

FOURTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

FIRST REGULAR SESSION, 2004

PUBLIC LAW NO. 14-22

SENATE BILL

NO. 14-32, HD1

AN ACT

To punish the acts of counterfeiting registered trademarks; and
for other purposes.

BE IT ENACTED BY THE FOURTEENTH NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:

Section 1. Title. This Act may be cited as “The Private Labels Protection Act of 2004.”

Section 2. Findings. The Legislature is alarmed by continuing activities in the Commonwealth involving forging and counterfeiting of private labels and possession of reproduction materials. Such activities negatively affect trade and commerce within the CNMI and encourages consumer fraud. Effective deterrence of such activities calls for specific penalties for those persons who engage in such conduct. The purpose of this Act is to define what constitutes criminal activity and to provide for appropriate punishment.

Section 3. Amendment. Division 1 of Title 6 of the Commonwealth Code is hereby amended by adding a new chapter entitled “Private Labels Protection” with the following new sections:

“Chapter __. Private Labels Protection.

§ 101. Counterfeiting of Registered Trademarks.

(a) Whoever intentionally and knowingly reproduces, counterfeits, copies, or colorably imitates a registered mark and applies such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or

advertisements to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services or in connection with such use, shall be guilty of the crime of counterfeiting. The crime of counterfeiting shall be punishable as follows:

(1) If the goods or services to which the forged or counterfeit trademarks or service marks are attached, affixed, or used in connection with, or to which the offender intended they be attached, affixed, or used in connection with, have a retail sale value of \$1,000 or more, the offender commits a felony punishable by imprisonment of not less than two years but not more than five years and a fine of three times the retail value of the legitimate items, or three times the profits received by the offender, whichever is greater.

(2) If the goods or services to which the forged or counterfeit trademarks or service marks are attached, affixed; or used in connection with, or to which the offender intended they be attached, affixed, or used in connection with, have a retail sale value of less than \$1,000, the offender shall be punished by imprisonment of not less than one year but not more than two years and a fine of three times the retail value of the legitimate items, or three times the profits received by the offender, whichever is greater.

(3) When an offender has in the last five years been convicted of counterfeiting under this section, or vending counterfeit goods under section 102 of this Chapter and is convicted of counterfeiting goods or services,

1 irrespective of their retail sale value, the offender shall be punished by
2 imprisonment of not less than ten years but not more than 15 years and a
3 minimum fine of \$10,000 or treble the actual retail price of the items,
4 whichever is greater.

5 (4) All defenses, affirmative defenses, and limitations on remedies
6 that would be applicable in an action under the Lanham Act, 15 U.S.C. §
7 1051 et seq., shall be applicable in a prosecution under this section.

8 § 102. Using or Trafficking Counterfeit Goods or Services.

9 (a) Whoever intentionally and knowingly:

10 (1) uses in commerce any reproduction, counterfeit, copy, or
11 colorable imitation of a registered mark in connection with the sale,
12 offering for sale, distribution, or advertising of any goods or services;

13 or

14 (2) traffics or attempts to traffic in goods or services and
15 knowingly uses a counterfeit mark on or in connection with such
16 goods or services; or

17 (3) sells or offers for sale goods or services and knowingly
18 uses a counterfeit mark on or in connection with such goods or
19 services, shall be guilty of the crime of using, trafficking, attempting
20 to traffic, selling, or offering for sale, counterfeit goods or services,
21 punishable as follows:

(i) If the goods or services which the offender sells, or offers for sale, have a retail sale value of \$1,000 or more, the offender shall be punished by imprisonment of not less than two years but not more than five years and a fine of three times the retail value of the legitimate items, or three times the profits received by the offender, whichever is greater.

(ii) If the goods or services which the offender sells, or offers for sale, have a retail sale value of less than \$1,000, the offender commits a misdemeanor, punishable by imprisonment of not more than one year and a fine of three times the retail value of the legitimate items, or three times the profits received by the offender, whichever is greater.

(b) All defenses, affirmative defenses, and limitations on remedies that would be applicable in an action under the Lanham Act, 15 U.S.C. § 1051 et seq. shall be applicable in a prosecution under this section.

§103 Enforcement.

(a) Any goods to which the forged or counterfeit trademarks or service marks are attached or affixed, or any tools or other reproduction materials for the reproduction of any specific forged or counterfeit trademark or service mark, which are produced or possessed in violation of this Act, shall be seized by any law enforcement officer and shall be destroyed upon the written consent

of the offender or by judicial determination that the seized goods, tools or other reproduction materials have attached or affixed to them a forged or counterfeit trademark or service mark, unless the owner of the registered or protected trademark or service mark which has been forged or counterfeited approves a different disposition.

(b) Any personal property, including, but not limited to, any item, object, tool, machine, or vehicle of any kind, employed as an instrumentality in the commission, or in aiding or abetting in the commission, of the crime, or using, trafficking, attempting to traffic, selling, or offering for sale, counterfeit goods or services, as proscribed by this Act, shall be seized and is subject to forfeiture by the Commonwealth.

§ 104. Aiding and Abetting the Trafficking of Counterfeit Goods.

