

108TH CONGRESS  
2D SESSION

# H. R. 4358

To amend title 18, United States Code, to provide criminal penalties for trafficking in counterfeit marks.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 13, 2004

Mr. KNOLLENBERG (for himself and Mr. GREEN of Wisconsin) introduced the following bill; which was referred to the Committee on the Judiciary

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## A BILL

To amend title 18, United States Code, to provide criminal penalties for trafficking in counterfeit marks.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE; FINDINGS.**

4       (a) **SHORT TITLE.**—This Act may be cited as the  
5       “Stop Counterfeiting in Manufactured Goods Act”.

6       (b) **FINDINGS.**—The Congress finds that—

7               (1) the United States economy is losing millions  
8       of dollars in tax revenue and tens of thousands of  
9       jobs because of the manufacture, distribution, and  
10      sale of counterfeit goods;

1           (2) the International Chamber of Commerce es-  
2           timates that seven percent of world trade is in coun-  
3           terfeit manufactured goods, and the counterfeit mar-  
4           ket is worth \$350,000,000,000;

5           (3) counterfeit automobile parts, including  
6           brake pads, cost the auto industry alone billions of  
7           dollars in lost sales each year;

8           (4) counterfeit products have invaded numerous  
9           industries including those producing auto parts, elec-  
10          trical appliances, medicines, tools, toys, office equip-  
11          ment, clothing, and many other products;

12          (5) ties have been established between counter-  
13          feiting and terrorist organizations that use the sale  
14          of counterfeit goods to raise and launder money;

15          (6) ongoing counterfeiting of manufactured  
16          goods poses a widespread threat to public health and  
17          safety; and

18          (7) strong domestic criminal remedies against  
19          counterfeiting will permit the United States to seek  
20          stronger anticounterfeiting provisions in bilateral  
21          and international agreements with trading partners.

22 **SEC. 2. TRAFFICKING IN COUNTERFEIT MARKS.**

23          Section 2320 of title 18, United States Code, is  
24          amended as follows:

1           (1) Subsection (a) is amended by inserting after  
2       “such goods or services” the following: “or inten-  
3       tionally traffics or attempts to traffic in counterfeit  
4       marks”.

5           (2) Subsection (b) is amended to read as fol-  
6       lows:

7       “(b)(1) Upon a determination by a preponderance of  
8       the evidence that any articles in the possession of a de-  
9       fendant in a prosecution under this section bear or are  
10      counterfeit marks, the court shall order the forfeiture and  
11      destruction of such articles, regardless of the criminal cul-  
12      pability of the defendant.

13       “(2) The court, in imposing a sentence upon a person  
14      convicted of a violation of this section, or upon a person  
15      who pleads guilty or nolo contendere to a violation of this  
16      section, shall order, in addition to any other sentence im-  
17      posed, that the person forfeit to the United States—

18           “(A) any property constituting or derived from  
19      any proceeds the person obtained, directly or indi-  
20      rectly, as the result of such violation; and

21           “(B) any of the person’s property used, or in-  
22      tended to be used, in any manner or part, to com-  
23      mit, facilitate, aid, or abet the commission of such  
24      violation,

1 if the court in its discretion so determines, taking into ac-  
 2 count the nature, scope, and proportionality of the use of  
 3 the property in the offense.

4 “(3) When a person is convicted of a violation of this  
 5 section, or pleads guilty or nolo contendere to a violation  
 6 of this section, the court, pursuant to sections 3556,  
 7 3663A(c)(1)(A)(ii), and 3664, shall order the person to  
 8 pay restitution to the owner of the mark and any other  
 9 victim of the offense.

10 “(4) The term ‘victim’, as used in paragraph (3),  
 11 shall have the meaning given that term in section  
 12 3663A(a)(2).”.

13 (3) Subsection (e)(1) is amended—

14 (A) in subparagraph (A)(iii), by striking  
 15 “or” after the semicolon; and

16 (B) by inserting after subparagraph (B)  
 17 the following:

18 “(C) a spurious mark—

19 “(i) that is identical with, or substan-  
 20 tially indistinguishable from, a mark reg-  
 21 istered on the principal register in the  
 22 United States Patent and Trademark Of-  
 23 fice under section 1 of the Lanham Act  
 24 and in use, whether or not the defendant  
 25 knew such mark was so registered; and

1 “(ii) that is applied to or consists of  
2 a label, patch, sticker, wrapper, badge, em-  
3 blem, medallion, charm, box, container,  
4 can, case, hangtag, documentation, or  
5 packaging of any type or nature that is de-  
6 signed to be affixed to, distributed with,  
7 consist of, or otherwise accompany goods  
8 or services; or

9 “(D) a spurious mark—

10 “(i) that is used in connection with  
11 the trafficking of goods or services; and

12 “(ii) that is identical with, or substan-  
13 tially indistinguishable from, a famous  
14 mark that is registered on the principal  
15 register in the United States Patent and  
16 Trademark Office under section 1 of the  
17 Lanham Act and in use, regardless of the  
18 goods or services or class of goods or serv-  
19 ices for which the famous mark is reg-  
20 istered, and regardless of whether or not  
21 the defendant knew such mark was so reg-  
22 istered and famous;”.

23 (4) Section 2320 is further amended—

24 (A) by redesignating subsection (f) as sub-  
25 section (g); and

1 (B) by inserting after subsection (e) the  
2 following:

3 “(f)(1) In determining whether a particular mark is  
4 a ‘famous mark’ under this section, the court may con-  
5 sider information, data, testimony, and documentation re-  
6 garding factors such as, but not limited to—

7 “(A) the degree of inherent or acquired distinc-  
8 tiveness of the mark;

9 “(B) the duration and extent of use of the  
10 mark;

11 “(C) the duration and extent of advertising and  
12 publicity of the mark;

13 “(D) the geographical extent of the trading  
14 area in which the mark is used;

15 “(E) the channels of trade in which the mark  
16 is used;

17 “(F) the degree of general public recognition of  
18 the mark;

19 “(G) the nature and extent of use of the same  
20 or similar marks by third parties;

21 “(H) survey evidence; and

22 “(I) the record of successful criminal, civil, or  
23 administrative enforcement of rights in the mark, in-  
24 cluding, in particular, the extent to which the mark

1       has been recognized as being famous by Federal or  
2       State courts or administrative authorities.

3       “(2) In order to qualify as a famous mark under this  
4       section, the mark must be registered on the principal reg-  
5       ister of the United States Patent and Trademark Office  
6       under section 1 of the Lanham Act.

7       “(3) The United States shall bear both the burden  
8       of proof and persuasion with respect to the determination  
9       of whether a particular mark is a famous mark under this  
10      section. Evidence, in the form of a certified copy of a pub-  
11      lished court or administrative opinion, of a prior deter-  
12      mination, on the merits, by a Federal or State court or  
13      administrative authority, holding that a particular mark  
14      is a famous mark (regardless of whether the proceedings  
15      leading to the determination were civil, criminal, or admin-  
16      istrative in nature), shall create a rebuttable presumption  
17      that the mark in question is a famous mark.

18      “(4) A person may not be prosecuted under this sec-  
19      tion by virtue of a mark that is a counterfeit mark if the  
20      person has, or is the agent or employee of a legal entity  
21      that has, lawfully registered that mark on the principal  
22      register of the United States Patent and Trademark Of-  
23      fice under section 1 of the Lanham Act and that registra-  
24      tion is valid at the time of the alleged offense.”.

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