

RESOLUTION 11-02-06

DIGEST

Trademark Law: Adoption of Updated Model Trademark Bill

Amends Business and Professions Code sections 14200-14342 to adopt the Model State Trademark Bill.

RESOLUTIONS COMMITTEE RECOMMENDATION

APPROVE IN PRINCIPLE

History:

Similar to Resolution 08-04-05.

Reasons:

This resolution amends California Business and Professions Code sections 14200-14342 to adopt the Model State Trademark Bill. This resolution should be approved in principle because it would replace California's outmoded trademark law with the current version of the Model State Trademark Bill.

California's current state trademark law is based on the Model State Trademark Bill (MSTB) promulgated by the International Trademark Association (INTA) in 1949. The California trademark law has been amended periodically, in a piecemeal fashion, but it is now out of sync with the current MSTB, which INTA approved in 1996. An almost identical resolution was approved last year but then withdrawn to make minor revisions.

This resolution would bring California's trademark law into conformity with many of the states throughout the United States. It would result in a state trademark law for California that reflects the analysis and consideration provided by INTA, the world's largest association of trademark owners, attorneys and other legal professionals, in developing the current MSTB. In particular, INTA reflects changes in the needs of intrastate and regional commerce while harmonizing state trademark practices with recent changes in federal trademark law. (For example, the current MSTB was changed in 1996 to harmonize with the Federal Trademark Dilution Act of 1995 (P.L. # 104-98).) Thus the current MSTB protects against dilution, the weakening of a mark's capacity to identify and distinguish goods and services, in a manner consistent with the new federal law.

The resolution would result in increased consistency in trademark standards across state lines and conform to federal and international trademark legal trends. This resolution would be positive for both trademark holders and the consumers who rely on the enforceability of trademark law to identify the source of goods and services. Seventeen states have already enacted the current MSTB, and California will benefit from joining them and having access to the larger body of judicial interpretation of the model law.

TEXT OF RESOLUTION

RESOLVED that the Conference of Delegates recommends that California Business and

Professions Code Sections 14200-14342 be deleted, and replaced with the current version of the Model State Trademark Bill as follows:

- 1 (a) [Definitions]
2 (1) The term "trademark" as used herein means any word, name, symbol, or device or any
3 combination thereof used by a person to identify and distinguish the goods of such person,
4 including a unique product, from those manufactured or sold by others, and to indicate the
5 source of the goods, even if that source is unknown.
6 (2) The term "service mark" as used herein means any word, name, symbol, or device or
7 any combination thereof used by a person, to identify and distinguish the services of one
8 person, including a unique service, from the services of others, and to indicate the source of
9 the services, even if that source is unknown. Titles, character names used by a person, and
10 other distinctive features of radio or television programs may be registered as service marks
11 notwithstanding that they, or the programs, may advertise the goods of the sponsor.
12 (3) The term "mark" as used herein includes any trademark or service mark, entitled to
13 registration under this Act whether registered or not.
14 (4) The term "trade name" means any name used by a person to identify a business or
15 vocation of such person.
16 (5) The term "person" and any other word or term used to designate the applicant or other
17 party entitled to a benefit or privilege or rendered liable under the provisions of this Act
18 includes a juristic person as well as a natural person. The term "juristic person" includes a
19 firm, partnership, corporation, union, association, or other organization capable of suing and
20 being sued in a court of law.
21 (6) The term "applicant" as used herein embraces the person filing an application for
22 registration of a mark under this Act, and the legal representatives, successors, or assigns of
23 such person.
24 (7) The term "registrant" as used herein embraces the person to whom the registration of a
25 mark under this Act is issued, and the legal representatives, successors, or assigns of such
26 person.
27 (8) The term "use" means the bona fide use of a mark in the ordinary course of trade, and
28 not made merely to reserve a right in a mark. For the purposes of this Act, a mark shall be
29 deemed to be in use
30 (a) on goods when it is placed in any manner on the goods or other containers or the
31 displays associated therewith or on the tags or labels affixed thereto, or if the nature of the
32 goods makes such placement impracticable, then on documents associated with the goods or
33 their sale, and the goods are sold or transported in commerce in this state, and
34 (b) on services when it is used or displayed in the sale or advertising of services and the
35 services are rendered in this state.
36 (9) A mark shall be deemed to be "abandoned" when either of the following occurs:
37 (a) when its use has been discontinued with intent not to resume such use; intent not to
38 resume may be inferred from circumstances; nonuse for two consecutive years shall
39 constitute prima facie evidence of abandonment; or
40 (b) when any course of conduct of the owner, including acts of omission as well as
41 commission, causes the mark to lose its significance as a mark.
42 (10) The term "Secretary" as used herein means the secretary of the state or the designee of
43 the secretary charged with the administration of this Act.

