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 Representa--tives of the United States of America in Congress assembled. That this Act may be cited as the "Trademark Counterfeiting Act of 1983."

SEC. 2. (a) Title 18, United States Code, is amended by inserting after section 2319 the following:

''§ 2320. Criminal trafficking in counterfeit marks

"(a) Whoever in the foreign or domestic commerce of the United States traffics or attempts to traffic in counterfeit mark with intent to deceive or defraud, or to assist in deceiving or defrauding, directly or indirectly, any other person, 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 a spurious mark that is identical with or substantially indistinguishable from

"(A) a genuine mark registered on the principal register in the United States Patent and Trademark
Office, and that is used or is intended to be used on or in connection with goods or services for which the genuine mark is so registered and is in use; or

"(B) a genuine mark that is specifically protected by Federal statute; and

"(2) 'traffic' means to--

"(A) transfer, assign, or dispose of, to another, for value, or

"(B) advertise, promote, or offer to so transfer, assign, or dispose of; or

"(C) receive, possess, transport, or exercise control of, with intent to so transfer, assign, or dispose of; or

"(D) assist another in doing any of the above.

"(c) In determining the existence of a defendant's intent to deceive or defraud, the trier of fact shall consider, among other pertinent factors, the likelihood that the goods or services on or in connection with which the counterfeit mark is used or intended to be used will be mistaken for goods or services for which the genuine mark is registered and is in use.

"(d)(1) An action seeking civil remedies for violation of this section may be brought, without regard to the amount in controversy, in any district court of the United States in the district in which the defendant resides, is found, has an agent, or transacts business, or in which the counterfeit mark is found, by an owner, or the designee of an owner, of a mark registered on the principal register in the United States Patent and Trademark Office, or of a mark protected by any of the statues listed in subsection (c)(1)(B) herein, whose business or property is injured by reason of a violation of this section involving trafficking in a counterfeit of such owner's mark. Upon establishing said violation by a preponderance of the evidence, such civil claimant shall recover--

"(A) either treble claimant's damages or treble defendant's profits, whichever is greater, and

"(B) the costs of investigating the violation and prosecuting the suit, including reasonable

investigator's and attorney's fees.

In assessing defendant's profits, the claimant shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed therefrom.

"(2) The court, on a motion promptly made, may in its discretion award prejudgment interest on the monetary recovery awarded under subsection (d)(1) of this section, 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 monetary recovery and ending on the date such judgment is awarded or for such shorter time as the court deems appropriate.

"(3) A final judgment or decree rendered in favor of the United States in any criminal proceeding brought by 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.

"(e) In any civil 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, including, in appropriate circumstances, ex parte orders without notice for the seizure of such counterfeit marks and materials as described in subsection (f) herein, pursuant to, and subject to the requirements of, the Federal Rules of Civil Procedure. Any provisional or equitable remedy that would be available in a comparable civil action commenced under the Act entitled 'An Act 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), may, to the same extent and upon a comparable showing, be made available to any party in an action commenced under this section, subject to the conditions and requirements imposed by the Federal Rules of Civil Procedure.

"(f) If, in any action brought under this section, the court determines that a marks is counterfeit, the court may order the destruction of all such marks, all means of making such marks, and all goods, articles or other matter bearing such marks, which are in the possession or control of the court or any party to the action; or, after obliteration of the counterfeit mark, the court may order the disposal of the aforesaid materials to the United States, a civil claimant, an eleemosynary institution, or any appropriate private person other than the person from whom the materials were obtained.

"(g) 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 or treble profits pursuant to this section shall also be entitled to corresponding recovery under another Federal, State or other law 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 2319 the following:

"2320. Criminal trafficking in counterfeit marks."

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THE TRADEMARK COUNTERFEITING ACT OF 1984 JUNE 21 (legislative day, JUNE 11), 1984.----Ordered to be printed

MR. THURMOND, from the Committee on the Judiciary, submitted the following