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100TH CONGRESS
2d Session

SENATE

REPORT
100-515

TRADEMARK LAW REVISION ACT OF 1988

SEPTEMBER 15 (legislative day, SEPTEMBER 7), 1988.—Ordered to be printed

Mr. BIDEN, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany S. 1883]

The Committee on the Judiciary, to which was referred the bill (S. 1883), having considered the same, reports favorably thereon with an amendment in the nature of a substitute, and recommends that the bill, as amended, do pass.

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I. PURPOSE

The purpose of the Trademark Law Revision Act of 1988 is to bring the trademark law up-to-date with present day business practices, to increase the value of the federal trademark registration system for U.S. companies, to remove the current preference for foreign companies applying to register trademarks in the United States and to improve the law's protection of the public from counterfeiting, confusion, and deception.

II. LEGISLATIVE HISTORY

A. The Lanham Act Years

The first federal trademark act was passed in 1870, and subsequent acts were passed in 1881, 1905, 1920, and 1946. Before the 1946 Lanham Act, the trademark system and relevant decisional law were largely undeveloped. Today the Lanham Act is the paramount source of trademark law in the United States. S. 1883 represents the first overall revision of the Lanham Act.

For the act's first 30 years, there was only one substantive change made in the law. In 1962, Congress approved H.R. 4333, which made a number of corrections in the Act and also changed the basic infringement provision, Section 32(1)(a).

In more recent times, court decisions have often prompted Lanham Act amendments. In 1975, Congress responded to the Supreme Court decision in *Fleishmann Distillery Corp.* v. *Maier Brewing Co.*, 386 U.S. 714 (1967), which held that the Act did not authorize an award of attorney's fees to the prevailing party in an infringement action. Aligning the trademark law with the patent and copyright statutes, Congress passed H.R. 8981 and changed Section 35 to allow the award of fees in "exceptional" cases.

In 1984, Congress passed the Trademark Clarification Act of 1984 to nullify the effect of *Anti-Monopoly, Inc.* v. *General Mills Fun Group, Inc.*, 611 F.2d 296 (9th Cir. 1979). The court had held that in determining whether a trademark was generic, the purchaser's motivation in buying the product was the crucial test. Congress overruled the decision and restored the trademark law's traditional test: Genericness is determined by the primary significance of the term to the purchasing public, and not by purchaser motivation.

The most extensive amendment to the Lanham Act has been the Trademark Counterfeiting Act of 1984. H.R. 6071 established a variety of procedures to allow trademark owners to combat more effectively the growing tide of counterfeiting. The remedies ranged from civil actions, with virtually mandatory awards of treble damages and attorney's fees, to criminal actions, with individual fines up to $250,000 and prison terms up to 5 years, and company fines up to $1 million.

B. Action Preceeding Committee Passage of S. 1883

On November 19, 1987, Senator Dennis DeConcini, Chairman of the Judiciary Committee's Subcommittee on Patents, Copyrights and Trademarks, introduced S. 1883, The Trademark Law Revision Act of 1987. The bill, based on the results of an extensive study conducted by the U.S. Trademark Association's Review Commission, was the product of more than 2 years of analysis, debate and consensus-building by trademark owners, attorneys, and other private sector experts.

Although the 2-year study was conducted under the auspices of the USTA, through its Trademark Review Commission (TRC), it was not limited to the views of the Commission's 29 members. Throughout the process, input from the diverse public and private interests served by the Lanham Act was sought. Hundreds of trademark owners and practitioners, more than 50 organizations, Gov-

ernment officials in the United States and abroad, and eminent scholars in the fields of constitutional, commercial, trademarks and unfair competition law contributed to the project.

The product of the TRC's work, the "Report and Recommendations on the United States Trademark System and the Lanham Act," was issued August 21, 1987, and adopted in its entirety by the USTA Board of Directors. This report served as the basis for the introduction of S. 1883.

On March 15, 1988, Chairman DeConcini convened a hearing of the Subcommittee on Patents, Copyrights and Trademarks on S. 1883. The first panel consisted on Mr. Robert J. Eck, president of the USTA. Mr. Eck was accompanied by Dolores K. Hanna, chairman of the TRC, and Jerome Gilson, reported for the TRC.

The second panel represented trademark owners and consisted of Mr. Ronald R. Kranzow, vice president and legal counsel for Frito-Lay Inc.; Mrs. Debra J. Fields, president of Mrs. Fields Inc.; Mr. C. DeForrest Trexler, deputy general counsel for Mack Trucks Inc.; and Mr. Herbert A. Hedden, assistant director for government relations for International Franchise Association.

The third panel represented trademark practitioners and consisted of Mr. Michael A. Grow of Ward, Lazarus & Grow; Mr. Beverly W. Pattishall of Pattishall, MacAuliffe, Newbury; Hilliard & Geralson; Mr. John K. Uilkema, chairman of the patent, trademark and copyright section of the American Bar Association; and Mr. Joseph A. DeGrandi, president of American Intellectual Property Law Association.

In addition to receiving oral testimony from these witnesses—who overwhelmingly supported the legislation—the subcommittee received many written statements which also strongly supported S. 1883. These included statements from the Department of Commerce, the National Federation of Independent Business, the National Association of Realtors, the National Association of Manufacturers, the Pharmaceutical Manufacturers Association, and the Intellectual Property Owners Inc.

After the March 15 hearing, numerous meetings were held with staff members, administration representatives and outside groups that were interested in the legislation. A substitute amendment was drafted to incorporate the recommendations that evolved from those meetings. It reflected extensive discussions with and recommendations of the U.S. Patent and Trademark Office, as well as Judiciary Committee members and staff. In addition to making technical changes suggested by the Trademark Office and the USTA, the substitute amendment made several substantive changes to S. 1883.

The first change deleted proposed language stating that material omissions which misrepresent the nature, characteristics or qualities of a product or service are actionable under the Section 43(a). The second change deleted reference to trademark tarnishment and disparagement as a separate cause of action under Section 43(a). A third change strengthened the factors which determine whether a mark is famous and has distinctive quality, redefined the term "dilution" and made other modifications to the proposed dilution provision. Another change strengthened the requirement that the intent to use a mark must be in fact bona fide in order to

support a registration application. These changes are discussed in more detail in the section-by-section analysis in part VI of this report.

On April 13, 1988, the Subcommittee on Patents, Copyrights and Trademarks unanimously approved the substitute amendment and on May 12, 1988, the Committee on the Judiciary unanimously reported the bill.

III. DISCUSSION

Trademarks encourage competition, promote economic growth and can raise the standard of living of an entire nation. The "Made in the USA" trademark in a foreign land carries a message more potent than any printed matter, more powerful than any foreign aid from Washington. America stakes its reputation on its trademarks. They are the most important ambassadors of goodwill America will ever send abroad.

Trademark protection is important to both consumers and producers. Trademark law protects the public by making consumers confident that they can identify brands they prefer and can purchase those brands without being confused or misled. Trademark laws also protects trademark owners. When the owner of a trademark has spent consideable time and money bringing a product to the marketplace, trademark law protects the producer from pirates and counterfeiters.

The Lanham Act was enacted 42 years ago. Although it has worked well for many years, it is now in need of updating and fine-tuning to reflect changes in other laws and business practices; commerce has come a long way in the past 42 years. A 1946 edition of Life Magazine illustrates this:

> The year 1946 finds the U.S. on the threshold of a hall of marvels, ranging from runless stockings * * * to jet-propelled airplanes that will flash across the country at just a little less than the speed of sound and deliver mail in London 7 hours after their New York take-off. Seven cities now have black and white television * * * and full color television is on the way.

In the years since 1946, transcontinental television has become a reality. Commercial aviation is a daily fact of life. These inventions have opened up new possibilities for international advertsing. They have opened up new avenues for markets abroad. To keep pace, legislation is needed to update the laws. S. 1883 improves protection of those symbols that are among the Nation's most valuable assets.

The section-by-section analysis contained in part VI of this report thoroughly addresses each provision of S. 1883. Some of the more significantly provisions are discussed in greater detail below.

INTENT TO USE

S. 1883 will improve the federal trademark registration system by eliminating the requirement that U.S. citizens and businesses, unlike their foreign counterparts, must use a mark in commerce before they can file an application to register it. The Lanham Act

currently requires that a U.S. business or individual seeking to register a trademark in the United States first make use of the mark in interstate commerce before it can apply for registration.

Under current law, a trademark is considered to have been used when it is affixed to the product, its packaging, labels or hang tags and the product is sold or shipped in commerce. Similarly, a service mark is considered to have been used when the services are performed or advertised in commerce, such as by opening a hotel or a restaurant.

This requirement unfairly discriminates against U.S. citizens, as compared to foreign citizens, puts significant legal risks on the introduction of new products and services, and gives preference to certain industries over others, frequently disadvantaging small companies and individuals.

Today, the United States is the only developed country that requires use of a mark before an application for registration may be filed. Other countries, whose trademark laws are based on the common-law concept that rights in a mark are acquired by use, decided long ago that it is not in the interests of the business community to force businesspeople to use a mark before its protection could be assured. In 1938, the United Kingdom converted to an intent-to-use system, and Canada converted in 1954.

This disparity between U.S. law and that of most other countries results in foreign applicants having an advantage over U.S. applicants in obtaining trademark registration rights. U.S. treaty obligatons, reflected in Section 44 of the Lanham Act, require that foreign applicants, relying upon a home country registration, may register in the United States, notwithstanding their lack of use of the mark anywhere in the world. Moreover, foreign applicants can obtain a filing priority in the United States corresponding to the date they file their home application. Under current interpretations, this means that while a U.S. applicant is required to use its mark before applying, foreign nationals can apply for and obtain a U.S. registration without first using a mark in the United States or anywhere else.

While it is impossible to measure the extent to which Americans are disadvantaged by the current system, the frequency with which foreign nationals avail themselves of the preference given them in Section 44 is noteworthy. As of March 1, 1988, approximately 7 percent, roughly 48,200, of the active applications and registrations in the U.S. Patent and Trademark Office claimed the benefits of Section 44. In addition, since 1983 the PTO has issued more than 17,700 Section 44 registrations to foreigners.

The Lanham Act's preapplication use requirement also creates unnecessary legal uncertainty for a U.S. business planning to introduce products or services into the marketplace. It simply has no assurance that after selecting and adopting a mark, and possibly making a sizable investment in packaging, advertising and marketing, it will not learn that its use of the mark infringes the rights another acquired through earlier use. In an age of national, if not global, marketing, this has a chilling effect on business investment. This effect is not merely theoretical, but is real. And it can be costly: Marketing a new product domestically often exceeds $30

million for a large company and can consume the life-savings of an individual or small entrepreneur.

Partially in recognition of the difficulties companies face in launching new products and services, and the sizable investments that may be at stake, regardless of a company's or individual's resources, the courts have sanctioned the practice of "token use." Token use is a contrived and commercially transparent practice—nothing more than a legal fiction. At the same time, token use is essential under current law because it recognizes present day marketing costs and realities; it reduces some of the legal and economic risks associated with entering the marketplace; and it nominally achieves the threshold "use" required to apply for federal registration and the creation of trademark rights in advance of commercial use.

Unfortunately, token use is not available to all businesses and industries. For example, it is virtually impossible to make token use of a trademark on a large or expensive product such as an airplane. The same is true for service industries (that is, hotels, restaurants, and banks) prior to opening for business. Similarly, it is difficult for small business and individuals to avail themselves of token use because they frequently lack the resources or the knowledge to engage in the practice.

Token use is also troublesome for another reason. It allows companies to obtain registration based on minimal use. Often these companies change their marketing plans and subsequently do not make commercial use. The result is that the trademark register is clogged with unused marks, making the clearance of new marks more difficult and discouraging others from adopting and using marks which should otherwise be available.

Despite its numerous virtues, a registration system based on intent also carries some potential for abuse. A single business or individual might, for instance, attempt to monopolize a vast number of potential marks on the basis or a mere statement of intent to use the marks in the future. To minimize such risks, S. 1883 requires the specified intent to be bona fide. This bona fide requirement focuses on an objective good-faith test to establish that the intent is genuine.

S. 1883 addresses these problems and increases the integrity of the federal trademark registration system through the creation of a dual application system. It gives all applicants the choice of applying to register marks on the principal register on the basis of preapplication use in commerce, as they do now, or on the basis of a bona fide intention to use the mark in commerce. Since token use becomes unnecessary and inappropriate under the intent-to-use application system proposed by S. 1883, the definition of "use in commerce" in Section 45 of the Act is strengthened to reflect this significant change in the law.

REMOVAL OF "DEADWOOD"

S. 1883 confronts the problem posed by the volume of abandoned or inactive marks ("deadwood") on the Federal Register in three ways. First, it decreases the terms of trademark registrations and renewals from 20 to 10 years. In terms of impact on the "dead-

wood" problem, the Trademark Review Commission calculated that approximately 15 percent, or more than 49,200 of the active registrations issued from 1966 to 1985 would lapse at the end of a 10-year term. Second, S. 1883 imposes stricter requirements for maintaining a registration beyond its initial 6 years. Third, the bill's definition of use in commerce will have a dual effect on deadwood: It will preclude the issuance of registrations based on token use, thereby reducing the number of registered marks for which commercial use has not been made, and it will increase the use requirements both for maintaining registrations at the time section 8 affidavits and renewal applications are filed and for defending marks against a claim of abandonment.

DILUTION

S. 1883 adds to the Lanham Act a new Section 43(c), which creates a highly selective federal cause of action to protect federally registered marks that are truly famous from dilution of the distinctive quality of the mark. The provision is specifically intended to address a narrow category of famous registered trademarks where the unauthorized use by others, on dissimilar products for which the trademark is not registered, dilutes the distinctiveness of the famous work. Examples include situations where a mark such as Kodak is used for pianos, or Buick is used for asprin.

The protection of marks from dilution is distinguished from the protection of marks from infringement. New Section 43(c) does not rely upon the standard test of likelihood of confusion, deception or mistake. Rather, it applies when use of a mark by a party other than the mark's owner has the effect of destroying the public's perception that the mark signifies something unique, singular or particular. The concept of dilution focuses on the investment the owner has made in the mark and on the commercial value and aura of the mark itself, protecting both from those who would appropriate the mark for their own benefit.

Currently, while 23 States have dilution laws, court decisions have been inconsistent. This inconsistency, combined with the number of States that do not have dilution laws, create a patchwork-type of protection. The dilution provision in S. 1883 will help to provide consistent national protection for the tremendous value of famous marks. By establishing a nationwide floor for protection against dilution, the bill will increase protection for famous trademarks in those States that do not currently offer remedies against dilution. States that wish to offer greater degrees of protection, as many do now, would be free to do so.

Furthermore, as noted in the March 15, 1988, statement of Donald J. Quigg, Assistant Secretary and Commissioner of Patents and Trademarks.

> [the dilution provision of S. 1883] would also greatly assist U.S. negotiators in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), who are urging other countries to provide adequate protection for trademarks and other intellectual property. At the present time, other countries can resist agreeing to higher international standards for intellectual property by pointing to

the fact that the United States itself provides little protection against dilution in many States. The dilution provision would show that [the United States is not] asking other countries to give better protection than [it is] willing to give, which will be increasingly important as negotiations proceed under the new GATT trade round.

