



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB1631

Introduced 2/19/2009, by Sen. Ira I. Silverstein

SYNOPSIS AS INTRODUCED:

765 ILCS 1040/1	from Ch. 140, par. 23
765 ILCS 1040/2	from Ch. 140, par. 24
765 ILCS 1040/3	from Ch. 140, par. 25
765 ILCS 1040/4	from Ch. 140, par. 26
765 ILCS 1040/8	
765 ILCS 1040/9	

Amends the Counterfeit Trademark Act. Defines counterfeit mark as a spurious mark that is applied to or used with any goods, services, labels, patches, fabric, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation on packaging or any other components that are designed, marketed, or used with any goods or services that is identical or substantially indistinguishable from a registered mark whether or not the defendant knew the mark was registered and the application or use of the mark is likely to cause confusion or mistake or to deceive. Deletes provision that states that a "mark" includes any trademark or service mark whether registered or not. Provides that a "trademark" means anything adopted and used by a person to identify goods which distinguishes them from other goods and registered in Illinois, another state, or with the U.S. Patent and Trademark Office (instead of identify goods which distinguishes them from other goods). Provides definitions of "retail value", "bodily injury", and "serious bodily injury". Provides that a person who knowingly offers or sells counterfeit items having a retail value is guilty of a crime and increases the class of criminal offenses and the fines for those offenses. Provides that a peace officer shall (instead of may) upon probable cause seize any counterfeit items, counterfeit marks, or any component (instead of goods, wares, merchandise, or other product that has a counterfeit mark) and shall, upon probable cause, seize any proceeds from an Act violation.

LRB096 04488 AJO 14540 b

1 AN ACT concerning property.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Counterfeit Trademark Act is amended by
5 changing Sections 1, 2, 3, 4, 8, and 9 as follows:

6 (765 ILCS 1040/1) (from Ch. 140, par. 23)

7 Sec. 1. For the purposes of this Act, unless otherwise
8 required by the context:

9 "Counterfeit item" means any goods, components of goods, or
10 services made, produced, or knowingly sold or knowingly
11 distributed that use or display a counterfeit mark ~~trade mark,~~
12 ~~trade name, or service mark that is a spurious mark identical~~
13 ~~with or substantially indistinguishable from the registered~~
14 ~~mark as registered with the United States Patent and Trademark~~
15 ~~Office.~~

16 "Counterfeit mark" means a spurious mark:

17 (1) That is applied to or used in connection with any
18 goods, services, labels, patches, fabric, stickers,
19 wrappers, badges, emblems, medallions, charms, boxes,
20 containers, cans, cases, hangtags, documentation, or
21 packaging or any other components of any type or nature
22 that are designed, marketed, or otherwise intended to be
23 used on or in connection with any goods or services;

1 (2) That is identical with, or substantially
2 indistinguishable from, a mark registered in this State,
3 any state, or on the principal register in the United
4 States Patent and Trademark Office and in use, whether or
5 not the defendant knew such mark was so registered; and

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

11 ~~"Mark" includes any trade-mark or service mark whether~~
12 ~~registered or not.~~ "Trade-mark" means anything adopted and used
13 by a person to identify goods made, sold, produced or
14 distributed by him or her or with his or her authorization and
15 which distinguishes them from goods made, sold, produced or
16 distributed by others and registered in this State, any state,
17 or on the principal register in the United States Patent and
18 Trademark Office.

19 "Service mark" means anything adopted and used by a person
20 to identify services rendered by him or her or with his or her
21 authorization and that distinguishes them from services
22 rendered by others.

23 "Person" means any individual, firm, partnership,
24 corporation, association, union or other organization.

25 A mark shall be deemed to be "used" (1) in the case of a
26 trade-mark, when it is placed in any manner on the goods, in or

1 on any container for the goods, on the tags or labels affixed
2 to the goods or containers, or is displayed in physical
3 association with the goods in the sale or distribution thereof,
4 or (2) in the case of a service mark, if it identifies a
5 service, even though the service may be rendered in connection
6 with the sale or distribution of goods of the owner of the
7 mark. A mark shall be deemed to be "used in this State" (1) in
8 the case of a trade-mark when it is used on goods which are
9 sold or otherwise distributed in this State, or (2) in the case
10 of a service mark if the service identified by the mark is
11 rendered or received in this State.

