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HOUSE BILL NO. 264

Offered January 15, 1998

A *BILL to amend the Code of Virginia by adding in Title 59.1 a chapter numbered 6.1, consisting of sections numbered 59.1-92.1 through 59.1-92.20, and to repeal Chapter 6 (§§ 59.1-77 through 59.1-92) of Title 59.1 of the Code of Virginia, relating to trademarks; penalties.*

Patrons—Clement, May and Plum

Referred to Committee on Corporations, Insurance and Banking

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 59.1 a chapter numbered 6.1, consisting of sections numbered 59.1-92.1 through 59.1-92.20 as follows:

CHAPTER 6.1.**REGISTRATION AND PROTECTION OF TRADEMARKS AND SERVICE MARKS.**

§ 59.1-92.1. *Short title. This chapter shall be known as the "Virginia Trademark and Service Mark Act (1997)."*

§ 59.1-92.2. *Definitions.*

As used in this chapter, the following words shall have the following meanings:

"Abandoned" means either (i) the discontinuance of use of a mark with intent not to resume such use; intent not to resume may be inferred from circumstances; nonuse for two consecutive years shall constitute prima facie evidence of abandonment; or (ii) any course of conduct of the owner, including acts of omission as well as commission, which causes the mark to lose its significance as a mark.

"Applicant" means any person filing an application for registration of a mark under this chapter, and the legal representatives, successors, or assigns of such person.

"Commission" means the State Corporation Commission.

"Mark" means any trademark or service mark, entitled to registration under this chapter whether registered or not.

"Person" means an individual, partnership, limited liability company, corporation, unincorporated association, or other legal entity.

"Registrant" means any person to whom the registration of a mark under this chapter or prior law is issued, and the legal representatives, successors, or assigns of such person.

"Service mark" means any word, name, symbol, or device or any combination thereof used by a person to identify and distinguish the services of such person from the services of others.

"Trade name" means any name used by a person to identify a business or enterprise.

"Trademark" means any word, name, symbol, or device or any combination thereof used by a person to identify and distinguish the goods of such person from those manufactured or sold by others.

"Use" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For the purposes of this chapter, a mark shall be deemed to be in use (i) on goods when it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and the goods are sold or otherwise distributed in commerce in this Commonwealth, and (ii) in connection with services when it is used or displayed in the course of selling or providing services in this Commonwealth, or the advertising of services communicated within or into this Commonwealth.

§ 59.1-92.3. *Registrability.*

A mark by which the goods or services of any applicant for registration may be distinguished from the goods or services of others shall not be registered if it:

1. Consists of or comprises immoral, deceptive or scandalous matter;

2. Consists of or comprises matter which may falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute;

3. Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any state or municipality, or of any foreign nation, or any simulation thereof;

4. Consists of or comprises the name, signature or portrait identifying a particular living individual, except by the individual's written consent;

5. Consists of a mark which, (i) when used on or in connection with the goods or services of the applicant, is merely descriptive or deceptively descriptive of them, (ii) when used on or in connection with the goods or services of the applicant is primarily geographically descriptive or deceptively descriptive of them, or (iii) is primarily merely a surname; however, nothing in this subdivision shall

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60 prevent the registration of a mark used by the applicant which has become in this Commonwealth
61 distinctive of the applicant's goods or services. The Commission may accept as prima facie evidence that
62 the mark has become distinctive, as used on or in connection with the applicant's goods or services,
63 proof of continuous use thereof as a mark by the applicant in this Commonwealth for the five years
64 before the date of the application for registration; or

65 6. Consists of or comprises a mark which so resembles a mark registered in this Commonwealth or a
66 trademark, service mark or trade name previously used in this Commonwealth by another and not
67 abandoned, as to be likely, when used on or in connection with the goods or services of the applicant,
68 to cause confusion or mistake or to deceive.

69 § 59.1-92.4. Application for registration.

70 Subject to the limitations set forth in this chapter, any person who uses a mark may file with the
71 Commission, in a manner complying with the requirements of the Commission, an application for
72 registration of that mark setting forth, but not limited to, the following information:

73 1. The name and business address of the person applying for such registration;

74 2. if a corporation, limited liability company, partnership, limited liability partnership, or other legal
75 entity, the state or other jurisdiction of incorporation, formation, or organization, as the case may be;

76 3. The goods or services on or in connection with which the mark is used, the manner in which the
77 mark is used on or in connection with such goods or services, and the class in which such goods or
78 services fall;

79 4. The date when the mark was first used anywhere and the date when it was first used in this
80 Commonwealth by the applicant or a predecessor in interest; and

81 5. A statement that the applicant is the owner of the mark, that the mark is in use in this
82 Commonwealth, and that, to the knowledge of the person verifying the application, no other person has
83 registered the mark in this Commonwealth, or has the right to use such mark in this Commonwealth,
84 either in the identical form thereof or in such near resemblance thereto as to be likely, when applied to
85 the goods or services of such other person, to cause confusion, or to cause mistake, or to deceive.

