S T A T E O F N E W Y O R K

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I N A S S E M B L Y

April 21, 2010

Introduced by M. of A. MAISEL -- read once and referred to the Committee on Codes

AN ACT to amend the general business law and the penal law, in relation to the disposal of counterfeit products

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Section 360-m of the general business law, as added by chapter 319 of the laws of 1996, is amended to read as follows:

S 360-m. Remedies. 1. Any owner of a mark registered under this article may proceed by suit to enjoin the manufacture, use, display or sale of any counterfeits or imitations thereof and any court of competent jurisdiction may grant injunctions to restrain such manufacture, use, display or sale as may be by the said court deemed just and reasonable, and may require the defendants to pay to such owner all profits derived from and/or all damages suffered by reason of such wrongful manufacture, use, display or sale; and such court may also order that any such counterfeits or imitations in the possession or under the control of any defendant in such case be delivered to an officer of the court, or to the complainant, to be destroyed OR DONATED. The court, in its discretion, may enter judgment for an amount not to exceed three times such profits and damages and/or reasonable attorneys' fees of the prevailing party in such cases where the court finds the other party committed such wrongful acts with knowledge or in bad faith or otherwise as according to the circumstances of this case. The enumeration of any right or remedy herein shall not affect a registrant's right to prosecute under the penal law.

2. IF A COURT MAKES A DETERMINATION THAT THE COUNTERFEIT OR IMITATION PRODUCTS SHOULD BE DONATED, THEN NOTICE OF THAT DETERMINATION SHALL BE GIVEN TO THE LAWFUL MARK OWNER OF THE PRODUCTS. THE NOTICE SHALL STATE THAT THE COURT INTENDS TO DONATE THE SEIZED PRODUCTS TO HELP INDIGENT INDIVIDUALS AND THAT THE DONATION WILL PROCEED UNLESS THE LAWFUL MARK OWNER OBJECTS TO THE DONATION, IN WRITING. THE LAWFUL MARK OWNER WILL HAVE THIRTY (30) DAYS TO OBJECT TO THE COURT TO THE DONATION. IF THE LAWFUL MARK OWNER DOES NOT OBJECT, OR GIVES NO RESPONSE WITHIN THAT

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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PERIOD DESPITE HAVING RECEIVED THE NOTICE, THEN THE COURT SHALL TAKE THAT AS A GRANTING OF CONSENT BY THE LAWFUL MARK OWNER THAT THE DONATION SHOULD PROCEED.

3. THE COUNTERFEIT OR IMITATION PRODUCTS MAY ONLY BE GIVEN TO A NOT-FOR-PROFIT CORPORATION THAT HAS AN ESTABLISHED HISTORY OF PROVIDING GOODS AND SERVICES TO INDIGENT INDIVIDUALS. ORGANIZATIONS MAY PETITION THE COURT TO BE CONSIDERED A RECIPIENT OF THE COUNTERFEIT OR IMITATION PRODUCTS. THE JUDGE, IN HIS OR HER SOLE DISCRETION, SHALL DETERMINE WHETHER AN ORGANIZATION QUALIFIES PURSUANT TO THIS SUBDIVISION AND WHICH ORGANIZATION SHALL RECEIVE THE COUNTERFEIT OR IMITATION PRODUCTS.

4. ANY COUNTERFEIT OR IMITATION PRODUCTS RECEIVED BY AN ORGANIZATION THROUGH THIS SECTION MAY NOT BE SOLD BY THE ORGANIZATION, NOR MAY ANY PERSON OR ENTITY IN POSSESSION OF ANY OF THESE PRODUCTS SELL SUCH PRODUCTS.

5. ANY COUNTERFEIT OR IMITATION PRODUCTS RECEIVED BY AN ORGANIZATION THROUGH THIS SECTION MUST HAVE THE PRODUCTS' TAGS REMOVED OR HAVE THE PRODUCTS MARKED, ALTERED, IMPRINTED OR INDELIBLY STAMPED SO AS TO PREVENT THEIR RESALE OR ANY CONFUSION WITH THE ACTUAL PRODUCTS OF THE LAWFUL MARK OWNER.

6. COUNTERFEIT OR IMITATION PRODUCTS THAT MAY BE DONATED SHALL NOT INCLUDE ANY AUDIOVISUAL WORKS OR ELECTRONIC EQUIPMENT; SUCH PRODUCTS MUST BE DESTROYED.

S 2. Section 165.74 of the penal law, as amended by chapter 535 of the laws of 1995, is amended to read as follows:

S 165.74 Seizure and DISTRIBUTION OR destruction of goods bearing counterfeit trademarks.

Any goods manufactured, sold, offered for sale, distributed or produced in violation of this article may be seized by any police officer. The magistrate must, within forty-eight hours after arraignment of the defendant, determine whether probable cause exists to believe that the goods had been manufactured, sold, offered for sale, distributed or produced in violation of this article, and upon a finding that probable cause exists to believe that the goods had been manufactured, sold, offered for sale, distributed, or produced in violation of this article, the court shall authorize such articles to be retained as evidence pending the trial of the defendant. Upon conviction of the defendant, the articles in respect whereof the defendant stands convicted shall be destroyed OR DONATED. Destruction shall not include auction, sale or distribution of the items in their original form. DONATION OF THE ITEMS SHALL BE MADE AT THE COURT'S DISCRETION UPON THE REQUEST OF ANY LAW ENFORCEMENT AGENCY AND PURSUANT TO THE RESTRICTIONS AND PROCEDURES OF SECTION 360-M OF THE GENERAL BUSINESS LAW, FOR THE BENEFIT OF INDIGENT INDIVIDUALS.

S 3. This act shall take effect immediately.