12 "Trade-name" includes individual names and surnames, firm
13 names and corporate names used by manufacturers,
14 industrialists, merchants, agriculturists, and others to
15 identify their businesses, vocations, or occupations; the
16 names or titles lawfully adopted and used by persons, firms,
17 associations, corporations, companies, unions, and any
18 manufacturing, industrial, commercial, agricultural, or other
19 organizations engaged in trade or commerce and capable of suing
20 and being sued in a court of law.

21 "Retail value" means:

22 (1) The counterfeiter's per unit regular price for the
23 counterfeit item, unless the counterfeit item would appear
24 to a reasonably prudent person to be authentic, then the
25 retail value shall be the price of the authentic
26 counterpart; or if no authentic reasonably similar

1 counterpart exists, then the retail value shall remain the
2 counterfeiter's per unit regular sale price for the
3 counterfeit item.

4 (2) In the case of labels, patches, stickers, wrappers,
5 badges, emblems, medallions, charms, boxes, containers,
6 cans, cases, hangtags, documentation, or packaging or any
7 other components of any type or nature that are designed,
8 marketed, or otherwise intended to be used on or in
9 connection with any counterfeit item, the retail value
10 shall be treated as if each component was a finished good
11 and valued as detailed in paragraph (1) above.

12 "Bodily injury" means:

13 (1) A cut, abrasion, bruise, burn, or disfigurement;

14 (2) Physical pain;

15 (3) Illness;

16 (4) Impairment of the function of a bodily member,
17 organ, or mental faculty; or

18 (5) Any other injury to the body, no matter how
19 temporary.

20 "Serious bodily injury" means:

21 (1) A substantial risk of death;

22 (2) Extreme physical pain;

23 (3) Protracted and obvious disfigurement; or

24 (4) Protracted loss or impairment of the function of a
25 bodily member, organ, or mental faculty.

26 (Source: P.A. 89-693, eff. 6-1-97.)

1 (765 ILCS 1040/2) (from Ch. 140, par. 24)

2 Sec. 2. Whoever uses a counterfeit mark ~~counterfeits~~ or
3 imitates any trade-mark or service mark of which he or she is
4 not the rightful owner or in any way utters or circulates any
5 counterfeit or imitation of such a trade-mark or service mark
6 or knowingly uses such counterfeit or imitation or knowingly
7 sells or disposes of or keeps or has in his or her possession,
8 with intent that the same shall be sold or disposed of, any
9 goods, wares, merchandise, or other product of labor or
10 service, to which any such counterfeit or imitation is attached
11 or affixed, or on which any such counterfeit or imitation is
12 printed, painted, stamped or impressed, or knowingly sells or
13 disposes of any goods, wares, merchandise or other product of
14 labor contained in any box, case, can, or package to which or
15 on which any such counterfeit or imitation is attached,
16 affixed, printed, painted, stamped or impressed, or keeps or
17 has in his possession with intent that the same shall be sold
18 or disposed of, any goods, wares, merchandise or other product
19 of labor in any box, case, can or package to which or on which
20 any such counterfeit, or imitation is attached, affixed,
21 printed, painted, stamped or impressed or knowingly sells a
22 service using a counterfeit service mark, shall be guilty of a
23 Class A misdemeanor for each offense, or in the case of a
24 counterfeit item shall be punished as provided in Section 8.

25 (Source: P.A. 89-693, eff. 6-1-97.)