86 The Commission may also require that a drawing of the mark, complying with such requirements as
87 the Commission may specify, accompany the application.

88 The application shall be signed and verified (by oath, affirmation or declaration subject to perjury
89 laws) by the applicant or by a person authorized by the applicant to make application.

90 The application shall be accompanied by a specimen showing the mark as actually used.

91 The application shall be accompanied by a nonrefundable application fee payable to the Treasurer of
92 Virginia.

93 § 59.1-92.5. Filing of applications.

94 A. Upon the filing of an application for registration and payment of the application fee, the
95 Commission shall cause the application to be examined for conformity with this chapter.

96 B. The applicant shall provide any additional relevant information requested by the Commission
97 including a description of a design mark and may make, or authorize the Commission to make, such
98 amendments to the application as may be reasonably requested by the Commission or deemed by
99 applicant to be advisable to respond to any rejection or objection.

100 C. The Commission may require the applicant to disclaim an unregistrable component of a mark
101 otherwise registrable, and an applicant may voluntarily disclaim a component of a mark sought to be
102 registered. No disclaimer shall prejudice or affect the applicant's or registrant's common law rights then
103 existing or thereafter arising in the disclaimed matter, or the applicant's or registrant's rights of
104 registration on another application if the disclaimed matter is or has become distinctive of the
105 applicant's or registrant's goods or services.

106 D. Amendments to the application may be made by the Commission with the applicant's consent.

107 E. If the applicant is found not to be entitled to registration, the Commission shall notify the
108 applicant thereof in writing and of the reasons therefor. The applicant shall have ninety days from the
109 date of the Commission's notice to make a bona fide reply or to amend the application, in which event
110 the application shall then be reexamined. This procedure may be repeated until (i) the Commission
111 finally refuses registration of the mark or (ii) the applicant fails to reply or amend within the specified
112 period, whereupon the application shall be deemed to have been finally refused.

113 § 59.1-92.6. Certificate of registration.

114 A. Upon compliance by the applicant with the requirements of this chapter, the Commission shall
115 cause a certificate of registration to be issued and delivered to the applicant. The certificate shall show
116 (i) the name and business address of the registrant, (ii) if a corporation, limited liability company,
117 partnership, limited liability partnership, or other legal entity, the state or other jurisdiction of
118 incorporation, formation, or organization, as the case may be, (iii) the date claimed for the first use of
119 the mark anywhere and the date claimed for the first use of the mark in this Commonwealth, (iv) the
120 class of goods or services and a description of the goods or services on or in connection with which the
121 mark is used, (v) a reproduction of the mark, and (vi) the registration date and the term of the

registration.

B. Any certificate of registration issued by the Commission under the provisions hereof or a copy thereof duly certified by the clerk of the Commission shall be prima facie evidence of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark within the Commonwealth on or in connection with the goods or services specified in the certificate, and shall be admissible in evidence as competent and sufficient proof of the registration of such mark in any actions or judicial proceedings in any court of this Commonwealth.

§ 59.1-92.7. Duration and renewal.

A registration of mark hereunder shall be effective for a term of five years from the date of registration and, upon application filed within six months prior to the expiration of such term, in a manner complying with the requirements of the Commission, the registration may be renewed for a like term from the end of the expiring term. A renewal fee, payable to the Treasurer of Virginia, shall accompany the application for renewal of the registration.

A registration may be renewed for successive periods of five years in like manner.

Any registration in force on the date on which this chapter becomes effective shall continue in full force and effect for the unexpired term thereof and may be renewed for five years by filing an application for renewal with the Commission complying with the requirements of the Commission and paying the aforementioned renewal fee therefor within six months prior to the expiration of the registration.

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

§ 59.1-92.8. Assignments and changes of name.

