genuine products were introduced at trial.”¹⁸ Furthermore, Sgt. Richissin testified that he had personally never seen any documents establishing that the trademarks in question were registered on the principal register at the USPTO.¹⁹

The jury found Troisi guilty and sentenced her to three years imprisonment for the trademark counterfeiting conviction and one year for the possessing criminal tools conviction. On appeal, the Court of Appeals for the Eleventh District in Lake County vacated Troisi’s conviction “[b]ecause there was no evidence presented that would allow the jury to conclude that the goods bore a counterfeit mark that was identical with or substantially indistinguishable from a registered trademark Irrespective of the propriety of the jury instructions, the jury heard no evidence regarding the first prong of the definition of a ‘counterfeit mark.’ Hence, under these circumstances, Richissin’s testimony was both misleading and legally insufficient to prove the

ultimate issue that this testimony embraced.”²⁰ In other words, the Eleventh District vacated because the prosecution offered no evidence regarding the registration of the marks, save Richissin’s testimony.

Supreme Court’s opinion

The majority opinion, written by Chief Justice Moyer, based its decision primarily on a plain reading of the statute. “The statute contains very specific language protecting only those marks registered on the principal register.”²¹ The Court found that while Richissin’s expert testimony may have provided a firm foundation for the conclusion “that the seized items bore marks that were ‘identical or substantially indistinguishable’ to marks provided to him during his training,” it was “not sufficient to prove beyond a reasonable doubt that the marks were registered.”²²

Troisi’s written confession was equally unavailing to the prosecution. The Court found that Troisi’s admissions that she knew the items sold at her “purse party” were “not authentic,” failed to establish that the trademarks at issue were actually registered on the principal register at the USPTO as required by the statute.²³ While the fact that the purses and wallets were fakes remained uncontroverted, they were not sold with “counterfeit marks” as a matter of law.

The majority stopped short of prescribing the manner in which the registration status of the trademarks could be established. The state argued that the appellate court’s decision improperly limited it to proving the “identical or substantially indistinguishable” element of the crime only by introducing certified copies of trademark registrations. Finding this argument misplaced, the Court stated that “this issue is moot, as the state did not first prove the registration of the trademarks”²⁴ In the event that future prosecutors fail to take the simple route by introducing certified copies of the registered marks, *Troisi* leaves open evidentiary questions that will likely need to be tested in the future cases.

In her dissent, Justice Lundberg Stratton opined that the majority’s holding was incorrect because it failed to adequately credit Richissin’s qualifications as an expert to testify that the marks were registered.²⁵ “Richissin’s training and experience were sufficient to permit him to provide expert testimony that the trademarks in this case were registered and that they were identical or substantially indistinguishable to the marks on the goods seized from Troisi.”²⁶ On its face, the dissent appears to improperly conflate two concepts: whether Richissin was qualified to testify as an expert regarding the similarity of the marks, and whether his expert status permitted him to testify that the trademarks at issue were registered on the principal register without having personal knowledge of this fact. The first issue was never challenged. However, the second, which was directly implicated by the facts of the case, was not adequately addressed by the dissent, nor was it addressed by the majority at all.

Expert opinions may only be based on facts on the record or of which they have personal knowledge.²⁷ While the dissent references Evid. R. 702(B) to point out that Richissin was qualified to be an expert, the more appropriate citation would have been to Evid. R. 703, which advises that “facts . . . upon which an expert bases an opinion or inference may be those *perceived by the expert or admitted in evidence at the hearing.*”²⁸ Accordingly, regardless of the extent to which Richissin had been trained to recognize allegedly counterfeit articles, he had not obtained knowledge of the trademark registrations through his own perception or other evidence

of the registrations on the record.²⁹

Justice O'Connor wrote separately in dissent to express her opinion that the court of appeals had improperly treaded on the role of the jury in weighing the evidence and evaluating the credibility of the witnesses.³⁰ "In light of Troisi's admission that she knew the goods were counterfeit and Richissin's testimony that he learned how to detect counterfeit goods through training provided by the owners of the trademarks ... the jury's verdict should be respected."³¹ As the majority noted, however, neither of these pieces of evidence had any legal bearing on whether the trademarks at issue were registered with the USPTO. While Justice O'Connor is correct that the role of the jury is "to determine the weight and credibility of the evidence adduced at trial,"³² it is decidedly the role of the court (including the appellate court) to determine whether the evidence presented is sufficient as a matter of law.³³

