INTRODUCTION

During the past year, Indiana intellectual property law saw no significant changes. The general assembly did not alter Indiana’s trademark, trade secret, and right of publicity statutes. Even so, Indiana intellectual property law practitioners did not have an uneventful year.

Three changes in federal law enacted during the survey period may have a remarkable impact on the protection of trademarks in Indiana. First, the Federal Trademark Dilution Act of 1995 provides for a federal cause of action for trademark dilution. Second, the Economic Espionage Act of 1996 makes criminal and civil actions available to the federal government to target actions of economic espionage or theft of trade secrets. Finally, the Anticounterfeiting Consumer Protection Act of 1996 contains civil and criminal provisions which prohibit trafficking in goods bearing counterfeit trademarks or labelling. Each of these changes in federal law means that Indiana businesses now have new means to protect their trade rights. However, the changes also have potential pitfalls for those aggressively, or over-aggressively, pursuing competition. Accordingly, Indiana practitioners should be aware of these new federal provisions when advising their business clients.

I. THE FEDERAL TRADEMARK DILUTION ACT OF 1995

A. Overview of Trademark Dilution

On January 16, 1996, a federal cause of action for trademark dilution was born. The Federal Trademark Dilution Act of 1995 provides that the owner of a “famous” trademark may sue to enjoin the subsequent use of any mark or trade name by another if such use “causes dilution” of the famous mark. Depending
on one’s point of view, Indiana trademark practitioners either have a new weapon with which to protect their clients’ interests, or a new hurdle to clear in assisting in the development of their clients’ goodwill.

Dilution has been defined as a “weakening or reduction in the ability of a

the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to—

(A) the degree of inherent or acquired distinctiveness of the mark;
(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
(C) the duration and extent of advertising and publicity of the mark;
(D) the geographical extent of the trading area in which the mark is used;
(E) the channels of trade for the goods or services with which the mark is used;
(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks’ [sic] owner and the person against whom the injunction is sought;
(G) the nature and extent of use of the same or similar marks by third parties; and

(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

(c)(2) In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner’s reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity.

(c)(3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

(c)(4) The following shall not be actionable under this section:

(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.
(B) Noncommercial use of a mark.
(C) All forms of news reporting and news commentary.


“Dilution” is defined as:

the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—

(1) competition between the owner of the famous mark and other parties, or
(2) likelihood of confusion, mistake, or deception.

Id. § 1127.
mark to clearly and unmistakably distinguish one source . . . .” Dilution may take one of two forms. “Blurring” occurs when the trademark’s distinctiveness is lessened by its use (or the use of a very similar mark) by others and generally involves goods not associated with the owner of the trademark. Buyers are not confused by multiple usages of the mark, but over time they will no longer connect the trademark exclusively with the owner’s goods or services. “Tarnishment,” on the other hand, describes the use of a trademark “totally dissonant with the image projected by the mark.”

The primary difference between a dilution cause of action (of either category) and an infringement cause of action is the latter’s requirement of “likelihood of confusion” of source or origin of goods or services. As Professor McCarthy observes, where infringement leaves off, the dilution statute kicks in. In cases where confusion among consumers regarding the multiple uses of trademarks is highly unlikely (e.g. if the goods or services are so different that confusion is impossible as a matter of law), a successful infringement action is not possible. Conversely, dilution remains available despite the “likelihood of lack of confusion” as to the source of goods or services. In cases of dilution, consumers are able to recognize immediately that the goods marketed under similar marks come from different sources. It is precisely that “gradual attenuation or whittling away of the value of the trademark” which makes dilution “an invasion of the senior user’s property right in its mark [which] gives rise to an independent commercial tort.”

B. Case Law Interpreting the Act

Two reported federal opinions will be reviewed to give the reader a flavor of the federal court analysis of the new federal dilution statute.

