

1 **TRADEMARK AMENDMENTS**

2 2009 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Bradley G. Last**

5 Senate Sponsor: Curtis S. Bramble

7 **LONG TITLE**

8 **General Description:**

9 This bill amends the Registration and Protection of Trademarks and Service Marks Act.

10 **Highlighted Provisions:**

11 This bill:

12 ▶ prohibits the use of a registrant's mark to deliver or display an advertisement in

13 Utah:

14 • that is in response to a request submitted to an interactive information service;

15 and

16 • that is a bad-faith attempt to divert a consumer from the registrant's goods or

17 services;

18 ▶ allows a registrant to file an action to enjoin delivery or display in the state of the

19 advertisement; and

20 ▶ makes technical corrections.

21 **Monies Appropriated in this Bill:**

22 None

23 **Other Special Clauses:**

24 None

25 **Utah Code Sections Affected:**

26 AMENDS:

27 **70-3a-103**, as last amended by Laws of Utah 2008, Chapter 258



28 70-3a-404, as enacted by Laws of Utah 2002, Chapter 318

29 ENACTS:

30 70-3a-406, Utah Code Annotated 1953

31 70-3a-407, Utah Code Annotated 1953



33 *Be it enacted by the Legislature of the state of Utah:*

34 Section 1. Section 70-3a-103 is amended to read:

35 **70-3a-103. Definitions -- Use -- Service marks.**

36 (1) As used in this chapter:

37 (a) "Abandoned mark" means a mark whose:

38 (i) use has been discontinued with no intent to resume use; or

39 (ii) significance as a mark has been lost due to any course of conduct of the owner,

40 including acts of omission or commission.

41 (b) "Applicant" means:

42 (i) the person filing an application for registration of a mark under this chapter; and

43 (ii) a legal representative, successor, or assign of a person described in Subsection

44 (1)(b)(i).

45 (c) "Dilution" means the lessening of the capacity of a famous mark to identify and
46 distinguish goods or services, regardless of the presence or absence of:

47 (i) competition between the owner of the famous mark and another person; or

48 (ii) the likelihood of:

49 (A) confusion;

50 (B) mistake; or

51 (C) deception.

52 (d) "Division" means the Division of Corporations and Commercial Code within the
53 Department of Commerce.

54 (e) "Interactive information service" means a service or system that provides
55 information in response to a user's information request, including an Internet search engine,
56 Internet service provider, or telephone directory assistance service.

57 [(e)] (f) "Mark" means any trademark or service mark entitled to registration under this
58 chapter whether or not the trademark or service mark is registered.

59 (g) "Qualified interactive information service" means an interactive information service
60 that allows an advertiser to limit the display of advertisements by geographic location.

61 ~~(f)~~ (h) "Registrant" means:

62 (i) the person to whom the registration of a mark under this chapter is issued; and

63 (ii) a legal representative, successor, or assign of a person described in Subsection

64 (1)~~(f)~~(h)(i).

65 ~~(g)~~ (i) If the conditions of Subsection (1)~~(g)~~(i)(ii) are met, "service mark" means:

66 (A) a word, term, name, symbol, design, or device; or

67 (B) any combination of words, terms, names, symbols, designs, or devices.

68 (ii) The mark described in Subsection (1)~~(g)~~(i)(i) is a service mark only if it is used

69 by a person:

70 (A) to identify and distinguish the services of one person from the services of others,

71 including a unique service; and

72 (B) to indicate the source of the services, even if that source is unknown.

73 ~~(h)~~ (j) If the conditions of Subsection (1)~~(h)~~(j)(ii) are met, "trademark" means:

74 (A) a word, term, name, symbol, design, or device; or

75 (B) any combination of words, terms, names, symbols, designs, or devices.

76 (ii) The mark described in Subsection (1)~~(h)~~(j)(i) is a trademark only if it is used by a

77 person:

78 (A) to identify and distinguish the goods of that person from those manufactured or

79 sold by others, including a unique product; and

80 (B) to indicate the source of the goods, even if that source is unknown.

81 ~~(i)~~ (k) "Trade name" means any name used by a person to identify a business or

82 vocation of that person.

83 ~~(j)~~ (l) "Use" means the bona fide use of a mark in the ordinary course of trade, and

84 not made merely to reserve a right in a mark.