44 (11) The term "dilution" as used herein means the lessening of the capacity of a famous
45 mark to identify and distinguish goods or services, regardless of the presence or absence of
46 (a) competition between the owner of the famous mark and other parties, or (b) likelihood of
47 confusion, mistake, or deception.

48 (12) The term "counterfeit" as used herein means a spurious trademark, service mark,
49 collective mark or certification mark that is identical with, or substantially indistinguishable
50 from, a registered mark which is used on or in connection with goods or services or any
51 labels or packaging or components.

52 (13) The term "comparative commercial advertising" as used herein means the use of a
53 competitor's trademark in advertising to compare the relative qualities of the competitive
54 goods.

55 (b) [Registrability] A mark by which the goods or services of any applicant for registration
56 may be distinguished from the goods or services of others shall not be registered if it

57 (1) consists of or comprises immoral, deceptive or scandalous matter; or

58 (2) consists of or comprises matter which may disparage or falsely suggest a connection
59 with persons, living or dead, institutions, beliefs, or national symbols, or bring them into
60 contempt, or disrepute; or

61 (3) consists of or comprises the flag or coat of arms or other insignia of the United States, or
62 of any state or municipality, or of any foreign nation, or any simulation thereof; or

63 (4) consists of or comprises the name, signature or portrait identifying a particular living
64 individual, except by the individual's written consent; or

65 (5) consists of a mark which,

66 (a) when used on or in connection with the goods or services of the applicant, is merely
67 descriptive or deceptively misdescriptive of them; or

68 (b) when used on or in connection with the goods or services of the applicant is primarily
69 geographically descriptive or deceptively misdescriptive of them; or

70 (c) is primarily merely a surname, provided, however, that nothing in this subsection (E)
71 shall prevent the registration of a mark used by the applicant which has become distinctive
72 of the applicant's goods or services. The Secretary may accept as evidence that the mark has
73 become distinctive, as used on or in connection with the applicant's goods or services, proof
74 of continuous use thereof as a mark by the applicant in this state for the five years before the
75 date on which the claim of distinctiveness is made; or

76 (6) consists of or comprises a mark which so resembles a mark registered in this state or a
77 mark or trade name previously used by another and not abandoned, as to be likely, when
78 used on or in connection with the goods or services of the applicant, to cause confusion or
79 mistake or to deceive.

80 (c) [Application for Registration] Subject to the limitations set forth in this Act, any person
81 who uses a mark may file in the office of the Secretary, in a manner complying with the
82 requirements of the Secretary, an application for registration of that mark setting forth, but
83 not limited to, the following information:

84 (1) the name and business address of the person applying for such registration; and, if a
85 corporation, the state of incorporation, or if a partnership, the state in which the partnership
86 is organized and the names of the general partners, as specified by the Secretary,

87 (2) the goods or services on or in connection with which the mark is used and the mode or
88 manner in which the mark is used on or in connection with such goods or services and the
89 class in which such goods or services fall,

