

1 **TRADEMARK PROTECTION ACT**

2 2007 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Dan R. Eastman**

5 House Sponsor: David Clark

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7 **LONG TITLE**

8 **General Description:**

9 This bill establishes a new type of mark, called an electronic registration mark, that may  
10 not be used to trigger advertising for a competitor and creates a database for use in  
11 administering marks.

12 **Highlighted Provisions:**

13 This bill:

- 14 ▶ defines terms;
- 15 ▶ addresses the fees for an electronic registration mark;
- 16 ▶ prohibits the use of a registered electronic registration mark to trigger advertising  
17 for a business, goods, or services of the same class as those represented by the  
18 electronic registration mark;
- 19 ▶ provides for the creation and maintenance of a database of marks, including:
  - 20 • search functions; and
  - 21 • management of electronic registration marks;
- 22 ▶ provides for the use of excess funds to promote business-related activity; and
- 23 ▶ makes technical changes.

24 **Monies Appropriated in this Bill:**

25 None

26 **Other Special Clauses:**

27 None



28 **Utah Code Sections Affected:**

29 AMENDS:

30 **70-3a-103**, as enacted by Chapter 318, Laws of Utah 2002

31 **70-3a-203**, as enacted by Chapter 318, Laws of Utah 2002

32 **70-3a-302**, as enacted by Chapter 318, Laws of Utah 2002

33 **70-3a-304**, as enacted by Chapter 318, Laws of Utah 2002

34 **70-3a-305**, as enacted by Chapter 318, Laws of Utah 2002

35 **70-3a-306**, as enacted by Chapter 318, Laws of Utah 2002

36 **70-3a-402**, as enacted by Chapter 318, Laws of Utah 2002

37 ENACTS:

38 **70-3a-501**, Utah Code Annotated 1953

39 **70-3a-502**, Utah Code Annotated 1953



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

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

43 **70-3a-103. Definitions -- Use -- Service marks.**

44 (1) As used in this chapter:

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

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

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

48 including acts of omission or commission.

49 (b) "Applicant" means:

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

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

52 (1)(b)(i).

53 (c) "Dilution" means the lessening of the capacity of a famous mark to identify and

54 distinguish goods or services, regardless of the presence or absence of:

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

56 (ii) the likelihood of:

57 (A) confusion;

58 (B) mistake; or

59 (C) deception.

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

62 (e) (i) If the conditions of Subsection (1)(e)(ii) are met, "electronic registration mark"  
63 means a word, term, or name that represents a business, goods, or a service.

64 (ii) The mark described in Subsection (1)(e)(i) is an electronic registration mark only if  
65 it is:

66 (A) registered through the system described in Section 70-3a-501; and

67 (B) used by a person to identify and distinguish a business, goods, or a service of that  
68 person from a business, product, or service of another person.

69 ~~[(e)]~~ (f) "Mark" means any trademark [or], service mark, or electronic registration mark  
70 entitled to registration under this chapter whether or not the trademark [or], service mark, or  
71 electronic registration mark is registered.

72 ~~[(f)]~~ (g) "Registrant" means:

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

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

75 ~~(1)[(f)]~~ (g)(i).

76 ~~[(g)]~~ (h) (i) If the conditions of Subsection (1)[(g)](h)(ii) are met, "service mark"  
77 means:

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

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

80 (ii) The mark described in Subsection (1)~~[(g)]~~ (h)(i) is a service mark only if it is used  
81 by a person:

82 (A) to identify and distinguish the services of one person from the services of others,  
83 including a unique service; and

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

85 ~~[(h)]~~ (i) (i) If the conditions of Subsection (1)[(h)](i)(ii) are met, "trademark" means:

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

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

88 (ii) The mark described in Subsection (1)~~[(h)]~~ (i)(i) is a trademark only if it is used by a  
89 person:

90 (A) to identify and distinguish the goods of that person from those manufactured or  
91 sold by others, including a unique product; and

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

93 ~~(f)~~ (j) "Trade name" means any name used by a person to identify a business or  
94 vocation of that person.

