A BILL

To amend 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".

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

That this Act may be cited as the "Trademark Law Revision Act of 1987".

SEC. 2. For purposes of this Act, the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes" shall be referred to as the "Trademark Act of 1946".

SEC. 3. Section 1 of the Trademark Act of 1946 *(15 U.S.C. 1051)* is amended by--

(1) inserting a section heading before section 1 to read as follows: "REQUIREMENTS FOR APPLYING TO REGISTER TRADEMARKS ON THE PRINCIPAL REGISTER";
(2) striking out "may register his" and inserting in lieu thereof "may apply to register his";
(3) redesignating paragraphs (1), (2),and (3) of subsection (a) as subparagraphs (A), (B), and (C), respectively;
(4) redesignating subsections (a), (b), and (c) as paragraphs (1), (2), and (3), respectively;
(5) inserting "(a)" after "SECTION 1.";
(6) striking out "actually" in subparagraph (C), as redesignated herein; and
(7) adding at the end thereof the following:

"(b) A person who has a bona fide intention to use a trademark in commerce may apply to register the trademark under this Act on the principal register hereby established:

"(1) By filing in the Patent and Trademark Office--

"(A) a written application, in such form as may be prescribed by the Commissioner, verified by the applicant, or by a member of the firm or an officer of the corporation or association applying, specifying applicant's domicile and citizenship, applicant's bona fide intention to use the mark in commerce, the goods in connection with which the applicant has a bona fide intention to use the mark and the mode or manner in which the mark is intended to be used in connection with such goods, and including a statement to the effect that the person making the verification believes himself, or the firm, corporation, or association in whose behalf he makes the verification, is entitled to use the mark in commerce, and that no other person, firm, corporation, or association, to the best of his knowledge and belief, has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when applied to the goods of such other person, to cause confusion, or to cause mistake, or to deceive: *Provided,* That in the case of every application seeking concurrent use the applicant shall state exceptions to his claim of exclusive use, in which he shall specify, to the extent of his knowledge, any use by others, the goods in connection with which and the areas in which such use exists, the periods of such use, and the goods and area for which the applicant has a bona fide intention to use the mark in commerce and desires registration. However, with the exception of applications filed pursuant to section 44 of this Act, no mark shall be registered until the applicant has met the requirements of section 13(b)(2) hereof; and

"(B) a drawing of the mark.

"(2) By paying in the Patent and Trademark Office the filing fee.

"(3) By complying with such rules or regulations, not inconsistent with law, as may be prescribed by the Commissioner.

"(c) At any time during examination of an application filed under subsection (b), an applicant who has made use of the mark in commerce may claim the benefits thereof for purposes of this Act, by amending his application to bring it into conformity with the requirements of subsection (a).".

SEC. 4. Section 2 of the Trademark Act of 1946 (U.S.C. 1052) is amended--

(1) by amending subsection (d) to read as follows:

"(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark which is the subject of a previously filed pending application, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: *Provided,* That when the Commissioner determines that confusion, mistake, or deception is not likely to result from the use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this Act; or (2) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (3) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Commissioner when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Commissioner shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods in connection with which such mark is registered to the respective persons;"; and (2) in subsection (f) by striking out "five years" through the end of the subsection and inserting in lieu thereof "five years next preceding an offer of proof by the applicant".

SEC. 5. Section 3 of the Trademark Act of 1946 *(15 U.S.C. 1054)* is amended by--

(1) striking out "used in commerce" in the first sentence; and

(2) striking out the second sentence.SEC. 6. Section 4 of the Trademark Act of 1946 *(15 U.S.C. 1054)* is amended by--

(1) striking out "origin used in commerce," and inserting in lieu thereof "origin,";

(2) striking out "except when" in the first sentence and inserting in lieu thereof "except in the case of certification marks when"; and

(3) striking out the second sentence.

SEC. 7. Section 5 of the Trademark Act of 1946 *(15 U.S.C. 1055)* is amended by adding at the end thereof the following: "First use of a mark by a person, which use is controlled by the registrant or applicant for registration of the mark in respect to the nature and quality of the goods or services, shall inure to the benefit of the registrant or applicant."

SEC. 8. Section 6(b) of the Trademark Act of 1946 *(15 U.S.C. 1056*(b)) is amended by striking out "(d)" and inserting in lieu thereof "(e)".

SEC. 9. Section 7 of the Trademark Act of 1946 *(15 U.S.C. 1057)* is amended by--

(1) amending subsection (b) to read as follows:

"(b) A certificate of registration of a mark upon the principal register provided by this Act shall be

prima facie evidence of the validity of the registered mark and of the registration thereof, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or service specified in the certificate, subject to any conditions or limitation stated therein";

(2) redesignating subsection (c), (d), (e), (f), and (g) as subsections (d), (e), (f), (g), and (h), respectively; and

(3) inserting between subsection (b) and subsection (d), as redesignated herein, the following:

"(c) Contingent on the registration of a mark on the principal register established herein, the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration against any other person except for a person whose mark has not been abandoned and, who prior to such filing--

"(1) has used the mark;

"(2) has filed an application to register the mark on the principal register and that application is pending or has resulted in registration of the mark on the principal register; or

"(3) has filed a foreign application to register the mark on the basis of which he has acquired a right of priority by the timely filing under section 44(d) of an application to register the mark on the principal register and that application is pending or has resulted in registration of the mark on the principal register."

SEC. 10. Section 8(a) of the Trademark Act of 1946 *(15 U.S.C. 1058a)* is amended by--

(1) striking out "twenty" and inserting in lieu thereof "ten"; and
(2) striking out "showing that said mark is in use in commerce or showing that its" and inserting in lieu thereof "setting forth those goods or services recited in the registration on or in connection with which the mark is in use in commerce and having attached there to a specimen or facsimile showing current use of the mark, or showing that any".

SEC. 11. Section 9(a) of the Trademark Act of 1946 *(15 U.S.C. 1059*(a)) is amended by striking out "twenty" and inserting in lieu thereof "ten".

SEC. 12. Section 10 of the Trademark Act of 1946 (15U.S.C. 1060) is amended to read as follows:

"ASSIGNMENT AND GRANT OF SECURITY INTEREST

"SEC. 10. (a) A registered mark or a mark for which application to register has been filed shall be assignable with the goodwill of the business in which the mark is used, or with that part of the goodwill of the business connected with the use of and symbolized by the mark. However, no application to register a mark under section 1(b) shall be assignable prior to the filing of the verified statement of use under section 13(b)(2), except to a successor to the business of the applicant, or portion thereof, to which the mark pertains.

"(b)(1) A security interest in a registered mark or a mark for which application to register has been filed may be obtained and will be superior to any interest subsequently granted to a third party, provided--

"(A) the party granted the security interest obtains a security interest in the goodwill or the business in which the mark is used, or with that part of the goodwill of the business connected with the use of and symbolized by the mark;
"(B) the mark is not subject to a valid, prior perfected security interest; and
"(C) notice of such interest is filed in the Patent and Trademark Office within ten days after being granted.
"(2) A party granted a security interest in a registered mark or a mark for which application to register

has been filed may, after default by the party granting the security interest, require the debtor to assign the mark to--

"(A) a transferee who is also being assigned that part of the goodwill of the business connected with the use
of and symbolized by the mark; or

"(B) the party holding the security interest, even though such party does not presently engage in the business to which the mark relates, provided that the secured party either subsequently engages in the business to which the mark relates or holds the mark only for the purpose of subsequently transferring the mark along with the goodwill associated with the mark and that such subsequent transfer occurs prior to dissipation of the goodwill.

"(3) A security interest in a mark obtained pursuant to this section will extend to the consideration received upon the sale, exchange, collection or other disposition of the mark for ten days after receipt of the consideration by the transferor and will then unless a financing statement or other document is filed as required by appropriate State law.

"(c) In any assignment of or grant of a security interest in a mark it shall not be necessary to include the goodwill of the business connected with the use of and symbolized by any other mark used in the business or by the name or style under which the business is conducted.

"(d) Assignments and grants or security interest shall be by instruments in writing duly executed. Acknowledgment shall be prima facie evidence of the execution of an assignment or a grant of a security interest and when recorded in the Patent and Trademark Office the record shall be prima facie evidence of execution. An assignment of or grant of a security interest in a mark shall be void as against any subsequent purchaser or other entity being granted an interest for a valuable consideration without notice, unless recorded in the Patent and Trademark Office within three months after the date thereof or prior to such subsequent purchase in the case of an assignment, or within ten days after the grant of any security interest.

"(e) A separate record of documents submitted for recording under this section shall be maintained in the Patent and Trademark Office. Such record shall include any release, cancellation, discharge, or satisfaction relating to any conveyance or other instrument affecting title to or any interest in a registered mark or a mark for which application to register has been filed.

"(f) An assignee or holder of a security interest not domiciled in the United States shall be subject to and comply with the provisions of section 1(d) of this Act.".

