

1 HOUSE BILL NO. 544

2 INTRODUCED BY K. SULLIVAN

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING TRADEMARK LAW AND PROCEDURE;
5 PROVIDING PROCEDURE TO CONTEST A REGISTRATION; REVISING REGISTRABILITY CRITERIA AND
6 REQUIREMENTS; REVISING DEFINITIONS; AND AMENDING SECTIONS 30-13-301, 30-13-303, AND 30-
7 13-311, MCA."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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11 NEW SECTION. **Section 1. Contest of registration of trademark -- penalty.** (1) A person doing
12 business in this state may contest the registration of a trademark under this section with the office of the
13 secretary of state by filing an acknowledged notice of contest with the secretary of state and sending a copy of
14 the notice of contest to the person who registered the contested trademark. The notice of contest must set forth
15 grounds on which the petitioner believes that the petitioner would be damaged by the registration of a mark.
16 The notice to the secretary of state must be accompanied by a \$200 fee, of which \$100 must be a deposit that
17 the secretary of state shall award to the prevailing party in the contest.

18 (2) On receipt of a notice of contest, the secretary of state shall ask each party to the contest to
19 submit within 30 days:

20 (a) an affidavit setting forth the facts; and

21 (b) a supporting brief with opinions and arguments for or against the retention of the contested
22 trademark in the records of the secretary of state.

23 (3) The secretary of state shall review any affidavits and briefs and shall make a decision or order a
24 hearing to be held within 30 days. If a hearing is ordered, the parties shall meet, either by telephone or in
25 person, with the secretary of state before the hearing and attempt to settle the contest. If a settlement is not
26 reached, the secretary of state shall hold a hearing, either by telephone or in person. At the hearing the
27 secretary of state may consider evidence presented by the parties relating to the factual or legal issues raised
28 by the contest. A record of the hearing is not required. When consistent with this section, the informal

1 procedures of the Montana Administrative Procedure Act apply.

2 (4) The secretary of state may order that the contested trademark registration be denied or changed
3 on the records of the secretary of state if it is likely that the contested trademark as registered will cause
4 confusion, mistake, or deception among the public when applied to the goods or services provided by the
5 registration holder. In determining whether confusion, mistake, or deception is likely, the secretary of state shall
6 consider any evidence presented on the following subjects:

7 (a) the similarity or dissimilarity of the marks in their entirety as to appearance, sound, connotation,
8 and commercial impression;

9 (b) the similarity or dissimilarity and nature of the goods or services as described in an application or
10 registration or in connection with which a prior mark is in use;

11 (c) the similarity or dissimilarity of established, likely to continue trade channels;

12 (d) the conditions under which, and buyers to whom sales are made. This may include impulsive
13 versus careful, sophisticated purchasing.

14 (e) the fame of the prior mark, including advertising and length of use;

15 (f) the number and nature of similar marks in use on similar goods;

16 (g) the nature and extent of any actual confusion;

17 (h) the length of time during, and conditions under which there has been concurrent use without
18 evidence of actual confusion;

19 (i) the variety of goods on which a mark is or is not used, such as a house mark, family mark, or
20 product mark; and

21 (j) the market interface between an applicant and the owner of a prior mark.

22 (5) The secretary of state shall issue a decision in writing for one of the parties within 20 days of the
23 hearing and may order that the contested trademark registration be cancelled or changed, including by
24 modification of goods or services. If the order is to change the registration, then the records of the secretary of
25 state and the relevant documents must be amended by the secretary of state in a manner that results in a new
26 trademark registration that is distinguishable on the record from another mark registered with the office of the
27 secretary of state.

28 (6) If a mark was adopted in bad faith, the secretary of state may order that the losing party pay any

1 attorney fees and costs incurred by the prevailing party to contest the trademark or by the secretary of state to
2 administer the provisions of this section, including any hearings.

3 (7) A party may appeal the decision of the secretary of state to the district court within 20 days of the
4 issuance of the written decision. The district court shall consider the factual and legal issues without reference
5 to the decision of the secretary of state.

6 (8) (a) A person who registers a trademark under this part with the intent to deceive or harass
7 another person doing legitimate business under the laws of this state is subject to a penalty of \$1,000 in a civil
8 action brought by a county attorney in the district court with jurisdiction for the county.

9 (b) A penalty collected pursuant to subsection (8)(a) must be deposited in the county general fund.
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10

11 **Section 2.** Section 30-13-301, MCA, is amended to read:

12 **"30-13-301. Definitions.** In this part, unless the context requires otherwise, the following definitions
13 apply:

14 (1) "Abandoned" with respect to a mark, means the occurrence of either of the following:

15 (a) when a mark's use has been discontinued with intent not to resume use. Intent not to resume may
16 be inferred from circumstances. Nonuse for 2 consecutive years constitutes prima facie evidence of
17 abandonment.