IV. VOTE OF COMMITTEE

On April 13, 1988, with a quorum present, the Subcommittee on Patents, Copyrights and Trademarks voted unanimously, with a vote of 7–0, to report S. 1883 to the Committee on the Judiciary, with an amendment in the nature of a substitute.

On May 12, 1988, with a quorum present, the Committee on the Judiciary, by voice vote, unanimously ordered the bill, S. 1883, favorably reported to the Senate with an amendment in the nature of a substitute.

On May 13, 1988, the bill, S. 1883, passed the Senate with an amendment by voice vote.

V. TEXT OF 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 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 1988".

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" in the matter before subsection (a) 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 "applied to" in subsection (a)(1)(A), as redesignated herein, and inserting in lieu thereof "used on or in connection with";

(7) striking out "actually" in subsection (a)(1)(C), as redesignated herein;

(8) striking out "filing" in subsection (a)(2), as redesignated herein, and inserting in lieu thereof "prescribed"; and

(9) adding at the end thereof the following:

"(b) A person who has a bona fide intention to use a trademark in commerce, such intention to reflect the good faith circumstances relating to the intended use, 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 used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive. 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 prescribed 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 (15 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 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 continued 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 as a result of their concurrent lawful use in commerce 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 on or in connection with which such mark is registered to the respective persons;";

(2) in subsection (e) by striking out "applied to" each place it appears and inserting in lieu thereof "used on or in connection with"; and

(3) in subsection (f) by—

(A) striking out "applied to" and inserting in lieu thereof "used on or in connection with"; and

(B) 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. 1053) is amended by—

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

(2) striking out ", except when" through "mark is used" in the first sentence; and

(3) 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 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;

(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.";

(4) amending subsection (d), as redesignated herein, by striking out "fee herein provided" and inserting in lieu thereof "prescribed fee";

(5) amending subsection (f), as redesignated herein, by striking out "fee required by law" and inserting in lieu thereof "prescribed fee"; and

(6) amending subsection (h), as redesignated herein, by striking out "required fee" and inserting in lieu thereof "prescribed fee".

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 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 an application for registration has been filed under section 1(b) or subsection (d) or (e) of section 44, 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 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; and

"(B) notice of such interest is filed in the Patent and Trademark Office—

"(i) within ten days after the interest is granted if the interest pertains to a registered mark or if it pertains to a mark which is the subject of an application for registration under section 1(b) or subsection (d) or (e) of section 44, or

"(ii) within four months after the mark is registered if the interest pertains to a mark which is the subject of an application under section 1(a) or 23 and the person holding the interest has a valid, perfected interest pursuant to State law at the time the mark is registered.

"(2) A party granted a security interest in a registered mark, or a mark for which an application for registration has been filed under section 1(b) or subsection (d) or (e) of section 44, 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 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 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 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—

"(1) within three months after the date thereof or prior to such subsequent purchase in the case of an assignment; or

"(2) pursuant to the provisions of subsection (b)(1)(B) or prior to the subsequent filing of a conflicting interest, whichever is later, in the case of 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—

(1) striking out "fee herein provided" and inserting in lieu thereof "prescribed fee"; and

(2) 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";

(2) striking out "required fee" and inserting in lieu thereof "prescribed fee"; and

(3) 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 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 has 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 and, if a refusal, the reasons therefor. An applicant may amend his statement of use.

"(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 on or 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 deter-

mining whether the registered mark has become the generic name of goods or services on or 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 of any article or substance, patented or otherwise" and inserting in lieu thereof "the generic name for the goods or services or a portion thereof, for which it is registered".

SEC. 17. Section 16 of the Trademark Act of 1946 (15 U.S.C. 1066) is amended by striking out "applied to the goods or when used in connection with the services" and inserting in lieu thereof "used on or in connection with the goods or services".

SEC. 18. 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) prior to the mark being registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).".

SEC. 19. Section 19 of the Trademark Act of 1946 (15 U.S.C. 1069) is amended by striking out the second sentence.

SEC. 20. 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) hereof" 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) prior to the mark being registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).".

(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) prior to the mark being registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).".

(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 the court finds the expenses to be unreasonable, 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. 21. 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) striking out "fee herein provided" in subsection (b), as designated herein, and inserting in lieu thereof "prescribed fee"; and

(9) striking out the last paragraph.

SEC. 22. Section 24 of the Trademark Act of 1946 (15 U.S.C. 1092) is amended by—

(1) striking out "verified" in the second sentence;

(2) 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,";

(3) striking out "is not used by the registrant or"; and

(4) adding at the end thereof the following: "However, no final judgment shall be entered in favor of an applicant under section 1(b) prior to the mark being registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).".

SEC. 23. 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. 24. Section 27 of the Trademark Act of 1946 (15 U.S.C. 1095) is amended by adding at the end thereof 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.".

SEC. 25. Section 29 of the Trademark Act of 1946 (15 U.S.C. 1111) is amended by striking out "as used".

SEC. 26. Section 30 of the Trademark Act of 1946 (15 U.S.C. 1112) is amended by—

(1) inserting "or registrant's" after "applicant's";

(2) striking out "may file an application" and inserting in lieu thereof "may apply";

(3) 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:"; and

(4) by amending the proviso to read: "*Provided,* That when the Commissioner by regulation permits the filing of an application for the registration of a mark for goods or services which fall within a plurality of classes, a fee equaling the sum of the fees for filing an application in each class shall be paid, and the Commissioner may issue a single certificate of registration for such mark.".

SEC. 27. Section 31 of the Trademark Act of 1946 (15 U.S.C. 1113) is amended by—

(1) striking out "SECTION 31. FEES"; and

(2) inserting "SEC. 31." before "(a)".

SEC. 28. Section 32(2) of the Trademark Act of 1946 (15 U.S.C. 1114(2)) is amended by striking out "injunction" and inserting in lieu thereof "injunctive".

SEC. 29. 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";

(3) striking out "an opposing party" and inserting in lieu thereof "another person"; and

(4) inserting ", including those set forth in subsection (b)," after "or defect".

SEC. 30. 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:";

(2) striking out "services in" in paragraph (3) and inserting in lieu thereof "services on or in";

(3) striking out "trade or service" in paragraph (4);

(4) striking out "to users" in paragraph (4);

(5) striking out "registration of the mark under this Act or" in paragraph (5) and inserting in lieu thereof "(A) the date of constructive use of the mark established pursuant to section 7(c), or (B) the registration of the mark under this Act if the application for registration is filed prior to the effective date of the Trademark Law Revision Act of 1988, or (C)"; and

(6) 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. 31. 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) prior to the mark being registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).''; and

(2) in subsection (c) by—

(A) striking out "proceeding arising" and inserting in lieu thereof "proceeding involving a mark registered"; and

(B) striking out "decision is rendered, appeal taken or a decree issued" and inserting in lieu thereof "judgment is entered or an appeal is taken".

SEC. 32. 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. 33. 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. 34. (a) Section 39 of the Trademark Act of 1946 (15 U.S.C. 1121) is redesignated as subsection (a) of section 39 by inserting "(a)" after "SEC. 39.".

(b) Section 39a of the Trademark Act of 1946 (15 U.S.C. 1121a) is redesignated as subsection (b) of section 39 by striking out "SEC. 39a." and inserting in lieu thereof "(b)".

(c) Subsection (b) of section 39, as redesignated herein, is amended by striking out "servicemarks" each place it appears and inserting in lieu thereof "service marks".

SEC. 35. 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 in commerce, 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, misrepresents the nature, characteristics, or qualities of his or another person's

goods, services, commercial activities or their geographic origin;

shall be liable in a civil action by any person who believes that he is or is likely to be damaged 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. 36. 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, taking into account, among other things, the good faith use of an individual's name or an indication of geographic origin, 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 famous and has distinctive quality, a court shall weigh the following and other relevant factors:

"(A) whether the mark is inherently distinctive or has become distinctive through substantially exclusive and continuous use;

"(B) whether the duration and extent of use of the mark are substantial;

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

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

"(E) whether the mark has substantial renown in its and the other person's trading area and channels of trade; and

"(F) whether the same or similar marks are being used substantially 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 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. 37. Section 44 of the Trademark Act of 1946 (15 U.S.C. 1126) is amended—

(1) by striking out "fees herein prescribed" in subsection (a) and inserting in lieu thereof "fees required herein";

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

(3) in subsection (d) by striking out "sections 1, 2, 3, 4, or 23" and inserting in lieu thereof "section 1, 3, 4, 23, or 44(e)";

(4) 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";

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

(6) 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

(7) in subsection (f), by striking out "paragraphs (c), (d)," and inserting in lieu thereof "subsections (c), (d),".

SEC. 38. 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 and for which he applies for registration on the principal register established by this Act, to identify and distinguish his goods, 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 for which he 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 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 entity has a bona fide intention to use in commerce and for which it applies 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 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 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 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 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 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 material reduction 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.".

SEC. 39. The Trademark Act of 1946 is amended by adding at the end thereof the following:

"SEC. 51. All certificates of registration based upon applications for registration pending in the Patent and Trademark Office on the effective date of the Trademark Law Revision Act of 1988 shall remain in force for a period of 10 years.".

SEC. 40. This Act and the amendments made by this Act shall become effective on the date one year after the date of enactment of this Act.

VI. SECTION-BY-SECTION ANALYSIS

SECTION 3

Section 1 of the Trademark Act of 1946, the Lanham Act (15 U.S.C. 1051), sets forth the requirements for applying to register a trademark on the principal register. It presently requires that a mark be used in commerce before its owner may apply for registration.

Section 3 of S. 1883 amends Section 1 of the Lanham Act to insert a section heading, to make technical, conforming changes to the section's language and to add two new subsections which make provision for a system permitting the filing of an application to register a trademark on the principal register on the basis of a bona fide intention to use the mark in commerce.

Sections 3(1) and 3(2) of the legislation make clear that Section 1 of the Act relates only to the requirements for applying to register. They add a heading to the section which reads "Requirements for Applying to Register Trademarks on the Principal Register" and amend the first sentence of the section to read that "[t]he owner of a trademark used in commerce may apply to register his trademark. * * *" Sections 3(3), 3(4) and 3(5) redesignate Section 1's existing provisions relating to use-based applications to include them in a separate Section 1(a) of the Act.

Sections 3(6), 3(7) and 3(8) of the bill make conforming changes to three of the paragraphs of redesignated Section 1(a) of the Act. The first is a committee amendment which replaces the words "applied to" with the phrase "used on or in connection with." This amendment is similar to several others contained in the legislation. It is not substantive and is not intended to change the law. It recognizes that strict affixation of a trademark to products is neither required nor feasible in some instances, such as where the mark is used on displays associated with the goods or, as in the case of bulk goods, where affixation is impractical. More generally, however, it reflects terminology common to the field of trademark law.

The most significant change the legislation makes to the law governing applications based on use of a mark in commerce is the revised definition of "use in commerce" found in Section 38(8) of the bill. The revised definition will increase the amount of use required for obtaining and maintaining trademark rights and is intended to

eliminate the current practice of token use as a means of meeting the Act's preapplication use requirements. Consistent with this new definition of "use in commerce," and to preclude any inference that the Lanham Act contemplates different types of use, Section 3(7) of the bill strikes the word "actually" from Section 1(a)(1)(C) of the Act, as redesignated.

Section 3(8) of the legislation replaces the word "filing" with the word "prescribed" when referring to the fee that must be paid for applying to register a mark. When trademark fees were removed from Section 31 of the Lanham Act with passage of Public Law 96–517, conforming amendments were not made. The result is that the Act, in many instances, continues to refer to statutorily prescribed fees even though they are currently prescribed by regulation. The committee resolved this inconsistency by employing the term "prescribed" whenever a fee is required.

Section 3(9) adds new subsections (b) and (c) to Section 1 of the Lanham Act. New Section 1(b) of the Act permits the filing of an application to register a trademark on the principal register on the basis of a bona fide intention to use the mark in commerce. It offers an alternative to the current system under which an applicant must use the mark in commerce before applying for registration. New Section 1(c) of the Act provides that an intent-to-use applicant may amend its application to bring it into conformity with the requirements of a use-based application.

Subsection (b)(1)(A) of Section 1 of the Act sets forth the elements of the written intent-to-use application. With the exception of those requirements which relate to the mark having been used in commerce prior to the filing of the application and the proviso permitting concurrent use applications, these elements mirror Section 1(a)'s amended requirements for use-based applications. The requirements which cannot be met by an intent-to-use applicant until such time as it makes use of the mark will be fulfilled when it files the statement of use provided for in section 14(3) of the legislation or, in the event that it makes use of its mark and wishes to claim the benefits of that use during the time its application is being examined, by amending its application. Provision for amending an intent-to-use application to conform to the requirements of a use-based application is found in new Section 1(c) of the Act.

Subsection (b)(1)(A) specifically requires all applicants who apply to register a trademark on the basis of intended use to state their bona fide intention to use the mark in commerce on or in connection with all the goods identified in the application. The goods must be identified with sufficient specificity to confirm the bona fide nature of the applicant's intent and to permit those searching the trademark records of the Patent and Trademark Office to determine the existence of conflict. Bona fide intent is measured by objective factors. A statement of intent to use a mark on specifically identified products in the future may be sufficient. An applicant may safely make this statement in its original application without having taken concrete steps to create and introduce a new product, provided that in fact it intends to use the mark.

However, other circumstances may cast doubt on the bona fide nature of the intent or even disprove it entirely. For example, the applicant may have filed numerous intent-to-use applications to

register the same mark for many more new products than are contemplated, numerous intent-to-use applications for a variety of desirable trademarks intended to be used on single new product, numerous intent-to-use applications to register marks consisting of or incorporating descriptive terms relating to a contemplated new product, numerous intent-to-use applications to replace applications which have lapsed because no timely declaration of use has been filed, an excessive number of intent-to-use applications to register marks which ultimately were not actually used, an excessive number of intent-to-use applications in relation to the number of products the applicant is likely to introduce under the applied-for marks during the pendency of the applications, or applications unreasonably lacking in specificity in describing the proposed goods. Other circumstances may also indicate the absence of genuine bona fide intent to actually use the mark.

As the mark proceeds to registration, the goods identified in the application may be narrowed, but they may not be broadened.

In addition, subsection (b)(1)(A) expressly provides that use of a mark in commerce will continue to be a prerequisite to registration, unless the mark is applied for registration under Section 44 of the Act. (Pursuant to present interpretations of U.S. treaty obligations, these applicants are not required to use their marks prior to registration.) This language is included to emphasize the central role that use continues to play in U.S. trademark law.

In addressing the bill's provisions which govern the filing of applications based on intent-to-use, the committee was particularly concerned that the legislation contain sufficient safeguards against potential abuse. In this connection, it specifically considered amending the bill (i) to include a statutory definition of "bona fide," (ii) to place a limit on the number of applications an applicant could file contemporaneously, and (iii) to impose a prohibition against an applicant refiling an application to register a mark and thereby extending indefinitely the period of time during which it could "reserve" the mark without making use. It concluded that each of these amendments was unnecessary in light of the safeguards built into the legislation's intent-to-use system and that they would undermine the flexibility which is vital to the proper operation of the trademark registration system.