90 (3) the date when the mark was first used anywhere and the date when it was first used in
91 this state by the applicant or a predecessor in interest, and
92 (4) a statement that the applicant is the owner of the mark, that the mark is in use, and that,
93 to the knowledge of the person verifying the application, no other person has registered,
94 either federally or in this state, or has the right to use such mark either in the identical form
95 thereof or in such near resemblance thereto as to be likely, when applied to the goods or
96 services of such other person, to cause confusion, or to cause mistake, or to deceive.
97 The Secretary may also require a statement as to whether an application to register the mark,
98 or portions or a composite thereof, has been filed by the applicant or a predecessor in
99 interest in the United States Patent and Trademark Office; and, if so, the applicant shall
100 provide full particulars with respect thereto including the filing date and serial number of
101 each application, the status thereof and, if any application was finally refused registration or
102 has otherwise not resulted in a registration, the reasons therefore.
103 The Secretary may also require that a drawing of the mark, complying with such
104 requirements as the Secretary may specify, accompany the application.
105 The application shall be signed and verified (by oath, affirmation or declaration subject to
106 perjury laws) by the applicant or by a member of the firm or an officer of the corporation or
107 association applying.
108 The application shall be accompanied by three specimens showing the mark as actually used.
109 The application shall be accompanied by the application fee payable to the Secretary of state.
110 (d) [Filing of Applications]
111 (1) Upon the filing of an application for registration and payment of the application fee, the
112 Secretary may cause the application to be examined for conformity with this Act.
113 (2) The applicant shall provide any additional pertinent information requested by the
114 Secretary including a description of a design mark and may make, or authorize the Secretary
115 to make, such amendments to the application as may be reasonably requested by the
116 Secretary or deemed by applicant to be advisable to respond to any rejection or objection.
117 (3) The Secretary may require the applicant to disclaim an unregistrable component of a
118 mark otherwise registrable, and an applicant may voluntarily disclaim a component of a
119 mark sought to be registered. No disclaimer shall prejudice or affect the applicant's or
120 registrant's rights then existing or thereafter arising in the disclaimed matter, or the
121 applicant's or registrant's rights of registration on another application if the disclaimed
122 matter be or shall have become distinctive of the applicant's or registrant's goods or services.
123 (4) Amendments may be made by the Secretary upon the application submitted by the
124 applicant upon applicant's agreement; or a fresh application may be required to be submitted.
125 (5) If the applicant is found not to be entitled to registration, the Secretary shall advise the
126 applicant thereof and of the reasons therefor. The applicant shall have a reasonable period of
127 time specified by the Secretary in which to reply or to amend the application, in which event
128 the application shall then be reexamined. This procedure may be repeated until
129 (a) the Secretary finally refuses registration of the mark; or
130 (b) the applicant fails to reply or amend within the specified period, whereupon the
131 application shall be deemed to have been abandoned.
132 (6) If the Secretary finally refuses registration of the mark, the applicant may seek a writ of
133 mandamus to compel such registration. Such writ may be granted, but without costs to the
134 Secretary, on proof that all the statements in the application are true and that the mark is
135 otherwise entitled to registration.

136 (7) In the instance of applications concurrently being processed by the Secretary seeking
137 registration of the same or confusingly similar marks for the same or related goods or
138 services, the Secretary shall grant priority to the applications in order of filing. If a prior-
139 filed application is granted a registration, the other application or applications shall then be
140 rejected. Any rejected applicant may bring an action for cancellation of the registration upon
141 grounds of prior or superior rights to the mark, in accordance with the provisions of Section
142 9 of this Act.

143 (e) [Certificate of Registration] Upon compliance by the applicant with the requirements of
144 this Act, the Secretary shall cause a certificate of registration to be issued and delivered to
145 the applicant. The certificate of registration shall be issued under the signature of the
146 Secretary and the seal of the state, and it shall show the name and business address and, if a
147 corporation, the state of incorporation, or if a partnership, the state in which the partnership
148 is organized and the names of the general partners, as specified by the Secretary, of the
149 person claiming ownership of the mark, the date claimed for the first use of the mark
150 anywhere and the date claimed for the first use of the mark in this state, the class of goods or
151 services and a description of the goods or services on or in connection with which the mark
152 is used, a reproduction of the mark, the registration date and the term of the registration.
153 Any certificate of registration issued by the Secretary under the provisions hereof or a copy
154 thereof duly certified by the Secretary shall be admissible in evidence as competent and
155 sufficient proof of the registration of such mark in any actions or judicial proceedings in any
156 court of this state.

