A BILL

To amend title 18 of the United States Code to strengthen the laws against the counterfeiting of trademarks, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Trademark Counterfeiting Act of 1982".

SEC 2. (a) Title 18, United States Code, is amended by inserting after section 2318 the following:
"§ 2319. Criminal trafficking in counterfeit marks".

"(a) Whoever in the foreign or domestic commerce of the United States traffics or attempts to traffic in a counterfeit mark knowing the mark to be counterfeit shall, if such offender is an individual, be fined not more than $250,000 or imprisoned for not more than five years, or both, or, if such offender is a corporation, be fined not more than $1,000,000.

"(b) As used in this section--

'(1) 'counterfeit mark' means any mark that is counterfeit as defined in section 45 of the Act entitled 'An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes', approved July 5, 1946 (60 Stat. 427; *15 U.S.C. 1127),* and that is used or is intended to be used on or in connection with goods or services for which the genuine mark is registered on the principal register in the United States Patent and Trademark Office; and

"(2) 'traffic' means to--

"(A) transfer, assign, or in any manner dispose of, or transfer to another as consideration for anything of value;

"(B) advertise, promote, or in any manner offer to dispose of, or to transfer or assign to another as consideration for anything of value; or

"(C) receive, possess, transport, or in any manner exercise control of, with intent to so transfer, assign, or dispose of, or with intent to assist another in so doing.

"(c)(1) Any owner of a mark registered on the principal register in the United States Patent and Trademark Office, or his or her designee, who is injured in his or her business or property by reason of a violation of this section may sue in any district court of the United States in the district in which the defendant resides, is found, has an agent, or transacts business, without regard to the amount in controversy, and, upon establishing said violation by a preponderance of the evidence, such civil claimant shall recover--

"(A) treble damages,

"(B) defendant's profits, and

"(C) the costs of investigating the violation and prosecuting the suit, including reasonable investigator's and attorney's fees

"(2) The court, on a motion promptly made, may in its discretion award prejudgment interest on the actual damages sustained, at an annual interest rate established under *section 6621 of the Internal Revenue Code* of 1954 commencing on the date of the service of the civil claimant's pleadings which set forth the claim for damages, and ending on the date such judgment is awarded or for a shorter time as the court deems appropriate. Process in any civil action under his section may be served in accordance with the Federal Rules of Civil Procedure.

"(3) A final judgment or decree rendered in favor of the United States in any criminal proceeding brought by the United States under this section shall estop the defendant from denying the essential allegations of the criminal offense in any civil proceeding brought by any civil claimant pursuant to this section.

"(d) In any civil or criminal proceeding brought under this section the district courts of the United States shall have jurisdiction to prevent and restrain trafficking in counterfeit marks by issuing appropriate orders upon the request, ex parte and without notice, of an attorney for the United States or for any civil claimant, including ordering any person to deliver to the court or to any person designated by the court any and all means of making any counterfeit mark and any and all goods, article, or matter of any kind bearing any counterfeit mark. Following the execution of any such order, due notice and an opportunity to be heard will promptly be afforded to any party interested in such materials, after which, if the court determines that the mark is counterfeit, such court may order the destruction of such materials or, after obliteration of the counterfeit mark, the disposal of such materials to the United States, the civil claimant, and elecmosynary institution, or, in the court's discretion, any appropriate person other than the person from whom the materials were obtained.

"(e) Notwithstanding any other provision of law or rule, a warrant to search for and seize any property or other matter that constitutes evidence of the commission of a violation of this section, or that is or has been used or is designed or
intended to be used in the commission of a violation of this section, may be issued by an appropriate district court upon the request, ex parte and without notice, of an attorney for the United States or for any civil claimant who adduces probable cause to believe that the person whose person or premises is to be searched is knowingly trafficking in a counterfeit mark of which the claimant is the lawful owner. In the case of the civil claimant, the warrant must be executed by a public officer. As so modified, the Federal Rules of Criminal Procedure shall govern the issuance and execution of warrants issued pursuant to this subsection and the seizure of property thereunder.

"(f) Nothing in this section shall supersede any provision of Federal, State, or other law imposing criminal penalties or affording civil remedies in addition to those provided for in this section, except that no civil claimant who recovers treble damages pursuant to this section shall also be entitled to collect damages pursuant to section 35 of the Act entitled 'An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes' approved July 5, 1946 (60 Stat. 427; *15 U.S.C. 1117),* in connection with the same underlying occurrences or transactions."

(b) The table of sections for title 18, United States Code, is amended by adding after the item relating to section 2318 the following:

"2319. Criminal trafficking in counterfeit marks."

97th Congress, 2d Session

To authorize appropriations to the Patent and Trademark Office in the Department of Commerce, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 4, 1982

Mr. KASTENMEIER for himself, Mr. BROOKS, Mrs. SCHROEDER, Mr. FRANK, Mr. RAILSBACK, Mr. SAWYER, and Mr. BUTLER introduced the following bill, which was referred to the Committee on the Judiciary