95 ~~(f)~~ (k) "Use" means the bona fide use of a mark in the ordinary course of trade, and  
96 not made merely to reserve a right in a mark.

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

98 (a) on goods:

99 (i) when the mark is placed:

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

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

102 (C) on the tags or labels affixed to the goods or other containers; or

103 (D) if the nature of the goods makes the placements referred to in Subsections

104 (2)(a)(i)(A) through (C) impracticable, on documents associated with the goods or the sale of  
105 the goods; and

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

107 (b) on services:

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

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

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

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

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

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

115 (a) titles;

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

117 (c) other distinctive features of:

118 (i) a radio program;

119 (ii) a television program; or

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

121 Section 2. Section **70-3a-203** is amended to read:

122 **70-3a-203. Fees.**

123 (1) (a) A regulatory fee, as defined in Section 63-38-3.2, shall be determined by the  
124 division in accordance with Section 63-38-3.2, but may not exceed \$250 annually for  
125 registration of an electronic registration mark in a single class.

126 (b) A person who pays the annual regulatory fee for the registration of an electronic  
127 registration mark may register additional classes for the same mark for an additional fee not to  
128 exceed \$25 annually.

129 (2) (a) For a fee authorized by this chapter that is not a regulatory fee, the division may  
130 adopt a schedule of fees provided that each fee in the schedule of fees is:

131 (i) reasonable and fair; and

132 (ii) submitted to the Legislature as part of the Department of Commerce's annual  
133 appropriations request.

134 (b) When a fee schedule described in Subsection (2)(a) is submitted as part of the  
135 annual appropriations request, the Legislature, in a manner substantially similar to Section  
136 63-38-3.2, may for any fee in the fee schedule:

137 (i) approve the fee;

138 (ii) (A) increase or decrease the fee; and

139 (B) approve the fee as changed by the Legislature; or

140 (iii) reject the fee.

141 (c) A fee approved by the Legislature pursuant to this section shall be deposited in a  
142 restricted account within the General Fund known as the Commerce Service Fund.

143 Section 3. Section **70-3a-302** is amended to read:

144 **70-3a-302. Application for registration.**

145 (1) (a) Subject to the limitations in this chapter, any person who uses a mark may file  
146 with the division an application for registration of that mark.

147 (b) The registration described in Subsection (1)(a) shall be filed in accordance with  
148 rules:

149 (i) made by the division in accordance with Section 70-3a-201; and

150 (ii) that are consistent with this section.

151 (c) The application shall:

- 152 (i) state:
- 153 (A) the name and business address of the person applying for registration;
- 154 (B) if a corporation, the state of incorporation; and
- 155 (C) if a partnership:
- 156 (I) the state where the partnership is organized; and
- 157 (II) the names of the general partners, as specified by the division;
- 158 (ii) specify:
- 159 (A) the goods or services on or in connection with which the mark is used;
- 160 (B) the mode or manner in which the mark is used on or in connection with those
- 161 goods or services; and
- 162 (C) the class defined pursuant to Section 70-3a-308 in which those goods or services
- 163 fall;
- 164 (iii) state:
- 165 (A) the date when the mark was first used anywhere;
- 166 (B) the date when the mark was first used in this state by the applicant or a predecessor
- 167 in interest;
- 168 (C) that the applicant is the owner of the mark;
- 169 (D) that the mark is in use; and
- 170 (E) that to the knowledge of the person verifying the application, no other person has
- 171 registered, either federally or in this state, or has the right to use that mark:
- 172 (I) in the mark's identical form; or
- 173 (II) in such near resemblance to the mark as to be likely, when applied to the goods or
- 174 services of the other person, to cause confusion, mistake, or to deceive;
- 175 (iv) be signed under penalty of perjury by:
- 176 (A) the applicant; or
- 177 (B) if the applicant is not an individual:
- 178 (I) an officer of the applicant; or
- 179 (II) a partner of a partnership;
- 180 (v) be filed with the division;
- 181 (vi) be accompanied by two specimens showing the mark as actually used; and
- 182 (vii) be accompanied by a regulatory fee as determined by the division in accordance

183 with Section 70-3a-203.