Although alluded to only in passing in Justice Lundberg Stratton's dissent, no opinion of the *Troisi* Court explored the issue of whether Richissin's testimony regarding the existence of the trademark registration was admissible under the "best evidence" rule.³⁴ The "best evidence" rule requires that in order to prove the content of a writing, the original writing is required as evidence.³⁵ Rule 1005 sets forth an exception to the best evidence rule specifically allowing for the admissibility of a certified copy of a public record when the original is not available. Considering that a certificate of registration contains a depiction of the mark as registered, it seems that a proper comparison of an alleged "knock off" to the authentic registered mark requires proof of the contents of the certificate, and therefore implicates the best evidence rule. This issue appears destined for future decision by the Court.

Straightforward conclusions

Despite some outstanding evidentiary questions, the Ohio Supreme Court's holding in *State v. Troisi* is straightforward: if an expert has not personally seen the certificate of trademark registration, then his testimony that one exists is not sufficient to establish that element of the crime of trademark counterfeiting beyond a reasonable doubt. The effect of the holding should be similarly straightforward: prosecutors should take the time to obtain and present to their expert and the jury a certified copy of the trademark registration certificate. For civil practitioners, the lesson to be taken from *Troisi* is that your client's trademarks are generally not protected under criminal counterfeiting provisions unless they are actively registered on the principal register at the USPTO. Therefore, it is important to advise trademark owners to remain diligent in maintaining active registrations on their marks and to take an active role in supporting the criminal prosecutions of counterfeiters, including providing certified copies of the registrations to the prosecuting attorneys.

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Endnotes

¹See Gregory J. Krabacher, "The Trouble with Troisi: Trademark Counterfeiting and Criminal Simulation," *Intellectual Property News* (Spring 2009), available at <http://www.ohiobar.org/Members/Pages/IntellectualPropertyNewsDetail.aspx?itemID=259>, last visited on June 14, 2010 (citing *McCarthy on Trademarks* §25:10 at 25-26 (2006)).

²See *The Economic Impact of Counterfeiting and Piracy, Organization for Economic*

Cooperation and Development (2008), available at <http://www.oecd.org/sti/counterfeiting>.

³See *Krabacher*, supra. “[I]t’s not just about knock-off designer hand bags. Counterfeit airplane parts are alleged to have caused the crash of the [Air France Flight 4590] Concorde in 2000. Counterfeit labeled birth control pills, baby formula and tooth paste have all caused serious public health issues Indeed, links have been made to organized crime syndicates and to the financing of terrorist organizations.” *Id.* (citing *McCarthy on Trademarks* §25.10 at 25-27).

⁴See The Trademark Counterfeiting Act of 1984, Pub. L. No. 98-473, 98 Stat 1837 (Oct. 12, 2984); Anti-Counterfeiting Consumer Protection Act of 1996, Pub. L. No. 104-153, 110 Stat. 1386 (July 2, 1996); Trademark Counterfeiting, R.C. § 2913.34 (Mar. 31, 1997).

⁵See *McCarthy on Trademarks* §25:10 at 25-29 (4th ed. 2009)(stating that a “pirate or its distributor who is served with a civil summons to appear at a hearing on a preliminary injunction will either disappear or quickly dispose of existing inventory”).

