SR 1562

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SENATE REPORT NO. 1562

REGISTRATION OF TRADE--MARKS TO CARRY OUT PROVISIONS OF INTERNATIONAL CONVENTIONS

MAY 1 (legislative day, APRIL 24), 1940.----Ordered to be printed

Mr. DANAHER from the Committee on Patents, submitted the following

REPORT

[To accompany H.R. 6618]

The Committee on Patents to whom was referred the bill (H.R. 6618) entitled "An act to provide for the registration of trade--marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes," having considered the same, report thereon with certain amendments and recommend that the bill, as so amended do pass.

No easy summary of the several provisions of this bill can be submitted, but the object sought to be accomplished lies in the collection and revamping of the scattered statutes dealing with trade--marks. The public interest is twofold: First, protection from deceit, in achieving a substantially uniform practice by which a mark attaching to an article of commerce may identify such article as to source or quality or type; thus, the public desiring that article, and having become familiar with a trade--mark identifying it, may seek to purchase and purchase an article so identified. The second objective of the public interest, then, lies in protection of the owner of a mark in trade to which value has attached so that through proper registration and under the protection of the law the owner of the trade--mark may safely extend its use, build his commercial goodwill upon it, and advertise the qualities of his product to which the mark attaches, secure from unfair competition either by infringement or deceit.

Many efforts have been made within the several States to create local trade--mark registration, but the rights claimed by trade--mark holders under such local statutes have been found repeatedly in conflict with rights acquired either under the present Federal statutes or common law or the statutes of some other State. Since 1870 the Congress from time to time has been concerned with the problem to the point where a large body of legislation has grown up with amendment after amendment, with decision after decision of the courts predicated thereon, until the whole subject has become so widely

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scattered and diffuse in its various phases that there has been a long--felt need for proper corrective legislation. Extensive hearings have been held in the House over a period of years and all known interested parties have been heard at one time or another. H.R. 6618 was favorably reported by the House Committee on Patents on June 27, 1939, with accompanying Report No. 944. The House report will be found of valuable assistance to those interested in the House conclusions.

Your committee has long had this bill under consideration and it has been thoroughly canvassed, title by title and section by section, not only in conferences among the members of your committee, but in joint conference with members of the House Committee, on the one

hand, and in conference with leaders of the bar who have appeared and given wholeheartedly of their time and of their experience for the assistance of your committee. As a result, there have been sereral modifications of the House bill. While minor criticism and objections have been considered and the language of the bill revised until its present form has by overwhelming agreement been achieved, the chief conflicts revolved about two fundamentals: One, the provision in section 10 for assignment, and two, that in section 14 dealing with cancelation, with its related question in section 32, subparagraph (1), of protection of a mark to a more or less "local" owner or to those in privity with him where prior use of such mark shall have been established.

As to the first, your committee feels that a registered mark or a mark for which application has been filed should be assignable upon such terms and conditions as the parties may contract for. Should there be litigation, it is confidently to be expected that our courts will construe any questioned contract fairly and legally and on the facts of the particular case, having regard to the particulars which may properly be the subject of the contract. For example, there will be many instances in which a trade--mark necessarily derives its goodwill, not only from the source of manufacture but from the trade secrets or formulas or special skills involved and appurtenant to the trade--mark, while in yet other cases goodwill and the value thereof will attach to the name or mark itself and be by no means dependent upon the trader's equipment or manufacturing assets. With central registration under this act, a registrant will acquire rights and the public will achieve protection not to be found in diverse registrations possible under the laws of the many States. Naturally, as in dealing with any other kind of property, there should be some ultimate period of repose when rights will adhere, and it has seemed to your committee that a 10--year period is ample. Even so, if a registered mark has been abandoned or if its original, registration was obtained fraudulently, or contrary to the act itself, an application for cancelation may be made at any time, and consequently to the extent previously used in commerce, a registrant's right becomes incontestable after the period for cancelation of his registration has expired.

Furthermore, as to the second, your committee has not been without thought for protection of an individual who has established a prior local use and, accordingly, in behalf of such a user, a defense is created in section 32 against any suit for infringement which might be brought by a registrant so that in any such infringement suit the local user, upon establishing prior use, shall be entitled to the exclu—

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sive development of his mark within the territory which he now holds at the time of the passage of this act.

As might be expected, in a task of this magnitude, your committee asserts no pontifical status but believes this bill as now reported to achieve substantial gains in the right direction.

Existing law which we propose to repeal is hereinafter set forth, enclosed in black brackets.

[OMITTED]

77th Congress, 1st Session

IN THE SENATE OF THE UNITED STATES

FEBRUARY 17, 1941 (legislative day, February 13)

Mr. BONE introduced the following bill; which was read twice and referred to the Committee on Patents

A BILL

To provide for the registration of trade--marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes.
Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.