18 (b) when any course of conduct of the owner, including acts of omission as well as commission,
19 causes the mark to lose its significance as a mark.

20 (2) "Applicant" means the person filing an application for registration of a mark under this part or the
21 person's legal representatives, successors, or assigns.

22 (3) "Counterfeit mark" means a spurious mark:

23 (a) that is applied to or used in connection with any goods, services, labels, patches, fabric, stickers,
24 wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation,
25 packaging, or any other components of any type or nature that are designed, marketed, or otherwise intended
26 to be used on or in connection with any goods or services;

27 (b) that is identical with or substantially indistinguishable from a mark that is in use and is registered in
28 this state or any other state or on the principal register in the United States patent and trademark office,

1 whether or not the person employing the mark knew the mark was registered; and

2 (c) the application or use of which is:

3 (i) likely to deceive or cause confusion or mistake; or

4 (ii) otherwise intended to be used on or in connection with the goods or services for which a registered
5 mark is registered.

6 (4) "Counterfeiter" means a person employing a counterfeit mark.

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

9 (a) competition between the owner of the famous mark and other parties; or

10 (b) likelihood of confusion, mistake, or deception.

11 (6) "Mark" means any trademark or service mark entitled to registration under this part whether
12 registered or not.

13 (7) "Person" means any individual, firm, partnership, limited liability company, corporation,
14 association, union, or other organization capable of suing and being sued in a court of law.

15 (8) "Registrant" means the person to whom the registration of a mark under this part is issued or the
16 person's legal representatives, successors, or assigns.

17 (9) "Retail value" means:

18 (a) the counterfeiter's regular selling price for goods or services unless the goods or services bearing
19 a counterfeit mark or the items and components described in subsection (9)(b) would appear to a reasonably
20 prudent person to be authentic, in which case the retail value is the price of the authentic counterpart; or

21 (b) in the case of items bearing a counterfeit mark that are components of a finished product and in
22 the case of labels, patches, fabric, stickers, wrappers, badges, emblems, medallions, charms, boxes,
23 containers, cans, cases, hangtags, documentation, packaging, or any other components of any type or nature
24 that are designed, marketed, or otherwise intended to be used on or in connection with any goods or services,
25 the counterfeiter's regular selling price of the finished product on or in which the items or component would be
26 utilized.

27 (10) "Service mark" means any word, name, symbol, or device or any combination of words, names,
28 symbols, or devices used by a person to identify and distinguish the services of one person, including a unique

1 service, from the services of others and to indicate the source of the services, even if that source is unknown.
 2 Titles, character names used by a person, and other distinctive features of radio or television programs may be
 3 registered as service marks notwithstanding that they or the programs may advertise the goods of the sponsor.

4 (11) "Specimen" means an example or demonstration of a mark placed into use in connection with the
 5 identified goods or services in commerce. A photocopy or other reproduction of a mark as used in connection
 6 with the goods or services is acceptable.

7 ~~(11)~~(12) "Trade name" means any name used by a person to identify a business or vocation of that
 8 person.

9 ~~(12)~~(13) "Trademark" means any word, name, symbol, device, or any combination of words, names,
 10 symbols, or devices used by a person to identify and distinguish the goods of that person, including a unique
 11 product, from those manufactured or sold by others and to indicate the source of the goods, even if that source
 12 is unknown.

13 ~~(13)~~(14) "Use" means the bona fide use of a mark in the ordinary course of trade and not a use merely
 14 to reserve a right in a mark. For the purposes of this part, a mark is considered to be in use:

15 (a) on goods when:

16 (i) it is placed in any manner on the goods or other containers or the displays associated with the
 17 goods or on the tags or labels affixed to the goods; ~~or~~

18 (ii) if the nature of the goods makes placement on the goods or containers impracticable, it is placed
 19 on documents associated with the goods or their sale, or there is a prominent display of the mark in close
 20 proximity to the point of sale for the goods; ~~and~~ or

21 (iii) the goods are sold or transported in commerce in this state; and

22 (b) on services when it is used or displayed in association with the sale or advertising of services,

23 such as:

24 (i) when it is placed on an invoice evidencing payment for services rendered;

25 (ii) when it is placed on a storefront sign;

26 (iii) if the nature of the services makes the placement on an invoice or sign impracticable, then when it
 27 is placed on an advertisement, menu, or similar offer of services, which includes detail of services, contact
 28 information, and pricing; and

1 (iv) the services are rendered in this state."