SEC. 13. Section 12(a) of the Trademark Act of 1946 *(15 U.S.C. 1062a)* is amended by striking out "to registration, the" and inserting in lieu thereof "to registration, or would be entitled to registration upon the acceptance of the statement

of use prescribed in section 13(b)(2) of this Act, the". SEC. 14. Section 13 of the Trademark Act of 1946

(15 U.S.C. 1063) is amended by--

(1) inserting "(a)" before "Any person"; and
(2) adding at the end thereof the following:"(b) Unless registration is successfully opposed--

"(1) a mark entitled to registration on the principal register based on an application filed under section 1(a) or pursuant to section 44, shall be registered in the Patent and Trademark Office, and a certificate of registration issued, and notice of the registration shall be published in the Official Gazette of the Patent and Trademark Office; or

"(2) a notice of allowance shall be issued to the applicant if he applied for registration under section 1(b). Within six months following the date of the notice of allowance, the applicant must file in the Patent and Trademark Office, together with such number of specimens or facsimiles of the mark as used in commerce as may be required by the Commissioner an d payment of the prescribed fee, a verified statement that the mark is in use

in commerce and specifying the date of applicant's first use of the mark and the date of applicant's first use of the mark in commerce, those goods or services specified in the notice of allowance on or in connection with which the mark is used in commerce and the mode or manner in which the mark is used in connection with such goods or services. Subject to examination and acceptance of the statement of use, the mark shall be registered in the Patent and Trademark Office, and a certificate of registration issued, for those goods or services recited in the statement of use for which the mark is entitled to registration and notice of registration shall be published in the Official Gazette of the Patent and Trademark Office. The notice shall specify the goods or services for which the mark is registered.

"(A) The time for filing the statement of use shall be extended for an additional six--month period upon written request of the applicant prior to expiration of the six--month period. Such request shall be accompanied by a verified statement that the applicant has a continued bona fide intention to use the mark in commerce and specifying those goods or services identified in the notice of allowance on or in connection with which the applicant h as a continued bona fide intention to use the mark in commerce. UP to six further extensions of six months each shall be obtained when requested prior to the expiration of the extended period and accompanied by a verified statement that the applicant has a continued bona fide intention to use the mark in commerce and specifying those goods or services identified in the most recent extension for which the applicant has a continued bona fide intention to use the mark in commerce. Each request for an extension shall be accompanied by payment of the prescribed fee.

"(B) The Commissioner shall notify any applicant who files a statement of use of the acceptance or refusal thereof an d, if a refusal, the reasons therefor. An applicant may amend his statement of use and may seek review by the Commissioner of a final refusal.

"(C) The failure to timely file a verified statement of use shall result in abandonment of the application.".

SEC.15. Section 14(c) of the Trademark Act of 1946 *(15 U.S.C. 1064*(C)) is amended to read as follows:

"(c) at any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 4 or of subsection (a), (b), or (c) of section 2 for a registration hereunder, or contrary to similar prohibitory provisions of such prior Acts for a registration thereunder, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services in connection with which it has been used; or" SEC.16. Section 15(4) of the Trademark Act of 1946 *(15 U.S.C. 1065*(4)) is amended by striking out "the common descriptive name" and inserting in lieu thereof "the generic name." SEC. 17. Section 18 of the Trademark Act of 1946 *(15 U.S.C. 1068)* is amended by--

(1) striking our "or restrict" and inserting in lieu thereof "the registration, in whole or in part, may modify the application or registration by limiting the goods or services specified therein, may otherwise restrict or rectify with respect to the register";

(2) striking out "or" before "may refuse"; and

(3) adding at the end thereof the following:"However, no final judgment shall be entered in favor of an applicant under section 1(b) who alleges

likelihood of confusion prior to the mark being registered."SEC.18 .Section 21 of the Trademark Act of 1946 *(15 U.S.C. 1071)* is amended--

(1) in subsection (a), by striking out "section 21(b)" each place it appears and inserting in lieu thereof "subsection (b)";

(2) in subsection (a), by striking out "Section 21(a)(2)" and inserting in lieu thereof "paragraph (2) of this subsection";

(3) in subsection (a)(4), by adding at the end thereof the following: "However, no final judgment shall be entered in favor of an applicant under section 1(b)who alleges likelihood of confusion prior to the mark being registered.";

(4) in subsection (b), by striking out "section 21(a)" each place it appears and inserting in lieu thereof "subsection (a)";

(5) in subsection (b)(1), by adding at the end thereof the following:"However, no final judgment shall be entered in favor of an applicant under section1(b) who alleges likelihood of confusion prior to the mark being registered."; and

(6) in subsection (b)(3), by amending the first sentence of such paragraph to read as follows:

"(3) In any case where there is no adverse party, a copy of the complaint shall be served on the Commissioner, and, unless otherwise directed by the court, all the expenses of the proceeding shall be paid by the party bringing the case, whether the final decision is in favor of such party or not.".

SEC. 19. Section 23 of the Trademark Act of 1946 *(15 U.S.C. 1091)* is amended by--

(1) inserting "(A)" before "In addition"in the first paragraph;

(2) inserting "(b)" before "Upon the" in the second paragraph;

(3) inserting "(c)" before "For the purposes" in the third paragraph;

(4) striking out "paragraphs (a)", in subsection (a), as designated herein, and inserting in lieu thereof "subsections (a),";

(5) striking out "have been in lawful use in commerce by the proprietor thereof, upon" in subsection (a), as designated herein, and inserting in lieu thereof "are in use in commerce by the owner thereof, on";

(6) striking out "for the year preceding the filing of the application" in subsection (a), as designated herein;

(7) inserting before"section 1" in subsection (a), as designated herein, the following:"subsections(a) and (d) of";

(8) adding at the end of subsection (c), as designated herein, the following: "The filing of an application to register a mark on the supplemental register, or registration of a mark thereon, shall not constitute an admission that the mark is not eligible for registration on the principal register established herein."; and

(9) striking out the last paragraph.SEC 20. Section 24 of the Trademark Act of 1946 *(15 U.S.C. 1092)* is amended by--

(1) striking out "was not entitled to register the mark at the time of his application for registration thereof," and inserting in lieu thereof "is not entitled to registration,"; and

(2) by adding at the end thereof the following:"However, no final judgment shall be entered in favor of an applicant under section 1(b) who alleges

likelihood of confusion prior to the mark being registered.".SEC. 21. Section 26 of the Trademark Act of 1946 *(15 U.S.C. 1094)* is amended by--

(1) inserting "1(b)," after "sections"; and

(2) inserting "7(c)," after "7(b)".

SEC.22. Section 30 of the Trademark Act of 1946 *(15 U.S.C. 112)* is amended by striking out "goods and services upon or in connection with which he is actually using the mark" and inserting in lieu thereof "goods or services on or in connection with which he is using or he has a bona fide intention to use the mark in commerce".

SEC.23. Section 33(a) of the Trademark Act of 1946 *(15 U.S.C. 1115*(a)) is amended by--

(1) inserting "the validity of the registered mark and of the registration thereof, of the registrant's ownership of the mark, and of the" after "prima facie evidence of";

(2) inserting "or in connection with" after "in commerce on"; and

(3) inserting ",including those set forth in subsection (b)," after "or defect".SEC. 24. Section 33(b) of the Trademark Act of 1946 *(15 U.S.C. 115*(b)) is amended by--

(1) amending the matter in subsection (b) before paragraph (1) to read as follows:

"(b) To the extent that the right to use the registered mark has become incontestable under section 15, the registration shall be conclusive evidence of the validity of the registered mark and of the registration thereof, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 15 or, if fewer in number, the renewal application filed under the provisions of section 9 hereof, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall b e subject to proof of infringement as defined in section 32, and shall be subject to the following defenses or defects:"; and

(2) adding at the end of the subsection, the following:

"In addition, equitable principles, including laches, estoppel, and acquiescence, where applicable, may be considered and applied.".

SEC.25. Section 34 of the Trademark Act of 1946 *(15 U.S.C. 116)* is amended--

(1) in subsection (a) by--

(A) striking out "of the registrant of a mark registered in the Patent and Trademark Office" and inserting in lieu thereof "protected under this Act"; and

(B) adding at the end thereof the following:

"However, no final judgment shall be entered in favor of an applicant under section 1(b) who alleges likelihood of confusion prior to the mark being registered."; and

(2) in subsection (c) by striking out "proceeding arising" and inserting in lieu thereof "proceeding involving a mark registered".

SEC. 26. Section 35(a) of the Trademark Act of 1946 *(15 U.S.C. 117*(a)) is amended by striking out "of the registrant of a mark registered in the Patent and Trademark Office" and inserting in lieu thereof "protected under this Act".

SEC. 27. Section 36 of the Trademark Act of 1946 *(15 U.S.C. 118)* is amended by--

(1) striking out "of the registrant of a mark registered in the Patent and Trademark Office" and inserting in lieu thereof "protected under this Act"; and

(2) striking out "registered mark" and inserting in lieu thereof "mark".

SEC.28. Section 43(a) of the Trademark Act of 1946 *(15 U.S.C. 1125*(a)) is amended to read as

follows:

"(a)(1) Any person who uses in commerce on or in connection with any word, term, name, symbol, or device or any container for goods, any word, term, name, symbol, or device or any combination thereof, or who shall engage in any act, trade practice, or course of conduct, which--

"(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another, or to the origin, sponsorship, or approval of his goods, services, or commercial activities by another; or

(B) by use of a false designation of origin or of a false or misleading description or representation, or by omission of material information, misrepresents the nature, characteristics, or qualities of his or another person's goods, services, commercial activities or their geographic origin; or

"(C) is likely to disparage or tarnish a mark used by another ;

shall be liable in a civil action by an y person who believes that he is or is likely to be damaged in his business or profession by such action.