Although "bona fide" is an accepted legal term, it can be read broadly or narrowly, subjectively or objectively, by a court or the Patent and Trademark Office. In connection with this bill, "bona fide" should be read to mean a fair, objective determination of the applicant's intent based on all the circumstances. To avoid abuse of the intent-to-use system, the committee amended the first paragraph of proposed Section 1(b) of the Act to require that applicant's bona fide intention must reflect the good-faith circumstances surrounding the intended use.

An applicant's bona fide intention to use a mark must reflect an intention that is firm, though it may be contingent on the outcome of an event (that is, market research or product testing). Thus, an applicant could, under certain circumstances, file more than one intent-to-use application covering the same goods and still have the requisite bona fide intention to use each mark. However, if a product has already been marketed under one mark and an applicant

continues to maintain additional applications for marks intended for use on or in connection with the same product, without good cause, this may call into question the bona fide nature of the intent. In addition, and applicant's bona fide intent must reflect an intention to use the mark in the context of the legislation's revised definition of "use in commerce," that is, use "in the ordinary course of trade, commensurate with the circumstances and not [made] merely to reserve a right in a mark." This bona fide intention to use must be present for all the goods or services recited in the application.

Because an applicant must declare its bona fide intention to use a mark with respect to every intent-to-use application it files, the committee rejected a statutory limit on the number of applications a given individual or company can file with respect to a planned new product or product line. Moreover, it determined that any such limitation would be difficult to monitor and enforce and could not be fairly applied to every conceivable business situation. Given the tremendous range of variables affecting an applicant, that is, its resources, marketing plans and product development schedules, certain applicants might well be able to declare a bona fide intention to use marks in excess of the limitation and there is no reason not to allow them to file applications. Conversely, the same limitation could encourage other applicants to file more applications than they might otherwise contemplate.

To provide further assurance that an applicant's intention to use a mark is bona fide, the legislation amends Section 10 of the Act to prohibit assignments of intent-to-use applications unless the application is assigned with the business associated with the intended use of the mark. This provision, which is found in Section 12 of the bill, will prevent utilization of the intent-to-use system to traffic in marks.

As a final deterrent against possible abuse of the intent-to-use system, the committee points to the Lanham Act's provision for the cancellation of registrations that are based on fraud and its provision awarding damages to anyone who is damaged by a fraudulent registration.

The committee rejected the proposal for statutory language that would prohibit an applicant from refiling an application and thereby extending the time during which it could "reserve" a mark without making use. It decided against such a prohibition for two reasons. First, an applicant who refiles would sacrifice the constructive use date attached to its earlier application. Thus, another party who is interested in using the mark can file an application and establish a constructive use date giving it priority over the applicant's subsequent application. Second, although the committee does not expect that the incidence of refiling will be high (it strongly believes that four years from the date of the notice of allowance will be sufficient time for an applicant to make use of a mark), it did not want to prejudice an applicant who, after investing in a mark, could not meet the four-year cut-off date as a result of unforeseen circumstances.

Requests for extensions of the period of time in which to file the statement of use must be accompanied by a statement of continued bona fide intent-to-use. This requirement takes into account the

surrounding circumstances as of the time when the continued bona fide intent is stated. The absence of concrete steps to commerce use of the mark in commerce taken by the applicant since the filing of the previous statement of bona fide intent may cast doubt on the bona fide nature of the intent.

As introduced, subsection (b)(1)(A) of Section 1 of the Act included a proviso, similar to that found in subsection (a)(1)(A). This proviso would have permitted the filing of concurrent use applications based on intent-to-use. The committee found this provision inappropriate and deleted it from the legislation. The underlying basis for concurrent use registrations is to provide a vehicle for giving statutory recognition to the rights of good-faith common-law users who have established trademark rights in different geographic areas. However, under prevailing law, an intent-to-use applicant would not be in good faith if its mark was adopted with knowledge of the prior mark. Moreover, to permit an applicant who has not used a mark to assert concurrent use with another might result in businesses carving up the country in the absence of common law rights. This would defeat one of the prinicipal purposes of the Lanham Act.

Nevertheless, an intent-to-use applicant who begins use before learning of a prior use by another will, like a use-based applicant, be able to consent to a judgment sustaining an opposition filed by the prior user and request that a concurrent use proceeding be instituted.

For example, A files an intent-to-use application to register a mark for restaurant services, unaware that for the past 20 years, in the State of Washington, B has been using an unregistered identical mark for a restaurant unknown outside Washington and Oregon. Several months after filing, A commences use in several States east of the Mississippi. A's unrestricted application is then published and opposed by B. B simultaneously files an unrestricted application. A would then consent to a judgment sustaining the opposition filed by B and would request that a concurrent use proceeding be instituted.

In this scenario, even though A is an intent-to-use applicant (the character of its application being determined by the basis on which it is filed, not what occurred afterward), it would meet all the requirements for seeking concurrent use under the Lanham Act: (i) its use of the mark is "lawful" since it commenced such use in good faith, (ii) it has "become entitled" to use its mark prior to the filing date of B's application, and (iii) there has been "continued use" by A and B. However, because A would be relying on use, and not on its application, when requesting a concurrent use proceeding, language permitting the filing of concurrent use applications on the basis of intent-to-use is not necessary.

SECTION 4

Section 4 of the bill amends Section 2 of the Lanham Act (15 U.S.C. 1052) to eliminate an anomaly relating to concurrent use applications, to make conforming amendments and to revise the 5-year timetable for establishing proof of secondary meaning.

Section 4(1) of the bill amends the proviso of Section 2(d) of the Act to modify existing language which prohibits institution of a concurrent use proceeding at the Patent and Trademark Office if the junior user initiated use of the mark after the filing date of the senior user's application or its registration, even if the parties enter into an agreement establishing their respective rights. This provision is counterproductive because it often forces parties, who would otherwise be able to reach an amicable settlement, into litigation. As amended, the proviso will permit the Commissioner to institute a concurrent use proceeding if the owner of the earlier filed application or registration consents to the issuance of a concurrent use registration to the other party. In adopting this amendment, however, the committee does not intend to alter two important aspects of the law governing the issuance of concurrent use registrations: The Commissioner will still be required to determine that confusion or deception is not likely to result from issuance of the concurrent use registration and he will be able to impose conditions relating to the mode or place of use of the marks to prevent such confusion or deception.

As reported, Section 4(1) of the bill does not reflect two revisions to Section 2(d) of the Act which were contained in the legislation as introduced. First, the committee struck language which provided statutory authority for the Patent and Trademark Office's practice of suspending prosecution of an application to register a mark which is confusingly similar to a mark that is the subject of a pending application with an earlier filing date. Although the committee endorses the Office's suspension practice as practical and consistent with the law, it does not believe that statutory authority for it is necessary. Second, the committee reinstated language in the proviso of Section 2(d) which had been stricken in order to accommodate concurrent use applications filed on the basis of intent-to-use. As discussed above, these applications are not appropriate. Thus, concurrent use registrations will continue to be issued to parties who have become entitled to use the same or similar marks "as a result of their concurrent lawful use in commerce" if the Commissioner determines that "continued" use by the parties is not likely to result in confusion, mistake or deception.

Sections 4(2) and 4(3) of the bill amend Sections 2(e) and 2(f), respectively, of the Act, in the same way that Section 3(6) amends Section 1 of the Act by replacing the words "applied to" with "used on or in connection with."

Section 4(3) also includes a substantive amendment to Section 2(f). Section 2(f) governs the registrability of marks which are not inherently distinctive, but which have acquired distinctiveness through use (that is, marks which have acquired "secondary meaning"). Presently, the Lanham Act permits the Commissioner to accept as evidence that a mark has acquired secondary meaning proof of the applicant's continuous and substantially exclusive use of the mark for the 5 years preceding the date the application for registration is filed. Section 4(3) changes this provision to permit an applicant to benefit from the time its application is pending before the Office by measuring the 5 years of "substantially exclusive and continuous use" from the date the offer of proof is made.

SECTION 5

Section 5 of the legislation amends Section 3 of the Lanham Act (15 U.S.C. 1053), which governs the registrability of service marks. Section 5(1) deletes the words "used in commerce" to make clear that applications to register service marks may also be filed on the basis of intent-to-use. Applications to register service marks that are filed on the basis of intent-of-use will be subject to the same requirements as applications to register trademarks, and use in commerce will be required for registration. Section 5(2) of the bill strikes the words "except when used so as to represent falsely that the owner thereof makes or sells the goods on which the mark is used" from Section 3 of the Act. This language reflects the outdated view that a service mark cannot also be used as a trademark. Section 5(3) of the bill strikes language providing for a separate register for service marks. Since service marks are presently registrable without the need for a separate register, the elimination of this provision simply removes unnecessary language from the Lanham Act.

SECTION 6

Section 6 of the legislation amends Section 4 of the Lanham Act (15 U.S.C. 1054). Section 4 of the Act governs the registrability of collective and certification marks. Section 6(1) of the bill strikes the words "used in commerce" to make clear that applications to register these marks can also be filed on the basis of intent-to-use. Section 6(2) contains an amendment which clarifies the difference between collective and certification marks, the former of which, by definition, can be used to represent that their owners (that is, unions, associations or other organizations) make or sell the goods or perform the services on or in connection with which the mark is used. The purpose of Section 6(3) of the bill is the same as that of Section 5(3). It eliminates language providing for the establishment of a separate register for collective and certification marks.

SECTION 7

Section 7 amends section 5 of the Lanham Act (15 U.S.C. 1055) to provide expressly that when first use of a mark is made by a person other than the applicant or registrant, and that use is controlled by the applicant or registrant (that is, use by a licensee), that use will insure to the benefit of the applicant or registrant. This concept, which currently appears in the Trademark Rules of Practice (37 C.F.R. 2.38(a)), reflects the prevailing view of the courts. Its inclusion in the Act at this time should not be interpreted as calling into question the validity of trademark rights heretofore established through licensee first use.

SECTION 8

Section 8 makes a technical, conforming amendment to Section 6(b) of the Act (15 U.S.C. 1056(b)). It is necessitated by the redesignation of Section 7(d) as Section 7(e) in Section 9 of the bill.

SECTION 9

Section 9 amends Section 7 of the Lanham Act (15 U.S.C. 1057) to revise the evidentiary language of subsection (b), to encorporate within the Lanham Act the concept of "constructive use" and to make several technical committee amendments.

Without understandable reason, the evidentiary benefits of registration under Sections 7(b), 33(a) and 33(b) of the Lanham Act differ. The legislation corrects this inconsistency by amending each of these sections so that registration, or a certificate thereof, provides "* * * evidence of 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. * * *" Section 9(1) of the bill revises Section 7(b) of the Act accordingly. As amended, Section 7(b) of the Act provides that a certificate of registration, in addition to being prima facie evidence of the validity of the registration, the registrant's ownership of the mark and the registrant's exclusive right to use the mark on or in connection with the goods or services specified in the certificate, is also prima facie evidence of the validity of the registered mark. Sections 33(a) and 33(b) of the Act are similarly amended by Sections 29 and 30 of the legislation.

Section 9 makes provision for "constructive use" of a mark registered on the principal register by adding a new Section 7(c) to the Act. Constructive use will fix a registrant's nationwide priority rights in a mark from the filing of its application for registration, whether that application is based on use or intent-to-use. This right of priority will have legal effect comparable to the earliest use of a mark at common law. Contingent on a mark being registered, it is enforceable against all parties except for (i) a person who used the mark before the application was filed and who has not abandoned the mark; (ii) a person who owns an earlier filed application and that application is pending (that is, it has not been abandoned, rejected or withdrawn) or has resulted in a registration; and, as discussed above, (iii) an applicant whose timely filing of a application under Section 44(d) entitles it to an earlier filing date.

Provision for constructive use in the Lanham Act will accomplish three important objectives.

First, it will extend to U.S. trademark owners a benefit which is presently available only to applicants applying to register their marks in the United States under Section 44 of the Act.

Second, it will promote certainty in the acquisition of federal trademark rights. Without constructive use, the certainty envisioned by the intent-to-use application system would not be achieved; an intent-to-use applicant would be vulnerable to pirates and to anyone initiating use after it files its application. Constructive use will also resolve an important fact issue in current trademark law and thereby reduce the geographic fragmentation of trademark rights. Currently, an applicant who has made use of a mark in one area is at the mercy of another user who begins using the same or a similar mark in a remote area before the applicant obtains its registration and can claim the benefits of constructive notice. These situations result in practical problems for both of the

users and for consumers. The registrant is prohibited from expanding use of its mark nationally and is unable to benefit from the nationwide rights federal registration is designed to provide. Similarly, the second user is prevented from expanding because it may be prohibited from using the mark in areas where it had no market presence at the time the first user obtains its registration. Finally, consumers who are exposed to the marks of both users may well be confused.

Third, constructive use, by according conditional rights to those that publicly disclose their marks, will encourage the earlier filing of applications to register trandemarks and will foster trademark searching by all parties before they adopt and invest in new marks. It will promote the "policy of encouraging prompt registration of marks by rewarding those who first seek registration under the Lanham Act." *Weiner King, Inc.,* v. *Wiener King Corp.,* 615 F.2d 512, 523, 204 USPQ 820, 830 (3d Cir. 1980).

All of these objectives are consistent with and promote the purposes of the Lanham Act. The committee does not intend, however, for constructive use to replace equity. Equity has been and will continue to be the core of U.S. trademark jurisprudence. As the courts have refused to make "calendar priority" based on actual commercial use of a mark determinative of rights if doing so will cause inequity, they should not react differently with constructive use. Additionally, constructive use will not foreclose defenses such as those based on the descriptive, surname or geographic character of the mark.

It is noted, however, that because rights in a mark are not created unless and until the mark is used, and consumer confusion cannot arise without such use, a final judgment in favor of an intent-to-use applicant who must establish constructive use to prevail will not be entered until the applicant's mark is registered and its rights are thereby perfected. To assure this result, Sections 18, 21(a)(4), 21(b)(1), 24 and 34(a) of the Act, which deal with Patent and Trademark Office decisions, court determinations and the availability of injunctive relief, respectively, are amended accordingly by Sections 18(3), 20(3), 20(5), 22(4) and 31(a)(B) of the legislation.

SECTION 10

Section 10 of the legislation amends Section 8(a) of the Lanham Act (15 U.S.C. 1059(a)).

First, it reduces the term of a trademark registration from 20 to 10 years. As provided in Section 39 of the legislation, this new 10-year term will apply to all marks registered on or after the effective date of the legislation.

Second, it imposes new requirements on registrants filing the affidavit of use that must be submitted during the sixth year of the registration term if the registration is to be maintained. As amended, Section 8(a) will require that these registrants meet the same requirements that are presently imposed upon those renewing their registrations: They will have to state that the mark is in use on or in connection with the goods or services specified in the registration and will have to submit evidence of that use. Absent a

showing that any nonuse is due to special circumstances, and is not reflective of an intent to abandon the mark, goods or services not identified in the Section 8(a) affidavit of use will be deleted from the registration. Registrants filing Section 8 affidavits of use will also be subject to the revised definition of use in commerce contained in Section 38(8) of the legislation. This will prevent the maintenance of registrations based solely on token use.