1 (765 ILCS 1040/3) (from Ch. 140, par. 25)

2 Sec. 3. Every person who shall knowingly use a counterfeit
3 mark or display a trade-mark, trade name, or service mark of
4 which he or she is not the lawful owner in any manner not
5 authorized by such owner, whether or not the unauthorized use
6 creates a likelihood of confusion or misunderstanding, (a) in
7 the sale of goods or services produced by the owner, but with
8 alterations in packaging or labeling, or (b) in the sale of
9 goods or services produced by the owner but in a packaging form
10 not intended by him for such sale, or (c) in the packaging or
11 labeling of goods or services not produced by the owner, if the
12 trade-mark, trade name, or service mark of the owner is used
13 for the purpose or with the effect of exploiting or impairing
14 the owner's good will or as a means of representing a quality,
15 property or characteristic of the goods or services being sold,
16 other than the utility of the goods or services in the repair
17 of or as a replacement of a component of the product of the
18 owner and the trade-mark, trade name, or service mark is used
19 in a non-misleading manner solely to indicate such utility,
20 shall be deemed guilty of a Class A misdemeanor, or in the case
21 of a counterfeit item shall be punished as provided in Section
22 8. In all cases where such owner is an incorporated association
23 or union, suits under this Act may be commenced and prosecuted
24 by any officer or member of such association or union on behalf
25 of and for the use of such association or union.

1 (Source: P.A. 89-693, eff. 6-1-97.)

2 (765 ILCS 1040/4) (from Ch. 140, par. 26)

3 Sec. 4. Any person or persons who shall in any way
4 knowingly use the name or seal of any trade-mark or service
5 mark owner in and about the sale of goods or services or
6 otherwise, not being authorized to so use the same shall be
7 deemed guilty of a Class A misdemeanor, or in the case of a
8 counterfeit item shall be punished as provided in Section 8.

9 (Source: P.A. 89-693, eff. 6-1-97.)

10 (765 ILCS 1040/8)

11 Sec. 8. Sentence.

12 (a) A person who knowingly sells, offers for sale, holds
13 for sale, or uses fewer than 100 counterfeit items or
14 counterfeit items having a retail value in the aggregate of
15 \$300 ~~\$1,000~~ or less is guilty of a Class A misdemeanor and
16 shall be fined at least 25% of the retail value of all
17 counterfeit items but no more than \$1,000, except that a person
18 who has a prior conviction for a violation of this Act within
19 the preceding 5 years is guilty of a Class 4 felony and shall
20 be fined at least 50% ~~25%~~ but no more than 100% of the retail
21 value of all counterfeit items.

22 (b) A person who knowingly sells, offers for sale, holds
23 for sale, or uses 100 or more but fewer than 500 counterfeit
24 items or counterfeit items having a retail value in the

1 aggregate of more than \$300 ~~\$1,000~~ but less than \$10,000
2 ~~\$25,000~~ is guilty of a felony ~~Class A misdemeanor~~ and shall be
3 fined at least 25% but no more than 100% of the retail value of
4 all counterfeit items, except that a person who has a prior
5 conviction for a violation of this Act within the preceding 5
6 years is guilty of a Class 2 ~~4~~ felony and shall be fined at
7 least 50% ~~25%~~ but no more than 100% of the retail value of all
8 counterfeit items.

9 (c) A person who knowingly sells, offers for sale, holds
10 for sale, or uses 500 or more but fewer than 2,000 counterfeit
11 items or counterfeit items having a retail value in the
12 aggregate of \$10,000 ~~\$25,000~~ or more but less than \$100,000 is
13 guilty of a Class 2 ~~4~~ felony and shall be fined at least 50% ~~25%~~
14 but no more than 100% of the retail value of all counterfeit
15 items, except that a person who has a prior conviction of this
16 Act within the preceding 5 years is guilty of a Class 2 felony
17 and shall be fined at least 100% but no more than 300% of the
18 retail value of all counterfeit items.

19 (d) A person who knowingly sells, offers for sale, holds
20 for sale, or uses 2,000 or more counterfeit items or
21 counterfeit items having a retail value in the aggregate of
22 \$100,000 but less than \$500,000 ~~or more~~ is guilty of a Class 1
23 ~~3~~ felony and shall be fined at least 50% ~~25%~~ but no more than
24 100% of the retail value of all counterfeit items, except that
25 a person who has a prior conviction of this Act within the
26 preceding 5 years is guilty of a Class 1 felony and shall be

1 fined at least 100% but no more than 300% of the retail value
2 of all counterfeit items.

