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ARTICLES

WHO CARES ABOUT THE COUNTERFEITERS? HOW THE FIGHT AGAINST COUNTERFEITING HAS BECOME AN IN REM PROCESS

STEVEN N. BAKER & MATTHEW LEE FESAK

INTRODUCTION

The history of American stock car racing is replete with colorful stories of "bootlegging" or the illicit trafficking in untaxed liquor. Prior to the adoption of an income tax, "nearly 75 percent of total federal revenues . . . was raised from taxes on

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1 See NEAL THOMPSON, DRIVING WITH THE DEVIL: SOUTHERN MOONSHINE, DETROIT WHEELS, AND THE BIRTH OF NASCAR 61 (2006) ("In the culture of the South, fathers thought little of sending their twelve- and fourteen-year-old sons out to deliver a load of moonshine . . . . NASCAR legend Curtis Turner claimed to have delivered his first load of whiskey in 1934, at age ten.").

2 In the early part of the twentieth century, bootlegging had a specific meaning attached to the sale of illicit alcohol. See BLACK'S LAW DICTIONARY 239 (3d ed. 1933) (defining bootlegging as "A popular designation for the use, possession, or transportation of liquor in violation of the law"); see also THOMPSON, supra note 1, at 61 ("Bootlegging was initially named for the practice of hiding liquor in a boot."). The word has now come to possess a broader meaning. See BLACK'S LAW DICTIONARY 177 (7th ed. 1999) (defining "bootleg" as "To manufacture, reproduce, or distribute [something] illegally or without authorization").
liquor, customs, and tobacco.3 Bootleggers, therefore, were a prime target of law enforcement and evolved to become highly adept at evading the revenue authorities.4 Although bootleggers drove ordinary production automobiles to avoid unwanted suspicion, underneath the hoods of these “stock” car bodies were the most powerful engines of the day and heavy suspensions to carry the load of the liquor at high speeds over rudimentary mountain roads.5 Consequently, bootleggers discovered that their cars were as good for racing as outrunning the law, so when the drivers were not running moonshine, they would organize informal races for bragging rights.6 Hence, the sport of stock car racing was born.

Of course, smuggling, of which bootlegging is just a variation, long predates Prohibition and automobiles.7 As long as governments have sought to tax and regulate commerce, bootleggers, counterfeiters, and smugglers have sought to deny the government its due. Because these disreputable characters invariably operated underground, governments needed to devise novel law enforcement techniques and remedies to combat them. One of the oldest such remedies is property forfeiture, which was developed in our own legal history through the British Crown’s efforts to enforce its customs and revenue laws in the courts of

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4 THOMPSON, supra note 1, at 61 (“In the minds of many southern farmers, moonshining was just an extension of agriculture, and bootlegging no more than delivering a farm product to market. They saw no reason the IRS should take a cut.”).
5 Id. at 34–35 (“In the South, powerful V-8s left many sheriff’s deputies in the dust. And once whiskey mechanics added extra carburetors to the engine and heavy tires and a stronger suspension to the chassis, a Ford V-8 could travel at a hundred miles an hour across jagged mountain roads.”); id. at 61–62 (“Moonshiners put more time, energy, thought and love into their cars than any racers ever will,’ [famous driver Robert Glenn “Junior”] Johnson said later in life. ‘Lose on the track and you go home. Lose with a load of whiskey and you go to jail.’ ”).
6 Id. at 88; see Meridith Levinson, A Brief History of NASCAR: From Moonshine Runners to Dale Earnhardt Jr., CIO, Feb. 1, 2006, http://www.cio.com/article/17142.
7 See generally JESS CARR, THE SECOND OLDEST PROFESSION: AN INFORMAL HISTORY OF BOOTLEGGING IN AMERICA 9–27, 84–111 (1972). In England, excise taxes on liquor date back to 1643. Id. at 8. The term “moonshiner” was first used in the eighteenth century and applied to smugglers who brought illicit brandy into England from France or Holland under cover of night. Id. at 27. Attempts by the British Crown to regulate and tax the molasses and rum trade in America was roundly ignored by the colonists, helping to spur revolutionary fervor and giving rise to the libertine spirit that motivated this country’s first bootleggers. Id. at 14–16, 29.
[All goods, wares, and merchandise ... landed or discharged [in violation of the customs laws], shall become forfeited, and may be seized by any officer of the customs; and where the value thereof shall amount to four hundred dollars, the vessel, tackle, apparel and furniture, shall be subject to forfeiture and seizure.]

This forfeiture of property, in addition to other fines and punishments, not only provided an economic disincentive for the evasion of customs laws, but itself became an important source of revenue for the new government and helped take the instrumentalities of criminal activities (for example, naval vessels and their appurtenances) out of the hands of smugglers.

As the new government began levying taxes on domestically produced goods, including intoxicating liquors, forfeitures also became an integral part of the enforcement of the revenue laws. Therefore, it is not surprising that many precedent-setting cases in the law of asset forfeiture involved bootleggers and the forfeiture of their coveted racing cars.

Stock car racing has evolved from these nefarious roots into a legitimate and successful spectator sport that is organized under the auspices of the National Association for Stock Car

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9 Act of July 31, 1789, ch. 5, 1 Stat. 29, 39. See generally Williams & Whitney, supra note 8, § 10.5.2.
10 Williams & Whitney, supra note 8, § 10.5.2, at 369.
11 See Act of Mar. 3, 1791, ch. 15, 1 Stat. 199 (laying duties on distilled spirits and incorporating numerous forfeiture provisions). Excise taxes on liquor were levied periodically throughout early American history, usually to help pay off war debt. Carr, supra note 7, at 18, 21. Following the Civil War, anexcise tax was again levied, and the Office of Internal Revenue was established to collect taxes and was given broad authority to prosecute violators. Id. at 30. By 1880, "federal seizures of illegal stills were running over an average of one thousand per year." Id. at 37.
Every year, NASCAR hosts millions of fans in conjunction with three main racing series, which include nearly one hundred races around the country. Every single one of these races is a commercial bonanza, where NASCAR and its licensed vendors sell just about anything that can fit a NASCAR logo, including "[k]eys chains, video games, puzzles, board games, compact discs, stuffed animals, bears, pens, pencils, note books, books, booklets, post cards, magazines, posters, banners, binders," and so on. Each one of these products "displays prominently the names and logos of the respective companies, drivers, races and/or speedways." It hardly needs to be said that every single one of these logos, including the well-known NASCAR logo and accompanying hologram, is an extremely valuable trademark. The sale of merchandise at NASCAR events is immensely profitable.

In what can only be viewed as an historical irony, NASCAR's valuable trademarks have become the subject of extensive counterfeit activity. In an effort to combat this theft of its intellectual property, NASCAR has brought a civil action under the Lanham Act, as amended by the Trademark Counterfeiting

13 THOMPSON, supra note 1, at 6 ("The 'sport' that [driving legend Raymond] Parks helped create became a multibillion-dollar industry. It evolved from rural, workingman's domain into an attraction... for eighty million fans. Today's NASCAR, still owned by a single family, is a phenomenon, a churning money-maker... and the second most popular sport in America, with races that regularly attract two hundred thousand spectators.").


15 Complaint, Exhibit 3, Nat'l Ass'n for Stock Car Auto Racing, Inc. v. Does, 584 F. Supp. 2d 824 (W.D.N.C. 2008) (No. 3:08-cv-44). NASCAR's full list of examples of its merchandise contains 129 items, ranging from items one would expect at a live sporting event (for example, trading cards, bumper stickers, shot glasses, jerseys) to the less expected (for example, tapestry wall hangings, sleeping bags, elbow pads, and inflatable pools). Id.

16 Id. ¶ 38.

17 See Memorandum for NASCAR et al. at 5, Nat'l Ass'n for Stock Car Auto Racing, Inc. v. Does, 584 F. Supp. 2d 824 (W.D.N.C. 2008) (No. 3:08-cv-44) ("The sale of [NASCAR's] Merchandise trackside during the 2008 NASCAR season is likely to generate in excess of $1 billion in gross revenues.").


Act of 1984,\textsuperscript{20} every year since 2001.\textsuperscript{21} The Trademark Counterfeiting Act provides private parties like NASCAR with a seizure and forfeiture power, much like that employed by the government to combat NASCAR's forerunners in their own illegal trade.\textsuperscript{22} Based upon NASCAR's complaint in 2008, it has, over the years, "seized hundreds of thousands of items of Counterfeit Merchandise... [in order] to avoid millions of dollars in lost sales."\textsuperscript{23}

NASCAR has effected these seizures pursuant to 15 U.S.C. § 1116(d), one of the Trademark Counterfeiting Act's key additions to the Lanham Act.\textsuperscript{24} Congress felt that the Lanham Act needed to be revitalized in order to deal effectively with counterfeitors, as penalties for counterfeiting were "too small, and too infrequently imposed, to deter counterfeiting significantly."\textsuperscript{25} The Lanham Act's inefficacy, when combined with the "enormous profits to be made by capitalizing on the reputations, development costs, and advertising efforts of honest manufacturers,"\textsuperscript{26} led to what Congress described as "the
mushrooming traffic in counterfeit goods and services.” The result was an increased measure of criminal penalties for counterfeiting, but with recognition of the practical reality that “it is unlikely that busy federal prosecutors will be able to prosecute more than a fraction of those who traffic in known fakes.” Thus, Congress’s main goal in passing the Trademark Counterfeiting Act appears to have been to encourage private enforcement of the trademark laws, including the creation of mandatory treble damages in situations where the counterfeiting was demonstrably intentional.

However, traditional civil remedies proved ineffectual in the past. Counterfeiters were already engaged in a “uniquely pernicious” and “evil” activity and would often destroy any counterfeit goods in their possession the moment they were placed on notice of legal proceedings. Treble damages from a

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27 Id. at 2.
28 Id.
29 See id.
30 See id. at 6.
31 Id. at 2.
33 Much of this is due to the “manner in which counterfeiters operate.” Lucas G. Paglia & Mark A. Rush, End Game: The Ex Parte Seizure Process and the Battle Against Bootleggers, 4 VAND. J. ENT. L. & PRAC. 4, 5 (2002).

The majority of counterfeiters are street vendors who peddle their goods at flea markets, city kiosks, and live entertainment events. These individuals and groups are usually not incorporated or otherwise formally organized. Instead, they tend to do business from remote, makeshift factories and storage centers. Their vans and trucks serve as “moving warehouses” that travel from event to event, city to city, in search of unsuspecting consumers.

... If apprised in advance of a pending motion for injunction, counterfeiters invariably leave with their illicit merchandise and either relocate to a venue beyond the jurisdiction of the court or simply wait until their pursuers have abandoned the cause before restarting their illegal businesses.

Id.; see also Michael D. McCoy & James D. Myers, Ex Parte Seizure Order Practice After the Trademark Counterfeiting Act of 1984, 14 AIPLA Q.J. 237, 240 (1986) (“Traditional procedures and remedies provided little real relief for injured trademark owners since ‘in and out’ infringers played fast and loose with the Federal Rules of Civil Procedure and were often judgment-proof.”). Congress explicitly relied on this inability of former Lanham Act provisions to deal with counterfeiters, repeating expert testimony that

the victimized plaintiff will be met in court with a version of the following refrain: “I bought only a few pieces from a man I never saw before and
few counterfeit products, surely all that will remain after a counterfeiter has been given notice and opportunity to be heard, realistically may not be worth the effort and cost of litigation. How, then, was the trademark owner to obtain meaningful relief?

The answer to this dilemma was a truly novel creation in the realm of private commercial litigation34: An ex parte seizure process by which a trademark owner “may obtain a court order directing a law enforcement official to seize counterfeit goods and related materials without giving advance notice to the party from whom the goods are seized.”35 Congress recognized that it was providing civil litigants with a powerful tool—the physical seizure of property prior to any notice or opportunity to be heard—that is usually the exclusive province of law enforcement.36 Thus, the ex parte seizure order was born, creating a process that “would quickly become ‘the best weapon in the fight against counterfeiters,’ largely because it enabled trademark owners to excise counterfeit products from the marketplace, ‘providing the immediate benefits of increased per capita merchandise sales as well as preserving (for another day) the reputation and good will the mark embodies.’”37

It is fair to say that this seizure and forfeiture procedure has been utilized well beyond the wildest expectations of the enacting Congress, and this trend deserves much greater attention in the scholarly literature and case law than it has heretofore received. This Article discusses Congress’s creation of the seizure power within the context of the Trademark Counterfeiting Act of 1984, other provisions of the Lanham Act, and other contexts in which one finds seizures and in rem forfeitures, such as admiralty law

whom I have never seen again. All my business was in cash. I do not know how to locate the man from whom I bought and I cannot remember the identity of the persons to whom I sold.”

S. REP. NO. 98-526, at 7 (quoting In re Vuitton et Fils S.A., 606 F.2d 1, 2 (2d Cir. 1979)).

34 We say “novel” for the sake of simplicity, but, in fact, several courts had already begun to grant such orders. See, e.g., In re Vuitton, 606 F.2d at 1–2; see also Steven N. Baker, The Never Ending Seizure Order: How Courts Have Granted Immortality to Congress’s Mayfly, 26 CARDOZO ARTS & ENT. L.J. 369, 374–75 (2008) (discussing how the failure of traditional remedies led courts to grant ex parte orders).


36 Recognizing the irregularity and potential danger of granting civil litigants the seizure power, Congress stated, “Ex parte procedures of this sort, should, of course, be used with caution in civil cases.” Id.

37 Baker, supra note 34, at 375 (quoting Paglia & Rush, supra note 33, at 5–6).
and modern asset forfeiture statutes. Our goal is to determine what, exactly, Congress created when it bestowed the seizure power upon trademark owners, and what implications that has on the judicial process—from the filing of a counterfeiting lawsuit through the entry of a final judgment.

Although the Trademark Counterfeiting Act is now well into its third decade of use, there is remarkably little case law or commentary concerning seizure orders in civil counterfeiting actions. According to one commentator, it is,

[i]ronically, the very ease with which these orders are granted [that] probably explains the dearth of cases upholding the procedures . . . . There must be literally thousands of actions in which ex parte seizures have been authorized and have been executed without a hitch. Yet, there are relatively few reported cases which even discuss ex parte seizures.\(^3\)

Congress’s main goal in the Trademark Counterfeiting Act, as expressed in the legislative history, was to provide stronger monetary penalties for counterfeiters in recognition of the fact that few will ever be criminally prosecuted.\(^3\) It is the seizure order, however, that has stolen the show by becoming plaintiffs’ preferred weapon of trademark protection.\(^4\) NASCAR is the perfect example of this evolution of the Trademark Counterfeiting Act’s remedies. In the eight years that NASCAR has brought civil actions under the Trademark Counterfeiting Act, it has never proceeded to a final judgment or recovered a


\(^{39}\) See S. REP. NO. 98-526, at 1, 5–6 (1984) (“[The Act] is designed to provide both federal prosecutors and trademark owners with essential tools for combatting this insidious and rapidly growing form of commercial fraud . . . . In addition to criminal penalties, the bill would increase the damages available to victims in civil suits against counterfeiters.”).

