STATE OF OKLAHOMA

1st Session of the 47th Legislature (1999)

SENATE BILL NO. 589 By: Smith

AS INTRODUCED

An Act relating to crimes and punishments; creating the Trademark Anti-Counterfeiting Act; providing short title; defining terms; criminalizing certain counterfeiting actions; providing penalties; providing certain presumption of offense; authorizing restitution for certain violation; providing for seizure and forfeiture of certain property pursuant to certain procedures; authorizing certain release of property under certain condition; providing for deposition of forfeited property; authorizing use of certain evidence in trial proceeding; allowing certain remedies to be cumulative; construing certain provision; amending 21 O.S. 1991, Section 1738, as last amended by Section 1, Chapter 65, O.S.L. 1993 (21 O.S. Supp. 1998, Section 1738), which relates to seizure and forfeiture proceedings; including certain counterfeit items; providing for codification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1990 of Title 21, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Trademark Anti-Counterfeiting Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1990.1 of Title 21, unless there is created a duplication in numbering, reads as follows:

For the purposes of this act:

1. "Counterfeit mark" means:

a. any unauthorized reproduction or copy of intellectual property, and

b. intellectual property that is affixed to any item that is knowingly sold, offered for sale, manufactured or distributed or to any identifying services offered or rendered without the authority of the intellectual property owner;

2. "Intellectual property" means any trademark, service mark, trade name, label, term, device, design or word that is adopted or used by a person to identify that person's goods or services; and

3. "Retail value" means:

a. for items that bear a counterfeit mark and that are components of a finished product, the counterfeiter's regular selling price of the finished product on or in which the component would be utilized, or

b. for all other items that bear a counterfeit mark or services that are identified by a counterfeit mark, the counterfeiter's regular selling price for those items or services.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1990.2 of Title 21, unless there is created a duplication in numbering, reads as follows:

A. Except as provided in subsections B and C of this section, a person who knowingly and with intent to sell or distribute, uses, displays, advertises, distributes, offers for sale, sells or possesses any item that bears a counterfeit mark or any service that is identified by a counterfeit mark shall, upon conviction, be guilty of a misdemeanor punishable by imprisonment in the county jail not exceeding one (1) year or by a fine not exceeding One Thousand Dollars ($1,000.00) or by both such fine and imprisonment.

B. Any person who commits any prohibited act proscribed in subsection A of this section shall, upon conviction, be guilty of a Schedule G felony punishable as provided in the state's sentencing

matrix, or by a fine of not more than the retail value of such items or services or both such fine and imprisonment, if either:

1. The person has one previous conviction under any provision of this section; or

2. At least one of the following exists:

a. the violation involves more than one hundred but fewer than one thousand items that bear the counterfeit mark, or

b. the total retail value of all of the items or services that bear or are identified by the counterfeit mark is more than One Thousand Dollars ($1,000.00) but less than Ten Thousand Dollars ($10,000.00).

C. Any person who knowingly manufactures or produces with intent to sell or distribute any item that bears a counterfeit mark or any service that is identified by a counterfeit mark shall, upon conviction, be guilty of a Schedule F felony punishable as provided in the state's sentencing matrix, or by a fine not exceeding three times the retail value of such items or services, or by both such fine and imprisonment.

D. Any person who commits any prohibited act proscribed by subsection A of this section shall, upon conviction, be guilty of a Schedule E felony punishable as provided in the state's sentencing matrix, or by a fine not exceeding three times the retail value of such items or services, or by both such fine and imprisonment if either:

1. The person has two or more previous convictions under this section; or

2. At least one of the following exists:

a. the violation involves at least one thousand items that bear the counterfeit mark, or

b. the total retail value of all of the items or services that bear or are identified by the counterfeit mark is at least Ten Thousand Dollars ($10,000.00).

E. For purposes of this section, any person who knowingly has possession, custody or control of at least twenty-six items that bear a counterfeit mark is presumed to possess the items with intent to sell or distribute the items.

F. In any criminal proceeding in which a person is convicted of a violation of any provision of this section, the court may order the convicted person to pay restitution to the intellectual property owner in addition to any other provision allowed by law.

G. The investigating law enforcement officer may seize any item that bears a counterfeit mark and all other personal property that is employed or used in connection with a violation of this section, including any items, objects, tools, machines, equipment, instrumentalities or vehicles. All personal property seized pursuant to this section shall be subject to forfeiture according to Section 1738 of Title 21 of the Oklahoma Statutes.

H. After a forfeiture has been ordered, on the request of the intellectual property owner, a law enforcement officer shall release all seized items that bear a counterfeit mark to the intellectual property owner for destruction. If the intellectual property owner does not request the release of the seized items that bear a counterfeit mark, the law enforcement officer shall destroy the items unless the intellectual property owner consents to another form of disposition at the forfeiture proceeding.

