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□ 1700

FEDERAL TRADEMARK DILUTION ACT OF 1995

Mr. MOORHEAD. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1295) to amend the Trademark Act of 1946 to make certain revisions relating to the protection of famous marks, as amended.

The Clerk read as follows:

H.R. 1295

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Trademark Dilution Act of 1995".

SEC. 2. REFERENCE TO THE TRADEMARK ACT OF 1946.

For purposes of this Act, the Act entitled "An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946 (15 U.S.C. 1051 and following), shall be referred to as the "Trademark Act of 1946".

SEC. 3. REMEDIES FOR DILUTION OF FAMOUS MARKS.

(a) REMEDIES.—Section 43 of the Trademark Act of 1946 (15 U.S.C. 1125) is amended by adding at the end the following new subsection:

"(c)(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to—

"(A) the degree of inherent or acquired distinctiveness of the mark;

"(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

"(C) the duration and extent of advertising and publicity of the mark;

"(D) the geographical extent of the trading area in which the mark is used;

"(E) the channels of trade for the goods or services with which the mark is used;

"(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;

"(G) the nature and extent of use of the same or similar marks by third parties; and

"(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

"(2) In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity.

"(3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

"(4) The following shall not be actionable under this section:

"(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

"(B) Noncommercial use of a mark.

"(C) All forms of news reporting and news commentary.".

(b) CONFORMING AMENDMENT.—The heading for title VIII of the Trademark Act of 1946 is amended by striking "AND FALSE DESCRIPTIONS" and inserting ", FALSE DESCRIPTIONS, AND DILUTION".

SEC. 4. DEFINITION.

Section 45 of the Trademark Act of 1946 (15 U.S.C. 1127) is amended by inserting after the paragraph defining when a mark shall be deemed to be "abandoned" the following:

"The term 'dilution' means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—

"(1) competition between the owner of the famous mark and other parties, or

"(2) likelihood of confusion, mistake, or deception.".

SEC. 5. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. MOORHEAD] will be recognized for 20 minutes, and the gentlewoman from Colorado [Mrs. SCHROEDER] will be recognized for 20 minutes.

The Chair recognizes the gentleman from California [Mr. MOORHEAD].

Mr. MOORHEAD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1295, the Federal Trademark Dilution Act of 1995 and I would like to commend the gentlewoman from Colorado [Mrs. SCHROEDER], the ranking member of the Subcommittee on Courts and Intellectual Property for all of her hard work on this issue.

Mr. Speaker, this bill is designed to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion. Thus, for example, the use of DuPont shoes, Buick aspirin, and Kodak pianos would be actionable under this bill.

The concept of dilution dates as far back as 1927, when the Harvard Law Review published an article by Frank I. Schecter in which it was argued that coined or unique trademarks should be protected from the "gradual whittling away of dispersion of the identity and hold upon the public mind" of the mark by its use on noncompeting goods. Today, approximately 25 States have laws that prohibit trademark dilution.

A Federal trademark dilution statute is necessary, because famous marks ordinarily are used on a nationwide basis

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and dilution protection is only available on a patch-quilt system of protection. Further, some courts are reluctant to grant nationwide injunctions for violation of State law where half of the States have no dilution law. Protection for famous marks should not depend on whether the forum where suit is filed has a dilution statute. This simply encourages forum-shopping and increases the amount of litigation.

H.R. 1295 would amend section 43 of the Trademark Act to add a new subsection (c) to provide protection against another's commercial use of a famous mark which result in dilution of such mark. The bill defines the term "dilution" to mean "the lessening of the capacity of registrant's mark to identify and distinguish goods or services of the presence or absence of (a) competition between the parties, or (b) likelihood of confusion, mistake, or deception."

The proposal adequately addresses legitimate first amendment concerns espoused by the broadcasting industry and the media. The bill would not prohibit or threaten noncommercial expression, such as parody, satire, editorial, and other forms of expression that are not a part of a commercial transaction. The bill includes specific language exempting from liability the "fair use" of a mark in the context of comparative commercial advertising or promotion and all forms of news reporting and news commentary.

The legislation sets forth a number of specific criteria in determining whether a mark has acquired the level of distinctiveness to be considered famous. These criteria include: First, the degree of inherent or acquired distinctiveness of the mark; second, the duration and extent of the use of the mark; and third, the geographical extent of the trading area in which the mark is used.