\(^{40}\) See Paglia, *supra* note 33, at 5–6 (“In light of the problems confronting trademark owners, the ex parte seizure process . . . represents the best weapon in the fight against counterfeiting.”); see also Michael L. Petrucci, Casenote, *Trademark Law: Vuitton v. White*, 945 F. 2d 569 (3d Cir. 1991) and the *Ex Parte Seizure Order in Trademark Counterfeit Litigation: The Trend Must End*, 18 U. DAYTON L. REV. 217, 226 (1992) (“As designed, *ex parte* seizure orders allow the prosecution to obtain the evidence before counterfeiters have an opportunity to dispose of the counterfeit goods. This approach makes seizure orders an effective means of combatting counterfeiting abuses. As a result, plaintiffs’ attorneys often request *ex parte* seizure orders in trademark counterfeit litigation.”).
single dollar from counterfeitors. Rather, NASCAR has used the seizure process to protect its valuable trademarks and lucrative sales revenues from counterfeitors who dilute its trademarks and harm consumers with inferior products.

The procedures for pursuing an in personam judgment and resulting monetary damages are straightforward and uncontroversial. In contrast, the idea that one civil litigant may involuntarily seize vast amounts of property from another civil litigant (hundreds of thousands of items by NASCAR’s count), voluntarily dismiss his counterfeiting case before proceeding to a final judgment on the merits, and then destroy that property without giving notice to potential owners, is one that is fraught with complex legal issues. This Article discusses these issues by attempting to determine whether the seizure process is part of the in personam action against the counterfeiter or really a distinct in rem action against the counterfeit items themselves. The answer to this question will affect the course of the seizure order from start to finish, determining the amount of due process that must be accorded to the potential owners of the seized property, and the procedures that must be followed in order to comply with the Fourth Amendment. Trademark owners may denounce these issues as “academic” or “purely hypothetical” given the fact that the modern counterfeiter rarely, if ever, appears in court to defend himself. Nevertheless, those committed to the law and

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41 See Nat’l Ass’n for Stock Car Auto Racing, Inc. v. Does, 584 F. Supp. 2d 824, 828–29 (W.D.N.C. 2008) (“[NASCAR has] followed a different path [from that contemplated in the Trademark Counterfeiting Act] in years past[,] . . . always voluntarily dismissing the case after nearly a year of seizing counterfeit goods[,] . . . without ever having obtained a final judgment.”).

42 Id. (noting that from 2003 to 2007, NASCAR seized counterfeit goods from defendants and later disposed of them through charitable donations and overseas distribution).


44 The power to destroy counterfeit property, as discussed in further detail infra, is found at 15 U.S.C. § 1118.

45 See U.S. CONST. amend. IV (“The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue, but upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.”).

46 See Paglia & Rush, supra note 33, at 5 (“[C]ounterfeits benefit from practical immunity to standard cease-and-desist approaches and civil litigation.”).
its just application never apply such epithets to the proper determination of constitutional rights. Furthermore, a court cannot abdicate its duty to uphold the law and consider the rights of potential third parties who inevitably will be bound by its judgments. In addition, from a practical standpoint, Lanham Act plaintiffs should be mindful of the due process rights of their adversaries, lest they be exposed to liability for any unconstitutional deprivations for which they are responsible.

I. THE NATURE OF AN IN REM SEIZURE AND FORFEITURE

The idea that governments can and do seize property is, of course, as old as government itself. It was the power of the federal government to seize property that led the Founders to protect “[t]he right of the people to be secure in their . . . houses, papers, and effects, against unreasonable . . . seizures.” A warrant for such property seizures was only to issue “upon probable cause, supported by Oath or affirmation, and particularly describing the . . . things to be seized.” The standards for probable cause and property seizures under the Fourth Amendment have been litigated since the founding of the nation and need not be discussed in great detail here. Suffice

47 See NASCAR, 584 F. Supp. 2d at 828 (“It appears unlikely that any Defendant will ever appear to contest Plaintiffs’ motions and the Court’s orders in this case. Nevertheless, it remains the Court’s responsibility to protect the due process and property rights of all the currently named Defendants and other Defendants as yet unknown.”).

48 See, e.g., THE MAGNA CARTA art. 32 (limiting the king’s possession of forfeited lands to one year and one day, after which they were to be handed over to the local lord).

49 U.S. CONST. amend. IV. We have, of course, excised the more commonly discussed aspect of the Fourth Amendment regarding unlawful searches, as this Article is concerned only with seizures.

50 Id.


52 In any event, the Trademark Counterfeiting Act’s requirement that the court find that “the applicant is likely to succeed,” 15 U.S.C.A. § 1116(d)(4)(B)(iii) (West 2008), is undoubtedly a higher standard than probable cause, which has been described as “reasonable ground for belief of guilt, supported by less than prima facie proof but more than mere suspicion.” United States v. $95,945.18, U.S. Currency, 913 F.2d 1106, 1110 (4th Cir.1990) (quoting United States v. $364,960 In
it to say that the seizure authority is sufficiently intrusive that
the Founders felt it necessary to limit its reach.\textsuperscript{53}

A seizure is the taking possession of property through legal
process.\textsuperscript{54} This must, at the outset, be distinguished from a
forfeiture, which is the actual divestiture of legal title in property
by operation of law.\textsuperscript{55} The Fourth Amendment's requirements of
probable cause, particularity, and timeliness limit the
government's power to wrest possession of private property.\textsuperscript{56}
Likewise, the Due Process Clause, which provides that no person
may "be deprived of... property, without due process of law,"\textsuperscript{57}
acts as a substantive limitation on the government's power to
forfeit a private party's interest in that property.\textsuperscript{58}

Although the concepts of seizure and forfeiture are
intertwined and often occur in conjunction with one another,
their differences are important and must be properly understood
in the broader context of \textit{in personam} (against a person) versus
\textit{in rem} (against a thing) actions. When conceptualizing the
typical police seizure, one usually thinks of collecting evidence of
a crime pursuant to a warrant. This type of seizure is ancillary
to a prosecution \textit{in personam}, where the seized property plays
but an evidentiary role in determining the personal defendant's

\textsuperscript{53} This wariness of seizures applied to forfeitures as well, which the Founders
generally viewed with disfavor. \textit{See} Steven L. Schwarcz & Alan E. Rothman, \textit{Civil
("In America, civil forfeiture was until recently infrequently used. Forfeitures were
largely disfavored, primarily because the government's seizure of private property
was a leading source of tension between the former colonists and the British
Crown.").

\textsuperscript{54} \textit{See} \textit{BLACK'S LAW DICTIONARY} 1389 (8th ed. 2004).

\textsuperscript{55} \textit{See id.} at 677.

\textsuperscript{56} Probable cause has historically been required for seizures. \textit{See} The Apollon, 22
U.S. (9 Wheat.) 362, 372 (1824) ("The next question... is, whether there was, is [sic]
this case, probable cause of seizure."). There is, however, an issue as to \textit{when}
probable cause must be demonstrated in the context of a civil forfeiture. \textit{See infra}
note 268 and accompanying text.

\textsuperscript{57} U.S. \textit{Const.} amend. V.

("Unless exigent circumstances are present, the Due Process Clause requires the
Government to afford notice and a meaningful opportunity to be heard before seizing
real property subject to civil forfeiture."). Some commentators have argued that
constitutional protections are insufficiently applied in the realm of civil forfeiture
statutes. \textit{See} Schwarcz & Rothman, \textit{supra} note 53, at 288 ("Ironically, forfeiture of
commercial assets is an inadvertent attack on private property rights perpetrated by
the very governmental officials who are sworn to protect and defend those rights.").
legal liability.\textsuperscript{59} The mere seizure of property to be used as evidence, however, does not entail its ultimate forfeiture.\textsuperscript{60} As a matter of practice, evidence that remains unclaimed at the conclusion of a trial may be treated as abandoned property, and, therefore, destroyed in accordance with the rules and customs of the jurisdiction.\textsuperscript{61} Also, any seized property that is “contraband per se”—property that is inherently illegal to possess (most commonly drugs)—is deemed forfeited and may be destroyed without any formal legal process.\textsuperscript{62} In the vast majority of cases, however, a true forfeiture results only as a consequence of some legal process separate from the seizure itself.\textsuperscript{63}

In the context of \textit{in personam} proceedings, therefore, seizure may amount to nothing more than an evidence-gathering device. But a seizure may also play a different, very distinct role. Returning to the typical criminal prosecution, it should not be forgotten that the actual arrest of a person to bring him within the jurisdiction of the court constitutes a seizure under the Fourth Amendment.\textsuperscript{64} Likewise, in an \textit{in rem} action, where the named defendant is a piece of property, the property must be brought within the jurisdiction of the court before a judgment affecting that property may be rendered.\textsuperscript{65} The formal arrest or seizure of the property is an analogous process for obtaining

\textsuperscript{59} Nat'l Ass'n for Stock Car Auto Racing, Inc. v. Does, 584 F. Supp. 2d 824, 828 (W.D.N.C. 2008) (“[T]he seizure order, as conceived of by Congress, is meant to serve as an evidentiary mechanism, preserving evidence for trial that might otherwise be destroyed or concealed by the counterfeiter if placed on notice of the litigation.”).

\textsuperscript{60} See FED. R. CRIM. P. 41(g) (providing a mechanism for the rightful owners of property seized as evidence to move the court for its return).

\textsuperscript{61} See, e.g., 28 C.F.R. § 50.21 (2009) (providing procedures for destroying drug evidence that is in the custody of federal law enforcement authorities).

\textsuperscript{62} See WILLIAMS & WHITNEY, supra note 8, § 13.4.1.

\textsuperscript{63} See, e.g., Return of Seized Prop. v. United States, 625 F. Supp. 2d 949, 952–53 (C.D. Cal. 2009) (finding that government has a statutory obligation to demonstrate probable cause to property was related to a criminal offense before it can institute a forfeiture action); In re Vitta, 409 B.R. 6, 13 (Bankr. E.D.N.Y. 2009) (asserting that criminal forfeiture “is dependent upon and related to the criminal proceedings brought against the criminal defendant”) (citations omitted).

\textsuperscript{64} See Terry v. Ohio, 392 U.S. 1, 16 (1968); see also WILLIAMS & WHITNEY, supra note 8, § 13.6.1, at 723 (“[S]ervice of process harkens to the day of the common law when the defendant had to [be] brought physically into court before the court had any jurisdiction to enter a judgment binding on him.”).

\textsuperscript{65} See, e.g., N.Y. C.P.L.R § 302(a)(4) (McKinney 2009).
jurisdiction over the res. As such, it functions as a condition precedent to an in rem forfeiture but does not itself constitute the forfeiture.

Historically, the process for adjudicating a forfeiture could also be either in personam or in rem. This distinction is well explained by Justice Story in The Palmyra. Under English common law, a person who was convicted of a felony "forfeited his goods and chattels to the crown." This type of forfeiture was a collateral consequence of the felony conviction—felons at that time in England were automatically disqualified from owning property—but bore no relation to whether the property was somehow implicated in the wrongdoing. The First Congress abolished this draconian practice, but recently and in response to the modern practicalities of fighting the war on drugs and organized crime, Congress has authorized new punishments in this tradition with the enactment of criminal forfeitures. Solely as a consequence of the defendant's criminal conviction, he is deemed to forfeit all interest in the proceeds of his crimes or other property with a nexus to the offense of conviction. These types of forfeitures are adjudicated contemporaneously with a
trial on the guilt or innocence of a criminal defendant and are executed as a part of his sentence. However, because criminal prosecutions are in personam and not in rem, a criminal forfeiture that is obtained through this procedure affects only the named defendant's interest in forfeited property and does not resolve issues of title with respect to the rest of the world. This feature of in personam forfeitures has important implications that will be discussed later.

By contrast, an in rem forfeiture is one in which "[t]he thing is . . . primarily considered as the offender, or rather the offence is attached primarily to the thing." In rem proceedings began mostly in admiralty, where the thing seized was often a vessel that was used for smuggling in violation of customs and revenue laws, involved in the crime of piracy, or that had been seized by a privateer during a time of war. In rem forfeitures saw

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74 See United States v. Huber, 603 F.2d 387, 396 (2d Cir. 1979).
RICO is apparently the first modern federal statute to impose forfeiture as a criminal sanction directly on an individual defendant. However, what is innovative about RICO is not that it imposes forfeiture as a consequence of criminal activity, but rather that it imposes it directly on an individual as part of a criminal prosecution rather than in a separate proceeding in rem against the property subject to forfeiture.

Id.; see also WILLIAMS & WHITNEY, supra note 8, § 13.14, at 826.

75 See United States v. Tit's Cocktail Lounge, 873 F.2d 141, 143 (7th Cir. 1989).


77 See Damon Garrett Saltzburg, Note, Real Property Forfeitures as a Weapon in the Government's War on Drugs: A Failure To Protect Innocent Ownership Rights, 72 B.U. L. Rev. 217, 220 (1992) ("Although English common law made widespread use of forfeiture, early forfeiture law in this country was limited primarily to admiralty law, which forfeited ships and their contents used in violation of maritime law. Because ship owners were often difficult to locate, these actions proceeded in rem."). There were, however, early cases involving in rem forfeitures outside the realm of admiralty. See, e.g., Dobbins's Distillery v. United States, 96 U.S. 395, 401 (1877). [T]he offence . . . is attached primarily to the distillery, and the real and personal property used in connection with the same, without any regard whatsoever to the personal misconduct or responsibility of the owner, beyond what necessarily arises from the fact that he leased the property to the distiller, and suffered it to be occupied and used by the lessee as a distillery.

Id.


79 Harmony v. United States, 43 U.S. (2 How.) 210, 233 (1844) ("The vessel which commits the aggression is treated as the offender, as the guilty instrument or thing to which the forfeiture attaches, without any reference whatsoever to the character or conduct of the owner.").

80 See, e.g., The Mary, 13 U.S. (9 Cranch) 126, 126 (1815).
more expansive use during the Civil War\textsuperscript{81} and during Prohibition.\textsuperscript{82} More recently, \textit{in rem} forfeitures have been employed as an integral part of the Comprehensive Drug Abuse Prevention and Control Act of 1970,\textsuperscript{83} the Anti-Drug Abuse Act of 1986,\textsuperscript{84} the 1990 and 1992 amendments to that Act,\textsuperscript{85} and other statutes involving the war on drugs and organized crime.\textsuperscript{86} As a more modern Supreme Court has stated, a true \textit{in rem} proceeding is one in which "[i]t is the property which is proceeded against, and, by resort to a legal fiction, held guilty and condemned as though it were conscious instead of inanimate and insentient."\textsuperscript{87} Although \textit{in rem} proceedings are often separate

\textsuperscript{81} See Schwarcz \& Rothman, supra note 53, at 291 ("During the Civil War, forfeiture saw extensive use, initially in the confiscation of rebels' property, and later in the confiscation of property of Southern sympathizers. The Supreme Court subsequently upheld forfeiture under a broad construction of the government's military power.").

\textsuperscript{82} See U.S. Const. amend. XVIII (repealed 1933); National Prohibition Act, ch. 85, 41 Stat. 305 (1919); Cunard S.S. Co. v. Mellon, 262 U.S. 100, 119 (1923) (applying the National Prohibition Act's administrative instructions, which stated that "[e]xcessive or surplus liquor stores . . . are subject to seizure and forfeiture").


