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MODERNIZATION OF U.S. TRADEMARK LAW

HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 15, 1988

Mr. MOORHEAD. Mr. Speaker, I would like to bring to the attention of my colleagues a bill I am introducing today to modernize our country's 41-year-old trademark law, the Lanham Act. This legislation is comprehensive and it is significant. Importantly, however, it does not depart from the principles and policies that have governed the use and protection of trademarks in the United States for over 100 years.

Today, a large U.S. corporation may spend hundreds of thousands, if not millions, of dollars to develop a new product and bring it to the marketplace. While the stake is not so large in dollar terms for a small business or individual entrepreneur, it is just as significant in relative terms because a small concern may have invested everything it has in developing, packaging and selling its one product. Unfortunately, current U.S. law makes this process unduly risky by introducing unnecessary uncertainty into what is already a very uncertain undertaking. Moreover, U.S. trademark law favors foreign companies seeking to obtain and register trademark rights in the United States. The legislation I introduce today considerably reduces the risk of trade or service mark (both brand names and logos) selection and registration, addresses the inequity that gives foreign trademark owners an advantage and generally strengthens and improves our trademark system.

The legislation puts American and foreign businesses on essentially the same footing when they apply to register trademarks in the United States. It does this by allowing domestic applicants to file applications to register marks without first using these marks in commerce; they can base their applications on an intention to use the mark, rather than on actual use, as the law currently requires. While the bill eases the application requirements for U.S. business, it increases them for foreign applicants. Presently, foreign companies can file and obtain a U.S. trademark registration without first using the mark at all, anyplace. They do not even have to state that they have an intention to use the mark in the United States. If enacted, this legislation would require that they state such an intent.

Permitting U.S. business to apply to register marks based on a bona fide intent-to-use the mark in commerce also decreases the uncertainty they face when introducing new products or services by giving them greater assurance that the mark they select will not conflict with one that is already being used by someone else. When this happens, it can cost them a sizable investment of time, resources and money by forcing them to begin again the process of selecting and clearing a trade or service mark, designing and developing packaging, and preparing and planning advertising and promotional materials. Even worse, it can lead them into a lawsuit.

While the centerpiece of this legislation provides for a dual system permitting applications to register marks on the basis of intent-to-use as well as on actual use, the bill contains several other provisions which directly complement this proposal and further enhance U.S. trademark law. These changes will benefit all aspects of the economy. They will enhance the ability of U.S. law to protect consumers from confusing the products they select. They will improve the competitiveness of industry by permitting it to operate more efficiently and with greater certainty. They will facilitate the entry of new companies, products and services into the marketplace by decreasing the number of unused marks that certainly clog the register. And they will give the courts greater guidance in resolving trademark disputes and determining trademark rights.

In this regard, the bill will:

Halve the term of a Federal trademark registration from 20 to 10 years and increase the requirements for maintaining a registration once it is obtained so that only those marks which are in use appear on the Federal trademark register;

Eliminate the contrived, commercially transparent practice of "token use" as a means of obtaining U.S. trademark rights;

Prevent trading on the goodwill that has been built in particularly famous and distinctive marks by protecting those marks from use that would dilute their distinctiveness and possibly confuse consumers as to the sponsorship of the goods or services with which the mark is used;

Promote fair competition by preventing companies from making misrepresentations about their competitor's products or services;

Protect trademarks from use by others that tarnishes or disparages the mark's reputation; and

Clarify certain provisions of the act which have been interpreted differently by the courts thereby increasing the consistency with which trademark and unfair competition law will continue to evolve.

It has been many years since Congress addressed trademark law in a comprehensive way. This legislation, which is the product of over 2 years of study, analysis, debate and consensus-building among trademark owners and practitioners of all sizes, from all parts of the country and from all types of businesses and industries offers us just that opportunity.

The provisions of companion legislation, introduced in the Senate last November by Senator DECONCINI, have already been endorsed by the United States Trademark Association, under whose auspices the proposals contained in the legislation were developed, the Patent, Trademark and Copyright Section of the American Bar Association, the American Intellectual Property Law Association, Intellectual Property Owners, Inc., the Cosmetic, Toiletry and Fragrance Association, the International Franchise Association, the Pharmaceutical Manufacturers Association, the U.S. Chamber of Commerce, several State and local bar associations and many large and small businesses. This cross-section of endorsements, which is steadily expanding, reflects the broad range of support this legislation enjoys. I urge my colleagues to support it as well.