SECTION 11

Consistent with reducing the term of registration, Section 11 of the bill amends Section 9(a) of the Act (15 U.S.C. 1059(a)) to reduce the term of renewal from 20 to 10 years. In reducing the term of renewal, it is the committee's intent that the fee for renewing the registration of a mark will be decreased accordingly. Those renewing registrations will also be subject to the revised definition of use in commerce contained in Section 38(8) of the bill.

SECTION 12

Section 12 of the bill amends Section 10 of the Lanham Act (15 U.S.C. 1060) to revise the section heading to read "Assignment and Grant of Security Interest," to place restrictions on the assignment of intent-to-use applications and to expand the section to encompass provisions relating to security interests in marks.

The existing language of Section 10 of the Act permitting the assignment of registered marks and marks for which applications to register have been filed is placed in a separate Section 10(a). New language is added to this section to prohibit the assignment of an intent-to-use application prior to the statement of use being filed, unless the application is assigned to a successor to the business of the applicant to which use of the mark pertains. This new language is consistent with the principle that a mark may be validly assigned only with the business or goodwill attached to the use of the mark and will discourage trafficking in marks.

New Section 10(b) of the Act contains the provisions relating to security interests in marks. This section clarifies the nature of a security interest in a mark (that is, what rights a secured party obtains in a debtor's mark) and establishes the mechanics for recording and enforcing such interests (that is, where filing should be made and how to effect foreclosure). It provides (i) that a security interest in a registered mark, or a mark for which an intent-to-use application has ben filed, can be obtained only by filing in the Patent and Trademark Office, (ii) that a security interest is to be granted in both the mark and the goodwill associated with the mark, and (iii) that the holder of a security interest has the right to foreclose on the mark and the goodwill associated with the mark and has the right to proceeds from the sale of the mark.

The committee made two changes to the security interest provisions contained in the legislation, as introduced. First, it limited their scope to exclude applications for registration based on use of a mark in commerce. Use-base applications relate to marks in which rights exist only at common law. As such, a security interest in one of these marks should remain subject to applicable State law until such time as the mark is registered. However, once the mark

is registered, these security interests will be subject to the provisions of Section 10 of the Lanham Act and will be perfected only if notice is filed in the Patent and Trademark Office within 4 months of the mark's registration.

Second, the committee deleted language which would have excluded from the scope of Section 10 of the Act security interests which were perfected prior to the enactment of the legislation. This exception is inappropriate because it would further the confusion that presently exists about how to perfect and enforce a security interest in a mark. Moreover, as the legislation provides for an effective date 1 year after enactment, sufficient time will be provided for those holding security interests to perfect their rights by filing in the Patent and Trademark Office.

New Sections 10(c) through 10(f) of the Lanham Act expand the remaining language of Section 10 of the Act relating to assignments to include applicable references to security interests.

SECTION 13

Section 13 of the legislation amends Section 12(a) of the Act (15 U.S.C. 1062(a)) to delete reference to a statutorily prescribed fee and to make provision for publication in the Official Gazette of marks applied for registration on the basis of intent-to-use.

Patent and Trademark Office procedures for examining applications based on intent-to-use must parallel, to the greatest extent possible, existing procedures and practice for examining applications based on use. This will reduce the likelihood of inconsistency and should result in greater economy and efficiency. Although the absence of specimens will prevent the Office from determining whether an intent-to-use application covers subject matter not constituting a trademark, whether the mark is being used as a mark and whether the mark, as used, differs materially from the drawing of the mark, the absence of specimens at the time the application is filed will not affect examination on numerous fundamental issues of registrability (that is, descriptiveness, geographic or surname significance, or confusing similarity). If it appears from this examination that the mark is entitled to registration subject to its being used in commerce, the mark will be published for opposition. Subjecting an intent-to-use application to the opposition process before the applicant makes use of its mark is essential if the system is to achieve its goal of reducing uncertainty before the applicant invests in commercial use of the mark.

SECTION 14

Section 14(1) of the bill designates the current language of Section 13 of the Lanham Act (15 U.S.C. 1063) as Section 13(a). This section of the Act, which provides for the filing of an opposition to the registration of a mark which has been published in the Official Gazette, does not require amendment. The law and procedures governing the filing of an opposition will be the same regardless of whether the mark was applied for registration on the basis of use or intent-to-use.

Section 14(3) of the bill adds a new Section 13(b) to the Act to include within the Lanham Act specific language relating to the

registration of a mark. Subsection (b)(1) will not alter existing law or practice. It simply provides that a mark applied for registration on the basis of preapplication use, or under Section 44 of the Act, will be registered if it is not successfully opposed.

Subsection (b)(2) contains the requirements that must be met by an intent-to-use applicant before its mark will be registered. The committee considered whether these requirements should be included in Section 1 of the Act, together with the requirements for applying for registration, but decided against this for two reasons. First the provisions of Section 1 of the Lanham Act relate only to the requirements for applying to register a mark; they do not address any of the statutory requirements for registration (that is, before a mark is registered, it must be examined by the Patent and Trademark Office in the context of Section 2 to determine if the mark qualifies for registration, and it must be published for opposition under Section 13 of the Act). Second, in terms of the chronology of the registration process, the statement of use will generally be filed after the mark has been published for opposition in accordance with the provisions of Section 13.

If a mark applied for registration on the basis of intent-to-use is not successfully opposed, a notice of allowance will be issued to the applicant. This notice of allowance will identify those goods or services for which registration of the mark has been conditionally approved. Within 6 months from the date of this notice of allowance, the applicant must file a verified statement specifying, among other things, those of the goods or services identified in the notice of allowance on or in connection with which the mark is in use. Evidence of use, that is, specimens or facsimiles of the mark, must be submitted. The elements of the statement of use, when combined with the Act's Section 1(b) requirements for applying to register a mark on the basis of intent-to-use, equal the requirements that use-based applicants meet when they file applications under Section 1(a) of the Act.

An applicant will be entitled to up to a maximum of seven extensions of time, for 6 months each, to file its statement of use. This brings to 4 years the total length of time between issuance of the notice of allowance and the time when evidence of use must be submitted. The committee considered whether 4 years was an excessive period of time, but it believes that 4 years incorporates the flexibility needed to accommodate the myriad circumstances that may affect an applicant's ability to make use. However, it intends and believes it will be necessary for only the rare applicant to make use of this entire period. There is a clear expectation that, for most applicants, the statement of use will be filed early in the 4-year period. Certainly, filing the statement of use at the earliest possible time is in the applicant's best interest; until the statement of use is filed, the applicant will not be able to perfect its rights or to enjoy the benefits of registration.

Applicants would be permitted only one 6-month extension at a time. Each extension will require payment of a fee and submission of a statement verifying the applicant's continued bona fide intention to use the mark in commerce or in connection with the goods or services recited in the notice of allowance or the most recent request for extension. Permitting applicants only one extension at a

time, requiring that a fee be paid for each, and providing that the goods or services be specified in each request for extension, will help deter applicants who do not have a continuing good-faith intention to use a mark from maintaining their applications and preventing others from adopting the mark for use. Nevertheless, the fees for each extension of time, which will be set by the Patent and Trademark Office under Section 31 of the Lanham Act (15 U.S.C. 1113), should not be such as to become an impediment to those needing an additional extension; they are simply intended to create a deterrent to unnecessary or frivolous requests.

The Patent and Trademark Office's examination of the statement of use will be only for the purpose of determining issues that could not have been fully considered during the initial examination of the application, that is, 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 in the application and not subsequently deleted, and whether the mark, as displayed in the specimens or facsimiles, functions as a mark. An applicant may amend its statement of use.

If the statement of use is accepted, the mark will be registered and a notice of the registration will appear 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 from those which were specified when the mark was published for opposition.

The Committee amended the legislation to delete language limiting an applicant to seeking review by the Commissioner of a refusal of its statement of use. It did this in order to allow a final refusal on a substantive ground to be appealed to the Trademark Trial and Appeal Board. This change was recommended by both the Patent and Trademark Office and the U.S. Trademark Association in testimony before the committee. It will avoid having the Commissioner and the Board decide the same issues.

SECTION 15

Section 15 of the legislation revises Section 14(c) of the Act (15 U.S.C. 1046(c)), which deals with the cancellation of registrations, in four respects. First, the term "the common descriptive name" is replaced with the term "the generic name" to reflect current usage of the term by the courts and in general language. Second, coverage of the section is expanded to include service marks. Third, language of the Act which is at odds with the trademark registration system is amended to provide that a mark may be subject to cancellation on the basis of genericness only if the mark becomes the generic name for goods or services for which the mark is registered. (Although the committee is unaware of any instance of a registration being canceled because the mark became the generic name for goods or services for which it was not registered, a strict reading of the Act could produce this result.) Fourth, language is added to provide that a petition to cancel registration may be limited if the mark is alleged to have become the generic name for only some of the goods or services for which the mark is registered. As amended, Section 14(c) of the Act also reflects a technical commit-

tee amendment inserting "on or" before "in connection with" in two instances.

SECTION 16

Section 16 amends Section 15(4) of the Act (15 U.S.C. 1065(4)) to reflect the amendments made to Section 149c).

SECTION 17

Section 17 of the bill contains a technical committee amendment to Section 16 of the Act (15 U.S.C. 1066). It replaces the phrase "applied to goods or when used in connection with the services" with "used on or in connection with the goods or services."

SECTION 18

Section 18(1) of the legislation amends Section 18 of the Lanham Act (15 U.S.C. 1068) to give the Trademark Trial and Appeal Board authority to limit, or otherwise modify, the goods or services identified in a registration or application. This amendment will permit the Board to base determinations of likelihood of confusion on marketplace realities rather than on hypothetical facts. For example, certain product identifications, although accurate and acceptable for purposes of registration, may appear on paper to give rise to likelihood of confusion, but would not give rise to confusion in the marketplace due to distinctions between the actual products and their channels of trade. In addition, it gives the Board flexibility when addressing the goods or services identified in an intent-to-use application. For example, if testimony about the intended use results in a factual determination that the goods or services specified in the application are stated too broadly, the Board would be permitted to modify the identification accordingly.

Section 18(1) also authorizes the Board to determine trademark ownership rights where they are at variance with the register (that is, when ownership of a mark is acquired through a constructive trust). This amendment may obviate the need to initiate a formal court proceeding in a matter that could be readily resolved by the Board.

Section 18(2) contains a technical amendment deleting an unnecessary word, "or," from the section.

Section 18(3) of the bill adds language to Section 18 of the Act to provide that final judgments in Trademark Trial and Appeal Board proceedings will not be entered in favor of intent-to-use applicants, who must establish constructive use under Section 7(c) of the Act to prevail, until the intent-to-use applicant's mark is registered. It reflects the fact that rights in a mark are not created unless and until a mark is actually used and that consumer confusion cannot arise without such use. As such, final judgments in likelihood of confusion cases will not be entered until the prevailing intent-to-use applicant perfects its rights through actual use and registration. The language will not affect judgments based on descriptiveness or any similar grounds provided that the applicant has standing to assert such grounds, that is, a sufficient interest in using the mark.

SECTION 19

Section 19 of the legislation contains a technical committee amendment to delete language from Section 19 of the Act (15 U.S.C. 1069) relating to proceedings pending before the Patent and Trademark Office at the time the Lanham Act was enacted in 1946. This transitional language is no longer necessary.

SECTION 20

Sections 20(1) through 20(5) of the bill amend Section 21 of the Lanham Act (15 U.S.C. 1071) to make several technical revisions and to include language at the end of subsections (a)(4) and (b)(1) providing that, as with proceedings before the Trademark Trial and Appeal Board, final judgments in court proceedings will not be entered in favor of intent-to-use applicants who must establish constructive use under Section 7(c) of the Act to prevail until the intent-to-use applicant's mark is registered. This new language is discussed in the analysis of Section 18(3) of the bill.

Section 20(6) of the bill clarifies and revises the first sentence of Section 21(b)(3) of the Act to assure that the Patent and Trademark Office seriously considers the need for incurring certain expenses when defending an ex parte decision. The committee amended the provision to impose a statutory "reasonable" standard.

SECTION 21

Section 21 of the legislation makes several technical amendments to Section 23 of the Act (15 U.S.C. 1091) and eliminates the 1-year use requirement for applying to register a mark on the supplemental register. Eliminating the 1-year use requirement will facilitate registration on the supplemental register and make it easier for U.S. trademark owners to obtain protection for their trademarks in certain foreign countries. It also reduces the demands made on the Commissioner to consider requests to waive the 1-year use requirement. This revision of the Act will have no effect on the underlying rights of the registrant.

Section 21(7) of the bill amends the first paragraph of Section 23(a) of the Act, as redesignated, to make clear that applications for the registration of marks on the supplemental register cannot be filed on the basis of intent-to-use.

SECTION 22

The amendments made to Section 24 of the Act (15 U.S.C. 1092) by Section 22 of the bill are of a technical, conforming nature. Section 22(1) eliminates the requirement that a petition to cancel a registration on the supplemental register must be verified. Through an oversight, this amendment was not made in 1982 when a similar change was made with respect to petitions to cancel the registrations on the principal register. Section 22(2) conforms Section 24 of the Act to reflect elimination of the 1-year preapplication use requirement for applications to register marks on the supplemental register by replacing the words "was not entitled to register the mark at the time of his application for registration thereof" with "is not entitled to registration." Section 22(3) contains a com-

mittee amendment which strikes confusing language from Section 24. The phrase "if not used by the registrant," if strictly applied, is contrary to the abandonment provision of the Act; it implies that abandonment of a mark could be based on as little as one week of nonuse. Section 22(4) adds language precluding entry of final judgments in favor of intent-to-use applicants whose ability to prevail rests on their perfecting their rights through registration. It is discussed above in the anaysis of Section 18(3) of the bill.

SECTION 23

Section 23 of the legislation makes two conforming amendments to Section 26 of the Act (15 U.S.C. 1094). References to Sections 1(b) and 7(c) of the Act are added to Section 26 to reflect that the Act's provisions relating to intent-to-use and constructive use do not extend to supplemental register applications or registrations. The committee notes, however, that the reference to Section 7(c) in Section 26 of the Act is not intended to overturn existing case law which extends the benefit of constructive use to foreign applicants under Section 44 of the Act, regardless of whether they apply to register a mark on the principal or supplemental register.

SECTION 24

Section 24 of the bill adds a sentence to the end of Section 27 of the Act (15 U.S.C. 1095) to provide that neither applying to register nor registration on the supplemental register constitutes an admission that the mark has not acquired secondary meaning. It codifies the court's holding in *California Cooler* v. *Loretto Winery, Ltd.*, 774 F.2d 1451, 1454, 227 USPQ 808, 809–810 (9th Cir. 1985), that the owner of a mark registered on the supplemental register is not precluded from establishing secondary meaning against an alleged infringer. As introduced, the legislation included this sentence in Section 23 of the Act. It was moved to Section 27 where its intent is clearer.

SECTION 25

Section 25 makes a technical amendment to Section 29 of the Act (15 U.S.C. 1111). The amendment strikes the words "as used," which are unnecessary and confusing.

