

**Representative John Dougall** proposes the following substitute bill:

**TRADEMARK PROTECTION ACT AMENDMENTS**

2008 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Dan R. Eastman**

House Sponsor: David Clark

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**LONG TITLE**

**General Description:**

This bill makes changes to Title 70, Chapter 3a, Registration and Protection of Trademarks and Service Marks Act concerning the electronic registration of marked and electronically-based advertising.

**Highlighted Provisions:**

This bill:

- ▶ eliminates provisions allowing registration and enforcement of an electronic service mark;
- ▶ prohibits certain electronically-based advertising;
- ▶ addresses the establishment, maintenance, and funding of a database allowing electronic registration and administration of trademarks and service marks; and
- ▶ makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:



- 26 **70-3a-103**, as last amended by Laws of Utah 2007, Chapter 365
  - 27 **70-3a-203**, as last amended by Laws of Utah 2007, Chapter 365
  - 28 **70-3a-302**, as last amended by Laws of Utah 2007, Chapter 365
  - 29 **70-3a-304**, as last amended by Laws of Utah 2007, Chapter 365
  - 30 **70-3a-305**, as last amended by Laws of Utah 2007, Chapter 365
  - 31 **70-3a-306**, as last amended by Laws of Utah 2007, Chapter 365
  - 32 **70-3a-402**, as last amended by Laws of Utah 2007, Chapter 365
  - 33 **70-3a-501**, as enacted by Laws of Utah 2007, Chapter 365
  - 34 **70-3a-502**, as enacted by Laws of Utah 2007, Chapter 365
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36 *Be it enacted by the Legislature of the state of Utah:*

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

38 **70-3a-103. Definitions -- Use -- Service marks.**

39 (1) As used in this chapter:

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

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

42 (ii) significance as a mark has been lost due to any course of conduct of the owner,  
43 including acts of omission or commission.

44 (b) "Applicant" means:

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

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

47 (1)(b)(i).

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

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

51 (ii) the likelihood of:

52 (A) confusion;

53 (B) mistake; or

54 (C) deception.

55 (d) "Direct competitor" means a person who:

56 (i) is not the registrant; and

57 (ii) buys or sells similar goods or services in at least a portion of the same market as the  
58 registrant.

59 ~~[(d)]~~ (e) "Division" means the Division of Corporations and Commercial Code within  
60 the Department of Commerce.

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

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

65 ~~[(A) registered through the system described in Section 70-3a-501; and]~~

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

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

71 (g) "Registrant" means:

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

73 (ii) an authorized licensee, a legal representative, successor, or assign of a person  
74 described in Subsection (1)(g)(i).

75 (h) (i) If the conditions of Subsection (1)(h)(ii) are met, "service mark" means:

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

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

78 (ii) The mark described in Subsection (1)(h)(i) is a service mark only if it is used by a  
79 person:

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

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

83 (i) (i) If the conditions of Subsection (1)(i)(ii) are met, "trademark" means:

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

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

86 (ii) The mark described in Subsection (1)(i)(i) is a trademark only if it is used by a  
87 person:

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

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

91 (j) "Trade name" means any name used by a person to identify a business or vocation  
92 of that person.

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

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

96 (a) on goods:

97 (i) when the mark is placed:

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

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

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

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

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

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

105 (b) on services:

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

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

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

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

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

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

113 (a) titles;

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

115 (c) other distinctive features of:

116 (i) a radio program;

117 (ii) a television program; or

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

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

120 **70-3a-203. Fees.**

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

124 (b) A person who pays the annual regulatory fee for the electronic registration of [~~an~~  
125 ~~electronic registration~~] a mark may register additional classes for the same mark for an  
126 additional fee not to exceed \$25 annually.

127 (2) (a) For a fee authorized by this chapter that is not a regulatory fee, the division may  
128 adopt a schedule of fees [~~provided that~~] if each fee in the schedule of fees is:

129 (i) reasonable and fair; and

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

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

135 (i) approve the fee;

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

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

138 (iii) reject the fee.

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

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

142 **70-3a-302. Application for registration.**

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

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

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

148 (ii) that are consistent with this section.