\textsuperscript{87} United States v. Ursery, 518 U.S. 267, 275 (1996) (quoting Various Items of Pers. Prop. v. United States, 282 U.S. 577, 284 (1931)); see also Republic Nat. Bank of Miami v. United States, 506 U.S. 80, 87 (1992) ("The fictions of \textit{in rem} forfeiture were developed primarily to expand the reach of the courts and to furnish remedies for aggrieved parties."); Von Hofe v. United States, 492 F.3d 175, 184 (2d Cir. 2007).

A civil \textit{in rem} forfeiture . . . proceeds against the property itself under the legal fiction that "the thing is primarily the offender." The law "ascribes to the property a certain personality, a power of complicity and guilt in the wrong." Like imprisonment, which incapacitates convicted criminals, forfeiture may be said to incapacitate contraband.

\textit{Id.} (citation omitted) (quoting J.W. Goldsmith, Jr.-Grant Co. v. United States., 254 U.S. 505, 510, 511 (1921)). This legal fiction is rather ancient, as summarized by the Supreme Court:

The "guilty property" theory behind \textit{in rem} forfeiture can be traced to the Bible, which describes property being sacrificed to God as a means of
and distinct from *in personam* proceedings, they are not necessarily exclusive. Justice Story recognized as much, stating, "Many cases exist, where the forfeiture for acts done attaches solely *in rem*, and there is no accompanying penalty *in personam*. Many cases exist, where there is both a forfeiture *in rem* and a personal penalty."

Conceptually, an *in rem* judgment is unique in that the judgment "binds the whole world and not just the persons who are served, receive actual notice, or enter an appearance." For that reason, due process requires that all who might claim an interest in the property that is the subject of litigation receive adequate notice and an opportunity to be heard. In the original admiralty context, notice of an *in rem* proceeding was "served" upon the thing itself. In other words, the world was placed on constructive notice of the proceeding by virtue of the fact that something had been seized. Chief Justice Marshall explained this principle in *The Mary*:

> Where . . . proceedings are against the person, notice is served personally, or by publication; where they are *in rem*, notice is served upon the thing itself. This is necessarily notice to all those who have any interest in the thing, and is reasonable because . . . it is the part of common prudence for all those who have any interest in it, to guard that interest by persons who are in a situation to protect it. Every person, therefore, who could assert any title to the [vessel], has constructive notice of her seizure, and may fairly be considered as a party to the [action].

In some of the Supreme Court's more recent statements on the subject, the Court has softened the legal fiction espoused in the early forfeiture cases, recognizing the practical reality that

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8 The Palmyra, 25 U.S. (12 Wheat) 1, 9 (1827).
89 WILLIAMS & WHITNEY, supra note 8, § 13.6, at 722; see also *The Mary*, 13 U.S. (9 Cranch) 126, 144 (1815) ("The whole world, it is said, are parties in an admiralty cause; and, therefore, the whole world is bound by the decision.").
90 *The Mary*, 13 U.S. (9 Cranch) at 144.
91 *See id.*
92 Id.
"[a]ll proceedings, like all rights, are really against persons," meaning that while property may be the subject of an *in rem* suit, it is those persons with an interest in the property who are ultimately affected by the judgment. Thus, mere notice upon the thing itself may no longer be constitutionally sufficient; rather, adequate notice must be "reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action."

The Supplemental Rules for Admiralty or Maritime Claims and Asset Forfeiture Actions ("Supplemental Rules") reflect this progression of the law and impose additional safeguards and assurances of due process for *in rem* litigation. For example, Rule G of the Supplemental Rules applies to "a forfeiture action *in rem* arising from a federal statute" and provides the procedural requirements of such an action. Some key provisions are: (1) the complaint must "be verified . . . describe the property with reasonable particularity," state the location of the property, and provide sufficient details to support a "reasonable belief" that the complainant will prevail; (2) the seizure must be executed by a United States Marshal or another officer of the United States, someone under contract with the United States, or someone appointed by the court; (3) the seizure must take place within the district, unless otherwise provided for by statute; and (4) the various methods of giving notice to potential claimants—publication for unknown claimants and direct notice to known claimants. The relevance of these specific requirements to determining the true nature of a Lanham Act seizure and forfeiture is discussed in Section III.

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94 See id. at 451.
96 FED. R. CIV. P. SUPP. R. G.
97 Id. G(2)(a)–(f).
98 Id. G(3)(c)(i).
99 Id. G(3)(c)(iii).
100 Id. G(4).
II. THE TRADEMARK COUNTERFEITING ACT OF 1984 AS AN IN PERSONAM STATUTE

As with any statute, the first step in understanding the Lanham Act and the later additions within the Trademark Counterfeiting Act of 1984 is "to read and examine the text of the act and draw inferences concerning the meaning from its composition and structure."\(^{101}\) Furthermore, when necessary to construe an ambiguous statute, the "first extrinsic aid" to which courts will turn is the legislative history.\(^{102}\) The structure of the Lanham Act, both before and after it was amended by the Trademark Counterfeiting Act, and the legislative history surrounding those enactments clearly contemplate an action for the purpose of obtaining traditional in personam remedies, such as injunctive relief and money damages.

First, 15 U.S.C. § 1114 states, "Any person who shall, without the consent of the registrant... reproduce, counterfeit, copy, or colorably imitate a registered mark... shall be liable in a civil action by the registrant for the remedies hereinafter provided."\(^{103}\) Both the reference to the "person" and to personal liability tend to indicate an in personam action. By contrast, statutes that provide for an in rem action are almost universally couched in distinctive in rem language. For example, the general civil forfeiture statute, 18 U.S.C. § 981, employs language condemning property that itself has been tainted by its involvement in criminal activity\(^{104}\) and operates without any finding of personal liability of the owner.\(^{105}\) Likewise, civil forfeitures brought pursuant to § 981 and similar authority are

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\(^{102}\) See id. § 48:4.


\(^{104}\) 18 U.S.C.A. § 981(a)(1) (West 2009) ("The following property is subject to forfeiture to the United States.") (emphasis added).

\(^{105}\) WILLIAMS & WHITNEY, supra note 8, § 13.1, at 657–58. Although 18 U.S.C. § 983(d)(1)(A) (2006) does provide a limited "innocent owner" defense to forfeiture, the claimant must demonstrate this affirmative defense by a preponderance of the evidence. § 983(d)(1).
properly brought as a civil in rem action for libel\textsuperscript{106} and typically styled “U.S., plaintiff v. Property, defendant-in-rem.”\textsuperscript{107}

The “remedies” referred to in 15 U.S.C. § 1114 appear in § 1116, § 1117 and, arguably, § 1118.\textsuperscript{108} Of these, only the seizure and forfeiture provisions found in § 1116(d) and § 1118 could be cast either as in personam—creating a novel discovery tool for private litigants, similar to that possessed by law enforcement, to aid in the successful prosecution of their other in personam claims—or in rem—creating a new substantive remedy for trademark infringement unto itself.\textsuperscript{109} Otherwise, the remedies for trademark infringement created by Congress are distinctively in personam.\textsuperscript{110}

Section 1117 provides the monetary damages that represent the bulk of the Trademark Counterfeiting Act's civil remedies for counterfeiting.\textsuperscript{111} When a trademark owner demonstrates intentional counterfeiting, he is entitled to three times the amount of the defendant’s profits or the damages sustained by the plaintiff, whichever is greater, along with the costs of the action and reasonable attorney’s fees.\textsuperscript{112} This mandatory\textsuperscript{113} trebling of damages for intentional counterfeiting was another addition of the Trademark Counterfeiting Act. Statutory damages of not less than $1000 or more than $200,000 per counterfeit mark are also available.\textsuperscript{114} These monetary damages are the epitome of an in personam remedy and were the central focus of the legislative history.\textsuperscript{115} Specifically, the report filed by

\begin{thebibliography}{100}
\item\textsuperscript{106} See 28 U.S.C.A. § 2461(b) (West 2009) (“[W]henever a forfeiture of property is prescribed as a penalty for violation of an Act of Congress . . . such forfeiture may be enforced by libel in admiralty . . . [or] a proceeding by libel which shall conform as near as may be to proceedings in admiralty.”).
\item\textsuperscript{107} WILLIAMS & WHITNEY, supra note 8, § 13.9.1.1.
\item\textsuperscript{110} See, e.g., 15 U.S.C.A. § 1117 (describing profits, damages, costs of the action, attorney fees, treble damages, and statutory damages as remedies for violation of a registered mark).
\item\textsuperscript{111} See id.
\item\textsuperscript{112} See id. § 1117(b).
\item\textsuperscript{113} The court may still decline to treble damages, but must show “extenuating circumstances.” Id.
\item\textsuperscript{114} See id. § 1117(c). These statutory damages were recently doubled to their current amount by the Prioritizing Resources and Organization for Intellectual Property Act of 2008, Pub. L. No. 110-403, § 104, 122 Stat. 4256, 4259 (2008).
\item\textsuperscript{115} Expert commentary on the Trademark Counterfeiting Act’s remedies states that “all the major remedies are available for infringement of a trademark—restitution, injunction, and damages.” 2 DAN B. DOBBS, LAW OF REMEDIES § 6.4(2)
the Senate Judiciary Committee states that the primary purpose of the Trademark Counterfeiting Act is “[t]o encourage private enforcement . . . [by] authoriz[ing] trademark owners to bring suit against trademark counterfeiters for treble damages.”

Section 1116 provides injunctive relief for the registrant, providing that federal courts “shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable,” to prevent a violation of the Lanham Act. This too is a quintessential *in personam* remedy intended to compel or restrain action by the personal defendant. But § 1116 also contains a peculiar addition above and beyond the hitherto ineffective injunctive remedy. Under § 1116(d), the court may “grant an order . . . providing for the seizure” of certain items, including the “goods and counterfeit marks involved in such violation,” “the means of making such marks,” and “records documenting the manufacture, sale, or receipt of things involved in such violation.”

Such a seizure order is to be sought through “ex parte application” of the Lanham Act plaintiff and is to be issued by the court pursuant to “an order under subsection (a),” which is the provision that vests courts with the power to grant injunctive relief. Thus, it is a fair inference that the drafters of § 1116(d) believed that a seizure order would be requested and issued part and parcel with an application for temporary restraining order pursuant to Rule 65(b) of the Federal Rules of Civil Procedure, which would have a similar duration to a seizure order and may also be issued on

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(2d ed. 1993). Indeed, under the heading “Additional Relief,” Dobbs states nothing of the seizure and destruction of counterfeit marks, instead referring only to attorney’s fees, treble damages, and the fact that courts will not award punitive damages. *Id.* It is only in the section labeled “Injunctive Relief” that one finds a discussion of seizure and destruction. *Id.* § 6.4(5).


118 “An injunction suit is an action *in personam* and operates against persons and not property.” Armour & Co. v. Miller, 91 F.2d 521, 525 (8th Cir. 1937) (emphasis added).


120 *Id.*

121 Section 1116(d)(5)(C) provides that the time period for executing the seizure order shall not exceed seven days. *Id.* § 1116(d)(5)(C). By comparison, a temporary restraining order expires at any time set by the court not to exceed ten days, see FED. R. CIV. P. 65(b)(2), and a search or seizure warrant issued in a criminal case must also be executed within ten days. See FED. R. CRIM. P. 41(e)(2)(A)(i). Absent congressional action, effective December 1, 2009, the execution time for a temporary
an ex parte basis\textsuperscript{122} upon a plaintiff's showing, among other things, of exigent circumstances and a likelihood of success on the merits.\textsuperscript{123} This similarity seems to lend further support for the conclusion that the seizure authority is essentially tied to the court's \textit{in personam} jurisdiction over a personal defendant.

Furthermore, the legislative history rather explicitly ties the seizure process to the perceived need for Lanham Act plaintiffs to preserve evidence in furtherance of their \textit{in personam} claims. As stated in the Senate Judiciary Committee's report: "The reason for this provision is that many counterfeiters, once given notice that their fraudulent operations have been discovered, will immediately dispose of the counterfeit goods and make it impossible for the trademark owner ever to bring them to justice."\textsuperscript{124} As further elaborated in Congress's Joint Statement on the Trademark Counterfeiting Act, "The purpose of the ex

\textsuperscript{122} FED. R. CIV. P. 65(b)(1); see Baker, supra note 34, at 381.

\textsuperscript{123} Compare 15 U.S.C. § 1116(d)(4)(B) ("The court shall not grant such an application unless . . . the court finds that it clearly appears from specific facts that [\textit{inter alia} . . . (iii) the applicant is likely to succeed in showing that the person against whom seizure would be ordered used a counterfeit mark in connection with the sale, offering for sale, or distribution of goods or services; (iv) an immediate and irreparable injury will occur if such seizure is not ordered; . . . (vi) the harm to the applicant of denying the application outweighs the harm to the legitimate interests of the person against whom seizure would be ordered of granting the application; and (vii) the person against whom seizure would be ordered, or persons acting in concert with such person, would destroy, move, hide, or otherwise make such matter inaccessible to the court, if the applicant were to proceed on notice to such person.").

parte seizure provision is to provide victims of trademark counterfeiting with a means of ensuring that the courts are able to exercise their jurisdiction effectively in counterfeiting cases."\textsuperscript{125}

It is the function of the seizure order \textit{qua} discovery tool that makes many of the essential features of the seizure process understandable and workable. For example, if Congress intended the seizure order as a substantive remedy unto itself, one wonders why the seizure authority extends to "records documenting the manufacture, sale, or receipt of things involved in such violation,"\textsuperscript{126} the seizure of which provides a trademark plaintiff with little benefit aside from its evidentiary value. Similarly, the ex parte nature of a seizure order and the strict seven-day statutory limitation on its duration\textsuperscript{127} make sense only if it is construed as a tool "to preserve the evidence necessary to bring trademark counterfeiter to justice."\textsuperscript{128} After all, once one seizure has been effected and the \textit{in personam} defendant has been personally served with notice of the lawsuit,\textsuperscript{129} the trademark plaintiff necessarily loses the element of surprise that Congress believed would make the ex parte seizure order such an effective tool for preventing the spoliation of evidence. By contrast, the contemporary trend of courts to extend seizure orders beyond this seven-day limit,\textsuperscript{130} notwithstanding the statutory proscription, attests to the fact that the seizure process is no longer being justified as a mechanism to preserve evidence but rather has come of age as a remedy unto itself.

Finally, § 1118 provides that after a Lanham Act violation "shall have been established," the trademark owner may seek an order that any property subject to seizure "be delivered up and destroyed."\textsuperscript{131} In an effort to read the statute in harmony as an

\textsuperscript{127} \textit{Id.} § 1116(d)(5)(C); 130 CONGR. REC. H31679 (Oct. 10, 1984) ("[T]he court must indicate the period during which the seizure order is to be carried out—a period that may not be longer than 7 days.").
\textsuperscript{128} \textit{In re Lorillard Tobacco Co.}, 370 F.3d 982, 987 (9th Cir. 2004) (citation omitted); \textit{see also} Baker, \textit{supra} note 34, at 376–78.
\textsuperscript{129} Section 1116(d)(9) requires that the law enforcement agent acting in conjunction with the trademark owner effect service of process at the same time the seizure order is executed.
\textsuperscript{130} \textit{See} Baker, \textit{supra} note 34, at 382–87 (collecting cases).
exclusively in personam statute, it could be argued that § 1118 is not a “remedy” under § 1114, but rather a procedural tying of loose ends at the conclusion of a case.\textsuperscript{132} While textually plausible, this reading ignores the practical realities of how trademark owners, including NASCAR, are using the § 1116(d) seizure and § 1118 destruction authority: Namely, as a sword to cull the marketplace of counterfeit merchandise, not merely as a shield against the intentional spoliation of evidence.\textsuperscript{133} Because the seizure order has become ubiquitous in trademark enforcement litigation, a result that Congress almost surely did not intend,\textsuperscript{134} it is clear that trademark-owning plaintiffs have come to rely on the seizure order as a means of obtaining meaningful relief, with the forfeiture and destruction of the counterfeit goods as the ultimate expression of that remedy. Under this practical reality, the destruction of goods as a remedy unto itself looks more like an action taken against the thing, not the person, and would, therefore, fall under the rubric of an in rem action.

