

## Appointment of Third-Party Expert Witnesses in Judicial Anticounterfeiting Cases

May 18, 2019

**Sponsoring Committee: Anticounterfeiting Committee (ACC)**

### Resolution

**WHEREAS**, in certain countries the appointment of third party experts or expert witnesses by public prosecutors or the courts in civil or criminal trademark infringement cases is mandatory in order to assess the origin of goods and determine if those goods are counterfeit;

**WHEREAS**, even when the appointment of expert witnesses is not mandatory by law, the practice of using third party expert witnesses is common in certain jurisdictions;

**WHEREAS**, these practices often require that the third party obtain a genuine item in order to perform a “comparison analysis”;

**WHEREAS**, appointed third-party experts are not the best qualified to determine whether the goods are counterfeit or genuine as they are not affiliated with the trademark owner and are not familiar with the materials, process or distribution of the genuine goods; and

**WHEREAS**, the testimony of the brand owner may be rebutted by a third party expert under a high evidentiary standard in cases where claims are made in bad faith;

**BE IT RESOLVED THAT**, it is the position of the International Trademark Association that in seeking to confirm the authenticity of a product in a counterfeiting case, the court and prosecutors should recognize the brand owner or an agent appointed by the brand owner as the best party having the requisite expertise to confirm the authenticity of a product. Furthermore, the brand owner or brand owner’s agent would need access to examine the evidence in question in order to make an accurate determination of the authenticity of the alleged counterfeit product

### **BACKGROUND:**

Brand owners currently face difficulties in combatting counterfeits in those countries where the courts appoint an expert or expert panel for the examination of seized materials to determine whether the products that bore a counterfeit mark were actually counterfeit goods. This issue became the focus of the Anticounterfeiting Committee (ACC) in 2014 based on such practices in Turkey and a committee-wide project team was formed.

In most of the Turkish cases, the appointed expert or a majority of the experts on the panel were selected from competitors in the industry, who in fact did not have sufficient knowledge of the brand or products involved in the proceeding. As a consequence, these experts did not have the expertise to identify the difference between counterfeit and genuine goods. Moreover, as the experts were sourced from a pool of local manufacturers, wholesalers, and retailers, oftentimes they themselves were active in the manufacture and trade of counterfeit goods. As a result, the expert examination process risks exponentially increasing the length and cost of the criminal proceedings as the judge or prosecutor could appoint a second or third expert to the panel until an appropriate report is obtained. It also may lead to the court being misled in making a determination as to the authenticity of the goods in question.

#### *Extent of the Problem:*

To determine if Turkey was unique in this practice, the ACC conducted three consecutive surveys among INTA members in 2014, 2015 and 2016. These surveys focused on the role of the experts in assessing the counterfeit nature of goods in both civil and criminal proceedings initiated on the basis of trademark counterfeiting.

The results of the three surveys revealed that this problem existed in specific regions of the world. The 2014 survey revealed that countries in Asia Pacific and North America did not engage in court-appointed third-party expert witnesses for counterfeiting cases. However, certain Latin American and Eastern European countries were identified. In order to conduct an in-depth analysis of legislation and practice of the problem, an additional set of questions were incorporated into a second survey and in 2015 distributed to ACC members in Latin America for the following countries: Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, Guatemala, Honduras, Mexico, Paraguay, Uruguay and Venezuela, to ACC members in Eastern European countries, namely: Bosnia and Herzegovina, Bulgaria, Hungary, , Macedonia, Poland, Russia, Turkey and Ukraine. The survey was also extended to Switzerland.

The 2015 survey revealed that the appointment of experts, even when not mandatory by law, is a practice that is very frequently used in these countries. Furthermore, the decisions of the relevant authorities were revealed to be strongly influenced by the opinions of these experts, regardless whether the opinions reflected only a piece of the total evidence submitted in the proceedings. Additionally, the 2015 survey revealed that several of these countries (i.e., Brazil, Ecuador, Guatemala, Honduras, Uruguay, Paraguay and Turkey), rarely consulted the brand owner as to who would be the most knowledgeable and qualified to determine the authenticity of the goods.

In 2016, a third survey was conducted in order to fill in gaps and update data, and also to include additional countries to the survey, namely: Argentina, Chile, Costa Rica, El Salvador, Jamaica, Nicaragua, Panama and Peru.

Based on the three surveys, the ACC project team concluded that courts often need advice in determining the authenticity of goods in a counterfeit case and recommended that INTA take the position that the only party having the requisite expertise of whether the products in question are genuine or counterfeit is the brand owner or an agent appointed by the brand owner where action is brought in good faith by the brand owner. In cases of bad faith, INTA would recognize the need for the appointment of a neutral and knowledgeable third party witness to testify to the authenticity

of the goods. The testimony of the brand owner may be rebutted by the third party under a high evidentiary standard.

*Conclusion:*

With numerous countries engaging in the practice of requiring that third parties be appointed to submit evidence on whether a product which bears a counterfeit mark is indeed genuine, the lack of informed knowledge by such “experts” of the status of the goods in question jeopardizes the health and safety of consumers. Accordingly, the Anticounterfeiting Committee recommends that the Board adopt a resolution stating that the brand owner or an agent appointed by the brand owner should be recognized as party with the best ability to determine the authenticity of the goods in question in counterfeiting cases.