3 (e) A person who knowingly sells, offers for sale, holds
4 for sale, or uses 2,000 or more counterfeit items or
5 counterfeit items having a retail value in the aggregate of
6 \$500,000 or more is guilty of a Class 1 non-probationable
7 felony.

8 (e-5) ~~(d-5)~~ For the purposes of determining the number of
9 counterfeit items under subsection (a), (b), (c), ~~or~~ (d), or
10 (e), the service marks or trade marks need not be an aggregate
11 of identical marks but may be the aggregate of all counterfeit
12 items offered for sale, held for sale, or used by the
13 defendant.

14 (f) ~~(e)~~ Unless otherwise specifically provided, a person,
15 including a corporation, convicted of violating this Act shall
16 be fined at least 25% of the retail value of all the
17 counterfeit items. In addition to any fine, the court shall
18 may, in its discretion, order that restitution be paid to the
19 owners of the trademark, trade name, or service mark, and to
20 any other victim of the offense.

21 ~~(f)~~ A manufacturer of counterfeit items is guilty of a
22 Class 3 ~~4~~ felony for a first offense and a Class 2 ~~3~~ felony for
23 second or subsequent offenses and may be fined up to 3 times
24 the retail value of all counterfeit items produced by the
25 manufacturer.

26 (h) A person having possession, custody, or control of more

1 than 25 counterfeit items or counterfeit marks shall be
2 presumed not to be simply in possession of such, but to possess
3 said items with intent to offer for sale, to sell, or to
4 distribute.

5 (i) In this State, any state or federal certificate of
6 registration shall be prima facie evidence of the facts stated
7 therein.

8 (j) The remedies provided herein shall be cumulative to the
9 other civil and criminal remedies provided by law.

10 ~~(g) The retail value of the counterfeit item shall be the~~
11 ~~counterfeiter's per unit sale price for the counterfeit items.~~
12 ~~The retail value of a component of a counterfeit item shall be~~
13 ~~the same as the sale price of the counterfeit item with which~~
14 ~~the component is sold.~~

15 (Source: P.A. 89-693, eff. 6-1-97.)

16 (765 ILCS 1040/9)

17 Sec. 9. Seizure and disposition.

18 (a) A peace officer shall ~~may~~, upon probable cause, seize
19 any counterfeit items, counterfeit marks, ~~goods, wares,~~
20 ~~merchandise, or other product of labor or services to which a~~
21 ~~counterfeit trademark, trade name, or service mark is attached~~
22 ~~or affixed, or on which the counterfeit is printed, painted,~~
23 ~~stamped or impressed,~~ or any component of that merchandise
24 knowingly possessed in violation of this Act.

25 (b) A peace officer shall ~~may~~ seize any vehicle, aircraft,

1 vessel, machinery or other instrumentality which the officer
2 reasonably believed was knowingly used to commit or facilitate
3 a violation of this Act.

4 (c) A peace officer shall, upon probable cause, seize any
5 proceeds resulting from a violation of this Act.

6 (d) ~~(e)~~ Seized counterfeit goods shall be destroyed upon
7 the written consent of the defendant or by judicial
8 determination that the seized goods are counterfeit items or
9 otherwise bear the trademark, trade name or service mark
10 without the authorization of the owner, unless another
11 disposition of the goods is consented to by the owner of the
12 trademark, trade name or service mark.

13 The seizure and forfeiture of vehicles, aircraft, vessels,
14 machinery, or other instrumentalities provided for by this
15 Section shall be carried out in the same manner and pursuant to
16 the same procedures as provided in Article 36 of the Criminal
17 Code of 1961 with respect to vessels, vehicles, and aircraft.

18 (Source: P.A. 89-693, eff. 6-1-97.)