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

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

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

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

(1) As used in this chapter:
(a) "Abandoned mark" means a mark whose:
   (i) use has been discontinued with no intent to resume use; or
   (ii) significance as a mark has been lost due to any course of conduct of the owner, including acts of omission or commission.
(b) "Applicant" means:
   (i) the person filing an application for registration of a mark under this chapter; and
   (ii) a legal representative, successor, or assign of a person described in Subsection (1)(b)(i).
(c) "Dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of:
   (i) competition between the owner of the famous mark and another person; or
   (ii) the likelihood of:
      (A) confusion;
      (B) mistake; or
      (C) deception.
(d) "Direct competitor" means a person who:
   (i) is not the registrant; and
(ii) buys or sells similar goods or services in at least a portion of the same market as the registrant.

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

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

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

[(A)] registered through the system described in Section 70-2a-501; and

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

(f) "Mark" means any trademark or service mark or electronic registration mark entitled to registration under this chapter whether or not the trademark or service mark or electronic registration mark is registered.

(g) "Registrant" means:

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

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

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

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

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

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

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

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

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

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

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

(ii) The mark described in Subsection (1)(i)(i) is a trademark only if it is used by a person:
(A) to identify and distinguish the goods of that person from those manufactured or
sold by others, including a unique product; and
(B) to indicate the source of the goods, even if that source is unknown.
(j) "Trade name" means any name used by a person to identify a business or vocation
of that person.
(k) "Use" means the bona fide use of a mark in the ordinary course of trade, and not
made merely to reserve a right in a mark.
(2) For the purposes of this chapter, a mark is considered to be in use:
(a) on goods:
(i) when the mark is placed:
(A) in any manner on the goods or other containers;
(B) in any manner on displays associated with the goods or other containers;
(C) on the tags or labels affixed to the goods or other containers; or
(D) if the nature of the goods makes the placements referred to in Subsections
(2)(a)(i)(A) through (C) impracticable, on documents associated with the goods or the sale of
the goods; and
(ii) the goods are sold or transported in commerce in this state; and
(b) on services:
(i) when it is used or displayed in the sale or advertising of services; and
(ii) when the services are rendered in this state.
(3) For purposes of Subsection (1)(a):
(a) intent not to resume may be inferred from circumstances; and
(b) nonuse for two consecutive years is prima facie evidence of abandonment.
(4) Notwithstanding Subsection (1)(h), the following may be registered as service
marks notwithstanding that they may advertise the goods of the sponsor:
(a) titles;
(b) character names used by a person; and
(c) other distinctive features of:
(i) a radio program;
(ii) a television program; or
(iii) a program similar to a program described in Subsection (4)(c)(i) or (ii).
Section 2. Section 70-3a-203 is amended to read:

70-3a-203. Fees.

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

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

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

(i) reasonable and fair; and

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

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

(i) approve the fee;

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

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

(iii) reject the fee.

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

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

70-3a-302. Application for registration.

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

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

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

(ii) that are consistent with this section.

(c) The application shall:
(i) state:
(A) the name and business address of the person applying for registration;
(B) if a corporation, the state of incorporation; and
(C) if a partnership:
(I) the state where the partnership is organized; and
(II) the names of the general partners, as specified by the division;
(ii) specify:
(A) the goods or services on or in connection with which the mark is used;
(B) the mode or manner in which the mark is used on or in connection with those goods or services; and
(C) the class defined pursuant to Section 70-3a-308 in which those goods or services fall;
(iii) state:
(A) the date when the mark was first used anywhere;
(B) the date when the mark was first used in this state by the applicant or a predecessor in interest;
(C) that the applicant is the owner of the mark;
(D) that the mark is in use; and
(E) that to the knowledge of the person verifying the application, no other person has registered, either federally or in this state, or has the right to use that mark:
(I) in the mark's identical form; or
(II) in such near resemblance to the mark as to be likely, when applied to the goods or services of the other person, to cause confusion, mistake, or to deceive;
(iv) be signed, including by any signature consistent with the requirement for an electronic signature under 15 U.S.C. Sec. 7001, under penalty of perjury by:
(A) the applicant; or
(B) if the applicant is not an individual:
(I) an officer of the applicant; or
(II) a partner of a partnership;
(v) be filed with the division;
(vi) be accompanied by two specimens showing the mark as actually used; and
(vii) be accompanied by a regulatory fee as determined by the division in accordance with Section 70-3a-203.

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

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

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

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

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

(b) the status of the application; and

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

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

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

70-3a-304. Certification of registration.

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

(a) certify the registration; and

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

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

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

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

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

(a) the documentation described in Subsection (1)(b) that is provided by the division;
(b) a copy of the documentation described in Subsection (1)(b) if the copy is certified by the division.

(4) Documentation of the certification of an electronically registered mark shall be provided through the database created under Section 70-3a-501.

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

70-3a-305. Duration and renewal.

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

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

(a) files an application with the division:

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

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

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

(B) consistent with this section; and

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

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

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

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

(ii) may be renewed by:

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

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

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

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

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

(5) Any application for renewal under this chapter, whether a registration made under this chapter or a registration made under a prior Utah statute, shall include:
(a) a verified statement that the mark has been and is still in use; and
(b) (i) a specimen showing actual use of the mark on or in connection with the goods or services; or
(ii) a verified statement that the mark has not changed.