184 (d) In addition to the information required by Subsection (1)(c), the division may  
185 require the applicant to provide:

186 (i) a statement as to whether an application to register the mark, or portions or a  
187 composite of the mark, has been filed by the applicant or a predecessor in interest in the United  
188 States Patent and Trademark Office; or

189 (ii) a drawing of the mark, complying with the requirements the division may specify.

190 (2) If the division requires the statement under Subsection (1)(d)(i), the applicant shall  
191 provide full information with respect to any application filed with the United States Patent and  
192 Trademark Office including:

193 (a) the filing date and serial number of the application;

194 (b) the status of the application; and

195 (c) if any application was finally refused registration or has otherwise not resulted in a  
196 registration, the reasons for the refusal or lack of registration.

197 (3) Any materials, information, or signatures required to file an application for an  
198 electronic registration mark may be provided through the database created under Section  
199 70-3a-501.

200 Section 4. Section **70-3a-304** is amended to read:

201 **70-3a-304. Certification of registration.**

202 (1) If an applicant fully complies with this chapter, the division shall:

203 (a) certify the registration; and

204 (b) provide to the applicant documentation that the registration is certified.

205 (2) The documentation described in Subsection (1) shall:

206 (a) be affixed to the application of the applicant; or

207 (b) include the information that is required to be in an application under Subsections  
208 70-3a-302(1)(c)(i) through (iii).

209 (3) The following are admissible in evidence as competent and sufficient proof of the  
210 registration of the particular mark in any action or judicial proceeding in any court of this state:

211 (a) the documentation described in Subsection (1)(b) that is provided by the division;

212 or

213 (b) a copy of the documentation described in Subsection (1)(b) if the copy is certified

214 by the division.

215 (4) Documentation of the certification of an electronic registration mark shall be  
216 provided through the database created under Section 70-3a-501.

217 Section 5. Section **70-3a-305** is amended to read:

218 **70-3a-305. Duration and renewal.**

219 (1) The registration of a mark under this chapter expires five years after the date the  
220 division certifies the registration under Section 70-3a-304.

221 (2) A registration may be renewed for an additional five years from the date a  
222 registration expires if the registrant:

223 (a) files an application with the division:

224 (i) at least six months before the expiration of the registration; and

225 (ii) in accordance with the requirements made by rule by the division:

226 (A) pursuant to Section 70-3a-201; and

227 (B) consistent with this section; and

228 (b) pays a renewal regulatory fee determined by the division in accordance with  
229 Section 70-3a-203.

230 (3) If a registrant complies with this section, the registrant may renew a mark at the  
231 expiration of each five-year term.

232 (4) (a) A registration in effect before May 6, 2002:

233 (i) shall continue in full force and effect for the registration's unexpired term; and

234 (ii) may be renewed by:

235 (A) filing an application for renewal with the division:

236 (I) within six months before the expiration of the registration; and

237 (II) in accordance with rules made by the division pursuant to Section 70-3a-201; and

238 (B) paying the required renewal regulatory fee determined by the division in  
239 accordance with Section 70-3a-203.

240 (b) If a registration in effect before May 6, 2002, is renewed in accordance with this  
241 Subsection (4), the registration shall be renewed for a term of five years.

242 (5) Any application for renewal under this chapter, whether a registration made under  
243 this chapter or a registration made under a prior Utah statute, shall include:

244 (a) a verified statement that the mark has been and is still in use; and



245 (b) (i) a specimen showing actual use of the mark on or in connection with the goods or  
246 services; or

247 (ii) a verified statement that the mark has not changed.