From all this, it is tempting to say that the Trademark Counterfeiting Act provides exclusively in personam remedies and that the legislative history supports the idea of the Trademark Counterfeiting Act as solely in personam. And yet, the nagging question of how to classify the seizure process remains. Congress may have intended to create a shield against the spoliation of evidence, but what currently exists is something that Congress may not have intended: The evolution of what

\textsuperscript{132} Most local rules, for example, provide for the routine destruction of unclaimed evidence at the conclusion of any action. See, e.g., W.D.N.C. L. Civ. R. 79.1(B)-(C) (providing that, once proceedings have ended, any exhibit in the custody of the court, including assets such as narcotics, firearms, jewelry, liquor, and other “articles of high monetary value,” “may be returned to the parties or destroyed by the Clerk of Court”).

\textsuperscript{133} See, e.g., Paglia & Rush, supra note 33, at 5, 10 (stating that the purpose of the seizure order is to “excise [counterfeit] products from the marketplace” and that the “primary objective of the counterfeiting victim [is] to remove the infringing materials from the marketplace”); Gabrielle Levin, Desperate Times, Desperate Measures? Reconceptualizing Ex Parte Seizure Orders To More Effectively Fight the War on Trademark Counterfeiting, 14 U. Balt. Intell. Prop. L.J. 171, 175 (2006) (stating that the seizure order “enables a counterfeiting victim to protect her trademark rights by immediately removing the allegedly infringing goods from commerce”).

\textsuperscript{134} The Senate Judiciary Committee report referred to the newly minted ex parte seizure order as “an extraordinary remedy, which must be used sparingly and only as needed.” S. Rep. No. 98-526, at 15 (1984).
appears to be an in personam statute, calling for injunctive relief, monetary damages, or both, into one in which both injunctive relief and monetary damages are considered ineffective, and only the seizure and destruction of counterfeit goods will suffice.\textsuperscript{135}

III. SEIZING AND DESTROYING COUNTERFEIT MARKS: THE EVOLUTION OF AN EVIDENTIARY MECHANISM INTO AN IN REM PROCEDURE

As seen in the previous Section, the Trademark Counterfeiting Act was written as—and was intended to be—an in personam statute. Congress clearly expressed its intentions that courts grant trademark owners strict monetary penalties—in the form of mandatory treble damages\textsuperscript{136}—and injunctive relief.\textsuperscript{137} Both of these remedies focus upon the counterfeiter himself, hence, their classification as in personam. This neat package, however, begins to unravel upon closer review. First there is the seizure order itself, unusual at best within an in personam context. Then there is the conclusion of the action: The destruction of the counterfeit property. Recalling from Section I that a seizure divests a person only of possessory rights in property, the court-ordered destruction of property under § 1118 presupposes that the prior owner has actually been divested of legal title; in other words, that a forfeiture has implicitly occurred.\textsuperscript{138} Then there are additional aspects of the statute and legislative history, which this Section shall explore, that make the initially satisfying in personam reading become less so.\textsuperscript{139} Finally, there is the practical application of the seizure and destruction process,\textsuperscript{140} one that leaves little doubt that

\textsuperscript{135} See Complaint ¶ 74, Nat'l Ass'n for Stock Car Auto Racing, Inc. v. Does, 584 F. Supp. 2d 824 (W.D.N.C. 2008) (No. 3:08-cv-44) ("[T]he only effective means of protecting [NASCAR's] trademarks and service marks from unlawful counterfeiting by Defendants at NASCAR races is through the ex parte seizure process, which provides [NASCAR] with the only tool that has been truly effective in the fight against unlawful counterfeiting."); see also Baker, supra note 34, at 373 ("[A] situation exists today in which trademark owners and courts, in what is surely a just desire to protect valuable trademarks, have overstepped the authority given to them by Congress.").


\textsuperscript{137} Id. § 1116 (West 2009).

\textsuperscript{138} See supra note 55 and accompanying text.

\textsuperscript{139} See discussion supra Section II.

\textsuperscript{140} See supra note 135.
something has happened in the application of the Trademark Counterfeiting Act, something Congress did not intend and did not plan for.

As seen above, the Supplemental Rules for Admiralty or Maritime Claims and Asset Forfeiture Actions, which provide a template process for carrying out federal in rem statutes, have several hallmark safeguards of the property owner's constitutional rights: a verified complaint with particularized descriptions of the property and its location, a probable cause standard, assurances that the seizure will take place in the presence of law enforcement, rules of bounded location for the seizure unless otherwise provided by statute, and the means by which property owners will be notified of the seizure.141 Remarkably, or perhaps tellingly, the Trademark Counterfeiting Act provides many of the very same safeguards, often in strikingly similar language. First, the Act requires that an applicant for a seizure order file "an affidavit or the verified complaint,142 demonstrating facts showing that "the applicant is likely to succeed in showing that the person against whom seizure would be ordered used a counterfeit mark ...."143 This "likely to succeed" standard is sufficient to meet the probable cause standard required by all Fourth Amendment seizures.144 The Act then requires the court, in granting the seizure order, to provide "a particular description of the matter to be seized, and a description of each place at which such matter is to be seized."145 In addition, the Act deals with the usual geographic limitations placed upon seizure orders, specifically expanding personal jurisdiction over defendants to "anywhere in the United States where [the defendant] may be found."146 Finally, the Act provides

141 See supra notes 96–100 and accompanying text.
143 Id. § 1116(d)(4)(B)(iii).
144 See supra note 52.
145 § 1116(d)(5)(B). This addition that the items and their locations be particularly identified was "beyond the usual equitable rules" that governed injunctions and seizures for trademark violations before the Trademark Counterfeiting Act's passage. See 2 DAN B. DOBBS, DOBBS LAW OF REMEDIES § 6.4(5) (2d ed. 1993). The addition was probably mandated by the fact that a seizure must comport with the Fourth Amendment, which requires that the thing to be seized be described with particularity. See infra notes 241–246 and accompanying text.
146 § 1116(a); see also Nat'l Ass'n for Stock Car Auto Racing, Inc. v. Does, 584 F. Supp. 2d 824, 827 n.5 (W.D.N.C. 2008) ("The Court notes that it has personal jurisdiction over these Defendants, and others who may be named, because the Act
that service of the order and seizure thereto be carried out by "a Federal law enforcement officer . . . [or] a State or local law enforcement officer." Unlike the Supplemental Rules, however, the Trademark Counterfeiting Act provides no mechanism for providing notice to nonparties who might claim an interest in the seized goods, which is an essential due process component of an in rem action.\textsuperscript{148}

Are these overlaps in process between Rule G of the Supplemental Rules and the Trademark Counterfeiting Act merely coincidental? Interestingly, the Senate Judiciary Committee, upon listing the Trademark Counterfeiting Act's safeguards, stated its belief "that these safeguards are fully adequate to satisfy the constitutional requirements of due process, in light of the extraordinary bad faith exhibited by many commercial counterfeiters, and the need for effective means of stemming the current epidemic of counterfeiting."\textsuperscript{149} We learn two important things from this statement: First, Congress was aware of the constitutional implications of seizing property pursuant to an ex parte order. Second, and perhaps more importantly, we learn that Congress, aware of the potential constitutional pitfalls, considered the interests of trademark owners and the evils of counterfeiting to be sufficient to override those pitfalls. However, it is important to remember that Congress made this determination of adequate constitutional safeguards with only the shield against spoliation in mind, not the substantive sword that the seizure and destruction orders would become. Furthermore, our Constitution mandates due process to the guilty and innocent alike;\textsuperscript{150} it is the province of the courts, not Congress, to determine if adequate assurances of due process have been provided.\textsuperscript{151}

\textsuperscript{147}§ 1116(d)(9).
\textsuperscript{148}See infra notes 181–182 and accompanying text.
\textsuperscript{149}S. REP. No. 98-526, at 8 (1984).
\textsuperscript{150}See United States v. James Daniel Good Real Prop., 510 U.S. 43, 62 (1993) ("Fair procedures are not confined to the innocent.").

The power to interpret the Constitution in a case or controversy remains in the Judiciary.
In addition to the similarities between the statutory language in the Trademark Counterfeiting Act and the Supplemental Rules, there is also some interesting language in the legislative history concerning the nature of the counterfeit marks and their destruction. As seen above, § 1118 provides that the goods bearing the counterfeit marks may be destroyed after a violation of the Lanham Act has been established.\(^{152}\) The Senate Judiciary Committee was more specific than this in its commentary, stating that the court may order the goods destroyed “or order that any spurious marks be removed from the goods or materials and that the goods or materials be given to the United States or to an appropriate charity.”\(^{153}\) This additional remark in the legislative history indicating that the goods may be somewhat redeemed by removing the counterfeit mark, at least enough to donate to charity, implies a certain malevolence in the counterfeit mark itself.\(^{154}\) In other words, this statement implies that the court is acting against the thing—the counterfeit mark—\(^{155}\)—not the person, and that after the mark's removal the goods are cured, at least partially, of their counterfeit taint.\(^{156}\) Action against the thing is, of course, the hallmark of an \textit{in rem} action.

When Congress acts within its sphere of power and responsibilities, it has not just the right but the duty to make its own informed judgment on the meaning and force of the Constitution.

\footnote{\ldots Congress’ discretion is not unlimited, however, and the courts retain the power, as they have since \textit{Marbury v. Madison}, to determine if Congress has exceeded its authority under the Constitution.}

\textit{Id.} \footnote{See \textit{supra} note 131 and accompanying text.}

\footnote{S. REP. NO. 98-526, at 19 (emphasis added).}


\footnote{\textit{Cf. United States v. Ursery}, 518 U.S. 267, 289 (1996) (“Congress specifically structured these \textit{in rem} customs] forfeitures to be impersonal by targeting the property itself.”).}

\footnote{It must be stressed that this “cure” is only partial, as even property thus cured may not be returned to the trademark infringing defendant. At the conclusion of a successful case, the only options for the court are to order the property destroyed, turned over to the United States Attorney for use in a prosecution, or perhaps donated for eleemosynary purposes. This suggests that a true forfeiture has been adjudicated—that private parties have lost their interest in the property—either as a punitive consequence of their unlawful conduct or because the goods themselves were contraband. \textit{See supra} note 153 and accompanying text.}
A similar idea appears in Congress’s Joint Statement on the Trademark Counterfeiting Act, which compares the destruction of goods under § 1118 to a very similar authority under one of the Trademark Counterfeiting Act’s updated criminal provisions, former 18 U.S.C. § 2320(b).\(^{157}\) According to the legislative history:

This provision [§ 2320(b)] gives the court the same options it has in ordering destructions under 15 U.S.C. 1118. In practice, the courts have often ordered that counterfeit articles be given to charitable institutions or to the Federal Government. If goods are of value, and pose no threat to health or safety, they should be preserved whenever possible, so long as any counterfeit marks are removed.\(^{158}\)

This statement makes it clear that Congress thought of these two sections as giving courts “the same options.”

Former section 2320(b)’s destruction provision operated upon a finding “by a preponderance of the evidence that any articles in the possession of a defendant... bear counterfeit marks.”\(^{159}\) In contrast to the sparse language of § 1118, this statute bears many indicia of a modern in rem forfeiture. Most significant is the fact that property may be destroyed if the court only finds by a preponderance of the evidence that it bears a counterfeit mark, whereas a criminal defendant may be acquitted if each element of the offense (including actual knowledge of its counterfeit nature) is not proved beyond a reasonable doubt.\(^{160}\)

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\(^{160}\) See United States v. Hanafy, 302 F.3d 485, 487 (5th Cir. 2002).

In order to prove a violation of 18 U.S.C. § 2320(a), the government must establish that: (1) the defendant trafficked or attempted to traffic in goods or services; (2) such trafficking, or the attempt to traffic, was intentional; (3) the defendant used a counterfeit mark on or in connection with such goods or services; and (4) the defendant knew that the mark so used was counterfeit.

\textit{Id.}
recognized as much in its Joint Statement on the Trademark Counterfeiting Act, stating, “Even if the defendant is ultimately acquitted of the criminal charge, there is no valid public policy reason to allow the defendant to retain materials that are in fact counterfeit.” This view is consistent with the current state of forfeiture law: As a peculiar consequence of the *in personam/in rem* dichotomy and the differing burdens of proof between civil and criminal prosecutions, counterfeit property may be forfeited in a civil *in rem* proceeding whether or not criminal charges are actually brought and even if the counterfeiter has been acquitted of the criminal charges.  

Section 2320(b) has recently been repealed and replaced by 18 U.S.C.A. § 2323, which now explicitly provides the government with forfeiture remedies (both civil and criminal) for violations of the trademark laws. The civil forfeiture section provides that goods bearing counterfeit marks are “subject to forfeiture to the United States Government” and utilizes the procedures outlined in 18 U.S.C. § 981 and subsequent sections pertaining to civil (*in rem*) forfeitures. The criminal forfeiture section provides that any property that is otherwise forfeitable *in rem* may alternatively be forfeited *in personam*, as a component of the defendant’s sentence, in accordance with the procedures set forth in 21 U.S.C. § 853. Thus, any ambiguity in Congress’s intent from the enactment of § 1118 and former § 2320(b) as part of the Trademark Counterfeiting Act of 1984 appears to have been resolved, at least on the criminal side, in favor of an explicit forfeiture provision with the enactment of § 2323 as part of the Prioritizing Resources and Organization for Intellectual Property Act of 2008.

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162 See WILLIAMS & WHITNEY, supra note 8, § 13.5.1; SMITH, supra note 67, § 1.03.


164 See § 2323(a)(1).

165 See supra note 104.

166 See §§ 2323(b)(1)–(2); 21 U.S.C.A. § 853 (West 2009).

These changes imply that Congress understands that products bearing counterfeit marks pose a threat to commerce thus requiring a remedy entirely independent of the need to punish counterfeiters for their misdoings. Just because a defendant is acquitted of criminal charges does not mean that he should be permitted to retain possession of counterfeit goods. Similarly, just because a trademark owner can receive no meaningful monetary recovery from a guilty party does not mean that counterfeit wares should continue to infect the marketplace.