2

3 **Section 3.** Section 30-13-303, MCA, is amended to read:

4 "**30-13-303. Registrability.** (1) A mark by which the goods or services of any applicant for registration
5 may be distinguished from the goods or services of others may not be registered if it:

6 ~~(a) consists of or comprises immoral, deceptive, or scandalous matter;~~

7 ~~(b)~~(a) consists of or comprises matter that may disparage or falsely suggest a connection with
8 persons, living or dead, or institutions, beliefs, or national symbols or bring them into contempt or disrepute;

9 ~~(c)~~(b) consists of or comprises the flag or coat of arms or other insignia of the United States, of any
10 state or municipality, or of any foreign nation or any simulation of the flag or coat of arms of any of the
11 enumerated entities;

12 ~~(d)~~(c) consists of or comprises the name, signature, or portrait of any living individual, except with the
13 individual's written consent;

14 ~~(e)~~(d) consists of a mark that:

15 (i) when used on or in connection with the goods or services of the applicant, is merely descriptive or
16 deceptively misdescriptive of them;

17 (ii) when used on or in connection with the goods or services of the applicant, is primarily
18 geographically descriptive or deceptively misdescriptive of them; or

19 (iii) is primarily merely a surname; or

20 ~~(f)~~(e) consists of or comprises a mark that so resembles a mark registered in this state or a mark or
21 trade name previously used in this state by another and not abandoned as to be likely, when applied to the
22 goods or services of the applicant, to cause confusion or mistake or to deceive.

23 (2) Subsection ~~(1)(e)~~ (1)(d) does not prevent the registration of a mark used in this state by the
24 applicant that has become distinctive of the applicant's goods or services. The secretary of state may accept as
25 evidence that the mark has become distinctive, as used on or in connection with the applicant's goods or
26 services, ~~proof of continuous use of the mark or service mark~~ a verified statement or affidavit from the applicant
27 that the mark or service mark has been in substantially exclusive and continuous use as a mark by the
28 applicant in this state or elsewhere for the 5 years before the date on which the claim of distinctiveness is

1 made.

2 (3) In determining registrability, the secretary of state shall conduct a trademark search and may not
3 conduct a trade name or business name search.

4 (4) If a mark is denied registration due to similarity with another mark, the applicant may present the
5 secretary of state with a signed agreement from the prior registrant providing the prior registrant's consent to
6 the registration of the mark with the secretary of state."

7

8 **Section 4.** Section 30-13-311, MCA, is amended to read:

9 **"30-13-311. Application for registration.** (1) Subject to the limitations set forth in this part, a person
10 who uses a mark may file in the office of the secretary of state, on a form to be furnished by the secretary of
11 state, an application for registration of that mark setting forth information including but not limited to the
12 following:

13 (a) the name and business address of the person applying for registration and:

14 (i) if a corporation, the state of incorporation;

15 (ii) if a limited liability company, the state of organization;

16 (iii) if a partnership, the state in which the partnership is organized and the names of the general
17 partners, as specified by the secretary of state;

18 (b) the goods or services on or in connection with which the mark is ~~used~~ in use as defined in 30-13-
19 301(14), and the mode or manner in which the mark is used on or in connection with the goods or services and
20 the class in which the goods or services fall;

21 (c) the date when the mark was first used anywhere and the date when it was first used in this state
22 by the applicant or a predecessor in business; and

23 (d) a statement that the applicant is the owner of the mark, that the mark is in use, and that, to the
24 knowledge of the person verifying the application, no other person has registered the mark, either federally or in
25 this state, or has the right to use the mark either in the identical form or in a form that so nearly resembles the
26 mark as to be likely, when applied to the goods or services of the other person, to cause confusion, to cause
27 mistake, or to deceive.

28 (2) The secretary of state may require a statement as to whether an application to register the mark or

1 portions or a composite of the mark has been filed by the applicant or a predecessor in interest in the United
2 States patent and trademark office. If an application has been filed, the applicant shall provide complete
3 information with respect to that filing, including the filing date and serial number of each application, the status
4 of each application, and if any application was finally refused registration or has otherwise not resulted in a
5 registration, the reasons for nonregistration.

6 (3) The secretary of state may require that an application for any mark that includes a design element
7 be accompanied by a drawing of the mark, complying with requirements that the secretary of state may specify,
8 accompany the application.

9 (4) The application must be signed and verified by the applicant or a member of the firm or limited
10 liability company or an officer of the corporation or association applying.

11 (5) The application must be accompanied by ~~three specimens~~ a specimen showing the mark as
12 actually ~~used~~ in use, as defined in 30-13-301(14).

13 (6) The application for registration must be accompanied by a filing fee as provided for in 30-13-320."
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15 NEW SECTION. Section 5. Codification instruction. [Section 1] is intended to be codified as an
16 integral part of Title 30, chapter 13, and the provisions of Title 30, chapter 13, apply to [section 1].

17 - END -