1. Northern District of Illinois.—In Intermatic Inc. v. Toeppen, Intermatic charged, among other things, that Toeppen’s use of the domain name “intermatic.com” on the Internet violated the federal dilution statute. Toeppen

6. See id. § 24:68, at 24-111 to -12.
7. See id. at 24-112. The Second Circuit gave several hypothetical examples of “blurring,” including use of “Dupont” on shoes, “Schlitz” on varnish, and “Kodak” on pianos. See Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1031 (2d Cir. 1989).
8. McCARTHY, supra note 5, § 24:69, at 24-112. An example of “tarnishment” is where a consumer associates a mark originally used on goods for children with goods or services of a seamy or prurient nature. See Hasbro, Inc. v. Internet Entertainment Group, Ltd., 40 U.S.P.Q.2d 1479 (W.D. Wash. 1996).
10. Id.
11. See id. § 24:70, at 24-113.
13. Id. at 1229. Intermatic also included counts for trademark infringement, statutory and common law unfair competition, and various violations of Illinois statutes. See id.
registered numerous domain names\textsuperscript{14} with Network Solutions, Inc., which prevented other entities from obtaining and using the names.\textsuperscript{15} When Intermatic attempted to register "intermatic.com" with Network Solutions, it discovered Toeppen’s prior registration and its use of "Intermatic" in connection with the sale of software.\textsuperscript{16}

The court’s opinion considered cross motions for summary judgment.\textsuperscript{17} In its consideration of Intermatic’s federal dilution count, the court began its discussion by reviewing the history of dilution statutes.\textsuperscript{18} Although this part of the opinion provides little in the way of black letter law, it is nonetheless useful as a primer on the rationale behind trademark dilution law and a start on legal research into state dilution rules. The court noted that dilution actions can be traced back to an article published in 1927\textsuperscript{19} and is recognized as a cause of action in almost half the states.\textsuperscript{20} Additionally, the genesis of the federal dilution statute was reviewed by the court.\textsuperscript{21}

Federal dilution, according to \textit{Intermatic}, requires a party to “show that the mark is famous and that the complainant’s use . . . in commerce . . . is likely to cause dilution.”\textsuperscript{22} Dilution is statutorily defined as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception.”\textsuperscript{23} The \textit{Intermatic} court also noted that the federal dilution statute does not pre-empt state law dilution claims, nor does it provide a cause of action against the "non-commercial" use of another’s famous mark.\textsuperscript{24} Additionally, injunctive relief is the sole remedy for a dilution claim unless the plaintiff can prove the defendant’s willful intention to dilute the mark or trade on the owner’s reputation.\textsuperscript{25} If willful intention can be proven, the remedies provided by Lanham Act sections 35(a) and 36 (15 U.S.C. §§ 1117(a), 1118) are also available.\textsuperscript{26}

\begin{itemize}
  \item 14. \textit{See id.} at 1230.
  \item 15. \textit{See id.}
  \item 16. \textit{See id.} at 1232.
  \item 17. \textit{Id.} at 1229.
  \item 18. \textit{Id.} at 1236-37.
  \item 20. \textit{Intermatic}, 947 F. Supp. at 1236.
  \item 21. \textit{Id.} at 1237.
  \item 22. This term should probably be “defendant’s” because the dilution action is concerned with the defendant’s use of a mark. Moreover, a plaintiff does not have a “trademark,” much less a famous mark, without its use “in commerce.” \textit{See} 15 U.S.C. § 1052 (1994 & Supp. I 1995).
  \item 23. \textit{Intermatic}, 947 F. Supp. at 1238.
  \item 27. \textit{See id.} These remedial provisions provide for recovery of defendant’s profits, sustained damages, and costs of the action along with attorney fees in “exceptional cases.” \textit{Id.} § 1117(a)
\end{itemize}
Although the court acknowledged the statutory factor analysis for determining whether a mark is famous,\textsuperscript{28} no such analysis was undertaken because the court found that uncontroverted evidence of Intermatic’s “long history and use of its mark,”\textsuperscript{29} along with the federal registration of the “strong fanciful”\textsuperscript{30} mark, indicated that the mark was famous as a matter of law. Further, Toeppen’s use of Intermatic’s mark on the Internet, and his intention to sell the domain name to Intermatic, constituted a “commercial use” of the mark.\textsuperscript{31}

