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Conviction For Selling Admittedly ‘Not Authentic’ Purses at a ‘Purse Party’ Overturned

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The State of Ohio v Troisi, No. 2010-Ohio-275, 2010 Ohio LEXIS 223 Supreme Court for the State of Ohio, 4 February 2010

Abstract

A trade mark investigator’s testimony that he was aware that certain trade marks were registered with the US Patent and Trademark Office, but did not personally view the registration documents or present evidence of use of authentic marks, was insufficient to support a conviction for trade mark counterfeiting under Ohio law.

Legal context

Sales of counterfeit goods present challenges to trade mark owners throughout the world, particularly to trade mark owners of luxury brand items. Such trade mark owners often seek to deter counterfeiting by providing special training to private investigators who work with local law enforcement agencies which raid counterfeiters. In *The State of Ohio v Troisi*, No. 2010-Ohio-275, 2010 Ohio LEXIS 223 (Ohio 4 February 2010), the Supreme Court of Ohio (the highest state court in Ohio) addressed the type of evidence required to be presented at trial to support a conviction in a case of trade mark counterfeiting under Ohio state law.

Facts

Juanita Troisi hosted a ‘purse party’ in Kirtland, Ohio where she offered purses and other items for sale. After being advised of the party by an invitee, and concluding that ‘knock-off designer labels’ might be sold at the party, Sgt Jamie Taqvano sought the assistance of Timothy Richissin, a sergeant with the Cleveland, Ohio police department, who at the time was also an employee of a private investigating company which specialized in investigating IP issues. The police conducted a raid and seized over 1700 allegedly counterfeit purses, wallets, and pieces of jewellery. At the scene, Troisi provided a written statement in which she admitted knowing that ‘the purses and wallets were not authentic’ (*State v Troisi*, No. 2010-Ohio-275, 2010 Ohio 4 February 2010, LEXIS 223. at *2-3).

Although Troisi was originally indicted on four counts, two counts were dismissed and trial went forward with respect to the following two counts:

- one count of trade mark counterfeiting (Ohio Rev. Code Ann. § 2913.34(A)(4) (Lexis Nexis 2010)) and
- one count of possessing criminal tools (R.C. 2923.24 (Lexis Nexis 2010)).

At trial, Richissin testified that he had been trained by several purse and jewellery companies to recognize their trade marks and to recognize counterfeit products. He further testified that, in his opinion, the items seized from the purse party were counterfeit products. No certified copies of the registered trade marks were offered as evidence, no other witness testified about the registration status of the trade marks, and no examples of genuine trade marks or genuine products were introduced at trial. The jury found Troisi guilty of both counts.

On appeal, Ohio's Eleventh District Court of Appeals reversed, holding there was insufficient evidence for the jury to find that the items seized bore a counterfeit mark as defined by the law and that Richissin's testimony was improper because it was introduced without a proper foundation. *State v Troisi*, 179 Ohio App. 3d 326, 2008-Ohio-6062, 901 N.E.2d 856 (Ohio App. 11th Dist. 2008). Troisi's convictions were vacated, and the Ohio Supreme Court accepted the state's discretionary appeal.

Analysis

Ohio law defines the crime of trade mark counterfeiting as follows:

No 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. (Ohio Rev. Code Ann. 2913.34(A)(4) (Lexis Nexis 2010))

Ohio law further defines 'counterfeit mark' as a 'spurious trademark' that is 'identical with or substantially indistinguishable from a mark that is registered on the principal register in the United States patent and trademark office' and the use of which 'is likely to cause confusion or mistake or [to] deceive other persons' (R.C. 2913.34(F)).

Troisi challenged Richissin's testimony as being insufficient to prove that any of the trade marks was registered on the principal register, and that it was improperly used at trial. The state argued that sufficient evidence was presented and the testimony was properly admitted.

Under Ohio criminal law, if the evidence was found to be insufficient to prove every element of the state's case, then Troisi's conviction would be overturned, and a new trial would be barred under the Double Jeopardy Clauses of the US Constitution and the Ohio State Constitution. However, if the evidence was deemed sufficient, but improperly admitted, then a retrial is not barred.

The majority opinion (per C.J. Moyer and joined by four Justices of the Court) held that 'the state provided insufficient evidence to show that the trademarks Richissin compared with the marks on the seized bags were registered on the principal register' in the United States Patent and Trademark Office' (*State v Troisi*, 2010 Ohio LEXIS 223, at *5).

