

H. B. 4615

(By Delegates Cann, Varner, Ferns and Skaff)
[Introduced February 20, 2012; referred to the
Committee on the Judiciary then Finance.]

**FISCAL
NOTE**

A BILL to amend and reenact §47-2-1 of the Code of West Virginia, 1931, as amended; and to amend said code by adding thereto five new sections, designated §47-2-14a, §47-2-14b, §47-2-14c, §47-2-14d and §47-2-14e, all relating to making trademark counterfeiting a crime; establishing the elements of the crime; establishing the different degrees of violation; establishing penalties; providing exceptions to those penalties; and defining a term.

Be it enacted by the Legislature of West Virginia:

That §47-2-1 of the Code of West Virginia, 1931, as amended, be amended and reenacted; and that said code be amended by adding thereto five new sections, designated §47-2-14a, §47-2-14b, §47-2-14c, §47-2-14d and §47-2-14e, all to read as follows:

ARTICLE 2. TRADEMARKS IN GENERAL.

§47-2-1. Definitions.

1 As used in this article:

2 (1) The term "trademark" means any word, name, symbol, or
3 device or any combination thereof used by a person to identify and
4 distinguish the goods of such person, including a unique product,
5 from those manufactured and sold by others, and to indicate the
6 source of the goods, even if that source is unknown.

7 (2) The term "service mark" means any word, name, symbol, or
8 device or any combination thereof used by a person, to identify and
9 distinguish the services of one person, including a unique service,
10 from the services of others, and to indicate the source of the
11 services, even if that source is unknown. Titles, character names
12 used by a person, and other distinctive features of radio or
13 television programs may be registered as service marks
14 notwithstanding that they, or the programs, may advertise the goods
15 of the sponsor.

16 (3) The term "mark" includes any trademark or service mark,
17 entitled to registration under this article whether registered or
18 not.

19 (4) The term "trade name" means any name used by a person to
20 identify a business or vocation of such person.

21 (5) The term "person" and any other word or term used to
22 designate the applicant or other party entitled to a benefit or
23 privilege or rendered liable under the provisions of this article
24 includes a juristic person as well as a natural person. The term

1 "juristic person" includes a firm, partnership, corporation, union,
2 association, or other organization capable of suing and being sued
3 in a court of law.

4 (6) The term "applicant" embraces the person filing an
5 application for registration of a mark under this article, and the
6 legal representatives, successors, or assigns of such person.

7 (7) The term "registrant" as used herein embraces the person
8 to whom the registration of a mark under this article is issued,
9 and the legal representatives, successors, or assigns of such
10 person.

11 (8) The term "use" means the bona fide use of a mark in the
12 ordinary course of trade, and not made merely to reserve a right in
13 a mark. For the purposes of this article, a mark shall be deemed
14 to be in use: (A) On goods when it is placed in any manner on the
15 goods or other containers or the displays associated therewith or
16 on the tags or labels affixed thereto, or if the nature of the
17 goods makes such placement impracticable, then on documents
18 associated with the goods or their sale, and the goods are sold or
19 transported in commerce in this state, and (B) on services when it
20 is used or displayed in the sale or advertising of services and the
21 services are rendered in this state.

22 (9) A mark shall be deemed to be "abandoned" when either of
23 the following occurs:

24 (A) When its use has been discontinued with intent not to

1 resume such use. Intent not to resume may be inferred from
2 circumstances. Nonuse for two consecutive years shall constitute
3 prima facie evidence of abandonment.

4 (B) When any course of conduct of the owner, including acts of
5 omission as well as commission, causes the mark to lose its
6 significance as a mark.

7 (10) The term "secretary" means the secretary of the state or
8 the designee of the secretary charged with the administration of
9 this article.

10 (11) The term "dilution" means the lessening of the capacity
11 of registrant's mark to identify and distinguish goods or services,
12 regardless of the presence or absence of: (A) Competition between
13 the parties, or (B) likelihood of confusion, mistake or deception.

14 (12) "Retail value" means:

15 (A) For items that bear a counterfeit mark and are components
16 of a finished product, the regular selling price of the finished
17 product in which the component would be utilized.

18 (B) For items that bear a counterfeit mark other than items
19 described in paragraph (A) of this subdivision and for services
20 that are identified by a counterfeit mark, the regular selling
21 price of the item or service.

22 **§47-2-14a. Trademark counterfeiting.**

23 (a) A person commits trademark counterfeiting if the person
24 knowingly and with the intent to sell or distribute and without the

1 consent of the registrant or owner uses, displays, advertises,
2 distributes, offers for sale, sells or possesses any item that
3 bears a counterfeit of a mark or any service that is identified by
4 a counterfeit of a mark registered under this chapter, registered
5 under 15 U.S.C. §1052 or under the common law with knowledge that
6 the mark is counterfeit.

7 (b) For purposes of this section, a mark is counterfeit if:

8 (1) It is a mark that is identical to or substantially
9 indistinguishable from a registered or common law mark; and

10 (2) It is used on or in connection with the same type of goods
11 or services for which the genuine mark is registered or otherwise
12 used.