With respect to remedies, the bill limits the relief a court could award to an injunction unless the wrongdoer willfully intended to trade on the trademark owner's reputation or to cause dilution, in which case other remedies under the Trademark Act become available. The ownership of a valid Federal registration would act as a complete bar to a dilution action brought under State law.

Mr. Speaker, H.R. 1295 is strongly supported by the U.S. Patent and Trademark Office, the International Trademark Association; the American Bar Association; Time Warner; the Campbell Soup Co.; the Samsonite Corp., and many other U.S. companies, small businesses, and individuals. It is solid legislation and I urge its passage.

Mr. Speaker, I reserve the balance of my time.

Mrs. SCHROEDER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to join the Intellectual Property Subcommittee chairman, the gentleman from California, in support of H.R. 1295, the Trademark Dilution Act. In particular, I am pleased that the bill before us today includes an amendment I offered in subcommittee to extend the Federal remedy against trademark dilution to unregistered as well as registered famous marks.

At our hearing on H.R. 1295, the administration made a compelling case that limiting the Federal remedy against trademark dilution to those famous marks that are registered is not within the spirit of the United States position as a leader setting the standards for strong worldwide protection of intellectual property. Such a limitation would undercut the United States' position with our trading partners, which is that famous marks should be protected regardless of whether the marks are registered in the country where protection is sought.

In all of our work this year, the Intellectual Property Subcommittee has been strongly committed to making sure that the United States is a leader in setting high standards worldwide for the protection of intellectual property. This bill is fully within that tradition, and will strengthen our hand in our negotiations with our trading partners.

It is also important to recognize, as the Patent and Trademark Office pointed out in its testimony, that existing precedent does not distinguish between registered and unregistered marks in determining whether a mark is entitled to protection as a famous mark. To the extent that dilution has been a remedy available to the owner of a trademark or service mark in the United States under State statutes and the common law, that remedy has not been limited only to registered marks. So it really doesn't make any sense, if we are going to create a Federal statute on trademark dilution, to limit the remedy to registered marks.

For these reasons, I am happy that the bill before us today includes a strong Federal remedy for trademark dilution, not only with respect to registered marks, but also with respect to unregistered famous marks. I urge my colleagues to support this bill.

Mr. Speaker, I have no further speakers on this bill, so I yield back the balance of my time.

Mr. MOORHEAD. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. EWING). The question is on the motion of the gentleman from California [Mr. MOORHEAD] that the House suspend the rules and pass the bill, H.R. 1295, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MOORHEAD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

ENHANCING FAIRNESS IN COMPENSATING OWNERS OF PATENTS USED BY THE UNITED STATES

Mr. MOORHEAD. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 632) to enhance fairness in compensating owners of patents used by the United States, as amended.

The Clerk read as follows:

H.R. 632

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. JUST COMPENSATION.

(a) AMENDMENT.—Section 1498(a) of title 28, United States Code, is amended by adding at the end of the first paragraph the following: "Reasonable and entire compensation shall include the owner's reasonable costs, including reasonable fees for expert witnesses and attorneys, in pursuing the action if the owner is an independent inventor, a nonprofit organization, or an entity that had no more than 500 employees at any time during the 5-year period preceding the use or manufacture of the patented invention by or for the United States. Reasonable and entire compensation described in the preceding sentence shall not be paid from amounts available under section 1304 of title 31, but shall be payable subject to such extent or in such amounts as are provided in annual appropriations Acts.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to actions under section 1498(a) of title 28, United States Code, that are pending on, or brought on or after, January 1, 1995.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. MOORHEAD] will be recognized for 20 minutes, and the gentlewoman from Colorado [Mrs. SCHROEDER] will be recognized for 20 minutes.

The Chair recognizes the gentleman from California [Mr. MOORHEAD].

Mr. MOORHEAD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 632, a bill to enhance fairness in compensating owners of patents used by the United States. I ask unanimous consent to revise and extend my remarks and yield myself as much time as I may consume. An amended version of this bill is presented for passage under suspension of the rules. The amendment to the reported bill reflects technical changes which conform to suggestions given after consideration of the bill by the Committee on the Budget.

I would like to thank the ranking member of the Subcommittee on Courts and Intellectual Property, the gentlewoman from Colorado [Mrs. SCHROEDER], for her efforts in bringing this bill before the subcommittee and for her work on the important issue of

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