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I N S E N A T E

April 17, 2012

Introduced by Sen. GRIFFO -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection

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:

1 Section 1. Section 360-m of the general business law, as added by  
2 chapter 319 of the laws of 1996, is amended to read as follows:  
3 S 360-m. Remedies. 1. Any owner of a mark registered under this arti-  
4 cle may proceed by suit to enjoin the manufacture, use, display or sale  
5 of any counterfeits or imitations thereof and any court of competent  
6 jurisdiction may grant injunctions to restrain such manufacture, use,  
7 display or sale as may be by the said court deemed just and reasonable,  
8 and may require the defendants to pay to such owner all profits derived  
9 from and/or all damages suffered by reason of such wrongful manufacture,  
10 use, display or sale; and such court may also order that any such coun-  
11 terfeits or imitations in the possession or under the control of any  
12 defendant in such case be delivered to an officer of the court, or to  
13 the complainant, to be destroyed OR DONATED. The court, in its  
14 discretion, may enter judgment for an amount not to exceed three times  
15 such profits and damages and/or reasonable attorneys' fees of the  
16 prevailing party in such cases where the court finds the other party  
17 committed such wrongful acts with knowledge or in bad faith or otherwise  
18 as according to the circumstances of this case. The enumeration of any  
19 right or remedy herein shall not affect a registrant's right to prose-  
20 cute under the penal law.  
21 2. IF A COURT MAKES A DETERMINATION THAT THE COUNTERFEIT OR IMITATION  
22 PRODUCTS SHOULD BE DONATED, THEN NOTICE OF THAT DETERMINATION SHALL BE  
23 GIVEN TO THE LAWFUL MARK OWNER OF THE PRODUCTS. THE NOTICE SHALL STATE  
24 THAT THE COURT INTENDS TO DONATE THE SEIZED PRODUCTS TO HELP INDIGENT  
25 INDIVIDUALS AND THAT THE DONATION WILL PROCEED UNLESS THE LAWFUL MARK  
26 OWNER OBJECTS TO THE DONATION, IN WRITING. THE LAWFUL MARK OWNER WILL  
27 HAVE THIRTY DAYS TO OBJECT TO THE COURT TO THE DONATION. IF THE LAWFUL  
28 MARK OWNER DOES NOT OBJECT, OR GIVES NO RESPONSE WITHIN THAT PERIOD

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

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

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

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

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

20 6. PROVIDED, HOWEVER, THAT THE ONLY COUNTERFEIT OR IMITATION PRODUCTS  
21 THAT MAY BE DONATED PURSUANT TO THIS SECTION SHALL BE CLOTHING, AND ALL  
22 OTHER COUNTERFEIT OR IMITATION PRODUCTS MUST BE DESTROYED.

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

25 S 165.74 Seizure and DISTRIBUTION OR destruction of goods bearing coun-  
26 terfeit trademarks.

27 Any goods manufactured, sold, offered for sale, distributed or  
28 produced in violation of this article may be seized by any police offi-  
29 cer. The magistrate must, within forty-eight hours after arraignment of  
30 the defendant, determine whether probable cause exists to believe that  
31 the goods had been manufactured, sold, offered for sale, distributed or  
32 produced in violation of this article, and upon a finding that probable  
33 cause exists to believe that the goods had been manufactured, sold,  
34 offered for sale, distributed, or produced in violation of this article,  
35 the court shall authorize such articles to be retained as evidence pend-  
36 ing the trial of the defendant. Upon conviction of the defendant, the  
37 articles in respect whereof the defendant stands convicted shall be  
38 destroyed OR DONATED. Destruction shall not include auction, sale or  
39 distribution of the items in their original form. DONATION OF THE ITEMS  
40 SHALL BE MADE AT THE COURT'S DISCRETION UPON THE REQUEST OF ANY LAW  
41 ENFORCEMENT AGENCY AND PURSUANT TO THE RESTRICTIONS AND PROCEDURES OF  
42 SECTION THREE HUNDRED SIXTY-M OF THE GENERAL BUSINESS LAW, FOR THE BENE-  
43 FIT OF INDIGENT INDIVIDUALS.

44 S 3. This act shall take effect immediately.