"(2) The relief provided in this subsection shall be in addition to and shall not affect those remedies otherwise available under this Act, under common law, or pursuant to any statute of the United States: *provided,* That nothing in this subsection shall be construed so as to preempt the jurisdiction of any State to grant relief in cases of unfair competition.".

SEC.29. Section 43 of the Trademark Act of 1946 *(15 U.S.C. 112)* is amended by adding at the end thereof the following new subsection:

"(c)(1) The owner of a famous mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register established herein shall be entitled, subject to the principles of equity, to an injunction against another person's use in commerce of a mark, commencing after the registrant's mark becomes famous, which causes dilution of the distinctive quality of the registrant's 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 on or in connection with the goods or services; "(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 its and in the other person's trading areas and channels of

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

"(2) The registrant shall be en titled only to injunctive relief in an action brought under this subsection, unless the subsequent user willfully intended to trade on the registrant's reputation or to cause dilution of the registrant's mark. If such willful intent is proven, the registrant shall also be entitled to the remedies set forth in sections 35(a) and 36 hereof, subject to the discretion of the court and the principles of equity.

"(3) Ownership of a valid registration under the act of 1881 or the Act of 1905 or on the principal register established herein shall be a complete bar to an action brought by another person, under the common law or statute of a State, seeking to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.".

SEC. 30. Section 44 of the Trademark Act of 1946 (15 U.S.C.1126) is amended--

(1) by striking out "paragraph (b)" each place it appears and inserting in lieu thereof "subsection (b)";
(2) in subsection (d)(2) by striking out "but use in commerce need not be alleged" and inserting in lieu thereof 'including a statement that the applicant has a bona fide intention to use the mark in commerce";
(3) in subsection (d)(3), by striking out "foreing" and inserting in lieu thereof "foreign";
(4) in subsection (e) by adding at the end thereof the following: "The application must state the applicant's bona fide intention to use the mark in com--merce, but use in commerce shall not be required prior to registration.";and
(5) in subsection (f), by striking out "paragraphs (c),(d)," and inserting in lieu thereof "subsections (c), (d),".

SEC. 31. Section 45 of the Trademark Act of 1946 *(15 U.S.C. 1127)* is amended by--

(1) amending the paragraph defining "related company" to read as follows:

"The term 'related company' means any person whose use of a mark is controlled by the owner of the mark in respect to the nature and quality of the goods or services on or in connection with which the mark is used.";

(2) amending the paragraph defining "trade name" and "commercial name' to read as follows:

"The terms 'trade name' and 'commercial name' mean any name used by a person to identify his business or vocation.";

(3) amending the paragraph defining "trademark' to read as follows:

"The term 'trademark' means any word, name, symbol, or device or any combination thereof used by a person, or which a person has a bona fide intention to use in commerce an d applies for registration on the principal register established by this Act, to identify and distinguish his goods,m including a unique product, from those of others and to indicate the source of the goods, even if that source is unknown.";

(4) amending the paragraph defining "service mark" to read as follows:

"The term 'service mark' means any word, name, symbol, or device or any combination thereof used by a person, or which a person has a bona fide intention to use in commerce and applies for registration on the principal register established by this Act, to identify and distinguish the services of one person, including a unique service, from those of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.";

(5) amending the paragraph defining "certification mark" to read as follows:

"The term 'certification mark' means any word, name, symbol, or device or any combination thereof used by a person other than its owner, or for which there is a bona fide intention for such use in commerce through the filing of an application for registration on the principal register established by this Act, to certify regional other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.";
(6) amending the paragraph defining "collective mark" to read as follows:

"The term 'collective mark' means a trademark or service mark used by the members of a cooperative, an association, or other collective group or organization, or which such membership have a bona fide intention to use in commerce and apply for registration on the principal register established by this Act, and includes marks indicating membership in a union, an association, or other organization.";

(7) amending the paragraph defining "mark" to read as follow:"The term 'mark' includes any

trademark, service mark, collective mark, or certification mark.";

(8) amending the matter which appears between the paragraph defining "mark", and the paragraph defining "colorable imitation" to read as follows:

"The term 'use in commerce' means use of a mark in the ordinary course of trade, commensurate with the circumstances, and not made merely to re--serve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce (1) on goods when it is placed in any manner on the gods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable then on documents associated with the goods or their sale, and the goods are sold or transported in commerce, and (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in this and a foreign country and the person rendering the services is en gaged in commerce in connection therewith.

"A mark shall be deemed to be 'abandoned'--

(1) When its use has been discontinued with intent not to resume. In tent not to resume may be inferred from circumstances. Nonuse for two consecutive years shall be prima facie evidence of abandonment. 'Use' means use made in the ordinary course of trade, commensurate with the circumstances, and not made merely to reserve a right in a mark; or

"(2) when any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods for the goods or services or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this subparagraph.

"The term 'dilution' means the lessening of the distinctive quality of a famous mark through use of the mark by another person, regardless of the presence or absence of (1) competition between the users of the mark, or (2) likelihood of confusion, mistake, or deception arising from that use.".

[The following material is excerpted from the Congressional Record (Daily Ed.) of November 19, 1987, beginning at page S16546]

[Remarks Upon Introduction of Bills Into House and Senate]

By Mr. DECONCINI:

S. 1883. A bill to amend 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 purpose;" to the Committee on the Judiciary.

TRADEMARK LAW REVISION ACT

Mr. DECONCINI. Mr. President, I am pleased to introduce the Trademark Law Revision Act of 1987, a bill to amend the Trademark Act of 1946, generally referred to as the Lanham Act up to date with present day business day commercial practices and realities, to increase the value of the Federal trademark registration system for U.S. companies, to continue the protection of the public from counterfeit, confusion and deception, and to remove the current preference for foreign companies applying to register trademarks in the United States.

The status of trademark protection laws is of interest to both consumers

and producers. Trademark law, which is part of the larger body of the law of unfair identify brands they prefer and ones they wish to avoid, and that
they can purchase these brands without being confused or misled. In addition to protecting purchasers and the consuming public, trademarks also protect trademark owners and prospective trademark owners. As the late Dr. Stephen P. Lades, an internationally renowned expert of intellectual property law, stated when he was Chairman of the International Commission for Industrial Property of the International Chamber of Commerce:

Free enterprise rests on trademarks and trade names. We cannot have competition if we do not distinguish the competing goods and give the purchaser a chance to choose----among----them. In protecting trademarks, we grant a remedy to the owner, but we also shield the purchaser from confusion and fraud.

At the same time, trademarks enhance the ability of businesses to compete both domestically and internationally.

TwoyearsagotheU.S.TrademarkAssociationformedtheTrademarkReviewCommissiontoconductacomprehensive review, analysis, and debate of the policies and components of the trademark system. That process included an exhaustive questionnaire to the trademark community, extensive study of specific topics by committees, and open debate at annual meetings. The Commission produced a lengthy report of its findings and recommended legislative changes in the trademark system. The bill I am introducing today in based on the Commission's report and recommendations. I am pleased to have the benefit of the Commission's study, which is the most comprehensive review of the trademark system that I am aware of in the last half century. I do recognize, however, that this bill is a starting point. Some of my colleagues,including my good friend and the ranking member of the subcommittee, Senator ORRIN HATCH, may have alternative approaches to amending the Lanham Act to bring it up to date with present day business practices and I welcome their views.

One of the most significant provisions in the bill I am introducing today provides for a dual system whereby trademark users can apply to register trademarks and service marks on the basis of intent--to--use in commerce, as well as actual use in commerce.

Under current U.S. law, trademark rights are based on the actual use of the mark. Unlike the practice in may other countries, a company in the United States cannot obtain rights in a new trademark until the product plans have been completed and the product has been placed on the market. Hence, the principle "no trade, no trademark." American companies can expend moths or years and hundreds of thousands of dollars in developing a new product only to discover that another company has already used testate trademark. Even more disturbing is the fact that foreign companies pa plying to register trademarks in the United States are not subject to these same use requirements that apply to U.S. applicants. This discriminating aspect of the Lanham Act has resulted in the commercially transparent practice of "token use," in which the first sale is generally of a less than commercial quantity of the product, often one--case shipment or even as little as a single unit.

The proposed legislation provides for a dual system of filing, whereby the applicant for trademark registration can file in one of two ways, either by using the Lanham Act's existing use provision or by using the new "intent--to--use" provision. Applicants will also be subject to a more stringent definition of use in commerce, which will help to eliminate the practice of "token use." At the same time, applicants will receive the benefit of "constructive use" establishing nationwise priority from the date of filing. In addition, both domestic and foreign applicants not applying for registration on the basis of use in commerce, will have to state a bona fide intention to use the make in commerce on or in connection with all the goods or services recited in their applications. An intent to use applicant would have a period of 6 months to commence use of the mark in commerce after it had cleared the Patent and Trademark Office's preregistration procedures. The 6--months period can be extended for additional periods of 6 months each for no more than 4 years by the filing of verified statements of continued bona fide intention to use the mark in commerce.

