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AN OVERVIEW OF CHANGES IN FEDERAL TRADEMARK AND COPYRIGHT LAWS:
The Trademark Law Revision Act of 1988 and

I. INTRODUCTION

The past year has been filled with much legislative activism in the area of intellectual property law. One of the apparent goals of Congress was to bring the United States into alignment with the Berne Convention of Literary and Artistic Works, commonly referred to as the Berne Convention. In pursuit of membership to the Berne Convention, Congress was required to make concessions in the existing U.S. intellectual property laws, most significantly in trademark and copyright formalities.

The following is a brief survey of two important Acts passed and signed into effect in 1988: The Trademark Law Revision Act; and The Berne Convention Implementation Act. This overview is intended to flag the practitioner to key changes in Trademark and Copyright laws, but should not replace an actual reading of the revised statutes.

II. TRADEMARK LAW REVISION ACT OF 1988

On November 16, 1988, President Reagan signed into effect the Trademark Law Revision Act of 1988. The effective date of the Act is “one year after the date of enactment of this Act,” that is November 16, 1989. Significant changes are made in the Act which affect the basic traditional approach to trademark registration in the United States. It is important that attorneys and their clients are aware of these changes, as it may affect business planning and strategy.

1. A discussion of the rights associated with the Berne Convention, and the countries currently members of the Convention is beyond the scope of this overview. It is worth mentioning, however, that of the major economic powers, the United States, Soviet Union and China are not members of the Convention.
The following presents a discussion of the key changes to the Trademark Act of 1946 which are effected by the Trademark Law Revision Act of 1988 (hereinafter "Revision Act"). The discussion is divided into four categories: (1) prospective use registration; (2) changes in duration; (3) "commercial defamation"; and, (4) miscellaneous provisions. These reflect the three major changes made by the Revision Act, with brief comments regarding other minor changes.

Absent from this discussion is an analysis of the Satellite Home Viewer Act of 1988, establishing a new Section 119 in the Copyright Act to create a temporary compulsory license for satellite carrier retransmissions to the public for private home viewing. The bill was attached to the Trademark Law Revision Act as a concession in negotiation sessions between members of the Senate.

A. Prospective Use Registration Under Section 1(B)

15 U.S.C. section 1051 is amended by the Revision Act by addition of the following language:

(b) A person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may apply to register the trademark under this Act on the principal register hereby established...

This language explicitly allows application for registration of a mark prior to actual use of the mark on goods in commerce, as required by the existing Trademark Act.

1. Legislative History

The legislative intent behind allowing prospective use registration for trademarks was stated by Congressman Moorhead in the Congressional Record for October 19, 1988:

It balances their [American businesses] need for greater certainty in the marketplace with significant safeguards against abuse. It is consistent with our obligations under the Paris Convention, and at the same time, it eliminates the advantage foreign companies enjoy in applying for U.S. trademark rights. It also replaces the commercial "sham" of token use with a reasonable, workable alternative that preserves the integrity of U.S. trademark law.
At present, businesses must actually use a trademark in commerce prior to obtaining any protection or rights under the law. Uncertainty under this system is created by the fact that expenditures must be made in advertising costs prior to obtaining any rights. Thus, if conflicts arise during the registration process, absent a mutually agreeable resolution of continued use by both contestants, one party will sustain a loss due to prerequisite advertising expenses. The revisions enacted by the 1989 Act mitigate these expenses associated with trademark rights.

2. Changes in the Application Process

An application for trademark registration under the Revision Act remains substantially the same as under the existing Act. The main change in the application process is found in the replacement of a statement of actual use of the mark in commerce with a statement of bona fide intention to use the mark in commerce.9

The Senate Report states that although a statement of intent to use a mark may be sufficient for application purposes under new Section 1(b), "[b]ona fide intent is measured by objective factors."10 The main "objective factors" expressed in the Senate Report include: (1) the number of intent-to-use applications filed per new product;11 (2) intent-to-use applications on obviously unregisterable marks (e.g. merely descriptive marks); and (3) an excessive number of intent-to-use applications filed but not used.12 The Senate expressly recognized multiple filings to cover the same goods, so long as pending intent-to-use applications are withdrawn once a mark is actually used.13

Revision Act applications under Section 1(b) undergo examination for legal sufficiency in the same manner as a Section 1(a) application based upon actual use, and a Notice of Allowance is issued for Section 1(b) applications.14 In addition, the Senate Report makes it clear that once an application is filed, the goods identified in the application may only be narrowed.15 An applicant must