In reaching this conclusion, the Ohio Supreme Court reasoned that Richissin's testimony lacked an adequate foundation since:

- 'he had personally never seen any documents from the [USPTO] showing the registration';
- '[h]e had never obtained official trademark records';
- 'he had never seen any of the trademarks on a registry document'; and
- 'he did not know when the trademarks were issued, when they expired, or if they had been renewed.' (id. at *6)

The majority opinion found 'Richissin's testimony proved, at best, that the seized items bore marks that were "identical or substantially indistinguishable" to marks provided to him during his training, but not to any mark proven to be registered as required by the statute' and thus, 'was not sufficient to prove beyond a reasonable doubt that the marks were registered' (id.).

The majority opinion also found that Troisi's written confession, in which she admitted knowing that 'the purses and wallets were not authentic', did not prove 'that any of the marks Richissin used in his comparisons were registered' (id.). Thus, while the confession may be useful to prove other elements of the crime, 'it does not prove the registry status of any trademark'. (Since the defect was found to be evidentiary, rather than procedural, Troisi's conviction was overturned and the State of Ohio was barred under principles of double jeopardy from retrying the host of the counterfeit purse and wallet party.)

In a dissenting Opinion, Justice Stratton disagreed with the majority's conclusion of law that trade mark counterfeiting cases can be proven only by direct evidence or personal observation of the trade mark. Justice Stratton would have found that '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' (id. at *10).

Justice Stratton relied upon decisions from US Federal Courts to support the proposition that '[w]hile 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, nor is it the only means of proving that a counterfeit mark is identical or substantially indistinguishable from an authentic mark' (id. at *11).

Further, to support his view that Richissin's 'training and experience' were sufficient to support the conviction, Justice Stratton explained:

In the instant case, trademark owners, including Gucci, Prada, Coach, Dior, Fendi, Dooney & Bourke, Tiffany, Burberry, Chanel, Kate Spade, Louis Vuitton, and Versace trained Richissin to recognize their registered trademarks. The training also taught Richissin how to recognize counterfeit goods from authentic trademarked goods by looking for 'red-flag' indicators with respect to the product's security tags, logos, and packaging. Since 2002, Richissin has attended approximately 30 such training sessions and receives updates regarding product changes by e-mail. Richissin also testified that he has participated in investigating over 50 trademark-counterfeiting cases in the past several years. (id. at *14)

Justice Stratton also reviewed in detail the evidence presented at trial to show that 'through his training [Richissin] learned that the Gucci, Prada, Coach, Dior, Fendi, Dooney & Bourke, Tiffany, Burberry, Chanel, Kate Spade, Louis Vuitton, and Versace trademarks were registered on the principal register in the [USPTO]' (id.). Justice Stratton also reviewed the evidence showing how Richissin recognized that the goods in question were indeed counterfeit.

Finally, Justice Stratton disagreed with the majority's conclusion that Troisi's admissions regarding her knowledge of the counterfeit nature of the goods were insufficient to establish this element of the case. The testimony at trial established that Troisi admitted that: she 'knew that the purses and wallets were not authentic'; the purses were not 'real', but were 'copy bags'; and 'it was error to sell them' (id. at *15).

Justice O'Connor joined in Justice Stratton's dissenting opinion and wrote separately to question the majority's apparent usurpation of the jury's role in discerning the 'weight and quality of the state's evidence' (id. at *17).

Practical Significance

Troisi presents a case where an admitted counterfeiter was caught red-handed, admitted liability, and was convicted by a jury of her peers, but nonetheless was let off the hook because of an alleged failure by the prosecution to present the right evidence at trial, ie direct evidence establishing an adequate foundation that the marks in question were indeed registered. It is a vivid reminder of the importance, in trade mark counterfeiting cases, of presenting direct evidence

of not only elements of the crime, such as offering to sell goods with marks resembling other well-known trade marks, or even the defendant's admitted knowledge of and intent to sell such goods, but also direct evidence establishing all foundational prerequisites of such elements (such as in this case not only providing testimony that there were well-known trade marks infringed, but also providing copies of the actual registration of a mark with the USPTO).

Some best practices that trade mark owners may wish to consider in the future to avoid such results would include:

- Providing investigators at training sessions with copies of trade mark registrations with status information;
- Reminding trial teams to make sure the testifying witness introduces certified copies of trade mark registrations, and uses authentic samples in comparisons, to establish infringement; and
- When obtaining written statements, trying to make sure the 'confessions' match the statutory elements of the asserted crimes.

It is hoped that, despite the fact that Troisi's conviction was overturned, she learned her lesson and will stop trafficking in counterfeit goods.

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