SECTION 26

Section 26 of the bill contains four amendments to Section 30 of the Lanham Act (15 U.S.C. 1112), which provides for the use of a classification system for purposes of applying to register and registering marks. Section 26(1) is a committee amendment which adds reference that classification does not limit or extend a registrant's rights any more or less than it limit or extend a registrant's rights any more or less than it limits or extends an applicant's rights. This amendment is intended only to clarify the section. Similarly, Section 26(2) is a technical committee amendment. It replaces the words "may file an application" with "may apply." Section 26(3) of the bill contains a conforming amendment. It adds language to reflect that an intent-to-use applicant may apply to register a mark for all the goods or services on or in connection with which it has a

bona fide intention to use a mark. Section 26(4) also contains a committee amendment. Based on its concern that multiclass applications may become unwieldy under the intent-to-use application system, the Patent and Trademark Office requested that the Commissioners be given authority to eliminate these applications by regulation. This change to the Act is administrative and will have no effect on the rights of applicants or registrants or the costs of applying to register or renew a mark.

SECTION 27

Section 27 contains two technical committee amendments to Section 31 of the Act (15 U.S.C. 1113).

SECTION 28

Section 28 corrects a typographical error in Section 32(2) of the Act (15 U.S.C. 114(2)).

SECTION 29

Section 29(1) of the legislation amends the evidentiary language of Section 33(a) of the Act (15 U.S.C. 115(a)) to make it consistent with the evidentiary language of sections 7(b) and 33(b). Thus, registration, in addition to providing prima facie evidence of the registrant's right to use the registered mark, will also be prima facie evidence of the validity of the registered mark and of the registration thereof, and the registrant's ownership of the mark. Section 29(4) codifies judicial decisions holding that the enumerated defenses or defects to an action for infringement of an incontestable registration, which are set forth in Section 33(b) of the Act, are equally applicable in actions for infringement of marks which are not incontestable.

Sections 29(2) and 29(3) contain technical amendments. the first conforms the language of Section 33(a) of the Act to that found in the rest of the Act by adding the words "or in connection with" before "the goods or services." The second clarifies the meaning of the term "an opposing party" by replacing it with the Act's defined term "person."

SECTION 30

Section 30(1) of the bill revises the first paragraph of Section 33(b) of the Act (15 U.S.C. 1115(b)) to remove several ambiguities relating to incontestable registration. First, by replacing the word "[i]f" with "[t]o the extent that," it provides that Section 33(b) incorporates Section 15 limitations by reference. Second, it conforms the evidentiary language of Section 33(b) to that contained in Sections 7(b) and 33(a). Third, it makes clear that incontestability does not relieve the owner of an incontestable registration from the burden of proving likelihood of confusion.

Sections 30(2), 30(3) and 30(4) make technical committee amendments to subsections 33 (b)(3) and (b)(4) of the Act. The first is a conforming amendment which inserts "on or" after services. The second and third delete unnecessary references to "trade or service" and "to users." These words add nothing to the clear meaning of the section.

Section 30(6) of the bill eliminates the present conflict between two lines of judicial authority by expressly providing that the exclusive right to use a mark whose registration is incontestable is subject to "equitable principles, including laches, estoppel [and] acquiescence." The language of this provision is intentionally broader than that of Section 19 of the Act, which applies to inter partes cases, so that other equitable defenses such as unclean hands can be considered.

Section 30(5) amends subsection 33(b)(5) of the Act to provide that the date a mark is applied for registration constitutes nationwide constructive use of the mark with legal effect comparable to the earliest use of the mark at common law.

SECTIONS 31–33

As written, the remedy sections of the Lanham Act, sections 34 (15 U.S.C 1116), 35 (15 U.S.C. 1117) and 36 (15 U.S.C. 1118), apply only to violations of a registered trademark and do not specifically extend to violations of section 43(a) of the Act that do not involve a registered mark. However, with the expansion of Section 43(a) to cover types of unfair competition that were not envisioned when the Lanham Act was enacted in 1946, the courts with increased frequency are disregarding this limitation.

For example, the second, sixth, eighth, ninth and eleventh circuits have held that, with respect to the award of monetary relief, section 35(a) of the Act applies to cases brought under section 43(a) which do not involve registered marks. *Centaur Communications, Limited* v. *A/S/M Communications, Inc.*, 830 F.2d 1217, 1229, 4 USPQ2d 1541, 1550–51 (2d Cir. 1987); *WSM, Inc.* v. *Wheeler Media Servs., Inc.*, 810, F.2d 113, 116, 1 USPQ2d 1641, 1643 (6th Cir. 1987); *U-Haul International, Inc.* v. *Jartran, Inc.*, 793 F.2d 1034, 1041–42, 230 USPQ 343, 348–49 (9th Cir. 1986); *Transgo, Inc.* v. *Ajac Transmission Parts Corp.*, 768 F.2d 1001, 227 USPQ 598 (9th Cir. 1985) *cert. denied*, 106 S.CT 802 (1986); *Rickard* v. *Auto Publishers, Inc.*, 735 F.2d 450, 453–58, 222 USPQ 808, 810–815 (11th Cir. 1984); *Metric and Multi-Standard Components Corp.* v. *Metric's Inc.*, 635 F.2d 710, 715, 209 USPQ 97, 102 (8th Cir. 1980). In the most recent of these decisions, *Centaur Communications,* the Second Circuit forcefully stated:

> A number of other circuits have decided that section 35 extends to section 43(a) actions, despite the apparent limitations in its language. * * * We think the Eleventh Circuit's extended discussion of this question in *Rickard* is compelling. After a thorough exploration of the legislative history and the general purpose of the Lanham Act, *Rickard* concluded that Congress could not have intended to limit the relief afforded by section 35 only to cases involving registered trademarks. * * * Consequently, we hold, as have the majority of the circuits that have considered the question, that section 35 applies to section 43(a).

By contrast, other circuits have expressed doubts that attorneys fees are available under Section 35(a) in actions brought under Section 43(a) which do not involve registered marks. *Blau Plumbing, Inc.* v. *S.O.S. Fix-it, Inc.*, 781 F.2d 604, 228 USPQ 519 (7th Cir.

1986); *Standard Terry Mills, Inc.* v. *Shen Mfg. Co.,* 803 F.2d 778, 782, 231 USPQ 555, 559 (3d Cir. 1986).

To remove any uncertainty and inconsistency, the legislation amends the remedies sections of the Lanham Act to provide that injunctive relief, profits, damages and costs, as well as destruction orders, do not require ownership of a registration. Specifically, Sections 31(1), 32 and 33 of the bill amend respectively Sections 34(a), 35(a) and 36 of the Act, respectively, to replace the references to rights "of the registrant of a mark registered in the Patent and Trademark Office" with references to rights "protected under this Act."

Section 31(1) also adds language to Section 34(a) of the Act to provide that an intent-to-use applicant relying on constructive use under Section 7(c) is not entitled to injunctive relief until its mark is registered. This amendment is discussed in the analysis of Section 18(3) of the bill. Section 31(2) of the legislation amends Section 34(c) of the Lanham Act to relieve court clerks of the need to give notice to the Commissioner of cases involving unregistered marks and to update certain language of the section. Section 33(2)'s replacement of the reference to "registered marks" with the word "mark" in Section 35 of the Act is a conforming amendment.

SECTION 34

Section 34 contains three technical committee amendments to section 39 of the Act (15 U.S.C. 1121).

SECTION 35

Section 35 revises Section 43(a) of the Act (15 U.S.C. 1125(a)) to codify the interpretation it has been given by the courts. Because Section 43(a) of the Act fills an important gap in federal unfair competition law, the committee expects the courts to continue to interpret the section.

As written, Section 43(a) appears to deal only with false descriptions or representations and false designations of geographic origin. Since its enactment in 1946, however, it has been widely interpreted as creating, in essence, a federal law of unfair competition. For example, it has been applied to cases involving the infringement of unregistered marks, violations of trade dress and certain nonfunctional configurations of goods and actionable false advertising claims.

In one important area, however, the courts have refused to apply the section. Based on a 1969 seventh circuit decision, the courts have held that Section 43(a) applies only to misrepresentations about one's own products or services; it does not extend to misrepresentations about competitor's products or services. *Bernard Food Industries* v. *Dietene Co.,* 415 F.2d 1279, 163 USPQ 264 (7th Cir. 1969), *cert. denied,* 397 U.S. 912, 164 USPQ 481 (1970). The committee agrees that this effect is illogical on both practical and public policy levels and that the public policy of deterring acts of unfair competition will be served if Section 43(a) is amended to make clear that misrepresentations about another's products are as actionable as misrepresentations about one's own.

The committee focused a great deal of attention on the revised language of Section 43(a) of the Act and made four amendments to it. The first added a reference to make clear that the section applies only to acts or practices which occur in affect commerce.

The second deleted proposed language stating that omissions of material information which misrepresent the nature, characteristics or qualities of a product or service are actionable under the section. This deletion was made to respond to concerns that it could be misread to require that all facts material to a consumer's decision to purchase a product or service be contained in each advertisement. Currently, the question of when Section 43(a) reaches failure to disclose information material to a consumer's purchasing decision is an open question in the courts. The committee does not through the deletion indicate that it condones deceptive advertising, whether by affirmative misrepresentation or material omission, and leaves to the courts the task of further developing an applying this principle under section 43(a).

The third change deleted language making trademark tarnishment and disparagement a separate statutory cause of action, and the fourth restored the Act's existing language with respect to standing to bring an action under Section 43(a).

It is the committee's intention that tarnishment and disparagement, standing under Section 43(a) and misrepresentations resulting from omissions of material information should continue to be decided on a case-by-case basis, and that the amendments it made to the legislation with respect to these issues should not be regarded as either limiting or extending applicable decisional law.

SECTION 36

Section 36 of the legislation adds a new Section 43(c) to the Act. This new section creates a federal cause of action for dilution of famous marks registered on the principal register. This cause of action will augment, not preempt, state dilution laws and will make a federal registration a complete defense to an action under state dilution law. This provision was added to the Lanham Act to make protection from dilution nationally uniform and predictable and to further the purposes of the Act by creating another incentive for the registration of marks.

Dilution occurs when a person adopts the mark of another for use as a trademark on noncompeting goods or services. Because the later user must be using the mark as a trademark on noncompeting goods or services, traditional trademark infringement questions such as likelihood of confusion and competition between the parties are not at issue. For these same reasons, concerns that a federal dilution provision will reach to the use of another's trademark in comparative advertising, satire, consumer reporting, and editorial comment are unfounded; by its nature, dilution does not and cannot reach to these "fair uses" of another's trademark.

Section 43(c) of the Act is to be applied selectively and is intended to provide protection only to those marks which are both truly distinctive and famous, and therefore most likely to be adversely affected by dilution. To protect these special marks, and to ensure that the bill does not supplant the current protection of trade-

marks based on the likelihood of confusion, the committee amended the legislation to place greater emphasis on the factors the courts must weigh in determining whether a mark possesses a sufficient level of fame and distinctive quality to qualify for federal protection from dilution.

Each of the factors set forth in the provision should be weighed independently and it is the cumulative effect of these considerations which will determine whether a mark qualifies for federal protection from dilution. For example, two of the factors a court will weigh in determining whether a mark is famous and has distinctive quality are (i) whether the geographic extent of the trading area in which the mark is used is substantial and (ii) whether the mark has substantial renown in its and the other person's trading area and channels of trade. Thus, although it may be shown that the registrant's mark is used throughout a substantial portion of the United States, a showing that the mark has renown in that geographic area and in the other person's trading area and/or channels of trade will also be necessary. Similarly, a mark which is shown to be inherently distinctive (i.e., a mark which is coined, arbitrary or fanciful) would not qualify for protection unless it was also shown to be famous.

A court must weigh all of the factors listed to determine if a mark is eligible for federal dilution protection. The committee changed the language "may consider factors such as, but not limited to—" to "shall weigh the following and any other relevant factors" to underscore its determination that the new dilution provision should apply only to those very unique marks which qualify for dilution protection in light of all the factors which are weighed by the court.

As stated earlier, the committee intends that this federal dilution statement should be applied to those very unique marks which are both distinctive and famous. Each of the factors enumerated in the bill was intensified and strengthened by amendment:

In factor (A), "the degree of inherent or acquired distinctiveness of the mark" was changed to its current form. This adds the requirement that a mark become distinctive, in the language of section 2(f) of the Act, through "substantially exclusive and continuous use." Intermittent usage or use of the mark by third parties undercuts the distinctiveness of the mark and its eligibility for dilution protection.

In factor (B), "the duration and extent of use of the mark on or in connection with the goods or services" was changed to its current form. Fame is based, among other things, on long-standing notoriety.

In factor (C), the advertising and publicity factor was strengthened by the intensifier "substantial." Sporadic regional advertising and publicity over a brief period will almost never make a mark distinctive or famous. To qualify under this factor the publicity and advertising must be substantial in duration and extent.

In factor (D), the geographical reach of the mark was strengthened by addition of the adjective "substantial." This change ensures that the trading area of a famous mark will be substantial.

In factor (E), "the channels of trade for the goods or services with which the mark is used" was combined with the trading area factor. Factor (E) requires substantial renown or fame within both the trading area of the mark and the trading area of the other party to the dilution suit. This does not necessarily make such a mark eligible for protection where, for example, the mark is used in an insubstantial trading area. In each case, all of the factors must be weighed; no one of them is determinative.

Factor (F) states that substantial use by third parties of the same or similar marks will under cut a claim for dilution protection by the owner of an unusually distinctive or famous mark.

In the context of the new dilution section, the committee intended to give special protection to an individual's ability to use his or her own name in good faith and to a business' ability to use a geographic term in good faith to designate its location or products. The bill takes special note that principles of equity should give weight to such uses. In determining how to tailor relief in such cases, the courts may on occasion wish to look to the fair-use doctrine of Section 33(b)(4) of the Act. The committee does not intend to eliminate other principles of equity from consideration under the provision.

SECTION 37

Section 37 of the legislation amends subsections (d) and (e) of Section 44 of the Lanham Act (15 U.S.C. 1126) to require that those applying for registration of a mark in the United States on the basis of a foreign registration or a foreign priority date must state a bona fide intention to use the mark in commerce. These amendments will not affect U.S. obligations under the Paris Convention, as presently interpreted, because they do not preclude an applicant under Section 44 of the Act from obtaining a U.S. registration without making use. However, the committee believes that it is appropriate that those who seek registration for their marks under Section 44 should be required to meet the same requirements for applying to register as U.S. individuals and companies filing on the basis of intent-to-use.

Section 37 of the bill also makes several techincal amendments to Section 44. Among them is an amendment to replace the reference to Section 2 with a reference to Section 44(e) in Section 44(d) of the Act. This corrects an error made at the time the Lanham Act was enacted in 1946. In the 1905 trademark Act, provision for applications based on a foreign registration was found in Section 2; in the Lanham Act, however, this provision is found in Section 44(e).

SECTION 38

Section 38 of the bill revises several of the Lanham Act's definitions and adds a new paragraph defining "dilution." By and large, the changes made by the bill to the Act's existing definitions modernize and tighten their language, make them more consistent with

judicial interpretation and reflect the legislation's provision for an intent-to-use application system.

The definition of "related company" is amended to delete the word "legitimately" (the word's presence in Section 5 of the Act avoids any inference that use or control can be illegitimate), and to eliminate the confusion that exists about whether a related company can control the registrant or applicant as to the nature and quality of goods or services.