Indeed, there are many reasons why a private civil seizure and forfeiture process may make good public policy. Just as early forfeitures achieved many governmental objectives that the penal laws alone could not accomplish, the forfeiture of counterfeit goods achieves all the basic purposes of the Lanham Act and substitutes for the absence of other remedies where no culpable individual is "brought to justice." The broader purpose of the Lanham Act, as expressed in its legislative history, is "the protection of trademarks, securing to the owner the good will of his business and protecting the public against spurious and falsely marked goods." Where counterfeiters are peddling falsely marked goods, the seizure of the counterfeit goods has the effect of immediately stopping this unfair competition. As a consequence, consumers are denied access to illegitimate (and perhaps inferior) sources for the desired product, counterfeiters are denied the profits they could otherwise obtain by free riding on trademark owners' goodwill, and trademark owners are able to capture the economic rents to which they are entitled to based on their right of exclusive use of the mark.

There is, finally, the practical application of seizure orders versus their original congressional mandate. Either Congress misunderstood the nature of most counterfeiting actions or the practice has simply evolved to the point of making Congress's conception of counterfeiting anachronistic. For example, a key provision of § 1116(d) is that the ex parte seizure order be filed under seal so as to protect the reputation of the alleged

Prioritizing Resources and Organization for Intellectual Property Act of 2008 is to "strengthen civil and criminal intellectual property laws" by "harmonizing forfeiture procedures for intellectual property offenses").

168 *See supra* note 10 and accompanying text.

169 *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1360 (C.C.P.A. 1973) (quoting S. REP. NO. 79-1333, at 3 (1946)).
counterfeiter.\footnote{170} In addition, the legislative history is replete with references to alleged counterfeiters' appearances in court and their potential arguments therein.\footnote{171} In practice, however, there are relatively few reported cases in which actual defendants appear in court to defend themselves. The majority of these few cases appeared in the 1970s and 1980s, either before Congress passed the Trademark Counterfeiting Act or very soon thereafter.\footnote{172} In current practice, a trademark owner almost never meets opposition in court,\footnote{173} as the majority of counterfeiters are "street vendors who peddle their goods at flea markets, city kiosks, and live entertainment events . . . [and that}

\footnote{170}{15 U.S.C.A. § 1116(d)(8) (West 2009).}
\footnote{171}{See, e.g., S. REP. No. 98-526, at 7 (1984) ("[A]t the TRO hearing you will learn that the defendant had no goods or documents at the time the notice was given and, in fact, the only such goods he or she ever sold [were] the ones that your investigator bought.") .}
\footnote{172}{See, e.g., Gen. Motors Corp. v. Gibson Chem. & Oil Corp., 786 F.2d 105, 107-08 (2d Cir. 1986); In re Vuitton et Fils S.A., 606 F.2d 1, 1, 2 n.2 (2d Cir. 1979); Swatch Watch, S.A. v. Aste Trading Corp., No. 85 Civ. 7726, 1986 WL 734, at *1-2 (S.D.N.Y. Jan. 3, 1986).}
\footnote{173}{See, e.g., Nat'l Ass'n for Stock Car Auto Racing, Inc. v. Does, 584 F. Supp. 2d 824, 828 (W.D.N.C. 2008) ("It appears unlikely that any Defendant will ever appear to contest Plaintiffs' motions and the Court's orders in this case."); SKS Merch, LLC. v. Barry, 233 F. Supp. 2d 841, 847-48 (E.D. Ky. 2002) ("[T]he Defendants' nomadic nature and refusal to identify themselves would make any collection of damages by the Plaintiffs exceedingly improbable."); Polo Ralph Lauren, L.P. v. 3M Trading Co., No. 97 Civ. 4824, 1999 WL 33740332, at *6 (S.D.N.Y. Apr. 19, 1999) ("[D]efendants have declined to participate in this lawsuit, and have thus deprived plaintiffs of the opportunity to make a meaningful assessment of the extent of their business, including volume of sales and profits earned."); Time Warner Entm't Co., L.P. v. Does, 876 F. Supp. 407, 409 (E.D.N.Y. 1994) ("The names and, indeed, the existence of defendants John Does 1 through 10 are unknown to plaintiffs and the Court at this time."); see also Memorandum in Support of Motion for Entry of Default Judgment for Forfeiture of Seized Counterfeit Goods and for Voluntary Dismissal Without Prejudice as to All Other Claims at 2–3, Nat'l Ass'n for Stock Car Auto Racing, Inc. v. Does, 584 F. Supp. 2d 824 (W.D.N.C. 2008) (No. 3:08-cv-44) ("None of the named Defendants who was personally served in this action has answered or otherwise appeared, and no party has filed any claim to any of the Goods or any objection to the forfeiture and destruction or other disposal of the same.").}

The authors do not go so far as to say that opposition in court never occurs, see, e.g., Beltronics USA, Inc. v. Midwest Inventory Distrib. LLC, 545 F. Supp. 2d 1188, 1189 (D. Kan. 2008), but only posit what appears to be a reasonable conclusion from the available case law and expert literature: Modern counterfeiting cases, more often than not, proceed without opposition.
operate] on the fringe of society."\textsuperscript{174} These "itinerant vendors are nomadic by nature and are highly unlikely to challenge [a]... seizure order in court."\textsuperscript{175}

The business model under which these fringe-element counterfeiters operate poses a serious obstacle to trademark owners obtaining the \textit{in personam} remedies that form the crux of the Trademark Counterfeiting Act. Unlicensed street peddlers working a weekend sports or entertainment venue are unlikely to have resources sufficient to justify an action for monetary damages. Moreover, it is not unreasonable to suppose that the vendors from whom the counterfeit goods are seized are not even the true owners of the goods they sell or the masterminds behind the counterfeiting scheme. Perhaps more likely is a scenario in which they are mere agents or bailees, peddling the goods on behalf of a much larger manufacturer. The proprietors of these larger-scale counterfeiting operations might have sufficiently deep pockets to justify a traditional \textit{in personam} suit, but their identities may not be known to or discoverable by the trademark owner, or they otherwise may not be amenable to service of process. In this scenario, the seizure and forfeiture of the counterfeit goods is the only meaningful remedy available to the trademark owner. Seizure and forfeiture is effective against both the immediate retailer and anyone up the chain of the counterfeit operation because it denies them the ultimate economic benefit of their crimes. However, it is the very possibility (indeed, probability) that the seizure and forfeiture of counterfeit goods affects the property rights of persons who are not named defendants and unknown to the court that raises serious due process concerns with the use of § 1116(d) and §1118 as a substantive remedy, as shall be seen in the following Section.

Reflecting the reality of the trademark owner's predicament under the Trademark Counterfeiting Act, NASCAR has neither sought nor received a single dollar from the defendants in its actions, stating that it "has no practical need to pursue remedies (other than forfeiture of the Goods) against any of the named defendants."\textsuperscript{176} And yet, under the theory of the seizure order

\textsuperscript{174} Paglia & Rush, \textit{supra} note 33, at 5.
\textsuperscript{175} Baker, \textit{supra} note 34, at 372.
\textsuperscript{176} Memorandum in Support of Motion for Entry of Default Judgment for Forfeiture of Seized Counterfeit Goods and for Voluntary Dismissal Without
qua evidentiary tool, the ultimate remedy should be treble damages. In actuality, this rarely, if ever, occurs. Faced with a situation that was considered dire two decades ago, and by all accounts has only gotten worse,\textsuperscript{177} trademark owners have taken their only effective tool and turned it into something it was never meant to be: An \textit{in rem} process whereby property is seized, condemned for its counterfeit nature, and either destroyed or partially cured. This evolution of the seizure order has, ironically, made the counterfeiters themselves—and the potential damages against them—utterly irrelevant.

\section*{IV. Implications of an \textit{in Rem} Process for Trademark Owners and the Courts}

The differences between \textit{in rem} and \textit{in personam} procedures have baffled attorneys for quite some time\textsuperscript{178} and will no doubt continue to do so into the foreseeable future. Indeed, the Supreme Court has on at least one occasion expressed the opinion that constitutional questions, such as due process, can be answered without resolving the \textit{in rem/in personam} issue.\textsuperscript{179}

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Prejudice as to All Other Claims at 6, Nat'l Ass'n for Stock Car Auto Racing, Inc v. Does, 584 F. Supp. 2d 824 (W.D.N.C. 2008) (No. 3:08-cv-44).

\textsuperscript{177} See Heather J. McDonald, \textit{What Every Litigator Must Know About Intellectual Property 2004}, in \textit{798 PATENTS, COPYRIGHTS, TRADEMARKS, AND LITERARY PROPERTY COURSE HANDBOOK SERIES} 593, 597 (Practitising Law Ins. ed., 2004) ("The size and scope of counterfeiting has dramatically increased over the past decade. The economy of this country, as well as those of companies around the world, are suffering huge losses in the form of tax revenue and unemployment due to the manufacture and sale of counterfeit products."); see also Levin, \textit{supra} note 133, at 171 ("It is clear that the problem presented by trademark counterfeiting has significantly worsened since the \textit{ex parte} seizure remedy was introduced in 1984.... The problem of trademark counterfeiting has reached epic proportions.").

\textsuperscript{178} See Mullane v. Cent. Hanover Bank & Trust Co., 339 U.S. 306, 312 (1950) ("Distinctions between actions \textit{in rem} and those \textit{in personam} are ancient and originally expressed in procedural terms what seems really to have been a distinction in the substantive law of property under a system quite unlike our own.").

\textsuperscript{179} See id. ("[T]he present proceeding... has some characteristics and is wanting in some features of proceedings both \textit{in rem} and \textit{in personam}. But in any event we think that the requirements of the Fourteenth Amendment to the Federal Constitution do not depend upon a classification for which the standards are so elusive and confused... "). There are other contexts, however, in which the Supreme Court has explicitly held that an \textit{in rem} forfeiture provides constitutional safeguards that an \textit{in personam} action does not. See Austin v. United States, 509 U.S. 602, 622 (1993) ("We... conclude that [a civil \textit{in rem}] forfeiture under these provisions [21 U.S.C. § 881] constitutes 'payment to a sovereign as punishment for some offense,' and, as such, is subject to the limitations of the Eighth Amendment's... ")
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This seeming dismissal of the often confusing dichotomy, however, is not a rejection of the constitutional interests implicated when property is involved, but rather recognition of the practical reality that the same interests are implicated regardless of the label given to an action. Applying this principle to the Trademark Counterfeiting Act, the issue is not conclusively resolved simply by calling the action *in personam* or *in rem* but in discovering whose interests are implicated in the action and how a court can assure itself that all interested parties are adequately protected under the Constitution. Accordingly, this Section will discuss two constitutional principles—the Due Process Clause and the Fourth Amendment—to determine whether all the appropriate interests are being protected under the Trademark Counterfeiting Act as it is applied today.

A. Due Process

As stated above, the United States Supreme Court has made it clear that due process rights “cannot depend on the classification of an action as *in rem* or *in personam*, since that is ‘a classification for which the standards are so elusive and confused generally and which, being primarily for state courts to define, may and do vary from state to state.’”\(^{180}\) In practically the same breath, however, the Court stated that “property cannot be subjected to a court’s judgment unless reasonable and appropriate efforts have been made to give the property owners actual notice of the action.”\(^{181}\) Thus, regardless of the label given to an action involving seizure and forfeiture, it seems clear that the Due Process Clause requires “notice and a meaningful opportunity to be heard” to those who have a cognizable interest in the seized and soon to be forfeited property.\(^{182}\)

The question, then, returns to the nature of a seizure and destruction action under the Trademark Counterfeiting Act. Three options present themselves. First, the Act could be

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\(^{181}\) Id.

construed as it appears Congress originally intended it—solely in personam, with the seizure process as a discovery tool and the destruction of goods as a method of evidentiary housekeeping at the close of the case. In these circumstances, due process would be satisfied when the named defendants are personally served at the time of the seizure and then given the opportunity to be heard. If they never appear to contest the seizure or the plaintiff's claims of trademark infringement, it could reasonably be inferred that the property has been abandoned, in which case the court could dispose of it without offending anyone's due process rights. The presumption of abandonment weakens, however, the more likely it is that there exist third parties with interests in the property who have never been given actual notice of the seizure or of the pendency of the lawsuit. Furthermore, as trademark litigation evolves such that the property seizure process begins to look more like a substantive remedy in the nature of an in rem action, culminating in a judgment respecting the property that is binding on all the world, it becomes all the more doubtful that standard in personam methods for providing notice are constitutionally sufficient. When in doubt, it behooves both courts desirous of a clean trial record and trademark plaintiffs who may be subject to personal liability for wrongful seizures to ensure that defendants receive more rather than less due process.

Assuming, therefore, that trademark litigation has entered a new paradigm in which the case concludes with a forfeiture comprising part or all of the remedy, two other options come to the fore: The Act could be construed as providing for either an in personam forfeiture akin to the criminal forfeiture now found in

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183 Trademark owners may at this point argue that there is no "innocent owner" defense provided for in the Trademark Counterfeiting Act and that due process to third parties is, therefore, irrelevant. See, e.g., 18 U.S.C. § 983(d) (2006). However, framing the debate in this fashion ignores two important issues. First, Congress may not have provided for an innocent owner defense in the Trademark Counterfeiting Act because it did not conceive of the seizure as it was created as an in rem action. Given the evolution of the Act and its seizure power, Congress might be more inclined to provide a defense for innocent owners should it revise the Act to explicitly include an in rem cause of action. Second, there are other avenues innocent owners could pursue, such as interpleader to defend against the underlying counterfeiting action, if provided with notice and an opportunity to be heard.

184 See 15 U.S.C.A. § 1116(d)(11) (West 2009) ("A person who suffers damage by reason of a wrongful seizure under this subsection has a cause of action against the applicant for the order under which such seizure was made . . . .").
18 U.S.C. § 2323(b) or an *in rem* forfeiture akin to the civil forfeiture provision now found in 18 U.S.C. § 2323(a). It is tempting to favor the *in personam* forfeiture reading, as that represents the smallest departure from the glaringly *in personam* gloss that the text and legislative history gives the surrounding statute. But recalling the words of Justice Story, that "[m]any cases exist, where there is both a forfeiture *in rem* and a personal penalty," there is nothing particularly problematic with reading an *in rem* remedy into an otherwise *in personam* statutory scheme. Furthermore, there are a number of reasons that favor an *in rem* reading, not the least of which is the fact that an *in personam* forfeiture is, as the name suggests, an *in personam* judgment that binds only the named defendants and "does not resolve whatever claims third parties may have to the property." This is a serious limitation on *in personam* forfeitures since it does not provide prevailing plaintiffs with much security that good title to the property has been passed so that the property may then be safely disposed of. This problem is not a new one—the original criminal forfeitures enacted by Congress provided no procedure for third-party notice or the adjudication of third-party claims—yet many felt that due process compelled the judicial resolution of potential third-party claims before entering a final order of forfeiture. In response, Congress amended the criminal forfeiture statutes in 1984 to provide for an ancillary claims process in criminal forfeiture cases that imposes essentially the same notice and opportunity for hearing requirements as those required in civil *in rem* forfeitures. It is reasonable to infer that courts would adopt a

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185 For a discussion of the differences between *in personam* and *in rem* forfeitures, see supra notes 68–75 and accompanying text.


