

080336806

**HOUSE BILL NO. 1363**

Offered January 9, 2008

Prefiled January 9, 2008

*A BILL to amend and reenact §§ 59.1-92.2, 59.1-92.12, and 59.1-92.13 of the Code of Virginia, relating to the registration and protection of trademarks and service marks; penalties.*

Patrons—Cline, Athey, Cole, Massie, Merricks and Sherwood

Referred to Committee on Commerce and Labor

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 59.1-92.2, 59.1-92.12, and 59.1-92.13 of the Code of Virginia are amended and reenacted as follows:**

§ 59.1-92.2. Definitions.

As used in this chapter, the following words shall have the following meanings:

"Abandoned" means either (i) the discontinuance of use of a mark with intent not to resume such use ("intent not to resume" may be inferred from circumstances, i.e., nonuse for three consecutive years shall constitute prima facie evidence of abandonment) or (ii) any course of conduct of the owner, including acts of omission as well as commission, which causes the mark to lose its significance as a mark.

"Applicant" means any person filing an application for registration of a mark under this chapter, and the legal representatives, successors, or assigns of such person.

"Bodily injury" means a cut, abrasion, bruise, burn, disfigurement, illness, impairment of the function of a bodily member, organ, or mental faculty, or any other injury to the body, no matter how temporary.

"Commission" means the State Corporation Commission.

"Counterfeit mark" means a mark:

1. That is applied to or used in connection with any goods, services, labels, prints, packages, receptacles, advertisements, patches, fabric, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, handtags, documentation, packaging, or any other components of any type or nature that are designed, marketed, or otherwise intended to be used on or in connection with any goods or services;

2. That is identical with, or substantially indistinguishable from, a mark registered in this Commonwealth, any other state, or on the principal register in the United States Patent and Trademark Office and in use, whether or not the defendant knew such mark was so registered; and

3. The application or use of which either is (i) likely to cause confusion, mistake or to deceive; or (ii) otherwise intended to be used on or in connection with the goods or services for which the mark is registered.

"Mark" means any trademark or service mark registered in the Commonwealth, any other state, or on the principal register in the United States Patent and Trademark Office and in use, or otherwise entitled to registration under this chapter, whether registered or not.

"Registrant" means any person to whom the registration of a mark under this chapter or prior law is issued, and the legal representatives, successors, or assigns of such person.

"Retail value" means the counterfeiter's regular selling price for the goods or services; however, if the goods or services bearing a counterfeit mark would appear to a reasonably prudent person to be authentic, then the retail value shall be the price of the authentic counterpart and if no authentic reasonably similar counterpart exists, then the retail value shall be the counterfeiter's regular selling price. In the case of labels, prints, packages, receptacles, advertisements, patches, fabric, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, handtags, documentation, packaging, or any other components of any type or nature that are designed, marketed, or otherwise intended to be used on or in connection with any goods or services, the retail value shall be determined as if each component was a finished good and valued in accordance with this definition.

"Service mark" means any word, name, symbol, or device or any combination thereof used by a person to identify and distinguish the services of such person from the services of others.

"Trade name" means any name used by a person to identify a business or enterprise.

"Trademark" means any word, name, symbol, or device or any combination thereof used by a person to identify and distinguish the goods of such person from those manufactured or sold by others.

"Use" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For the purposes of this chapter, a mark shall be deemed to be in use (i) on goods when it is placed in any manner on the goods or their containers or the displays associated

INTRODUCED

HB1363

59 therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement  
60 impracticable, then on documents associated with the goods or their sale, and the goods are sold or  
61 otherwise distributed in commerce in ~~this the~~ Commonwealth, and (ii) in connection with services when  
62 it is used or displayed in the course of selling or providing services in ~~this the~~ Commonwealth, or  
63 advertising descriptive of services available within ~~this the~~ Commonwealth that is communicated within  
64 or into ~~this the~~ Commonwealth.

65 § 59.1-92.12. Infringement.

66 Subject to the provisions of § 59.1-92.15, any person who:

67 1. Uses in ~~this the~~ Commonwealth, without the consent of the registrant, any reproduction,  
68 counterfeit, copy, or colorable imitation of a mark registered under this chapter or prior law, *or*  
69 *registered in any state or with the United States government*, in connection with the sale, offering for  
70 sale, distribution, or advertising of any goods or services on or in connection with which such use is  
71 likely to cause confusion or mistake or to deceive as to the source or origin of such goods or services;  
72 or

73 2. Reproduces, counterfeits, copies or colorably imitates a registered mark and applies such  
74 reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers,  
75 receptacles, ~~or~~ advertisements, *patches, fabric, stickers, badges, emblems, medallions, charms, boxes,*  
76 *containers, cans, cases, handtags, documentation, packaging, or any other components of any type or*  
77 *nature that are designed, marketed, or otherwise intended to be used on or in connection with any*  
78 *goods or services* intended to be used in ~~this the~~ Commonwealth in connection with the sale, offering  
79 for sale, distribution, or advertising of any goods or services ~~on or in connection with which such use is~~  
80 *likely to cause confusion or mistake or to deceive*, shall be *criminally and civilly liable in a civil action*  
81 *by the registrant for any and all of the for, without limitation, the remedies provided in § 59.1-92.13,*  
82 *except that under this subdivision the registrant shall not be entitled to recover profits, damages, or*  
83 *attorneys' fees unless the acts have been committed with knowledge that such mark is intended to be*  
84 *used to cause confusion or mistake or to deceive.*

85 § 59.1-92.13. Remedies and penalties.

