

# ABOLISHING STATE TRADEMARK REGISTRATIONS<sup>♦</sup>

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I.	INTRODUCTION.....	598
II.	THE NATURE AND INTERACTION OF STATE AND FEDERAL TRADEMARK LAW.....	599
	A. The Role of Common Law.....	599
	B. The Dominance of Federal Law .....	603
	1. Evidentiary Benefit .....	605
	2. Nationwide Priority.....	607
	3. Effect on Common Law Defenses.....	608
	4. The Intent-to-Use Advantage .....	610
	5. Protection for Unregistered Marks.....	611
	C. The Remaining Intrastate Commerce Gap.....	613
III.	THE ROLE OF STATE TRADEMARK REGISTRATIONS UNDER CURRENT LAW .....	615
	A. Evidentiary and Procedural Effects .....	618
	B. Geographic Scope of Rights.....	622
	C. Nature and Breadth of the Cause of Action.....	627
	D. Remedies.....	635
IV.	THE COSTS & BENEFITS OF STATE TRADEMARK REGISTRATIONS.....	641
	A. Private Effects.....	642
	1. Negotiations and New Market Entrants .....	642
	2. Searching .....	645
	3. Registrant “Peace of Mind” .....	646
	B. Public Effects.....	648
	1. Avoiding Federal Clutter .....	648
	2. State Administrative Cost .....	650
V.	RECOMMENDATION TO ABOLISH CURRENT SYSTEMS .....	651

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VI. CONCLUSION .....	655
VII. APPENDIX .....	657

## I. INTRODUCTION

State trademark registration laws fly under the radar. All fifty states have a state trademark registration system that operates in parallel with—or more accurately, beneath—the federal registration system.<sup>1</sup> In all but one state, a state registration is needed to support a state statutory claim of trademark infringement, but these statutory claims coexist with parallel state common law trademark rights in the vast majority of states. This Article examines the role and substantive protection of the several states’ registration systems by a comparative analysis with the roles of and substantive protections afforded by state common law, state unfair competition law, and federal statutory law. My focus is on the judicial enforcement of trademark rights through civil litigation, but I also address the effect an individual state registration may have on a second user’s search and trademark selection process. The heart of my inquiry is whether state registrations have real, effective value (as opposed to stated or theoretical value) for individual owners. A secondary analysis I pursue includes the systemic costs and benefits of state registration schemes at both the state and federal levels.

The analysis in this article demonstrates that state trademark registrations do not add significant value for most trademark owners when compared to other civil enforcement options available. Under the law of forty-five states, registrations provide registrants with no significant, enforceable substantive rights beyond those awarded under state common law or under the federal statute protecting unregistered common law trademarks. In five states certain substantive rights can accrue to an owner through state registration, although those rights are limited by

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<sup>1</sup> The federal scheme does not preempt state trademark law. The Lanham Act does not contain a specific preemption provision of the type found in federal copyright law, *see* 17 U.S.C. § 301 (2006), but it does contain some limited preemptive language related to conflict preemption—when application of state law would conflict with full recognition of federally granted rights. 15 U.S.C. § 1127 (“The intent of this chapter is to regulate commerce within the control of Congress . . . [and] to protect registered marks used in such commerce from interference by State, or territorial legislation”); *see also* *Spartan Food Sys., Inc. v. HFS Corp.*, 813 F.2d 1279, 1284 (4th Cir. 1987) (discussing “the Lanham Act’s limited preemption of state law”); John T. Cross, *The Role of the States in United States Trademark Law*, 49 U. LOUISVILLE L. REV. 485, 499–506 (2011) (examining the limited preemption of state trademark law under current federal law and proposing that Congress expressly preempt a broader range of state trademark and unfair competition law).

competing rights held by certain common law owners or federal registrants. Further, registrants in the forty-five low-value states<sup>2</sup> may rely on these almost-to-completely valueless state registrations to their very great detriment, which can seriously disadvantage a legally unsophisticated trademark owner. Both high-value and low-value state registrations create unnecessary complications in the web of state and federal trademark rights and impose unwarranted costs upon new market entrants. In addition, most state registration systems (both high- and low-value) almost certainly demand more public dollars than the system returns to the state in the form of either private or public benefit. The practical value of state registrations is so low, as a whole, that the costs outweigh the benefits. As a result, I advocate for the complete abolition of all current state trademark registration systems.

In support of my argument that trademark law and trademark owners, as well as the public, would be better served by the abolition of state trademark registrations than by their perpetuation, this Article proceeds as follows. First, I briefly survey the history and interaction of state and federal trademark law and review the major statutory benefits of federal trademark registrations. Second, I analyze and critique the trademark statutes of all fifty states, with an emphasis on what rights, if any, a state registration provides that are not otherwise available under state common law or the Lanham Act. Third, I explain some of the private and public costs of state trademark registrations. The analysis leads to my conclusion, set forth in the final portion of the article, that trademark owners and the trademark “universe” in the United States would be better off if states abolished their current registration systems.

## II. THE NATURE AND INTERACTION OF STATE AND FEDERAL TRADEMARK LAW

### A. *The Role of Common Law*

Although the Lanham Act, the source of federal trademark law, has dominated trademark protection and litigation for at least forty years, trademarks were not always statutory creatures, nor were they initially federal in nature. Trademark protection developed in the United States from state common law.<sup>3</sup> All states

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<sup>2</sup> The references to “low-value” and “high-value” are explained in Part III.A–B, *infra*.

<sup>3</sup> For a more general overview of the history of trademark law, several sources are

continue to provide some means of enforcing common law rights;<sup>4</sup> forty-nine states also have a trademark cause of action requiring state registration of the mark. In these states, the statutory rules governing both validity and enforcement of state-registered rights arise from common law principles.

Courts often repeat the maxim that a registration does not create trademark rights, but only recognizes rights that must ultimately be acquired through use.<sup>5</sup> This is true in that registration *alone* does not create enforceable rights, yet the benefits available under federal law, particularly the expansion of rights beyond the area of use, strongly incentivize the pursuit of federal registration.<sup>6</sup> In addition to registration incentives, the Lanham Act provides statutory causes of action to enforce unregistered, or common law rights offensively and recognizes the existence of those rights as a defensive matter.<sup>7</sup> Thus common law principles have not faded away in federal law any more than in state law, although federal registration has become the ideal for trademark owners, and federal trademark causes of action are now entirely statutory.<sup>8</sup> Rights created and recognized through the application of common law principles, which have developed and evolved over time,<sup>9</sup> retain significant value at both the state and federal levels.

The owner of unregistered, or common law trademark rights

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available. See, e.g., FRANK I. SCHECHTER, *THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADE-MARKS* (1925); J. THOMAS MCCARTHY, *MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION* §§ 5:1-:3 (4th ed. 2008), and sources cited therein; Edward S. Rogers, *Some Historical Matter Concerning Trademarks*, 9 MICH. L. REV. 29 (1910); see also *The Trade-Mark Cases*, 100 U.S. 82 (1879).

<sup>4</sup> See *infra* notes 18-19 and accompanying text.

<sup>5</sup> See, e.g., *Miller v. Glenn Miller Prods.*, 454 F.3d 975, 979 (9th Cir. 2006) (“Registration does not create a mark or confer ownership; only use in the market-place can establish a mark.”). This issue, which continues to be discussed in federal cases, appears to have also arisen over a century ago in the state context. In 1900, the writer of a trademark treatise noted that, with one exception (a California decision whose effect was soon nullified by state statute), no court in the United States had ever held that trademark rights were created by registration, as opposed to use. See JAMES L. HOPKINS, *THE LAW OF UNFAIR TRADE INCLUDING TRADE-MARKS, TRADE SECRETS, AND GOOD-WILL* 40 (1900).

<sup>6</sup> See *infra* Part II.B.1-4.

<sup>7</sup> See *infra* Part II.B.3 & Part II.B.5.

<sup>8</sup> See generally *Erie R.R. Co. v. Tompkins*, 304 U.S. 64, 77-78 (1938) (holding that “[t]here is no federal general common law,” meaning that state law must be applied to a dispute unless the matter is governed by the federal Constitution or federal statutory law); *Ruhlin v. New York Life Ins. Co.*, 304 U.S. 202, 205 (1938) (holding that the *Erie* “doctrine applies though the question of construction arises not in an action at law, but in a suit in equity”). For an extended discussion of the impact of *Erie* on trademark and unfair competition law, see Sergei S. Zlinkoff, *Erie v. Tompkins: In Relation to the Law of Trade-Marks and Unfair Competition*, 42 COLUM. L. REV. 955 (1942).

<sup>9</sup> See, e.g., Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 560-82, 592-615 (2006); Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1858-73, 1896-1912 (2007).

seeking to enforce its rights through litigation based on either state or federal law must, as a preliminary matter, prove that it has acquired and continues to hold valid trademark rights.<sup>10</sup> In general, both state and federal law recognize the existence of protectable trademark rights following use by a person of a trademark in the ordinary course of that person's offering of goods and services to members of the public.<sup>11</sup> Proving validity requires evidence of the following: dates of first use of the mark, and perhaps the manner and frequency of use of the mark; which persons or entities use the mark (if the mark is used by licensees or other related entities); inherent or acquired distinctiveness of the mark; and other facts relevant to validity and ownership.<sup>12</sup> If the court recognizes valid rights in a mark, it will also determine—possibly after obtaining additional evidence—the scope of goods and services covered by the trademark rights and the geographic scope of the rights, both based on the range of actual use and reputation garnered in the marketplace.<sup>13</sup> These scope-related determinations feed into the analysis of the ultimate liability question of consumer confusion. The owner of common law rights may only hold rights in certain geographic areas, which may be small or large depending on the zone of market penetration established by the nature and extent of the owner's use and the subsequent spread of its reputation.<sup>14</sup>

In most instances, if valid rights are proved, the “likelihood of

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<sup>10</sup> See, e.g., *Emergency One, Inc. v. American Fire Eagle Engine Co.*, 332 F.3d 264, 267–68, 272 (4th Cir. 2003).

The fact that federal trademark causes of action are entirely statutory does not mean that “common law” has vanished from federal trademark law. To the contrary, as discussed throughout this Article, federal statutory claims derive much of their substance from judge-made or common law. The common law in question is not the law of any particular state but is instead an amalgam of principles derived, developed, and evolved over many years within both federal and state case law. Cf. Cross, *supra* note 1, at 512–14 (arguing that federal trademark law is built on a foundation of federal common law rather than on state common law).

<sup>11</sup> See RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 9 (defining a trademark), 18 (discussing use) (1995).

<sup>12</sup> See, e.g., *Emergency One*, 332 F.3d at 267–70; *Allard Enters., Inc. v. Advanced Programming Res., Inc.*, 249 F.3d 564, 572–75 (6th Cir. 2001); *Sengoku Works, Ltd. v. RMC Int'l, Ltd.*, 96 F.3d 1217, 1220 (9th Cir. 1996); *First Bank v. First Bank Sys., Inc.*, 84 F.3d 1040, 1044–46 (8th Cir. 1996).

<sup>13</sup> See RESTATEMENT, *supra* note 11, § 19. See generally MCCARTHY, *supra* note 3, §§ 24:1–:62 (scope of goods and services), §§ 26:1–:30 (geographic scope).

<sup>14</sup> See, e.g., *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415–16 (1916) (“Into whatever markets the use of a trademark has extended, or its meaning has become known, there will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress.”); *Peaches Entm't Corp. v. Entm't Repertoire Assocs., Inc.*, 62 F.3d 690, 693–95 (5th Cir. 1995) (relying on *Hanover Star Milling* to support its holding that the trade area for an unregistered mark extends to the “zone of reputation,” which is a zone established through evidence of reputation, advertising, and sales, but not the outer reach of advertising alone).

confusion” test governs the scope of another person’s liability-creating activities.<sup>15</sup> The likelihood of confusion test requires the decision-maker to determine, based on the scope of the owner’s trademark rights and the nature of the accused infringer’s use of the same or similar mark, whether confusion on the part of actual or potential consumers is likely to occur as to the source of goods or services, or as to the sponsorship or affiliation of the trademark owner (or its goods or services) with the accused infringer (or its goods or services).<sup>16</sup>

Common law rights form the backbone of state trademark law. State common law actions, as well as statutory unfair competition actions based upon common law rights, remain active sources of trademark-related claims in modern litigation practice—particularly when added to a federal claim of infringement<sup>17</sup>—although the current means of accessing the rights vary from state to state. Some states retain an enforceable common law action specifically denominated by the courts as a “trademark” claim.<sup>18</sup> In other states, protection for unregistered

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<sup>15</sup> See MCCARTHY, *supra* note 3, § 23:1; see also RESTATEMENT, *supra* note 11, § 20. Federal law also provides claims for dilution and cybersquatting, but here I am focusing on more traditional common law claims and rights. In addition to confusion-type infringement, some states may recognize a common law claim for dilution of trademark rights; however, most states recognize dilution only under statutory law. See DAVID S. WELKOWITZ, TRADEMARK DILUTION: FEDERAL, STATE, AND INTERNATIONAL LAW, at 17–22 (2002); MCCARTHY, *supra* note 3, § 24:76.

<sup>16</sup> See MCCARTHY, *supra* note 3, §§ 23:1-9; RESTATEMENT, *supra* note 11, §§ 20–21.

<sup>17</sup> Reported judicial decisions reflect a pleading practice by which trademark plaintiffs generally lead with a claim under federal law, for infringement of either a registered mark or an unregistered one, but also include state law claims for common law trademark infringement and unfair competition. This approach means that many more state claims are pleaded than are decided, in light of the general agreement in the case law that a decision on the federal infringement claims also disposes of all other claims. The dominance of federal law has thus led to a lack of recent case law clearly interpreting and applying state trademark law.

<sup>18</sup> See, e.g., *Horseshoe Bay Resort Sales Co. v. Lake Lyndon B. Johnson Improvement Corp.*, 53 S.W.3d 799 (Tex. App. 2001) (recognizing claim for common law trademark infringement under Texas law).

All but a handful of states (Alaska, Louisiana, and New Mexico), expressly preserve common law trademark rights by means of a savings clause within the state statutory trademark scheme. ALA. CODE § 8-12-19 (LexisNexis 2002); ARIZ. REV. STAT. ANN. § 44-1452 (2003); ARK. CODE ANN. § 4-71-216 (2001); CAL. BUS. & PROF. CODE § 14259 (West 2008); CONN. GEN. STAT. ANN. § 35-11k (West 2005); DEL. CODE ANN. tit. 6, § 3315 (2005); FLA. STAT. ANN. § 495.161 (West 2010); GA. CODE ANN. § 10-1-452 (2009); HAW. REV. STAT. § 482-53 (LEXIS through 2010-2011 Legis. Sess.); IDAHO CODE ANN. § 48-516 (2003); 765 ILL. COMP. STAT. ANN. 1036/80 (West 2009); IND. CODE ANN. § 24-2-1-15 (LexisNexis 2006); IOWA CODE ANN. § 548.116 (West 2011); KAN. STAT. ANN. § 81-217 (Supp. 2008); KY. REV. STAT. ANN. § 365.611 (LexisNexis 2008); ME. REV. STAT. ANN. tit. 10, § 1532 (2009); MD. CODE ANN., BUS. REG. § 1-402 (LexisNexis 2010); MASS. GEN. LAWS ANN. ch. 110H, § 16 (West Supp. 2011); MICH. COMP. LAWS ANN. § 429.44 (West 2001); MINN. STAT. ANN. § 333.30 (West 2004); MISS. CODE ANN. § 75-25-31 (West through 2010 amendments); MO. ANN. STAT. § 417.066 (West Supp. 2009); MONT. CODE ANN. § 30-12-336 (2007); NEB. REV. STAT. § 87-143 (2008); NEV. REV. STAT. § 600.440 (2007); N.H. REV. STAT. ANN. § 350-A:14 (LexisNexis 2008); N.J. STAT. ANN. §§ 56:3-113.13 (West 2001); N.Y. GEN. BUS. LAW § 360-o (Supp. 2011); N.C. GEN. STAT. § 80-13 (2007); N.D. CENT. CODE §

trademarks falls within a more general claim for “unfair competition” or “unfair trade practices.”<sup>19</sup>

### B. *The Dominance of Federal Law*

The “federalization” of trademark rights had a rocky start in

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47-22-13 (Supp. 2007); OHIO REV. CODE ANN. § 1329.67 (LexisNexis 2006); OKLA. STAT. ANN. tit. 78, § 78-33 (West 2002); OR. REV. STAT. § 647.115(1) (West 2011); 54 PA. CONS. STAT. ANN. § 1126 (West 1996); R.I. GEN. LAWS § 6-2-1 (2011); S.C. CODE ANN. § 39-15-1180 (Supp. 2008); S.D. CODIFIED LAWS § 37-6-27 (LexisNexis 2003); TENN. CODE ANN. § 47-25-516 (2001); TEX. BUS. & COM. CODE ANN. § 16.27(a) (West 2011); UTAH CODE ANN. § 70-3a-104 (LexisNexis Supp. 2009); VT. STAT. ANN. tit. 9, § 2532 (2006); VA. CODE ANN. § 59.1-92.15 (2006); WASH. REV. CODE ANN. § 19.77.900 (West, Westlaw through 2011 Legislation); W. VA. CODE ANN. § 47-2-16 (LexisNexis 2006); WIS. STAT. ANN. § 132.25 (2009); WYO. STAT. ANN. § 40-1-113 (2003).

In 1996, Alaska repealed the statutory provision expressly saving common law trademark rights and causes of action. It is not entirely clear whether the elimination of the provision, which leaves the statutory scheme silent as to common law rights, actually eliminated all common law causes of action for trademark infringement as a practical matter, since I can find no legislative history or subsequent case law addressing the issue. But in any event, common law trademark rights remain protected in Alaska through a relationship to the state’s Unfair Trade Practices and Consumer Protection Act, ALASKA STAT. § 45.50.471 (2008). The Supreme Court of Alaska has since held it to be an unfair trade practice to use another person’s common law trademark in a way that is likely to mislead the public as to source, sponsorship, or approval. *Alderman v. Iditarod Props.*, 32 P.3d 373, 380-92 (Alaska 2001).

Louisiana does not recognize state “common law” rights as such because, among other reasons, Louisiana law has developed and continues to exist within the civil law tradition (making it unique among the several states). The Louisiana Supreme Court has ruled, however, that Louisiana law includes equity-based trademark rights that track the common law trademark rights recognized in the rest of the country and that the creation of its state statutory scheme did not extinguish or abridge the equity-based trademark protections that exist outside the statutory scheme. *See Gulf Coast Bank v. Gulf Coast Bank & Trust Co.*, 652 So.2d 1306, 1311-12 (La. 1995) (“It has . . . been long held that the protection of trademarks and trade names under the law of unfair competition is based on the proprietary interest one has in the mark or name, and such protection is based on equity and does not require statutory provisions.”).