By allowing applications to file based on an intent to use the mark in commerce, the new legislation will save time, money and effort manufacturers must expend to market a new product. It will also

eliminate the inefficient practice of "token use" which has created legal uncertainty.

The bill also addresses the problem of deadwood----the volume of abandoned or inactive marks on the Patent and Trademark Office Register. In order to reduce the deadwood, the bill proposes a stronger definition of "use--in--commerce" and a reduction of the term of registration from 20 to 10 years. The renewal fee would also be reduced along with the reduction of the registration term. In an analysis of marks registered from 1966 to 1985, the Commission found that of the active registration over 6 years old, 23 percent were deadwood, and that approximately 58 percent of these would be removed sooner than would otherwise be the case by reducing the registration term to 10 years.

In addition, the legislation strengthens section 43() of the act by expressly adopting series of court decision holding that the remedies available to owners of federally registered marks are available under section 43(a), that the tarnishment and disparagement of trademarks is actionable, and that false advertising statements about a competitor's product are unlawful.

The bill also adds a Federal dilution section to the act. Currently 23 States have dilution statutes. The new section provides grater protection of famous registered trademarks from unauthorized uses which lessen the distinctiveness and thus the commercial value of a mark. For example, a recent U.S. district court decision stated that the unauthorized use of marks like Buick for aspirin, Schlitz for varnish, Kodak for pianos, and Bulova for gowns would constitute dilution of these marks.

The bill also revises the incontestability provisions of the act in order to remove ambiguities and it provides for equitable defenses. In addition, it includes a provision relating to security interests in trademarks and modernizes the definitions contained in the act.

Mr. President, as chairman of the Subcommittee on Patents, Copyrights and Trademarks, I am concerned with updating and improving the laws and regulation which govern the use of trademarks and with making the laws more efficient and more useful to both producers and consumers. We must ensure that the trademark law continues to fulfill the statutory objectives which were outlined in Senate Report No. 1333 (May 14, 1946):

The purposes underling any trademark statutes is two fold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trademark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trademark has spent energy, time and money in presenting to the public the product, he is protected in this investment from misappropriation by pirates and cheats. This is the well--established rule of law protecting both the public and the trademark owner.

These purposes were reaffirmed by the Supreme Court in its 1985 Park'N Fly versus Dollar Park and Fly, Inc. decision. The Court stated that the reason the Lanham Act nationally protects trademarks is "to secure to the owner of the marked the good will of his business and to product the ability of consumers to distinguish among competing producers." the Court also recognized that trademarks desirably "foster competition and the maintenance of----product----quality."

Mr. President, I urge my colleagues to join me in ensuring that U.S. trademark law continues to adequately protect one of the most valuable assets of American business and the interests of consumers who rely on trademarks

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when making their purchasing decisions.

Mr. President, I ask unanimous consent that the text of the bill and the section by section analysis be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representation of the United states of America in Congress assembled. That this Act may be cited as the "Trademark Law Revision Act of 1987".

SEC. 2. 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" shall be referred to as the "Trademark Act of 1946".

SEC. 3. Section 1 of the Trademark Act of 1946 *(15 U.S.C. 1051)* is amended by--

(1) inserting a section heading before section 1 to read as follows:"REQUIREMENTS FOR APPLYING TO REGISTER TRADEMARKS ON THE PRINCIPAL REGISTER";

(2) striking out "may register his" and inserting in lieu thereof "may apply to register his";

(3) redesignating paragraphs (1), (2), and (3) of subsection (a) as subparagraphs (A), (B), and (C), respectively;

(4) redesignating subsections (a), (b), and (c) as paragraphs (1), (2), and (3), respectively;

(5) inserting "(a)" after "SECTION 1.";

(6) striking out "actually in subparagraph (C), as redesignated herein; and

(7) adding at the end thereof the following:

"(b) A person who has a bona fide intention to use a trademark in commerce may apply to register the trademark under this Act on the principal register hereby established:

(1) By filling in the Patent and Trademark Office--

"(A) a written application, in much form as may be prescribed by the Commissioner, verified by the applicant, or by a member of the firm or an officer of the corporation or association applying, specifying applicant's domicile and citizenship, applicant's bona fide intention to use the mark in commerce, the goods in connection with which the applicant has a bona fide intention to use the mark and the mode or manner in which the mark is intended to be used in connection with such goods, and including a statement to the effect that the person marking the verification believes himself, or the firm, corporation, or association in whose behalf he makes the verification, is entitled to use the mark in commerce, and that no other person, firm, corporation, or association, to the best of his knowledge and belief, has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when applied to the goods of such other person, to cause confusion, or to cause mistake, or to deceive: *Provided,* That in the case of every application seeking concurrent use in applicant shall state exceptions to his claim of exclusive use, in which the shall specify, to the extent of his knowledge,any use by others, the goods in connection with which and the areas in which such use exists, the periods of such use, and the goods and area for which the applicant has a bona fide intention to use the mark in commerce and desires registration. However, with the exception of applications filed pursuant to section 44 of this Act, no mark shall be registered until the applicant has met the requirement of section 13(b)(2) hereof; and

"(B) a drawing of the mark.

"(2) By paying in the Patent and Trademark Office the filing fee.

"(3) By complying with such rules or regulations, not inconsistent with law, as may be prescribed by the Commissioner.

"(c) At any time during examination of an application filed under subsection (b), an application who has made use of the mark in commerce may claim the benefits thereof for purposes of this Act, by amending his application to bring it into conformity with the requirements of subsection (a).".

SEC. 4. Section 2 of the Trademark Act of 1946 (U.S.C. 1052) is amended--

(1) by amending subsection (d) to read as follows:

"(d) Consists of or comprises a mark which so resembles a mark registered in the Patient and Trademark Office, or a mark which is the subject of a previously filed pending application, or a mark or trade name previously used in the United States by another and not abandoned,a s to be likely, when applied to the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: *Provided.* That when the Commissioner determines that confusion,mistake, or deception is not likely to result from the sue by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods in connection with which such marks are sued, concurrent registration may be issued to such persons when they have become entitled to use such marks prior to (1) the earliest of the filing dates of the application pending or of any registration issued under this Act; or (2) July 5, 1947, in the case of registrations previously issued under and Act of March 3, 1991, or February 20, 1905, and containing in full force and effect on that date; or (3) July 5, 1947, in the case of applications fled under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Commissioner when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Commissioners shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods in connection with which such mark is registered to the respective persons;"; and

(2) in subsection (f) by striking out "five years" through the end of the subsection and inserting in lieu thereof "five years next preceding on offer of proof by the applicant.".

SEC. 5. Section 3 of the Trademark Act of 1946 *(15 U.S.C. 1053)* is amended by--

(1) striking out "used in commerce" in the first sentence; and
(2) striking out the second sentence.SEC. 6. Section 4 of the Trademark Act of 1946 *(15 U.S.C. 1054)* is amended by--
(1) striking out "origin used in commerce," and inserting in lieu thereof "origin,";

(2) striking out "except when" in the first sentence and inserting in lieu thereof "except in the case of certification marks when"; and

(3) striking out the second sentence.

SEC. 7. Section 4 of the Trademark Act of 1946 *(15 U.S.C. 1055)* is amend by addicting at the end thereof the following: "First use of a mark by a person, which use is controlled by the registrant or applicant for registration of the mark in respect to the nature and quality of the goods or services, shall insures to the benefit of the registrant or applicant.".

SEC. 8. Section 6(b) of the Trademark Act of 1946 *(15 U.S.C. 1056*(b) is amended by striking out "(d)" and inserting in lieu thereof "(e)".

SEC 9. Section 7 of the Trademark Act of 1946 *(15 U.S.C. 1057)* is amended by--

(1) amending subsection (b) to read as follows:

"(b) A certificate of registration of a mark upon the principal registered provided by this Act shall be prima facie evidence of the validity of the registered mark and of the registration thereof, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated therein.";

(2) redesignating subsections (c), (d), (e), (f), and (g) as subsections (d), (e), (f), (g), and (h), respectively; and
(3) inserting between subsection (b) and subsection (d), as redesignated herein, the following:

"(c) Contingent on the registration of a mark on the principal register established herein, the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration against any

other person except for a person whose mark has not been abandoned and, who prior to such filing--

"(1) has used the mark;

"(2) has filed an application to register the mark on the principal register and that application is pending or has resulted in registration of the mark on the principal register; or

"(3) has filed a foreign application to register the mark on the basis of which he has acquired a right of priority by the timely filing under section 44(d) of an application to register the mark on the principal register and that application is pending or has resulted in registration of the mark on the principal register.".

SEC. 10. Section 8(a) of the Trademark Act of 1946 *(15 U.S.C. 1058a)* is amended by--

(1) striking out "twenty" and inserting in lieu thereof "ten"; and

(2) striking out "showing that said mark is in use in commerce or showing that its" and inserting in lieu thereof "setting forth those goods or services recited in the registration on or in connection with which the mark is in use in commerce and having attached thereto a specimen or facsimile showing current use of the mark, or showing that any".

SEC. 11. Section 9(a) of the Trademark Act of 1946 *(15 U.S.C. 1059*(a)) is amended by striking out "twenty" and inserting in lieu thereof "ten".