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11. Since actual use is not required until six months after filing an intent-to-use trademark application, it is conceivable that an applicant may have a bona fide intention to use more than one mark on one product. The fact that an applicant cannot decide at the time of application which mark will be used, does not negate a bona fide intention to use the mark.
12. Id. at 24.
13. Id., 4988 U.S. CODE CONG. & ADMIN. NEWS 5577, 5587.
15. S. REP. No. 515 at 24, U.S. CODE CONG. & ADMIN. NEWS at 5586.
file a verified statement of actual use within six months after the date on which the notice of allowance with respect to the Section 1(b) application is issued. An automatic six-month extension of time is granted upon written request of an applicant filed within the initial six-month period. Further extensions of time, not aggregating more than 24 months, are available upon a showing of good cause. Thus, the longest possible time for filing a verified statement of actual use for a mark is 36 months from the time a Notice of Allowance issues on the Section 1(b) application.

If a verified statement of use is not filed within one year from the date of filing a Section 1(b) application, applicant’s are required to show good cause, plus a continued bona fide intention to use the mark. Absent this showing, the application is considered abandoned.

Examination of Section 1(b) applications may significantly add to the work of Trademark Examiners. For example, a Section 1(b) application is filed based on prospective use of a trademark. If the applicant decides to abandon the mark prior to the six-month time period, an Examiner may have wasted valuable time examining a moot application.

Registration on the Supplemental Register still requires actual use in commerce by the owner. The existing Act requires actual use of the mark “upon or in connection with any goods or services for the year preceding the filing of the application” for supplemental registration. Since the Supplemental Register is reserved for marks capable of functioning as a trademark for an applicant’s goods or services, but fails to satisfy the requirements of the Principal Register, retention of the actual use requirement for supplemental registration is consistent with the prospective use provisions.

3. The Effect of Filing Under Section 1(b)

Filing a trademark application under Section 1(b) constitutes constructive use of the mark, and grants a nationwide right of prior-

17. Id., 102 Stat. at 3937.
18. Id.
19. Id.
21. Pub. L. No. 100-667, § 121, 102 Stat. at 3942. See also S. REP. No. 515 at 37, U.S. CODE CONG. & ADMIN. NEWS at 5599 ("The Act’s provisions relating to intent-to-use and constructive use do not extend to supplemental register applications or registrations.").
23. Id.
The right of priority is not effective against any other person who has not abandoned the same mark and has previously either: (1) used the mark; (2) filed an application to register the mark which was not abandoned; or, (3) filed a foreign application which has not been abandoned. This language makes it clear that the U.S. is using a first-to-file system of trademark registration. It also assures an applicant's rights as against other prospective U.S. users, but not as against prospective foreign users.

Another important aspect of the Revision Act is the prohibition against assignment of Section 1(b) applications prior to filing the verified statement of use, except under narrowly defined conditions. The Senate Report states that the prohibition "is consistent with the principle that a mark may be validly assigned only with the business or goodwill attached to the use of the mark and will discourage trafficking in marks." If prospective rights to a mark are being recognized by the Revision Act, the legislature is taking it away by this language. Thus, if a business is sold while a Section 1(b) application is pending, prospective rights cannot be included as part of the business. The application must either go abandoned by the original applicant and refiled by the business purchaser, or separate provisions must be included in the purchase contract for the continued prosecution and post-prosecution transfer of rights to the mark.

If the parties have "improperly evaded the prohibition on assignments," the certificate of registration may be voided. Although statutory provisions for voiding such registrations was not included in the final version of the Revision Act, it may be wise to use and file a statement of use prior to entering into any assignment for a mark.

The perception of foreign companies having an edge on U.S. companies by virtue of prospective use filing in other countries is perpetuated by Mr. Moorhead's statement. Foreign countries, such as Japan, which do not require actual use of marks in commerce prior to registration, can apply for registration of popular U.S. marks, such as Coca-Cola, in their home country. This effectively precludes U.S. companies from using their mark on an international basis without obtaining licenses for use of their own name.

25. Id.
29. See supra note 8.
abroad. By joining the countries which allow prospective use trademark filings, U.S. companies not only have a means by which they can assure that a mark is not used abroad prior to their own entry into the marketplace, but also have a retaliatory tool against foreign companies. Shrewd trademark counsel will insist on filing for concurrent international trademark registration for their clients.

While the actual use requirement for trademark protection under the existing U.S. laws has led to the practice of “sham” commercial use of marks for purposes of registration, a move from actual use to bona fide intent to use merely seems to replace one “sham” for another. There are no express sanction provisions for registration without actual use, however, safeguards for abuse are found in the Revision Act. Although proposals to include a definition of “bona fide” restrictions on the number of contemporaneous applications were rejected, the Senate looked to other means for deterring abuse of the intent-to-use system. Two such deterrence means include a prohibition against assignments of intent-to-use applications, and a provision for cancellation of registrations based on fraud, with an award of damages “to anyone who is damaged by a fraudulent registration.”