At least one court in New Mexico, a federal district court, has opined that the New Mexico Legislature may have purposely “extinguish[ed] the common-law cause of action for trademark infringement, if indeed New Mexico has ever adopted it.” *Guidance Endodontics, L.L.C. v. Dentsply Int’l, Inc.*, 708 F.Supp.2d 1209, 1249-50 (D.N.M. 2010). This statement was based on the fact that before 1997, the state trademark act contained a common law savings clause, but a 1997 recodification of trademark law omitted the clause. *See id.; cf. S & S Invs., Inc. v. Hooper Enters., Ltd.*, 862 P.2d 1252, 1254 (N.M. 1993) (relying on the then-existing common law savings provision to limit rights in a registered mark).

<sup>19</sup> Unfair competition claims based on infringement of a common law mark arise from the common law in some states and in other states have also been recognized to fall within the scope of a statutory unfair trade practices act. *See, e.g., Alderman*, 32 P.3d at 380–92; *Future Prof’ls, Inc. v. Darby*, 470 S.E.2d 644, 646 (Ga. 1996) (establishing that the Georgia Uniform Deceptive Trade Practices Act “entitles a person to the protection of a trade name when another person’s use of a similar name causes likelihood of confusion or of misunderstanding as to the source, sponsorship, approval, or certification of goods or services.”) (internal quotations omitted); *Gulf Coast Bank*, 652 So.2d at 1311–12 (recognizing proprietary rights in unregistered marks as falling within equity-based protection against unfair competition). Some states have overlapping protection. *See, e.g., OKLA. STAT. tit. 78, § 53* (placing passing off within the scope of the unfair practices act) and § 33 (expressly preserving, within trademark registration statutes, both “right[s] [and] enforcement of rights in trademarks acquired in good faith at any time at common law”).

the late 1800s.<sup>20</sup> The Supreme Court declared the first federal statutory trademark scheme to be unconstitutional in 1879,<sup>21</sup> and the replacement instituted by Congress had a severely limited scope.<sup>22</sup> Federal law gained importance under the 1905 trademark act, which included provisions for registration of marks used in interstate commerce, but that act also had significant limits. Descriptive marks, for example, were not protected.<sup>23</sup> Federal law finally ascended to prominence with the passage of the Lanham Act in 1946,<sup>24</sup> and it assumed its modern, (almost)-all-encompassing status in the 1970s simply through increased practical reliance rather than statutory revision.<sup>25</sup> As Professor Thomas McCarthy observed in a 1981 article:

In the last ten years there has been a veritable explosion of litigation involving [Lanham Act] Section 43(a). The result of this trend has not been to effect any change in the substantive law, for traditional trademark rules are followed in Section 43(a) cases. Rather, the effect has been to shift the locale of much traditional unfair competition litigation from state courts to federal courts.<sup>26</sup>

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<sup>20</sup> See Act of July 8, 1870, 16 Stat. 198 (1870); see also *The Trade-Mark Cases*, 100 U.S. 82, 92 (1879) (noting that federal trademark law was of recent origin, dating only from 1870).

<sup>21</sup> *The Trade-Mark Cases*, 100 U.S. at 94, 98–99 (holding the 1870 trademark act unconstitutional because it fell outside the scope of Congress's limited authority under Article I and could not be sustained under the patent and copyright clause of the U.S. Constitution, in article 1, section 8, clause 8). The 1870 Act did not contain an express nexus with interstate or other commerce specifically within Congress's Article I authority.

<sup>22</sup> Act of Mar. 3, 1881, ch. 138, 21 Stat. 502 (1881) (providing for the registration and protection of marks used in commerce with foreign countries or the Indian territories, but not covering marks used in interstate commerce), superseded by Pub. L. No. 58-84, 33 Stat. 724 (1905).

<sup>23</sup> Act of Feb. 20, 1905, Pub. L. No. 58-84, 33 Stat. 724 (1905) (codified at 15 U.S.C. §§ 81–134), repealed by Lanham Act, Pub. L. No. 79-489, 60 Stat. 427 (1946).

<sup>24</sup> Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified as amended in scattered sections of 15 U.S.C.). The possibility of registering a descriptive mark through proof of acquired distinctiveness was a major change that increased the scope of potential federal coverage. Two other, perhaps more important, changes were the provision of statutory constructive use and constructive notice within the entire country as of the date of registration. 15 U.S.C. § 1057 (2006) (providing for nationwide constructive use, and thus priority, as of the date of the filing of the federal application, which date was, until 1988, the date of registration); see also 15 U.S.C. § 1072 (providing for nationwide constructive notice, eliminating defenses based on innocent or good faith conduct, as of the date of registration). A fourth change that increased the power of the federal registration system was the possibility of “incontestability” of a registration, in certain circumstances, following five years of ownership. 15 U.S.C. § 1065.

<sup>25</sup> Although the power of Lanham Act section 43(a) grew initially through its application by the courts, which was made possible by its lack of specific limiting language, Congress later confirmed the breadth of the provision when it revised section 43(a) in 1988.

<sup>26</sup> J. Thomas McCarthy, *Important Trends in Trademark and Unfair Competition Law During the Decade of the 1970s*, 71 TRADEMARK REP. 93, 100–01 (1981) [hereinafter McCarthy, *Trends*] (citations omitted); see also Ralph S. Brown, Jr., *Civil Remedies for Intellectual Property Invasions: Themes and Variations*, 55 LAW & CONTEMP. PROBS. 45, 77 (1992) (“The

Since the 1970s, the role of federal law in shaping trademark rights has continued to grow.<sup>27</sup>

The dominance of federal trademark law over state law has resulted from two forces: (1) the growth of Lanham Act section 43(a), which shifts what would otherwise be common law litigation to the federal sphere; and (2) the incentives to pursue federal registration, which are now so significant as to make federal registration indispensable for any owner making an informed decision about its trademark rights. A federal registration is the only rational choice because, among other things, it provides prima facie evidence of certain matters, it creates nationwide constructive use as well as nationwide constructive notice, it can create “incontestable” rights in some circumstances, and an application seeking these benefits can be filed several years in advance of use.

### 1. Evidentiary Benefit

A federal registration certificate for the Principal Register<sup>28</sup> serves as prima facie evidence of the matters a plaintiff must prove

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metamorphosis of section 43(a) as a resort for unregistered marks has made the federal forum, and federal law, the dominant backdrop for trademark litigation.”); *The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors*, 77 TRADEMARK REP. 375, 377 (1987) (“Federal trademark registration, Section 43(a), and the engulfing sweep of interstate commerce have given the law and policy of trademarks a strongly federal cast. The federal courts now decide, under federal law, all but a few trademark disputes. State trademark law and state courts are less influential than ever.”).

<sup>27</sup> One example of the continued dominance of federal law is the shift in state anti-dilution statutes that has occurred since 1995, when an anti-dilution provision was added in section 43(c) of the Lanham Act. Before 1995, when the Lanham Act did not contain express protection against dilution, the states whose laws contained dilution protection followed the same basic formula, wherein “likelihood of injury to business reputation or of dilution of the distinctive quality of a mark . . . shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.” DEL. CODE ANN. tit. 6, § 3313 (Supp. 2010); accord, e.g., LA. REV. STAT. ANN. § 51:223.1 (2003). After 1995, states adding protection almost always followed the new federal model, and even some states whose laws had been in the “old-style” revised the relevant statute to fall in line with the federal provision. See, e.g., ARIZ. REV. STAT. ANN. § 44-1448.01 (2003); KAN. STAT. ANN. § 81-214 (Supp. 2008). Since 2006, when the federal dilution provision was revised, some states have adopted dilution provisions based on the current federal statute. See, e.g., ALA. CODE § 8-12-17 (LEXIS through 2010 amendments); CAL. BUS. & PROF. CODE § 14247 (West 2008); see also *infra* notes 120–121.

<sup>28</sup> The above discussion of federal registrations, as well as the remainder of this article, relates to the effect of a registration on the Principal Register. Registrations on the Supplemental Register do not possess the same evidentiary or substantive force as those on the Principal Register. See 15 U.S.C. § 1094 (excluding supplemental registrations from the advantages of the following sections: 1057(b) (prima facie evidentiary weight), 1057(c) (constructive notice as of the date of application), 1065 (incontestability), 1072 (registration as constructive notice), 1115 (prima facie evidentiary value), 1124 (importation right), 1096 (providing that supplemental registrations may not be used to stop importations)).

in order to have standing to assert a claim for infringement: validity of the mark; the registrant's ownership of the mark; and the registrant's exclusive right to use the mark in commerce in the U.S. in connection with the goods and services listed in the certificate.<sup>29</sup> The substitution of the registration certificate for what might otherwise be extensive proof of validity relies on the standards for registration,<sup>30</sup> which incorporate the basic common law principles of validity, and the federal trademark office's examination of each application to ensure conformity with those standards. The prima facie case created by the certificate is subject to being rebutted with evidence submitted by the accused infringer.<sup>31</sup> The owner of a federal registration need only put on specific evidence related to validity, for example, if a defendant challenges validity through evidence that would call into question the ownership of valid rights by the registrant, such as abandonment, generic status of the mark, or the like.<sup>32</sup> Without

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<sup>29</sup> Section 7(b) of the Lanham Act specifically provides:

A certificate of registration of a mark upon the principal register provided by this Act shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.

15 U.S.C. § 1057(b). Lanham Act section 33(a) essentially restates the prima facie evidentiary value of a registration and then makes it clear that the registration does not extinguish legal or equitable defenses or defects that would otherwise be available to opposing parties. 15 U.S.C. § 1115(a).

<sup>30</sup> See 15 U.S.C. §§ 1051–1052.

<sup>31</sup> See, e.g., *OBX-Stock, Inc. v. Bicast, Inc.*, 558 F.3d 334, 342 (4th Cir. 2009) ("It is true that a certificate of registration serves as prima facie evidence of the validity of the registered mark . . . . But entry on the Principal Register does not shift the burden of persuasion on validity, merely the burden of production."); *Retail Services, Inc. v. Freebies Publ'g*, 364 F.3d 535, 543 (4th Cir. 2004) ("If sufficient evidence of [invalidity] is produced to rebut the presumption, the presumption is 'neutralize[d]' and essentially drops from the case, although the *evidence* giving rise to the presumption remains."); *Tie Tech, Inc. v. Kinedyne Corp.*, 296 F.3d 778, 783 (9th Cir. 2002) ("In trademark terms, the registration is not absolute but subject to rebuttal[.]" and "discharges the plaintiff's original common law burden of proving validity in an infringement action"); *Am. Online, Inc. v. AT&T Corp.*, 243 F.3d 812, 816, 818 (4th Cir. 2001) (stating that the presumption created by the registration satisfies the burden of proving validity and ownership in the absence of rebutting evidence).

If a registration has become incontestable through proper filing of an affidavit of incontestability at least five years after the registration was initially granted, however, then the registration serves as conclusive evidence of validity, ownership and the registrant's right to use the mark in most, but not all, circumstances. 15 U.S.C. § 1115(b). Certain affirmative defenses and validity challenges survive incontestability, and the plaintiff owner of the registration continues to bear the burden of proof on the issue of infringement, such as proving that the defendant's activities create a likelihood of confusion, mistake or deception. *Id.*; *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 117 (2004).

<sup>32</sup> See, e.g., *Zobmondo Entm't, L.L.C. v. Falls Media, L.L.C.*, 602 F.3d 1108, 1113–14 (9th Cir. 2010); *Leelanau Wine Cellars, Ltd. v. Black & Red, Inc.*, 502 F.3d 504, 513–14 (6th Cir. 2007); *Retail Services*, 364 F.3d at 542; *Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc.*, 192 F.3d 337, 345 (2d Cir. 1999).

some quantum of evidence from the defendant on these issues, the registration certificate provides sufficient proof of rights in litigation under section 32.<sup>33</sup>

## 2. Nationwide Priority

A federal registration also creates nationwide constructive use, which generates nationwide priority. Under section 7(c) of the Lanham Act,<sup>34</sup> added in 1988, once a mark is registered, the filing date of the registrant's application marks the date after which the registrant obtains nationwide priority<sup>35</sup> effective against most other persons, with the exception of a prior common law user<sup>36</sup> or certain other persons whose federal application predates the registrant's own.<sup>37</sup> Section 22 of the Lanham Act supplements section 7(c)'s nationwide constructive-use-based priority with constructive notice, which dates from registration.<sup>38</sup> The date of registration marks the date after which all other persons, prior common law users and subsequent junior users alike, are on constructive notice of the registrant's claim of rights. Constructive notice affects the question of a common law user's good faith in

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<sup>33</sup> See cases cited *supra* note 32.

<sup>34</sup> 15 U.S.C. § 1057(c):

Contingent on the registration of a mark on the principal register provided by this chapter, the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration against any other person except for a person whose mark has not been abandoned and who, prior to such filing:

- (1) has used the mark;
- (2) has filed an application to register the mark which is pending or has resulted in registration of the mark; or
- (3) has filed a foreign application to register the mark on the basis of which he or she has acquired a right of priority, and timely files an application under section 1126 (d) of this title to register the mark which is pending or has resulted in registration of the mark.

<sup>35</sup> Rights based on a federal registration become active as of the date of registration, but priority determinations are, under the current version of the Lanham Act, thereafter based on the filing date of the application. See 15 U.S.C. § 1057(c) ("Contingent on the registration of a mark . . . the filing of the application . . . shall constitute constructive use . . ."). However, registrations based on applications filed before November 16, 1989 (the effective date of the Trademark Law Revision Act of 1988, see Pub. L. No. 100-667, 102 Stat. 3935, 3948 (1988) (codified at 15 U.S.C. §§ 1051-1127 (2006))) do not have priority that dates back to the filing date. Instead, their priority arises from constructive notice, which is effective as of the date of registration, if registered under the Lanham Act, or the date of publication of the mark under 15 U.S.C. § 1062(c) if registered under earlier federal trademark acts, the Act of March 3, 1881 or the Act of February 20, 1905. 15 U.S.C. § 1115(b)(5)(C).

<sup>36</sup> See 15 U.S.C. § 1057(c)(1).

<sup>37</sup> A registrant obtains this priority over new common law users but not over persons with competing rights who can claim priority through an application with a filing date even earlier than the registrant's own application filing date. See *id.* § 1057(c)(2)-(3).

<sup>38</sup> See 15 U.S.C. § 1072 ("Registration of a mark on the principal register provided by this chapter or under the Act of March 3, 1881, or the Act of February 20, 1905, shall be constructive notice of the registrant's claim of ownership thereof.").

adopting a mark or expanding its use, and under the prevailing case law eliminates that good faith and can bar acquisition of valid rights after the date of registration.<sup>39</sup> The combined effect of nationwide constructive notice and priority means that federally registered rights have radically altered the scope of rights compared to the common law governing priority disputes.<sup>40</sup>

### 3. Effect on Common Law Defenses

Initially, a federally registered mark is subject to any legal or equitable defense available from common law or statute.<sup>41</sup> All of the possible defenses or defects under the common law need not be listed here, since not all are relevant to state registrations, but one relevant common law defense is a claim of prior use.<sup>42</sup> In

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<sup>39</sup> In common law disputes, some courts rule that knowledge of the senior use eliminates a junior user's good faith, while others hold that knowledge is not dispositive of the issue. *See, e.g.,* C.P. Interests, Inc. v. California Pools, Inc. 238 F.3d 690, 700 (5th Cir. 2001). Constructive notice provided under the Lanham Act, however, is considered by courts to prevent a junior user from validly claiming that its post-registration use was in good faith. *See* McCarthy, *supra* note 3, §§ 26:40, 26:45, 26:53–57.

Despite its universally accepted power, the effect of section 22 constructive notice is overwhelmed by section 7(c)'s constructive use in all cases where the junior use post-dates the registrant's date of filing. *Accord* MCCARTHY, *supra* note 3, § 26:38. Constructive use-based priority bars acquisition of rights as of filing, and constructive notice at registration adds nothing in practice. Constructive notice still plays a role, however, in the case of a common law user that has acquired valid rights before the registrant's filing date, since that user's rights are expressly unaffected by section 7(c). Unlike section 7(c), section 22 contains no exclusions for prior users, and its constructive notice will "freeze" the senior common law user as of the registration date, although that user was free of the constraints of the registrant's constructive use between the filing date and the registration date. *See* Allard Enters., Inc. v. Advanced Programming Res., Inc., 249 F.3d 564, 572 (6th Cir. 2001) (noting that a prior common law user is frozen at registration by operation of constructive notice).

<sup>40</sup> *See, e.g.,* Burger King of Fla., Inc. v. Hoots, 403 F.2d 904 (7th Cir. 1968) (refusing to allow a state registrant whose use predated the federal registration to maintain a geographic area to which it expanded after the federal registration date, even though it had no actual notice of the federal registrant's claim and the federal registrant entered that state after the expansion). A senior user could attempt to obtain a concurrent registration for the areas in which the senior user used and was known by the mark before the junior user's registration date, but it will not receive any rights to a zone of expansion beyond the area of use and reputation. *See In re Beatrice Foods Co.*, 429 F.2d 466, 474 n.13 (C.C.P.A. 1970). The registrant will, in many or perhaps most cases, be awarded the right to use the mark in all areas of the country not reached by the senior user before the registration date. *See, e.g.,* Weiner King, Inc. v. Wiener King Corp., 615 F.2d 512, 523–26 (C.C.P.A. 1980).

<sup>41</sup> 15 U.S.C. § 1115(a) ("[Registration] shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b) of this section, which might have been asserted if such mark had not been registered."); *see also* Graeme B. Dinwoodie, *The Common Law and Trade Marks in an Age of Statutes*, in *THE COMMON LAW OF INTELLECTUAL PROPERTY* 331 (Catherine W. Ng, Lionel Bently & Giuseppina D'Agostino eds., 2010) (explaining and commenting upon the adoption of the Lanham Act as an overlay on existing common law rights and arguing that continued judicial development of trademark principles in a common law fashion was intended by Congress and has been accepted by the Supreme Court in its decisions).