A. Any mark and its registration hereunder shall be assignable with the good will of the business in which the mark is used, or with that part of the good will of the business connected with the use of and symbolized by the mark. Assignment shall be by instruments in writing duly executed and may be filed with the Commission upon the payment of a fee payable to the Treasurer of Virginia. The Commission shall issue in the name of the assignee a new certificate for the remainder of the term of the registration or of the last renewal thereof. An assignment of any registration under this chapter shall be void as against any subsequent purchaser for valuable consideration without notice, unless it is recorded with the Commission within three months after the date thereof or prior to such subsequent purchase.

B. Any applicant effecting a change of the name may file a certificate of name change with the Commission upon the payment of a fee. The Commission shall prescribe the form and content of such certificate. If the Commission issues a registration based on such request for registration, the registration shall issue in the name of the applicant.

C. Any registrant effecting a change of the name may file a certificate of name change with the Commission upon the payment of a fee. The Commission shall prescribe the form and content of such certificate. The Commission shall issue in the new name of the registrant a new certificate of registration for the remainder of the term of the registration or last renewal thereof.

D. A photocopy of any instrument referred to in subsection A, B or C shall be accepted for filing if it is certified by any of the parties thereto, or their successors, to be a true and correct copy of the original.

§ 59.1-92.9. Records.

The Commission shall keep for public examination a record of all marks registered or renewed under this chapter, as well as a record of all documents filed pursuant to § 59.1-92.7.

§ 59.1-92.10. Cancellation.

A. The Commission shall cancel from the record, in whole or in part:

1. Any registration concerning which the Commission shall receive a voluntary request for cancellation thereof from the registrant or the assignee of record;

2. Any registration granted under this chapter or prior law and not renewed in accordance with the provisions hereof;

3. Any registration concerning which the Commission shall find on its own motion, or on petition of any person who alleges that he is or will be damaged by such registration:

a. That the registered mark has been abandoned,

b. That the registrant is not the owner of the mark,

c. That the registration was granted as a result of a clerical error,

d. That the registration was obtained fraudulently,

e. That the mark is or has become the generic name for the goods or services, or a portion thereof, for which it has been registered, or

f. That there is substantial likelihood of confusion with a mark or trade name previously used in this

183 *Commonwealth by another and not abandoned.*

184 *B. Notwithstanding the provisions of subsection A, the Commission may cause a partial cancellation*
185 *of a certificate of registration pursuant to subsection A by requiring the registrant to amend the*
186 *registration to adopt a narrower identification of goods or services than is identified in the original*
187 *certificate.*

188 *C. Before the Commission cancels or partially cancels any registration under item a, b, d or e of*
189 *subdivision A 3, and upon the petition of an interested person, the Commission shall give reasonable*
190 *notice and opportunity to be heard to the registrant and to other persons known to have or claim an*
191 *interest in the mark.*

192 *D. Immediately upon the cancellation or partial cancellation of any registration under item c of*
193 *subdivision A3, the Commission shall provide written notice to the registrant of such mark.*

194 *§ 59.1-92.11. Classification.*

195 *The Commission shall by regulation establish a classification of goods and services for convenience*
196 *of administration of this chapter, but not to limit or extend the applicant's or registrant's rights, and a*
197 *single application for registration of a mark may include any or all goods upon which, or services with*
198 *which, the mark is actually being used indicating the appropriate class or classes of goods or services.*
199 *When a single application includes goods or services which fall within multiple classes, the Commission*
200 *may require payment of a fee for each class. To the extent practical, the classification of goods and*
201 *services shall conform to the classification adopted by the United States Patent and Trademark Office.*

202 *§ 59.1-92.12. Infringement.*

203 *Subject to the provisions of § 59.1-92.15, any person who shall*

204 *1. Use in this Commonwealth, without the consent of the registrant, any reproduction, counterfeit,*
205 *copy, or colorable imitation of a mark registered under this chapter or prior law in connection with the*
206 *sale, distribution, offering for sale, or advertising of any goods or services on or in connection with*
207 *which such use is likely to cause confusion or mistake or to deceive as to the source of origin of such*
208 *goods or services; or*

209 *2. Reproduce, counterfeit, copy or colorably imitate a registered mark and apply such reproduction,*
210 *counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or*
211 *advertisements intended to be used in this Commonwealth in connection with the sale, distribution ,*
212 *offering for sale, or advertising of any goods or services on or in connection with which such use is*
213 *likely to cause confusion or mistake or to deceive shall be liable in a civil action by the registrant for*
214 *any and all of the remedies provided in § 59.1-92.13, except that under this section the registrant shall*
215 *not be entitled to recover profits or damages unless the acts have been committed with the knowledge*
216 *that such mark is intended to be used to cause confusion or mistake or to deceive.*