The terms "trade name" and "commercial name" are redefined to eliminate redundancies and excess verbiage. As amended, they rely on the Act's definition of "person," which is all-encompassing. By this amendment, there is no intention to permit the registration of trade and commercial names when they are not used as marks.

The definition of "trademark" is broadened to reflect contemporary marketing practices and to make clear a trademark's function of distinguishing the goods of one person from those of another. The revised definition intentionally retains

(i) language relating to a trademark's ability to indicate source,

(ii) the definition's incorporation, by implication, of attributes such as standards of quality, reputation and goodwill,

(iii) the requirement that a trademark must be used "on or in connection with" goods, and

(iv) the words "symbol or device" so as not to preclude the registration of colors, shapes, sounds or configurations where they function as trademarks.

The definitions of "service mark," "certification mark" and "collective mark" are amended to conform them to the revised definition of "trademark." Like the amended definition of "trademark," the revised definition of "service mark" is not intended to limit in any way the subject matter which historically has qualified as a service mark. The definition of "mark" is amended to reflect that marks can exist at common law or in strictly intrastate use.

In amending the definitions of "trademark," "service mark," "collective mark" and "certification mark" to reflect the legislation's provision for an intent-to-use application system, specific reference to the filing of an application for registration is made. This will avoid any inference that a mark is created when it is first conceived.

Amendment of the definition of "use in commerce" is one of the most far-reaching changes the legislation contains. Revised to eliminate the commercially transparent practice of token use, which becomes unnecessary with the legislation's provision for an intent-to-use application system, it will have a measurable effect on improving the accuracy of the register (by permitting the removal of "deadwood") and determining whether a party has abandoned its rights in a mark.

The committee intends that the revised definition of "use in commerce" be interpreted to mean commercial use which is typical in a particular industry. Additionally, the definition should be interpreted with flexibility so as to encompass various genuine, but less traditional, trademark uses, such as those made in test markets, infrequent sales of large or expensive items, or ongoing shipments of a new drug to clinical investigators by a company awaiting FDA

approval, and to preserve ownership rights in a mark if, absent an intent to abandon, use of a mark is interrupted due to special circumstances. Finally, the revised definition is intended to apply to all aspects of the trademark registration process, from applications to register, whether they are based on use or on intent-to-use, and statements of use filed under Section 13 of the Act, to affidavits of use filed under Section 8, renewals and issues of abandonment. Clearly, however, use of any type will continue to be considered in an infringement action.

The revised definition also recognizes that strict affixation of a trademark is often impractical in the case of bulk goods. It provides that use in commerce on or in connection with certain products, such as oil, chemicals and grain, can be established when the products are shipped in railroad cars, ships, aircraft, or other vehicles and the mark is used "on documents associated with the goods or their sale."

The new language added to the definition of "use in commerce" is restated in the amended definition of "abandonment of mark" to encompass strictly intrastate and common law uses of a mark. These uses are not included in the definition of "use in commerce" because of constitutional limitations on the meaning of the word "commerce." The definition of abandonment is also revised to clarify its meaning and to be consistent with the other provisions of the Act. The committee intends that the revised definition retain the current standard for nonuse abandonment, which requires intent and may be inferred from 2 consecutive years of nonuse.

The definition of "dilution" contained in the legislation distinguishes dilution from trademark infringement by providing that dilution can occur regardless of the presence or absence of competition between the parties or of likelihood of confusion, mistake or deception. It defines the injury as any use of a mark by a person other than its owner which results in the material reduction of the distinctive quality of a famous mark. By amending the definition to replace "lessening" with "material reduction," the committee intends to make clear some harm to the distinctiveness of the mark, which materially reduces that distinctiveness, is necessary to make the harm actionable. The harm must materially reduce the distinctive quality of the eligible mark. This does not mean a sudden impact on sales. The distinctive quality or a mark could be materially reduced during a period of rising sales for the produce bearing the mark.

SECTION 39

Section 39 adds a new Section 51 to the Lanham Act. This is a transitional section which makes clear that the 10-year term for registrations will be applicable to all registrations which issue on or after the effective date of the legislation.

SECTION 40

Section 40 provides that the legislation will become effective 1 year from the date of its enactment.

VII. AGENCY VIEWS

The administration's views and recommendations on S. 1883 were submitted to the Subcommittee on Patents, Copyrights and Trademarks by written statement from Donald J. Quigg, Assistant Secretary and Commissioner of Patents and Trademarks, with a cover letter from Robert H. Brumley, Deputy General Counsel of the U.S. Department of Commerce. The statement expressed the administration's support for S. 1883 and provided comments and technical recommendations on specific provisions in the legislation.

VIII. COST ESTIMATE

In accordance with paragraph 11(a), Rule XXVI, of the Standing Rules of the Senate, the committee offers the Report of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 7, 1988.

Hon. JOSEPH R. BIDEN, Jr.,
Chairman, Committee on the Judiciary,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed S. 1883, the Trademark Law Revision Act of 1988, as passed by the Senate on May 13, 1988. We expect that enactment of the bill would not result in any additional net cost to the federal government.

S. 1883 would amend the Trademark Act of 1946 by establishing a system whereby individuals or concerns could apply to register marks in the U.S. Patent and Trademark Office (PTO) based on an intention to use the mark in commerce. In addition, the bill would reduce the term of a trademark registration from twenty years to ten years. Also, additional requirements for maintaining a registration would be imposed. A final provision would create a federal cause of action permitting the owner of a famous mark to protect the mark from use or dilution by others.

Based on information from PTO, we expect that the number of trademark applications processed each year would increase, resulting in greater processing costs. Because these additional costs would be fully funded by registration fees paid by applicants, we expect that no net increase in outlays would result.

We expect that other provisions of the bill would have no significant budget impact.

No costs would be incurred by state or local governments as a result of enactment of this bill.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JAMES L. BLUM,
Acting Director.

IX. REGULATORY IMPACT STATEMENT

In compliance with paragraph 11(b), Rule XXVI, of the Standing Rules of the Senate, the committee concludes that enactment of S. 1883 will have some regulatory impact on the U.S. Trademark Office with regards to the security interest provision and the intent to use provision.

X. CHANGES IN EXISTING LAW

In compliance with paragraph (12), Rule XXVI, of the Standing Rules of the Senate, changes in existing law made by S. 1883 are as follows: Existing law proposed to be omitted is enclosed in black brackets, new material is printed in italic, existing law in which no change is proposed is shown in roman.

TRADEMARK ACT OF 1946, AS AMENDED (TITLE 15 U.S.C.)

* * * * * * *

§ 1 (15 U.S.C. 1051). Requirements for registering trademarks on the principal register

(a) The owner of a trademark used in commerce [may register his] *may apply to register his* trademark under this Act on the principal register hereby established:

[(a)] *(1)* By filing in the Patent and Trademark Office—

[(1)] *(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, the date of applicant's first use of the mark, the date of applicant's first use of the mark in commerce, the goods in connection with which the mark is used and the mode or manner in which the mark is 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, to be the owner of the mark sought to be registered, that the mark is in use 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] *used on or in connection with* the goods of such other person, to cause confusion, or to cause mistake, or to deceive: *Provided,* That in the case of every application claiming 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 concurrent use by others, the goods in connection with which and the areas in which each concurrent use exists, the periods of each use, and the goods and area for which the applicant desires registration;

[(2)] *(B)* a drawing of the mark; and

[(3)] *(C)* such number of specimens or facsimiles of the mark as [actually] used as may be required by the Commissioner.

[(b)] *(2)* By paying in the Patent and Trademark Office the [filing] *prescribed* fee.

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

(b) A person who has a bona fide intention to use a trademark in commerce, such intention to reflect the good faith circumstances relating to the intended use, 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 used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive. 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 prescribed 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).

* * * * * * *

§ 2 (15 U.S.C. 1052). Trademarks registrable on the principal register

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

(a) * * *

* * * * * * *

(d) consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office 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 continued 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 [as a result of their concurrent lawful use in commerce] prior to [(i)] *(1)* the earliest of the filing dates of the applications pending or of any registration issued under this Act; or [(ii)] *(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 [(iii)] *(3)* July 5, 1947, in 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 *on or* in connection with which such mark is registered to the respective persons;

(e) consists of a mark which, (1) when [applied to] *used on or in connection with* the goods of the applicant is merely descriptive or deceptively misdescriptive of them, or (2) when [applied to] *used on or in connection with* the goods of the applicant is primarily geographically descriptive or deceptively misdescriptive of them, except as indications of regional origin may be registrable under section 4 hereof, or (3) is primarily merely a surname;

(f) except as expressly excluded in paragraphs (a), (b), (c), and (d) of this section, nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Commissioner may accept as prima facie evidence that the mark has become distinctive, as [applied to] *used on or in connection with* the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the [5 years next preceding the date of the filing of the application for its registration.] *five years next preceding an offer of proof by the applicant.*

§ 3 (15 U.S.C. 1053). Service marks registrable

Subject to the provisions relating to the registration of trademarks, so far as they are applicable, service marks [used in commerce] shall be registrable, in the same manner and with the same effect as are trademarks, and when registered they shall be entitled to the protection provided herein in the case of [trademarks expect with used so as to represent falsely that the owner thereof makes or sells the goods on which such marks are used. The Commissioner may establish a separate register for such service marks] *trademarks.* Applications and procedure under this section shall conform as nearly as practicable to those prescribed for the registration of trademarks.

§ 4 (15 U.S.C. 1054). Collective and certification marks registrable

Subject to the provisions relating to the registration of trademarks, so far as they are applicable, collective and certification marks, including indications of regional [origin used in commerce,] *origin,* shall be registrable under this Act, in the same manner and with the same effect as are trademarks, by persons, and nations, States, nunicipalities, and the like, exercising legitimate control over the use of the marks sought to be registered, even though not possessing an industrial or commercial establishment, and when registered they shall be entitled to the protection provided herein in the case of trademarks [except when] *except in the case of certification marks when* used so as to represent falsely that the owner or a user thereof makes or sells the goods or performs the services on or in connection with which such mark is used. [The Commissioner may establish a separate register for such collective marks and certification marks.] Applications and procedure under this section shall conform as nearly as practicable to those prescribed for the registration of trademarks.

§ 5 (15 U.S.C 1055). Use by related companies

Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and use use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public. *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.*

§ 6 (15 U.S.C. 1056). Disclaimer of unregistrable matter

(a) The Commissioner may require the applicant to disclaim an unregistrable component of a mark otherwise registrable. An applicant may voluntarily disclaim a component of a mark sought to be registered.

(b) No disclaimer, including those made under paragraph [(d)] *(e)* of section 7 of this Act, shall prejudice or affect the applicant's or registrant's rights then existing or thereafter arising in the disclaimed matter, or his right of registration on another application

if the disclaimed matter be or shall have become distinctive of his goods or services.

§ 7[(a)] (15 U.S.C. 1057[a]). Certificate of registration on the principal register[. Issuance and form]

(a) Certificates of registration of marks registered upon the principal register shall be issued in the name of the United States of America, under the seal of the Patent and Trademark Office, and shall be signed by the Commissioner or have his signature placed thereon, and a record thereof shall be kept in the Patent and Trademark Office. The registration shall reproduce the mark, and state that the mark is registered on the principal register under this Act, the date of the first use of the mark, the date of the first use of the mark in commerce, the particular goods or services for which it is registered, the number and date of the registration, the term thereof, the date on which the application for registration was received in the Patent and Trademark Office, and any conditions and limitations that may be imposed in the registration.

[§ 7(b) (15 U.S.C. 1057b). Same—Prima facie evidence]

(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 registration, registrant's ownership of the mark, and of registrant's exclusive right to use the mark in commerce in connection with the goods and] *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 [and] *or* limitations stated therein.

(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.

[§ 7(c) (15 U.S.C. 1057c). Certificate of registration—Issuance to assignee]

(d) A certificate of registration of a mark may be issued to the assignee of the applicant, but the assignment must first be recorded in the Patent and Trademark Office. In case of change of ownership the Commissioner shall, at the request of the owner and upon a proper showing and the payment of the [fee herein provided,] *prescribed fee,* issue to such assignee a new certificate of registra-

tion of the said mark in the name of such assignee, and for the unexpired part of the original period.

[§ 7(d) (15 U.S.C. 1057d). Certificate of registration—Surrender, cancellation, amendment or disclaimer by registrant]

(e) Upon application of the registrant the Commissioner may permit any registration to be surrendered for cancellation, and upon cancellation appropriate entry shall be made in the records of the Patent and Trademark Office. Upon application of the registrant and payment of the prescribed fee, the Commissioner for good cause may permit any registration to be amended or to be disclaimed in part: *Provided,* That the amendment or disclaimer does not alter materially the character of the mark. Appropriate entry shall be made in the records of the Patent and Trademark Office and upon the certificate of registration or, if said certificate is lost or destroyed, upon a certified copy thereof.

[§ 7(e) (15 U.S.C. 1057e). Copies of Patent and Trademark Office records as evidence]

(f) Copies of any records, books, papers, or drawings belonging to the Patent and Trademark Office relating to marks, and copies of registrations, when authenticated by the seal of the Patent and Trademark Office and certified by the Commissioner, or in his name by an employee of the Office duly designated by the Commissioner, shall be evidence in all cases wherein the originals would be evidence; and any person making application therefor and paying the [fee required by law] *prescribed fee* shall have such copies.

[§ 7(f) (15 U.S.C. 1057f). Certificate of registration—Correction of Patent and Trademark Office mistake]

(g) Whenever a material mistake in a registration, incurred through the fault of the Patent and Trademark Office, is clearly disclosed by the records of the Office a certificate stating the fact and nature of such mistake shall be issued without charge and recorded and a printed copy thereof shall be attached to each printed copy of the registration and such corrected registration shall thereafter have the same effect as if the same had been originally issued in such corrected form, or in the discretion of the Commissioner a new certificate of registration may be issued without charge. All certificates of correction heretofore issued in accordance with the rules of the Patent and Trademark Office and the registrations to which they are attached shall have the same force and effect as if such certificates and their issue had been specifically authorized by statute.

[§ 7(g) (15 U.S.C. 1057g). Certification of registration—Correction of applicant's mistake]

(h) Whenever a mistake has been made in a registration and a showing has been made that such mistake occurred in good faith through the fault of the applicant, the Commissioner is authorized to issue a certificate of correction or, in his discretion, a new certificate upon the payment of the [required fee:] *prescribed fee: Provided,* That the correction does not involve such change in the registration as to require republication of the mark.

§ 8(a) (15 U.S.C. 1058a). Duration of registration—Cancellation at end of 6 years unless affidavit of use filed

Each certificate of registration shall remain in force for [20] *10* years: *Provided,* That the registration of any mark under the provisions of this Act shall be canceled by the Commissioner at the end of 6 years following its date, unless within 1 year next preceding the expiration of such 6 years the registrant shall file in the Patent and Trademark Office an affidavit [showing that said mark is in use in commerce or showing that its] *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* nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark. Special notice of the requirement for such affidavit shall be attached to each certificate of registration.