<sup>42</sup> *See, e.g.,* United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918); Hanover Star Milling Co. v. Metcalf, 240 U.S. 403 (1916); *see also* Michael Grynberg, *Things Are Worse than We Think: Trademark Defenses in a "Formalist" Age*, 24 BERKELEY TECH. L.J. 897, 914–24

defending against a claim made by the owner of a federally unregistered mark, the alleged infringer argues against its liability because it is actually the senior user of the mark in the geographic area in question, and thus possesses priority in the mark in that area. The defense can apply even if the alleged infringer is, generally speaking, the junior user of the mark, as long as it is “senior” in the geographic area at issue.<sup>43</sup> The common law prior user defense is limited to remote, good-faith junior users, with the meaning of the terms “remote” and “good faith” supplied by reference to the facts of the case and the holdings of prior cases.<sup>44</sup> The area in which the common law defense applies incorporates at least the actual area of use and likely areas to which the user’s reputation has spread, and in some cases also includes a zone of expansion.

Before a federal registration becomes “incontestable,” the common law prior user defense applies, but nationwide priority and notice preclude further acquisition of use-based rights. After five years of registration, most federal registrations can attain “incontestable” status, another important incentive to pursue federal registration.<sup>45</sup> After incontestability, the common law user’s rights are confined (or perhaps refined) by statute.<sup>46</sup> The

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(2009) (discussing various recognized defenses to a trademark infringement action).

<sup>43</sup> See cases cited *supra* note 42.

<sup>44</sup> See *Quicksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 761–62 (9th Cir. 2006).

<sup>45</sup> The Lanham Act has, since its creation, contained a provision allowing the owner of a principal registration to obtain incontestable status for that registration after five years. The basic requirements for incontestability are that there have been no final decision adverse to the registrant’s claim of ownership of the mark, that there be no pending proceeding involving the registration, and that the mark have been in continuous use for five years in connection with the goods or services listed in the registration and still be in such use (the affidavit of incontestability can list, and will therefore only apply to, some but not all of the goods listed in the registration). See 15 U.S.C. § 1065(1)–(3). The term “incontestable” is actually a bit of an overstatement since, as set forth in both section 33(b) and section 14, an incontestable registration remains contestable in certain limited circumstances, including when the mark has become the generic name for the goods or services, or when the mark has been abandoned through non-use. 15 U.S.C. §§ 1064(3), 1115(b)(1)–(9).

Incontestability eliminates, for example, a challenge to the validity of the mark on the basis that the mark is merely descriptive and does not possess acquired distinctiveness, or secondary meaning. See 15 U.S.C. § 1115(b); *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 196 (1985). Many or perhaps most of the benefits of incontestability, aside from the effect on common law prior users discussed above, are not relevant to analysis of state trademark registrations, since only one state’s law provides for an “incontestable” effect. See *infra* note 83 and accompanying text.

<sup>46</sup> See, e.g., *Thrifty Rent-a-Car System, Inc. v. Thrift Cars, Inc.*, 831 F.2d 1177, 1181 (1st Cir. 1987) (noting that the “essence of the exception embodied in § 1115(b)(5) [Lanham Act section 33(b)(5)] is based on common law trademark protection for remote users established by the Supreme Court in *Hanover Star Milling . . . and United Drug*”).

Before incontestability, for example, a prior common law user can challenge a registration on the ground that the registrant cannot demonstrate that its descriptive mark has acquired distinctiveness. See *id.* It could also attempt to earn concurrent registered rights or seek partial cancellation. See 15 U.S.C. §§ 1052(d), 1064, 1066.

third party's prior use remains available to preserve the third party's common law rights in the specific geographic areas in which actual and continuous use earlier than the registrant's priority date can be proved,<sup>47</sup> with all other areas of the country reserved to the registrant.

#### 4. The Intent-to-Use Advantage

Trademark owners also find federal registration appealing because of the ability to file an intent-to-use application.<sup>48</sup> Before

Incontestable status is not valid under section 15 to the extent that the use of the registered mark would infringe rights acquired under state law, so in certain directly conflicting circumstances a prior user may continue to have a right to challenge an otherwise incontestable registration.

<sup>47</sup> See 15 U.S.C. § 1115(b)(5)–(6):

[The] conclusive evidence of the right to use the registered mark [created by incontestability] . . . shall be subject to the following defenses or defects:

. . . .

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to

(A) the date of constructive use of the mark established pursuant to section 1057(c) of this title,

(B) the registration of the mark under this chapter if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or

(C) publication of the registered mark under subsection (c) of section 1062 of this title:

*Provided, however,* [t]hat this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this chapter or publication under subsection (c) of section 1062 of this title of the registered mark of the registrant, and not abandoned: *Provided, however,* [t]hat this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark . . . .

The common law prior use defense might be less restrictive of the prior user's rights than the statutory defense, in some situations, because the determination of common law priority could include, in many jurisdictions, a determination of each party's area of use as well as a surrounding zone of natural expansion. In other jurisdictions, it would include the area of use and reputation, but no zone of expansion. The section 33(b)(5)–(6) defenses restrict the non-registrant prior user's priority to the area of use, with no mention of any zone of reputation or expansion.

On the other hand, the Ninth Circuit Court of Appeals has characterized the common law prior user defense as being more restrictive than the section 33(b)(5) defense in that the statutory defense does not contain a requirement of remoteness. *Quiksilver*, 466 F.3d at 761–62 (distinguishing between the statutory and common law “innocent use” defenses by finding that the common law defense required remoteness, while the statutory defense did not); *see also Quiksilver, Inc. v. Kymsta Corp.*, 360 F. App'x 886, 888 (9th Cir. 2009) (summary order) (confirming the earlier holding regarding remoteness and also holding that when a federal registrant relies on its common law rights under section 43(a) rather than its registered rights, the common law defense requiring remoteness of the junior use applies, rather than the statutory defense which does not require remoteness).

<sup>48</sup> All states require use in commerce within the state before an application to register the mark may validly be filed. A handful of states do allow for a short-term “reservation” of a desired mark, which may be filed before use begins. *See* LA. REV. STAT. ANN. § 51:213(B)(2) (1993) (providing for a 60-day reservation with two possible 30-day extensions); WASH. REV. CODE ANN. § 19.77.015 (West, Westlaw through 2011 Legislation) (allowing a 180-day reservation).

November 16, 1989, federal applications could only be filed on the basis of prior use of the mark in commerce. As a result, the registrant's earliest priority in a mark varied geographically: common law rights were limited in scope but arose from the date of use, while nationwide rights arose later, from the date of registration. Time delays in processing applications meant that competing common law uses, which would have to be tolerated by the registrant, could arise before the date of registration in various locations around the country as long as they were remote from the registrant's earlier use. Various other reasons not relevant to the matter at hand led to the 1988 revision of the Lanham Act to add a new basis for filing a federal application: the applicant's bona fide intent to use the mark in commerce. The 1988 revision to section 7 to create constructive use from the date of application, rather than only constructive notice as of the date of registration, means that intent-to-use applicants can have one date of priority nationwide,<sup>49</sup> and that date can be far earlier than the date of first use in commerce.<sup>50</sup>

#### 5. Protection for Unregistered Marks

In addition to creating incentives to apply for federal registration, the Lanham Act provides a federal cause of action for the infringement of an unregistered mark. Section 43(a) includes in its broad language a trademark infringement claim for almost any trademark owner, whether the mark is registered or only common law in nature.<sup>51</sup> It provides, in relevant part:

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<sup>49</sup> Even use-based applicants now gain earlier nationwide priority, preceded in some areas by prior use. These federal registrants do not have a uniform priority date nationwide, but even they gain nationwide priority earlier under current (post-1989) law than they did under prior law.

<sup>50</sup> Applicants who avail themselves of the intent-to-use basis for filing an application are given six months (after the date on which the application is allowed for registration) in which to file proof of use of the mark in commerce, after which the mark may be registered. See 15 U.S.C. § 1051(d)(1). Applicants may obtain up to five additional six-month extensions of time to file such proof of use by filing formal requests and paying a prescribed fee. See *id.* § 1051(d)(2). The total time potentially available for maintaining a live intent-to-use application before filing the statement of use is thus three years after the notice of allowance is issued. The notice of allowance is generally issued, at a minimum, a year or more after the date of filing as a result of the time needed for examination and publication of the application. An intent-to-use application can, therefore, remain pending without any actual use in commerce for four (or more) years after the date of filing.

<sup>51</sup> Section 43(a) also provides a cause of action for false advertising, false endorsement and other related claims. See, e.g., J. Thomas McCarthy, *Lanham Act § 43(a): The Sleeping Giant Is Now Wide Awake*, 59 LAW & CONTEMP. PROBS. 45 (1996) [hereinafter McCarthy, *Sleeping Giant*] (describing the history of section 43(a), including the 1989 Congressional codification of the judicial expansion of the scope of the provision); Elizabeth Williams, Annotation, *Standing to Bring False Advertising Claim or Unfair Competition Claim Under § 43(a)(1) of Lanham Act (15 U.S.C.A. § 1125(a)(1))*, 124 A.L.R. Fed. 189 (1995) (surveying the breadth of parties with possible standing under section 43(a)).

## (a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin . . . which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . .

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.<sup>52</sup>

Courts have for some time accepted that this provision allows the owner of a common law trademark to use federal law to vindicate its trademark interests.<sup>53</sup> The Supreme Court has confirmed that:

it is common ground that § 43(a) protects qualifying unregistered trademarks and that the general principles qualifying a mark for registration under § 2 of the Lanham Act [which governs, *inter alia*, the issue of distinctiveness, including inherent and acquired distinctiveness] are for the most part applicable in determining whether an unregistered mark is

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<sup>52</sup> The full text of section 43(a)(1) is as follows:

(a) (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which:

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) 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.

15 U.S.C. § 1125(a)(1).

<sup>53</sup> See, e.g., Kenneth B. Germain, *Unfair Trade Practices Under Section 43(a) of the Lanham Act: You've Come a Long Way Baby—Too Far, Maybe?*, 49 IND. L.J. 84 (1973) (describing and, in part, criticizing the scope of section 43(a) as applied by the courts since 1965); McCarthy, *Sleeping Giant*, *supra* note 51; McCarthy, *Trends*, *supra* note 26.

Owners of common law marks will potentially need to prove to the court that the mark has been used in interstate, foreign, or Indian-territory commerce or can be shown to affect such commerce, as further addressed in Part II.C. See, e.g., *Jellibeans, Inc. v. Skating Clubs of Ga., Inc.*, 716 F.2d 833, 838–39 (11th Cir. 1983).

entitled to protection under § 43(a).<sup>54</sup>

### C. *The Remaining Intrastate Commerce Gap*

Despite the “explosion” of federal claims and the dominance of federal registration under the Lanham Act, federal law does not provide protection for all potential trademark rights in the United States—just the vast majority of them. The Lanham Act, which is based on Congress’s interstate commerce power, leaves to state law the matter of protecting marks used only in intrastate commerce and not affecting interstate commerce.<sup>55</sup> The Lanham Act expressly states that its coverage of commerce and use of the term “commerce” is co-extensive with Congress’s full commerce power.<sup>56</sup> As the interstate commerce doctrine has broadened over the past seventy-five years, the scope of federal trademark law has also grown. Under the Supreme Court’s modern view of the scope of Congress’s commerce power, Congress may regulate all activities affecting interstate, foreign, or Indian-tribe commerce, not just the interstate, foreign, and Indian-tribe commerce itself.<sup>57</sup>

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<sup>54</sup> *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992). Section 2 of the Lanham Act, referred to by the Supreme Court in the above quotation, includes the rules governing the nature of marks that may be registered. See 15 U.S.C. § 1052 (requiring, for example, that the mark not be “immoral, deceptive, or scandalous,” or be “merely descriptive,” unless in the latter case the applicant can prove some level of acquired distinctiveness).

<sup>55</sup> Using “interstate” commerce as shorthand for Congress’s constitutional power to regulate commerce is efficient, but it of course actually understates the range of commerce within Congress’s reach. See U.S. CONST. art. I, § 8 (“The Congress shall have Power . . . To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes[.]”).

<sup>56</sup> 15 U.S.C. § 1127 (“In the construction of this chapter, unless the contrary is plainly apparent from the context— . . . [t]he word “commerce” means all commerce which may lawfully be regulated by Congress.”).

<sup>57</sup> See *Heart of Atlanta Motel, Inc. v. United States*, 379 U.S. 241, 256 (1964) (“[T]he authority of Congress to keep the channels of interstate commerce free from immoral and injurious uses has been frequently sustained, and is no longer open to question.”) (quoting *Caminetti v. United States*, 242 U.S. 470, 491 (1917)); *Wickard v. Filburn*, 317 U.S. 111 (1942); see also *Citizens Bank v. Alafabco, Inc.*, 539 U.S. 52, 56–68 (2003) (confirming, in the context of the Federal Arbitration Act, that the full reach of the Commerce Clause “encompasses a wider range of transactions than those actually ‘in commerce’—that is, ‘within the flow of interstate commerce’). As a result of this expansive interpretation of the commerce power, and the definition of “commerce” provided in the Lanham Act, section 43(a) is now almost unlimited in terms of providing a cause of action to the owner of any mark used in the United States, as long as the defendant’s use affects interstate, foreign or Indian-tribe commerce. *But see* *United States v. Lopez*, 514 U.S. 549, 556–57 (1995) (“[E]ven these modern-era precedents which have expanded congressional power under the *Commerce Clause* confirm that this power is subject to outer limits. In *Jones & Laughlin Steel*, the Court warned that the scope of the interstate commerce power ‘must be considered in the light of our dual system of government and may not be extended so as to embrace effects upon interstate commerce so indirect and remote that to embrace them, in view of our complex society, would effectually obliterate the distinction between what is national and what is local and create a completely centralized government.’”) (quoting *NLRB v. Jones & Laughlin Steel Corp.*, 301 U.S. 1, 37

The current case law is quite generous with respect to the question of what “use in commerce”<sup>58</sup> is sufficient for federal registration, and thus is also generous with unregistered federal protection.<sup>59</sup> The group of trademark users not making “use in commerce” of their trademarks in a way that sufficiently affects interstate commerce is very small indeed. On the other hand, while wholly intrastate users make up only a small segment of today’s U.S. market players, one can still imagine theoretical situations in which federal registration might be out of reach due to the interstate commerce requirement.<sup>60</sup>

A second group of trademark owners might be ineligible for federal registration due to their actual knowledge of remote but widespread common law uses of conflicting marks, making impractical the pursuit of even the geographically limited federal rights potentially available through a concurrent use application.<sup>61</sup>

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(1937)).

<sup>58</sup> Section 1 contains two bases for filing an application: use-based and intent-to-use. Either route to registration requires that a trademark be in “use in commerce” before it may be registered. 15 U.S.C. § 1051(a)–(d). Only registrations under section 44(e) need not be used in commerce before registration. 15 U.S.C. § 1126(e). Section 45 limits, to some extent, what designations may be registered by providing a more specific definition of “use in commerce” for both trademarks (used on goods) and service marks (used in connection with services). See 15 U.S.C. § 1127 (requiring, for use with goods, that the mark be “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, for use with services, that the mark be “used or displayed in the sale or advertising of services”). Both of these use-based restraints on registration utilize the Lanham Act’s broad meaning of “commerce” when they also require that the required use of the mark—the sale or transport of goods, or the rendering of services—occur “in commerce.” See 15 U.S.C. §§ 1051(a)–(d), 1127.

<sup>59</sup> See, e.g., *Larry Harmon Pictures Corp. v. Williams Restaurant Corp.*, 929 F.2d 662, 663–66 (Fed. Cir. 1991); *Jellibeans, Inc. v. Skating Clubs of Ga, Inc.*, 716 F.2d 833, 838–39 (11th Cir. 1983). In terms of protection of unregistered marks, the requirements may be somewhat less stringent than those for registration, since the precise nature of the plaintiff’s use is not called into question by the statutory language in section 43(a). The focus, if eligibility for federal protection were questioned, would be on the matter of interstate versus intrastate use, in light of section 45’s (and the Commerce Clause’s) restriction of federal trademark law to that dealing with the commerce over which Congress has power. See *supra* notes 54, 56.

<sup>60</sup> Although I think these theoretical situations will be few and far between, if existing at all in light of modern commercial practices, I found one relatively recent case where a judge dismissed a section 43(a) claim for failure to meet the interstate commerce requirement. *Ultimate Video Plus, Inc. v. Perrine Elecs., Inc.*, No. 95-CV-1325 (CGC/DNH), 1996 WL 481542, at \*4 (N.D.N.Y. 1996) (dismissing a section 43(a) claim under rule 12(b) because the court found that plaintiff’s home video rental services in Glenmont, New York did not fall within the scope of interstate commerce). All other cases I found in which a claim to federal protection failed as a result of the interstate commerce requirement predated the modern, more expansive understanding of the interstate commerce clause and Congress’s authority thereunder.

As explained elsewhere in this Article, any intrastate-only users will still have a state common law trademark claim (or a state unfair trade practices claim based on common law trademark rights) that may be brought in state court, or even in federal court if there is diversity jurisdiction.

<sup>61</sup> A concurrent use application, which can result in a federal registration that applies only

These federally unregistered owners would still have, however, a federal section 43(a) claim against third party infringers. Federal trademark rights and remedies only fall completely out of reach if the plaintiff trademark owner cannot obtain any federal protection for the mark allegedly infringed.<sup>62</sup>

The gap left in federal law at the current time, then, is only as to users of trademarks whose use of the mark does not either take place across a state, Indian, or foreign territorial line or affect commerce that does so. This intrastate-commerce-only gap in Lanham Act coverage could be filled by state common law alone. State common law is, however, not alone. State registration schemes continue to exist, and they are not mere historical artifacts; state legislatures continue to revise and update them.

### III. THE ROLE OF STATE TRADEMARK REGISTRATIONS UNDER CURRENT LAW

State statutory rights began bolstering common law rights in the latter half of the nineteenth century. The initial registration statutes in many states focused on criminal liability, rather than civil liability, for infringement of a state-registered mark.<sup>63</sup> Today, however, state trademark registration schemes lean more heavily toward civil liability than criminal liability.<sup>64</sup> Each state's

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to a portion of the U.S., can be filed by certain users of marks whose own use is and was remote and in good faith with respect to third parties who also possess valid common law rights that would conflict with an unrestricted federal registration. *See* 15 U.S.C. §§ 1051(a)(3)(D), 1052(d).

<sup>62</sup> The fact that a defendant might be a wholly intrastate user of a mark will not impede a federal claim, because only the plaintiff must use its mark in interstate commerce. *See* Germain, *supra* note 53, at 89–90 (noting that early decisions under section 43(a) requiring that a defendant's goods or service move across state lines or have a direct connection with interstate commerce had, even by 1973, been discarded in favor of a more liberal interpretation of the scope of the section, and opining that application of section 43(a) to acts that are "purely intrastate except for their effects on interstate commerce" is "consistent with Congress' intention to extend the Lanham Act's protection to the fullest extent possible"). *See also Jellibeans*, 716 F.2d at 839.