The only remaining issue was whether Toeppen’s use had diluted or was likely to dilute the mark. “[I]n at least two respects,” the court found that dilution was likely.\textsuperscript{32} First, Toeppen’s use of the domain name kept Intermatic from effectively identifying and distinguishing its goods over the Internet. Registration of the domain name, “Intermatic,” precluded Intermatic from registering and using its own trademark as a domain name. Such conduct “clearly violates the Congressional intent of encouraging the registration and development of trademarks to assist the public in differentiating products.”\textsuperscript{33} Second, the appearance of the “intermatic.com” designation on Toeppen’s web page tended to dilute Intermatic’s mark. Not only could the mark be found in numerous messages on the web page, the domain name would also be printed on every hard copy made from the web page.\textsuperscript{34} Because Intermatic did not have control over the goods and services displayed on the web page, or the context in which its mark was printed, it was thereby unable to control the ultimate reputation of its mark.\textsuperscript{35} Citing Seventh Circuit cases concerning Illinois dilution law, the court found that such pervasive use of a domain name showed sufficient likelihood of dilution of Intermatic’s mark.\textsuperscript{36}

2. Southern District of New York.—In Ringling Brothers-Barnum & Bailey Combined Shows Inc. v. B.E. Windows Corp.,\textsuperscript{37} Ringling claimed dilution under the Lanham Act of its trademark “The Greatest Show on Earth”\textsuperscript{38} by defendant’s bar, called “The Greatest Bar on Earth.”\textsuperscript{39} Ringling alleged that it and its goods

\textsuperscript{(1994). The costs associated with the destruction of infringing articles can also be recovered. See id. § 1118.}

\textsuperscript{28. Intermatic, 947 F. Supp. at 1238. See supra note 4, for the factors listed by the statute.}
\textsuperscript{29. Id. at 1239.}
\textsuperscript{30. Id.}
\textsuperscript{31. Id.}
\textsuperscript{32. Id. at 1240.}
\textsuperscript{33. Id. (citing Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 198 (1985)).}
\textsuperscript{34. Id.}
\textsuperscript{35. Id.}
\textsuperscript{36. Id. at 1240-41.}
\textsuperscript{38. Ringling Bros., 937 F. Supp. at 205-06.}
\textsuperscript{39. Id. at 206.}
and services enjoy a family-oriented image, and therefore its trademark would be
diluted by its association with a bar.\textsuperscript{40} The court analyzed the federal dilution
provision on a motion for a preliminary injunction.\textsuperscript{41}

Admitting the dearth of precedent regarding interpretation of the dilution
provision, the court first turned to the legislative history of the Act. The Act’s
purpose is “to protect famous trademarks from subsequent uses that blur the
distinctiveness of the mark or tarnish or disparage it, even in the absence of a
likelihood of confusion.”\textsuperscript{42} The new cause of action has much the same goal as an
infringement action, the protection of marks from those who would try to gain
advantage from the goodwill and “established renown” associated with them.\textsuperscript{43}

On the other hand, numerous cases have interpreted New York’s anti-dilution
statute,\textsuperscript{44} and the court noted the similarities between the state and federal causes
of action.\textsuperscript{45} Additionally, the court pointed out that Congress clearly expressed the
intent to avoid pre-emption of state dilution statutes.\textsuperscript{46} As a result, the court
followed the usual analysis employed in a New York dilution case.\textsuperscript{47} Accordingly,
to show entitlement to relief, the plaintiff must demonstrate ownership of a famous
mark and a likelihood of dilution of the mark due to the defendant’s use of the
same or a similar mark.\textsuperscript{48} With reference to the first element of dilution, the court
succinctly concluded that the Ringling mark was famous,\textsuperscript{49} particularly in the
context or “motif” of a circus. The court noted that “[a]ny unauthorized use of
THE GREATEST SHOW ON EARTH will dilute the mark . . . [as will] any use
of the phrase in the amusement or circus context[,] . . . even where additional
words are added or a single word is substituted . . . .”\textsuperscript{50} In other words, if the

