REPORT

[To accompany S. 1002]

The Committee on the Judiciary to which was referred the bill (S. 1002), to amend the Lanham Act to improve certain provisions relating to concurrent registrations, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

I. PURPOSE

The purpose of the proposed legislation is to amend section 1052(d) of title 15, United States Code, known as the Lanham Act, to improve certain provisions relating to concurrent registrations. The bill would correct an anomaly in the Federal laws governing trademarks by permitting the Patent and Trademark Commissioner to accept applications for concurrent registrations where the first filing party consents to such registration.

II. STATEMENT

The anomaly which this bill is designed to address is best illustrated by way of an actual example. In late 1982, Associates First Capital Corporation, a wholly--owned subsidiary of Gulf & Western Industries proposed the mark "Equity Express" in connection with a loan service for homeowners. An independent professional search as of December 13, 1982, disclosed no conflicting prior uses of that particular trademark. In fact, however, Washington Mutual Savings Bank of Seattle, Washington, had adopted the same mark for similar services on October 18, 1982, but its pending application was

apparently not available in the records as of the date of the search. Upon discovery of their dual use of the mark, the two users entered into an agreement that acknowledged Washington Mutual's exclusive rights in four states and Associates' exclusive rights in 46 states.

While Associates' right to continued use of the mark is clear, an anomaly in the Lanham Act precluded Associates from obtaining a Federal concurrent use registration to protect its rights by foreclosing subsequent use by others in the states where Associates is clearly the first user. This is not withstanding the fact that the Lanham Act expressly provides for, and indeed encourages, concurrent use registration.

Under *15 U.S.C. 1052*(d), a concurrent use registration may be granted in the discretion of the Patent and Trademark Commissioner in two situations. First, it may be granted if both parties use the mark before the first filing date. Second, such a registration may be granted if a court determines that more than one party is entitled to use. In Associates' case, or in the case of any similarly situated party, neither provision technically affords relief. Associates' lawful use of the mark occurred after Washington's filing date, but before anyone could reasonably have known of its filing and before its registration date. No court order is possible because the parties' amicable resolution of their differences means there is no case or controversy which could form the basis for a suit.

The Patent and Trademark Office has acknowledged that this anomaly exists in the law. That Office has indicated that it does not oppose this narrowly--worded change in the Lanham Act.

The proposed legislation would permit the Patent and Trademark Commissioner to grant concurrent registrations where the first filing party consents to such registration. As with any concurrent registration, the Commissioner would be required to determine that confusion or deception would not be likely to result and would be authorized to impose conditions relating to the mode or place of use of the mark to prevent such confusion or deception.

The language of S. 1002 presents no antitrust problem. Instead of limiting competition, it serves to promote alternative business efforts by making a given trademark available for registration to more than one user. The use of the concurrently--registered trademark will be under limitations imposed by the Commissioner that not only ensure that consumers are not confused in areas where they do not compete, but that others could not engage in deception by using the same mark in other areas. The amendment does not provide any immunity under the antitrust laws. Accordingly, if an agreement for concurrent use, pursuant to this provision, injured competition, the United States or other plaintiffs entitled to use under the

antitrust laws could bring suit to prevent any injury to competition and to obtain any other appropriate relief.

III. HISTORY OF THE LEGISLATION

During the last days of the 98th Congress, Senator Charles McC. Mathias (R--Md.) offered an amendment to H.R. 6286,n1 part of which was at the request of Senate Judiciary Committee Chairman Strom Thurmond (R.S.C.), designed to avoid the problem created by the present language in the Lanham Act, as illustrated by the plight of Associates First

Capital Corporation. The amendment was adopted by the Senate by voice vote, without objection,n2 but was rejected by the House of Representatives as non--germane.n3

Thereafter, in the 99th Congress, on April 25, 1985, Judiciary Committee Chairman Strom Thurmond, reintroduced the language of the amendment as S. 1002, which was read twice and referred to the Committee on the Judiciary.

The bill was subsequently referred to the Subcommittee on Patents, Copyrights and Trademarks. On July 12, 1985, the Subcommittee, having approved the measure, was discharged from further consideration of the bill. S. 1002 was unanimously approved by the full Judiciary Committee on September 12, 1985.

IV. COMMITTEE ACTION

On September 12, 1985, with a quorum present, by voice vote and without objection heard, the Committee on the Judiciary ordered S. 1002 favorably reported without amendment.

V. REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(a), rule XXVI of the Standing Rules of the Senate, it is hereby stated that the Committee anticipates that the bill will have no additional regulatory impact. After due consideration, the Committee concluded that the changes in existing law contained in the bill will not increase or diminish any present regulatory responsibilities of the U.S. Department of Commerce or any other department or agency affected by the legislation.

VI. COST OF LEGISLATION

In accordance with paragraph 11(a), rule XXVI of the Standing Rules of the Senate, the Committee offers the following report of the Congressional Budget Office:

U.S. CONGRESS, CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 1, 1985.
Hon. STROM THURMOND,
Chairman, Committee on the Judiciary, U.S. Senate,
Dirksen Senate Office Building, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed S. 1002, a bill to amend the Lanham Act to improve certain provisions relating to concurrent registrations, as ordered reported by the Senate Committee on the Judiciary, September 12, 1985. We estimate that enactment of this bill would result in no net cost to the federal government.

S. 1002 would waive a restriction for filing a concurrent use trademark application. According to the Patent and Trademark

[4]
Office (PTO), the number of applications for concurrent trademark registrations is not expected to increase significantly as a result of this provision. The cost to PTO for processing any additional trademark registrations would be offset by application fees, resulting in no net cost to the federal government.

No costs would be incurred by state or local governments as a result of enactment of this bill.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

RUDOLPH G. PENNER.

VII. CHANGES IN EXISTING LAW

In compliance with paragraph 12, rule XXVI of the Standing Rules of the Senate, changes in existing law made by S. 1002, as reported, are shown as follows (new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

UNITED STATES CODE ANNOTATED,TITLE 15----COMMERCE AND TRADE

****

CHAPTER 22----TRADEMARKS

Subchapter I----Principal Register

SECTION 1051, 1052 APPEAR IN THIS VOLUME

Sec.

****

§1052. Trademarks registrable on principal register; concurrent registration

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it--

(a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.

*****

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office or a mark or trade name previously used in the United States by another and not **[5]** abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: *Provided*, That when the Commissioner determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (i) the earliest of the filing dates of the applications pending or of any registration issued under this chapter; or (ii) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (iii) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. *Use prior to any filing date of a pending application or registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant.* Concurrent registrations may also be issued by the Commissioner when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing

concurrent registrations, the Commissioners shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods in connection with which such mark is registered to the respective persons.

100TH CONGRESS 1ST SESSION

To amend the Act entitled "An Act to provide for the registration and protection of trade--marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes."

IN THE SENATE OF THE UNITED STATES NOVEMBER 19, 1987

Mr. DECONCINI introduced the following bill; which was read twice and referred to the Committee on the Judiciary

FOOTNOTES:

(n1) Footnote 1. H.R.6286, 98th Cong., 2nd Sess., 130 Cong. Rec. H9936 (daily ed. September 20, 1984).

(n2) Footnote 2. 130 Cong. Rec. S14248--S14250 (daily ed. October 11, 1984). (n3) Footnote 3. 130 Cong. Rec. H12231--H12232 (daily ed. October 11, 1984).