* * * * * * *

§ 9 (15 U.S.C. 1059). Renewal of registration

(a) Each registration may be renewed for periods of [twenty] *ten* years from the end of the expiring period upon payment of the prescribed fee and the filing of a verified application therefor, setting forth those goods or services recited in the registration on or in connection with which the mark is still in use in commerce and having attached thereto a specimen or facsimile showing current use of the mark, or showing that any nonuse is due to special circumstances which excuse such nonuse and it is not due to any intention to abandon the mark. Such application may be made at any time within six months before the expiration of the period for which the registration was issued or renewed, or it may be made within three months after such expiration on payment of the additional fee herein prescribed.

(b) If the Commissioner refuses to renew the registration, he shall notify the registrant of his refusal and the reasons therefor.

(c) An applicant for renewal not domiciled in the United States shall be subject to and comply with the provisions of section 1(d) hereof.

§ 10 (15 U.S.C. 1060). Assignment

(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 and in any such assignment 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. Assignments shall be by instruments in writing duly executed. Acknowledgment shall be prima facie evidence of the execution of an assignment and when recorded in the Patent and Trademark Office the record shall be prima facie evidence of execution. An assignment shall be void as against any subsequent purchase for a valuable consideration without notice, unless it is recorded in the Patent and Trademark

Office within 3 months after the thereof or prior to such subsequent purchase. A separate record of assignments submitted for recording hereunder shall be maintained in the Patent and Trademark Office.]

[An assignee not domiciled in the United States shall be subject to and comply with the provisions of section 1(d) hereof.] *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 an application for registration has been filed under section 1(b) or subsection (d) or (e) of section 44, 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 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; and

(B) notice of such interest is filed in the Patent and Trademark Office—

(i) within ten days after the interest is granted if the interest pertains to a registered mark or if it pertains to a mark which is the subject of an application for registration under section 1(b) or subsection (d) or (e) of section 44, or

(ii) within four months after the mark is registered if the interest pertains to a mark whch is the subject of an application under section 1(a) or 23 and the person holding the interest has a valid, perfected interest pursuant to State law at the time the mark is registered.

(2) A party granted a security interest in a registered mark or a mark for which an application for registration has been filed under section 1(b) or subsection (d) or (e) of section 44, 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 dispostion 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 con-

nected with the use of and symobolized by any other mark used in the business or by the name or style under which the business is conducted.

(d) Assignments 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 the 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—

(1) within 3 months after the date thereof or prior to such subseqent purchase in the case of an assignment; or

(2) pursuant to the provisions of subsection (b)(1)(B) or prior to the subsequent filing of a conflicting interest, whichever is later, in the case of 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.

* * * * * * *

§ 12(a) (15 U.S.C. 1062a). Examination of application—Publication of mark when entitled to registration

Upon the filing of an application for registration and payment of the [fee herein provided,] *prescribed fee,* the Commissioner shall refer the application to the examiner in charge of the registration of marks, who shall cause an examination to be made and, if on such examination it shall appear that the applicant is entitled [to registration, the] *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* Commissioner shall cause the mark to be published in the Official Gazette of the Patent and Trademark Office: *Provided,* That in the case of an applicant claiming concurrent use, or in the case of an application to be placed in an interference as provided for in section 16 of this Act, the mark, if otherwise registrable, may be published subject to the determination of the rights of the parties to such proceedings.

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§ 13 (15 U.S.C. 1063). Opposition to registration of marks on the principal register

(a) Any person who believes that he would be damaged by the registration of a mark upon the the principal register may, upon payment of the [required fee,] *prescribed fee,* filed an opposition in the Patent and Trademark Office, stating the grounds therefor,

within thirty days after the publication under subsection (a) of section 12 of this Act of the mark sought to be registered. Upon written request prior to the expiration of the thirty-day period, the time for filing opposition shall be extended for an additional thirty days, and further extensions of time for filing opposition may be granted by the Commissioner for good cause when requested prior to the expiration of an extension. The Commissioner shall notify the applicant of each extension of the time for filing opposition. An opposition may be amended under such conditions as may be prescribed by the Commissioner.

(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 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 has 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 and, if a refusal, the reasons therefor. An applicant may amend his statement of use.

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

§ 14 (15 U.S.C. 1064). Cancellation of registrations

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed by any person who believes that he is or will be damaged by the registration of a mark on the principal register established by this Act, or under the Act of March 3, 1881, or the Act of February 20, 1905—

(a) within five years from the date of the registration of the mark under this Act; or

(b) within five years from the date of publication under section 12(c) hereof of a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905; or

(c) at any time if the registered mark becomes [the common descriptive name of an article or substance] *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 [of this Act] for a registration hereunder, or contrary to similar prohibitory provisions of [said] *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 *on or* 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 common descriptive name] *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 common descriptive name] *the generic name* of goods or services *on or* in connection with which it has been used; or

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§ 15 (15 U.S.C. 1065). Incontestability under certain conditions of right to use mark

Except on a ground for which application to cancel may be filed at any time under subsections (c) and (e) of section 14 of this Act, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade

name continuing from a date prior to the date of registration under this Act of such registered mark, the right of the registrant to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for 5 consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable; *Provided,* That—

(1) * * *

* * * * * * *

(4) no incontestable right shall be acquired in a mark which is [the common descriptive name of any article or substance, patented or otherwise.] *the generic name for the goods or services, or a portion thereof for which it is registered.*

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§ 16 (15 U.S.C. 1066). Interference

Upon petition showing extraordinary circumstances, the Commissioner may declare that an interference exists when application is made for the registration of a mark which so resembles a mark previously registered by another, or for the registration of which another has previously made application, as to be likely when [applied to the goods or when used in connection with the services] *used on or in connection with the goods or services* of the applicant to cause confusion or mistake or to deceive. No interference shall be declared between an application and the registration of a mark the right to use of which has become incontestable.

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§ 18 (15 U.S.C. 1068). Same—Action of Commissioner

In such proceedings the Commissioner may refuse to register the opposed mark, may cancel [or restrict] *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* the registration of a registered mark, [or] may refuse to register any or all of several interfering marks, or may register the mark or marks for the person or persons entitled thereto, as the rights of the parties hereunder may be established in the proceedings: *Provided,* That in the case of the registration of any mark based on concurrent use, the Commissioner shall determine and fix the conditions and limitations provided for in subsection (d) of section 2 of this Act. *However, no final judgment shall be entered in favor of an applicant under section 1(b) prior to the mark being registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).*

§ 19 (15 U.S.C. 1069). Same—Application of equitable principles

In all inter partes proceedings equitable principles of laches, estoppel, and acquiescence, where applicable, may be considered and applied. [The provisions of this section shall also govern proceedings heretofore begun in the Patent and Trademark Office and not finally determined.]

§ 20 (15 U.S.C. 1070). Appeal to Trademark Trial and Appeal Board

An appeal may be taken to the Trademark Trial and Appeal Board from any final decision of the examiner in charge of the registration of marks upon the payment of the prescribed fee.

§ 21 (15 U.S.C. 1071). Appeal to court and review by civil action

(a)(1) An applicant for registration of a mark, party to an interference proceeding, party to an opposition proceeding, party to an application to register as a lawful concurrent user, party to a cancellation proceeding, a registrant who has filed an affidavit as provided in section 8, or an applicant for renewal, who is dissatisfied with the decision of the Commissioner or Trademark Trial and Appeal Board, may appeal to the United States Court of Appeals for the Federal Circuit thereby waiving his right to proceed under [section 21(b)] *subsection (b)* hereof: *Provided,* That such appeal shall be dismissed if any adverse party to the proceeding, other than the Commissioner, shall, within twenty days after the appellant has filed notice of appeal according to [section 21(a)(2) hereof] *paragraph (2) of this subsection,* files notice with the Commissioner that he elects to have all further proceedings conducted as provided in [section 21(b)] *subsection (b)* hereof. Thereupon the appellant shall have thirty days thereafter within which to file a civil action under said [section 21(b)] *subsection (b),* in default of which the decision appealed from shall govern the futher proceedings in the case.

* * * * * * *

(4) The United States Court of Appeals for the Federal Circuit shall review the decision from which the appeal is taken on the record before the Patent and Trademark Office. Upon its determination the court shall issue its mandate and opinion to the Commissioner, which shall be entered of record in the Patent and Trademark Office and shall govern the further proceedings in the case. *However, no final judgment shall be entered in favor of an applicant under section 1(b) prior to the mark being registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).*

(b)(1) Whenever a person authorized by [section 21(a)] *subsection (a)* hereof to appeal to the United States Court of Appeals for the Federal Circuit is dissatisfied with the decision of the Commissioner or Trademark Trail and Appeal Board, said person may, unless appeal has been taken to said United States Court of Appeals for the Federal Circuit, have remedy by a civil action if commenced within such time after such decision, not less than sixty days, as the Commissioner appoints or as provided in [section 21(a)] *subsection (a).* The court may adjudge that an applicant is entitled to a registration upon the application involved, that a registration involved should be canceled, or such matter as the issues in the proceeding require, as the facts in the case may appear. Such adjudication shall authorize the Commissioner to take any necessary action, upon compliance with the requirements of law. *However, no final judgment shall be entered in favor of an applicant under section 1(b) prior to the mark being registered, if such*

applicant cannot prevail without establishing constructive use pursuant to section 7(c).

(2) The Commissioner shall not be made a party to an inter partes proceeding under this subsection, but he shall be notified of the filing of the complaint by the clerk of the court in which it is filed and shall have the right to intervene in the action.

[(3) In all cases where there is no adverse party, a copy of the complaint shall be served on the Commissioner, and all the expenses of the proceedings shall be paid by the party bringing them, whether the final decision is in his favor or not.] *(3) In any case where there is no adverse party, a copy of the complaint shall be served on the Commissioner, and, unless the court finds the expenses to be unreasonable, 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.* In suits brought hereunder, the record in the Patent and Trademark Office shall be admitted on motion of any party, upon such terms and condition as to costs, expenses, and the further cross-examination of the witnesses as the court imposes, without prejudice to the right of any party to take further testimony. The testimony and exhibits of the record in the Patent and Trademark Office, when admitted, shall have the same effect as if originally taken and produced in the suit.

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§ 23 (15 U.S.C. 1091). The supplemental register

Marks registrable on. (a) In addition to the principal register, the Commissioner shall keep a continuation of the register provided in paragraph (b) of section 1 of the Act of March 19, 1920, entitled "An Act to give effect to certain provisions of the convention for the protection of trademarks and commercial names, made and signed in the city of Buenos Aires, in the Argentine Republic, August 20, 1910, and for other purposes", to be called the supplemental register. All marks capable of distinguishing applicant's goods or services and not registrable on the principal register herein provided, except those declared to be unregistrable under [paragraphs (a)] *subsections (a),* (b) (c), and (d) of section 2 of this Act, which [have been in lawful use in commerce by the proprietor thereof, upon] *are in use in commerce by the owner thereof, on* or in connection with any goods or services [for the year preceding the filing of the application] may be registered on the supplemental register upon the payment of the prescribed fee and compliance with the provisions of *subsections (a) and (d) of* section 1 so far as they are applicable.

Examination of application. (b) Upon the filing of an application for registration on the supplemental register and payment of the [fee herein provided] *prescribed fee* the Commissioner shall refer the application to the examiner in charge of the registration of marks, who shall cause an examination to be made and if on such examination it shall appear that the applicant is entitled to registration, the registration shall be granted. If the applicant is found not entitled to registration the provisions of subsection (b) of section 12 of this Act shall apply.

Nature of mark. (c) For the purposes of registration on the supplemental register, a mark may consist of any trademark, symbol, label, package, configuration of goods, name, word, slogan, phrase, surname, geographical name, numeral, or device or any combination of any of the foregoing, but such mark must be capable of distinguishing the applicant's goods or services

[Registration required for foreign protection. Upon a proper showing by the applicant that he requires domestic registration as a basis for foreign protection of his mark, the Commissioner may waive the requirement of a full year's use and may grant registration forthwith.]

§ 24 (15 U.S.C.). Supplemental register—Marks not published for opposition—Cancellation

Marks for the supplemental register shall not be published for or be subject to opposition, but shall be published on registration in the Official Gazette of the Patent and Trademark Office. Whenever any person believes that he is or will be damaged by the registration of a mark on this register he may at any time, upon payment of the prescribed fee and the filing of a [verified] petition stating the gound therefor, apply to the Commissioner to cancel such registration. The Commissioner shall refer such application to the Trademark Trial and Appeal Board which shall give notice thereof to the registrant. If it is found after a hearing before the Board that the registrant [was not entitled to register the mark at the time of his application for registration thereof,] *is not entitled to registration,* or that the mark [is not used by the registrant or] has been abandoned, the registration shall be canceled by the Commissioner. *However, no final judgment shall be entered in favor of an applicant under section 1(b) prior to the mark being registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).*

§ 25 (15 U.S.C. 1093). Supplemental register—Certificates to differ

The certificates of registration for marks registered on the supplemental register shall be conspicuously different from certificates issued for marks registered on the principal register.

§ 26 (15 U.S.C. 1094). Supplemental register—Provisions of Act applicable

The provisions of this Act shall govern so far as applicable applications for registration and registrations on the supplemental register as well as those on the principal register, but applciations for and registrations on the supplemental register shall not be subject to or receive the advantages of sections *1(b),* 2(e), 2(f), 7(b), *7(c),* 12(a), 13 to 18, inclusive, 22, 33, and 42 of this Act.

§ 27 (15 U.S.C. 1095). Supplemental register—Registration on principal register not precluded

Registration of a mark on the supplemental register, or under the Act of March 19, 1920, shall not preclude registration by the registrant on the principal register established by this Act. *The filing of an application to register a mark on the supplemental register, or registration of a mark thereon, shall not constitute an ad-*

mission that the mark is not eligible for registration on the principal register established herein.

§ 28 (15 U.S.C. 1096). Supplemental register—Registration not used to stop importation

Registration on the supplemental register or under the Act of March 19, 1920, shall not be filed in the Department of the Treasury or be used to stop importations.

§ 29 (15 U.S.C. 1111). Notice of registration

Notwithstanding the provisions of section 22 hereof, a registrant of a mark registered in the Patent and Trademark Office, may give notice that his mark is registered by displaying with the mark [as used] the words "Registered in U.S. Patent and Trademark Office"* or "Reg. U.S. Pat. & Tm. Off."* or the letter R enclosed within a circle, thus®; and in any suit for infringement under this Act by such a registrant failing to give such notice of registration, no profits and no damages shall be recovered under the provisions of this Act unless the defendant had actual notice of the registration.

§ 30 (15 U.S.C. 1112). Classification of goods and services—Registration in a plurality of classes

The Commissioner may establish a classification of goods and services, for convenience of Patent and Trademark Office administration, but not to limit or extend the applicant's *or registrant's* rights. The applicant [may file an application] *may apply* to register a mark for any or all of the [goods and services upon or in connection with which he is actually using the mark:] *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: Provided,* That when [such goods or services] *the Commissioner by regulation permits the filing of an application for the registration of a mark for goods or service which* fall within a plurality of classes, a fee equaling the sum of the fees for filing an application in each class shall be paid, and the Commissioner may issue a single certificate of registration for such mark.