85 (2) For the purposes of this chapter, a mark is considered to be in use:

86 (a) on goods:

87 (i) when the mark is placed:

88 (A) in any manner on the goods or other containers;

89 (B) in any manner on displays associated with the goods or other containers;

90 (C) on the tags or labels affixed to the goods or other containers; or
 91 (D) if the nature of the goods makes the placements referred to in Subsections
 92 (2)(a)(i)(A) through (C) impracticable, on documents associated with the goods or the sale of
 93 the goods; and

94 (ii) the goods are sold or transported in commerce in this state; and

95 (b) on services:

96 (i) when it is used or displayed in the sale or advertising of services; and

97 (ii) when the services are rendered in this state.

98 (3) For purposes of Subsection (1)(a):

99 (a) intent not to resume may be inferred from circumstances; and

100 (b) nonuse for two consecutive years is prima facie evidence of abandonment.

101 (4) Notwithstanding Subsection (1)~~(g)~~(i), the following may be registered as service
 102 marks notwithstanding that they may advertise the goods of the sponsor:

103 (a) titles;

104 (b) character names used by a person; and

105 (c) other distinctive features of:

106 (i) a radio program;

107 (ii) a television program; or

108 (iii) a program similar to a program described in Subsection (4)(c)(i) or (ii).

109 Section 2. Section **70-3a-404** is amended to read:

110 **70-3a-404. Remedies.**

111 (1) (a) ~~[An]~~ Except as provided under Sections 70-3a-406 and 70-3a-407, an owner of
 112 a mark registered under this chapter may proceed by suit to enjoin the manufacture, use,
 113 display, or sale of any counterfeits or imitations of the mark.

114 (b) A court of competent jurisdiction may grant injunctions to restrain the manufacture,
 115 use, display, or sale as may be considered by the court just and reasonable.

116 (2) A court may:

117 (a) require the defendants to pay the owner:

118 (i) all profits derived from the wrongful manufacture, use, display, or sale of a
 119 registered mark; or

120 (ii) all damages suffered because of the wrongful manufacture, use, display, or sale of a

121 registered mark;

122 (b) order that any counterfeits or imitations of a registered mark in the possession or
123 under the control of any defendant in an action be delivered to the following to be destroyed:

124 (i) an officer of the court; or

125 (ii) the complainant; or

126 (c) take a combination of the actions described in Subsections (2)(a) and (b).

127 (3) A court may enter judgment for the prevailing party:

128 (a) in an action where the court finds:

129 (i) the other party committed the wrongful act:

130 (A) with knowledge; and

131 (B) in bad faith; or

132 (ii) as according to the circumstances of the case; and

133 (b) in an amount not to exceed:

134 (i) three times the profits and damages of the prevailing party; and

135 (ii) the reasonable attorneys fees of the prevailing party.

136 (4) The enumeration of any right or remedy in this section does not affect a registrant's
137 right to prosecute under any penal law of this state.

138 Section 3. Section **70-3a-406** is enacted to read:

139 **70-3a-406. Interactive infringement.**

140 (1) Except as provided in Subsection (5), a person as defined in Section 68-3-12 is
141 liable in a civil action in accordance with Section 70-3a-407:

142 (a) if the person:

143 (i) causes the delivery or display of an advertisement in Utah for the person's goods or
144 services in response to a request employing the registrant's mark and submitted to or through a
145 qualified interactive information service;

146 (ii) causes the delivery or display of an advertisement in Utah for a third-party's goods
147 or services in response to a request employing the registrant's mark and submitted to or through
148 a qualified interactive information service; or

149 (iii) has actual knowledge that a third-party agent or affiliate of the person is causing
150 the delivery or display of an advertisement in Utah for the person's goods or services in
151 response to a request employing the registrant's mark submitted to or through a qualified

152 interactive information service; and

153 (b) subject to Subsection (4), if the delivery or display of an advertisement in Utah for
154 the person's goods or services under Subsection (1)(a)(i), (ii), or (iii) is the product of a
155 bad-faith attempt to profit from the registrant's mark by diverting a consumer from the
156 registrant, the registrant's authorized licensees, or another source authorized by the registrant.