I. Any certificate of registration of any intellectual property pursuant to state or federal law is prima facie evidence of the facts stated in the certificate of registration and may be used at trial.

J. In addition to other remedies allowed by law, an intellectual property owner who sustains a loss as a result of any

violation of this section may file a civil action against the defendant for recovery of up to treble damages and the costs of the suit including reasonable attorney fees.

K. The remedies provided in this section are cumulative to all other civil and criminal remedies provided by law.

L. For the purposes of this section, the quantity or retail value of items or services includes the aggregate quantity or retail value of all items that the defendant manufactures, uses, displays, advertises, distributes, offers for sale, sells or possesses and that bear a counterfeit mark or that are identified by a counterfeit mark.

SECTION 4. AMENDATORY 21 O.S. 1991, Section 1738, as last amended by Section 1, Chapter 65, O.S.L. 1993 (21 O.S. Supp. 1998, Section 1738), is amended to read as follows:

Section 1738. A. Any commissioned peace officer of this state is authorized to seize any vehicle owned by or registered to the defendant used in the commission of any armed robbery offense defined in Section 801 of this title, or any vehicle owned by or registered to the defendant when such vehicle is used to facilitate the intentional discharge of any kind of firearm in violation of Section 652 of this title, or any vehicle, airplane, vessel, vehicles or parts of vehicles whose numbers have been removed, altered or obliterated so as to prevent determination of the true identity or ownership of said property and parts of vehicles which probable cause indicates are stolen but whose true ownership cannot be determined, or <u>any vehicle owned by or registered to the defendant used in violation of the Trademark Anti-Counterfeiting Act, or any</u> equipment owned by or registered to the defendant which is used in the attempt or commission of any act of burglary in the first or second degree, motor vehicle theft, unauthorized use of a vehicle, obliteration of distinguishing numbers on vehicles or criminal possession of vehicles with altered, removed or obliterated

numbers as defined by Sections 1431, 1435, 1716, 1719 and 1720 of this title or Sections 4-104 and 4-107 of Title 47 of the Oklahoma Statutes, or any equipment owned by or registered to the defendant used in violation of the Trademark Anti-Counterfeiting Act. Said property may be held as evidence until a forfeiture has been declared or a release ordered.

B. In addition to the property described in subsection A of this section, the following property is also subject to forfeiture pursuant to this ~~act~~ section:

1. Property used in the commission of theft of livestock or in any manner to facilitate the theft of livestock;

2. The proceeds gained from the commission of theft of livestock;

3. Personal property acquired with proceeds gained from the commission of theft of livestock; and

4. All conveyances, including aircraft, vehicles or vessels, and horses or dogs which are used to transport or in any manner to facilitate the transportation for the purpose of the commission of theft of livestock; or

5. Any items having a counterfeit mark and all property that is owned by or registered to the defendant that is employed or used in connection with any violation of the Trademark Anti-Counterfeiting Act.

C. Notice of seizure and intended forfeiture proceeding shall be filed in the office of the clerk of the district court for the county wherein such property is seized and shall be given all owners and parties in interest.

D. Notice shall be given according to one of the following methods:

1. Upon each owner or party in interest whose right, title, or interest is of record in the Oklahoma Tax Commission or with the county clerk for filings under the Uniform Commercial Code, served

in the manner of service of process in civil cases prescribed by Section 2004 of Title 12 of the Oklahoma Statutes;

2. Upon each owner or party in interest whose name and address is known, served in the manner of service of process in civil cases prescribed by Section 2004 of Title 12 of the Oklahoma Statutes; or

3. Upon all other owners, whose addresses are unknown, but who are believed to have an interest in the property by one publication in a newspaper of general circulation in the county where the seizure was made.

E. Within sixty (60) days after the mailing or publication of the notice, the owner of the property and any other party in interest or claimant may file a verified answer and claim to the property described in the notice of seizure and of the intended forfeiture proceeding.

F. If at the end of sixty (60) days after the notice has been mailed or published there is no verified answer on file, the court shall hear evidence upon the fact of the unlawful use and may order the property forfeited to the state, if such fact is proven.

G. If a verified answer is filed, the forfeiture proceeding shall be set for hearing.

H. At the hearing the state shall prove by clear and convincing evidence that property was used in the attempt or commission of an act specified in subsection A of this section or is property described in subsection B of this section with knowledge by the owner of the property.

I. The claimant of any right, title, or interest in the property may prove ~~his~~ the lien, mortgage, or conditional sales contract to be bona fide and that ~~his~~ the right, title, or interest created by the document was created without any knowledge or reason to believe that the property was being, or was to be, used for the purpose charged.

