

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 311

Short Title: Counterfeit Trademarks.

(Public)

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Sponsors: Representatives Robinson, Brawley; Gardner and Mitchell.

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Referred to: Business and Labor.

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February 27, 1995

A BILL TO BE ENTITLED

AN ACT TO MAKE USE OF A COUNTERFEIT TRADEMARK A CRIME IN  
NORTH CAROLINA.

The General Assembly of North Carolina enacts:

Section 1. Chapter 80 of the General Statutes is amended by adding a new section to read:

**"§ 80-11.1. Criminal use of counterfeit trademark.**

(a) For purposes of this section:

(1) 'Counterfeit mark' means a mark that is used without authorization of the owner of the registered mark, and is:

a. Identical to or substantially indistinguishable from a mark that is registered on the principal register of the United States Patent and Trademark Office or with the Trademark Division of the Department of the Secretary of State,

b. Identical to or substantially indistinguishable from symbols, signs, emblems, insignias, trademarks, trade names, or words protected by section 110 of the Amateur Sports Act of 1978 (Title 36, U.S.C. § 380).

(2) 'Retail sales value' means the value computed by multiplying the number of items to which the counterfeit mark is attached by the retail

1           price at which a similar item bearing a mark, the use of which is  
2           authorized by the owner, is offered for sale or resale to the public.

3       (b) Any person who knowingly and willfully uses or causes to be used a  
4 counterfeit mark on or in connection with goods or services intended for sale or resale  
5 shall be punished as follows:

6           (1) If the goods or services to which a counterfeit mark is attached, affixed,  
7 or used in connection with, or to which the person intends a counterfeit  
8 mark to be attached, affixed, or used in connection with, have a retail  
9 sales value not exceeding three thousand dollars (\$3,000), the person  
10 shall be guilty of a Class 2 misdemeanor;

11          (2) If the goods or services to which a counterfeit mark is attached, affixed,  
12 or used in connection with, or to which the person intends a counterfeit  
13 mark to be attached, affixed, or used in connection with, have a retail  
14 sales value exceeding three thousand dollars (\$3,000) but not exceeding  
15 ten thousand dollars (\$10,000), the person shall be guilty of a Class F  
16 felony; and

17          (3) If the goods or services to which a counterfeit mark is attached, affixed,  
18 or used in connection with, or to which the person intends a counterfeit  
19 mark to be attached, affixed, or used in connection with, have a retail  
20 sales value exceeding ten thousand dollars (\$10,000), the person shall  
21 be guilty of a Class D felony.

22       (c) The possession of more than 15 identical items bearing a counterfeit mark or  
23 packaged with a counterfeit mark shall create a presumption that the person possessing  
24 the items intended to sell or resell those items.

25       (d) Any person who knowingly possesses or uses tools or other devices for the  
26 purpose of producing or reproducing a counterfeit mark shall be guilty of a Class D  
27 felony.

28       (e) Any personal property, including any item, object, tool, machine, device, or  
29 vehicle of any kind, employed as an instrumentality in the commission of, or in aiding or  
30 abetting in the commission of a violation of subsections (b) or (d) of this section, shall be  
31 subject to seizure and forfeiture and shall be disposed of in accordance with the  
32 provisions of Article 2 of Chapter 15 of the General Statutes.

33       (f) For purposes of enforcing this section, the Department of the Secretary of  
34 State's law enforcement agents have statewide jurisdiction. These agents may assist local  
35 law enforcement agencies in their investigations and may initiate and carry out, on their  
36 own, or in coordination with local law enforcement agencies, investigations of violations  
37 of this section. These law enforcement agents shall have all of the powers and authority  
38 of law enforcement officers when executing arrest warrants.

39       (g) The Secretary of State may refer any available evidence concerning violations  
40 of this section to the proper district attorney, who may, with or without such a reference,  
41 institute the appropriate criminal proceedings. Upon receipt of a referral under this  
42 subsection, the district attorney may request that a duly employed attorney of the  
43 Department of the Secretary of State prosecute or assist in the prosecution of the

1 violations on behalf of the State. Upon approval of the Secretary of State, the employee  
2 may be appointed a special prosecutor for the district attorney to prosecute or assist in the  
3 prosecution of violations without receiving compensation from the district attorney. The  
4 special prosecutor shall have all the powers and duties prescribed by law for district  
5 attorneys and any other powers that are lawfully delegated to the special prosecutor by  
6 the district attorney for prosecuting violations of this section.

7 (h) Pursuant to an agreement between the departments, the Secretary of State may  
8 refer any available evidence concerning violations of this section to the Secretary of  
9 Revenue for purposes of determining the obligations of the violators of this section to the  
10 State under the provisions of Chapter 105 of the General Statutes."

11 Sec. 2. G.S. 80-12 reads as rewritten:

12 **"§ 80-12. Civil remedies.**

13 Any owner of a mark registered under this Article may proceed by suit to enjoin the  
14 manufacture, use, display or sale of any counterfeits or imitations thereof and any court  
15 of competent jurisdiction may grant injunctions to restrain ~~such~~ the manufacture, use,  
16 display or sale as may be by the ~~said~~ court deemed just and reasonable, and may require  
17 the defendants to pay to ~~such owner~~ all the owner, at his election, either (i) treble ~~the~~  
18 profits derived from and/or all damages suffered by reason of ~~such~~ the wrongful  
19 manufacture, use, display or sale; such sale, or (ii) statutory damages in an amount of not  
20 less than five hundred dollars (\$500.00) nor more than one hundred thousand dollars  
21 (\$100,000) with costs and reasonable attorneys' fees as the court considers just; and the  
22 court may also order that any ~~such~~ counterfeits or imitations in the possession or under  
23 the control of any defendant in ~~such a~~ case, shall be delivered to an officer of the court, or  
24 to the complainant, to be destroyed; and such court having granted any such injunction or  
25 ordered any such payment shall require the defendants to pay to said owner a penalty of not less  
26 than two hundred dollars (\$200.00) and not more than one thousand dollars (\$1,000) in addition  
27 to such other relief, provided that such court shall have found that said owner shall have  
28 registered his mark prior to the date said defendants shall have first used the infringing mark in  
29 this State. ~~destroyed.~~

30 The enumeration of any right or remedy herein shall not affect a registrant's right to  
31 prosecute under any penal law of this State."

32 Sec. 3. This act becomes effective December 1, 1995.