248 (6) (a) An electronic registration mark is valid for one year from the day on which the  
249 electronic registration mark is registered.

250 (b) Registration of an electronic registration mark may be renewed annually by paying  
251 the fee for renewing an electronic registration mark described in Section 70-3a-203.

252 (c) An electronic registration mark that is not renewed reverts to a trademark and  
253 expires five years after the day on which the mark was originally certified unless renewed  
254 under Subsection (2).

255 (d) Any existing trademark or service mark that otherwise qualifies for registration as  
256 an electronic registration mark may be converted to an electronic registration mark by paying  
257 the electronic registration mark fee under Section 70-3a-203.

258 Section 6. Section **70-3a-306** is amended to read:

259 **70-3a-306. Assignments -- Changes of name -- Other instruments -- Security**  
260 **interests -- Acknowledgments.**

261 (1) (a) A mark and the mark's registration under this chapter is assignable with:

262 (i) the good will of the business in which the mark is used; or

263 (ii) that part of the good will of the business connected with the use of and symbolized  
264 by the mark.

265 (b) An assignment under this section:

266 (i) shall be:

267 (A) in writing; and

268 (B) properly executed; and

269 (ii) may be filed with the division by:

270 (A) filing a form provided by the division; and

271 (B) paying of a fee determined by the division in accordance with Section 70-3a-203.

272 (c) Upon the filing of an assignment, the division shall certify that the assignment has  
273 been filed.

274 (d) An assignment of any registration under this chapter is void as against any  
275 subsequent purchaser for valuable consideration without notice, unless the assignment is filed

276 with the division [~~within~~]:

277 (i) within three months after the date of the assignment; or

278 (ii) [~~prior to~~] before the subsequent purchase.

279 (2) Any registrant or applicant may change the name of the person or business to whom  
280 the mark is issued or for whom an application is filed by:

281 (a) filing two copies of a certificate of change of name of the registrant or applicant  
282 with the division; and

283 (b) paying of a fee determined by the division in accordance with Section 70-3a-203.

284 (3) (a) A person may file another instrument that relates to a mark registered or  
285 application pending under this chapter:

286 (i) in the discretion of the division; and

287 (ii) if the instrument is:

288 (A) in writing; and

289 (B) properly executed.

290 (b) An instrument that may be filed under this Subsection (3) includes:

291 (i) a license;

292 (ii) a security interest; or

293 (iii) a mortgage.

294 (4) An acknowledgment by the assignor or person whose interest in a mark is adversely  
295 effected by the instrument:

296 (a) is prima facie evidence of the execution of an assignment or other instrument; and

297 (b) when filed by the division, [~~the filed acknowledgment~~] is prima facie evidence of  
298 execution of the assignment or other instrument.

299 (5) An assignment and a name change of an electronic registration mark may be made  
300 through the database created under Section 70-3a-501.

301 Section 7. Section **70-3a-402** is amended to read:

302 **70-3a-402. Infringement.**

303 (1) Subject to Section 70-3a-104 and Subsection (2), any person is liable in a civil  
304 action brought by the registrant for any and all of the remedies provided in Section 70-3a-404,  
305 if that person:

306 (a) uses a reproduction, counterfeit, copy, or colorable imitation of a mark registered

307 under this chapter:

308 (i) without the consent of the registrant; and

309 (ii) in connection with the sale, distribution, offering for sale, or advertising of any  
310 goods or services on or in connection with which that use is likely to cause confusion, mistake,  
311 or to deceive as to the source of origin, nature, or quality of those goods or services; [~~or~~]

312 (b) reproduces, counterfeits, copies, or colorably imitates any mark and applies the  
313 reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages,  
314 wrappers, receptacles, or advertisements intended to be used upon or in connection with the  
315 sale or other distribution in this state of goods or services[~~;~~]; or

316 (c) uses an electronic registration mark to cause the delivery or display of an  
317 advertisement for a business, goods, or a service:

318 (i) of the same class, as defined in Section 70-3a-308, other than the business, goods,  
319 or service of the registrant of the electronic registration mark; or

320 (ii) if that advertisement is likely to cause confusion between the business, goods, or  
321 service of the registrant of the electronic registration mark and the business, goods, or service  
322 advertised.