86 A. Any trademark owner or registrant of a mark ~~in force and effect~~ *registered with the*  
87 *Commonwealth, another state, or the United States Patent and Trademark Office* may proceed by suit in  
88 a court of competent jurisdiction to enjoin violations of § 59.1-92.12 and/or seek such other remedies as  
89 are set forth herein. Any court of competent jurisdiction may grant such injunctions as may by the court  
90 be deemed just and reasonable to restrain such violations, and may require any defendant to pay to such  
91 registrant all profits derived from and/or all damages suffered by reason of such violations. The court  
92 ~~may~~ *shall* also order that any material that violates § 59.1-92.12 that is in the possession or under the  
93 control of any defendant in such case be destroyed; ~~or delivered to an officer of the court or to the~~  
94 ~~registrant for destruction~~ *delivered to an officer of the court or to the registrant for destruction or*  
95 *alternatively disposed of in another manner with the written consent of the trademark owners or*  
96 *registrant of such mark. The court, in its discretion upon consideration of the circumstances of the case,*  
97 *may award reasonable attorneys' fees to the prevailing party.*

98 B. Any person who:

99 1. ~~Who knowingly and intentionally violates the provisions of § 59.1-92.12 shall be guilty of a Class~~  
100 ~~2 misdemeanor and, upon a second or subsequent conviction, shall be guilty of a Class 6 felony~~  
101 *manufactures, distributes, transports, offers for sale, sells, or possesses with the intent to sell or*  
102 *distribute any labels, signs, prints, packages, wrappers, receptacles, advertisements, patches, fabric,*  
103 *stickers, badges, emblems, medallions, charms, boxes, containers, cans, cases, handtags, documentation,*  
104 *packaging, or any other components of any type or nature that are designed, marketed, or otherwise*  
105 *intended to be used on or in connection with any goods or services bearing a counterfeit mark shall be*  
106 *guilty of violating this section.*

107 2. *Having possession, custody or control of more than 25 goods, labels, signs, prints, packages,*  
108 *wrappers, receptacles, advertisements, patches, fabric, stickers, badges, emblems, medallions, charms,*  
109 *boxes, containers, cans, cases, handtags, documentation, packaging, or any other components of any*  
110 *type or nature bearing a counterfeit mark shall be presumed to possess such items with the intent to sell*  
111 *or distribute.*

112 3. *Convicted of an offense under this chapter shall be guilty of a Class 1 misdemeanor; however, (i)*  
113 *any offense involving at least 100 items bearing one or more counterfeit marks shall be guilty of a*  
114 *Class 6 felony and (ii) any offense involving any number of items bearing a counterfeit mark with a*  
115 *retail value of more than \$200 shall be guilty of a Class 6 felony.*

116 4. *Convicted of a second or subsequent conviction under this chapter shall be guilty of a Class 6*  
117 *felony.*

118 5. *Convicted of any offense under this chapter in which the offender maliciously causes or attempts*  
119 *to cause the bodily injury of another shall be guilty of a Class 3 felony. If such act be done unlawfully*  
120 *but not maliciously, the offender shall be guilty of a Class 6 felony.*

121 6. Convicted of an offense under this section shall be fined the greater of the fine or fines that may  
122 be levied in accordance with existing law or an amount up to three times the retail value of the items  
123 (i) seized, (ii) manufactured, (iii) sold, or (iv) any combination or aggregation of the foregoing.

124 C. The following property shall be subject to forfeiture to the Commonwealth and no property right  
125 shall exist in such property:

126 1. Any article bearing or consisting of a counterfeit mark used in committing a violation of this  
127 chapter; and

128 2. Any property used, in any manner or part, to commit or facilitate the commission of a violation of  
129 this chapter.

130 Upon conviction under this chapter, the sentencing court shall order, in addition to any other penalty  
131 imposed, that the defendant or defendants forfeit to the Commonwealth: (i) any property constituting or  
132 derived from any proceeds the person obtained, directly or indirectly, as the result of the offense; (ii)  
133 any of the property of the defendant or defendants used, or intended to be used, in any manner or part,  
134 to commit, facilitate, aid, or abet the commission of the offense; and (iii) any item that bears or consists  
135 of a counterfeit mark used in committing the offense. Forfeiture, seizure and disposition of such property  
136 shall be in accordance with Chapter 22 (§ 19.2-369 et seq.) of Title 19.2.

137 D. In any proceeding under this chapter, any certificate of registration issued by the Commonwealth,  
138 any other state or federal entity shall be prima facie evidence of the facts stated therein.

139 **2. That the provisions of this act may result in a net increase in periods of imprisonment or**  
140 **commitment. Pursuant to § 30-19.1:4, the estimated amount of the necessary appropriation cannot**  
141 **be determined for periods of imprisonment in state adult correctional facilities and cannot be**  
142 **determined for periods of commitment to the custody of the Department of Juvenile Justice.**