<sup>63</sup> According to Professor McCarthy's trademark treatise, the common law rules governing trademark infringement and the tort of passing off were well-established by the mid-nineteenth century, which is when state registration statutes focused more on criminal than civil liability. *See* MCCARTHY, *supra* note 3, at § 5:2. The focus of early state statutes on criminal, rather than civil, liability is demonstrated by the state trademark statutes reprinted in JAMES L. HOPKINS, *THE LAW OF UNFAIR TRADE INCLUDING TRADE-MARKS, TRADE SECRETS, AND GOOD-WILL* app. H (2d ed. 1909). Of the first twelve states to enact trademark statutes (by approximately 1866), ten provided criminal remedies, while only two provided solely civil remedies. *See* Zvi S. Rosen, *In Search of the Trade-Mark Cases: The Nascent Treaty Power and the Turbulent Origins of Federal Trademark Law*, 83 ST. JOHN'S L. REV. 827, 831 n. 14 (2009). And only two of the ten states with criminal remedies included civil remedies within the statutory scheme. *See id.*

<sup>64</sup> The Model State Trademark Bill, which as discussed below has strongly influenced most modern state trademark statutes, focuses on civil liability, leaving criminal measures to state penal codes. Model State Trademark Bill §§ 12, 14(b) (2007) [hereinafter 2007 Model Bill], available at <http://www.inta.org> (links to "Policy and Advocacy," "Model Laws and Guidelines," and "Model State Trademark Bill") (providing for liability "in a civil

substantive statutory rules governing a mark's protectability, and thus its registrability, largely follow both the Lanham Act and the common law.<sup>65</sup> The substance of a state statutory infringement claim also closely follows the Lanham Act, which in turn was modeled in substance, if not also in scope, on the common law.<sup>66</sup>

Modern state statutory schemes demonstrate greater similarity than difference as a result of the influence of the Model State Trademark Bill promulgated by the International Trademark Association ("INTA").<sup>67</sup> The vast majority of state trademark

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action by the registrant" and specifying that the provision of civil remedies "shall not affect a registrant's right to prosecute under any penal law of this state"). See also Model State Anticounterfeiting Bill (2007), available at <http://www.inta.org> (links to "Policy and Advocacy," "Model Laws and Guidelines," and "Model State Anticounterfeiting Bill"). Criminal counterfeiting measures certainly still exist, and such laws have even been the subject of modernization and harmonization efforts by the International Trademark Association and other groups. See, e.g., Guide to Understanding the INTA Model State Anticounterfeiting Bill, INTA, <http://www.inta.org> (links to "Policy and Advocacy," "Model Laws and Guidelines," and "Guide to Understanding the Model State Anticounterfeiting Bill").

<sup>65</sup> The federal rules of registrability, at least regarding distinctiveness, were largely, although not entirely, derived from the common law standards. The Model Bill was modeled after the Lanham Act. See MCCARTHY, *supra* note 3, §§ 22:5, 22:7; Andrew L. Goldstein, *Bringing the Model State Trademark Bill into the 90s and Beyond*, 83 TRADEMARK REP. 226 (1993). Compare 2007 Model Bill, *supra* note 64, § 2, with 15 U.S.C. § 1052. Thus, no matter whether a state's law was modeled directly on the common law, the Lanham Act, or the Model Bill, the state standards of registrability with respect to use and distinctiveness will be very similar to standards for common law trademark protection.

One way in which the rules of registrability under both federal and state law may vary from the common law rules can be seen in section 2(a) of the Lanham Act and the counterpart provision in a number of state laws. Section 2(a) excludes from federal registrability marks that are "immoral," "scandalous," or that "disparage" persons, beliefs of institutions. 15 U.S.C. § 1052(a). The arguments supporting these exclusions are based not in traditional trademark doctrine but instead in public policy. E.g., Stephen R. Baird, *Moral Intervention in the Trademark Arena: Banning the Registration of Scandalous and Immoral Trademarks*, 83 TRADEMARK REP. 661 (1993). In addition, the federal law may at times be broader than the common law, and the existence of common law rights is not required before a mark may be registered either federally or under state law. For example, collective and certification marks may not be protectable at common law, and yet federal law allows for their registration. MCCARTHY, *supra* note 3, § 19:8. Other examples where federal law may be broader than the common law can be found in the McCarthy treatise. *Id.*

<sup>66</sup> The parallelism of state statute and the Lanham Act often extends to the precise language of the statute. The primary difference between the common law and either Lanham Act section 32 or state infringement provisions is that the common law does not (of course) require that a mark be registered before it is protected, while section 32 and most state statutes do require prior registration. The primary commonalities between statutory and common law rights are the rules of protectability, as noted above in note 65, as well as the use of likelihood of confusion as the test for infringement.

<sup>67</sup> For more information on INTA, which was formerly known as the United States Trademark Association (or USTA), see About INTA - Overview, INTA, <http://www.inta.org> (last visited Oct. 26, 2011). The first Model State Trademark Bill emerged in 1949 from the United States Trademark Association. Revised in 1964, the Model Bill remained unchanged again until 1992. At that time, significant changes related to the effect of a state registration were considered but rejected, including adding presumptions of ownership and validity, as well as constructive notice. See Goldstein, *supra* note 65, at 231-32. Throughout the life of the Model Bill, a state registration has conferred no evidentiary or substantive advantage over a common law right: a certificate of registration provides only proof of registration of the mark, thus it proves only that the

statutes are modeled in some way after the Model Bill, with some states making only modest changes and others adding more significant variations.<sup>68</sup>

I analyze the value of a state trademark registration by first examining the content of the varying state statutory registration schemes and their associated infringement claims.<sup>69</sup> I compare the statutory language governing the effects of state registrations to the federal statutes and case law,<sup>70</sup> as well as to the common law.<sup>71</sup> I have organized the comparison into four categories: evidentiary or procedural effects; geographic scope of rights; nature and breadth of the cause of action; and remedies.

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owner may bring a statutory infringement claim. *See* 2007 Model Bill, *supra* note 64, § 5(b); Model State Trademark Bill § 4 (1964), *reprinted in* MCCARTHY, *supra* note 3, § 22.8. Additional revisions to the Model Bill followed in 1996 and 2007, although these two revisions focused on the anti-dilution provisions alone and were designed to better coordinate with the federal anti-dilution provision introduced in 1995 and revised in 2006.

<sup>68</sup> The Model Bill was conceived as a means of harmonizing state laws with one another, as well as making those laws compatible with federal trademark statutes; since 1992, the Model Bill has expressly stated the aim of harmony with the Lanham Act. *See* Goldstein, *supra* note 65, at 226, 234, and sources cited therein; *see also* Guide to Understanding the INTA Model State Trademark Bill, INTA, <http://www.inta.org> (links to “Policy and Advocacy,” “Model Laws and Guidelines,” and “Guide to Understanding the Model State Trademark Bill”) (stating the intent of the Model State Trademark Bill of 1992):

The intent of this Act is to provide a system of state trademark registration and protection substantially consistent with the federal system of trademark registration and protection under the Trademark Act of 1946, as amended. To that end, the construction given the federal Act should be examined as persuasive authority for interpreting and construing this Act.

A table summarizing and citing to relevant statutory registration and infringement provisions in the Model Bill and all fifty states as of the publication of this article is set forth in the appendix.

<sup>69</sup> Here, I have focused on civil litigation because that is the primary means of enforcing rights in trademarks, particularly at the state-law level: state-law criminal counterfeiting measures do exist, *see supra* note 63, and are important in the narrow circumstances to which they apply, but the bulk of reported decisions reflecting state-law enforcement are civil in nature. This would seem logical because the marks making the best targets for profitable counterfeiting are, in all likelihood, also those with an owner whose interests are nationwide in scope and who has pursued federal registration and can thus use federal anti-counterfeiting provisions.

<sup>70</sup> A larger body of case law and commentary is available to aid in the interpretation of the federal provisions, allowing for useful comparison and contrast with the state statutes. In addition, the Model Bill has, since 1992, expressly referred courts to Lanham Act cases for guidance, *see supra* note 68, and many states have included that instruction in their statutes. For this reason, as well as because so few cases have ever carefully interpreted and applied most of these state statutes, state courts and federal courts may and do refer freely to federal case law.

<sup>71</sup> It bears note that “the common law” varied from jurisdiction to jurisdiction before the passage of the Lanham Act, and one of the challenges in passing the Act was the process of determining what version of the common law to include. *See, e.g.*, Kenneth L. Port, *Trademark Extortion: The End of Trademark Law*, 65 WASH. & LEE L. REV. 585, 596–600 (2008). The passage of the Act and increased dominance of federal law means, however, that when courts rely on “the common law” now, the variance has diminished, although it has not disappeared. Decisions clearly reflecting common law principles unfettered by the influence of the federal regime, however, are relatively few among modern reported decisions. *See supra* note 17.

*A. Evidentiary and Procedural Effects*

In thirty-one states, the registration of a mark simply creates a certificate that may be used in evidence at a trial involving state statutory claims for infringement.<sup>72</sup> The most common language provides that the registration certificate “shall be admissible in evidence as competent and sufficient proof of the registration of such mark in any action or judicial proceeding in any court of this State.”<sup>73</sup> The fact of registration does not prove anything else. In six other states, the statutory registration scheme is silent on the effect of state registration.<sup>74</sup> The effect of registration in those states should resemble the effect in the first thirty-one states. In all of these states, the state registration certificate simply provides access to a statutory cause of action for infringement. I call registrations in these thirty-seven states “low value” because they do not expand the scope of valid rights beyond those available under the common law, nor do they have the potential to ease the burden of proving validity in litigation.<sup>75</sup>

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<sup>72</sup> Those thirty-one states are Alabama (ALA. CODE § 8-12-9(b) (LexisNexis 2002)), Alaska (ALASKA STAT. § 45.50.060) (2008)), Arizona (ARIZ. REV. STAT. ANN. § 44-1444(B) (2003)), Arkansas (ARK. CODE ANN. § 4-71-205 (2001)), California (CAL. BUS. & PROF. CODE § 14215(b) (West 2008)), Delaware (DEL. CODE ANN. tit. 6, § 3305(b) (2005)), Hawaii (HAW. REV. STAT. § 482-24(b) (LEXIS through 2010-2011 Legis. Sess.)), Idaho (IDAHO CODE ANN. § 48-505 (2003)), Illinois (765 ILL. COMP. STAT. 1036/25 (West 2009)), Indiana (IND. CODE § 24-2-1-5(b) (LexisNexis 2006)), Iowa (IOWA CODE ANN. § 548.105 (West 2011)), Kansas (KAN. STAT. ANN. § 81-206 (Supp. 2008)), Kentucky (KY. REV. STAT. ANN. § 365.577(2) (LexisNexis 2008)), Louisiana (LA. REV. STAT. ANN. § 51:215(B) (2003)), Maine (ME. REV. STAT. ANN. tit. 10, § 1523 (2009)), Mississippi (MISS. CODE ANN. § 75-25-9 (West through 1996 amendments)), Missouri (MO. ANN. STAT. § 417.021(2) (West 2001)), Montana (MONT. CODE ANN. § 30-12-312 (2007)), New Hampshire (N.H. REV. STAT. ANN. § 350-A:4 (LexisNexis 2008)), New Jersey (N.J. STAT. ANN. § 56:3-13.4 (West 2001)), New Mexico (N.M. STAT. ANN. § 57-3B-7 (2004)), New York (N.Y. GEN. BUS. LAW § 360-d (Supp. 2011)), North Carolina (N.C. GEN. STAT. § 80-4 (2007)), North Dakota (N.D. CENT. CODE § 47-22-04 (Supp. 2007)), Ohio (OHIO REV. CODE ANN. § 1329.57 (LexisNexis 2006)), Oklahoma (OKLA. STAT. ANN. tit. 78, § 24 (West 2002)), Oregon (OR. REV. STAT. § 647.045 (West 2011)), South Carolina (S.C. CODE ANN. § 39-15-1125(B) (Supp. 2008)), Tennessee (TENN. CODE ANN. § 47-25-505(b) (2001)), Utah (UTAH CODE ANN. § 70-3a-304 (LexisNexis Supp. 2009)), and West Virginia (W. VA. CODE ANN. § 47-2-5 (LexisNexis 2006)).

Georgia recently amended its trademark statutes to delete a provision with this evidentiary language, which will leave its law silent as of January 1, 2013. I have not counted Georgia in the thirty-one states.

<sup>73</sup> Statutes with this language were directly modeled after the Model Bill. *See* 2007 Model Bill, *supra* note 64, § 5(b).

<sup>74</sup> The six “silent” states are Georgia (with the caveat noted in note 72 that GA. CODE ANN. § 10-1-452 (2009) will provide for an evidentiary effect until December 31, 2012), Maryland, Pennsylvania, South Dakota, Vermont, and Wyoming.

<sup>75</sup> One of the thirty-one states using the Model Bill’s “low value” evidentiary language is, interestingly, Ohio. As noted below in note 88, the Ohio Supreme Court in 1963 ruled that limited-area in-state use may, in some circumstances, give rise to a state-wide right, even without a registration. As a result, a holder of a valid registration in Ohio (meaning a registration supported by prior and continuing in-state use), could actually own enforceable rights in excess of those expressly provided by the registration statutes. This does not, however, make an Ohio registration any more valuable. It, in fact, reinforces the conclusion that in Ohio a registration is of low value, since the Ohio Supreme Court’s

In eleven of the remaining thirteen states, the statutory schemes add one feature relevant to litigation: a state registration provides prima facie evidence of three issues vital to a successful trademark infringement case: the validity of the registered mark, ownership of the mark by the registrant, and the registrant's exclusive right to use the mark in commerce within the state in connection with the goods and services listed in the registration certificate.<sup>76</sup> I call a state registration that provides prima facie

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ruling did not depend on the existence of a registration. Another “low value” state is Arkansas, which continue to categorize according to the language of the statute although a federal appellate panel opinion has declared that an Arkansas registration provides state-wide priority. *See Nat'l Ass'n for Healthcare Communications, Inc. v. Cen. Ark. Area Agency on Aging, Inc.*, 257 F.3d 732, 737 (8<sup>th</sup> Cir. 2001) (“State registration confers the statewide right to use a service mark in connection with the registered services, subject to defenses such as good faith prior use in a particular local market.”). The opinion provided no specific support for this conclusion from the Arkansas statutes, referring only to the general statement in the statutory scheme that the state registration system was “substantially consistent” with the federal registration system. *Id.*

<sup>76</sup> The eleven states are Florida, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, Rhode Island, Texas, Virginia, Washington, and Wisconsin. FLA STAT. ANN. § 495.061(2) (West 2010) (“prima facie evidence of the validity of the registration, registrant's ownership of the mark, and of registrant's exclusive right to use the mark in this state on or in connection with the goods or services specified in the certificate”); MASS. GEN. LAWS ANN. ch. 110H, § 5(b) (West Supp. 2011) (“prima facie evidence of the registrant's exclusive right to use the registered mark in this commonwealth on goods or services specified in the registration”); MICH. COMP. LAWS ANN. § 429.34(3) (West 2001) (“evidence of registrant's right to use the mark throughout this state in connection with the goods or services specified in the certificate”); MINN. STAT. ANN. § 333.21(2) (West Supp. 2008) (“prima facie evidence of registrant's ownership and exclusive right to use the mark on or in connection with the goods or services described in the certificate”); NEB. REV. STAT. § 87-132 (2008) (“prima facie evidence of the right to use the mark shown in the registration on or in connection with the class or classes of goods or services designated in the registration”); NEV. REV. STAT. § 600.350 (2007) (registration “raises a disputable presumption that the person to whom the certificate was issued is the owner of the mark in this State as applied to the goods or services described in the certificate”); R.I. GEN. LAWS § 6-2-4(d) (Supp. 2008) (“prima facie evidence of the registrant's exclusive right to use the registered mark in this state on goods or services specified in the registration”); TEX. BUS. & COM. CODE ANN. § 16.15(c) (West 2011) (“prima facie proof of (1) the validity of the registration; (2) the registrant's ownership of the mark; and (3) the registrant's exclusive right to use the mark in commerce in this state in connection with the goods or services specified in the certificate”); VA. CODE ANN. § 59.1-92.6 (2006) (“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”); WASH. REV. CODE ANN. § 19.77.040 (West, Westlaw through 2011 Legislation) (“prima facie evidence of: (1) The validity of the registration of the trademark; (2) The registrant's ownership of the trademark; and (3) The registrant's exclusive right to use the trademark in this state in connection with the goods or services specified in the certificate”); WIS. STAT. § 132.031 (2009) (“certificate shall, in all suits and prosecutions arising out of or depending upon any rights claimed under such mark, be prima facie evidence of the adoption thereof and of the facts prerequisite to registrations thereof”).

I have grouped these eleven states together and treated the relevant statutes as roughly equivalent in my broader analysis and argument although the specific language of each statute—and thus the precise extent and strength of the evidence obtained through registration—varies among them. For example, in Michigan, the statute does not say the registration is evidence of the “exclusive right” to use the mark, and it does not use the term “prima facie evidence.” The statute simply provides, as noted above, that the registration “shall be evidence of registrant's right to use the mark throughout this state.” MICH. COMP. LAWS ANN. § 429.34. In Nebraska, like Michigan, the statute refers to the

evidence of these matters an “evidentiary-value” registration.

These evidentiary-value provisions do not follow the Model Bill. Instead, they parallel the evidentiary effect of a federal trademark registration. In these eleven states, the state registration will provide a plaintiff with the evidentiary shortcuts that are also provided by a federal registration.<sup>77</sup> An evidentiary-value registration does not extinguish or otherwise limit common law rights acquired in good faith, which are expressly saved by statute in each of the eleven states.<sup>78</sup>

In six of these eleven states, a registration does not expand or create substantive rights beyond those available within the common law. Instead, the registration only officially recognizes those rights and potentially eases the burden of proving them in the event of litigation. The registered mark remains subject to the good-faith acquisition of common law rights by third parties as well as challenges to any aspect of validity.<sup>79</sup> I refer to these six

“right” to use the mark, not the “exclusive right.” NEB. REV. STAT. § 87-132.

Nevada’s statutory effect may actually be weaker than the other states, since the “disputable presumption” created by the registration is “that the person to whom the certificate was issued is the owner of the mark in this State as applied to the goods or services described in the certificate.” NEV. REV. STAT. § 600.350. As such, it does not directly address validity or an exclusive right to use the mark. Nevertheless, I think courts would likely apply the presumption to include validity and exclusive rights, if the issue ever arose in litigation.

In Virginia, a separate provision adds to the evidentiary value of a registration certificate: “In any proceeding under this chapter, any certificate of registration issued by the Commonwealth or the United States Patent and Trademark Office shall be prima facie evidence of the facts stated therein.” VA. CODE ANN. § 59.1-92.13(D).