323 (2) Under Subsection (1)(b), the registrant is not entitled to recover profits or damages  
324 unless the act described in Subsection (1)(b) has been committed with the intent:

325 (a) to cause confusion or mistake; or

326 (b) to deceive.

327 (3) For a violation of Subsection (1)(c), the person whose business, goods, or service is  
328 advertised, and the person who sells or displays the advertisement are liable if:

329 (a) the advertisement is at any time displayed in the state; or

330 (b) the advertiser or person selling the advertisement is located in the state.

331 Section 8. Section **70-3a-501** is enacted to read:

332 **Part 5. Searchable Mark Database**

333 **70-3a-501. Searchable mark database.**

334 (1) The division shall maintain a database that enables a user to:

335 (a) file an application to register an electronic registration mark;

336 (b) manage existing electronic registration marks owned by the user; and

337 (c) search for any registered marks.

338 (2) The division may contract with a person to maintain and operate the database.

339 (3) The database required by Subsection (1) shall be:

340 (a) funded by fees collected for the registration of electronic registration marks; and

341 (b) accessible online through the state's Internet website.

342 (4) For all registered marks, the database shall include:

343 (a) the date of a mark's registration;

344 (b) an indication of the mark's status as active or otherwise;

345 (c) any class for which the mark is registered; and

346 (d) the name of the registrant.

347 (5) A search of the information in the database that is listed in Subsection (4) shall be  
348 available free to any user, without regard to whether the user has an account for use of the  
349 database.

350 (6) The division may provide other services in connection with the database, for which  
351 the division may charge a user.

352 (7) A person registering an electronic registration mark shall be given an account  
353 through which the person may access the database to:

354 (a) review the status of a mark;

355 (b) pay any fee; and

356 (c) renew, revoke, and assign any electronic registration mark.

357 (8) (a) The database shall provide a mechanism allowing a person to seek permission  
358 from the registrant to use a registered electronic registration mark.

359 (b) The database shall allow, through use of the database, a registrant whose  
360 permission is requested under Subsection (8)(a) to approve, disapprove, or approve with a time  
361 limitation the request.

362 (c) (i) The division may charge a fee for a request for permission to use an electronic  
363 registration mark under this Subsection (8).

364 (ii) No fee may be charged to the registrant from whom permission to use a mark is  
365 requested.

366 (9) The creation of the database does not affect the registration of and fees for a  
367 trademark or service mark.

368 Section 9. Section **70-3a-502** is enacted to read:

369 70-3a-502. Use of funds collected under this chapter.

370 Any funds collected from the registration of a mark under this chapter or the use of the  
371 database in excess of the expense of maintaining the database shall be retained as dedicated  
372 credits to be used by the division to:

373 (1) promote the registration of electronic registration marks to holders of federal  
374 trademarks;

375 (2) promote the state as a desirable location for business; and

376 (3) provide incentives to businesses considering relocation to the state.

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**Legislative Review Note**  
**as of 2-14-07 4:51 PM**

As required by legislative rule and practice, the Office of Legislative Research and General Counsel provides the following legislative review note to assist the Legislature in making its own determination as to the constitutionality of the bill. The note is based on an analysis of relevant state and federal constitutional law as applied to the bill. The note is not written for the purpose of influencing whether the bill should become law, but is written to provide information relevant to legislators' consideration of this bill. The note is not a substitute for the judgment of the judiciary, which has authority to determine the constitutionality of a law in the context of a specific case.

