

Undercover in Minnesota

Investigators play key role in uncovering patent and trademark laws

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Private investigators may not be the first thing that comes to mind when you think of patent and trademark law, but investigators play a key role in the documentation and information gathering necessary to prosecute and defend intellectual property cases.



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Paul Jaeb, CEO of Heartland Investigative Group, works with attorneys and corporate clients on intellectual property cases.

Though it's easy to conjure the Hollywood image of the incognito private eye snapping juicy pictures with a telephoto lens, most investigations are not that sexy. They're tedious, complex projects that sometimes take thousands of hours. And, as illustrated by a recent case at Hewlett Packard Co., where a shady probe prompted the chairman and general counsel to resign, investigations must be handled carefully.

Attorneys rely on private investigators to gather information and present it as witnesses in court, said Felicia Boyd, an intellectual property attorney at Minneapolis-based Faegre & Benson. "You need someone who can say, 'I purchased this item, from this person, on this date.'"

One of the largest private investigation firms in the Midwest is Minneapolis-based Heartland Investigative Group (HIG).

Founded in 1991, HIG has 15 investigators. It works with attorneys and corporate clients on a wide variety of investigations, a good portion of which are for intellectual property cases.

Patent investigations

When a company suspects someone of violating their patent, the burden of proof is on the patent holder to establish infringement.

An investigator is typically charged with gathering the evidence to do that. They start by buying a product, researching it and reverse engineering it, said Paul Jaeb, CEO of HIG.

A case usually comes down to technical issues, and someone usually has to violate more than one component of a patent, he said. "Sometimes it's a clandestine infringement; sometimes it's just carelessness, like with a small manufacturer who thought they had an original idea."

That's an easy mistake to make considering the amount of paperwork filed with the U.S. Patent and Trademark Office (USPTO) each year. There were 196,436 patents granted last year alone, according to the USPTO.

The other common context for patent investigations comes when an investigator is working for the defendant in a patent infringement case. One defense is to find "prior art" that the patent holder didn't disclose. Prior art is publicly available information about the item or process. It could include photographs, drawings, user manuals, Web pages or video.

If the defendant can prove that the patent holder knew about, or should've known about prior art that existed before the patent was filed, then the patent is invalid.

"These investigations are very intense," Jaeb said.

If the patent was filed before the age of the Internet, the search is even more difficult. Investigators may spend months interviewing professors, looking through old magazines, pouring over security video footage from trade shows or anything else they can think of to find prior art, he said. And because the defendant is potentially facing a multimillion dollar settlement, they're willing to do anything they can to find prior art.

Counterfeit investigations

Tracking down counterfeit goods also is big business.

Over the past 15 years, the global trade in counterfeit goods has increased from \$5.5 billion to \$600 billion annually, costing U.S. companies \$200 billion to \$250 billion a year, according to the International Anti-Counterfeiting Coalition.

And the rise of Web sites such as eBay and Craig's List has made it easier than ever to sell fake merchandise, Jaeb said. Sometimes the seller doesn't even know they're selling bogus goods.

When a company discovers someone selling large quantities of its merchandise and it doesn't know who the seller is or where the merchandise came from, they may turn to an investigator to figure it out.

"We'll pretend to be a buyer, ask questions about [the seller] and the products and document the heck out of them," he said.

An investigator may wear a hidden body camera to the pick-up site, then record the warehouse and the goods inside it. It's also very routine to stake-out someone's house and follow them to find out where they pick up their goods, or go out into the alley and pull a FedEx box out of the trash to find out where they got their stuff, Jaeb said.

Whether it's products or information, investigators have to make sure everything they collect can meet an evidentiary standard. There must be a chain of custody and rigorous documentation about when a product was purchased, for how much and that nobody else had access to it after the investigator purchased it.

The vast majority of lawsuits are settled out of court, and investigators play a role in that.

"The goal is to get good enough evidence so that no trial is needed," Jaeb said.

Boyd recalled a case she worked on two years ago involving counterfeit DVDs.

"When you do trademark and copyright enforcement work, investigations are key because you need to have the evidence in hand prior to proceeding," she said.

Investigators helped identify the sellers, discovered where they lived and helped confirm that the DVDs were in fact counterfeit. The evidence was strong enough for a court to grant Federal Marshals an order to raid the location and seize thousands of bogus movies.

"We wouldn't have been able to do that without the initial purchase of the DVDs and the work done to locate those DVDs," she said.

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