In Washington, the effect of prima facie evidence of validity is limited by another provision in the Washington trademark statutes:

Registration under this title does not constitute prima facie evidence that a mark is not merely descriptive, deceptively misdescriptive, or geographically descriptive or deceptively misdescriptive of the goods or services with which it is used, or is not primarily merely a surname, unless the applicant has made substantially exclusive and continuous use thereof as a trademark in this state or elsewhere in the United States for the five years next preceding the date of the filing of the application for registration.

WASH. REV. CODE § 19.77.020(2) (West, Westlaw through 2011 Legislation).

In Wisconsin, the registration has evidentiary value, but it is provided in a more oblique manner than in others. The registration provides evidence of the mark owner’s “adoption thereof and of the facts prerequisite to registrations thereof.” WIS. STAT. § 132.031. The facts necessary to obtain the registration include a claim that the registrant has the “right to the use of the [mark], and that no other person . . . has such right either in the identical form or in any such near resemblance thereto as may be calculated to deceive.” WIS. STAT. § 132.01(1). This makes Wisconsin registrations of limited evidentiary value, but arguably evidence of the owner’s exclusive right to use the mark in the state even though the statute does not expressly refer to a registration as evidence of an “exclusive” right.

<sup>77</sup> See *supra* Part II.B.1. Because none of the state schemes couple “evidentiary-value” state registrations with the possibility of incontestability, the effect of federal incontestability upon the evidentiary value of a registration, see *supra* note 31, is not relevant to understanding this aspect of the effect of a state registration.

<sup>78</sup> See *supra* note 18.

<sup>79</sup> See *Hot-Hed, Inc. v. Safehouse Habitats (Scotland), Ltd.*, 333 S.W.3d 719, 730 (Tex. App. 2010) (ruling against registrant of mark on issue of validity and stating the following:

state schemes as “evidentiary value only.”<sup>80</sup> In the other five of the eleven evidentiary-value state registration systems, however, a state registration brings with it more than a mere evidentiary effect, as further discussed below in Part III.B.

The statutory schemes in Colorado and Connecticut do not fit neatly within the two categories discussed above, namely, “low value” (thirty-seven states) or “evidentiary value” (eleven states). Colorado substantially revised its statutory scheme in 2006 in order to eliminate a statutory cause of action for infringement and to downgrade the effect of a state trademark registration, now known in Colorado as a “statement of trademark registration.” The statement of trademark registration “does not enlarge or otherwise affect rights” created by common law, and it “does not confer upon the registrant any substantive right or create any remedy not otherwise available.”<sup>81</sup> The statement of trademark registration simply provides “notice of the claims made in the statement of trademark registration from and after the date and time [it] is filed.”<sup>82</sup> The effect of this unique statutory scheme means Colorado is also a low-value state for purposes of this article. In Connecticut, a statutory oddity makes the outcome of litigation difficult to predict. State registered marks can obtain incontestable status after five years, according to one provision, but another provision appears to allow a court to cancel a registration at any time for not complying with any of the standards of registrability, which includes the existence of a senior prior user.<sup>83</sup> For the sake of argument, I have classified

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“At trial, Safehouse presented evidence [of genericism] sufficient to rebut the presumption that the registration of the ‘habitat’ mark was valid and that the mark was protectable . . . . Thus, the presumption [of ownership, validity, and exclusive rights] was extinguished and the burden of persuading the jury that the term ‘habitat’ was eligible for protection remained with Hot-Hed.” (citations omitted); *All Am. Builders, Inc. v. All Am. Siding of Dallas, Inc.*, 991 S.W.2d 484, 489 (Tex. App. 1999) (explaining that the rebuttable presumption created by a state registration shifts the burden of producing evidence to the non-registered party, and after the party offers evidence contradicting validity, the presumption is extinguished and has no evidentiary value, and does not affect the burden of persuasion).

<sup>80</sup> The “evidentiary value only” state schemes are in Florida, Michigan, Nebraska, Nevada, Virginia, and Wisconsin.

<sup>81</sup> COLO. REV. STAT. § 7-70-103(2)–(3) (2008).

<sup>82</sup> *Id.* See also Arthur H. Travers, *The Revision of the Colorado Trademark Registration Statute*, 36 COLO. LAW. 39, 40 (2007) (explaining that a “key provision of the new law . . . makes explicit that registration merely gives public notice of the claims in the statement of trademark registration . . . in any case in which the issue of notice is material from and after the date on which it is filed.”).

<sup>83</sup> Connecticut does not by statute make a registration prima facie evidence of validity, ownership, or an exclusive right to use the mark in the state, nor does a Connecticut registration provide constructive notice. See CONN. GEN. STAT. ANN. §§ 35-11e, 35-11a–11m (West 2005 & Supp. 2011). Nevertheless, Connecticut law does provide that state-registered marks can obtain incontestable status after five years, in a manner largely parallel to the federal incontestability provision, but without the need to file an affidavit

Connecticut registrations as having potential evidentiary value.

In sum, the evidentiary or procedural value of a state registration falls into one of three categories: in thirty-eight states, a registration has low to no evidentiary value; in one state, a registration may have evidentiary value; and in eleven states, a registration has *prima facie* evidentiary value roughly parallel to the value of a federal registration in litigation under the Lanham Act.<sup>84</sup>

### B. *Geographic Scope of Rights*

In five of the eleven evidentiary-value state registration systems, a state registration creates state-wide constructive notice of the registrant's claim of ownership.<sup>85</sup> These constructive notice provisions, like the evidentiary-value provisions, were inspired not

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or declaration. *See id.* § 35-11m (providing for incontestability of the right to use the mark, but not specifying an exclusive right to use, and listing substantive requirements largely paralleling the federal incontestability provision). Incontestability in Connecticut is curious in that it would appear that a court can cancel a registration at any time for not complying with the standards of registrability, which include a conflict with a prior user's rights. *See id.* § 35-11b. Also, the express savings clause does not carve out the incontestability provision, so it would seem that the savings clause overrides the incontestability provision with respect to a prior common law user's right to continue its use (although incontestability might mean that the registered user could not be excluded from use in the state). *See id.* § 35-11k.

<sup>84</sup> State statutory schemes also do not differentiate themselves from the Lanham Act, and thereby create value for a state registrant, by creating an advantage in terms of the statute of limitations. The Lanham Act does not create or supply a statute of limitations for its infringement actions. The Supreme Court applies the "well-established rule that statutes of limitation for federal causes of action not supplied with their own limitations periods will be borrowed from state law." *Reed v. United Transp. Union*, 488 U.S. 319, 334 (1989). This principle has been applied to the Lanham Act. *See MCCARTHY, supra* note 3, §31:33 (listing cases from various states). As a result, even if a state statutory scheme supplied a statute of limitations for infringement of a registered trademark (which I observe that they generally do not), it would not create any variation between a state infringement action and a Lanham Act infringement claim brought in that state. A federal dilution claim, first included in federal law in 1995, would be limited by the four-year state of limitations applicable to all federal laws enacted after December 1, 1990 that do not otherwise have a limitations period. *See* 28 U.S.C. § 1658 (2006).

<sup>85</sup> The five states are Massachusetts, Minnesota, Rhode Island, Texas, and Washington. *See* MASS. GEN. LAWS ANN. ch. 110H, § 5(b) (West Supp. 2011) ("Registration of or renewal of a mark provided by this chapter shall be constructive notice of the registrant's claim of ownership thereof . . . but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if the mark had not been registered."); MINN. STAT. ANN. § 333.24 (West 2004) ("The secretary of state shall keep for public examination a record of all marks filed or renewed under [the registration provisions]. The record of registration is constructive notice of registrant's claim of ownership of the mark registered."); R.I. GEN. LAWS § 6-2-4(d) (Supp. 2008) ("Registration of or renewal of a mark provided by this chapter shall be constructive notice of the registrant's claim of ownership . . . but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if the mark had not been registered."); TEX. BUS. & COM. CODE ANN. § 16.15(b) (West 2011) ("Registration of a mark under this chapter is constructive notice throughout this state of the registrant's claim of ownership of the mark throughout this state."); WASH. REV. CODE ANN. § 19.77.040 (West, Westlaw through 2011 Legislation). ("Registration of a trademark under this chapter shall be constructive notice of the registrant's claim of ownership of the trademark throughout this state.").

by the Model Bill but by the Lanham Act and its endowment of federal registrations with the effect of nationwide constructive notice.<sup>86</sup>

As further explained above in the context of federal registrations, a constructive notice provision can eliminate the ability of a common law user to claim that it acquired its rights in good faith after the date of registration. The common law requires a junior user to operate remotely, and in good faith, in order for the junior user to acquire superior common law rights in its geographic area of use,<sup>87</sup> and the purpose of constructive use is to eliminate the geographic fragmentation that these remote, good-faith users can create. A court weighing a conflict between a state registrant and a common law user could give a state's constructive-notice provision the same effect it would give the Lanham Act's constructive notice provision in section 22, rather than including the issue of notice as one of several considerations within the determination of good faith. If it did so, a registration in one of these five states would give the registrant state-wide priority in the mark through the combined effect of a constructive notice provision with prima facie evidence of a right to use the mark within the state. I therefore refer to state registrations that create constructive notice and evidentiary value as "high-value" registrations.<sup>88</sup> Even in the five high-value states, state registrations, like federal registrations, do not extinguish common law rights existing at the time of registration but only constrain the

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<sup>86</sup> It bears emphasis that these state provisions do not parallel section 7(c) of the Lanham Act, which expressly provides for nationwide constructive use, and therefore nationwide priority. The effect in these state statutes is only parallel to section 22, which provides for constructive notice alone.

<sup>87</sup> See *supra* Part II.A.

<sup>88</sup> As noted in greater detail in note 85, the "high-value" states are Massachusetts, Minnesota, Rhode Island, Texas, and Washington. The practical value of constructive notice, of course, varies somewhat with the geographic size of the territory in which the notice operates. For that reason, the practical effect of state-wide constructive notice on determinations of good faith would seem to be significantly less in Rhode Island than, for example, Texas.

Ohio, curiously, does not statutorily provide for statewide constructive notice or priority, although as noted above in note 75, in 1963 the Ohio Supreme Court held that even geographically limited use of a mark within the state can entitle a party to the exclusive right to use the mark throughout the state, if the party also demonstrates the probability of expanding its use throughout the state. See *Yunker v. Nationwide Mutual Ins. Co.*, 191 N.E.2d 145 (Ohio 1963). Although *Yunker* predates the modern Ohio trademark statutes, it likely remains good law since it was based on the common law (rather than registered rights, which in that case post-dated the defendant's first use). The evidence of probable expansion in that case was arguably quite weak, see *id.* at 151-53 (Taft, C.J., dissenting), so if *Yunker* remains good law, its effect is just as powerful with respect to state-wide priority in Ohio as a constructive notice and use provision would be if enacted in connection with Ohio's registration system. Because the decision was based on the common law rather than a registered right, however, it does not place Ohio's statutory scheme in the "high-value" category.

acquisition of rights after the registration date. In litigation between a state registrant and a common law user whose use predates the registration, the registrant must rely solely on its common law rights, if any, that have priority over the other party in a particular geographic area. This is true even if the registrant's first use predates the other party's first use.

The geographic benefit of a registration in a high-value state arises only in state-law-based litigation, however, and does not expand an owner's geographic scope of rights in the face of a federal registration. A relatively well-known case, *Burger King of Florida, Inc. v. Hoots*,<sup>89</sup> demonstrates a state registration's interaction with a federal registration and its power of nationwide constructive use. In that case, the state registration predated both the federal registration and the federal registrant's in-state use of the mark, but the federal registrant, Burger King, was able to enjoin the Hoots family from operating one of its two restaurants.

The federal registrant of the BURGER KING mark first used it in Florida in 1953 (expanding to five other states by 1956), and its federal registration issued in 1961, the same year that it expanded to Illinois. The Hoots family first used the BURGER KING mark in Illinois in 1957 and obtained an Illinois registration in 1959. The family opened a second restaurant using the mark in 1962. The federal BURGER KING registrant succeeded in ousting the family from its second location—in a town less than 12 miles away from the first—because it was opened after the federal registration issued and thus was opened with constructive notice of the registration. The federal registrant was (and continues to be)<sup>90</sup> excluded from the twenty-mile-radius market area around the first Hoots family BURGER KING restaurant. The fact that the second restaurant fell within this market area did not save it from the federal registrant's rights, nor did the fact that the Hoots family had obtained its Illinois registration before the federal registration issued.

Another appellate decision discussing the application of the common law defense in the section 32 context is *Spartan Food Systems, Inc. v. HFS Corp.*<sup>91</sup> HFS obtained a Virginia state

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<sup>89</sup> *Burger King of Fla., Inc. v. Hoots*, 403 F.2d 904 (7th Cir. 1968).

<sup>90</sup> See Jeremy Hobson, *There's Only One Burger King in This Town*, MARKETPLACE (American Public Media, Nov. 27, 2007), [http://marketplace.publicradio.org/display/web/2007/11/27/burger\\_king](http://marketplace.publicradio.org/display/web/2007/11/27/burger_king). Online restaurant review site "Yelp" continues to list reviews for the Hoots business as well. See Review of Burger King, <http://www.yelp.com/biz/burger-king-mattoon> (last visited August 26, 2011).

<sup>91</sup> *Spartan Food Sys., Inc. v. HFS Corp.*, 813 F.2d 1279 (4th Cir. 1987).

registration for QUINCY'S, in connection with restaurant services, in 1982 (with its first use dating from 1979 in only the northern part of the state). Spartan federally registered its QUINCY'S mark in connection with restaurant services in 1984 (with its first use in other states in 1976). Spartan opened restaurants in Virginia in 1985 in areas separate from HFS's area of use. HFS, the state registrant and first user in Virginia, attempted to convince the court that it should have exclusive rights in all of Virginia, rather than only in its area of actual use. The Fourth Circuit rejected that argument, whether it was based on the common law or the Virginia state registration:

The market areas of Spartan and H.F.S. are distinct and geographically separate.

In sum, common law limits H.F.S.'s defense under § 33(a) of the Lanham Act to the area of its prior use in northern Virginia. Common law also limits the injunctive relief under § 43(a) to exclude Spartan's use of the mark only in northern Virginia. *Hanover Milling* . . . and *United Drug* . . . set forth the principles of common law that govern this aspect of the case.

. . . .

H.F.S.'s reliance on state law to assert exclusive use of the mark throughout Virginia directly conflicts with §§ 22 [nationwide constructive notice created by a registration] and 33(a) [explaining a registration's evidentiary effect] of the Lanham Act that enable Spartan to use its registered marks in areas of Virginia where H.F.S. did not use the mark prior to Spartan's federal registration. The express terms of § 45 of the Act which provide for its preemption of state law require that the conflict between Spartan's federal protection and H.F.S.'s state law claims must be resolved in favor of Spartan.<sup>92</sup>

Superior common law trademark rights accruing from prior and continuing use of a mark in a particular geographic area, then, can provide a defense to an action for trademark infringement brought by a federal registrant. A state trademark registration does not. There is no support in the case law or the Lanham Act for an argument that a state registration—apart from the actual use supporting the registration—creates a prior user defense in the face of an action under section 32.<sup>93</sup> The wider

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<sup>92</sup> *Id.* at 1284.

<sup>93</sup> Related, although not directly on point, is the rule applied by the United States Patent and Trademark Office (USPTO) in assessing evidence of use in the context of an opposition proceeding. The USPTO, supported by case law in the Federal Circuit, does

range of “legal or equitable” defenses available to fight an action for infringement of a contestable federal registration was developed through the common law without reference to state registrations. And the more specific, statutory defensive priority effected by section 33(b) relies expressly on the extent of the defendant’s *use* before the registrant’s priority date. So even a high-value state registration will not alter the scope of the prior user defense to a section 32 claim, because (1) the statute derives the defense from the common law, which relies on actual use (and perhaps a zone of expansion or reputation) and not on a state political boundary,<sup>94</sup> and (2) the Lanham Act creates limited

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not allow either opposers or applicants to satisfy the requirement of proof of prior use simply by providing a state registration certificate. *See West Florida Seafood, Inc. v. Jet Rests., Inc.*, 31 F.3d 1122 (Fed. Cir. 1994):

The regulatory licenses [submitted by opposer to support a claim of prior use of a mark], covering the periods of February 4, 1981 to September 30, 1981 and October 1, 1984 to September 30, 1986, and West’s state registration for “FAST EDDIE’S PLACE-WARM BEER-LOUSY FOOD,” obtained June 19, 1985 on the basis of a claimed first use of February 2, 1981, also corroborate West’s prior use assertions. The TTAB refused to accord this evidence any weight on the basis that “none of these licenses proves that the petitioner actually engaged in restaurant services under the mark during these periods” and “neither the claim made in the application nor the filing date of an application for a state registration constitutes proof of use of the mark.” Although there may be merit to the proposition that a license is not in and of itself proof that the licensed entity was actually engaged in the licensed activity, this does not mean that such a license has no evidentiary value at all. Indeed, *where there is additional evidence relating to actual use, such a license becomes quite probative in that it further corroborates the other evidence. The same applies to a state registration.*

*Id.* at 1127 (emphasis added). The opposer in *West Florida Seafood* had also submitted newspaper advertisements and food service inspection reports to support its claim of prior use of FAST EDDIE’S as a service mark or, at the very least, as a trade name. *See also Faultless Starch Co. v. Sales Producers Assocs., Inc.*, 530 F.2d 1400, 1401 n.2 (C.C.P.A. 1976) (stating, in the context of an opposition, that “[applicant] submitted numerous state registrations as evidence of early use. State registrations alone do not establish use.”).

Because state registrations generally require that the applicant submit specimens of use and a verified statement of the first date of use in commerce in the state in question, a state registration could provide some support for a defendant’s claim of prior use. But that support would not come from the legal act of registration; instead, it would come from reliance on those preserved specimens of use and somewhat-more-contemporaneous verified statements regarding the first date of use in commerce. Ultimately the state registrant would be required to provide more direct evidence of its use-based priority than the mere existence of a state registration certificate.