B. Duration of Registration

The term of trademark registration has been reduced by fifty percent — from twenty years under the 1976 Act, to ten years under the Revision Act. A Section 8 affidavit is still required prior to the expiration of the sixth year of registration. The affidavit must recite the goods or services to which the mark is applied in commerce, along with the additional requirement that a specimen or facsimile showing current use of the mark accompany the affidavit. The requirement under the Revision Act is more stringent than under the 1976 Act in that a Section 8 affidavit will require that the owner state which goods or services originally recited in the registration continue to bear the registered mark. Previously, an owner merely needed to show “that said mark is still in use.”

Registration may be renewed for ten year periods of time.

34. Id.
The legislative intent behind the shortened registration term is stated by Congressman Kastenmeier during the House meeting, to "free up otherwise unavailable marks." More clearly stated by Mr. Moorhead at the same hearing, the reduction of term of registration from twenty to ten years is to "eliminate 'deadwood' trademarks from the register" by increasing the burden, primarily financial, upon the trademark owner.

Mr. Moorhead commented that "[the renewal requirement] increases the requirements trademark owners must meet in order to maintain their rights and it strengthens the Lanham Act's definition of use in commerce." While there are few who would dispute the first part of Mr. Moorhead's statement, the latter part is less comprehensible. Requiring a trademark owner to pay fees twice as often under the Revision Act as under the 1976 Act does not diminish the use of a trademark, but merely the willingness to maintain registration. Trademark owners must now not only be diligent, but wealthy.

C. Commercial Defamation

In addition to a cause of action for false designation of origin of goods or services, a second cause of action is added to 15 U.S.C. section 1125 under the Revision Act for misrepresentation of another's goods:

(a) Any person who, on or in connection with any goods or services, . . . uses in commerce any . . . false or misleading description of fact, or false or misleading representation of fact, which

(2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Two major issues are worth noting at this point: (1) standing appears to be given to consumers, as well as to trademark owners; and, (2) the cause of action is limited to commercial activities. Each will be discussed further below.

38. 36 Pat. Trademark & Copyright J. (BNA) 759 (Oct. 27, 1988).
39. Id. at 762.
40. Id.
1. Standing

The use of the broad term "any person" indicates that the causes of action for both false designation of goods and misrepresentation of fact grant standing to consumers in addition to trademark owners. However, a provision expressly granting consumers standing was eliminated from the bill. Applying principles of statutory analysis, such a deliberate omission of this language would seem to imply that consumers were not intended to have standing under the Revision Act. However, the legislative history carefully refutes this assumption.

In the comment to the Revision Act it is stated, "The plain meaning of the statute already includes consumers, since it grants any 'person' the right to sue." Mr. Kastenmeier's statements confirm this reading:

I continue to believe that consumers already have standing to sue under current law, and that the provision that was deleted [expressly granting standing to consumers] only clarified that law.

The Senate Report contains language that the amendment codifies the "interpretation [Section 1125(a)] has been given by the courts." Thus, it may be concluded that consumers have the same standing to sue under 15 U.S.C. section 1125 under the Revision Act as they did under the 1976 Act.

2. Limitation to Commercial Speech

The language added to 15 U.S.C. section 1125 is carefully and expressly limited to false and misleading statements of fact in commercial speech. The comments accompanying the Revision Act are instructive as to this limitation.

The drafters of the Revision Act foresaw legitimate constitutional issues arising from the creation of a cause of action in commercial defamation. The need to narrowly construe the action to commercial speech follows in light of the first amendment cases of Central Hudson Gas & Electric Corp. v. Public Service Commission of New York, Virginia State Board of Pharmacy v. Virginia Citizens Consumers Council, and Gertz v. Robert Welch, Inc. as well

42. 36 Pat. Trademark & Copyright J. (BNA) 760 (Oct. 27, 1988).
43. Id.
44. Id. at 759.
45. S. REP. No. 515 at 40, U.S. CODE CONG. & ADMIN. NEWS at 5603.
47. 425 U.S. 748 (1976).
as *New York Times v. Sullivan.* Following *Gertz*, the drafters limited the misstatements under this section to misstatements of *fact*. Political advertising and promotion is specifically not covered by this Revision Act.

As a final point of clarification, the comment states:

Nor should it be read to change the standards in current law with respect to comparative advertising, which assists consumers in choosing among various competing products. The section is narrowly drafted to encompass only clearly false and misleading commercial speech.