(6)(a) An electronic registration mark is valid for one year from the day on which the electronic registration mark is registered.
(b) Registration of an electronic registration mark may be renewed annually by paying the fee for renewing an electronic registration mark described in Section 70-3a-203.

c) An electronic registration mark that is not renewed reverts to a trademark and expires five years after the day on which the mark was originally certified unless renewed under Subsection (2).
(d) Any existing trademark or service mark that otherwise qualifies for registration as an electronic registration mark may be converted to an electronic registration mark by paying the electronic registration mark fee under Section 70-3a-203.

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

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

(1) (a) A mark and the mark's registration under this chapter is assignable with:
(i) the good will of the business in which the mark is used; or
(ii) that part of the good will of the business connected with the use of and symbolized by the mark.

(b) An assignment under this section:
(i) shall be:
(A) in writing; and
(B) properly executed; and
(ii) may be filed with the division by:
(A) filing a form provided by the division; and
(B) paying of a fee determined by the division in accordance with Section 70-3a-203.

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

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

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

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

(a) filing two copies of a certificate of change of name of the registrant or applicant with the division; and
(b) paying of a fee determined by the division in accordance with Section 70-3a-203.

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

(i) in the discretion of the division; and
(ii) if the instrument is:
(A) in writing; and
(B) properly executed.

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

(i) a license;
(ii) a security interest; or
(iii) a mortgage.

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

(a) is prima facie evidence of the execution of an assignment or other instrument; and
(b) when filed by the division, is prima facie evidence of execution of the assignment or other instrument.

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

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

70-3a-402. Infringement.

(1) Subject to Section 70-3a-104 and Subsection (2), any person is liable in a civil action brought by the registrant for any and all of the remedies provided in Section 70-3a-404, if that person knowingly, whether directly or indirectly:
(a) uses a reproduction, counterfeit, copy, or colorable imitation of a mark registered under this chapter:
   (i) without the consent of the registrant; and
   (ii) in connection with the sale, distribution, offering for sale, or advertising of any goods or services on or in connection with which that use is likely to cause confusion, mistake, or to deceive as to the source of origin, nature, or quality of those goods or services; to a resident of this state; or

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

(c) uses an electronic registration mark to cause the delivery or display of an advertisement for a business, goods, or a service:
   (i) of the same class, as defined in Section 70-3a-308, other than the business, goods, or service of the registrant of the electronic registration mark; or
   (ii) if that advertisement is likely to cause confusion between the business, goods, or service of the registrant of the electronic registration mark and the business, goods, or service advertised;

(c) is a direct competitor who uses a registrant's mark that is registered electronically through the database established in Section 7-3a-501 to deliver or display in the state an advertisement for a business, good, or a service of the same class, as defined in Section 70-3a-308, other than the business, good, or a service of the mark's registrant.

(2) Under Subsection (1)(b), the registrant is not entitled to recover profits or damages unless the act described in Subsection (1)(b) has been committed with the intent:
   (a) to cause confusion or mistake; or
   (b) to deceive.

(3) For a violation of Subsection (1)(c), the person whose business, goods, or service is advertised, and the person who sells or displays the advertisement are liable if:
   (a) the advertisement is at any time displayed in the state; or
   (b) the advertiser or person selling the advertisement is located in the state.

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

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

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

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

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

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

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

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

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

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

70-3a-501. Searchable mark database.

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

(a) file an application to electronically register a mark;

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

(c) search for any registered marks.

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

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

(3) Notwithstanding Subsections 13-1-2(3)(c) and 70-3a-203(2)(c), the database required by Subsection (1) shall be:
(a) directly funded by fees collected for the electronic registration of [electronic registration] marks, including funding any data storage costs related to operation of the database; and
(b) accessible online through the state's Internet website.

(4) For all registered marks, the database shall include:
(a) the date of a mark's registration;
(b) an indication of the mark's status as active or otherwise;
(c) any class for which the mark is registered; and
(d) the name of the registrant.

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

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

(7) A person electronically registering [an electronic registration] a mark shall be given an account through which the person may access the database to:
(a) review the status of a mark;
(b) pay any fee; and
(c) renew, revoke, and assign any [electronic registration] mark.

[(8) (a) The database shall provide a mechanism allowing a person to seek permission from the registrant to use a registered electronic registration mark.]
[(b) The database shall allow, through use of the database, a registrant whose permission is requested under Subsection (8)(a) to approve, disapprove, or approve with a time limitation the request.]
[(c) (i) The division may charge a fee for a request for permission to use an electronic registration mark under this Subsection (8).]
[(ii) No fee may be charged to the registrant from whom permission to use a mark is requested.]
[(9) The creation of the database does not affect the registration of and fees for a trademark or service mark.]

Section 9. Section 70-3a-502 is amended to read:
70-3a-502. Use of funds collected under this chapter.

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

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

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

(3) provide incentives to businesses considering relocation to the state.
S.B. 151 2nd Sub. (Salmon) - Trademark Protection Act Amendments

Fiscal Note

2008 General Session
State of Utah

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.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commerce Service Fund</td>
<td>$0</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$0</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>Total</td>
<td>$0</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$0</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

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.