



AN ACT ESTABLISHING THE OFFENSE OF TRADEMARK COUNTERFEITING; PROVIDING CRIMINAL PENALTIES FOR TRADEMARK COUNTERFEITING; PROVIDING FOR RESTITUTION FOR PERSONS HARMED BY TRADEMARK COUNTERFEITING; PROVIDING FOR SEIZURE OF GOODS USED IN TRADEMARK COUNTERFEITING; AMENDING SECTIONS 30-13-301 AND 30-13-333, MCA; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 30-13-301, MCA, is amended to read:

"30-13-301. Definitions. In this part, unless the context requires otherwise, the following definitions apply:

(1) "Abandoned" with respect to a mark, means the occurrence of either of the following:

(a) when a mark's use has been discontinued with intent not to resume use. Intent not to resume may be inferred from circumstances. Nonuse for 2 consecutive years constitutes prima facie evidence of abandonment.

(b) when any course of conduct of the owner, including acts of omission as well as commission, causes the mark to lose its significance as a mark.

(2) "Applicant" means the person filing an application for registration of a mark under this part or the person's legal representatives, successors, or assigns.

(3) "Counterfeit mark" means a spurious mark:

(a) that is applied to or used in connection with any goods, services, labels, patches, fabric, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, 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;

(b) that is identical with or substantially indistinguishable from a mark that is in use and is registered in this state or any other state or on the principal register in the United States patent and trademark office, whether

or not the person employing the mark knew the mark was registered; and

(c) the application or use of which is:

(i) likely to deceive or cause confusion or mistake; or

(ii) otherwise intended to be used on or in connection with the goods or services for which a registered mark is registered.

(4) "Counterfeiter" means a person employing a counterfeit mark.

~~(3)~~(5) "Dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of:

(a) competition between the owner of the famous mark and other parties; or

(b) likelihood of confusion, mistake, or deception.

~~(4)~~(6) "Mark" means any trademark or service mark entitled to registration under this part whether registered or not.

~~(5)~~(7) "Person" means any individual, firm, partnership, limited liability company, corporation, association, union, or other organization capable of suing and being sued in a court of law.

~~(6)~~(8) "Registrant" means the person to whom the registration of a mark under this part is issued or the person's legal representatives, successors, or assigns.

(9) "Retail value" means:

(a) the counterfeiter's regular selling price for goods or services unless the goods or services bearing a counterfeit mark or the items and components described in subsection (9)(b) would appear to a reasonably prudent person to be authentic, in which case the retail value is the price of the authentic counterpart; or

(b) in the case of items bearing a counterfeit mark that are components of a finished product and in the case of labels, patches, fabric, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, 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 counterfeiter's regular selling price of the finished product on or in which the items or component would be utilized.

~~(7)~~(10) "Service mark" means any word, name, symbol, or device or any combination of words, names, symbols, or devices used by a person to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown.

Titles, character names used by a person, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they or the programs may advertise the goods of the sponsor.

~~(9)~~(11) "Trade name" means any name used by a person to identify a business or vocation of that person.

~~(9)~~(12) "Trademark" means any word, name, symbol, device, or any combination of words, names, symbols, or devices used by a person to identify and distinguish the goods of that person, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

~~(10)~~(13) "Use" means the bona fide use of a mark in the ordinary course of trade and not a use merely to reserve a right in a mark. For the purposes of this part, a mark is considered to be in use:

(a) on goods when:

(i) it is placed in any manner on the goods or other containers or the displays associated with the goods or on the tags or labels affixed to the goods; or

(ii) if the nature of the goods makes placement on the goods or containers impracticable, it is placed on documents associated with the goods or their sale; and

(iii) the goods are sold or transported in commerce in this state; and

(b) on services when it is used or displayed in the sale or advertising of services and the services are rendered in this state."