(a) A person is guilty of aiding or abetting the trafficking of counterfeit goods who:

- (1) solicits a person to purchase counterfeit goods;
- (2) knowingly transports counterfeit goods into, out of, or within the CNMI;
- (3) knowingly transports any person into, out of or within the CNMI for the purpose of trafficking counterfeit goods.

(b)(1) The court shall impose a minimum mandatory term of imprisonment of not less than two years, but not more than five years for any person convicted of aiding or abetting the trafficking of counterfeit goods.

(2) When an offender has in the last five years been convicted of trafficking counterfeit goods under this section or convicted under any other section of this Act, and is convicted of aiding and abetting the trafficking of counterfeit goods, the court shall impose a minimum mandatory term of imprisonment of not less than five years but not more than 10 years and a minimum fine of \$10,000.00.

(3) All defenses, affirmative defenses, and limitations on remedies that would be applicable in an action under the Lanham Act, 15 U.S.C. § 1051 et seq., shall be applicable in a prosecution under this section.

§ 105. Restitution.

(a) In addition to any punishment ordered under this Act, the court shall order any persons found in violation of this Act to make restitution to the owner of the registered or protected trademark, to the CNMI Government, or to the CNMI Customs Office, as the case may be, for the cost of storage and destruction of the counterfeit or forged goods, and be jointly and severally liable for any restitution.

(b) In addition to any punishment ordered under this Act, the court may order any person found in violation of this Act, to make restitution to the owner of the registered or protected trademark for damage or loss caused directly or indirectly by the offender's offense in a reasonable amount or manner to be determined by the court.

§ 106. Sale or Lease of Real Property. No owner, officer, employee, or agent who provides, rents, leases, licenses, or sells real property upon which a violation of this Act occurs shall be subject to criminal penalty under this section unless he or she is proven to have actual knowledge that the mark is counterfeit and is either a principal to the offense or an accessory after the fact. The above shall not be deemed to create, delete, or in any way affect any civil claim that may exist against such person.

§ 107. Definitions.

(a) The term "traffic" as used in this chapter means transport; transfer, or otherwise dispose of, to another, as consideration for anything of value, or to make or obtain control of with intent so to transport, transfer, or dispose of.

(b) The term "registered mark" means:

(1) A trademark or trade name registered in the United States and Trademark Office, or in any State or Territory of the United States, or in the Commonwealth, or in any other country, or protected by the Amateur Sports Act of 1978, 36 U.S.C., Section 380, or recognized by common law, whether or not the offender knew such trademark or trade name was so registered or protected; and

(2) Used without the consent of the registrant.

(c) The term “counterfeit goods” means any goods or services having a counterfeit mark;

(d) The term “counterfeit mark” means;

(1) A spurious mark –

(i) that is used in connection with trafficking in goods or services;

(ii) that is identical with, or substantially indistinguishable from a mark registered for those goods or services on the principal register in the United States Patent and Trademark Office or registered with the CNMI Government, or in any other State or Territory of the United States, whether or not the offender knew such mark was so registered; and

(iii) the use of which is likely to cause confusion, to cause mistake or to deceive; or

(2) a spurious designation that is identical with, or substantially indistinguishable from, a designation as to which the remedies of the Lanham Act are made available, but such term does not include any mark or designation used in connection with goods or services of which the manufacturer or producer was, at the time of the manufacture or production in question, authorized to use, the mark or

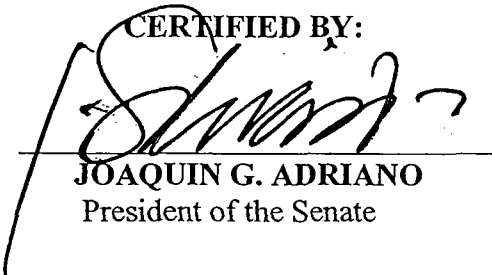
designation for the type of goods or services so manufactured or produced, by the holder of the right to use such mark or designation.”

Section 4. Severability. If any provision of this Act or the application of any such provision to any person or circumstance should be held invalid by a court of competent jurisdiction, the remainder of this Act or the application of its provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

Section 5. Savings Clause. This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes repealed or under any rule, regulation or order adopted under the statutes. Repealers contained in this Act shall not affect any proceeding instituted under or pursuant to prior law. The enactment of the Act shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already be in existence on the date this Act becomes effective. Nothing in this Act shall impair, impede, or affect the right of any person to bring a civil action to enforce any rights or remedies accruing to them.


Section 6. Effective Date. This Act shall take effect upon its approval by the Governor or upon its becoming law without such approval

CERTIFIED BY:



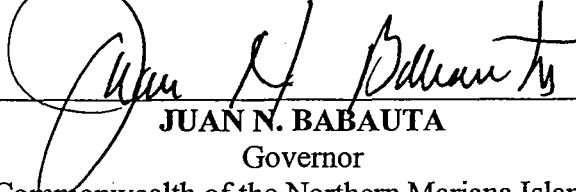
JOAQUIN G. ADRIANO
President of the Senate

ATTESTED BY:



JOSEPH M. MENDIOLA
Senate Legislative Secretary

Approved this 27th day of July, 2004



JUAN N. BABAUTA
Governor
Commonwealth of the Northern Mariana Islands