

Senate Bill No. 490

(By Senators D. Facemire and Beach)

[Introduced February 2, 2012; 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 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,
3 symbol, or device or any combination thereof used by a
4 person to identify and distinguish the goods of such person,
5 including a unique product, from those manufactured and
6 sold by others, and to indicate the source of the goods, even
7 if that source is unknown.

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

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

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

22 (5) The term “person” and any other word or term used
23 to designate the applicant or other party entitled to a benefit
24 or privilege or rendered liable under the provisions of this
25 article includes a juristic person as well as a natural person.
26 The term “juristic person” includes a firm, partnership,
27 corporation, union, association, or other organization
28 capable of suing and being sued in a court of law.

29 (6) The term “applicant” embraces the person filing an
30 application for registration of a mark under this article, and
31 the legal representatives, successors, or assigns of such
32 person.

33 (7) The term “registrant” as used herein embraces the
34 person to whom the registration of a mark under this article
35 is issued, and the legal representatives, successors, or assigns
36 of such person.

37 (8) The term “use” means the bona fide use of a mark in
38 the ordinary course of trade, and not made merely to reserve
39 a right in a mark. For the purposes of this article, a mark
40 shall be deemed to be in use: (A) On goods when it is placed
41 in any manner on the goods or other containers or the

42 displays associated therewith or on the tags or labels affixed
43 thereto, or if the nature of the goods makes such placement
44 impracticable, then on documents associated with the goods
45 or their sale, and the goods are sold or transported in
46 commerce in this state, and (B) on services when it is used or
47 displayed in the sale or advertising of services and the
48 services are rendered in this state.

49 (9) A mark shall be deemed to be “abandoned” when
50 either of the following occurs:

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

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

58 (10) The term “secretary” means the secretary of the
59 state or the designee of the secretary charged with the
60 administration of this article.

61 (11) The term “dilution” means the lessening of the
62 capacity of registrant’s mark to identify and distinguish
63 goods or services, regardless of the presence or absence of:

64 (A) Competition between the parties, or (B) likelihood of
65 confusion, mistake or deception.

66 (12) “Retail value” means:

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

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

§47-2-14a. Trademark counterfeiting.

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

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

11 (1) It is a mark that is identical to or substantially
12 indistinguishable from a registered or common law mark;
13 and

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

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

1 (a) A person commits the crime of trademark counterfeit-
2 ing in the third degree if the person commits trademark
3 counterfeiting as described in section fourteen-a of this
4 article and the total retail value of all of the items bearing
5 the counterfeit mark or services that are identified by the
6 counterfeit mark is not more than \$1,000.

7 (b) Trademark counterfeiting in the third degree is a
8 misdemeanor and, upon conviction, a person shall be fined
9 not more than \$2,000 or confined in jail not more than one
10 year, or both fined and confined. However, if the person
11 convicted under this section is a firm, partnership, corpora-
12 tion, union, association or other organization capable of
13 suing and being sued in a court of law, the maximum fine
14 that may be imposed is \$20,000.

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

1 (a) A person commits the crime of trademark counterfeit-
2 ing in the second degree if the person:

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

5 (A) Has one prior conviction for trademark counterfeit-
6 ing in any decree; or

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

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

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

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

1 (a) A person commits the crime of trademark counterfeit-
2 ing in the first degree if the person commits trademark
3 counterfeiting as described in section fourteen-a or subdivi-
4 sion (2), subsection (a), 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 coun-
8 terfeit 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
11 felony and a person convicted under this section shall be
12 fined not more than \$100,000 or confined in a correctional
13 facility not more than ten years, or both fined and confined.
14 However, if the person convicted under this section is a firm,
15 partnership, corporation, union, association or other organi-
16 zation capable of suing and being sued in a court of law, the
17 maximum fine that may be imposed is \$250,000.

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

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

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

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

11 (A) A conveyance used by any person as a common
12 carrier in the transaction of business as a common carrier
13 may not be forfeited under this section unless it appears that
14 the person owning the conveyance is a consenting party or
15 privy to a violation of this article;

16 (B) A conveyance may not be forfeited under this article
17 if the person owning the conveyance establishes that he or
18 she neither knew, nor had reason to know, that the convey-
19 ance was being employed or was likely to be employed in a
20 violation of this article; and

21 (C) A bona fide security interest or other valid lien in any
22 conveyance may not be forfeited under this article, unless the
23 state proves by a preponderance of the evidence that the
24 holder of the security interest or lien either knew or had

25 reason to know that the conveyance was being used or was
26 likely to be used in a violation of this article;

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

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

36 (b) Items bearing a counterfeit mark are subject to
37 seizure and disposition as provided by section seven, article
38 one-a, chapter sixty-two of this code. However, if the
39 registrant or owner so requests, the agency holding the
40 seized items shall release the seized items to the registrant or
41 owner or make such other disposition as the registrant or
42 owner directs. If the registrant or owner does not direct
43 disposition of the seized items, the agency shall destroy the
44 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, underscoring has been omitted.)