Section 2. Trademark counterfeiting -- presumption -- penalties -- restitution -- forfeiture. (1) (a)

A person commits the offense of trademark counterfeiting if the person knowingly manufactures, distributes, transports, offers for sale, sells, or possesses with intent to sell or distribute any goods, services, labels, patches, fabric, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, 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 bearing a counterfeit mark.

(b) A person having possession, custody, or control of more than 25 goods, labels, patches, fabric, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, packaging, or any other components of any type or nature bearing a counterfeit mark must be presumed to possess the items with intent to offer for sale, sell, or distribute the items.

(2) (a) A person convicted of the offense of trademark counterfeiting shall be fined an amount not to

exceed \$1,000 or be imprisoned in the county jail for a term not to exceed 6 months, or both, if the offense involves less than 100 items bearing one or more counterfeit marks or the total retail value is less than \$1,000. A person convicted of a second offense shall be fined \$1,000 or be imprisoned in the county jail for a term not to exceed 6 months, or both. A person convicted of a third or subsequent offense shall be fined \$1,000 and be imprisoned in the county jail for a term of not less than 30 days or more than 6 months.

(b) If the offense involves 100 items or more bearing one or more counterfeit marks and the retail value is \$1,000 or more, the person shall be fined an amount not to exceed \$10,000 or be imprisoned in the state prison for a term not to exceed 1 year, or both.

(3) When imposing sentence on a person convicted of a violation of this section, the court may order restitution as provided in 30-13-335 to any person harmed by the trademark counterfeiting.

(4) (a) Any items bearing a counterfeit mark and all personal property employed or used in connection with counterfeiting, including but not limited to any items, objects, tools, machines, equipment, instruments, or vehicles of any kind, must be seized by law enforcement officials who have the opportunity to take possession of the items or personal property.

(b) All seized items and personal property referenced in this subsection (4) must be forfeited and may, upon request of the registrant, be released to the registrant for destruction or destroyed by an officer of the court as provided in 30-13-335 unless the registrant agrees to another disposition of the seized items or personal property.

Section 3. Section 30-13-333, MCA, is amended to read:

"30-13-333. Infringement. (1) ~~Subject~~ In addition to the penalties and remedies provided for in [section 2] and subject to the provisions of 30-13-336 and subsection (2) of this section, a person is liable in a civil action brought by the registrant under 30-13-335 if the person:

(a) uses, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of a mark registered under this part in connection with the sale, offering for sale, or advertising of any goods or services on or in connection with which the use is likely to cause confusion or mistake or to deceive as to the source of origin of the goods or services; or

(b) reproduces, counterfeits, copies, or colorably imitates any registered mark and applies the reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles,

or advertisements intended to be used upon or in conjunction with the sale or other distribution in this state of the goods or services.

(2) However, the registrant is not entitled to recover under subsection (1)(b) any profits or damages unless the acts have been committed with knowledge that the mark is intended to be used to cause confusion or mistake or to deceive."

Section 4. Codification instruction. [Section 2] is intended to be codified as an integral part of Title 30, chapter 13, part 3, and the provisions of Title 30, chapter 13, part 3, apply to [section 2].

Section 5. Effective date. [This act] is effective July 1, 2009.

- END -

I hereby certify that the within bill,
SB 0250, originated in the Senate.

Secretary of the Senate

President of the Senate

Signed this _____ day
of _____, 2009.

Speaker of the House

Signed this _____ day
of _____, 2009.

SENATE BILL NO. 250

INTRODUCED BY D. WANZENRIED

AN ACT ESTABLISHING THE OFFENSE OF TRADEMARK COUNTERFEITING; PROVIDING CRIMINAL PENALTIES FOR TRADEMARK COUNTERFEITING; PROVIDING FOR RESTITUTION FOR PERSONS HARMED BY TRADEMARK COUNTERFEITING; PROVIDING FOR SEIZURE OF GOODS USED IN TRADEMARK COUNTERFEITING; AMENDING SECTIONS 30-13-301 AND 30-13-333, MCA; AND PROVIDING AN EFFECTIVE DATE.