\textsuperscript{40} See id. at 207.
\textsuperscript{41} Id.
\textsuperscript{43} See id.
\textsuperscript{44} N.Y. GEN. BUS. LAW § 368-d (McKinney 1996).
\textsuperscript{45} Both are intended to protect a mark with “distinctive quality,” allow a dilution claim to
be established without regard to competitiveness of the goods or services or a likelihood of
collision, and are applicable to registered and unregistered marks. See Ringling Bros., 937 F.
Supp. at 208.
\textsuperscript{47} Id. The court specifically stated that “[b]ecause the anti-dilution statutes are meant to
coeexist, the analysis of Plaintiff’s claims is the same under either statute.” Id.
\textsuperscript{48} See id.
\textsuperscript{49} Id. It is unclear to the author whether the court determined the mark to be famous
because of the broad protection it is to be afforded, or whether the fame the mark enjoys entitled
it to wide protection. The former formulation seems to put the cart before the horse; the fame of
the mark must precede the determination that it receives the fullest protection, including that of the
federal dilution provision. Only when fame is shown, through evidence derived from the
marketplace, can the extent of protection be affirmatively stated.
\textsuperscript{50} Id. at 210.
defendant’s product or service had related to circuses or amusements, Ringling would have been entitled to relief, even though the marks used were not exactly the same. The second user’s mark, however, was “The Greatest Bar on Earth,” and the services provided were not associated with or promoted by reference to a circus.

The second element which must be shown is a likelihood of dilution by either tarnishment or blurring.51 Ringling claimed tarnishment of its mark on the basis of the defendant’s use of a similar mark in connection with an “adult establishment where alcohol is served.”52 The court quickly dismissed this claim because alcohol was served at some Ringling circus performances and some of its sponsors sold alcohol as well.53 The clear implication, understandably, is that a plaintiff cannot be heard to claim dilution by tarnishment where the defendant makes associations with the mark similar to plaintiff’s own uses or associations. In such cases, the plaintiff is effectively admitting, by its own actions, that the use or association has not damaged the mark.

The court analyzed dilution by blurring in considerably greater depth. It looked to standards enunciated in Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.,54 which included six factors to be considered. They are: (1) the similarity of the marks used, (2) the similarity of the products on which the marks are used, (3) the sophistication of consumers, (4) whether the junior user exhibits predatory intent, (5) the renown of the senior mark, and (6) the renown of the junior mark.55 The factors are balanced to determine whether blurring is likely to exist.56

Regarding the first factor, similarity of the marks, “[t]he marks in question ‘must be “very” or “substantially” similar and . . . absent such similarity, there can be no viable claim of dilution.’”57 That language, however, is not as clear as it appears on its face. Although “substantial” similarity is listed (and presumably used) as a standard, several decisions cited by the Ringling Bros. court demanded a much higher standard for similarity, finding no similarity unless the marks are all but identical.58 Further, the statement above clearly suggests that similarity is

51. See id. at 211.
52. Id.
53. Id.
54. 875 F.2d 1026 (2d Cir. 1989).
55. Ringling Bros., 937 F. Supp. at 211 (citing Mead, 875 F.2d at 1035 (Sweet, J., concurring)). Note the similarities between this list of factors for dilution and the list of factors to be considered in a likelihood of confusion analysis in a trademark infringement claim. See, e.g., Nike, Inc. v. Just Do It Enters., 6 F.3d 1225, 1228 (7th Cir. 1993).
56. See Ringling Bros., 937 F. Supp. at 211.
57. Id. (quoting Mead, 875 F.2d at 1029).
58. Id. at 211-12. See Mead, 875 F.2d at 1029 (LEXIS and LEXUS not substantially similar); Hormel Foods Corp. v. Jim Henson Prods., Inc., 73 F.3d 497, 503-04 (2d Cir. 1996) (SPAM and “Spa’am” superficially similar but distinguishable in context); Stern’s Miracle-Gro Prods., Inc. v. Shark Prods., Inc., 823 F. Supp. 1077, 1091 (S.D.N.Y. 1993) (MIRACLE-GRO for plant food similar to “Miracle Gro” for hair care products). But cf. McDonald’s Corp. v.
a threshold issue. Nonetheless, the Ringling Bros. court compared the marks in much the same way as in an infringement action and found them not to be substantially similar.\textsuperscript{59} The court treated that finding as one to be balanced without considering whether it might be dispositive.\textsuperscript{60}