157 (f) [Duration and Renewal] A registration of mark hereunder shall be effective for a term of
158 five years from the date of registration and, upon application filed within six months prior to
159 the expiration of such term, in a manner complying with the requirements of the Secretary,
160 the registration may be renewed for a like term from the end of the expiring term. A renewal
161 fee, payable to the Secretary, shall accompany the application for renewal of the registration.
162 A registration may be renewed for successive periods of five years in like manner.
163 Any registration in force on the date on which this Act shall become effective shall continue
164 in full force and effect for the unexpired term thereof and may be renewed by filing an
165 application for renewal with the Secretary complying with the requirements of the Secretary
166 and paying the aforementioned renewal fee therefor within six months prior to the expiration
167 of the registration.

168 All applications for renewal under this Act, whether of registrations made under this Act or
169 of registrations effected under any prior act, shall include a verified statement that the mark
170 has been and is still in use and include a specimen showing actual use of the mark on or in
171 connection with the goods or services.

172 (g) [Assignments, Changes of Name and Other Instruments]

173 (1) Any mark and its registration hereunder shall be assignable with the good will of the
174 business in which the mark is used, or with that part of the good will of the business
175 connected with the use of and symbolized by the mark. Assignment shall be by instruments
176 in writing duly executed and may be recorded with the Secretary upon the payment of the
177 recording fee payable to the Secretary who, upon recording of the assignment, shall issue in
178 the name of the assignee a new certificate for the remainder of the term of the registration or
179 of the last renewal thereof. An assignment of any registration under this Act shall be void as
180 against any subsequent purchaser for valuable consideration without notice, unless it is

181 recorded with the Secretary within three months after the date thereof or prior to such
182 subsequent purchase.

183 (2) Any registrant or applicant effecting a change of the name of the person to whom the
184 mark was issued or for whom an application was filed may record a certificate of change of
185 name of the registrant or applicant with the Secretary upon the payment of the recording fee.
186 The Secretary may issue in the name of the assignee a certificate of registration of an
187 assigned application. The Secretary may issue in the name of the assignee, a new certificate
188 or registration for the remainder of the term of the registration or last renewal thereof.

189 (3) Other instruments which relate to a mark registered or application pending pursuant to
190 this Act, such as, by way of example, licenses, security interests or mortgages, may be
191 recorded in the discretion of the Secretary, provided that such instrument is in writing and
192 duly executed.

193 (4) Acknowledgement shall be prima facie evidence of the execution of an assignment or
194 other instrument and, when recorded by the Secretary, the record shall be prima facie
195 evidence of execution.

196 (5) A photocopy of any instrument referred to in Sections A, B or C, above, shall be
197 accepted for recording if it is certified by any of the parties thereto, or their successors, to be
198 a true and correct copy of the original.

199 (h) [Records] The Secretary shall keep for public examination a record of all marks
200 registered or renewed under this Act, as well as a record of all documents recorded pursuant
201 to Section 7.

202 (i) [Cancellation] The Secretary shall cancel from the register, in whole or in part:

203 (1) any registration concerning which the Secretary shall receive a voluntary request for
204 cancellation thereof from the registrant or the assignee of record;

205 (2) all registrations granted under this Act and not renewed in accordance with the
206 provisions hereof;

207 (3) any registration concerning which a court of competent jurisdiction shall find

208 (a) that the registered mark has been abandoned,

209 (b) that the registrant is not the owner of the mark,

210 (c) that the registration was granted improperly,

211 (d) that the registration was obtained fraudulently,

212 (e) that the mark is or has become the generic name for the goods or services, or a portion
213 thereof, for which it has been registered,

214 (f) that the registered mark is so similar, as to be likely to cause confusion or mistake or to
215 deceive, to a mark registered by another person in the United States Patent and Trademark
216 Office prior to the date of the filing of the application for registration by the registrant
217 hereunder, and not abandoned; provided, however, that, should the registrant prove that the
218 registrant is the owner of a concurrent registration of a mark in the United States Patent and
219 Trademark Office covering an area including this state, the registration hereunder shall not
220 be cancelled for such area of the state, or

221 (4) when a court of competent jurisdiction shall order cancellation of a registration on any
222 ground.