This legislation allows the registration of an electronic mark that would prohibit the triggering of an advertisement for a competitor. The most prominent application for this type of mark is the use of user-entered search terms in an Internet search engine to trigger advertisements. These triggered advertisements are often advertisements for a competitor of an entity whose name is entered in the search engine by a potential customer. Because of the potential impact on interstate commerce from the state's regulation of electronic registration mark use on Internet search engines, this legislation has a high probability of being held to be unconstitutional.

The Commerce Clause to the United States Constitution provides that Congress has the power to regulate interstate commerce. (U.S. Const. art. I, sec. 8). This provision also has a "dormant" aspect that "prohibits state . . . regulation that discriminates against or unduly burdens interstate commerce." General Motors Corp. v. Tracy, 519 U.S. 278, 287 (1997) (Citations omitted). Although the dormant aspect of the Commerce Clause is not implicated when Congress has delegated its power to regulate in an area to the states, that delegation "must be either 'expressly stated' or 'made unmistakably clear.'" New York State Dairy Foods, Inc. v. Northeast Dairy Compact Comm'n, 198 F.3d 1, 20 (citations omitted). Further, this delegation must be specific to that state action challenged. See Ind. Community Bankers Ass'n v. Bd. of Comm'rs of the Fed. Reserve Sys., 838 F.2d 969, 973-77 (8th Cir. 1988) (holding that although Congress authorized states to allow a bank's acquisition by out-of-state entity, Congress did not authorize restrictions on acquired banks).

In the context of this legislation, there has been no specific delegation by Congress of the authority to regulate the type of Internet advertising that this legislation targets, whether triggered by an electronic registration mark or any other method. Thus, the dormant Commerce Clause is implicated and the legislation will be analyzed to determine whether it places a burden on interstate commerce that outweighs the state's benefit. ACLU v. Johnson, 194 F.3d 1149, 1161 (10th Cir. 1999).

This legislation applies to an electronic mark registered in Utah that is used to trigger an advertisement if the advertisement is delivered in Utah or if the advertiser or person selling the advertisement is located in Utah. A large Internet search engine must first determine whether a user is located within Utah. If the user is in Utah, the Internet search engine must check search terms against Utah's registry of trademarks to prevent the unlawful triggering of advertising. Literally millions of search requests from locations worldwide each day would be subject to verification of location. Once verified, the search engine would then use a separate process for delivering advertising to Utah. This results in multiple systems of advertisement for a search engine to manage.

It is plausible that a search engine might merely decide to check all searches against the state's registry to avoid the need to ascertain the location of each user. This would be strong evidence of the magnitude of the burden of verifying the location of each user and of the interstate impact of this legislation. See, e.g., Id. (stating "the nature of the Internet forecloses the argument that [the statute] applies only to intrastate communications."). Whether deciding to verify a user's location or to merely check the registry with each search, any benefit to the state from this legislation is likely substantially outweighed by the burden on every Internet search engine or similar system to re-engineer its systems and constantly check the search terms or the location of a user. This is likely the case even with advances in technology that make it easier to determine a user's location.

In ACLU v. Johnson, the Tenth Circuit U.S. Court of Appeals held that a New Mexico statute that prohibited the dissemination of material harmful to minors by computer violated the Commerce Clause because it applied to material that was being disseminated over the Internet. Id. at 1152, 1161-63. This legislation is not dissimilar from the laws struck down in ACLU v. Johnson, in that it has the effect of requiring entities outside of Utah to verify the location of a user or ensure that all content complies with Utah law. Additionally, the benefit to the state from this legislation is likely less than in ACLU v. Johnson, which dealt with the protection of minors from pornography. Thus, in addition to regulating conduct outside of Utah, this legislation also likely provides a benefit that is substantially outweighed by the burdens on interstate commerce. For these reasons, this legislation has a high probability of being held to be unconstitutional.

**Office of Legislative Research and General Counsel**