217 *§ 59.1-92.13. Remedies.*

218 *A. Any registrant of a mark in force and effect may proceed by suit in a court of competent*
219 *jurisdiction to enjoin violations of § 59.1-92.12 or to seek such other remedies as are set forth in this*
220 *chapter. Any court of competent jurisdiction may grant injunctions as may be deemed just and*
221 *reasonable to restrain such violations, and may require any defendant to pay to such registrant all*
222 *profits derived from or all damages suffered by reason of such violations. The court may also order that*
223 *any material that violates § 59.1-92.11 that is in the possession or under the control of any defendant in*
224 *such case be destroyed, or delivered to an officer of the court or to the registrant for destruction. The*
225 *court, in its discretion upon consideration of the circumstances of the case, may award reasonable*
226 *attorneys' fees to the prevailing party.*

227 *B. Any person who knowingly and intentionally violates the provisions of § 59.1-92.12 shall be guilty*
228 *of a Class 2 misdemeanor and, upon a second or subsequent conviction, is guilty of a Class 6 felony.*

229 *§ 59.1-92.14. Service on out-of-state registrants.*

230 *In any action brought against a nonresident registrant, service may be effected upon the clerk of the*
231 *Commission as agent for service of the registrant in accordance with the procedures established in*
232 *§ 12.1-19.1.*

233 *§ 59.1-92.15. Common law rights.*

234 *Nothing herein shall adversely affect the rights or the enforcement of common law rights in marks.*

235 *§ 59.1-92.16. Commission may consider final judgments.*

236 *In any proceeding before the Commission involving the right to registration, or the cancellation of*
237 *registration, in whole or in part, the final judgment of a court of record involving the right to use the*
238 *mark, in whole or in part, may be offered in evidence to the Commission or filed with the Commission*
239 *by either party to the registration or cancellation proceeding before the Commission. The Commission*
240 *may consider the judgment of the court in determining what action it should take with respect to the*
241 *registration or cancellation involved.*

242 *§ 59.1-92.17. Appeals from final action of Commission.*

243 *From any final action of the Commission under the provisions of this chapter an appeal shall lie of*
244 *right to the Supreme Court in accordance with the provisions of §§ 12.1-39 through 12.1-41.*

§ 59.1-92.18. Regulations and forms.

A. The Commission shall have authority from time to time to make, amend, and rescind such regulations and forms as may be necessary to carry out the provisions of this chapter, including regulations and forms governing applications, registrations, assignment, renewals, fees, and defining technical and trade terms used in this chapter insofar as such definitions are not inconsistent with the provisions of this chapter. For the purpose of regulations and forms, the Commission may classify persons and matters within its jurisdiction and prescribe different requirements for different classes.

B. All such regulations and forms shall be made available for distribution at the office of the Commission.

C. No provision of this chapter imposing any liability shall apply to any act done or omitted in conformity with any regulation of the Commission, notwithstanding that such regulation may, after such act or omission, be amended, rescinded, or found for any reason to be invalid.

§ 59.1-92.19. Fees.

The Commission shall by regulation prescribe the fees payable for the various application and filing fees and for related services. Unless specified by the Commission, the fees payable herein are not refundable.

The fees paid into the state treasury under this chapter, except for fees and funds collected for the Literary Fund, shall be deposited into a special fund and specifically accounted for and used by the State Corporation Commission to defray the costs of supervising, implementing, and administering the provisions of this chapter. Included in the Commission's costs shall be a reasonable margin in the nature of a reserve fund. All excesses of fees collected exceeding these costs shall revert to the general fund.

§ 59.1-92.20. Time of taking effect; repeal of prior acts; intent of chapter.

This chapter shall be in force and take effect on July 1, 1998, but shall not affect any suit, proceeding or appeal then pending. Chapter 6 (§ 59.1- 77 et seq.) is hereby repealed on the effective date of this chapter, provided that as to any application, suit, proceeding or appeal, and for that purpose only, pending at the time this chapter takes effect such repeal shall be deemed not to be effective until final determination of such pending application, suit, proceeding or appeal.

2. That Chapter 6 (§§ 59.1-77 through 59.1-92) of Title 59.1 of the Code of Virginia is repealed.

3. That the provisions of this act may result in a net increase in periods of imprisonment in state correctional facilities. Pursuant to § 30-19.1:4, the estimated amount of the necessary appropriation is \$ 0.