223 (j) [Classification] The Secretary shall by regulation establish a classification of goods and
224 services for convenience of administration of this Act, but not to limit or extend the
225 applicant's or registrant's rights, and a single application for registration of a mark may
226 include any or all goods upon which, or services with which, the mark is actually being used

227 indicating the appropriate class or classes of goods or services. When a single application
228 includes goods or services which fall within multiple classes, the Secretary may require
229 payment of a fee for each class. To the extent practical, the classification of goods and
230 services should conform to the classification adopted by the United States Patent and
231 Trademark Office.

232 (k) [Fraudulent Registration] Any person who shall for himself or herself, or on behalf of
233 any other person, procure the filing or registration of any mark in the office of the Secretary
234 under the provisions hereof, by knowingly making any false or fraudulent representation or
235 declaration, orally or in writing, or by any other fraudulent means, shall be liable to pay all
236 damages sustained in consequence of such filing or registration, to be recovered by or on
237 behalf of the party injured thereby in any court of competent jurisdiction.

238 (l) [Infringement] Subject to Section (n) herein, any person shall be subject to a civil action
239 by the owner of the registered mark, and the remedies provided herein, should that person:

240 (1) use, without the consent of the registrant, any reproduction, counterfeit, copy, or
241 colorable imitation of a mark registered under this Act in connection with the sale,
242 distribution, offering for sale, or advertising of any goods or services on or in connection
243 with which such use is likely to cause confusion or mistake or to deceive as to the source of
244 origin of such goods or services; or

245 (2) reproduce, counterfeit, copy or colorably imitate any such mark and apply such
246 reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages,
247 wrappers, receptacles, or advertisements intended to be used upon or in connection with the
248 sale or other distribution in this state of such goods or services. The registrant shall not be
249 entitled under this paragraph to recover profits or damages unless the acts have been
250 committed with knowledge that the mark is intended to be used to cause confusion or
251 mistake or to deceive.

252 (3) Knowingly facilitate, enable, or otherwise assist a person to manufacture, use, distribute,
253 display, or sell any goods or services bearing any reproduction, counterfeit, copy, or
254 colorable imitation of a mark registered under this chapter, without the consent of the
255 registrant. Any action by a person is presumed to have been taken knowingly following
256 delivery to that person by personal delivery, courier, or certified mail return receipt
257 requested, of a written demand to cease and desist that is accompanied by all of the
258 following:

259 (A) A copy of the certificate of registration and of any claimed reproduction, counterfeit,
260 copy, or colorable imitation of the registered mark.

261 (B) A statement, made under penalty of perjury, by the owner of the registered mark, by an
262 officer of the corporation that owns the registered mark, or by legal counsel for the owner of
263 the registered mark, that includes all of the following:

264 (i) The name or description of the infringer.

265 (ii) The product or service and mark being or to be infringed.

266 (iii) The dates of the infringement.

267 (iv) Any other reasonable information to assist the recipient to identify the infringer.

268 (4) The presumption created in paragraph (3) does not affect the trademark owner's burden
269 of showing that there was a violation of the trademark law.

270 (5) Paragraph (3) is applicable to a landlord or property owner who provides, rents, leases,
271 or licenses the use of real property where any goods or services bearing any reproduction,
272 counterfeit, copy, or colorable imitation of a mark registered pursuant to this chapter are

273 sold, offered for sale, or advertised, where the landlord or property owner had control of the
274 property and knew, or had reason to know, of the infringing activity.

275 (b) Notwithstanding any other provision of this chapter, the remedies given to the owner of
276 the right infringed are limited as follows:

277 (1) If an infringer or violator is engaged solely in the business of printing the mark or
278 violating matter for others and establishes that he or she was an innocent infringer or
279 innocent violator, the owner of the right infringed is entitled only to an injunction against
280 future printing of the mark by the innocent infringer or innocent violator.