SEC. 12. Section 10 of the Trademark Act of 1946 *(15 U.S.C. 1060)* is amended to read as follows:

"ASSIGNMENT AND GRANT OF SECURITY INTEREST

"SEC. 10. (a) A registered mark or a mark for which applicator to register has been filed shall be assignable with the goodwill of the business in which the mark is used, or with that part of the goodwill of the business connected with the use of and symbolized by the mark. However, no application to register a mark under section 1(b) shall be assignable prior to the filing of the verified statement of use under section 13(b)(2),

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except to a successor to the business of the applicant, or portion thereof, to which the mark pertains.

"(b)(1) A security interest in a registered mark or a mark for which application to register has been filed may be obtained and will be superior to any interest subsequently granted to a third part, provided--

"(A) the party granted the security interest obtains a security interest in the goodwill of the business in which the mark is used, or with that part of the goodwill of the business connected with the use of and symbolized by the mark;

"(B) the mark is not subject to a valid, prior perfected security interest; and

"(C) notice of such interest is filed in the Patient and Trademark Office within ten days after being granted.

"(2) A party granted a security interest in a registered mark or a mark for which application to register has been filed may, after default by the party granting the security interest, require the debtor to assign the mark to--

"(A) a transferee who is also being assigned that part of the goodwill of the business connected with the use of and symbolized by the mark; or

"(B) the party holding the security interest, even though such party does not presently engage in the business to which the mark relates, provided that the security party either subsequently engages in the business to which the mark relates or holds the mark only for the purpose of subsequently transferring the mark along with the goodwill associated with the mark and that such subsequent transfer occurs prior to dissipation of the goodwill.

"(3) A security interest in a mark obtained pursuant to this section will extend to the consideration received upon the sale, exchange, collection or other disposition of the mark for ten days after receipt of the consideration by the transferor and will then lapse unless a financing statement or other document is filed as required by appropriate State law.

"(c) In any assignment of or grant of a security interest in a mark it shall not be necessary to include the goodwill of the business connected with use of and symbolized by any other mark used in the business or by name or style under which the business is conducted.

"(d) Assignment and grants of security interest shall be by instruments in writing duly executed. Acknowledgment shall be prima facie evidence of the execution of an assignment or a grant of a security interest and when recorded in the Patent and Trademark Office the record shall be prima facie evidence of execution. An assignment of or grant of a security interest in a mark shall be void as against any subsequent purchaser or other entity being granted an interest for a valuable consideration without notice, unless recorded in the Patent and Trademark Office within three months after the date thereof or prior to such subsequent purchase in the case of an assignment, or within ten days after the grant of any security interest.

"(e) A separate record of documents submitted for recording under this section shall be maintained in the Patent and Trademark Office. Such record shall include any release, cancellation, discharge, or satisfaction relating to any conveyance or other instrument affecting title to or any interest in a registered mark or a mark for which application to register has been filed.

"(f) An assignee or holder of a security interest not domiciled in the United States shall be subject to and comply with the provisions of section 1(d) of this Act."

SEC. 13. Section 12(a) of the Trademark Act of 1946 *(15 U.S.C. 1062a)* is amended by striking out "to registration, the" and inserting in lieu thereof "to registration, or would be entitled to registration upon the acceptance of the statement of use prescribed in section 13(b)(2) of this Act, the".

SEC. 14. Section 13 of the Trademark Act of 1946 *(15 U.S.C. 1063)* is amended by--

(1) inserting "(a)" before "Any person"; and
(2) adding at the end thereof the following:

"(b) Unless registration is successfully opposed--

"(1) a mark entitled to registration on the principal register based on an application filed under section 1(a) or pursuant to section 44, shall be registered in the Patent and Trademark Office, and a certificate of registration issued, and notice of the registration shall be published in the Official Gazette of the Patent and Trademark Office; or

"(2) a notice of allowance shall be issued to the applicant if he applied for registration under section 1(b). Within six months following the date of the notice of allowance, the applicant must file in the Patent and Trademark Office, together with such number of specimens or facsimiles of the mark as used in commerce as may be required by the Commissioner and payment of the prescribed fee, a verified statement that the mark is in use in commerce and specifying the date of

applicant's first use of the mark and the date of applicant's first use of the mark in commerce, those goods or services specified in the notice of allowance on or in connection with which the mark is used in commerce and the mode or manner in which the mark is used in connection with such goods or services. Subject to examination and acceptance of the statement of use, the mark shall be registered in the Patent and Trademark Office, and a certificate of registration issued, for those goods or services recited in the statement of use for which the mark is entitled to registration and notice of registration shall be published in the Official Gazette of the Patent and Trademark Office. The notice shall specify the goods or services for which the mark is registered.

"(A) The time for filing the statement of use shall be extended for an additional six--month period upon written request of the applicant prior to expiration of the six--month period. Such request shall be

accompanied by a verified statement that the applicant has a continued bona fide intention to sue the mark in commerce and specifying those goods or service identified in the notice of allowance on or in connection with which the applicant has a continued bona fide intention to use the mark is commerce and six further extensions of six months each shall be obtain when requested prior to the expiration of the extended period and accompanied by a verified statement that the applicant has a continued bona fide intention to use the mark in commerce and specifying those goods or services identified in the most recent extension for which the applicant has a continued bona fide intention to use the mark in commerce. Each request for an extension shall be accompanied by payment of the prescribed fee.

"(B) The Commissioner shall notify any applicant who files a statement of sue of the acceptance or refusal thereof and, if a refusal, the reason therefor. An applicant may amend his statement of use and may seek review by the Commissioner of a final refusal.

"(C) The failure to timely file a verified statement of use shall result in abandonment of the application".

SEC. 15. Section 14(c) of the Trademark Act of 1946 *(15 U.S.C. 1064*(c)) is amended to read as follows:

"(c) at any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 4 or of subsection (a), (b), or (c) of section 2 for a registration hereunder, or contrary to similar prohibitory provisions of such prior Act for a registration thereunder, of if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services in connection with which the mark is used. If the registration mark becomes the generic name for less than all of the goods or services for which it is registered, apetition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services in connection with which it has been used; or"

SEC. 16. Section 15(4) of the Trademark Act of 1946 *(15 U.S.C. 1065*(4) is amended by striking out "the common descriptive name" and inserting in lieu thereof "the generic name".

SEC. 17. Section 18 of the Trademark Act of 1946 *(15 U.S.C. 1068)* is amended by--

(1) striking out "or restrict" and inserting in lieu thereof "the registration, in whole or in part, may modify the application or registration by limiting the goods or services specified therein, may otherwise restrict or rectify with respect to the register";
(2) striking out "or" before "may refuse"; and
(3) adding at the end thereof the following: "However, no final judgment shall be entered in favor of an applicant under section 1(b) who alleges likelihood of confusion prior to the mark being registered.".

SEC. 18. Section 21 of the Trademark Act of 1946 *(15 U.S.C. 1071)* is amended--

(1) in subsection (a), by striking out "section 21(b)" each place it appears and inserting in lieu thereof "subsection (b)";
(2) in subsection (a), by striking out "section 21(a)(2)" and inserting in lieu thereof "paragraph (2) of this subsection":

(3) in subsection (a)(4), by adding at the end thereof the following: "However, no final judgment shall be entered in favor of an application under section 1(b) who allege likelihood of confusion prior to the mark being registered";

(4) in subsection (b), by striking out "section 21(a)" each place it appears and inserting in lieu thereof "subsection (a)";

(5) in subsection (b)(1), by adding at the end thereof the following: "However, no final judgment shall be entered in favor of an applicant under section 1(b) who alleges likelihood of confusion prior to the mark being registered."; and

(6) in subsection (b)(3), by amending the first sentence of such paragraph to read as follows:

"(3) In any case where there is no adverse party, a copy of the complaint shall be served on the Commissioner, and, unless otherwise directed by the court, all the expenses of the proceeding shall be paid by the party bringing the case, whether the final decision is in favor of such party or not.".

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SEC. 19. Section 23 of the Trademark Act of 21946 *(15 U.S.C. 1091)* is amended by--

(1) inserting "(a)" before in "In addition" first paragraph;
(2) inserting "(b)" before "Upon the" in the second paragraph;
(3) inserting "(c)" before "For the purposes" in the third paragraph;
(4) striking out "paragraphs (a)," in subsection (a), as designated herein, and inserting in lie thereof "subsections (a),";

(5) striking out "have been in lawful use in commerce by the proprietor thereof, upon" in subsection (a), as designated herein, and inserting in lieu thereof "are in use in commerce by the owner thereof, on";

(6) striking out "for the year preceding the filing of the application" in subsection (a), as designated herein;
(7) inserting before "section 1" in subsection (a), as designated herein, the following: "subsections (a) and (d) of";
(8) adding at the end of subsection (c), as designated herein, the following:

"The filing of an application to register a mark on the supplemental register, or registration of a mark thereon, shall not constitute an admission that the mark is not eligible for registration on the principal register established herein"; and

(9) striking out the last paragraph.SEC. 20. Section 24 of the Trademark Act of 1946 *(15 U.S.C. 1092)*

is amended by--

(1) striking out "was not entitled to registered the mar at the time of his application for registration thereof," and inserting in lieu thereof "is not entitled to registration,"; and
(2) by adding at the end thereof the following: "However, no final judgment shall be entered in favor of an applicant under section 1(b) who alleges likelihood of confusion prior to the mark being registered."