149 (c) The application shall:

- 150 (i) state:
- 151 (A) the name and business address of the person applying for registration;
- 152 (B) if a corporation, the state of incorporation; and
- 153 (C) if a partnership:
- 154 (I) the state where the partnership is organized; and
- 155 (II) the names of the general partners, as specified by the division;
- 156 (ii) specify:
- 157 (A) the goods or services on or in connection with which the mark is used;
- 158 (B) the mode or manner in which the mark is used on or in connection with those
- 159 goods or services; and
- 160 (C) the class defined pursuant to Section 70-3a-308 in which those goods or services
- 161 fall;
- 162 (iii) state:
- 163 (A) the date when the mark was first used anywhere;
- 164 (B) the date when the mark was first used in this state by the applicant or a predecessor
- 165 in interest;
- 166 (C) that the applicant is the owner of the mark;
- 167 (D) that the mark is in use; and
- 168 (E) that to the knowledge of the person verifying the application, no other person has
- 169 registered, either federally or in this state, or has the right to use that mark:
- 170 (I) in the mark's identical form; or
- 171 (II) in such near resemblance to the mark as to be likely, when applied to the goods or
- 172 services of the other person, to cause confusion, mistake, or to deceive;
- 173 (iv) be signed, including by any signature consistent with the requirement for an
- 174 electronic signature under 15 U.S.C. Sec. 7001, under penalty of perjury by:
- 175 (A) the applicant; or
- 176 (B) if the applicant is not an individual:
- 177 (I) an officer of the applicant; or
- 178 (II) a partner of a partnership;
- 179 (v) be filed with the division;
- 180 (vi) be accompanied by two specimens showing the mark as actually used; and

181 (vii) be accompanied by a regulatory fee as determined by the division in accordance  
182 with Section 70-3a-203.

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

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

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

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

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

193 (b) the status of the application; and

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

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

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

200 **70-3a-304. Certification of registration.**

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

202 (a) certify the registration; and

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

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

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

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

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

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

211 or

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

214 (4) Documentation of the certification of an [~~electronic registration~~] electronically  
215 registered mark shall be provided through the database created under Section 70-3a-501.

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

217 **70-3a-305. Duration and renewal.**

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

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

222 (a) files an application with the division:

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

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

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

226 (B) consistent with this section; and

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

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

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

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

233 (ii) may be renewed by:

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

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

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

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

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

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



- 243 (a) a verified statement that the mark has been and is still in use; and
- 244 (b) (i) a specimen showing actual use of the mark on or in connection with the goods or  
245 services; or
- 246 (ii) a verified statement that the mark has not changed.
- 247 ~~[(6)(a) An electronic registration mark is valid for one year from the day on which the~~  
248 ~~electronic registration mark is registered.]~~
- 249 ~~[(b) Registration of an electronic registration mark may be renewed annually by paying~~  
250 ~~the fee for renewing an electronic registration mark described in Section 70-3a-203.]~~
- 251 ~~[(c) An electronic registration mark that is not renewed reverts to a trademark and~~  
252 ~~expires five years after the day on which the mark was originally certified unless renewed~~  
253 ~~under Subsection (2).]~~
- 254 ~~[(d) Any existing trademark or service mark that otherwise qualifies for registration as~~  
255 ~~an electronic registration mark may be converted to an electronic registration mark by paying~~  
256 ~~the electronic registration mark fee under Section 70-3a-203.]~~
- 257 Section 6. Section **70-3a-306** is amended to read:
- 258 **70-3a-306. Assignments -- Changes of name -- Other instruments -- Security**  
259 **interests -- Acknowledgments.**
- 260 (1) (a) A mark and the mark's registration under this chapter is assignable with:
- 261 (i) the good will of the business in which the mark is used; or
- 262 (ii) that part of the good will of the business connected with the use of and symbolized  
263 by the mark.
- 264 (b) An assignment under this section:
- 265 (i) shall be:
- 266 (A) in writing; and
- 267 (B) properly executed; and
- 268 (ii) may be filed with the division by:
- 269 (A) filing a form provided by the division; and
- 270 (B) paying of a fee determined by the division in accordance with Section 70-3a-203.
- 271 (c) Upon the filing of an assignment, the division shall certify that the assignment has  
272 been filed.
- 273 (d) An assignment of any registration under this chapter is void as against any

274 subsequent purchaser for valuable consideration without notice, unless the assignment is filed  
275 with the division:

- 276 (i) within three months after the date of the assignment; or
- 277 (ii) before the subsequent purchase.

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

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

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

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

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

286 (ii) if the instrument is:

287 (A) in writing; and

288 (B) properly executed.

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

290 (i) a license;

291 (ii) a security interest; or

292 (iii) a mortgage.

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

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

296 (b) when filed by the division, is prima facie evidence of execution of the assignment  
297 or other instrument.

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

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

301 **70-3a-402. Infringement.**

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

305 (a) uses a reproduction, counterfeit, copy, or colorable imitation of a mark registered  
306 under this chapter:

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

308 (ii) in connection with the sale, distribution, offering for sale, or advertising of any  
309 goods or services on or in connection with which that use is likely to cause confusion, mistake,  
310 or to deceive as to the source of origin, nature, or quality of those goods or services[;] to a  
311 resident of this state; 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 (c) is a direct competitor who uses a registrant's mark that is registered electronically  
324 through the database established in Section 7-3a-501 to deliver or display in the state an  
325 advertisement for a business, good, or a service of the same class, as defined in Section  
326 70-3a-308, other than the business, good, or a service of the mark's registrant.