281 (2) If the infringement complained of is contained in, or is part of, paid advertising matter in
282 a newspaper, magazine, or other similar periodical, or in an electronic communication as
283 defined in Title 18 U.S.C. Section 2510(12), the remedies of the owner of the right infringed
284 against the publisher or distributor of the newspaper, magazine, or other similar periodical or
285 electronic communication shall be confined to an injunction against the presentation of the
286 advertising matter in future issues of the newspapers, magazines, or other similar periodicals
287 or in further transmissions of the electronic communication. The limitation of this
288 subdivision shall apply only to innocent infringers and innocent violators.

289 (3) Injunctive relief is not available to the owner of the right infringed with respect to an
290 issue of a newspaper, magazine, or other similar periodical or electronic communication
291 containing infringing matter if restraining the dissemination of the infringing matter in any
292 particular issue of the periodical or in an electronic communication would delay the delivery
293 of the issue or transmission of the electronic communication after the regular time for
294 delivery and the delay would be due to the method by which publication and distribution of
295 the periodical or transmission of the electronic communication is customarily conducted in
296 accordance with sound business practice, and not to any method or device adopted for the
297 evasion of this section or to prevent or delay the issuance of an injunction or restraining
298 order with respect to the infringing matter.

299 (c) An innocent infringer or innocent violator is any person whose acts were committed
300 without knowledge that the mark was intended to be used to cause confusion, mistake, or to
301 deceive.

302 (6) Any person who uses or unlawfully infringes upon a mark registered under this chapter
303 or under Title 15 of the United States Code, other than in an otherwise noninfringing manner,
304 either on the person's own goods or services or to describe the person's own goods or
305 services, irrespective of whether the mark is used primarily as an ornament, decoration,
306 garnishment, or embellishment on or in products, merchandise, or goods, for the purpose of
307 enhancing the commercial value of, or selling or soliciting purchases of, products,
308 merchandise, goods, or services, without prior consent of the owner of the mark, shall be
309 subject to an injunction against that use by the owner of the mark. Nothing in this section
310 shall be construed to prohibit comparative commercial advertising.

311 (m) [Injury to Business Reputation; Dilution] The owner of a mark which is famous in this
312 state shall be entitled, subject to the principles of equity and upon such terms as the court
313 seems reasonable, to an injunction against another person's commercial use of a mark or
314 trade name, if such use begins after the mark has become famous and causes dilution of the
315 distinctive quality of the mark, and to obtain such other relief as is provided in this section.
316 In determining whether a mark is distinctive and famous, a court may consider factors such
317 as, but not limited to:

318 (1) the degree of inherent or acquired distinctiveness of the mark in this state;