187 SMITH, supra note 67, § 2.03.

188 See id. § 14.08[2][b]; see also Schwartz v. United States, 582 F. Supp. 224, 226 (D. Md. 1984).


Following the entry of an order of forfeiture under this section, the United States shall publish notice of the order and of its intent to dispose of the property in such manner as the Attorney General may direct. The Government may also, to the extent practicable, provide direct written notice to any person known to have alleged an interest in the property that is the subject of the order of forfeiture . . . .
similar process even if 15 U.S.C. § 1118 were construed as creating an *in personam* forfeiture, especially in light of the Supreme Court's holding that due process rights "cannot depend on the classification of an action as *in rem* or *in personam.*" ¹⁹¹

NASCAR and its associates are just starting to deal with the thorny issue of *in personam* versus *in rem* jurisdiction and the implications for due process, albeit involuntarily. In *National Association for Stock Car Auto Racing, Inc. v. Does* ("NASCAR v. Does"), the court initially granted NASCAR's request for an ex parte seizure order and temporary restraining order ("TRO") and then, after the first seizure, extended the seizure order along with a preliminary injunction that would last the entirety of NASCAR's 2008 racing season.¹⁹² Near the conclusion of the season, the court, sua sponte, addressed the issue of the seizure order as being in the nature of an *in rem* proceeding and the implications for constitutional due process. Specifically, the court raised two issues with the way NASCAR had previously handled litigation against counterfeiters: (1) may a plaintiff in a counterfeiting case obtain a seizure order, seize goods for nearly a year, and then destroy those goods without obtaining a final judgment against the named defendants;¹⁹³ and (2) what kind of notice must NASCAR provide to potential owners of the seized property who have not been personally served in the action?¹⁹⁴ The second inquiry would have been irrelevant in an entirely *in*

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¹⁹² See *Nat'l Ass'n for Stock Car Auto Racing, Inc. v. Does*, 584 F. Supp. 2d 824, 826–27 (W.D.N.C. 2008). The court later questioned its decision, stating:

The Court continues to have some concerns about the propriety of its Preliminary Injunction and Seizure Order. The Act clearly provides that any seizure order granted "shall end not later than seven days after the date on which such order is issued, during which the seizure is to be made." 15 U.S.C. § 1116(d)(5)(C) [(2006)]. Despite this strict time limitation, Plaintiffs urged the Court to extend the seizure order into a preliminary injunction effective through the end of the racing season. Because of Plaintiffs' previous history in this district, including seizure orders lasting far more than seven days, and because of the nature of irreparable harm alleged, the Court extended the seizure order despite its misgivings. That seizure order has now been in effect for over seven months. It remains unclear to the Court whether Congress intended for seizures under the Act to continue for so long, when the seven-day statutory limitation does not appear to allow for exception.

¹⁹³ See *id.* at 828–29.
¹⁹⁴ See *id.* at 828–31.
personam action, but an in rem action binds the whole world, not just those that have been personally served with process.\footnote{WILLIAMS & WHITNEY, supra note 8, § 13.6, at 722.} Thus, before making the inquiry, the court stated its opinion that “[t]he seizure of counterfeit goods under section 1116(d) and their destruction under section 1118 contemplates judicial action taken directly against the offending property—relief in the nature of an in rem forfeiture.”\footnote{NASCAR, 584 F. Supp. 2d at 829.}

First, the court stated its perception that “the ultimate remedy sought by [NASCAR] does not appear to be Congress’s reason for passing the Counterfeiting and Trademark Act of 1984,” namely the preservation of evidence.\footnote{Id. at 828.} The court then noted NASCAR’s habit of bringing counterfeit actions, seizing property pursuant to seizure orders that last nearly a year, and then voluntarily dismissing the action.\footnote{See id. at 828–29.} Apparently, NASCAR would voluntarily dismiss each case after seizing counterfeit goods throughout the season and then dispose of those goods. However, NASCAR never sought a final judgment definitively establishing the named defendants as counterfeiters or the seized goods as counterfeit.\footnote{See id. NASCAR had made a showing that it was “likely to succeed in showing that the person against whom seizure would be ordered used a counterfeit mark,” 15 U.S.C.A. § 1116(d)(4)(B)(iii) (West 2009), a prerequisite showing for any § 1116(d) seizure order, but had never established by the preponderance of the evidence, either before the court or a jury, that the goods were counterfeit.}

The trouble with destroying allegedly counterfeit property following a voluntary dismissal is twofold: (1) voluntary dismissal deprives the court of jurisdiction over the res; and (2) such action contravenes the statutory requirement that a “violation” first “shall have been established.” Thus, the property is condemned without any judicial finding of fault, either in rem or in personam.\footnote{15 U.S.C. § 1118 (2006).} The first issue was not explicitly addressed by the district court in NASCAR, and the issue has only been considered at length by a single published appellate decision.\footnote{See In re Matthews, 395 F.3d 477 (4th Cir. 2005).} In In re Matthews, the United States Court of Appeals for the Fourth Circuit considered the appeal of a person claiming an interest in one of the original copies of the Bill of Rights that had been taken
from the State of North Carolina during the Civil War. The United States seized the document and began civil forfeiture proceedings but later voluntarily dismissed the action after the party from whom it was seized agreed to convey the document back to the State. Despite the existence of a third party who claimed to be a co-owner of the document, the district court entered an in rem judgment, ruling that North Carolina was the lawful owner. Reversing, the Fourth Circuit held:

Once the United States voluntarily dismissed its forfeiture action, all proceedings in the action were terminated, and the district court lacked the authority to issue further orders addressing the merits of the case. In particular, although the [various claimants] continued to assert ownership interests in the document, the district court no longer had authority to adjudicate those interests—as it would have done had the forfeiture action gone forward . . . .

The court of appeals then remanded the case to the district court with instructions to return possession of the Bill of Rights so as to restore the parties to the status quo ante.

In this same vein, the text of 15 U.S.C § 1118 does not permit the destruction of property prior to a final adjudication on the merits: A Lanham Act violation must first be “established.”

If § 1118 is read as effecting an in personam forfeiture, with the forfeiture being part of the penalty against a named defendant following the successful prosecution of a Lanham Act claim, then it follows that a final judgment against the named defendants (either by default or trial) is a prerequisite to a § 1118 destruction order. On the other hand, if § 1118 is read in

202 See id. at 478–80.
203 See id. at 479.
204 See id. at 479–80.
205 Id. at 482.
206 See id. at 483–84.
208 See Nat’l Ass’n for Stock Car Auto Racing, Inc. v. Does, 584 F. Supp. 2d 824, 829 (“[T]he text of 15 U.S.C. § 1118 dictates that a final judgment against the in personam defendants is a necessary precondition to the ultimate forfeiture and destruction of the seized merchandise . . . .”). Interestingly, a final judgment is expressly required for the destruction of infringing articles in copyright litigation. See also 17 U.S.C.A. § 503(b) (West 2009); Terence P. Ross, Intellectual Property Law: Damages and Remedies § 13.07 (16th ed. 2009) (“In copyright infringement litigation, the copyright owner may only obtain [a destruction] order as part of its post-trial relief.”). One could argue that Congress, when it wrote the Trademark Infringement Act without such an explicit requirement, did not intend to
harmony with former 18 U.S.C. § 2320(b) as an in rem forfeiture authority entirely independent of the in personam claims, requiring only that the property itself be “established” as counterfeit (the counterfeit nature of the goods being just one element of an in personam Lanham Act claim), the plaintiff still must prove, and the court must find, that the property is “guilty” of being counterfeit. Thus, as the NASCAR court observed, voluntary dismissal prior to final judgment is not a viable option, as the trademark plaintiff would have to restore the status quo ante by returning the property to those from whom it was seized. Ultimately, however, the court permitted NASCAR to voluntarily dismiss the in personam claims against the named defendants without prejudice and entered a default judgment in rem only against the counterfeit goods, thus allowing NASCAR to preserve its in personam claims for a day in which they might prove to be more profitable.

While proceeding through to judgment is a necessary precondition to the destruction of goods under § 1118, the NASCAR court held that “this alone is not sufficient.” Due process requires that reasonable efforts be made to provide notice and an opportunity to be heard to all potentially interested parties. This leads us to our second inquiry: What due process requirements must be met for in rem actions?

equate “established” with a final judgment on the merits. It is, however, difficult to see what other procedural milestone would sufficiently establish an item’s counterfeit nature such that a court could order that item’s destruction with complete confidence.

See NASCAR, 584 F. Supp. 2d at 829 (stating that plaintiffs must demonstrate a violation of the Lanham Act in order to possess statutory authority to dispose of goods under § 1118).

It appears certain that Plaintiffs will again voluntarily dismiss this case before obtaining a final judgment. Under this course of action, however, all seized property, never having been finally adjudicated to be counterfeit, must be returned to Defendants. The Court understands the near impossibility of this task given Defendants’ transient nature, as well as the inequity of returning likely counterfeit property to the suspected counterfeiters. Nevertheless, that would be Plaintiffs’ burden, never having shown more than a likelihood of success in this action.

Id.


NASCAR, 584 F. Supp. at 829.
In NASCAR, the court began with the observation that the seizure and destruction of counterfeit marks was "judicial action taken directly against the offending property—relief in the nature of an in rem forfeiture." 213 In making this determination, the court relied partly upon a statement in Dobbs’s Law of Remedies that reads, “As a matter of remedial form, the [§ 1116] seizure is not an injunction but an in rem action, in which the marshall [sic] actually seizes the goods and materials identified in the order.” 214 The court then provided a brief discussion of in rem actions, stating that in such actions “[d]ue process . . . requires that all interested parties, whether known or unknown, be provided with adequate notice and an opportunity to be heard before the Court orders final disposition of the property.” 215 Counterfeiting actions, however, present a problem. If counterfeiting street vendors are the characters that conventional wisdom believes them to be, they hardly have the capital to start up a business venture, legitimate or otherwise. Thus, as discussed above, there may be others besides the named defendants who could claim an interest in the property.

In one scenario, there may be a behind-the-scenes owner who is entirely aware of the counterfeit activity and is taking either an active or tacit role therein. Such a culpable participant would have a weak claim for a due process violation when his goods are seized and destroyed. If the street vendors are his agents, then it is likely that he will have received actual notice of the seizure and any notice served on his agents at the time of the seizure. 216 Furthermore, as a practical matter, a guilty coconspirator is unlikely to appear to contest the seizure since he would have nothing to gain (the goods would still be subject to forfeiture) and everything to lose by revealing his identity and exposing himself to liability. However, what if the owner is not possessed of such a guilty mind, but instead is an innocent consignor of goods that have been altered without his knowledge to bear counterfeit

213 Id.
216 This cursory analysis of the guilty consignor is not to say that the due process argument is foreclosed altogether, just to say that, more likely than not, service upon his coconspirator along with all the attendant circumstances is likely sufficient to “apprise interested parties of the pendency of the action and afford them an opportunity to present their objections.” Mullane v. Cent. Hanover Bank & Trust Co., 339 U.S. 306, 314 (1950).
marks? Or, what if the goods are in fact not counterfeit at all, but the vendor from whom they are seized knows no better and decides it to be in his own best interests to cut and run? In these scenarios, it is much less likely to expect that the innocent owner would get actual notice of the seizure from his sales agents; yet it is obvious that he might want an opportunity to contest the forfeiture.

Finally, with the enactment of 18 U.S.C. § 2323, it is now clear that the United States government has a legal interest in any seized property. Although 15 U.S.C. § 1118 has always required that notice be given to the United States Attorney prior to the destruction of counterfeit goods, the new 18 U.S.C. § 2323 clarifies one policy reason behind this: Because counterfeit goods are now explicitly subject to forfeiture, title to the property vests in the United States at the time of the act giving rise to the forfeiture (for example, the moment the property obtains its counterfeit nature) under what is known as the "relation back" doctrine. Therefore, trademark plaintiffs should realize that when they prosecute one of these Lanham Act forfeitures, they are in effect standing in the shoes of the United States, and thus must ensure that the Government is given proper notice throughout the litigation.

Given the number of third parties who might claim an interest in the property, adequate notice and an opportunity to be heard must be provided before a judgment concerning the property, binding on all the world, can be rendered. For reasons already discussed, an in personam judgment against the named

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217 Equally plausible, he might consign the goods with full knowledge that they will be altered to bear trademarks but innocently believe that a licensing fee has been paid for this privilege.
219 See id. § 2323(a)(2). Section 2323(a)(2) incorporates the procedure found in 18 U.S.C. § 981(f) under which "[a]ll right, title, and interest in property [that is subject to forfeiture] shall vest in the United States upon commission of the act giving rise to forfeiture under this section." 18 U.S.C.A. § 981(f) (West 2009). See generally WILLIAMS & WHITNEY, supra note 8, § 12.5.2.2, at 546–55 (discussing the relation back doctrine).
220 See 15 U.S.C.A. § 1116(d)(2) (West 2009) ("The court shall not receive an application under this subsection unless the applicant has given such notice of the application as is reasonable under the circumstances to the United States attorney for the judicial district in which such order is sought."); 15 U.S.C. § 1118 (2006) ("The party seeking an order under this section for destruction of articles seized under section 1116(d) of this title shall give ten days’ notice to the United States attorney for the judicial district in which such order is sought . . . .").
defendants will not suffice. Even if a plaintiff prevails on his in personam Lanham Act claims, thus establishing the counterfeit nature of the goods as an element of those claims, collateral estoppel does not extend to third parties. This finding, therefore, does not bind the entire world. Concerns such as these led the NASCAR Court to state:

[B]ecause the mere possession of personal property at the time of its seizure is not conclusive of ownership, persons who are potentially interested parties yet remain unidentified are entitled to some additional form of notice and must be provided an independent opportunity to be heard, since they cannot be said to forfeit their rights in the property simply by virtue of an in personam judgment against the named defendants.

The problem, according to the court, was that the Trademark Counterfeiting Act does not state the means for providing notice to these potentially interested parties. Section 1116 provides a great deal of prerequisites to the seizure order, and certain procedures to take place immediately after the seizure has occurred, but it goes no further. The court felt that this "gap in the statute" was easily filled by the Supplemental Rules that have already been discussed and which, by their terms, apply to "forfeiture actions in rem arising from a federal statute." Conveniently, the Supplemental Rules supply ample procedure for giving notice to potential claimants who are unknown through notice by publication. The court detailed the steps NASCAR must take under the Supplemental Rules, which, when simplified, amount to publication of a notice of seizure and the

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221 Schwartz v. United States, 582 F. Supp. 224, 227 (D. Md. 1984) ("[T]he nature of [an in personam forfeiture] judgment simply means that it cannot have a collateral estoppel or res judicata effect as to future claimants who were not parties to the original action.").


223 "Nowhere in the Act is there a discussion of whom to notify or how to accomplish notice." Id.

224 See 15 U.S.C.A. § 1116 (West 2009). This lack of additional procedure may provide additional ammunition for the argument that Congress did not anticipate the extended seizure order qua substantive remedy that has evolved from its original brief seizure order qua procedural tool.

225 NASCAR, 584 F. Supp. 2d at 830.


227 See Id. G(4)(a); NASCAR, 584 F. Supp. 2d at 830–31.
proceedings that will culminate in the property’s destruction. Finding that no traditional medium of publication would reach a wide enough audience, the court ordered publication to take place on www.NASCAR.com. Thus, the concerns surrounding the notice aspect of due process were resolved in a rather simple way.