Clearly, the legislature does not want to see the Trademark Act, or any part of it, struck down on Constitutional grounds.

15 U.S.C. section 114(2) explicitly protects "innocent" disseminators of offending materials, for example, newspapers, magazines, broadcasters, and other media, including electronic media from civil liability under 15 U.S.C. section 1125(a). These exempted classes are consistent with first amendment rights under the Constitution, in assuring no restrictions on political speech or dissemination of information concerning products.

D. Miscellaneous Provisions

The following minor amendments to the 1976 Act are placed in effect by the Revision Act:

1. There will no longer be a separate register for service marks. This does not, however, mean that service marks will not be registrable, only that they will be included on the Principle and Supplemental Registers.

2. In the same manner as with service marks, there will no longer be a separate register for collective and certification marks.

3. If a registered mark becomes generic as to some, but not all, goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. Under this section, an entire mark is not removed from registration, but trademark rights remain only in those goods for which the mark has not become generic.

4. In certain administrative proceedings, final judgments in

50. 36 Pat. Trademark & Copyright J. (BNA) 760 (Oct. 27, 1988).
proceedings involving Section 1(b) applications may be suspended pending actual use of a mark and registration of a trademark.\textsuperscript{55}

E. Conclusion

As a whole, the Revision Act brings the United States trademark registration system in line with most other developed countries. By going to a first-to-file system, the trademark attorney is put under more pressure to process federal trademark applications through the office. Due diligence by the attorney, as well as rapid public education regarding rights in trademarks, is necessary to assure that the effects of the Revision Act do not result in further handicapping U.S. businesses.

Reduction of the trademark term increases the workload on trademark attorneys, and generates substantial additional income for the Patent and Trademark Office. Whether this shortened duration will, in fact, reduce the confusion over competing marks is uncertain. Trademarks should not become a commodity that only large businesses can afford. Efforts to clean out the Trademark Office register should maintain the rights of small businesses and individuals who are entitled to the same protection of their goodwill and fruits of their labor as major businesses.

III. THE BERNE CONVENTION IMPLEMENTATION ACT OF 1988

On October 31, 1988, President Reagan signed into law the Berne Convention Implementation Act of 1988 (hereinafter the Berne Act)\textsuperscript{56} effective March 1, 1989. The most significant modifications to the existing Copyright Act are to the notice and registration requirements. These two major changes will be discussed, as well as other minor revisions to the Copyright Act, below.

The Berne Act was implemented in order to bring U.S. copyright law in line with the Berne Convention, an international agreement which set uniform requirements for copyright protection among many industrialized nations.\textsuperscript{57} By implementing the Berne Act, the U.S. is now a member of the Berne Convention. Becoming a member of the Convention was considered an important step in increasing trade among member nations and assuring U.S. partici-


\textsuperscript{57} A. LATMAN, R. GORMAN & J. GINSBURG, COPYRIGHT FOR THE EIGHTIES, 298 (1985).
A. Notice Requirements of Sections 401 and 402

The two major changes in the notice requirements are (1) lifting the mandatory notice requirements on individual copies and phonorecords of copyrighted works; and (2) strengthening the evidentiary weight of such a notice if a copyright owner chooses to provide one.

17 U.S.C. section 401 sets forth the notice requirements for visually perceptible copies. Prior to the Berne Act, Section 401(a) read:

Whenever a work protected under this title is published in the United States or elsewhere by authority of the copyright owner, a notice of copyright as provided by this section shall be placed on publicly distributed copies from which the work can be visually perceived, either directly or with the aid of a machine or device.59

The Berne Act replaced the mandatory language “shall” in Section 401(a) with the permissive language “may.”60 Thus, a copyright owner who publishes a work protected under Title 17 is no longer required to place a notice on each copy of the work publicly distributed after March 1, 1989. However, a prudent copyright owner may choose to place a notice on each copy of the work despite the amendment. As discussed below, providing the optional notice may afford an owner the maximum copyright protection under Title 17.

Section 401(b) addresses the form of the notice on the copies, and has also been modified by the Berne Act. Section 401(b) now reads, in part, “If a notice appears on the copies it shall consist of the following. . .” (emphasis added).61

Modifications of Section 401 also apply to the provisions of Section 402 which set forth the notice requirements for phonorecords and sound recordings. As in Section 401, the general provisions of Section 402(a) have been modified to replace the word “shall” with the word “may,” and the form of notice provisions of Section 402(b) have been modified to state, “If a notice

appears...”  