* * * * * * *

§ 32(2) (15 U.S.C. 1114(2)). Same—Innocent infringement by printers and publishers

(2) Notwithstanding any other provision of this Act, the remedies given to the owner of the right infringed shall be limited as follows: (a) Where an infringer is engaged solely in the business of printing the mark for others and establishes that he was an innocent infringer the owner of the right infringed shall be entitled as against such infringer only to an injunction against future print-

* NOTE: The amendment of the wording of this term by Public Law 93-596 became effective on January 2, 1975. However, the amendment provides that any registrant may continue to give notice of his registration in accordance with section 29 of the Trademark Act of 1946, as amended Oct. 9, 1962, as an alternative to notice in accordance with section 29 of the Trademark Act as amended by Public Law 93-596, regardless of whether his mark was registered before or after January 2, 1975.

ing; (b) where the infringement complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical, the remedies of the owner of the right infringed as against the publisher or distributor of such newspaper, magazine, or other similar periodical shall be confined to an injunction against the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodical; *Provided,* That these limitations shall apply only to innocent infringers; (c) [injunction] *injunctive* relief shall not be available to the owner of the right infringed in respect of an issue of a newspaper, magazine, or other similar periodical containing infringing matter when restraining the dissemination of such infringing matter in any particular issue of such periodical would delay the delivery of such issue after the regular time therefor, and such delay would be due to the method by which publication and distribution of such periodical is customarily conducted in accordance with sound business practice, and not to any method or device adopted for the evasion of this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter.

§ 33(a) (15 U.S.C. 1115a). Remedies—Certificate of registration on principal register—Prima facie evidence of exclusive right to use mark

(a) Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this Act and owned by a party to an action shall be admissible in evidence and 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 registration subject to any conditions or limitations stated therein, but shall not preclude [an opposing party] *another person* from proving any legal or equitable defense or defect, *including those set forth in subsection (b),* which might have been asserted if such mark had not been registered.

§ 33(b) (15 U.S.C. 1115b). Same—When conclusive evidence of exclusive right to use mark

(b) [If] *To the extent that* the right to use the registered mark has become incontestable under section [15 hereof,] *15,* the registration shall be conclusive evidence of [the registrant's exclusive right to use the registered mark in commerce] *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 [said section 15 subject to any conditions or limitations stated therein except when one of the following defenses or defects is established:] *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:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark is being used, by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or [services in] *services on or in* connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a [trade or service] mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe [to users] the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to [registration of the mark under this Act or] *(A) the date of constructive use of the mark established pursuant to section 7(c), or (B) the registration of the mark under this Act if the application for registration is filed prior to the effective date of the Trademark Law Revision Act of 1988, or (C)* publication of the registered mark under subsection (c) of section 12 of this Act: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this Act or publication under subsection (c) of section 12 of this Act of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the antitrust laws of the United States. *In addition, equitable principles, including laches, estoppel, and acquiescence, where applicable, may be considered and applied.*

§ 34 (15 U.S.C. 1116). Remedies

(a) *Injunctions.* The several courts vested with jurisdiction of civil actions arising under this Act shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right [of the registrant of a mark registered in the Patent and Trademark Office.] *protected under this Act.* Any such injunction may include a provision directing the defendant to file with the court and serve on the plaintiff within thirty days after the service on the defendant of such injunction, or such extended period as the court may direct, a report in writing under oath setting forth in detail the manner and form in which the defendant has complied with the injunction. Any such injunction granted upon hearing,

after notice to the defendant, by any district court of the United States, may be served on the parties against whom such injunction is granted anywhere in the United States where they may be found, and shall be operative and may be enforced by proceedings to punish for contempt, or otherwise, by the court by which such injunction was granted, or by any other United States district court in whose jurisdiction the defendant may be found. *However, no final judgment shall be entered in favor of an applicant under section 1(b) prior to the mark being registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).*

(b) *Enforcement by other courts.* The said courts shall have jurisdiction to enforce said injunction, as herein provided, as fully as if the injunction had been granted by the distirct court in which it is sought to be enforced. The clerk of the court or judge granting the injunction shall, when required to do so by the court before which application to enforce said injunction is made, transfer without delay to said court a certified copy of all papers on file in his office upon which said injunction was granted.

(c) *Notice of suit to Commissioner.* It shall be the duty of the clerks of such courts within one month after the filing of any action, suit, or [proceeding arising] *proceeding involving a mark registered* under the provisions of this Act to give notice thereof in writing to the Commissioner setting forth in order so far as known the names and addresses of the litigants and the designating number or numbers of the registration or registrations upon which the action, suit, or proceeding has been brought, and in the event any other registration be subsequently included in the action, suit, or proceeding by amendment, answer, or other pleading, the clerk shall give like notice thereof to the Commissioner, and within one month after the [decision is rendered, appeal taken or a decree issued] *judgment is entered or an appeal is taken,* the clerk of the court shall give notice thereof to the Commissioner, and it shall be the duty of the Commissioner on receipt of such notice forthwith to endorse the same upon the file wrapper of the said registration or registrations and to incorporate the same as a part of the contents of said file wrapper.

* * * * * * *

§ 35 (15 U.S.C. 1117). Remedies—recovery for violation of rights

(a) When a violation of any right [of the registrant of a mark registered in the Patent and Trademark Office] *protected under this Act* shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of sections 29 and 32 and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sale only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three

times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

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§ 36 (15 U.S.C. 1118). Remedies—Destruction of infringing labels and the like

In any action arising under this Act, in which a violation of any right [of the registrant of a mark registered in the Patent and Trademark Office] *protected under this Act* shall have been established, the court may order that all labels, signs, prints, packages, wrappers, receptacles, and advertisements in the possession of the defendant, bearing the [registered mark] *mark* or any reproduction, counterfeit, copy, or colorable imitation thereof, and all plates, molds, matrices, and other means of making the same, shall be delivered up and destroyed. The party seeking an order under this section for destruction of articles seized under section 34(d) (15 U.S.C. 1116(d)) shall give ten days' notice to the United States attorney for the judicial district in which such order is sought (unless good cause is shown for lesser notice) and such United States attorney may, if such destruction may affect evidence of an offense against the United States, seek a hearing on such destruction or participate in any hearing otherwise to be called with respect to such destruction.

* * * * * * *

§ 39 (15 U.S.C. 1121). Remedies—Jurisdiction of courts

(a) The district and territorial courts of the United States shall have original jurisdiction, the circuit courts of appeal of the United States (other than the United States Court of Appeals for the Federal Circuit) and the United States Court of Appeals for the District of Columbia shall have appellate jurisdiction, of all actions arising under this Act, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.

§ 39[(a)] (15 U.S.C. 1121a).

(b) No State or other jurisdiction of the United States or any political subdivision or any agency thereof may require alteration of a registered mark, or require that additional trademarks, [servicemarks,] *service marks,* trade names, or corporate names that may be associated with or incorporated into the registered mark be displayed in the mark in a manner differing from the display of such additional trademarks, [servicemarks,] *service marks,* trade names, or corporate names contemplated by the registered mark as exhibited in the certificate of registration issued by the United States Patent and Trademark Office.

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§ 43[(a)] (15 U.S.C. 1125a). False designations of origin and false descriptions forbidden

[Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of such false description or representation.]

(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 in commerce, 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, misrepresents the nature, characteristics, or qualities of his or another person's goods, services, commercial activities or their geographic origin;

shall be liable in a civil action by any person who believes that he is or is likely to be damaged 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.

[§ 43(b) (15 U.S.C. 1125b). Same—Importation forbidden]

(b) Any goods marked or labeled in contravention of the provisions of this section shall not be imported into the United States or admitted to entry at any customhouse of the United States. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this Act in cases involving goods refused entry or seized.

(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, taking into account, among other things, the good faith use of an individual's name or an indication of geographic origin, 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 famous and has distinctive quality, a court shall weigh the following and other relevant factors:

(A) whether the mark is inherently distinctive or has become distinctive through substantially exclusive and continuous use;

(B) whether the duration and extent of use of the mark are substantial;

(C) whether the duration and extent of advertising and publicity of the mark are substantial;

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

(E) whether the mark has substantial renown in its and the other person's trading area and channels of trade; and

(F) whether the same or similar marks are being used substantially 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 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.

§ 44(a) (15 U.S.C. 1126a). Register of marks communicated by international bureaus

The Commissioner shall keep a register of all marks communicated to him by the international bureaus provided for by the conventions for the protection of industrial property, trademarks, trade and commercial names, and the repression of unfair competition to which the United States is or may become a party and upon the payment of the fees required by such conventions and the [fees herein prescribed] *fees required herein* may place the marks so communicated upon such register. This register shall show a facsimile of the mark or trade or commercial name; the name, citizenship, and address of the registrant; the number, date, and place of the first registration of the mark, including the dates on which application for such registration was filed and granted and the term of such registration; a list of goods or services to which the mark is applied as shown by the registration in the country of origin, and such other data as may be useful concerning the mark. This register shall be a continuation of the register provided in section 1(a) of the Act of March 19, 1920.

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§ 44(c) (15 U.S.C. 1126c). Same—Prior registration of mark in country of origin, when required

No registration of a mark in the United States by a person described in [paragraph (b)] *subsection (b)* of this section shall be granted until such mark has been registered in the country of origin of the applicant, unless the applicant alleges use in commerce.

Country of origin defined. For the purposes of this section, the country of origin of the applicant is the country in which he has a bona fide and effective industrial or commercial establishment, or if he has not such an establishment the country in which he is domiciled, or if he has not a domicile in any of the countries described in [paragraph (b)] *subsection (b)* of this section, the country of which he is a national.

§ 44(d) (15 U.S.C. 1126d). Same—Right of priority

An application for registration of a mark under [sections 1, 2, 3, 4, or 23] *sections 1, 3, 4, 23, or 44(e)* of this Act filed by a person described in [paragraph (b)] *subsection (b)* of this section who has previously duly filed an application for registration of the same mark in one of the countries described in [paragraph (b)] *subsection (b)* shall be accorded the same force and effect as would be accorded to the same application if filed in the United States on the same date on which the application was first filed in such foreign country: *Provided,* That—

(1) the application in the United States is filed within 6 months from the date on which the application was first filed in the foreign country;

(2) the application conforms as nearly as practicable to the requirements of this Act, [but use in commerce need not be alleged;] *including a statement that the applicant has a bona fide intention to use the mark in commerce;*

* * * * * * *

§ 44(e) (15 U.S.C. 1126e). Same—Registration of mark duly registered in country of origin

A mark duly registered in the country of origin of the foreign applicant may be registered on the principal register if eligible, otherwise on the supplemental register herein provided. The application therefor shall be accompanied by a certification or a certified copy of the registration in the country of origin of the applicant. *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.*

§ 44(f) (15 U.S.C. 1126f). Same—Registration independent of registration in country of origin

The registration of a mark under the provisions of [paragraphs (c), (d),] *subsections (c), (d),* and (e) of this section by a person described in [paragraph (b)] *subsection (b)* shall be independent of the registration in the country of origin and the duration, validity, or transfer in the United States of such registration shall be governed by the provisions of this Act.

§ 44(g) (15 U.S.C. 1126g). Same—Trade names or commercial names protected

Trade names or commercial names of persons described in [paragraph (b)] *subsection (b)* of this section shall be protected without the obligation of filing or registration whether or not they form parts of marks.

§ 44(h) (15 U.S.C. 1126h). Same—Protection against unfair competition

Any person designated in [paragraph (b)] *subsection (b)* of this section as entitled to the benefits and subject to the provisions of this Act shall be entitled to effective protection against unfair competition, and the remedies provided herein for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

§ 44(i) (15 U.S.C. 1126i). Same—Citizens or residents of United States to have same rights

Citizens or residents of the United States shall have the same benefits as are granted by this section to persons described in [paragraph (b)] *subsection (b)* hereof.

§ 45 (15 U.S.C. 1127). Construction and definitions

In the construction of this Act, unless the contrary is plainly apparent from the context:

United States. The United States includes and embraces all territory which is under its jurisdiction and control.

Commerce. The word "commerce" means all commerce which may lawfully be regulated by Congress.

Principal Register, Supplemental Register. The term "principal register" refers to the register provided for by sections 1 through 22 hereof, and the term "supplemental register" refers to the register provided for by sections 23 through 28 thereof.

Person, juristic person. The term "person" and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this Act includes a juristic person as well as a natural person. The term "juristic person" includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

Applicant, registrant. The terms "applicant" and "registrant" embrace the legal representatives, predecessors, successors and assigns of such applicant or registrant.

Commissioner. The term "Commissioner" means the Commissoner of Patents and Trademarks.

Related company. The term "related company" means any person [who legitimately controls or is controlled by the registrant or applicant for registration in respect to the nature and quality of the goods or services in connection with which the mark is used.] *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.*

Trade name, commercial name. The terms "trade name" and "commercial name" [include individual names and surnames, firm names and trade names used by manufacturers, industrialists, merchants, agriculturists, and others to identify their businesses, vocations, or occupations; the names of titles lawfully adopted and used by persons, firms, associations, corporations, companies, unions, and any manufacturing, industrial, commercial, agricultural, or other organizations engaged in trade or commerce and capable of suing and being sued in a court of law.] *mean any name used by a person to identify his business or vocation.*

Trademark. The term "trademark" [includes] *means* any word, name, symbol, or device or any combination thereof [adopted and used by a manufacturer or merchant] *used by a person, or which a person has a bona fide intention to use in commerce and for which he applies for registration on the principal register established by this Act,* to identify and distinguish his goods, including a unique product, from those [manufactured or sold by] *of* others and to indicate the source of the goods, even if that source is unknown.

Service mark. The term "service mark" means [a mark used in the sale or advertising of services] *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 for which he 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 [the services] *those* of others and to indicate the source of the services, even if that source is unknown. Titles, character [names] *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.

Certification mark. The term "certification mark" means [a mark used upon or in connection with the products or services of one or more persons other than the owner of the mark] *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.

Collective mark. 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 [and includes marks used to indicate], *or which such entity has a bona fide intention to use in commerce and for which it applies for registration on the principal register established by this Act, and includes marks indicating* membership in a union, an [association] *association,* or other organization.

Mark. The term "mark" includes any trademark, service mark, collective mark, or certification [mark entitled to registration under this Act whether registered or not.] *mark.*

Use in commerce. The term "use in commerce" means use of a mark in the ordinary course of trade, commensurate with the cir-

cumstances, and not made merely to reserve a right in a mark. For [the] purposes of this Act a mark shall be deemed to be [used] *in use* in commerce [(a)] *(1)* on goods when it is placed in any manner on the goods 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 [(b)] *(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 engaged in commerce in connection therewith.

Abandonment of mark. A mark shall be deemed to be "abandoned"—

[(a)] *(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 [abandonment.] *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*

[(b)] *(2)* When any course of conduct of the [registrant,] *owner,* including acts of omission as well as commission, causes the mark [to lose its significance as an indication of origin.] *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.

Dilution. The term "dilution" means the material reduction 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.

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§ 50. Severability

If any provision of this Act or the application of such provision to any person or circumstance is held invalid, the remainder of the Act shall not be affected thereby (15 U.S.C. 1051 note).

SEC. 51. All certificates of registration based upon applications for registration pending in the Patent and Trademark Office on the effective date of the Trademark Law Revision Act of 1988 shall remain in force for a period of 10 years.

This Act and the amendments made by this Act shall become effective on the date one year after the date of enactment of this Act.

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