J. In the event of such proof, the court may order the property released to the bona fide or innocent owner, lien holder, mortgagee, or vendor if the amount due ~~him~~ such person is equal to, or in excess of, the value of the property as of the date of the seizure, it being the intention of this section to forfeit only the right, title, or interest of the purchaser, except for items bearing a counterfeit mark or used exclusively to manufacture a counterfeit mark.

K. If the amount due to such person is less than the value of the property, or if no bona fide claim is established, the property may be forfeited to the state and may be sold pursuant to judgment of the court, as on sale upon execution, and as provided in Section 2-508 of Title 63 of the Oklahoma Statutes, except as otherwise provided for by law and for property bearing a counterfeit mark which shall be destroyed or delivered to the bona fide intellectual property owner as provided in the Trademark Anti-Counterfeiting Act.

L. Property taken or detained pursuant to this section shall not be repleviable, but shall be deemed to be in the custody of the office of the district attorney of the county wherein the property was seized~~. The~~ or in the custody of the law enforcement agency as provided in the Trademark Anti-Counterfeiting Act. Except for property required to be destroyed pursuant to the Trademark Anti-Counterfeiting Act, the district attorney shall release said property to the owner of the property if it is determined that the owner had no knowledge of the illegal use of the property or if there is insufficient evidence to sustain the burden of showing illegal use of such property. If the owner of the property stipulates to the forfeiture and waives the hearing, the district attorney may determine if the value of the property is equal to or less than the outstanding lien. If such lien exceeds the value of the property, the property may be released to the lien holder. Property which has not been released by the district attorney shall

be subject to the orders and decrees of the court or the official having jurisdiction thereof.

M. The district attorney, or the law enforcement agency holding property pursuant to the Trademark Anti-Counterfeiting Act, shall not be held civilly liable for having custody of the seized property or proceeding with a forfeiture action as provided for in this section.

N. Attorney fees shall not be assessed against the state or the district attorney for any actions or proceeding pursuant to Section 1701 et seq. of this title.

O. ~~The~~ Except for property bearing a counterfeit mark or used to manufacture a counterfeit mark which shall be destroyed, the proceeds of the sale of any property shall be distributed as follows, in the order indicated:

1. To the bona fide or innocent purchaser, conditional sales vendor, or mortgagee of the property, if any, up to the amount of ~~his~~ such person's interest in the property, when the court declaring the forfeiture orders a distribution to such person;

2. To the payment of the actual reasonable expenses of preserving the property;

3. To the victim of the crime to compensate said victim for any loss ~~he may have~~ incurred as a result of the act for which such property was forfeited; and

4. The balance to a revolving fund in the office of the county treasurer of the county wherein the property was seized, to be distributed as follows: one-third (1/3) to the office of the arresting authorities; one-third (1/3) of said fund to be used and maintained as a revolving fund by the district attorney for the victim-witness fund, a reward fund or the evidence fund; and one-third (1/3) to go to the jail maintenance fund, with a yearly accounting to the board of county commissioners in whose county the fund is established. Monies from said fund may be used to pay costs

for the storage of such property if such property is ordered released to a bona fide or innocent owner, lien holder, mortgagee, or vendor and if such funds are available in said fund.

P. This fund shall be limited to One Hundred Thousand Dollars ($100,000.00) at any one time in counties with population in excess of three hundred thousand (300,000) and Twenty-five Thousand Dollars ($25,000.00) at any one time in counties with population less than three hundred thousand (300,000). Any amount in excess of these figures shall be placed in the general fund of the county. Whenever any property is forfeited pursuant to this section, the district court of jurisdiction may order that the property seized may be retained by the state, county, or municipal law enforcement agency which seized the property for its official use.

Q. If the court finds that the property was not used in the attempt or commission of an act specified in subsection A of this section and was not property subject to forfeiture pursuant to subsection B of this section <u>and is not property bearing a counterfeit mark</u>, the court shall order the property released to the owner as his right, title, or interest appears on record in the Tax Commission as of the seizure.

R. No vehicle, airplane, or vessel used by a person as a common carrier in the transaction of business as a common carrier shall be forfeited pursuant to the provisions of this section unless it shall be proven that the owner or other person in charge of such conveyance was a consenting party or privy to the attempt or commission of an act specified in subsection A or B of this section. No property shall be forfeited pursuant to the provisions of this section by reason of any act or omission established by the owner thereof to have been committed or omitted without the knowledge or consent of such owner, and by any person other than such owner while such property was unlawfully in the possession of a person other

than the owner in violation of the criminal laws of the United States or of any state.

SECTION 5. This act shall become effective July 1, 1999.

SECTION 6. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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