1. Evidentiary Weight of Notice

To encourage copyright owners to provide notices on their copies, the Berne Act added Section 401(d), which states:

Evidentiary Weight of Notice.— If a notice of copyright in the form and position specified by this section appears on the published copy or copies to which a defendant in a copyright infringement suit had access, then no weight shall be given to such a defendant’s interposition of a defense based on innocent infringement in mitigation of actual or statutory damages, except as provided in the last sentence of section 504(c)(2).  

Thus, under Section 401(d) a copyright owner who places a notice on publicly distributed copies has the added benefit of precluding any potential infringer from defending on grounds of innocent infringement. Consequently, the mere existence of a notice precludes any possibility of innocent infringement as a means of reducing a damage award.

The presumption against innocent infringement in notice situations is limited by the last sentence of Section 504(c)(2), which addresses damage remedies for infringement. This section remains substantially unchanged by the Berne Act:

The court shall remit statutory damages in any case where an infringer believed and had reasonable grounds for believing that his or her use of the copyrighted work was a fair use under section 107, if the infringer was: (i) an employee or agent of a non-profit educational institution, library, or archives acting within the scope of his or her employment who, or such institution library or archives itself, which infringed by reproducing the work in copies or phonorecords; or (ii) a public broadcasting entity which or a person who, as a regular part of the nonprofit activities of a public broadcasting entity (as defined by subsection (g) of section 118) infringed by performing a published nondramatic literary work or by reproducing a transmission program embodying a performance of such a work.

Fair use under Section 107 allows the use of a copyrighted work for the purposes of “criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship

or research.” Thus, Section 401(d) does not remove an innocent infringement defense from those who qualify as “fair users” under Section 107. The provisions of Section 401(d) have also been added to the notice provisions for phonorecords and sound recordings.

2. Notice Requirements of U.S. Government Works Under Section 403

Changes in the evidentiary weight of notice also affect Section 403, which addresses the notice requirements for publications incorporating United States government works. The Berne Act completely rewrites Section 403 to read:

Sections 401(d) and 402(d) shall not apply to a work published in copies or phonorecords consisting predominantly of one or more works of the United States government unless the notice of copyright appearing on the published copies or phonorecords to which a defendant in a copyright infringement suit had access includes a statement identifying, either affirmatively or negatively, those portions of the copies or phonorecords embodying any work or works protected under this title.

Thus, under Section 403 an infringer of a work which is predominantly made up of U.S. Government works retains the innocent infringement defense notwithstanding the provisions of Sections 401(d) and 402(d). An infringer is only stripped of this defense when the notice accompanying those works identifies those portions of the work privately copyrighted under Title 17.

B. Copyright Registration Under Section 408

Under the 1976 Copyright Act, “no action for infringement of the copyright in any work shall be instituted until registration of the copyright claim has been made.” The Berne Act revised the language to create an exception to the registration requirement for “Berne Convention works whose country of origin is not the United States.” Thus, the registration requirement is not eliminated.

The Berne Act does not affect the current law regarding criminal

70. See Strauss, Don’t Be Burned by the Berne Convention, 14 NEW MATTER 1, (Spring, 1989) (discussing this “two-tiered” registration requirement and its effects).
enforcement of copyright.\textsuperscript{71}

C. Conclusion

A practitioner should be aware of two major changes in U.S. Copyright law: (1) notice on publicly distributed copies is no longer required; and (2) registration prior to filing an infringement action is no longer required.

Although the notice requirement has been dropped from the statutory language, the presumption given for copies carrying notice, and the mere softening of the language, should make a practitioner wary of advising a client to ignore notice. Notice on publicly distributed goods will not only give an author an edge in an infringement action, but will also provide protection from infringement occurring in non-Berne Convention countries.

Finally, although the registration requirement language is amended to provide an exception to foreign-nationals, it is still a requirement for: (1) works published by U.S. national authors; (2) works first published in the U.S.; and (3) works published by non-Berne Convention authors (e.g., Soviet Union or People's Republic of China).\textsuperscript{72} A practitioner should review the work carefully before proceeding in a copyright infringement action to ascertain whether or not registration is a prerequisite to a U.S. suit.

IV. CONCLUSION

1988 was an exciting year for intellectual property practice. The new Trademark Law is expected to dramatically change the nature of the trademark attorney's practice. The amended Copyright Law will have less dramatic consequences, at least until the first infringement case in which there was no notice on publicly distributed copies of the infringed work. As the transfer of technology becomes more important to the economies of each country, such legislative action is necessary and commendable.

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\textsuperscript{71} S. REP. NO. 352, U.S. CODE CONG. & ADMIN. NEWS at 3743 (there is no registration requirement for criminal copyright).

\textsuperscript{72} See Strauss, supra note 69.