319 (2) the duration and extent of use of the mark in connection with the goods and services
320 with which the mark is used;
321 (3) the duration and extent of advertising and publicity of the mark in this state;
322 (4) the geographical extent of the trading area in which the mark is used;
323 (5) the channels of trade for the goods or services with which the mark is used;
324 (6) the degree of recognition of the mark in the trading areas and channels of trade in this
325 state used by the mark's owner and the person against whom the injunction is sought;
326 (7) the nature and extent of use of the same or similar mark by third parties; and
327 (8) whether the mark is the subject of a state registration in this state, or a federal
328 registration under the Act of March 3, 1881, or under the Act of February 20, 1905, or on
329 the principal register.
330 In an action brought under this section, the owner of a famous mark shall be entitled only to
331 injunctive relief in this state, unless the person against whom the injunctive relief is sought
332 willfully intended to trade on the owner's reputation or to cause dilution of the famous mark.
333 If such willful intent is proven, the owner shall also be entitled to the remedies set forth in
334 this chapter, subject to the discretion of the court and the principles of equity. The following
335 shall not be actionable under this section:
336 (1) fair use of a famous mark by another person in comparative commercial advertising or
337 promotion to identify the competing goods or services of the owner of the famous mark.
338 (2) noncommercial use of the mark.
339 (3) all forms of news reporting and news commentary.
340 (n) [Remedies]
341 (1) Any owner of a mark registered under this chapter may proceed by suit to enjoin the
342 manufacture, use, display, or sale of any counterfeits thereof and any court of competent
343 jurisdiction may grant injunctions to restrain such manufacture, use, display, or sale as may
344 be deemed just and reasonable, and shall require the defendants to pay to the owner up to
345 three times their profits from, and up to three times all damages suffered by reason of, the
346 wrongful manufacture, use, display, or sale. If, in any action brought under this section, the
347 court determines that any goods in the possession of or services offered by a defendant bear
348 or consists of a counterfeit mark, the court shall order the destruction of any goods, labels,
349 packaging or any components bearing the counterfeit mark and all instrumentalities used in
350 the production of such counterfeit goods, including but not limited to any items, objects,
351 tools, machines or equipment or, after obliteration of the counterfeit mark, the court may
352 dispose of those materials by ordering their transfer to the State of California, a civil
353 claimant, an eleemosynary institution, or any appropriate private person other than the
354 person from whom the materials were obtained.
355 (2) The court, upon motion or ex parte application by a plaintiff in a suit to enjoin the
356 manufacture, use, display, or sale of counterfeits, may order seizure of any goods, labels,
357 packaging or any components bearing the counterfeit mark and all instrumentalities used in
358 the production of such counterfeit goods, including but not limited to any items, objects,
359 tools, machines or equipment from persons manufacturing, displaying for sale, or selling the
360 goods, upon a showing of good cause and a probability of success on the merits and upon
361 the posting of an undertaking pursuant to subdivision (5). If it appears from the ex parte
362 application that there is good reason for proceeding without notification to the defendant, the
363 court may, for good cause shown, waive the requirement of notice for the ex parte
364 proceeding. The order of seizure shall specifically set forth

365 (a) the date or dates on which the seizure is ordered to take place, (b) a description of the
366 counterfeit goods to be seized, (c) the identity of the persons or class of persons to effect
367 seizure,
368 (d) a description of the location or locations at which seizure is to occur, and (e) a hearing
369 date not more than 10 court days after the last date on which seizure is ordered at which any
370 person from whom goods are seized may appear and seek release of the seized goods. Any
371 person from whom seizure is effected shall be served with the order at the time of seizure.
372 (3) Any person who causes seizure of goods which are not counterfeits shall be liable in an
373 amount equal to the following:
374 (a) Any damages proximately caused to any person having a financial interest in the seized
375 goods by the seizure of goods which are not counterfeit.
376 (b) Costs incurred in defending against seizure of noncounterfeit goods.
377 (c) Upon a showing that the person causing the seizure to occur acted in bad faith, expenses,
378 including reasonable attorneys' fees expended in defending against the seizure of any
379 noncounterfeit or noninfringing goods.
380 (d) Punitive damages, if warranted.
381 (4) A person entitled to recover may seek a recovery pursuant to subdivision (3) by cross-
382 claim or motion made in the trial court and served pursuant to Section 1011 of the Code of
383 Civil Procedure. A person seeking a recovery pursuant to this section may join any surety
384 on an undertaking posted pursuant to subdivision (2), and any judgment of liability shall
385 bind the person liable pursuant to subdivision (3) and the surety jointly and severally, but the
386 liability of the surety shall be limited to the amount of the undertaking.
387 (5) The court shall set the amount of the undertaking required by subdivision (2) in
388 accordance with the probable recovery of damages, costs, and expenses under subdivision
389 (3) if it were ultimately determined that the goods seized were not counterfeit.
390 (6) Any person entitled to recover under subdivision (3) may, within 30 days after the date
391 of seizure, object to the undertaking on the grounds that the surety or the amount of
392 undertaking is insufficient.
393 (7) The motion or application filed pursuant to subdivision (2) shall include a statement
394 advising the person from whom the goods are seized that the undertaking has been filed;
395 informing him or her of his or her right to object to the undertaking on the grounds that the
396 surety or the amount of the undertaking is insufficient; and advising the person from whom
397 the goods are seized that such objection to the undertaking would be made within 30 days
398 after the date of seizure.
399 The enumeration of any right or remedy herein shall not affect a registrant's right to
400 prosecute under any penal law of this state.
401 (o) [Forum for Actions Regarding Registration; Service On Out of State Registrants]
402 (1) Actions to require cancellation of a mark registered pursuant to this Act or in mandamus
403 to compel registration of a mark pursuant to this Act shall be brought in the superior court.
404 In an action in mandamus, the proceeding shall be based solely upon the record before the
405 Secretary. In an action for cancellation, the Secretary shall not be made a party to the
406 proceeding but shall be notified of the filing of the complaint by the clerk of the court in
407 which it is filed and shall be given the right to intervene in the action.
408 (2) In any action brought against a non-resident registrant, service may be effected upon the
409 Secretary as agent for service of the registrant in accordance with the procedures established
410 for service upon non-resident corporations and business entities under sections 416.10 -