SEC. 21. Section 26 of the Trademark Act of 1946 *(15 U.S.C. 1094)* is amended by--

(1) inserting "1(b)," after "sections"; and
(2) inserting "7(c)," after "7(b)".

SEC. 22. Section 30 of the Trademark Act of 1946 *(15 U.S.C. 1112)* in amended by striking out "goods and services upon or in connection with which he is actually using the mark" and inserting in lieu thereof "goods or services on or in connection with which he is using or he has a bona fide intention to usage the mark in commerce".

SEC. 23. Section 33(a) of the Trademark Act of 1946 *(15 U.S.C. 1115*(a))is amended by--

(1) inserting "the validity of the registered mark and of the registration thereof, of the registrant's ownership of the mark, and of the" after "prima facie evidence of";

(2) inserting "or in connection with" after "in commerce on"; and

(3) inserting ", including those set forth in subsection (b)," after "or defect".SEC. 24. Section 33(b) of the Trademark Act of 1946 *(15 U.S.C. 1115*(b)) is amended by--

(1) amending the matter in subsection (b) before paragraph (1) to read as follows:"(b) To the extent that the right to use the registered mark has become incontestable under section 15, the registration shall be conclusive evidence of the validity of the registered mark and of the registration thereof, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 15 or, if fewer in number the renewal application filed under the provisions of section 9 hereof, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 32, and shall be subject to the following defenses or defects: "; and

(2) adding at the end of the subsection, the following:

"In addition, equitable principles, including laches, estoppel, and acquiescence, where applicable, may be considered and applied.".

SEC. 25. Section 34 of the Trademark Act of 1946 *(15 U.S.C. 1116)* is amended--

(1) in subsection (a) by--

(A) striking out "of the registrant of a mark registered in the Patent and Trademark Office" and inserting in lieu thereof "protected under this Act"; and

(B) adding at the end thereof the following:

"However, no final judgment shall be entered in favor of an applicant under section 1(b) who alleges likelihood of confusion prior to the mark being registered."; and

(2) in subsequence (c) by striking out "proceeding arising" and inserting in lieu thereof "proceeding involving a mark registered".

SEC. 26. Section 35(a) of the Trademark Act of 1946 *(15 U.S.C. 1117*(a)) is amended by striking out "of the registrant of a mark registered in the Patent and Trademark Office" and inserting in lieu thereof "protected under this Act".

SEC. 27. Section 36 of the Trademark Act of 1946 *(15 U.S.C. 1118)* is amended by--

(1) striking out "of the registrant of a mark registered in the Patent and Trademark Office" and inserting in lieu thereof "protected under this Act"; and

(2) striking out "registered mark" and inserting in lieu thereof "mark".

SEC. 28. Section 43(a) of the Trademark Act of 1946 *(15 U.S.C. 1125*(a)) is amended to read as follows:

"(a)(1) Any person who uses in commerce on or in connection with any goods or services, or any container for goods, any word, term, name, symbol, or device or any combination thereof, or who shall engage in any act, trade practice, or course of conduct, which--

"(A) is likely to cause confusion, or to cause mistake or to deceive as to the affiliation, connection, or association of such person with another, or to the origin, sponsorship, or approval of his goods, services, or commercial activities by another, or

"(B) by use of a false designation of origin or of a false or misleading description or representation, or by omission of material information, misrepresents the nature, characteristics, or qualities of his or another person's good, services, commercial activities or their geographic origin; or

"(C) is likely to disparage or tarnish a mark used by another; shall be liable in a civil action by any person who believes that he is or is likely to be damaged in his business or profession by such action.

"(2) The relief provided in this subsection shall be addition to and shall not affect those remedies

otherwise available under this Act, under common law, or pursuant to any statute of the United States: *Provided,* That noting in this subsection shall be construed so as t preempt the jurisdiction of any State to grant relief in cases of unfair competition.".

SEC. 29. Section 43 of the Trademark Act of 1946 *(15 U.S.C. 1125)* is amended by adding at the end thereof the following new subsection:

"(c)(1) The owner of a famous mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, or

on the principal register established herein shall be entitled, subject to the principles of equity, to an injunction against another person's use in commerce of a mark, commencing after the registrant's mark becomes famous, which causes dilution of the distinctive quality of the registrant's 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 mark on or in connection with the goods or services;

"(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 its and in the other person's trading areas and channels of trade; and

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

"(2) The registrant shall be entitled only to injunctive relief in an action brought under this subsection, unless the subsequent user willfully intended to trade on the registrant's reputation or to cause dilution of the registration's mark. If such willful intent is proven, the registrant shall also be entitled to the remedies set forth in section 35(a) and 36 hereof, subject to the discretion of the court and the principles of equity.

"(3) Ownership of a valid registration under the Act of 1881 or the Act of 1905 or on the principal register established herein shall be a complete bar to an action brought by another person, under the common law or statute of a State, seeking to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.".

SEC. 30. Section 44 of the Trademark Act of 1946 *(15 U.S.C. 1126)* is amended--

(1) by striking out "paragraph (b)" each place it appear and inserting in lieu thereof "subsection (b)";

(2) in subsection (d)(2) by striking out "but use in commerce need not be alleged" and inserting in lieu thereof "including a statement that the applicant has a bona fide intention to use the mark in commerce";

(3) in subsection (d)(3), by striking out "foreing" and inserting in lieu thereof "foreign";

(4) in subsection (e) by adding at the end thereof the following: "The application must state the applicant's bona fide intention to use the mark in commerce, but use in commerce shall not be required prior to registration."; and

(5) in subsection (f), by striking out "paragraph (c), (d)," and inserting on lieu thereof "subsections (c), (d),";SEC. 31. Section 45 of the Trademark Act of 1946 *(15 U.S.C. 1127)* is amended by--

(1) amending the paragraph defining "related company" to read as follows:

"The term 'related company' means any person whose use of a mark is controlled by the owner of the mark in respect to the nature and quality of the goods or services on or in connection with which the mark is used.";

(2) amending the paragraph defining "trade name" and "commercial name" to read as follows:

"The terms 'trade name' and 'commercial name' any name used by a person to identify his business or vocation.";

"(3) amending the paragraph defining "trademark" to read as follows:

"The term 'trademark' means any word, name, symbol, or device or any combination thereof used by a person, or which a person

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has a bona fide intention to sue in commerce and applies for registration on the principal register established by this Act, to identify and distinguish his good, including a unique product, from those of others and to indicate the source of the goods, even if that source is unknown.";

(4) amending the paragraph defining "service mark" to read as follows:

"The term 'service mark' means any word, name, symbol, or device or any combination thereof used by a person, or which a person has a bona fide intention to use in commence and applies for registration on the principal register established by this Act, to unique service, from those of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.";

(5) amending the paragraph defining "certification mark" to read as follows:

"The term 'certification mark' means any word, name, symbol, or device or any combination thereof used by a person other than its owner, or for which there is a bona fide intention for such use in commerce through the filing of an application for registration on the principal register established by this Act, to certify regional or other origin, material mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.";

(6) amending the paragraph defining "collective mark" to read as follows:

"The term 'collective mark' means a trademark or service mark used by the members of a cooperative, an association, or other collective group or organization, or which such members have a bona fide intention to use in commerce and apply for registration on the principal register established by this Act, and includes marks indicating membership in a union, an association, or other organization.";

(7) amending the paragraph defining "mark" to rad as follows:"The term 'mark' includes any trademark,

service mark, collective mark, or certification mark.";

(8) amending the matter which appears between the paragraph defining "mark", and the paragraph defining "colorable imitation" to read as follows:

"The term 'use in commerce' means use of a mark in the ordinary course of trade, commensurate with the circumstances, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce (1) on goods when it is placed in any manner on the goods or their containers or the displays associates therewith or on the tags or labels affixed thereto, or if the nature of the goods markers such placement impracticable then on documents associated with the goods or their sale, and the goods are sold or transported in commerce, and (2) on services when it is sued or displayed in the sale or advertising of services and the services as rendered in commerce, or the services are rendered in more than one State or in this and a foreign country and the person rendering the services is engaged in commerce in connection therewith.

"A mark shall be deemed to be 'abandoned'--

"(1) when its use has been discontinued with intent not to resume. Intent not to resume may be inferred from circumstances. Nonuse for two consecutive years shall be prima facie evidence of abandonment. 'Use' means se made in the ordinary course of trade, commensurate with the circumstances, and not made merely to reserve a right in a mark; or

"(2) when any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this subparagraph.

"The term 'dilution' means the lessening of the distinctive quality of a famous mark through mark use of mark by another person, regardless of the presence or absence of (1) competition mistake, or deception arising from that use.".

SECTION--BY--SECTION ANALYSIS

SECTION 1

This section identifies the bill as the "Trademark Law Revision Act of 1987".

SECTION 2

Section 2 provides that references in the bill to the Trademark Act of 1946 are to "An Act to provide for the registration and protection of trademarks used in commerce, to carry out provisions of certain international convention and for other purposes", commonly called the Lanham Act.

SECTION 3

The bill amends the Lanham Act to permit the filing of applications for the registration of marks on the principal register on the basis of a bona fide intention to use in commerce. In distinguishing those provision of the bill relating to applications based on use from those based on intent--to--use, the issue of whether a person who has not used a mark in

commerce can rightfully be called its owner is avoided. In keeping with the new definition of use in commerce set forth in section 31 of the bill, the word, "actually" is deleted from section 1(a)(1)(c).