In analyzing the second factor, which looks at the similarity of the products, the court stated that although "competition is not a factor in dilution analysis, the closer the nature of the goods or services sold by the parties, the greater the likelihood of a loss of Plaintiff’s selling power in its trademark."\textsuperscript{61} The court first declared circus entertainment and the operation of a bar to be dissimilar "products."\textsuperscript{62} Additionally, the court apparently considered the limited geographical market reach of the bar to indicate a lesser likelihood of association with the Ringling mark, thereby lessening the probability of dilution.\textsuperscript{63} Thus, the second factor demands not only a comparison of the nature of the goods or services, but also a comparison of the markets in which they are offered.

Under the third factor, greater sophistication of consumers of the senior user’s product tends to limit the likelihood of trademark dilution.\textsuperscript{64} Sophisticated consumers are generally less likely to be confused by similar marks because they pay closer attention to the product under consideration, and therefore sophistication weighs against infringement of a mark. Sophisticated consumers are also less likely to associate two marks, thus limiting any loss of fame or distinctiveness of the senior mark.\textsuperscript{65} Ringling’s customers, the court found, are not "deliberate, reflective and willful" in their decisions to purchase Ringling’s product.\textsuperscript{66} This factor therefore weighed in favor of dilution of the plaintiff’s mark.

The fourth factor, predatory intent of the junior user, “requires a showing that the junior user adopted its mark hoping to benefit commercially from association with the senior mark.”\textsuperscript{67} Further, because relief from dilution is an equitable remedy, lack of predatory intent is relevant to recovery.\textsuperscript{68} Though no particular evidence of predatory intent was introduced by the plaintiff, the court suggested that the defendant’s proceeding without an infringement opinion by trademark


\textsuperscript{59} Ringling Bros., 937 F. Supp. at 212.
\textsuperscript{60} Id. at 213.
\textsuperscript{61} Id. at 212.
\textsuperscript{62} Id.
\textsuperscript{63} Id. (citing Mead, 875 F.2d at 1031).
\textsuperscript{64} Id.
\textsuperscript{65} Id. at 212-13. See also Mead, 875 F.2d at 1031; Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d 621, 626 (2d Cir. 1983).
\textsuperscript{66} Ringling Bros., 937 F. Supp. at 212.
\textsuperscript{67} Id. at 213 (citing Mead, 875 F.2d at 1037).
\textsuperscript{68} Id. (citing Sally Gee, 699 F.2d at 626).
counsel could indicate some degree of culpability. This is especially true if no such opinion is rendered even after plaintiff makes charges of improprieties.

In addition to being a factor in its own right, the relative renown of the senior mark may affect other factors. The *Ringling Bros.* court cited *Mead* for the proposition that the greater the fame of a mark, the more likely consumers are to associate two marks, thereby increasing the likelihood of blurring. As noted above, in order to establish a federal dilution cause of action, the plaintiff must show a certain threshold of fame. Presumably, a lack of fame will not merely be a factor in a claim for blurring, but will be dispositive of the cause of action. A greater degree of fame also means that the plaintiff “needs to focus less on other factors, such as similarity of the products or sophistication of the consumers, to establish blurring.” Though not specifically stated by the *Ringling Bros.* court, the implication seems to be that fame might be the most important factor.

Finally, the renown of the junior mark is also a factor which must be considered. If the junior mark’s fame is “non-existent, the likelihood of finding dilution by blurring is minimal.” The defendant’s relatively small expenditure of $56,000 on various materials associated with its mark (such as brochures, signs and other paper goods), its lack of advertising, and the “scant media coverage” of the bar did not generate fame for the junior mark.

Unfortunately, in balancing the six factors, the court merely reviewed the factors and decided which side each favored without an in-depth analysis of the weight of the evidence. Ultimately, the court found dilution by blurring to be unlikely.

To conclude, the Federal Trademark Dilution Act provides Indiana businesses with protection for trademarks which they did not enjoy previously. It will take some time for the federal courts of appeal to determine the scope of the new Act. Nonetheless, state causes of action for dilution will certainly aid in the analysis of a federal dilution case. For Indiana practitioners, it may be helpful to review Seventh Circuit and Illinois decisions construing the Illinois dilution statute and Second Circuit decisions construing the New York dilution statute.