157 (2) For purposes of determining whether the delivery or display of an advertisement
158 described in Subsection (1)(b) is the product of a bad-faith attempt to profit from a registrant's
159 mark by diverting a consumer from the registrant, the registrant's authorized licensees, or some
160 other source authorized by the registrant, a court may consider factors including:

161 (a) in accordance with Subsection (3), whether or not the delivery or display of the
162 person's advertisement is likely to create an initial, misleading impression that the person is a
163 legitimate source of the goods or services offered by the registrant, the registrant's authorized
164 licensees, or any other source authorized by the registrant;

165 (b) whether or not the person provided any payment or other compensation to a third
166 party in exchange for the delivery or display of the person's advertisement in response to a
167 request employing the registered mark and submitted to a qualified interactive information
168 service;

169 (c) whether or not the registrant has been subjected to economic or other
170 business-related pressure to provide payment or other compensation to a third party to reduce
171 diversion of consumers from the registrant, the registrant's licensees, or some other source
172 authorized by the registrant;

173 (d) whether or not the registered mark is famous under Subsection 70-3a-403(2);

174 (e) whether or not the person owns any intellectual property rights in the registered
175 mark;

176 (f) whether or not the registered mark consists of or closely resembles the legal name
177 of the person or a name that is otherwise commonly used to identify the person; and

178 (g) whether or not the delivery or display of the person's advertisement amounts to
179 noncommercial or fair use of the trademark.

180 (3) (a) Evidence of actual confusion or a likelihood of confusion at the point of sale is
181 not required under Subsection (2)(a).

182 (b) To determine whether the delivery or display of a person's advertisement is likely to

183 create an initial, misleading impression as described in Subsection (2)(a), a court may consider
184 whether a person's advertisement is unmistakably distinguished from all advertisements
185 delivered or displayed by the registrant, registrant's licensees, or other source authorized by the
186 registrant, including the following advertisement factors:

187 (i) font size;

188 (ii) color;

189 (iii) placement; and

190 (iv) prominence.

191 (4) A court may not find that a person acted in bad faith in violation of Subsection (1),
192 if the court finds that the person reasonably believed that delivery or display of the person's
193 advertisement was:

194 (a) a fair use of the mark;

195 (b) based on a license issued by the registrant;

196 (c) in connection with a licensed sale; or

197 (d) a sale permitted under the first-sale doctrine.

198 (5) A person is not liable if:

199 (a) limiting or enjoining the delivery or display of the person's advertisement in Utah
200 without also limiting or blocking the delivery or display of the advertisement outside of Utah
201 is:

202 (i) not technologically feasible; or

203 (ii) imposes an undue financial burden; or

204 (b) (i) the person is the operator of an interactive information service; and

205 (ii) the person was acting in the person's capacity as an operator of the interactive

206 information service when the person caused the delivery or display of an advertisement in Utah
207 as described in Subsection (1)(a).

208 (6) The following are not actionable under Subsection (1):

209 (a) fair use of a mark in comparative commercial advertising or promotion to identify
210 the competing goods or services of the owner of the famous mark;

211 (b) noncommercial use of a mark; and

212 (c) all forms of news reporting and news commentary.

213 Section 4. Section **70-3a-407** is enacted to read:

214 **70-3a-407. Interactive infringement -- Remedies.**215 (1) Subject to Subsection (2), a registrant may file an action to:216 (a) enjoin the delivery or display of an advertisement in Utah that is prohibited under
217 Section 70-3a-406; and218 (b) recover reasonable attorney fees.219 (2) A registrant filing an action under Subsection (1) shall:220 (a) give notice by first-class registered mail notifying a person that the registrant
221 intends to seek relief under this section; and222 (b) file the action no sooner than ten days after the day that the person receives notice
223 under Subsection (2)(a).224 (3) A court of competent jurisdiction:225 (a) may grant an injunction to restrain the delivery or display of an advertisement in
226 Utah prohibited by Section 70-3a-406;227 (b) may award reasonable attorney fees if the delivery or display of an advertisement in
228 Utah persists after an action is properly filed after the ten-day notice period described in
229 Subsection (2)(b); and230 (c) may not award reasonable attorney fees if the delivery or display of an
231 advertisement in Utah stops within the ten-day notice period described in Subsection (2)(b).232 (4) The enumeration of a right or remedy in this section does not restrict a registrant's
233 right to seek relief under any other law.234 (5) The court shall dismiss an action filed under this section if a defendant stops the
235 delivery or display of an advertisement in Utah within ten days after receiving notice from a
236 registrant in accordance with Subsection (2).237 (6) (a) If the defendant has previously received notice from the registrant under
238 Subsection (2)(a) threatening legal action in connection with the same mark, the registrant is
239 not required to provide notice under Subsection (2)(a) before filing an action.240 (b) A court may not dismiss an action under Subsection (5) if the defendant has
241 previously received notice from the registrant threatening legal action in connection with the
242 same mark.

Legislative Review Note
as of 2-18-09 10:39 AM

Office of Legislative Research and General Counsel

H.B. 450 - Trademark Amendments

Fiscal Note

2009 General Session
State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals or local governments. Businesses may be impacted due to this change in the proposed statute.
