

CRIMES CODE (18 PA.C.S.) - TRADEMARK COUNTERFEITING

Act of Oct. 19, 2010, P.L. 517, No. 74

Cl. 18

Session of 2010

No. 2010-74

HB 727

AN ACT

Amending Title 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, further providing for trademark counterfeiting.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 4119 of Title 18 of the Pennsylvania Consolidated Statutes is amended to read:

§ 4119. Trademark counterfeiting.

(a) Offense defined.--Any person who knowingly [manufactures, uses, displays, advertises, distributes, offers for sale, sells or possesses with intent to sell or distribute] **and with intent to sell or to otherwise transfer for purposes of commercial advantage or private financial gain:**

- (1) manufactures;
- (2) sells;
- (3) offers for sale;
- (4) displays;
- (5) advertises;
- (6) distributes; or
- (7) transports

any items or services bearing or identified by a counterfeit mark shall be guilty of the crime of trademark counterfeiting.

(b) [Presumption.--A person having possession, custody or control of more than 25 items bearing a counterfeit mark may be presumed to possess said items with intent to sell or distribute.] **(Reserved)**.

(c) Penalties.--

(1) Except as provided in paragraphs (2) and (3), a violation of this section constitutes a misdemeanor of the first degree.

(2) A violation of this section constitutes a felony of the third degree if:

(i) the defendant has previously been convicted under this section; or

(ii) the violation involves more than 100 but less than 1,000 items bearing a counterfeit mark or the total retail value of all items or services bearing or identified by a counterfeit mark is more than \$2,000, but less than \$10,000.

(3) A violation of this section constitutes a felony of the second degree if:

(i) the defendant has been previously convicted of two or more offenses under this section;

(ii) the violation involves the manufacture or production of items bearing counterfeit marks; or

(iii) the violation involves 1,000 or more items bearing a counterfeit mark or the total retail value of all items or services bearing or identified by a counterfeit mark is more than \$10,000.

(d) Quantity or retail value.--The quantity or retail value of items or services shall include the aggregate quantity or retail value of all items or services [bearing or identified by every counterfeit mark] the defendant manufactures, [uses, displays, advertises, distributes, offers for sale, sells or possesses] **sells, offers for sale, displays, advertises, distributes or transports.**

(e) Fine.--Any person convicted under this section shall be fined in accordance with existing law or an amount up to three times the retail value of the items or services bearing or identified by a counterfeit mark, whichever is greater. [, unless extenuating circumstances are shown by the defendant.]

(f) Seizure, forfeiture and disposition.--

(1) Any items bearing a counterfeit mark, **any property constituting or derived from any proceeds obtained, directly or indirectly, as the result of an offense under this section** and all personal property, including, but not limited to, any items, objects, tools, machines, equipment, instrumentalities or vehicles of any kind, [knowingly employed or] used in connection with a violation of this section [may] **shall** be seized by [any] **a** law enforcement officer.

(2) (i) All seized personal property referenced in paragraph (1) shall be forfeited in accordance with [applicable law unless the prosecuting attorney responsible for the charges and the intellectual property owner consent in writing to another disposition.] **the procedures set forth in section 6501(d) (relating to scattering rubbish).**

(ii) Upon the conclusion of all criminal and civil forfeiture proceedings, the court shall order that **forfeited items bearing or consisting of a counterfeit mark be destroyed or alternatively disposed of in another manner with the written consent of the trademark owners and the prosecuting attorney responsible for the charges.**

(3) (i) If a person is convicted of an offense under this section, the court shall order the person to pay **restitution to the trademark owner and to any other victim of the offense.**

(ii) In determining the value of the property loss involving an offense against the trademark owner, a court **shall grant restitution for all amounts, including expenses incurred by the trademark owner in the investigation and prosecution of the offense as well as the disgorgement of any profits realized by a person convicted of the offense.**

(g) Evidence.--Any Federal or State certificate of registration [of any intellectual property] shall be prima facie evidence of the facts stated therein.

(h) Remedies cumulative.--The remedies provided for in this section shall be cumulative to the other civil and criminal remedies provided by law.

(i) Definitions.--As used in this section, the following words and phrases shall have the meanings given to them in this subsection:

"Counterfeit mark." [Any of the following:

(1) Any unauthorized reproduction or copy of intellectual property.

(2) Intellectual property affixed to any item knowingly sold, offered for sale, manufactured or distributed or identifying services offered or rendered, without the authority of the owner of the intellectual property.] **A spurious mark that meets all of the following:**

(1) **Is applied to, used or intended to be used in connection with an item or service.**

(2) Is identical with or substantially indistinguishable from a mark registered and in use in this Commonwealth, any other state or on the principal register in the United States Patent and Trademark Office, whether or not the person knew the mark was registered.

(3) The application of which is either:

(i) likely to cause confusion, to cause mistake or to deceive; or

(ii) otherwise intended to be used on or in connection with the item or service for which the mark is registered.

["Intellectual property." Any trademark, service mark, trade name, label, term, device, design or word adopted or used by a person to identify that person's goods or services.]

" Item. " Any of the following:

- (1) Goods.
- (2) Labels.
- (3) Patches.
- (4) Fabric.
- (5) Stickers.
- (6) Wrappers.
- (7) Badges.
- (8) Emblems.
- (9) Medallions.
- (10) Charms.
- (11) Boxes.
- (12) Containers.
- (13) Cans.
- (14) Cases.
- (15) Hangtags.
- (16) Documentation.
- (17) Packaging.

(18) Any other components of a type or nature that are designed, marketed or otherwise intended to be used on or in connection with any goods or services.

"Retail value." [The counterfeiter's regular selling price for the item or service bearing or identified by the counterfeit mark. In the case of items bearing a counterfeit mark which are components of a finished product, the retail value shall be the counterfeiter's regular selling price of the finished product on or in which the component would be utilized.] One of the following:

(1) The counterfeiter's regular selling price for the item or service bearing or identified by a counterfeit mark, except that it shall be the retail price of the authentic counterpart if the item or service bearing or identified by a counterfeit mark would appear to a reasonably prudent person to be authentic. If no authentic reasonably similar counterpart exists, the retail value shall be the counterfeiter's regular selling price.

(2) If the items bearing a counterfeit mark are components of a finished product, the retail value shall be treated as if each component were a finished good and valued under paragraph (1).

Section 2. This act shall take effect in 60 days.

APPROVED--The 19th day of October, A.D. 2010.

EDWARD G. RENDELL