II. THE ECONOMIC ESPIONAGE AGE OF 1996

The Economic Espionage Act of 1996 created federal causes of action designed specifically to protect trade secrets. Enforcement of the Act is apparently within the exclusive jurisdiction of the U.S. Government. The major provisions

69. *Id.*
70. *Id.*
71. *Id.*
72. See *supra* note 4 and accompanying text.
74. *Id.*
75. See *id.* at 214.
76. *Id.*
of the Act are criminal in nature; the plain language of the statute provides only for civil actions by the Attorney General.\(^7^7\)

Although it is certainly too early to appreciate the full impact of this legislation, the Act may have a profound effect on trade secret law and the protection of proprietary information. The Act specifically defines a trade secret as:

all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if—

(A) the owner thereof has taken reasonable measures to keep such information secret; and

(B) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, the public . . . \(^7^8\)

The federal statutory definition closely resembles the one in the Indiana trade secret statute,\(^7^9\) which was modeled after the Uniform Trade Secrets Act. The primary differences between the two are twofold. First, the federal statute lists in greater detail the types of information to be protected, although the Indiana statute broadly protects "information." Second, the federal definition of a trade secret requires secrecy from "the public," whereas the Indiana definition requires secrecy from "other persons who can obtain economic value from its disclosure." Although these differences might appear minimal, it is possible that the federal statute will be interpreted either more broadly or more narrowly than the Indiana statute.

Like the Indiana statute, the Act potentially encompasses an enormous range of scenarios. Interpretation of the Act will naturally revolve around the limitations enumerated in clauses (A) and (B). By using the language "reasonable measures," Congress evidently intended to allow some leeway regarding the secrecy measures necessary to continue the protection of a trade secret. Presumably, "reasonable measures" could depend on the custom of the trade, common-sense notions of security, and the value of the information to its holder. Like the Indiana statute, the Act ties the independent economic value of the information to its secretive nature. Protected information must, in some way, gain value from not being generally known.\(^8^0\) Thus, if it can be shown that information, although secret in

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77. See 18 U.S.C.A. § 1831 (West Supp. 1997) (criminal offense of economic espionage); id. § 1832 (criminal offense of trade secret theft); id. § 1836 (civil proceedings to enjoin violations).

78. Id. § 1839.


80. 18 U.S.C.A. § 1839 (West Supp. 1997). See also Amoco Prod. Co. v. Laird, 622 N.E.2d 912 (Ind. 1993) (information may be protectible even though garnered from sources in the public domain, where significant expenditures made to generate information).
The Act generally prohibits theft of trade secrets. In addition to a blanket prohibition on such conduct, the Act contains a separate provision entitled “Economic espionage,” outlawing theft on behalf of foreign entities. Both provisions prohibit conduct consisting of stealing protected information, copying or conveying protected information without authorization, receiving a stolen trade secret, or attempting or conspiring to commit the above acts.

The intent element of the “general” provision is “intent to convert a trade secret . . . to the economic benefit of anyone other than the owner thereof, and intending or knowing that the offense will injure any owner . . . .” Thus, it must be proven that a defendant not only took protected information, but also intended to benefit himself or another and knew such action would injure the owner. In contrast, under the “foreign entity” provision the intent element demands “intending or knowing that the offense will benefit any foreign government, foreign instrumentality, or foreign agent . . . .” Apparently, the defendant is not required to know or intend that his acts will injure the owner.

The Act also applies to conduct occurring outside the United States, but only under two circumstances. First, if an accused natural person is a citizen or permanent resident alien, or if an accused organization has been organized under federal or state law, liability will result under the Act for nonconforming conduct abroad. Second, if an act in furtherance of the offense is committed in the United States, foreign action constituting the balance of the crime is covered by the Act.

Penalties provided by the Act can be quite steep. A violation of § 1832, the “general” provision, carries a sentence of up to ten years or fines or both for individuals. Organizations found guilty are subject to a fine up to $5,000,000. For a violation of § 1831, the “foreign” entity provision, an individual may be incarcerated for up to fifteen years and fined up to $500,000. Under the same provision, organizations face fines of up to $10,000,000.