<sup>94</sup> *But see Advance Stores Co. v. Refinishing Specialties, Inc.*, 188 F.3d 408 (6th Cir. 1999). In *Advance Stores*, a Sixth Circuit panel affirmed a district court’s reading of applicable law for the prior use defense to a claim of infringement of an incontestable registration, even though the court considered only section 15, and not section 33, of the Lanham Act. The result of the court’s reading was that both the district court and the Sixth Circuit ruled that state law, and not federal law, delimits the extent of a prior user’s rights following a junior user’s registration. *See id.* at 412 n.4 (observing that section 15 provides for incontestability “except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration”). But section 15 does not set forth the defense to an infringement claim—section 33 does. This particular issue was not ultimately decided in *Advance Stores*, because the state registration in the case was cancelled (it post-dated the federal registration). But a close reading of the case indicates that the Sixth Circuit might have allowed, if a state statute so

preemption in cases of conflict between state and federal law.<sup>95</sup>

Importantly, any geographic scope-related benefit of a state registration is limited to the five high-value states. Low-value and evidentiary-value registrations, which all also exist in conjunction with common law rights, do not provide a registrant with priority over a common law user in a disputed area, regardless of when the registration issued. In a conflict between a common law user and a state registrant in forty-five states, common law priority rules based on extent of use and reputation will determine which party has priority in a particular area of the state.<sup>96</sup> In these forty-five states, a state registration has no bearing on the geographic scope of the registrant's enforceable rights in the registered mark.

Secondly, even the high-value registrations provide the trademark owner with a benefit only within the boundaries of the state, and only then when litigation arises under state law. No weight or breadth ascribed to a state registration under state law will provide the state registrant with ammunition to assert priority over a federal registrant of a conflicting mark. In litigation with a federal registrant raising a claim under section 32 of the Lanham Act, a prior state registration does not demonstrate or substitute for actual use in the entire state, and a state registrant will find no relief from liability by virtue of its state trademark registration.

### C. *Nature and Breadth of the Cause of Action*

The basic cause of action for violation of trademark rights is a confusion-based claim of infringement. The trademark owner claims that the user of a similar or identical mark is likely to cause confusion of consumers as to source, sponsorship, affiliation, or endorsement. Forty-nine of the fifty states currently connect state registrations to a statutory infringement claim of this basic type,<sup>97</sup> and forty-eight of those forty-nine states restrict a statutory

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specified, a state registration to create statewide rights (versus rights only in the area of actual use), even in the face of a federal registration.

<sup>95</sup> See 15 U.S.C. § 1127 (2006) (“The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce[,] [and] to protect registered marks used in such commerce from interference by State, or territorial legislation . . . .”); *Burger King of Fla., Inc. v. Hoots*, 403 F.2d 904, 907-08 (7th Cir. 1968).

<sup>96</sup> *Cf. Advance Stores*, 188 F.3d at 413 (declining to apply the Ohio rule of statewide priority to Kentucky and observing that the Ohio rule is unusual in light of common law principles, which focus on areas of actual use and reputation). *But see supra* notes 75, 88 (discussing Ohio Supreme Court decision providing state-wide rights under the common law).

<sup>97</sup> As explained above in Part III.A., Colorado's statutory law of trademarks begins and ends with the possibility of obtaining a “statement of trademark registration.” It is the only state whose law does not create a statutory infringement cause of action for state-registered marks. See COLO. REV. STAT. § 7-70-103 (2008).

infringement claim to registered marks only.<sup>98</sup> The significance of the “exclusive” state statutory infringement claim requires examination of its substance and a comparison of that substance to the claims available under the Lanham Act and state common law.<sup>99</sup>

Most state statutory causes of action for infringement either directly copy or are otherwise modeled on the Model Bill.<sup>100</sup>

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<sup>98</sup> New Jersey is the lone state extending the statutory claim of infringement to owners of unregistered marks. See N.J. STAT ANN. § 56:3-13.16a (West Supp. 2011).

<sup>99</sup> At the risk of stating the obvious, but for the sake of completeness, I note here that a state registration only provides access to a state statutory claim and does not have any relationship to a federal claim under section 32. On its face, section 32 of the Lanham Act provides for an infringement claim by the owner of a “registered mark,” but the Lanham Act is clear that when it refers to a “registered mark,” it refers only to federally registered rights:

The term “registered mark” means a mark registered in the United States Patent and Trademark Office under this chapter or under the Act of March 3, 1881, or the Act of February 20, 1905, or the Act of March 19, 1920. The phrase “marks registered in the Patent and Trademark Office” means registered rights.

15 U.S.C. § 1127. Nothing in section 32 depends on, or even makes relevant, the ownership of a state trademark registration.

Section 43(a) does not provide any rights to the owner of a state-registered trademark that it does not also provide to the owner of unregistered common law rights. The statutory language does not differentiate between these two types of owners, and case law bears out the lack of relevance for a state registration. Courts applying section 43(a) to the infringement of federally unregistered trademark rights simply assess whether the alleged trademark owner possesses rights enforceable under common law principles. Applying these common law principles would require proof of use of a distinctive mark, not mere proof of state-registered status. Some courts undertake a specific analysis of whether the alleged trademark owner has used its mark in interstate commerce, *see, e.g., Jellibeans, Inc. v. Skating Clubs of Ga., Inc.*, 716 F.2d 833, 838–39 (11th Cir. 1983), while others do not address the issue. In any event, I found no evidence that the outcome of a section 43(a) action is or should be affected by the existence or non-existence of a state registration.

Section 43(a) protects, as noted above, marks that are not federally registered. Claims under section 43(a) require, by and large, the same basic proof of infringement required under section 32, namely, proof that defendant’s activities will cause a likelihood of confusion, deception or mistake. The difference between sections 32 and 43(a) is simply that the plaintiff’s claim of priority in the mark is based on common law, or unregistered rights rather than federally registered rights. *See, e.g., Jellibeans*, 716 F.2d at 846. Courts applying either section require, pursuant to the statutory language, proof of a likelihood of confusion, mistake or deception arising from the alleged infringer’s conduct.

Section 43(a) provides no statutory defenses. Nevertheless, it is understood that a section 43(a) defendant may assert at least the same defenses as a section 32 defendant, namely, all legal or equitable defenses or defects found within the common law of trademarks. *See supra* Part II.B.3. As further explained above, the defensive trademark rights that will be considered by a court in a section 43(a) case will arise from a defendant’s prior or remote innocent use—and not from a state registration—since it is prior or remote innocent use that provides defensive rights under the common law of trademarks.

<sup>100</sup> *See, e.g.,* ALA. CODE § 8-12-16 (LexisNexis 2002); GA. CODE ANN. § 10-1-450 (2009); MASS. GEN. LAWS ANN. ch. 110H, § 12 (West Supp. 2011); OHIO REV. CODE ANN. § 1329.65 (LexisNexis 2006). Section 12 of the 2007 Model State Trademark Bill provides, in full:

Subject to the provisions of Section 16 hereof [common law savings clause], any person who shall  
(a) use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of a mark registered under this Act in connection

## Under the Model Bill:

any person who shall . . . use . . . any reproduction, counterfeit, copy, or colorable imitation of a mark registered under this Act in connection with the sale, distribution, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive as to the source of origin of such goods or services . . . shall be liable in a civil action by the registrant . . . .<sup>101</sup>

The Model Bill, in turn, takes most of its language from section 32 of the Lanham Act, which states that

[a]ny person who shall . . . use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided.<sup>102</sup>

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with the sale, distribution, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive as to the source of origin of such goods or services; or  
(b) reproduce, counterfeit, copy or colorably imitate any such mark and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with the sale or other distribution in this state of such goods or services;  
shall be liable in a civil action by the registrant for any and all of the remedies provided in Section 14 hereof, except that under subsection (b) hereof the registrant shall not be entitled to recover profits or damages unless the acts have been committed with the intent to cause confusion or mistake or to deceive.

2007 Model Bill, *supra* note 64, § 12. Most state infringement provisions that mirror section 12 of the Model Bill also mirror section 32 of the Lanham Act, *see infra* note 102, so the modeling in some cases may be the result of a state legislature's referring directly to the Lanham Act rather than a state legislature's using the Model Bill. *See, e.g.*, TEX. BUS. & COM. CODE ANN. §§ 16.26 (West 2011) (containing language like the Model Bill for the infringement action but very unlike the Model Bill for remedies).

<sup>101</sup> 2007 Model Bill, *supra* note 64, § 12.

<sup>102</sup> 15 U.S.C. § 1114(1). Section 32(1) currently provides, in full:

- (1) Any person who shall, without the consent of the registrant
  - (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
  - (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,shall be liable in a civil action by the registrant for the remedies hereinafter

The framing of Lanham Act infringement in terms of consumer confusion, finally, reflects the state of the common law in the middle of the twentieth century when the Lanham Act was enacted.<sup>103</sup> It should not be surprising to find very little difference between the substantive rights granted to a state-registered mark by statute and those granted to an unregistered mark by state common law. State registrants in states using the Model Bill may find their state statutory rights somewhat narrower than the rights granted by modern section 32, section 43(a), or by the common law. In 1962, Congress broadened section 32 by removing limiting language after “likely to cause confusion, or to cause mistake, or to deceive.”<sup>104</sup> It removed “purchasers as to the source of origin of such goods or services,”<sup>105</sup> but most of that language (excluding “purchasers”) is still included in the Model Bill and many state laws.<sup>106</sup>

In any event, as a result of the parallels to section 32 and common law principles, state-registered status does nothing to expand or modify the nature or breadth of the basic infringement cause of action, regardless of the source of the cause of action in federal or state law.<sup>107</sup> As a result of either direct modeling on

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provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

*Id.* The text of the Model Bill varies somewhat from section 32. For example, section 32 does not refer to a provision expressly preserving common law rights. Other variation is style rather than substance, such as where the Model Bill reorders language from section 32 or modifies sentence structure.

<sup>103</sup> See sources cited *supra* note 9. See also Beverly W. Pattishall, *Two Hundred Years of American Trademark Law*, 68 TRADEMARK REP. 121, 140–41 (1978) (“By 1946, and the Lanham Act’s passage, the courts had largely read into the previous Act the ‘likely to cause confusion, or to cause mistake, or to deceive’ test for infringement, but the need remained for a clear statutory statement and its inclusion was a major advance.”). Compare 15 U.S.C. § 1114 (protecting registered marks from infringement, based on a likelihood of confusion, mistake, or deception) with 15 U.S.C. § 1125(a) (protecting unregistered marks from infringement based on a likelihood of confusion, mistake, or deception).

<sup>104</sup> See Act of October 9, 1962, Pub. L. No. 87-772, 76 Stat. 769 (1962).

<sup>105</sup> *Id.*

<sup>106</sup> Section 32 now simply provides for liability when the relevant acts by defendant are “likely to cause confusion, or to cause mistake, or to deceive,” 15 U.S.C. § 1114(1), while the Model Bill provides for liability when the acts are “likely to cause confusion or mistake or to deceive as to the source of origin of such goods or services,” 2007 Model Bill, *supra* note 64, § 12. Whether this means that the Model Bill, and state statutes that follow it, will be applied by courts to address only a narrower range of confusion, mistake, or deception caused by a defendant than does Section 32 is an interesting and open question.

<sup>107</sup> Even though all states have co-existing statutory schemes and common law trademark rights, no state’s case law demonstrates that owning a state registration has any effect on a plaintiff’s common law trademark claim or a claim based on common law rights that is pursued through an unfair trade practices or unfair competition statute. I have tried in vain to find such an effect. So although a plaintiff with a state registration may bring both common law and statutory trademark claims under state law (except in Colorado, see *supra*

section 32, or use of the Model Bill, the statutory infringement cause of action rarely varies from the common law or the Lanham Act, including the Act's protection for unregistered marks in section 43(a).<sup>108</sup> When the statutory action does vary, however, it can be even narrower than other forms of protection. For example, the statutory infringement claim has been interpreted to be quite narrow in Wisconsin, extending only to identical or substantially indistinguishable marks rather than a broader group of uses creating confusion.<sup>109</sup> In Vermont, the statutory infringement claim is also likely narrower than the common law or the Lanham Act as a result of its emphasis on imitations, "counterfeit" marks and otherwise seemingly identical or "false" uses of registered marks.<sup>110</sup> No state's statutory scheme brings an otherwise non-infringing third-party activity within the scope of a basic infringement claim. Accordingly, having a state-registered trademark does not provide the mark owner with a substantive advantage in litigation against an alleged infringer.

The state-registered status of a trademark also does nothing to enhance the access a trademark owner may have to a claim of dilution, which is recognized both in federal law and in the law of

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Part III.A.) for the purpose of evaluating the effect of a state registration on a plaintiff's rights, the plaintiff's common law claims can be eliminated from the analysis.

<sup>108</sup> See *supra* Part II.B.5.

<sup>109</sup> See *Madison Reprographics v. Cook's Reprographics*, 552 N.W.2d 440, 450-51 (Wis. Ct. App. 1996) (interpreting WIS. STAT. § 132.033(1), which provides that the holder of a state registration for a mark "may proceed by suit to enjoin the manufacture, use, display or sale of any counterfeit mark identical to or substantially identical to that mark."); *cf. Mil-Mar Shoe Co., Inc. v. Shonac Corp.*, 75 F.3d 1153 (7th Cir. 1996).

<sup>110</sup> See VT. STAT. ANN. tit. 9, § 2530 (2006):

Subject to the provisions of section 2532 of this title, no person shall knowingly and wilfully:

(1) Falsely make, counterfeit, imitate, sell, offer for sale, or in any way utter or circulate any trademark which has been registered in accordance with the provisions of this subchapter;

(2) Affix to any article of merchandise a false or counterfeit or imitation trademark, or the genuine trademark of another which has been registered in accordance with the provisions of this subchapter, without the latter's consent;

(3) Sell, keep, or offer for sale an article of merchandise, to which is affixed a false or counterfeit trademark, or the genuine trademark, or an imitation of the trademark of another which has been registered in accordance with the provisions of this subchapter, without the latter's consent;

(4) Have in his possession a counterfeit trademark or a die, plate, brand or other thing for the purpose of falsely making or counterfeiting a trademark which has been registered in accordance with the provisions of this subchapter; or

(5) Make or sell, or offer to sell or dispose of, or have in his possession with intent to sell or dispose of, an article of merchandise with a trademark which has been registered in accordance with the provisions of this subchapter by another, which indicates falsely the quantity, character, place of manufacture or production, or person manufacturing, producing or sponsoring the article.

*Id.*

at least thirty-eight states.<sup>111</sup> State registrations are, in fact, entirely irrelevant to a federal dilution claim. Section 43(c) provides a federal cause of action for a trademark owner seeking to prevent the “dilution” of its trademark rights, even if the challenged use differs so much from the owner’s use that there is no likelihood of confusion. The federal statute, unlike some state statutes,<sup>112</sup> only protects “famous” marks.<sup>113</sup> Section 43(c) defines a famous mark as one “widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner,” and it provides a short, nonexclusive list of factors that may be considered in determining whether a mark is “famous.”<sup>114</sup> Registered rights are mentioned in that list, but the reference is only to federally registered rights: “[w]hether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.”<sup>115</sup> As a result, while federal law requires fame, it does not require federal registration. Even unregistered marks can be shown to have the requisite level of fame and thus potentially qualify for federal anti-dilution protection.<sup>116</sup>

A state registration fares no better on the defensive side of a federal dilution claim. A registration might bolster, in an evidentiary sense, a defendant’s claim that its use began before the plaintiff’s mark became famous.<sup>117</sup> As noted above in the discussion of defenses to actions under section 32, however, prior

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<sup>111</sup> See WELKOWITZ, *supra* note 15.

<sup>112</sup> See *infra* note 120.

<sup>113</sup> See 15 U.S.C. § 1126(c)(1) (2006).

<sup>114</sup> See 15 U.S.C. § 1125(c)(2)(A). The full list of statutory factors is as follows:

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
- (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
- (iii) The extent of actual recognition of the mark.
- (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

*Id.*

<sup>115</sup> 15 U.S.C. § 1125(c)(2)(A)(iv).

<sup>116</sup> As noted above, the statute does not list state-registered status as a factor relevant to fame. From a plaintiff’s perspective, this decreases the value of a state registration in the context of a federal dilution claim. In assessing whether a trademark is “famous,” however, courts may consider “all relevant factors,” not only those expressly listed. As long as the fact is relevant to the question of “whether a mark possesses the requisite degree of recognition,” a court can consider it. 15 U.S.C. § 1125(c)(2)(A). The question becomes whether a state registration is relevant to the requirement of wide recognition as a designation of source by the general consuming public of the United States. Although it is possible for a court to disagree, I do not think that it is relevant.

<sup>117</sup> The federal dilution statute clearly requires the owner of the famous mark to prove that the defendant’s use began after the owner’s mark became famous. For further discussion of the evidentiary significance of a state registration when proving use of a mark, see note 93, *supra*.

use is the fundamental issue, not prior state registration. And while section 43(c)(6) provides that a federal registration is a bar to a dilution action brought under state law, it does not give a state registration any defensive weight in a federal dilution action.<sup>118</sup> Federal dilution law does not provide any offensive or defensive significance for a state-registered mark that it does not also provide for a mark protected by the common law by virtue of its use in commerce.

At the state level, while thirty-eight states provide a statutory cause of action for dilution of a mark, only Alaska and Connecticut limit a dilution claim to a mark that is both famous and registered within the state.<sup>119</sup> All other state dilution statutes cover both registered and unregistered marks within the scope of the dilution claim.<sup>120</sup> Twenty-eight of the state dilution statutes are modeled after the federal dilution statute<sup>121</sup> and include registered

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<sup>118</sup> 15 U.S.C. § 1125(c)(6).

<sup>119</sup> See ALASKA STAT. § 45.50.180(d) (2008) (providing an action against dilution that is similar to the 1995 FTDA but extends only to marks both registered and famous in Alaska); CONN. GEN. STAT. ANN. § 35-11i(c) (West 2005) (providing an action against dilution that mirrors the 1995 FTDA but extends only to marks both registered and famous in Connecticut).