⁶Both federal and Ohio law define a “counterfeit mark” as being “identical or substantially indistinguishable from a mark [that is] registered on the principal register in the United States Patent and Trademark Office” See 18 U.S.C. §2320(e)(1)(A)(ii); R.C. § 2319.34(A)(4).

⁷*State v. Troisi*, 124 Ohio St. 3d 404, 2010-Ohio-275.

⁸*State v. Troisi*, 124 Ohio St. 3d 404, 2010-Ohio-275.

⁹*Troisi*, 2010-Ohio-275, at ¶ 1.

¹⁰See *State v. Troisi*, 179 Ohio App. 3d 326, 333, 2008-Ohio-6062, at ¶ 54.

¹¹R.C. §2913.34 (A)(4).

¹²R.C. §2913 (F)(1)(a)(i)-(ii)(emphasis added).

¹³*Troisi*, 2010-Ohio-275, at ¶ 2.

¹⁴*Id.* at ¶ 2.

¹⁵*Id.* at ¶ 23.

¹⁶*Id.* at ¶ 25.

¹⁷*Id.* at ¶ 2.

¹⁸*Id.* at ¶ 3.

¹⁹*Id.* at ¶ 8.

²⁰*State v. Troisi*, 179 Ohio App. 3d 326, 333, 2008-Ohio-6062, at ¶ 36.

²¹*Troisi*, 2010-Ohio-275, at ¶ 8.

²²*Id.*

²³*Id.* at ¶ 9.

²⁴*Id.* at ¶ 11.

²⁵*Id.* at ¶ 18 (Lundberg Stratton, J., dissenting).

²⁶*Id.*

²⁷See *State v. Solomon*, (1991) 59 Ohio St. 3d 124, 126, 570 N.E.2d 1118, 1119; *State v. Poling*, 2010-Ohio-1155. at ¶ 44 (“For facts or data to be perceived by the expert, the facts must either be within the personal knowledge of the expert or based upon facts shown by other evidence.” (citing *Burens v. Indus. Comm. of Ohio* (1955), 162 Ohio St. 549, 124 N.E.2d 724).

²⁸OH. Evid. R. 703 (emphasis added).

²⁹*Id.* at ¶ 3 (Moyer, C.J.).

³⁰*Id.* at ¶¶ 38-41 (O’Connor, J., dissenting).

³¹*Id.* at ¶ 41.

³²*Id.* at ¶ 39.

³³See *State v. Lamore*, (1998) Case No. 17145, 1998 Ohio App. Lexis 5728, at *2 (“Sufficiency of the evidence is the legal standard applied to determine whether the case may go to the jury or

whether the evidence is legally sufficient as a matter of law to support the jury verdict.” *State v. Smith* (1997), 80 Ohio St. 3d 89, 113, 684 N.E.2d 668, citing *State v. Thompkins* (1997), 78 Ohio St. 3d 380, 386, 678 N.E.2d 541. The appellate court's role is to inquire “whether, after viewing the evidence in a light most favorable to the prosecution, any rational trier of fact could have found the essential elements proven beyond a reasonable doubt.” *State v. Jenks* (1991), 61 Ohio St. 3d 259, 574 N.E.2d 492, paragraph two of the syllabus.”); *see also Kimble v. Troyan*, (1997)124 Ohio App. 3d 599, 604 (“While the court cannot usurp the jury's role of assessing the credibility or weight of the evidence the court must assess the sufficiency of the evidence. (citing *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.* (1986), 475 U.S. 574, 89 L. Ed. 2d 538, 106 S. Ct. 1348.)

³⁴“While personal observation or direct evidence of a trademark *might be the best evidence* in a trademark-counterfeiting case, it is not the only means of proving that a trademark is registered.” *Troisi*, 2010-Ohio-275, at ¶ 20 (emphasis added).

³⁵See *Hudson Presbyterian Church v. Eastminster Presbytery*, 2009 Ohio 446, at ¶ 19.