13 **§47-2-14b. Trademark counterfeiting in third degree; penalty.**

14 (a) A person commits the crime of "trademark counterfeiting in
15 the third degree" if the person commits trademark counterfeiting
16 as described in section fourteen-a of this article and the total
17 retail value of all of the items bearing the counterfeit mark or
18 services that are identified by the counterfeit mark is not more
19 than \$1,000.

20 (b) Trademark counterfeiting in the third degree is a
21 misdemeanor and, upon conviction, a person shall be fined not more
22 than \$2,000 or confined in jail not more than one year, or both
23 fined and confined. However, if the person convicted under this
24 section is a firm, partnership, corporation, union, association or

1 other organization capable of suing and being sued in a court of
2 law, the maximum fine that may be imposed is \$20,000.

3 **§47-2-14c. Trademark counterfeiting in second degree; penalty.**

4 (a) A person commits the crime of trademark counterfeiting in
5 the second degree if the person:

6 (1) Commits trademark counterfeiting as described in section
7 fourteen-a of this article; and

8 (A) Has one prior conviction for trademark counterfeiting in
9 any decree; or

10 (B) The total retail value of all of the items bearing the
11 counterfeit mark or services that are identified by the counterfeit
12 mark is more than \$1,000 but less than \$10,000.

13 (2) Knowingly manufactures or produces with intent to sell or
14 distribute any item that bears a counterfeit mark or any service
15 that is identified by a counterfeit mark.

16 (b) Trademark counterfeiting in the second degree is a felony
17 and, a person convicted under this section shall be fined not more
18 than \$20,000 or confined in a correctional facility not more than
19 five years, or both fined and confined. However, if the person
20 convicted under this section is a firm, partnership, corporation,
21 union, association or other organization capable of suing and being
22 sued in a court of law, the maximum fine that may be imposed is
23 \$100,000.

24 **§47-2-14d. Trademark counterfeiting in first degree; penalty.**

1 (a) A person commits the crime of trademark counterfeiting in
2 the first degree if the person commits trademark counterfeiting as
3 described in section fourteen-a or subdivision (2), subsection (a),
4 section fourteen-c of this article and:

5 (1) Has two or more prior convictions for trademark
6 counterfeiting in any degree; or

7 (2) The total retail value of the items bearing the
8 counterfeit mark or services that are identified by the counterfeit
9 mark is \$10,000 or more.

10 (b) Trademark counterfeiting in the first degree is a felony
11 and, a person convicted under this section shall be fined not more
12 than \$100,000 or confined in a correctional facility not more than
13 ten years, or both fined and confined. However, if the person
14 convicted under this section is a firm, partnership, corporation,
15 union, association or other organization capable of suing and being
16 sued in a court of law, the maximum fine that may be imposed is
17 \$250,000.

18 **§47-2-14e. Seizure, forfeiture and disposal.**

19 (a) The following are subject to seizure and forfeiture in the
20 same manner as the items referenced in section seven hundred three,
21 article seven, chapter sixty-a of this code:

22 (1) All raw materials and equipment that are used, or intended
23 for use in providing, manufacturing and delivering items bearing
24 a counterfeit mark or services identified by a counterfeit mark;

1 (2) All conveyances, including aircraft, vehicles or vessels
2 that are used, or are intended for use, to transport items bearing
3 a counterfeit mark, except that:

4 (A) A conveyance used by any person as a common carrier in
5 the transaction of business as a common carrier may not be
6 forfeited under this section unless it appears that the person
7 owning the conveyance is a consenting party or privy to a violation
8 of this article;

9 (B) A conveyance may not be forfeited under this article if
10 the person owning the conveyance establishes that he or she neither
11 knew, nor had reason to know, that the conveyance was being
12 employed or was likely to be employed in a violation of this
13 article; and

14 (C) A bona fide security interest or other valid lien in any
15 conveyance may not be forfeited under this article, unless the
16 state proves by a preponderance of the evidence that the holder of
17 the security interest or lien either knew, or had reason to know,
18 that the conveyance was being used or was likely to be used in a
19 violation of this article;

20 (3) All books, records, computers and data that used or
21 intended for use in the production, manufacture, sale or delivery
22 of items bearing a counterfeit mark or services identified by a
23 counterfeit mark; and

24 (4) All moneys, negotiable instruments, balances in deposit or

1 other accounts, securities or other things of value furnished or
2 intended to be furnished by any person in the course of activity
3 constituting a violation of sections fourteen-b, fourteen-c and
4 fourteen-d of this article.

5 (b) Items bearing a counterfeit mark are subject to seizure
6 and disposition as provided by section seven, article one-a,
7 chapter sixty-two of this code. However, if the registrant or owner
8 so requests, the agency holding the seized items shall release the
9 seized items to the registrant or owner or make such other
10 disposition as the registrant or owner directs. If the registrant
11 or owner does not direct disposition of the seized items, the
12 agency shall destroy the items.

NOTE: The purpose of this bill is to make trademark counterfeiting a crime. The bill establishes the elements of the crime. The bill establishes the different degrees of violation. The bill establishes penalties and creates exceptions to those penalties. The bill also defines a term.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.

§47-2-14a, §47-2-14b, §47-2-14c, §47-2-14d and §47-2-14e are new; therefore, they have been completely underscored.