<sup>120</sup> Ten of the thirty-eight state dilution statutes do not require fame (Delaware, Georgia, Louisiana, Maine, Massachusetts, Missouri, New Hampshire, New York, Rhode Island, and Texas), while the rest, including Alaska and Connecticut (cited in note 119), require fame within the state or some significant portion of it. ALA. CODE § 8-12-17 (LEXIS through 2010 amendments); ARIZ. REV. STAT. ANN. § 44-1448.01 (2003); ARK. CODE ANN. § 4-71-213 (2001); CAL. BUS. & PROF. CODE § 14247 (West 2008); DEL. CODE ANN. tit. 6, § 3313 (Supp. 2010); FLA. STAT. ANN. § 495.151 (West 2010); GA. CODE ANN. § 10-1-451(b) (2009); HAW. REV. STAT. § 482-32 (LEXIS through 2010-2011 Legis. Sess.); IDAHO CODE ANN. § 48-513 (2003); 765 ILL. COMP. STAT. 1036/65 (West 2009); IND. CODE ANN. § 24-2-1-13.5 (LexisNexis 2006); IOWA CODE ANN. § 548.113 (West 2011); KAN. STAT. ANN. § 81.214 (Supp. 2008); LA. REV. STAT. ANN. § 51:223.1 (2003); ME. REV. STAT. ANN. tit. 10, § 1530 (2009); MASS. GEN. LAWS ANN. ch. 110H, § 13 (West Supp. 2011); MINN. STAT. ANN. § 333.285 (West 2004); MISS. CODE ANN. § 75-25-25 (West through 2009 amendments); MO. ANN. STAT. § 417.061 (West 2001); MONT. CODE ANN. § 30-13-334 (2007); NEB. REV. STAT. § 87-140 (2008); NEV. REV. STAT. § 600.435 (2007); N.H. REV. STAT. ANN. § 350-A:12 (LexisNexis 2008); N.J. STAT. ANN. § 56:3-13.20 (West 2001); N.M. STAT. ANN. § 57-3B-15 (2004); N.Y. GEN. BUS. LAW § 360-1 (Supp. 2011); OR. REV. STAT. § 647.107 (West 2011); 54 PA. CONS. STAT. § 1124 (West Supp. 2011); R.I. GEN. LAWS § 6-2-12 (2011); S.C. CODE ANN. § 39-15-1165 (Supp. 2008); TENN. CODE ANN. § 47-25-513 (2001); TEX. BUS. & COM. CODE ANN. § 16.29 (West 2011); UTAH CODE ANN. § 70-3a-403 (LexisNexis Supp. 2009); WASH. REV. CODE ANN. § 19.77.160 (West, Westlaw through 2011 legislation); W. VA. CODE ANN. § 47-2-13 (LexisNexis 2006); WYO. STAT. ANN. § 40-1-115 (2003).

<sup>121</sup> Some statutes are almost identical to federal law, while others contain greater variation. Five of the twenty-eight federal-style state provisions are modeled after the 2006 revised federal statute (Alabama, California, Florida, Mississippi, and Oregon), while the other twenty-three states adopted dilution protection modeled on the 1995 federal statute (or at least the 1992 Model Bill that contained similar language) and have not revised it in response to the 2006 changes to federal law (Alaska, Arizona, Arkansas, Connecticut, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Minnesota, Montana, Nebraska, Nevada, New Jersey, New Mexico, Pennsylvania, South Carolina, Tennessee, Utah, Washington, West Virginia, and Wyoming). See statutes cited *supra* note 120. See also Goldstein, *supra* note 65, at 236. The ten statutory schemes that do not require fame, see *supra* note 120, generally use an older, broader type of dilution protection rather than one of the two more recent federal models. This older style of dilution protection was included in the

status within the fame factors, with one change from the federal statutes. In federal law, the reference is only to federal registration, while at the state level the reference is expanded to include state-registered status. There is very little state-level case law under these statutes, and what little does exist does not reflect that any weight has been placed, in practice, on state registrations or the lack thereof. Also, state dilution statutes do not contain a counterpart to subsection 43(c)(6), thus they do not make a state registration a defensive bar to a state dilution claim brought by another person using a similar or the same mark.

Thus, even though both federal and state dilution statutes expand the nature or breadth of available trademark actions<sup>122</sup>—sweeping more challenges to third party activity within the range of the trademark owner’s rights—there is still no comparative advantage for a state registrant either under federal law or within the law of the vast majority of states.<sup>123</sup>

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Model Bill from 1964 until 1992. See Goldstein, *supra* note 65, at 236. The twelve states whose trademark statutes do not include an action for dilution are Colorado, Kentucky, Maryland, Michigan, North Carolina, North Dakota, Ohio, Oklahoma, South Dakota, Vermont, Virginia, and Wisconsin.

<sup>122</sup> Section 43(d) of the Lanham Act is the most recent addition to the panoply of federal statutory trademark rights. See 15 U.S.C. § 1125(d). It addresses a practice called “cybersquatting” by providing a federal cause of action to a trademark owner when another person, with a “bad faith intent to profit” from the owner’s mark, registers, traffics in, or uses a domain name that is identical or confusingly similar to the mark, or, if the mark is also “famous,” is identical or confusingly similar or dilutive of that mark. There is no requirement that a cybersquatting plaintiff have registered its mark at the federal or state level. A defendant’s bad faith intent is determined in part by considering “the trademark or other intellectual property rights of the [defendant], if any, in the domain name.” 15 U.S.C. § 1125(d)(1)(B)(i)(I). I have found no reported section 43(d) case indicating that courts consider the state-registered status of a mark to be particularly relevant in evaluating the trademark rights of a plaintiff or a defendant, as compared to proof of use of the mark in a manner sufficient to create common law rights. There are a few state cybersquatting statutes, including in California, Hawaii, Louisiana, New York, and Utah, but only the Hawaii and Utah law apply to marks and connect a state registration to any advantage for an owner in a cybersquatting action. See CAL. BUS. & PROF. CODE § 17525–17528.5 (West 2008) (protecting personal names of living persons and deceased personalities); LA. REV. STAT. ANN. §§ 51:300.11–13 & 51:300.21–22 (2003) (protecting names of living persons as well as nicknames and aliases by which a living person is commonly known); HAW. REV. STAT. §§ 481B-21 to -25 (LEXIS through 2010-2011 Legis. Sess.) (protecting marks registered and used in Hawaii and names of living persons); N.Y. GEN. BUS. LAW §§ 146–149 (Supp. 2011) (protecting names of living persons); UTAH CODE ANN. § 70-3a-309 (West through 2010 amendments) (protecting marks and personal names and providing owners of federal and Utah trademark registrations with an in rem civil action against domain names in certain circumstances).

<sup>123</sup> In light of the remote location of Alaska in comparison to the remainder of the United States, however, a mark used in Alaska and its most immediate neighbor, Canada, but not in the contiguous forty-eight United States, would be eligible for federal trademark protection and yet not be likely to be endowed with recognition in multiple states. So to the extent that an Alaskan trademark owner believed that its mark would not be famous to the general consuming public of the United States, see *supra* note 111 and accompanying text, or at least some significant geographic portion thereof, but might still be “famous” within Alaska, the geographic remoteness of Alaska might mean that an Alaskan registration is actually more valuable in practical terms than it otherwise would appear to be from the face of the statutes.

#### D. Remedies

The remedies available under state statutory law diverge from the common law in many states, although they do not vary much from the Lanham Act. The typical remedies for infringement of common law rights include an injunction<sup>124</sup> and, in appropriate cases, monetary awards in the form of either (1) damage caused to the plaintiff as a result of the infringement, including lost profits,<sup>125</sup> or (2) defendant's profits earned as a result of the infringement,<sup>126</sup> and occasionally both.<sup>127</sup> Monetary remedies, like injunctive relief, are not mandatory under the common law; instead, these remedies fall within the court's equitable discretion. Under the common law, recovery of actual damages often requires proof of actual confusion, although proof of a defendant's intent to cause confusion may suffice.<sup>128</sup> An award of the defendant's profits finds support in one of three rationales: (1) they are a rough measure of plaintiff's damages via sales lost to the infringing defendant; (2) they could award to the plaintiff any unjust enrichment to the defendant as a result of the infringement; (3) they represent a measure of deterrence for willful infringement.<sup>129</sup>

In many, if not most states, punitive damages are generally available to punish certain egregious tortious conduct.<sup>130</sup> When a successful common law unfair competition or trademark action includes proof of serious and intentional misconduct, then punitive damages may be available. In these states, punitive damages can be awarded as such, not merely in the guise of an award of defendant's profits to the plaintiff under a deterrence theory. Punitive damages in an unfair competition or trademark case would be limited by that state's and the U.S. Supreme Court's

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<sup>124</sup> See MCCARTHY, *supra* note 3, §§ 30:1--:16; RESTATEMENT, *supra* note 11, § 35.

<sup>125</sup> MCCARTHY, *supra* note 3, §§ 30:72--:78; RESTATEMENT, *supra* note 11, § 36 cmt. g.

<sup>126</sup> MCCARTHY, *supra* note 3, §§ 30:59--:64; RESTATEMENT, *supra* note 11, § 37 cmt. f.

<sup>127</sup> MCCARTHY, *supra* note 3, § 30:73; RESTATEMENT, *supra* note 11, § 36 cmt. C, § 37 cmt. c.

<sup>128</sup> MCCARTHY, *supra* note 3 §§ 30:74--:75.

<sup>129</sup> MCCARTHY, *supra* note 3, § 30:59; RESTATEMENT, *supra* note 11, § 37 cmt. b.

<sup>130</sup> See, e.g., *Charles Jacquin et Cie, Inc. v. Destileria Serrales, Inc.*, 921 F.2d 467, 471 (3d Cir. 1990) (noting, in a case raising both section 43(a) and Pennsylvania state common law claims, that the request for punitive damages was governed by Pennsylvania tort law, which "allows punitive damages only for 'conduct that is outrageous, because of the defendant's evil motive or his reckless indifference to the rights of others,'" but not finding sufficient evidence to support punitive damages where there was "no evidence that [defendant] willfully set out to copy [plaintiff's] bottle.") (internal quotation and citation omitted). See also MCCARTHY, *supra* note 3, § 30:96 (citing cases from a number of states and stating that "[i]n jurisdictions where punitive damages are allowable in tort cases, they are equally allowable in cases of trademark infringement and unfair competition."); RESTATEMENT, *supra* note 11, § 36 cmt. n.

constitutional due process considerations,<sup>131</sup> which at this time continue to allow punitive damages for economically harmful, or potentially harmful, competitive torts.<sup>132</sup>

Under the Lanham Act, a court may grant an injunction to prevent infringement, dilution, or cybersquatting, “according to the principles of equity and upon such terms as the court may deem reasonable.”<sup>133</sup> Monetary remedies for confusion-based infringement or cybersquatting, or for willful dilution, include—again subject to “principles of equity”—both the defendant’s profits and the plaintiff’s damages.<sup>134</sup> The court has the power to award up to three times the amount found to be the plaintiff’s

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<sup>131</sup> See *Cooper Indus., Inc. v. Leatherman Tool Grp., Inc.*, 532 U.S. 424, 425 (2001) (outlining, in a case where the underlying tort was unfair competition, the due process considerations that substantively limit state discretion to impose punitive damages, and listing “(1) the degree of the defendant’s reprehensibility or culpability; (2) the relationship between the penalty and the harm to the victim caused by the defendant’s actions; and (3) the sanctions imposed in other cases for comparable misconduct.” (internal citations omitted)); *BMW of N. Am., Inc. v. Gore*, 517 U.S. 559, 574–75 (1996) (instructing courts to consider, in reviewing the constitutionality of punitive damages, the “degree of reprehensibility of the defendant’s conduct,” the “ratio” of the punitive award “to the actual harm inflicted on the plaintiff,” and the difference, if any, between “the punitive damages award and the civil or criminal penalties that could be imposed for comparable misconduct.”).

<sup>132</sup> See *Cooper Indus.*, 532 U.S. at 443 (remanding unfair competition case to appellate court for *de novo* review of appropriateness of the amount awarded as punitive damages). See also *JCW Invs., Inc. v. Novelty, Inc.*, 482 F.3d 910, 918–19 (7th Cir. 2007) (affirming \$50,000 punitive damage award under state common law of trademarks, when award for plaintiff’s lost profits was \$125,000, after analyzing preemptive effect of the Lanham Act and its remedial provisions, and stating that “[a]side from preemption, there is no other reason to refrain from affirming the jury’s award of punitive damages in this case.”); *Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co.*, 561 F.2d 1365, 1376 (10th Cir. 1977) (approving, under Colorado law, a ratio of 6:1 exemplary to compensatory damages where common law mark was infringed).

<sup>133</sup> 15 U.S.C. § 1116(a) (2006).

<sup>134</sup> 15 U.S.C. § 1117(a) (“When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled . . . subject to the principles of equity, to recover (1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.”). Recovery of damages and profits under the Lanham Act may be limited or eliminated by § 29 for some owners of registered marks, however, if they failed to provide notice of registered status when using the registered mark. 15 U.S.C. § 1111. Pleading and pursuing both a state infringement claim as well as a federal claim, however, may allow a trademark owner limited by § 29 to nonetheless recover damages or profits under state law. See, e.g., *Schroeder v. Lotito*, 747 F.2d 801 (1st Cir. 1984) (allowing recovery of profits under Rhode Island law and of attorneys’ fees under the Lanham Act).

No small amount of appellate and academic discussion examines the proper application of “principles of equity” in awarding or withholding profits and damages under the Lanham Act. See, e.g., Danielle Conway-Jones, *Remedying Trademark Infringement: The Role of Bad Faith in Awarding an Accounting of Defendant’s Profits*, 42 SANTA CLARA L. REV. 863 (2002); James M. Koelemay, Jr., *Monetary Relief for Trademark Infringement Under the Lanham Act*, 72 TRADEMARK REP. 458 (1982) (observing that much of the law of monetary remedies for trademark infringement under Lanham Act causes of action was created by reference to common law rather than being dictated by statutory language); *Maier Brewing Co. v. Fleischmann Distilling Corp.*, 390 F.2d 117 (9th Cir. 1968) (examining the varied rationales for an award of profits under the Lanham Act).

actual damage, as “compensation and not a penalty,”<sup>135</sup> and it can also adjust the amount of recovery based on the defendant’s profits if it finds that the actual amount of profit is either inadequate or excessive.<sup>136</sup> The increases and decreases in the amounts proven by the parties require the exercise of equitable considerations.<sup>137</sup> Attorneys’ fees may also be awarded to the prevailing party—either plaintiff or defendant—in “exceptional cases.”<sup>138</sup>

State statutory remedies range widely, from those matching the common law to those more closely in tune with the Lanham Act. With respect to injunctive relief, although all states generally give courts the power to enjoin infringement, a few states modify the standard away from the common law and lean somewhat more in favor of the trademark owner.<sup>139</sup> State monetary remedies follow three basic models, with a few outliers. A number of state statutes are no more generous than the common law, listing only a possibility of an award of the registrant’s damages and the infringer’s profits.<sup>140</sup> A second group of states, primarily those

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<sup>135</sup> Punitive damages are not available for a Lanham Act claim. *See, e.g.,* Getty Petroleum Corp. v. Bartco Petroleum Corp., 858 F.2d 103, 108–13 (2d Cir. 1988); Zazu Designs v. L’Oreal S.A., 979 F.2d 499, 507 (7th Cir. 1992) (following *Getty v. Bartco* in holding punitive damages unavailable under the Lanham Act, and not disturbing the district court’s finding that punitive damages were available for trademark infringement under Illinois common law, while at the same time finding the amount awarded by the district court to be without foundation).

<sup>136</sup> 15 U.S.C. § 1117(a) (“In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty.”) Mandatory enhancements of these monetary remedies, as well as mandatory awards of attorneys’ fees, come with a finding that a counterfeit mark was knowingly and intentionally used. *See id.*, § 1117(b). Plaintiffs may elect statutory damages over actual damages and profits in cases of counterfeiting or cybersquatting. *See id.*, § 1117(c)–(d).

<sup>137</sup> *See* 15 U.S.C. § 1117(a).

<sup>138</sup> *Id.* The federal courts of appeal do not apply a uniform standard when judging whether a case presents “exceptional” circumstances justifying an award of attorneys’ fees. *See* *Nightingale Home Healthcare, Inc. v. Anodyne Therapy, L.L.C.*, 626 F.3d 958, 960–62 (7th Cir. 2010) (surveying the varied standards applied in the circuit courts).

<sup>139</sup> Texas, for example, makes an injunction mandatory when a state registrant proves infringement, although it does not mandate the scope of that injunction. *See* TEX. BUS. & COM. CODE ANN. § 16.26(c) (West 2011) (“If the district court determines that there has been an infringement, it shall enjoin the act of infringement.”)

<sup>140</sup> *See* ARIZ. REV. STAT. ANN. § 44-1451(B) (2003) (providing basic remedies for most infringement but adding enhanced remedies related to registered marks used on unauthorized copies of software); DEL. CODE ANN. tit. 6, § 3314(e) (2005); GA. CODE ANN. § 10-1-451(a)–(c) (2009); LA. REV. STAT. ANN. § 51:223 (2003); ME. REV. STAT. ANN. tit. 10, § 1531 (2009); MD. CODE ANN., BUS. REG. § 1-414(c)–(d) (LexisNexis 2010); MICH. COMP. LAWS ANN. § 429.43 (West 2001); MO. ANN. STAT. § 417.061(2) (West 2001) (providing basic remedies but also stating that “[t]he court, in its discretion, may enter judgment in such cases where the court finds that a party committed such wrongful acts

using one of the more recent versions of the Model Bill as a guide,<sup>141</sup> fall much more in line with the Lanham Act by giving courts equitable discretion to increase an award of damages or profits, or both, up to a trebled award.<sup>142</sup> Most of the Model Bill-type states provide that attorneys' fees may also be awarded to a prevailing party where there has been knowing or bad faith

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with knowledge or in bad faith or otherwise as according to the circumstances of the case.”); N.H. REV. STAT. ANN. § 350-A:13 (LexisNexis 2008); N.D. CENT. CODE § 47-22-12 (Supp. 2007); OHIO REV. CODE ANN. § 1329.66 (LexisNexis 2006); OKLA. STAT. ANN. tit. 78, § 78-32 (West 2002); R.I. GEN. LAWS § 6-2-13 (2011); S.D. CODIFIED LAWS § 37-6-24 (LexisNexis 2003); VA. CODE ANN. § 59.1-92.13 (2006). In two of these states, Georgia and Maine, the statutes also allow a registered trademark owner to elect statutory damages in lieu of an award of damages and profits. This provides some remedial benefit beyond the common law, but the amounts are not particularly large: \$10,000 and \$2,000, respectively. See GA. CODE ANN. § 10-1-450; ME. REV. STAT. ANN. tit. 10, § 1531.

<sup>141</sup> The Model Trademark Bill remedies provision provides:

Any owner of a mark registered under this Act may proceed by suit to enjoin the manufacture, use, display or sale of any counterfeits or imitations thereof and any court of competent jurisdiction may grant injunctions to restrain such manufacture, use, display or sale as may be by the said court deemed just and reasonable, and may require the defendants to pay to such owner all profits derived from and/or all damages suffered by reason of such wrongful manufacture, use, display or sale; and such court may also order that any such counterfeits or imitations in the possession or under the control of any defendant in such case be delivered to an officer of the court, or to the complainant, to be destroyed. The court, in its discretion, may enter judgment for an amount not to exceed three times such profits and damages and/or reasonable attorneys' fees of the prevailing party in such cases where the court finds the other party committed such wrongful acts with knowledge or in bad faith or otherwise as according to the circumstances of the case.