The bill requires applicants filling on the basis of intent--to--use to state their bona fide intention to se the mark in commerce. By bona fide, the bill means an intention which is firm, though it may be contingent on the outcome of an event. The gods or services specified in the application must be specific enough to permit those searching the trademark records of the U.S. Patent and Trademark Office to determine the existence of a conflict. The bill also makes specific reference to the fact that while appreciations for registration may be filed on the basis of intent--to--use, marks (except for those applied for registration on the basis of a foreign registration or priority date under section 44 of the Act) will not be registered until they have actually been used in commerce.

In other respects, the bill's language permitting intent--to--use applications parallels, to the greatest extent possible, the Act's existing provisions relating to applications filed on the basis of use in commerce. For example, a filing fee and a drawing of the mark will be required. In addition, it makes allowance for concurrent use applications based on intent--to-use.

The bill also provides that an applicant filing on the basis of intent--to--use who initiates use of the mark during the time that its application for registration is being examined by the Patent and Trademark Office may claim the benefits of such use by amending its application to conform to the requirements for a use--based application.

SECTION 4

The bill rewrites section 2(d) of the Act to reflect intent--to--use and to amend the concurrent use system. It also modifies the secondary meaning language of the Lanham Act.

The intent--to--use application system established by this bill provides that, subject to a mark being registered on the principal register, the filing of an application for registration on the principal register will constitute nationwide "constructive use" of the mark if the mark is registered. Therefore, the bill amends section 2(d) to make clear that if another person has previously filed an application is pending before the Patent and Trademark Office, the later applicant should be denied registration until such time as the earlier-

-filed application has been disposed. This practice of suspending later--filed application is consistent with current PTO practice with respect to use--based applications. Deleting references to continued and existing use in the proviso of section 2(d) reflects the possibility of concurrent use applications based on intent--to--use.

The proviso of section 2(d) is also amended to correct an anomaly in the law which prohibits the issuance of a concurrent user registration to a party whose first use of a mark occurred after the filing date of another's application or registration, even if the parties enter into an agreement establishing their respective rights. Presently, if the later applicant did not make use of its mark prior to another's application or registration, it would be denied registration.

Section 2(f) of the Act presently allows the Commissioner to accept, as evidence that a mark has become distinctive (i.e., that it has acquired secondary meaning), proof of substantially, exclusive and continuous use of the mark in commerce by the application for the five years next preceding the date of the filing of the application. The bill permits the Commissioner to accept such an offer of proof if the mark has been used for five consecutive years next preceding the date that the offer of proof is made.

SECTION 5

The bill permits the filing of applications to register service marks on the basis of intent--to--use and deletes language from the Act providing for a separate register for service marks. As service marks are presently registries without the need for a separate register, deleting provision for a separate register for the marks will not have nay practice effect beyond removing unnecessary languages from the Trademark Act.

SECTION 6

Section 6 makes the same changes to the Act with respect to collective and certification marks as are made by section 5 of the bill dealing with service marks. In addition, this section makes a housekeeping change to emphasize the difference between collective and certification marks, the former of which can be used to represent that their owners (e.g., unions, associations or other organizations) make or sell the goods or perform the services in connection with which these marks are used.

SECTION 7

The bill provides that when first use of a mark is made by a related company (e.g., a license), that use will inure to the benefit of applicant or registrant. This reflects the prevailing view of the courts and provision for it is currently contained in the Trademark Rules of Practice (*37 CFR 2.38(a)*).

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SECTION 8

Section 8 contains a conforming amendment necessitated by the redesignation of subsection 7(d) as section 7(e) in section 9 of the bill.

SECTION 9

Without understandable reason, the evidentiary language of sections 7(b), 33(a) and 33(b) reads differently and the bill corrects this inconsistency by amending each of these sections to read that registration provides "...evidence of the validity of the registered mark and of the registration thereof, of the registrant's ownership of the mark, and of the registrant's of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services...." Section 9 amends section 7(b) accordingly.

Section 9 also makes provision for "constructive use". Constructive use is an essential element of an intent--to--use system which, at the same time, further the purposes of the Lanham Act. Constructive use fixes an applicant's nationwide priority rights in a mark, subject to the mark's registration on the principal register, as against any other person except for a person whose mark has not been abandoned and who, prior to the applicant filing its application, used the mark, or filed an application to register the mark on the principal register and that application is pending or foreign application to register the mark and acquired a right of priority by the timely filing of an application for registration under section 44(d). It applies to

application base don both use and intent--to--use.

Without constructive use, intent--to--use applicants would be easy targets for pirates and would be vulnerable to anyone initiating use of a mark after they had applied for registration but before they had began to make use of the mark, thereby undermining the system's ability to increase certainty in the marketplace. Moreover, it promotes use of the registration system by offering gall applicants a further incentive to apply and register their marks and encouragers all persons to search the PTO's trademark records before adopting and investing in new marks.

SECTION 10

The bill makes two changes to the Act that, with the revised definition of use in commerce set forth in section 31, will help decrease the amount of abandoned or inactive marks ("deadwood") on the register. The first amendment halves the term of registration from twenty to ten years and the second requires registrants filing the required affidavit of use during the sixth years of the registration term to include a statement paralleling the statement required at the time of renewal, namely, that the mark is in use on or in connection with the goods or services specified in the registration. Any goods or services for which the mark is not used will be deleted from the registration. Presently registrants must only state that the mark is in use on commerce.

SECTION 11

Consistent with reducing the term of registration, the bill reduces the term of renewal from twenty to ten years. In reducing the term of renewal, the renewal fee would also be decreased.

SECTION 12

The bill prohibits the assignments of an intent--to--use application prior to registration of the mark unless the application is assigned to a successor to the business of the applicant to which use of the mark pertains. Permitting assignment of application s before a mark is used would conflict with the principle that a mark may be validity assigned only with some of the business or goodwill attached to use of the mark and would encourage trafficking in marks.

It also expands the Act to include provisions clarifying the nature of a security interest in a mark (i.e., what rights a secured party obtains in a debtor's mark) and the mechanics for recording and enforcing such interests (i.e., where filings should be made and how to effect foreclosure). It provides that a security interest in a registered mark or a mark for which an application for registration has been field can be obtained only by filing in the Patent and Trademark Office, that a security interest is to be granted in both the mark and the goodwill accompanying the mark, and that the holder of a security interest has the right to foreclose on the mark and the goodwill associated with the mark and the right to proceeds from the sale of the mark.

SECTION 13

Section 13 provides for the examination of applications for registration submitted on the basis of intent--to--use. Intent--to--use applications are to be fully examined by the Patent and Trademark Office before they are published for opposition. While the absence of specimens or facsimiles of the mark as used will prevent the PTO from determining whether the application covers subject matter not constituting a trademark or service mark, whether a mark is actually being used as a mark and whether the mark as used differs materially from the drawing of the mark submitted with the application, these consideration will not affect examination of the mark for descriptiveness and confusing similarity and will be addressed when the statement of use provided for in section 14 of the bill is filed.

SECTION 14

The bill reviser section 13 of the Act to reflect several aspects of a dual system under which applications to register marks on the principal register can be based on use or intent--to--use. The present language of the section, which specifically relates to oppositions to register, does not require revision because the procedure whereby a person may oppose the registration of a mark is the same whether the application is based on use or intent--to--use. Were it different, the goal of reducing uncertainty before an

applicant invest in commercial use of a mark would be defeated.

Language specifically relating to the registration of mark is added to make clear the procedures that must be followed before a mark applied for registration on the basis of intent--to--use will be registered. The bill firs provides that marks, other than those applied for registration on the basis of intent--to--use, will be registered if they are not successfully opposed. In this respect, it codifies what presently occurs with respect to all principal register marks, including those applied for registration under section 44 of the Act. Then it sets forth the requirements that must be met by applicants who file applications to register on the principal register on the basis of intent--to--use by providing that if registration of the mark is not successfully opposed, a notice of allowance will be issued to the applicant. Within six months after the date of this notice of allowance, the applicant must file a verified statement that the mark is in use in commerce on or in connection with the goods or services specified in the notice of allowance and must submit specimens or facsimiles of the mark as actually used. The elements of this statement of use, when combined with the requirements for applying to register, thus equal the requirements that use--based applicants must meet when they originally file their applications.

While the bill does not specify the nature of the PTO's examination of the statement of use, it is intended that this examination is simply for the purpose of determining issues that could not have been considered during the initial examination of the application. For example, whether the person filing the statement of use is the applicant, whether the mark, as used, corresponds to the drawing submitted with the application, whether the goods or services were identified with application and not subsequently deleted, and whether the mark, as displayed in the specimens or facsimiles, functions as a mark. If the statement of use in accepted, the mark is registered and a notice of registration appears in the Official Gazette. This notice will state the goods or services for which the mark is registered because in some instances they may differ significantly from those which were specified when the mark was published for opposition. If registration is refused, the applicant would be able to appeal the refusal to the Commissioner.