III. THE ANTI-COUNTERFEITING CONSUMER PROTECTION ACT OF 1996

Signed by President Clinton on July 2, 1996, the Anticounterfeiting Consumer

82. Id.
83. See id.
84. Id. § 1832.
85. Id. § 1831.
86. See id. § 1837(1).
87. See id. § 1837(2).
88. Id. § 1832(a).
89. Id. § 1832(b).
90. Id. § 1831(a).
91. Id. § 1831(b).
Protection Act of 1996 is intended to address the "scope and sophistication of modern counterfeiting" of trademarked and copyrighted goods. The legislative history behind the Act indicates that counterfeiting has changed from what was once considered to be a "victimless crime" to "a multibillion dollar, highly sophisticated illegal business" causing a loss of revenue and jobs. The Act makes several changes in federal trademark, copyright, and racketeering law aimed to impede this economic drain on American businesses.

The Act contains two significant changes of which trademark practitioners should be particularly aware. First, section 6 of the Act amends the Federal Trademark Act, allowing any federal or local law enforcement officer to execute an order for seizure of counterfeit goods. The measure was intended to reduce or eliminate the number of unexecuted seizures due to shortages of manpower within given agencies. The Senate Report also states that the provision may make such seizures easier for civil litigants, thus allowing the seizure to occur prior to the movement of counterfeit goods from the jurisdiction. Constitutional considerations of comity between federal and state governments are not affected by the Act; therefore, state officials might not be compelled to execute a seizure order entered by a federal court.

The second change in federal trademark law is likely to be of much greater interest to Indiana businesses. Section 7 of the Act improves the potential remedies available to plaintiffs by providing for statutory damages in counterfeiting cases. The obvious advantage to the plaintiff is that he or she may

93. Id. at 3.
94. Although the possibility of an investigation and/or suit by governmental entities may be important in the assessment of a counterfeiting case, the Act's provisions concerning government action will not be discussed further.
95. The provision reads as follows:
The court shall order that service of a copy of the order under this subsection shall be made by a Federal law enforcement officer (such as a United States marshal or an officer or agent of the United States Customs Service, Secret Service, Federal Bureau of Investigation, or Post Office) or may be made by a State or local law enforcement officer, who, upon making service, shall carry out the seizure under the order.
97. Id.
98. See id.
99. The pertinent provision reads as follows:
(c) In a case involving the use of a counterfeit mark (as defined in [15 U.S.C. 1116(d)]) in connection with the sale, offering for sale, or distribution of goods or services, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a), an award of statutory damages for any such use in connection with the sale, offering for sale, or distribution of goods or services in the amount of—
(1) not less than $500 or more than $100,000 per counterfeit mark per type of
receive a substantial award without having to prove affirmatively the amount of pecuniary damage sustained. Moreover, a willful counterfeiter stands to pay up to $1,000,000 per counterfeit mark per type of goods on which the mark is used. Congress incorporated equity into the statutory damage award by authorizing determination of the award “as the court considers just.” Therefore, even though the burden of proving damages may be removed, a prudent counterfeiting plaintiff might want to marshal evidence of loss or other harm so as to ensure a good equitable position.

CONCLUSION

Though Indiana’s legislative and judicial branches of government did not face new or significant issues regarding intellectual property law, Indiana trademark and trade secret law practitioners must be aware of new federal pronouncements in these areas. Although Indiana statutes do not contain a remedy for dilution of a trademark, Indiana businesses may now seek redress for such injury under federal law while remaining amenable to civil suit under state law, trade secret theft is now also within the precinct of federal prosecutors and investigators. Finally, Congress enacted new remedies and provisions designed curtail the counterfeiting of and trafficking in trademarked goods. These enactments have significantly changed the protection and remedies available to the trademarks and trade secrets of Indiana businesses.

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goods or services sold, offered for sale, or distributed, as the court considers just; or

(2) if the court finds that the use of the counterfeit mark was willful, not more than $1,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just.


100. See id.

101. Id.