

GENERAL ASSEMBLY OF NORTH CAROLINA
1995 SESSION

CHAPTER 436
HOUSE BILL 311

AN ACT TO MAKE USE OF A COUNTERFEIT TRADEMARK A CRIME IN NORTH CAROLINA, AND TO MODIFY THE CIVIL REMEDIES AVAILABLE FOR FRAUDULENT REGISTRATION OF A TRADEMARK AND INFRINGEMENT OF A TRADEMARK.

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 in connection with the sale or offering for sale of goods or services that are identical to or substantially indistinguishable from the goods or services with which the mark is used or registered, and the use of which is likely to cause confusion, mistake, or deception, with the use occurring without authorization of the:

a. Owner of the registered mark, and is 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; or

b. Owner of the unregistered mark and is 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 having a counterfeit mark used thereon or in connection therewith, by the retail price at which a similar item having a mark used thereon or in connection therewith, the use of which is authorized by the owner, is offered for sale to the public.

(b) Any person who knowingly and willfully (i) uses or causes to be used a counterfeit mark on or in connection with goods or services intended for sale or (ii) has possession, custody, or control of goods having a counterfeit mark used thereon or in connection therewith, that are intended for sale, shall be punished as follows:

- (1) If the goods or services having a counterfeit mark used thereon or in connection therewith, or on or in connection with which the person intends to use a counterfeit mark, have a retail sales value not exceeding three thousand dollars (\$3,000), the person is guilty of a Class 2 misdemeanor;
- (2) If the goods or services having a counterfeit mark used thereon or in connection therewith, or on or in connection with which the person intends to use a counterfeit mark, have a retail sales value exceeding three thousand dollars (\$3,000) but not exceeding ten thousand dollars (\$10,000), the person is guilty of a Class I felony; and
- (3) If the goods or services having a counterfeit mark used thereon or in connection therewith, or on or in connection with which the person intends to use a counterfeit mark, have a retail sales value exceeding ten thousand dollars (\$10,000), the person is guilty of a Class H felony.

The possession, custody, or control of more than 25 items having a counterfeit mark used thereon or in connection therewith creates a presumption that the person having possession, custody, or control of the items intended to sell those items.

(c) Any person who knowingly (i) uses any object, tool, machine, or other device to produce or reproduce a counterfeit mark or (ii) has possession, custody, or control of any object, tool, machine, or device with intent to produce or reproduce a counterfeit mark, is guilty of a Class H felony.

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

(e) For purposes of enforcing this section, the Department of the Secretary of State's law enforcement agents have statewide jurisdiction. These law enforcement agents may assist local law enforcement agencies in their investigations and may initiate and carry out, in coordination with local law enforcement agencies, investigations of violations of this section. These law enforcement agents have all of the powers and authority of law enforcement officers when executing arrest warrants. These agents shall be authorized to have fictitious licenses, license tags, and registrations, pursuant to G.S. 20-39(h) or G.S. 14-250, for the purpose of conducting criminal investigations.

(f) The Secretary of State may refer any available evidence concerning violations of this section to the proper district attorney, who may, with or without such a reference, institute the appropriate criminal proceedings.

The attorneys employed by the Secretary of State shall be available to prosecute or assist in the prosecution of criminal cases when requested to do so by a district attorney and the Secretary of State approves.

(g) Pursuant to an agreement between the departments, the Secretary of State may refer any available evidence concerning violations of this section to the Secretary

of Revenue for purposes of determining the obligations of the violators of this section to the State under the provisions of Chapter 105 of the General Statutes."

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

"§ 80-12. Civil remedies. Violation a deceptive or unfair trade practice.

~~Any owner of a mark registered under this Article may proceed by suit to enjoin the manufacture, use, display or sale of any counterfeits or imitations thereof and any court of competent jurisdiction may grant injunctions to restrain such manufacture, use, display or sale as may be by the said court deemed just and reasonable, and may require the defendants to pay to such owner all profits derived from and/or all damages suffered by reason of such wrongful manufacture, use, display or sale; such court may also order that any such counterfeits or imitations in the possession or under the control of any defendant in such case, be delivered to an officer of the court, or to the complainant, to be destroyed; and such court having granted any such injunction or ordered any such payment shall require the defendants to pay to said owner a penalty of not less than two hundred dollars (\$200.00) and not more than one thousand dollars (\$1,000) in addition to such other relief, provided that such court shall have found that said owner shall have registered his mark prior to the date said defendants shall have first used the infringing mark in this State.~~

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

A violation of G.S. 80-10 or G.S. 80-11 constitutes a violation of G.S. 75-1.1."

Sec. 3. This act becomes effective December 1, 1995, and applies to offenses committed on or after that date and to causes of action arising on or after that date.

In the General Assembly read three times and ratified this the 13th day of July, 1995.

Dennis A. Wicker
President of the Senate

Harold J. Brubaker
Speaker of the House of Representatives