Finally, discussion of due process would not be complete without mentioning the “opportunity to be heard” component, although it is somewhat less paramount considering the recent trend of Lanham Act forfeitures to proceed uncontested. The leading case in the area of forfeiture law is Calero-Toledo v. Pearson Yacht Leasing Co., in which the Court reaffirmed prior holdings “that, in limited circumstances, immediate seizure of a property interest, without an opportunity for prior hearing, is constitutionally permissible.” The Supreme Court relied heavily on the fact that the type of property seized—in that case, a yacht—is “of a sort that could be removed to another jurisdiction, destroyed, or concealed, if advance warning of confiscation were given.” Seizures under § 1116(d) presuppose the exact kind of extraordinary circumstances that would warrant an ex parte seizure order with a defendant’s notice and opportunity for hearing being delayed until after the seizure has occurred. Indeed, § 1116(d) seems to be modeled off the operative language of Calero-Toledo, requiring the district judge to find, as a prerequisite to issuing an ex parte seizure order, that “the person against whom seizure would be ordered . . . would destroy, move, hide, or otherwise make such matter inaccessible to the court, if the applicant were to proceed on notice to such person.” Thus, the ex parte seizure process passes constitutional muster under Calero-Toledo so long as a meaningful opportunity to be heard is provided without undue delay after the seizure has been effectuated.

231 Id. at 678.
232 Id. at 679.
Pursuant to the statute, a post-seizure hearing must be held on a date "set by the court in the order of seizure," such date to be "not sooner than ten days" nor "later than fifteen days after the order is issued, unless the applicant for the order shows good cause for another date."\footnote{Id. § 1116(d)(10)(A).} That the date of hearing is set forth in the seizure order, which must be served on the defendant at the time of seizure,\footnote{Id. § 1116(d)(9).} ensures that the defendant has actual notice of the court exercising jurisdiction and of the time and place to appear. Similarly, notice by publication under the Supplemental Rules must "state the times [in which a claimant is] to file a claim and to answer"\footnote{FED. R. CIV. P. SUPP. R. G(4)(a)(ii)(B).} in order to provide adequate notice of procedural rights to unknown claimants. With respect to the time frame for holding the post-seizure hearing, the statute contemplates that the hearing will be held between ten and fifteen days after the date the order is issued—further indication that Congress believed that an ex parte seizure order would coincide with an ex parte temporary restraining order, which itself would expire in ten days' time unless an adversarial hearing (following notice) was held to convert it into a preliminary injunction.\footnote{§ 1116(d)(10)(A); FED. R. CIV. P. 65(b)(2)-(3).} Section 1116(d)(10)(A) does provide, however, that a plaintiff may obtain a later hearing date for good cause shown.\footnote{§ 1116(d)(10)(A).} Where courts have disjoined the seizure order from the TRO and, as in the case of NASCAR, have allowed seizure orders to persist for an entire racing season,\footnote{See Nat'l Ass'n for Stock Car Auto Racing, Inc. v. Does, 584 F. Supp. 2d 824, 827 (W.D.N.C. 2008).} this provision would seem to allow sufficient flexibility for the court to set a consolidated post-seizure/forfeiture hearing to be held at the conclusion of the case.

B. The Fourth Amendment

NASCAR v. Does only addressed due process concerns, as the court was primarily concerned with the conclusion of the seizure and destruction process, not its inception. Other courts have
addressed the beginning of the process, questioning whether the Trademark Counterfeiting Act's seizure order comports with the Fourth Amendment.

The Fourth Amendment applies to a § 1116 seizure order just as it does in any criminal context. While it is true that "[i]n the civil context, the standards of reasonableness are less stringent than in the criminal context," courts are, nevertheless, "guided by the principles of probable cause and particularity that underlie the notion of reasonableness." Thus, the principles of probable cause and particularity apply here as they would to any other context. Two Fourth Amendment requirements that are of paramount importance to seizure orders under the Trademark Counterfeiting Act are (1) that the thing to be seized be described with particularity, and (2) that the time for execution of the seizure not be unconstitutionally delayed—that is, that probable cause not go stale.

The Fourth Amendment states that no warrants shall issue except those "particularly describing the...things to be seized." This requirement is thought to have three purposes: (1) to prevent the "general searches" so abhorred by the Founders, (2) to allow "the officer executing [the warrant to]

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As a general matter, the fact that a court-ordered seizure (accomplished, under the [Trademark Counterfeiting] Act, with the assistance of the U.S. Marshals) arises from the application of a private party in a civil action does not exempt it from scrutiny under the Fourth Amendment. Indeed, when a private and interested party solicits judicial authorization for the kind of search and seizure that is normally reserved to Government agents, there is an obvious potential for abuse. Id. (citation omitted).

241 Paramount Pictures Corp. v. Doe, 821 F. Supp. 82, 90 (E.D.N.Y. 1993). Although different from seizures under the Trademark Counterfeiting Act, it should be noted that the constitutional safeguards in a civil forfeiture action brought by the government are very different than their application in the criminal context. See Helen M. Kemp, Presumed Guilty: When the War on Drugs Becomes a War on the Constitution, 14 QUINNIPIAC L. REV. 273, 303 (1994) ("The current civil forfeiture procedure does not include the constitutional protections that attach to criminal proceedings.... The Fourth Amendment protection against illegal searches and seizures has only a limited impact on civil forfeitures.").

242 U.S. CONST. amend. IV.


General searches have long been deemed to violate fundamental rights. It is plain that the amendment forbids them.... "In order to ascertain the
identify the property sought with reasonable certainty,””244 and (3) to prevent “the issue of warrants on loose, vague or doubtful bases of fact.”245

Congress provided for the satisfaction of the particularity requirement in the Trademark Counterfeiting Act by requiring courts, before granting a seizure order, to state “a particular description of the matter to be seized.”246 Courts are also required to provide “a description of each place at which such matter is to be seized.”247 In its Joint Statement on the Trademark Counterfeiting Act, Congress explained the first requirement, stating, “courts should require the greatest specificity that is possible under the circumstances, but should recognize that circumstances may often make it impossible to list in detail every item that is to be seized.”248 Of the requirement that the place be described, the Joint Statement explains, “[C]ourts should . . . be flexible in applying this requirement, but should require as great a degree of specificity as is possible under

nature of the proceedings intended by the Fourth Amendment to the Constitution under the terms ‘unreasonable searches and seizures,’ it is only necessary to recall the contemporary or then recent history of the controversies on the subject, both in this country and in England. The practice had obtained in the colonies of issuing writs of assistance to the revenue officers, empowering them, in this discretion, to search suspected places for smuggled goods, which James Otis pronounced ‘the worst instrument of arbitrary power, the most destructive of English liberty, and the fundamental principles of law, that ever was found in an English law book,’ since they placed ‘the liberty of every man in the hands of every petty officer.’”

Id. (quoting Boyd v. United States, 116 U. S. 616, 625 (1886)).


The evil inherent in a warrant which vests the executing officer with so broad a discretion as he had here is evident. The warrant leaves the protection of the constitutional rights afforded the person to be searched to the whim of that officer. We do not mean to suggest, however, that a minute and detailed description of the items to be seized is necessary. But the warrant must be sufficiently definite so that the officer executing it can identify the property sought with reasonable certainty.

Id.

245 Go-Bart Importing Co. v. United States, 282 U.S. 344, 357 (1931); WAYNE R. LAFAVE ET AL., 2 CRIMINAL PROCEDURE § 3.4(f) (3d ed. 2007).


247 Id.

the circumstances, and should not grant orders, for example, permitting seizure to take place ‘anywhere in downtown Washington, DC.’”

Every court to address the issue has held that “[t]he 1984 Amendments to the Lanham Act are constitutional under the Fourth Amendment.” However, the Trademark Counterfeiting Act, “must be construed in accordance with the Constitution—the statute itself may pass constitutional muster, but clearly it may not be applied in an unconstitutional manner.” The example from the legislative history, an order permitting seizure “anywhere in downtown Washington, DC,” is clearly a misapplication of the Trademark Counterfeiting Act and a violation of the Fourth Amendment, but where are the boundaries in less obvious cases? Luckily, district court judges have a great deal of practice in the criminal context in determining when a seizure is reasonable under the Fourth Amendment. It may be, however, that courts are not thinking in terms of the Fourth Amendment when presented with applications for seizure orders under the Trademark Counterfeiting Act.

Using NASCAR again as an example, its application for a TRO and seizure order attempted to address the particularity requirement by (1) stating the kinds of things counterfeiters have sold in past years; and (2) providing a list of all of NASCAR’s

249 Id.
251 Time Warner Entm’t, 876 F. Supp. at 412; see 4 ALTMAN & POLLACK, supra note 250, § 22:53 (“[T]he Fourth Amendment is violated if the premises to be searched, or the articles to be seized, are not described with particularity.”); 5 McCARTHY, supra note 250, § 30:37 (“[A] particular seizure order may violate the Fourth Amendment if it is too broad and sweeping in scope.”).
252 Complaint ¶ 43, Nat’l Ass’n for Stock Car Auto Racing, Inc. v. Does, 584 F. Supp. 2d 824 (W.D.N.C. 2008) (No. 3:08-cv-44); Ex Parte Application for Temporary
registered and unregistered marks, with the implication that an unlicensed dealer selling anything on that list must be selling counterfeit goods. There are problems with both of these approaches.

The problem with attempting to satisfy particularity with occurrences from years past is made amply clear by an example from the criminal context. One can imagine the treatment the government would receive if it sought a search warrant for a particular residence relying upon an officer’s affidavit that last year the residence was used to sell cocaine and the government strongly suspected that it would be used for the same purpose this year. It is hard to imagine a judge that would grant such a warrant, even for what was, in years past, the most notorious of drug houses without more timely evidence. The predictable seasons and events of NASCAR and other live events are somewhat different from this example, but the underlying problem is the same: Events in years past may not provide a constitutionally reasonable basis for a seizure order; they are simply too remote. “It is . . . fundamental that the element of time is crucial to the concept of probable cause.”254 While “[p]robable cause ‘is not determined by merely counting the number of days between the time of the facts relied upon and the

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warrant’s issuance,’ it is uncertain whether this principle can be extended to facts that took place years ago. It is true, however, that “where the affidavit properly recites facts indicating activity of a protracted and continuous nature, a course of conduct, the passage of time becomes less significant.”

It may be that a showing of continuous criminal activity, year after year, event after event, is sufficient for probable cause to be reasonably based on activity from prior years. Such a standard, however, greatly reduces the importance of the temporal element from a probable cause determination.

Not only must the facts establishing probable cause be reasonably fresh at the time the seizure order is issued, but the warrant must be executed before probable cause has gone stale. To the extent that a seizure order is construed as a purely in personam device being used to collect and preserve evidence, analogous to a criminal search warrant, staleness is a looming problem. Criminal search warrants become stale with the passage of time, which is why Rule 41(e)(2)(i) or the Federal Rules of Criminal Procedure requires that they be executed within ten days time, and, arguably, why Congress placed a similar seven-day temporal restriction on the execution of § 1116.

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255 2 LaFave et al., supra note 245, § 3.3(g) (quoting United States v. Rahn, 511 F.2d 290, 292 (10th Cir. 1975)).

256 Johnson, 461 F.2d at 287; see also 2 LaFave et al., supra note 245, § 3.3(g).

257 This may be what NASCAR had in mind when it stated, “The Defendants’ conduct . . . represents a continuing problem, not yet abated, and the only effective relief available to [NASCAR] is the ex parte seizure process.” Memorandum in Support of Motion for Entry of Default Judgment for Forfeiture of Seized Counterfeit Goods and for Voluntary Dismissal Without Prejudice as to All Other Claims ¶ 2, Nat’l Ass’n for Stock Car Auto Racing, Inc, v. Does, 584 F. Supp. 2d 824 (W.D.N.C. 2008) (No. 3:08-cv-44).

258 A less dubious practice would be for a trademark plaintiff to obtain fresh intelligence that counterfeit goods are being offered for sale at a particular venue and then to seek an emergency seizure order based on this information. While such a practice might seem impractical given the snail’s pace with which many civil dockets proceed, nothing in the statute would seem to prohibit an on-duty magistrate judge from making the probable cause determination as is routinely done for criminal warrants, provided at least that the district judge has made the determination that the other preconditions for a seizure order exist. See 28 U.S.C. § 636(b)(1)(A) (2006) (“[A] judge may designate a magistrate judge to hear and determine any pretrial matter pending before the court, except a motion for injunctive relief . . . .”) (emphasis added).
seizure orders. As Lanham Act litigation evolves to look more like a substantive, in rem remedy, with the seizure order analogous to a criminal arrest warrant, the issue of staleness drops from the picture. "The probable cause to support issuance of an arrest warrant normally would not grow stale as easily as that which supports a warrant to search a particular place for particular objects." This is because once there is probable cause to believe someone is a felon, the passage of time will not erase the fact that the felony has been committed. Thus, the only way an arrest warrant can go stale is if the information that originally established probable cause has become discredited in the course of an investigation. Similarly, there is ample support for the idea that "time and thereby staleness is not material because in rem forfeitures are based on the 'taint' theory and time cannot remove taint." Thus, to the extent that a seizure order is justified as an arrest in rem, staleness is not an obstacle to delayed execution of the warrant so long as fresh probable cause existed at the time the seizure order issued.

NASCAR's list of its registered and unregistered marks is arguably more problematic, as it is not in any way particularized. At first blush, it is tempting to say that a more particular list cannot be found; every single one of NASCAR's protected marks is listed therein, so the seizure order necessarily covers all eventually seized items. The tautological nature of such a response, however, is the classic problem of overbreadth. Another example from criminal law demonstrates the problem: A warrant for the seizure of drugs cannot simply list the substances in all five schedules of the Controlled Substances Act. Such a list, while certainly exhaustive of any illegal drugs

261 See id.
262 WILLIAMS & WHITNEY, supra note 8, § 13.7.1.4; see United States v. Kemp, 690 F.2d 397, 402 (4th Cir. 1982) (holding that "contemporaneity of events establishing probable cause" is not required for a seizure under 21 U.S.C. § 881 as long as the property in question has been used in violation of the drug laws). But see United States v. 28 Emery St., 914 F.2d 1, 5 (1st Cir. 1990) (noting that there was a "question of the staleness of the information" despite the fact that the action was for an in rem forfeiture).
law enforcement might find, tells the court nothing about probable cause. Likewise, NASCAR and other trademark owners provide little to no useful information when they provide a list of all of their registered and unregistered marks, stating that some or all of them may be counterfeited during live events.

As far as location is concerned, NASCAR’s application for the seizure order states that counterfeit merchandise is usually sold within a ten-mile radius of its events. The seizure order granted by the court, therefore, provides that any counterfeit goods may be seized within ten miles of a NASCAR event. Using elementary principles of geometry, each NASCAR seizure order was in effect for 314.14 square miles. Interestingly, Washington, D.C., has an area of 68.2 square miles. Clearly, Congress’s example was geared towards generality in description, not sheer size, but the fact that the NASCAR seizure order for each and every event was more than four times the size of Congress’s example bears mentioning. And this is just the size for one event. The court’s seizure order was in effect for the entirety of NASCAR’s season, which, in 2008, consisted of ninety-seven races. Thus, the total area covered by the court’s order was 30,471.58 square miles, an area roughly the size of South Carolina.

It may be tempting to note that in other in rem forfeiture contexts, a probable cause showing is not required before the seizure but may be made after the seizure has taken place.

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265 The area of a circle is equal to π multiplied by the circle’s radius squared.
266 See supra note 14 and accompanying text.