The bill also provides that intent--to--use applicants will be entitled to up to six extensions of time, for six months each, to file the statement of use. This brings the total length of time between issuance of the notice of allowance and the time when use must be initiated to four years. Only one request for extensions may be obtained at a time and each must be accompanied by a fee and a statement that the applicant has a continued bona fide intention to use the mark in commerce on or in connection with the goods or services recited in the notice of allowance or the most recent request for extension. Permitting applicants to obtain only one extension at a time, and requiring that a fee be paid for each, will deter applicants who d not have a serious, good faith intention to use a mark from maintaining their application and preventing others from adopting the mark for use. The failure to timely file the statement of use will result in abandonment of the application.

SECTION 15

The bill revises section 14(c) of the Act in three respects. First, the term "common descriptive name" is replaced by "generic name" to reflect current usage of the term by the courts an din general language. Second, it provides that a petition to cancel a registration on the grounds that a registered mark has become a generic name should not extent to the entire registrant if the mark has become generic of only some of the goods for which it is registered. Third, it makes provision for the cancellation of a service mark if it should become the generic name of a service.

SECTION 16

A minor change to subsection 15(4) of the Act is made to reflect use of the term "generic name" in the Act.

SECTION 17

The bill gives the Trademark Trial and Appeal Board authority to limit or otherwise modify the goods or services identified in a registration trademark ownership rights where they are at variance with the register. This new authority, while seemingly minor, is quite significant. With respect to the first, actual product descriptions and trade channels are highly relevant in court proceedings and, as regards the second, it may obviate the need to initiate a court proceeding in a mater that could be easily handled by the Board.

It also gives the Trademark Trial and

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Appeal Board flexibility in addressing intent--to--use applications if testimony about intended use results in a factual determination that the goods or services specified in the application are stated too broadly.

Because rights in a mark are not created unless and until the mark is used, the bills stipulates that the Trademark Trial and Appeal Board should not enter final judgments in favor of intent--to--use applicants alleging likelihood of confusion based solely on their application until the mark is registered. This limitation applies only to likelihood of confusion cases because use would not affect determinations involving such issues as descriptiveness or priority.

SECTION 18

Section 18 of the bill provides that the courts, like the TTAB, should not enter final judgments in intent--to--use cases involving likelihood of confusion until the mark is registered, and gives the courts discretion to refrain from charging the party bringing an ex prate appeal all the costs of such a proceeding. The latter provision will assure that the PTO seriously considers the need for incurring certain expenses in ex prate cases.

SECTION 19

The bill eliminates the one--year use requirement for applying to register a mark on the supplemental register and provides that neither application to register nor registration on the supplemental register constitute an admission that the mark has not acquired secondary meaning.

Eliminating the one--year use requirement for applying to register marks on the supplemental register will have no affect on the underlying rights of the registrants as use for less than one year would not rule out that a mark is capable of distinguishing or that it is not subject to proof of secondary meaning. Doing so also precludes the need to give the Commissioner the authority to waive the one--year use requirements if registration is required to obtain foreign protection for a mark.

Section 23 also makes clear that applications for the registration of marks on the supplemental register cannot be filed on the basis of intent--to--use because these marks, by their nature, do not function as marks or become protective until they acquire distinctiveness through use.

SECTION 20

This section of the bill makes a conforming amendment to reflect elimination of the one--year use requirement for application to register on the supplemental register on the supplemental register [sic] and also precludes the entry of final judgments in favor of intent--to--use applicants alleging likelihood of confusion until such applicants have obtained repetitions for their marks.

SECTION 21

The amendments made by section 21 of the bill are of a conforming nature to reflect that the Act's provisions relating to intent--to--use and constructive use do not extend to supplemental register.

SECTION 22

Section 22 contains a conforming amendment necessitated by intent--to--use

SECTION 23

Section 23 makes the evidentiary language of section 33(a) consistent with the proposed evidentiary language of
sections7(b)and33(b)oftheActandprovidesthattheenumerateddefenseinanactionforinfringementofanincontestable registration are equally applicable in actions for infringement of marks which have not acquired incontestability status.

SECTION 24

This section makes cleat that incontestability does not relieve a registrant from the burden of proving likelihood of confusion, conforms the evidentiary language of section 33(b) to that contained in sections

7(b) and 33(a), provides that the section incorporates section 15 limitations by reference and adds language to the Act stipulating that the exclusive right to use a mark is subject to laches, estoppel, acquiescence and other equitable defenses such as unclean hands.

SECTION 25

The bill extends injunctive relief to actions brought under section 43(a) of the Act and stipulates that injunctive relief is not available to an intent--to--use applicant prior to registration because he could not assert priority or likelihood of confusion before he initiated use. In addition, it relieves court clerks of the need to give notice to the Commissioner of cases involving unregistered marks.

SECTION 26

Section 26 makes proviso for the recovery of profits, damages and costs in actions under section 43(a). Presently, these remedies are available only to owners of registered marks.

SECTION 27

The bill provides that destruction orders are also available in section 43(a) actions.

SECTION 28

Section 28 of the bill amends section 43(a) of the Act to conform to the expanded scope of protection the courts have given it, to make misrepresentation about another's goods actionable and to protect trademarks against disparagement and tarnishment. In amending section 43(a), however, there is no intent that the courts should discontinue giving the sector the same innovative interpretation they have given it in the past. While the constitutionally of making tarnishment and disparagement actionable may be tested, it is believed that it will upheld under existing authority that neither infringing trademarks nor false advertising are subject to First Amendment protection.

SECTION 29

The bill creates a federal cause of action for dilution of famous marks registered on the principal register. The language of this new section of the Lanham Act is highly selective, providing protection only to those marks which are both truly distinctive and famous and therefor most likely to be adversely affected by dilution. It would augment, not preempt, state dilution laws and would make a federal registration a complete defense to an action under state dilution law. By adding this provision to the Lanham Act, protection from dilution becomes nationally uniform and predictable and the purposes of the Act are furthered by creating another incentive for the registration of marks.

SECTION 30

The bill requires those applying for registration of marks in the U.S. on the basis of a foreign registration or a foreign priority date to state a bona fide intention to use the mark in commence. Presently, they need not make any such statement. This requirements, in conjunction with making provision for an intent--to--use application system, reduces the disparity that now exists between the requirements U.S. applicants and foreign applicants must meet in order to supply to register their marks. While this change does not create parity, because it does not require use before registration, the difference is not significant as such registration can still be canceled for abandonment due to two consecutive years of non--use of the mark.

SECTION 31

Finally, the bill amends several of the Lanham Act's definitions and adds a new paragraph defining "dilution." By and large, changes in the Act's existing definitions modernize and tighten their language, make them more consistent with preferable judicial interpretation and reflect the creation of an intent--to--use application system.

The definition of related company is amended to delete the word "legitimately" as being superfluous (to avoid any inference that use or control can be illegitimate, however, the word is retained in section 5 of the Act) and to address confusion about whether a related company can control the registrant or applicant as to

the nature and quality of the goods or services.

Trade name and commercial name are redefined to eliminate redundancies and excess verbiage by relying on the all--encompassing definition of "person" the Act sets forth. There is no intention, however, to permit the registration of trade and commercial names when they are not used on or in connecting with goods or services.

In amending the definition of trademark, service mark, collective mark and certification mark to reflect intent--to--use, the bill includes specific reference to the filing of an application for registration. This avoids questions of who might first have conceived of a mark.

The definition of trademark is also revised to broaden it to reflect contemporary marketing practices and to clarify a trademark's function of distinguishing the goods of one person from those of another. The revised definition purposefully retains (i) language relating to a trademarks' ability to indicate source, (ii) the definition's current incorporation, implication, of attributes such as standards of quality, reputation and goodwill, (iii) the requirement that a trademark should be used "on or in connection with" goods and (iv) the words "symbol, or device" so as not to preclude the registrant of colors, shapes, smells, sounds or configurations where they function as trademarks.

The definition of service mark is amended to reflect intent--to--use and to conform it to the revised definition of trademark. Importantly, the new definitions of trademark and service mark are not intended to limit in any way the subject matter which historically has qualified as a trademark or service mark.

The definitions of certifications and collective marks are revised only to reflect intent--to--use and to confirm to the revised definition of trademark. Restrictive language is deleted from the definition of mark.

Revisions of the definition of use in commerce is one of the most far--reaching amendments contained in the bill. Proposed in the context of instituting an intent--to--use system as a means of eliminating the commercially--transparent practice of token use, the revised definition will also have a measurable affect on improving the accuracy of the register (by permitting the removal of "deadwood") and determining whether a person has abandoned its rights in a mark. While the new language will require judicial interpretation, it specifically contemplates commercial use common to a particular industry and that rights would not be lost, absent an intent to abandon, if use is interrupted due to special circumstances. The definition also is revised to relax the affixation requirements in the case of bulk goods. As redefined, use in commerce does not en

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compass use in advertisements and promotional materials.

The definition of abandonment of mark is amended to address strictly interstate and common law use of marks and to make it more consistent with other provisions of the Act.

100TH CONGRESS 2D SESSION

To amend the Act entitled "An Act to provide for the registration
and protection of trademarks used in commerce, to carry out the
provisions of certain international conventions, and for other purposes".

IN THE HOUSE OF REPRESENTATIVES

MARCH 15, 1988

Mr. MOORHEAD introduced the following bill; which was referred to the Committee on the Judiciary