411 416.40 of the California Code of Civil Procedure and sections 2011, 2110 - 2111, and 2114
412 of the California Corporations Code.
413 (p) [Common Law Rights] Nothing herein shall adversely affect the rights or the
414 enforcement of rights in marks acquired in good faith at any time at common law.
415 (q) [Fees] The Secretary shall by regulation prescribe the fees payable for the various
416 applications and recording fees and for related services. Unless specified by the Secretary,
417 the fees payable herein are not refundable.
418 (r) [Severability] If any provision hereof, or the application of such provision to any person
419 or circumstance is held invalid, the remainder of this Act shall not be affected thereby.
420 (s) [Time of Taking Effect - Repeal of Prior Acts; Intent of Act] This Act shall be in force
421 and take effect after its enactment but shall not affect any suit, proceeding or appeal then
422 pending. All acts relating to marks and parts of any other acts inconsistent herewith are
423 hereby repealed on the effective date of this Act, provided that as to any application, suit,
424 proceeding or appeal, and for that purpose only, pending at the time this Act takes effect
425 such repeal shall be deemed not to be effective until final determination of said pending
426 application, suit, proceeding or appeal.
427 The intent of this Act is to provide a system of state trademark registration and protection
428 substantially consistent with the federal system of trademark registration and protection
429 under the Trademark Act of 1946, as amended. To that end, the construction given the
430 federal Act should be examined as persuasive authority for interpreting and construing this
431 Act.

(Proposed new language underlined; language to be deleted stricken)

PROPONENT: ORANGE COUNTY BAR ASSOCIATION

STATEMENT OF REASONS

Existing Law: The existing California Trademark law, codified in California Business and Professions Code, sections 14200-14340, was based on the Model State Trademark Bill (“MSTB”), first promulgated in 1949. The California statutes have subsequently been amended several times, in a haphazard fashion. The MSTB has also been amended, but in a unified fashion which reflects the input of many private and public organizations.

This Resolution: Would help bring California law into alignment with federal trademark law and the 27 other states that have adopted the most recent version of the MSTB. This is essentially the same resolution as No. 08-04-05 from 2005, which was approved by the Resolution Committee. It was withdrawn at the Conference so that it could reflect some amendments requested by additional intellectual property groups. This resolution incorporates those amendments.

The Problem: The MSTB serves as the foundation for the trademark statutes in 49 states, including California. It was drafted by the International Trademark Association (“INTA”), a not-for-profit organization of over 4,500 trademark owners and professionals that supports and fosters uniformity in state and international trademark statutes. The first version of the MSTB was distributed in 1949, and it was amended in 1992 and 1996. As part of the revision process,

INTA consulted with and incorporated suggestions made by the International Association of Corporate Administrators and the National Association of Secretaries of State.

The Proposed Bill would adopt the most current version of the MSTB. The current version of the MSTB has already been adopted in Alaska, Arizona, Arkansas, Connecticut, Hawaii, Idaho, Illinois, Iowa, Kansas, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Utah, Virginia, Washington, West Virginia, and Wyoming.

IMPACT STATEMENT

This proposed resolution does not affect any other law, statute, or rule.

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