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

329 (a) to cause confusion or mistake; or

330 (b) to deceive.

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

333 [~~(a) the advertisement is at any time displayed in the state; or]~~

334 [~~(b) the advertiser or person selling the advertisement is located in the state.]~~

335 (3) For a violation of Subsection (1)(c), a person whose business, good, or service is

336 advertised, and the person who sells or displays the advertisement are liable if:

337 (a) the advertisement is at any time displayed in the state; and

338 (b) the advertisement is delivered using a system that has the ability to ascertain that  
339 advertisement is delivered in the state; and

340 (c) the system described in Subsection (3)(b) has the ability to display different  
341 advertisements in the state as advertisements displayed outside the state.

342 (4) It is not a violation of Subsection (1)(c) if the advertisement is displayed using a  
343 system:

344 (a) that does not have the ability to ascertain that the advertisement is displayed in the  
345 state; and

346 (b) that displays the same advertisements in the state as advertisements outside the  
347 state.

348 (5) Any person who sells an advertisement for display in the state by the use of a  
349 system that has the ability to ascertain the user's location and the capacity to display different  
350 advertisements in the state than advertisements displayed outside the state, does not violate  
351 Subsection (1)(c) if an advertisement delivered or displayed in the state prominently includes  
352 the words "Paid Advertisement."

353 (6) This section is not violated if the content of an advertisement constitutes a fair use  
354 under the federal system of trademark registration and protection.

355 Section 8. Section **70-3a-501** is amended to read:

356 **70-3a-501. Searchable mark database.**

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

358 (a) file an application to electronically register [an electronic registration] a mark;

359 (b) manage existing [~~electronic registration~~] marks owned by the user; and

360 (c) search for any registered marks.

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

362 (b) If the division contracts with a person to maintain and operate the database, the  
363 person with whom the division contracts may, at the discretion of the division, be responsible  
364 for all costs of creating the database and readying it for use.

365 (3) [~~The~~] Notwithstanding Subsections 13-1-2(3)(c) and 70-3a-203(2)(c), the database  
366 required by Subsection (1) shall be:

367 (a) directly funded by fees collected for the electronic registration of [~~electronic~~  
368 ~~registration~~] marks, including funding any data storage costs related to operation of the  
369 database; and

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

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

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

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

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

375 (d) the name of the registrant.

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

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

381 (7) A person electronically registering [~~an electronic registration~~] a mark shall be given  
382 an account through which the person may access the database to:

383 (a) review the status of a mark;

384 (b) pay any fee; and

385 (c) renew, revoke, and assign any [~~electronic registration~~] mark.

386 [~~(8) (a) The database shall provide a mechanism allowing a person to seek permission~~  
387 ~~from the registrant to use a registered electronic registration mark.]~~

388 [~~(b) The database shall allow, through use of the database, a registrant whose~~  
389 ~~permission is requested under Subsection (8)(a) to approve, disapprove, or approve with a time~~  
390 ~~limitation the request.]~~

391 [~~(c) (i) The division may charge a fee for a request for permission to use an electronic~~  
392 ~~registration mark under this Subsection (8).]~~

393 [~~(ii) No fee may be charged to the registrant from whom permission to use a mark is~~  
394 ~~requested.]~~

395 [~~(9) The creation of the database does not affect the registration of and fees for a~~  
396 ~~trademark or service mark.]~~

397 Section 9. Section **70-3a-502** is amended to read:

398           **70-3a-502. Use of funds collected under this chapter.**

399           [~~Any~~] Notwithstanding Subsections 13-1-2(3)(c) and 70-3a-203(2)(c), any funds  
400 collected from the registration of a mark under this chapter or the use of the database in excess  
401 of the expense of maintaining the database shall be retained as dedicated credits to be used by  
402 the division to:

403           (1) promote the electronic registration of [~~electronic registration~~] marks to holders of  
404 federal trademarks;

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

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

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**S.B. 151 2nd Sub. (Salmon) - Trademark Protection Act Amendments**

**Fiscal Note**

2008 General Session

State of Utah

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**State Impact**

Enactment of this bill will require an additional appropriation of \$50,000 from the Commerce Service Fund for additional database usage and promotional expenses. It is anticipated that the Department of Commerce will receive additional fee revenue of \$50,000 to offset the cost of the implementation of this bill.

	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2010</u> <u>Approp.</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>	<u>FY 2010</u> <u>Revenue</u>
Commerce Service Fund	\$0	\$50,000	\$50,000	\$0	\$50,000	\$50,000
<b>Total</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$50,000</b>

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**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 benefit from the ability to register their electronic trademark, but also required to pay for their registration.