

Senate Bill No. 454

(By Senators Prezioso, Beach, D. Hall, Kessler, Leonhardt,
Plymale, Walters, Woelfel, Facemire and Stollings)

[Introduced February 11, 2015;
referred to the Committee on the Judiciary.]

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 four new sections, designated §47-2-14a, §47-2-14b, §47-2-14c and §47-2-14d, all relating to trademark counterfeiting and forfeiture; creating crime of trademark counterfeiting; and providing penalties.

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 four new sections, designated §47-2-14a, §47-2-14b, §47-2-14c and §47-2-14d, 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 device or any combination
3 thereof used by a person to identify and distinguish the goods of such person, including a unique
4 product, from those manufactured and sold by others, and to indicate the source of the goods, even
5 if that source is unknown.

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

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

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

11 (5) The term "person" and any other word or term used to designate the applicant or other
12 party entitled to a benefit or privilege or rendered liable under the provisions of this article includes
13 a juristic person as well as a natural person. The term "juristic person" includes a firm, partnership,
14 corporation, union, association or other organization capable of suing and being sued in a court of
15 law.

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

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

20 (8) The term "use" means the bona fide use of a mark in the ordinary course of trade, and not
21 made merely to reserve a right in a mark. For the purposes of this article, a mark shall be deemed to

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1 be in use: (A) On goods when it is placed in any manner on the goods or other containers or the
2 displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods
3 makes such placement impracticable, then on documents associated with the goods or their sale, and
4 the goods are sold or transported in commerce in this state; and (B) on services when it is used or
5 displayed in the sale or advertising of services and the services are rendered in this state.

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

7 (A) When its use has been discontinued with intent not to resume such use. Intent not to
8 resume may be inferred from circumstances. Nonuse for two consecutive years shall constitute prima
9 facie evidence of abandonment.

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

12 (10) The term "secretary" means the Secretary of State or the designee of the secretary
13 charged with the administration of this article.

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

17 (12) "Retail value" means:

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

20 (B) For items that bear a counterfeit mark other than items described in paragraph (a) of this
21 subsection and for services that are identified by a counterfeit mark, the regular selling price of the

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1 item or service.

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

3 (a) A person commits trademark counterfeiting if the person knowingly and with the intent
4 to sell or distribute and without the consent of the registrant or owner uses, displays, advertises,
5 distributes, offers for sale, sells or possesses any item that bears a counterfeit of a mark or any
6 service that is identified by a counterfeit of a mark registered under this chapter, registered under 15
7 U. S. C. §1052, or under the common law with knowledge that the mark is counterfeit.

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

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

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

13 **§47-2-14b. Misdemeanor trademark counterfeiting; penalty.**

14 (a) A person commits the crime of misdemeanor trademark counterfeiting if the person
15 commits trademark counterfeiting as described in section fourteen-a of this article and the total retail
16 value of all of the items bearing the counterfeit mark or services that are identified by the counterfeit
17 mark is less than \$1,000.

18 (b) The penalty for misdemeanor trademark counterfeiting is:

19 (1) For a first violation, confinement in jail for not more than one year, or a fine not
20 exceeding \$2,000, or both a fine and confinement; and

21 (2) For each subsequent violation, confinement in jail for not more than one year, or a fine

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1 not exceeding \$5,000, or both a fine and confinement.

2 (3) If the person convicted under this section is a firm, partnership, corporation, union,
3 association or other organization capable of suing and being sued in a court of law, the maximum
4 fine that may be imposed is \$10,000.

5 **§47-2-14c. Felony trademark counterfeiting; penalty.**

6 (a) A person commits the crime of felony trademark counterfeiting if the person commits
7 trademark counterfeiting as described in section fourteen-a of this article and the total retail value
8 of all of the items bearing the counterfeit mark or services that are identified by the counterfeit mark
9 is \$1,000 or greater.

10 (b) The penalty for felony trademark counterfeiting is:

11 (1) Confinement in a state correctional facility for no less than one year nor more than five
12 years or a fine not exceeding \$10,000, or both a fine and confinement.

13 (2) If the person convicted under this section is a firm, partnership, corporation, union,
14 association or other organization capable of suing and being sued in a court of law, the maximum
15 fine that may be imposed is \$20,000.

16 **§47-2-14d. Seizure, forfeiture and disposal.**

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

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

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

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

6 (B) A conveyance shall not be forfeited under the provisions of this article if the person
7 owning the conveyance establishes that he or she neither knew, nor had reason to know, that the
8 conveyance was being employed or was likely to be employed in a violation of this article; and

9 (C) A bona fide security interest or other valid lien in any conveyance shall not be forfeited
10 under the provisions of this article, unless the state proves by a preponderance of the evidence that
11 the holder of the security interest or lien either knew, or had reason to know, that the conveyance was
12 being used or was likely to be used in a violation of this article;

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

16 (4) All moneys, negotiable instruments, balances in deposit or other accounts, securities or
17 other things of value furnished or intended to be furnished by any person in the course of activity
18 constituting a violation sections fourteen-b, fourteen-c and fourteen-d of this article.

19 (b) Items bearing a counterfeit mark are subject to seizure and disposition as provided in
20 section seven, article one-a, chapter sixty-two of this code. However, if the registrant or owner so
21 requests, the agency holding the seized items shall release the seized items to the registrant or owner

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- 1 or make such other disposition as the registrant or owner directs. If the registrant or owner does not
- 2 direct disposition of the seized items, the agency shall destroy the items.

(NOTE: The purpose of this bill is to make trademark counterfeiting a crime and provide penalties for this crime to help West Virginia higher education institutions protect their intellectual property.

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 and 47-2-14d are all new; therefore strike-throughs and underscoring have been omitted.)

JUDICIARY COMMITTEE AMENDMENT

By striking out the title and substituting therefor a new title, to read as follows:

Eng. Senate Bill No. 454--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 four new sections, designated §47-2-14a, §47-2-14b, §47-2-14c and §47-2-14d, all relating to trademark counterfeiting and forfeiture; defining terms; creating crime of misdemeanor trademark counterfeiting; creating crime of felony trademark counterfeiting; providing penalties; and providing for seizure, forfeiture and disposal of property used or obtained in furtherance of violations.