The machinery of our civil forfeiture laws permits the government to seize property without probable cause, institute a civil forfeiture proceeding, and then use civil discovery as a means of accessing information necessary to effect a forfeiture. Because the final probable-cause determination rests on information presented in the forfeiture action, the risk to claimants of being deprived of their property is extremely high. Despite this apparent unfairness, the precedents of this court and the Supreme Court, as well as the relevant statutes and rules, seem to require this result. At this point in the development of forfeiture law, any change in the balance of this unique procedural system must come either from the Supreme Court or from congress.
However, this methodology of acquiring probable cause after seizure is inapplicable for two reasons. First, the Trademark Counterfeiting Act simply does not allow this sequence of events that other forfeiture statutes have explicitly created. The Act requires that the "likelihood of success" showing be made before, not after, the seizure.\textsuperscript{269} Second, there are clear public policy reasons for limiting what civil litigants can seize, on an ex parte basis, from each another. One can imagine the utter chaos that might ensue if civil litigants, who are often contumacious in the course of discovery, were permitted to seize property from one another, claiming that they would be able to meet the probable cause standard after the seizures. It is for these reasons that Congress required that the standard be met before the seizure order issues and, incidentally, why Congress required the party applying for the order to post a bond and risk punitive damages in the event of a wrongful seizure.\textsuperscript{270}

One may, at this point, contend that these problems with NASCAR's application for a seizure order have nothing to do with the Trademark Counterfeiting Act's \textit{in rem} or \textit{in personam} nature. In fact, these problems are caused by the very evolution of the seizure order from a temporally limited evidentiary mechanism attendant to an \textit{in personam} action into a substantive remedy that is more about the marks than the person, and is, therefore, more in the nature of an \textit{in rem} action. If NASCAR, or any other trademark owner who travels from one event to the next, were to obtain a separate and discrete order for each event, based upon independent probable cause and for the purpose of preserving evidence, these problems would fade away. Particular descriptions of what was at each event could be provided; each seizure order would be far more limited in geographic scope than the singular order in NASCAR's case; and each seizure order would be supported by fresh probable cause, not removed from the issuance of the order by a period of several months or even years.

\textit{Id. But see 2 FED. R. Civ. P., R. CMT, APP. C SUPP. R. G(3)(b) (stating that a court must still find probable cause to issue a warrant for the arrest of forfeitable personal property if it is not already "in the government's possession, custody or control and is not subject to a judicial restraining order").}


\textsuperscript{270} \textit{Id.} § 1116(d)(5)(D), (d)(11).
Thus, one can see that it is not the seizure order per se that poses a Fourth Amendment problem, but the seizure order *qua* substantive, *in rem* remedy that tends to run afool of the Fourth Amendment's requirements. When seizure orders are broadly described and expansive in both geographic and temporal scope, they lose particularity in description of both thing and place, and the probable cause that supports them becomes more and more stale. NASCAR's most recent order lasted ten months and was used to seize over 18,000 items.\(^{271}\) Other orders have lasted longer, some with no end in sight.\(^{272}\) These kinds of orders can hardly be said to be about the person; they have become almost solely about the thing—about hunting down and removing counterfeit marks from the marketplace. This new, *in rem* aspect of the Trademark Counterfeit Act is something Congress did not intend and did not plan for. Thus, the protections meant to serve particularity and other Fourth Amendment safeguards have ceased to be effective in ensuring constitutional compliance.

**CONCLUSION**

It is abundantly clear from the language of the Lanham Act, the Trademark Counterfeiting Act of 1984, and the attendant legislative history that Congress's goal in modifying the civil counterfeiting action was to facilitate the collection of monetary damages. The relevant statutes are written in terms of personal liability in the form of injunctive and monetary relief, and the legislative history reaffirms these remedies as the logical conclusion of a counterfeiting action. It is equally clear from both statute and legislative history that the ex parte seizure order was only intended to be an evidentiary tool to facilitate the collection of damages. After all, a trademark owner cannot recover damages from a counterfeiter, treble or otherwise, if there is no evidence of counterfeit activity. Ample case law and testimony before Congress made it clear that counterfeitors were either destroying or concealing evidence of their behavior the moment they were placed on notice of court proceedings. So, in order to

\(^{271}\) *See* supra *note* 23.

\(^{272}\) For example, the court in *SKS Merch, LLC. v. Barry*, granted a permanent injunction, which by its very nature carries on until court action dissolves or modifies it, and stated that the injunction “may be enforced by the seizure of any [counterfeit] merchandise.” 233 F. Supp. 2d 841, 853 (E.D. Ky. 2002); *see also* Baker, *supra* *note* 34, at 382–85.
preserve evidence of counterfeit activity and damages, Congress created the ex parte seizure order. This new seizure order, powerful tool that it was, was not without limitation. Congress created a substantial number of prerequisites to ensure that the Fourth Amendment and Due Process Clause were not infringed. In addition, Congress expressly stated that the seizure order would last no more than seven days.\textsuperscript{273}

The seizure order, however, has long since left many of these limitations behind. Applications for lengthy seizure orders meet only the very broadest definitions of particularity, if at all. The extended life span of a single seizure order means that the probable cause upon which later seizures rely may have long since gone stale. Incredibly, courts seem all too willing to ignore the express limitation of Congress that seizure orders last only seven days, extending them for weeks, months, and even years.\textsuperscript{274} Along this evolutionary path, the seizure order has gone from being a tool to facilitate the collection and presentation of evidence for trial, culminating in an award of monetary damages, to the ultimate remedy in and of itself.

It is at this point that the much-discussed in rem/in\textit{ personam} distinction becomes relevant. Although Congress's intentions manifestly ran along in\textit{ personam} lines, it is equally manifest that the modern seizure order, no longer a simple tool in the in\textit{ personam} kit, but now an entire remedy unto itself, is something more. The seizure and destruction of counterfeit marks are the first and last goals of trademark owners in the majority of counterfeit actions. The counterfeiter, along with any judgment for injunctive relief and monetary damages against him, has dropped out of this picture. Indeed, with the average seller of counterfeit goods refusing service and leaving the scene immediately upon being approached, he was hardly ever in the picture to begin with. What courts are left with, then, is something Congress clearly did not anticipate: They are left not with the person but with the thing. It is the thing that is the

\textsuperscript{273} 15 U.S.C. § 1116(d)(5)(C); 130 CONG. REC. H12076, H12081 (daily ed. Oct. 10, 1984), reprinted in J. THOMAS MCCARTHY, 7 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION app. A8, at 20 (4th ed. West 2009) ("Under proposed subsection (d)(5)(C), the court must indicate the period during which the seizure order is to be carried out—a period that may not be longer than 7 days." (emphasis added)).

\textsuperscript{274} See, e.g., Nat'l Ass'n for Stock Car Auto Racing, Inc. v. Does, 584 F. Supp. 2d 824, 827 n.6 (W.D.N.C. 2008).
wrongdoer, the thing that is seized and proceeded against, and the thing that courts act against by ordering the goods to be either destroyed or partially cured and donated to charity. There is an age-old definition for an action against the thing: In rem. So it is that courts in civil counterfeiting actions, whether they are aware of it or not, are confronted with something akin to an in rem action.

Despite the fact that counterfeiting actions and their seizure orders bear several indicia of an in rem action, they also retain certain in personam qualities. Courts, therefore, are presented with both in personam and in rem components in a single action. This dual nature is not unprecedented. After all, Justice Story recognized that “[m]any cases exist, where there is both a forfeiture in rem and a personal penalty.”

In reality, this situation is not extraordinarily difficult as long as courts know what to look for. Certainly, there remain some cases in which damages are actually collectible. For these cases, the counterfeiter himself remains an integral part of the action, and the traditional model, with its in personam procedures and remedies, is sufficient. However, for the remainder of cases—those in which the counterfeiter is a nominal player at best and the real subject of the action is the counterfeit mark—courts must be aware of the consequences of an in rem action. The most obvious consequences are those relating to due process. Notice and opportunity to be heard must be given to more than just the original possessors of the counterfeit goods, as the judgment against those goods, and their eventual destruction, “binds the whole world and not just the persons who are served, receive

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275 After all, the original complaint and application for seizure order are brought against a person, usually the ubiquitous "John or Jane Doe."


[T]he [Anticybersquatting Consumer Protection Act] provides mark owners with two mutually exclusive avenues for relief against putative infringers. A mark owner may proceed either in personam against an infringer or, in certain circumstances where this cannot be done, the owner may proceed in rem against the domain name; a mark owner may not proceed against both at the same time.

Id. Congress not having addressed the issue as it relates to the Trademark Counterfeiting Act, it is not clear whether the in personam and in rem remedies could be pursued simultaneously or whether they would be exclusive.
actual notice, or enter an appearance." There are also significant Fourth Amendment consequences as actions revolving solely around the seizure and destruction of goods make the requirements of particularity and timeliness more important than ever.

As the situation stands today, courts roundly ignore the consequences of the evolved seizure order as something akin to an in rem action to the detriment both of defendants' Fourth Amendment rights and of the due process rights of those potential property owners who remain unknown to the court. Trademark owners and the intellectual property bar cannot be blamed for this evolution; they are merely taking what is, in the words of NASCAR, "the only effective relief available" in their fight against counterfeiters and zealously advocating the expansion of that form of relief. It is courts that have allowed the seizure process to evolve beyond its original in personam moorings into the realm of in rem without creating standards to keep pace, and it is courts that are responsible for upholding constitutional protections like the Fourth Amendment and the Due Process Clause.

The court in NASCAR v. Does recognized some of the problems the modern in rem seizure order poses and attempted to deal with them by incorporating the Supplemental Rules and their procedures for providing notice in an in rem forfeiture

277 WILLIAMS & WHITNEY, supra note 8, § 13.6, at 722; see also The Mary, 13 U.S. (9 Cranch) 126, 144 (1815) ("The whole world, it is said, are parties in an admiralty cause; and, therefore, the whole world is bound by the decision.").


279 However, there are undoubtedly those who would like to see many of the limitations placed on counterfeiting actions, both private and governmental, removed, and would have little patience for the constitutional safeguards discussed here. See, e.g., David J. Kera & Theodore H. Davis, Jr., The Fifty-Seventh Year of Administration of the Lanham Trademark Act of 1946, 95 TRADEMARK REP. 5, 173 (2005) ("Opinions placing barriers to the ability of the government to battle trademark counterfeiting have become a minor cottage industry among federal courts, and cases over the past year did nothing to buck that trend."). Others, in contrast, have spoken strongly in favor of increased constitutional standards in civil forfeitures. See, e.g., Schwarcz & Rothman, supra note 53, at 287 ("We continue to be enormously troubled by the government's increasing and virtually unchecked use of the civil forfeiture statutes and the disregard for due process that is buried in those statutes." (quoting United States v. All Assets of Statewide Auto Parts, Inc., 971 F.2d 896, 905 (2d Cir. 1992))).
action. This is one possibility. There are sure to be others. There is, for example, another section of the Lanham Act that Congress has revised to deal with the modern realities of trademark infringement: The Anticybersquatting Consumer Protection Act.\textsuperscript{280} That Act expressly states that “[t]he owner of a mark may file an \textit{in rem} civil action” to preserve its trademarks.\textsuperscript{281} Congress created this \textit{in rem} action “for the purpose of providing remedies for trademark owners who cannot find a person or entity responsible for registering the offending domain names.”\textsuperscript{282} The Senate Judiciary Committee report, under the heading “In rem jurisdiction,” further explains why Congress felt the creation of an \textit{in rem} action was necessary:

A significant problem faced by trademark owners in the fight against cybersquatting is the fact that many cybersquatters register domain names under aliases or otherwise provide false information in their registration applications in order to avoid identification and service of process by the mark owner. The bill, as amended, will alleviate this difficulty, while protecting the notions of fair play and substantial justice, by enabling a mark owner to seek an injunction against the infringing property in those cases where, after due diligence, a mark owner is unable to proceed against the domain name registrant because the registrant has provided false contact information and is otherwise not to be found.\textsuperscript{283}
The situation faced by victims of cybersquatting is strikingly similar to that faced by trademark owners in the traditional counterfeiting context. Just as cybersquatters are often impossible to locate and bring to justice, the prospect of bringing a modern counterfeiter into court and collecting monetary damages is often a practical impossibility. The only meaningful difference is that the Anticybersquatting Consumer Protection Act is a twenty-first-century response to a twenty-first-century problem. Ideally, Congress would amend the Trademark Counterfeiting Act to expressly create an *in rem* cause of action, in addition to the existing *in personam* remedies, and state the procedures that apply. In the meantime, the principles from the Anticybersquatting Consumer Protection Act could be used to inform trademark owners and courts as to the necessary procedures in what have become *in rem* actions under the Trademark Counterfeiting Act.\(^2\)\(^3\)

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[T]he ACPA incorporated as part of its remedial scheme a unique jurisdictional stipulation that one might characterize as Congress's first stab at a category-specific approach to Internet jurisdiction: in actions against defendants for whom in personam jurisdiction is not obtainable, the ACPA provides for *in rem* jurisdiction over 'a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located.' Thus, the ACPA effectively guarantees a forum to victims of cybersquatting by granting jurisdiction to the domain name registrar's situs state when the alleged cyberpirate cannot be located or subjected to personal jurisdiction in the United States. This approach indicates Congress's determination to use jurisdictional policy to stamp out the harmful effects of cybersquatting, as well as Congress's quite literal view of domain names as a type of property to be protected.

*Id.* (footnotes omitted).

\(^{3}\) This is not to say that incorporating certain procedures from the Anticybersquatting Consumer Protection Act into the Trademark Counterfeiting Act would not be problematic, as the provisions of the former have come under some intense scrutiny. See, e.g., David S. Magier, Comment, *Tick, Tock, Time Is Running out To Nab Cybersquatters: The Dwindling Utility of the Anticybersquatting Consumer Protection Act*, 46 IDEA 415, 417 (2006) ("Congress's response to the jurisdictional challenges involved with prosecuting the misuse of trademarks as Internet domain names, the Anticybersquatting Consumer Protection Act... raises significant constitutional and international concerns in the short term and will be wholly ineffective in the long term." (footnotes omitted)); Michael P. Allen, *In Rem Jurisdiction from Pennoyer to Shaffer to the Anticybersquatting Consumer Protection Act*, 11 Geo. Mason L. Rev. 243, 244 (2002).

The *in rem* provisions [in the Anticybersquatting Consumer Protection Act] raise an important question concerning the scope of the Due Process
We are certainly not the first commentators to argue for the explicit creation of in rem jurisdiction in an area of the law. Such arguments are not surprising given the fact that in rem jurisdiction was “developed primarily to expand the reach of the courts and to furnish remedies for aggrieved parties.” The situation here is not so aggressive in that it does not call for new kinds of jurisdiction; courts are already exercising de facto in rem jurisdiction over counterfeit marks. Action by Congress in this area would simply legitimize what courts are already doing and would, more importantly, provide courts with a clear and uniform process to follow.

Other possible avenues surely exist. Fortunately, federal courts are well equipped to discover these options and to safeguard constitutional rights. They must, of course, first recognize the problem and take it upon themselves to be the voice of caution concerning these rights. If they do not, the very nature of the modern counterfeiting action, as an action against the thing without the presence of an in personam defendant, virtually ensures that there will be no adversarial process to do it for them.

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