2007 Model Bill, *supra* note 64, § 14.

<sup>142</sup> The states closely following the Model Bill are: Connecticut (CONN. GEN. STAT. ANN. § 35-11i(b) (West 2005)); Hawaii (HAW. REV. STAT. § 482-33 (LEXIS through 2010-2011 Legis. Sess.)); Idaho (IDAHO CODE ANN. § 48-514 (2003)); Illinois (765 ILL. COMP. STAT. ANN. 1036/70 (West 2009)); Indiana (IND. CODE ANN. § 24-2-1-14 (LexisNexis 2006)); Kansas (KAN. STAT. ANN. § 81-215 (Supp. 2008)); Kentucky (KY. REV. STAT. ANN. § 365.603 (LexisNexis 2008)); Massachusetts (MASS. GEN. LAWS ANN. ch. 110H, § 14 (West Supp. 2011)); Minnesota (MINN. STAT. ANN. § 333.29 (West Supp. 2008) (providing for profits or damages but yet allowing for trebled profits *and* damages in bad-faith circumstances)); Mississippi (MISS. CODE ANN. § 75-25-27 (West through 2009 amendments)); Montana (MONT. CODE ANN. § 30-13-335 (2007)); Nevada (NEV. REV. STAT. § 600.430 (2007)); New Jersey (N.J. STAT. ANN. § 56:3-13.16d (West Supp. 2011)); New Mexico (N.M. STAT. ANN. § 57-3B-16 (2004)); New York (N.Y. GEN. BUS. LAW § 360-m (Supp. 2011)); Oregon (OR. REV. STAT. § 647.105 (West 2011)); Pennsylvania (54 PA. CONS. STAT. ANN. § 1125 (West Supp. 2011)); South Carolina (S.C. CODE ANN. § 39-15-1170 (Supp. 2008)); Tennessee (TENN. CODE ANN. § 47-25-514 (2001)); Utah (UTAH CODE ANN. § 70-3a-404 (LexisNexis Supp. 2009)); Washington (WASH. REV. CODE ANN. § 19.77.150 (West, Westlaw through 2011 Legislation)); West Virginia (W. VA. CODE ANN. § 47-2-14 (LexisNexis 2006)); and Wyoming (WYO. STAT. ANN. § 40-1-112 (2003)).

Alabama and Florida are more like the Lanham Act than the states following the Model Bill in that the Model Bill-type statutes limit enhanced damage and profit awards to cases where wrongful acts were committed with knowledge or bad faith or other similar circumstances, while Alabama and Florida allow enhanced awards within the court's more general equitable discretion. See ALA. CODE § 8-12-18 (West through 2010 amendments); FLA. STAT. ANN. § 495.141 (West 2010).

Alaska can also be grouped here, since it allows for an award of “punitive damages” up to three times the award of actual damages and profits. See ALASKA STAT. § 45.50.180(a)–(b) (2008).

conduct.<sup>143</sup> A third group of states is relatively small, but potentially important. In these states, the statutes make some awards of damages and profits mandatory.<sup>144</sup> In two “outlier” states, any award of monetary damages requires either proof of intent to cause confusion or the infringer’s actual knowledge of the registrant’s mark.<sup>145</sup>

Realistic opportunities for enhanced monetary awards and attorneys’ fees are limited. In most states, the plaintiff must prove bad faith or knowing infringement by the defendant, rather than the weight of equity (enhanced awards) or exceptionalism (attorneys’ fees), as with the Lanham Act.<sup>146</sup> Moreover, the

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<sup>143</sup> See sources cited *supra* note 142. Statutes that create discretionary attorneys’ fee awards in connection with knowing or bad faith conduct but that allow fees only in favor of a registrant are found in Hawaii and West Virginia. HAW REV. STAT. § 482-33; W. VA. CODE § 47-2-14. Nevada’s attorneys’ fee provision contemplates an award to either party, but it does not expressly require either bad faith or knowing conduct, or exceptional circumstances:

2. A court of competent jurisdiction may: (a) Grant injunctions to restrain such manufacture, use, display or sale as it deems just and reasonable under the circumstances; (b) Require the defendant to pay to the owner all profits derived from the wrongful acts of the defendant and all damages suffered by reason of these acts; (c) Require the defendant to pay to the owner treble damages on all profits derived from the willful and wrongful acts of the defendant and treble damages on all damages suffered by reason of these acts. . . . 3. In an action brought pursuant to this section, the court may award costs and reasonable attorney’s fees to the prevailing party.

NEV. REV. STAT. § 600.430.

As noted above, the Lanham Act allows for an award of attorneys’ fees in “exceptional” cases, although attorneys’ fees are not generally awarded to the prevailing party under American common law. See *Maier Brewing Co. v. Fleischmann Distilling Corp.*, 390 F.2d 117, 119 (9th Cir. 1968). One state’s supreme court has awarded attorneys’ fees, without statutory authorization in a case of willful infringement under the state’s unfair competition law. See *Red Devil Tools v. Tip Top Brush Co.*, 236 A.2d 861, 868 (1967) (awarding attorneys’ fees as a measure of equitable relief under the New Jersey common law of unfair competition).

<sup>144</sup> In two states, only a finding of infringement and either the fact of damage or profit appear to be necessary for the monetary award to be mandated, see CAL. BUS. & PROF. CODE § 14250 (West 2008); N.C. GEN. STAT. §§ 80-12, 75-1.1, 75-16, 75-16.1 (2007), while in another the mandatory award arises if bad faith or knowing conduct is proved, see WIS. STAT. ANN. § 132.033(2)(c) (2009).

<sup>145</sup> See ARK. CODE ANN. § 4-71-212 (2001) (“any person who shall commit the following acts [confusion-based infringement under Model Bill language] shall be liable in a civil action by the registrant for any and all of the remedies provided in § 4-71-214, except that under this section the registrant shall not be entitled to recover profits or damages unless the acts have been committed with the intent to cause confusion or mistake or to deceive”); TEX. BUS. & COM. CODE ANN. § 16.26 (West 2011) (“(c) If the district court determines that there has been an infringement, it shall enjoin the act of infringement and may (1) require the infringer to pay the registrant all damages resulting from the acts of infringement and occurring from and after the date two years before the day the suit was filed; and (2) [remove infringing goods from the infringer’s possession.] (d) A registrant is entitled to recover damages under Subsection (c)(1) of this section only for an infringement that occurred during the period of time the infringer had actual knowledge of the registrant’s mark.”).

<sup>146</sup> Compare 2007 Model Bill, *supra* note 64, § 14 (quoted in full, *supra* note 141) with 15 U.S.C. § 1117(a) (2006). In addition, because the awards are permissive rather than mandatory, in light of the lack of state-law-based guidance and instruction to use the Lanham Act as a guide, courts deciding cases under these state statutes will likely look to

registrant in an enhanced damages state or a mandatory damages state only receives the benefit of the enhanced or mandatory damages provision if it can prove actual economic damage in the first instance,<sup>147</sup> a matter that is notoriously difficult to do in practice.<sup>148</sup> If the infringer has also profited from the infringement, then either an enhanced or a mandatory award may also be a possibility in some states, making the difficulty of proving actual damage potentially less dire. However, a recent study of Lanham Act cases demonstrates that demands for increased damages rarely succeed under the Lanham Act's discretionary standard of equity,<sup>149</sup> meaning requests for trebled profits or damages awards under state law may well meet with similar judicial conservatism.<sup>150</sup> In addition, the fact of the infringer's profit and its connection to the infringement must still be proven, and infringers, unfortunately, may be no better at managing profit than they are at managing their exposure to trademark liability.

My case law research indicates that financial awards are relatively rare in state trademark litigation, with or without enhancements.<sup>151</sup> Statutorily approved enhancements require bad faith or knowing infringement in most states, meaning they will be relatively rare even among cases where a basic award of damages or profits is deemed appropriate. Nevertheless, the possibility of such enhancements does exist in a number of states, and the low cost of obtaining a state registration means that registering its mark could seem to be a rational option for an intrastate-use-only

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the equity-based Lanham Act case law that makes both enhanced and attorneys' fee awards very rare.

<sup>147</sup> See, e.g., *Dennis Miller Pest Control, Inc. v. Denney Miller, Jr. Pest Controls, Inc.*, 379 S.2d 801, 804–05 (La. Ct. App. 1980) (noting that all remedies are permissive under Louisiana law and stating that the plaintiff must satisfy the court of the fact that monetary damage was actually caused by the defendant's infringement or the court will deny a monetary award even when the defendant is found liable for infringement and is being enjoined).

<sup>148</sup> A study of reported Lanham Act cases between 1947 and 2005 indicated that 51% of cases filed resulted in a finding of infringement, while monetary damages were awarded in only 5.5% of cases filed. Port, *supra* note 71, at 622.

<sup>149</sup> See *id.* at 620, 624–25. Demands for treble damages were not rare in the later years of Professor Port's 1947–2005 study, but very few such demands were successful. From 1996–2005, for example, his study revealed 142 demands for trebled damages, only seventeen of which were granted. *Id.* at 620. Between 1947 and 1995, only eleven demands for treble damages were granted in the reported cases. *Id.*

<sup>150</sup> As the caselaw demonstrates, and commenters have observed, much of the law governing remedies under the Lanham Act arises from principles developed over time in the common law of trademarks. See, e.g., Koelemay, *supra* note 134. Because most state statutes are permissive with respect to monetary remedies and because courts applying the statutes will be guided by Lanham Act case law in most cases, see *supra* note 146, state monetary remedies are highly unlikely to vary in reality from those that would be available under either the Lanham Act or the common law.

<sup>151</sup> I did not engage in a rigid, reliable, empirical study of awards. I make this statement based on my reading of numerous cases in doing the research for this Article.

trademark owner to exercise in the relevant states. Even if those owners might not actually litigate a case through to the damages phase, the settlement value of a case where trebling or attorneys' fee awards are possible or where monetary awards are couched in mandatory terms is certainly higher than a case where it is not. The possibility of a punitive damage award for intentional infringement of a common law mark, however, means that the owner of a state registration is not necessarily in a better position than a common law owner, even if that owner engages in only intrastate use of its mark.<sup>152</sup> Some potential benefit does accrue to a state registrant where remedies are enhanced, but only if the ultimate infringer causes actual damage or earns measurable profit and the infringer's conduct falls somewhere between the bad faith or knowing standard required under many state statutes but not reaching the egregious standard needed to support punitive damages. And for owners eligible for federal protection, whether that protection is registered or unregistered, the enhanced remedies available under the Lanham Act's potentially more generous standards<sup>153</sup> make reliance on state remedial provisions unnecessary.<sup>154</sup>

#### IV. THE COSTS & BENEFITS OF STATE TRADEMARK REGISTRATIONS

In Part IV, I explore the costs and benefits of state trademark registrations beyond their value to the owner in litigation. The analysis in Part III of evidentiary or procedural effects, geographic scope of rights, nature and breadth of the cause of action, and remedies under state statutory law explains how trademark owners obtain virtually no substantive or remedial benefit in litigation by

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<sup>152</sup> In some states, awards of attorneys' fees may also be available in a common law infringement case, at least if the case is brought as a declaratory judgment. *See, e.g.,* *Horseshoe Bay Resort Sales Co. v. Lake Lyndon B. Johnson Improvement Corp.*, 53 S.W.3d 799, 813 (Tex. App. 2001) (approving use of declaratory judgment procedure, and subsequent fee award under Texas declaratory judgment statute, in a case brought by plaintiff trademark owner seeking a declaration that a mark was valid and owned by plaintiff, and that defendant's use constituted dilution). Moreover, in states that include trademark infringement within the scope of the state's unfair trade practice act, *see supra* note 19, attorneys' fees may be available when a common law mark owner seeks protection under the act.

<sup>153</sup> As noted above, the Lanham Act allows for enhancements within the equitable discretion of the court, while state statutes generally expressly restrict enhanced awards to cases of bad faith or intentional infringement.

<sup>154</sup> Lanham Act claimants, like state registrants, can also always add a state common law claim to the complaint to add a demand for punitive damages in appropriate cases. *See, e.g.,* *Cooper Indus., Inc. v. Leatherman Tool Grp., Inc.*, 532 U.S. 424, 445 (2001); *Getty Petroleum Corp. v. Island Transp. Corp.*, 878 F.2d 650, 657 (2d Cir. 1989) (affirming an award of punitive damages under New York common law of unfair competition even though punitive damages were affirmed to be unavailable under the plaintiff's also-successful Lanham Act claim).

virtue of the vast majority of state registrations. Even following a demonstration that state registrations are, in most states, relatively powerless, it does not necessarily follow that such registrations should be abolished. The other effects of state registrations deserve consideration because significant non-litigation benefits of state registration systems, if any exist, would provide reasons not to eliminate those systems.<sup>155</sup> Similarly, a range of harms, if found, would enhance the argument for abolition. I have subdivided the effects of state registrations into two rough (and admittedly sometimes overlapping) categories: private effects (individual owners and would-be market entrants) and public effects (systemic effects and economic considerations).

### A. *Private Effects*

#### 1. Negotiations and New Market Entrants

A state registration could add weight, at least rhetorically, to a registrant's claim of trademark ownership, which could be helpful in negotiating with an accused infringer or with a purchaser of the mark or the registrant's business. The McCarthy treatise concurs with the potential rhetorical weight of a state trademark registration. It hypothesizes that a state registration might "serve as a valuable card" in negotiations with other users or potential users of the mark, such as alleged infringers or prospective purchasers of the trademark.<sup>156</sup> Yet I do not think there is much practical value in this role for a state registration, unless the negotiations relate to a high-value state registration *or* unless (in a low-value state) the other party to the negotiations is legally

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<sup>155</sup> It has not escaped my attention that INTA, an organization full of sophisticated trademark counsel and trademark owners, is the organization responsible for the weak substantive effect of a state trademark registration in the many states closely following the Model Bill. Certainly the leaders of INTA once thought, and continue to think, that there is some systemic benefit—or at least benefit to INTA members—in having weak state registration systems. One reason for the weakness of these systems is, of course, the desire to ensure that state registration schemes do not interfere with the intent of the Lanham Act in providing relatively uniform rights to federal registrants. But this concern is addressed by the current limited preemption within the Lanham Act and would be even more completely addressed by totally eliminating state registrations instead of perpetuating weak systems. Perhaps INTA's membership simply realizes the practical reality of the situation: states may be unlikely to eliminate state trademark registrations entirely, since most states have more than one hundred years of history with them. INTA's interest may be in providing guidance to state governments that curbs the potential for state adoption of strange or impractical trademark laws. INTA's members will not likely rely on state-registered rights and will generally pursue federal registration, so the weakness of Model Bill rights does not pose a potential harm for them.

<sup>156</sup> See, e.g., MCCARTHY, *supra* note 3, § 22.1 (noting that a state registration might "serve as a valuable card" in negotiating with either an alleged infringer or a prospective purchaser of the trademark rights).

unsophisticated and not represented by trademark-savvy counsel.<sup>157</sup> My analysis above regarding civil litigation under state statutory law in a high-value state already accounts for the former negotiation value, since the enforceable scope of rights in litigation is what provides the high-value registration with negotiation value. And the latter negotiation value, namely in a negotiation with an unsophisticated or inexperienced party in connection with a low-value registration, is really a double-edged sword. I submit to the readers of this article an empirically untested (and likely untestable) hypothesis that arises from practice experience and the case law research for this article: the holder of a state registration is just as likely to be the legally unsophisticated party over-relying on a low-value registration as it is to be negotiating with such an unsophisticated party. If the holder is the party over-relying, the registration may well hold up a successful deal rather than add value to it.

Moreover, as a matter of policy, this “stamp of approval” type of effect can be damaging to the third parties against whom the registration is asserted. The existence and assertion of weak—but technically official—state-registered rights can represent a cost-increasing strategy on the part of the owner of the registration.<sup>158</sup> The registration can increase a potential competitor’s costs because it may believe that it must pursue an alternative mark.<sup>159</sup> The citation of a state registration number or the production of a copy of a registration certificate likely looks quite impressive, particularly in comparison to a simple claim of “I used it first.” This potentially damaging effect of a state trademark registration may be of particular concern when a new market entrant is

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<sup>157</sup> Paul D. Supnik, *Checkmarks*, L.A. LAWYER., May 2000, at 40, 42 n.2 (observing that a state registration is “possibly advantageous in a court proceeding, especially with less sophisticated counsel”).

<sup>158</sup> The fact that state-registered rights have resulted in so few successful and reported decisions makes them even more unpredictable than federally registered rights. This unpredictability raises the cost to the potential user beyond that of a federal registration, since available case law makes those rights somewhat clearer although still subject to close factual and legal analysis. Similarly, Kenneth Port characterizes an intent-to-use application as a cost-increasing predatory strategy that “increases would-be competitors’ costs because these competitors think they must find an alternative trademark if the predator has registered [in context, this may actually refer to applications rather than registrations] the same or a similar mark for the same or similar goods,” and he cites dilution liability as an even more significant cost-increasing strategy because its scope is both broad and somewhat unpredictable. See Port, *supra* note 71, at 604–05.

<sup>159</sup> Given the breadth of trademark rights, which extend beyond pure competition into any use that might cause confusion, mistake or deception as to source, sponsorship, or affiliation, the use of “competitor” here is actually too narrow. Any potential user of the same or a similar mark must carefully analyze the registration, particularly the scope of goods or services listed, and compare it to the potential user’s own planned offering of goods or services.

concerned.<sup>160</sup> The new market entrant may refrain from engaging in commercial activities that are actually entirely acceptable under state trademark law because it misunderstands the much weaker power of a state registration in comparison to a federal one. Or it might well understand its actual rights but be incapable of absorbing the potential cost of litigation.<sup>161</sup> Depending on how far down the road the competitor or market entrant is in the process of selecting its own mark, a change of plan could be costly indeed. Of course the activities of legally unsophisticated or relatively less financially secure parties may be chilled by a variety of substantively weak, yet seemingly powerful, claims made by overzealous trademark owners. A state registration is certainly not the only source of fodder for such claims. I think it unwise, however, for state governments to be in the business of providing ammunition for weak substantive claims that have the potential to produce an anticompetitive chilling effect.

Even more costly for a would-be market entrant, as well as for the registration's owner, is state-registration-based trademark litigation that would not have been brought, or would have been terminated earlier, if the parties' respective rights had been better understood. The indeterminacy of state trademark rights (or any trademark rights, for that matter) can lead to the wasteful outlay of private resources in pursuing or defending against trademark litigation. Trademark litigation can be remarkably costly, even when it is terminated at the end of discovery. A 2011 report issued by the American Intellectual Property Law Association indicates

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<sup>160</sup> The damaging effect of unwarranted trademark claims has guided the Supreme Court in the past. The Court relied in large part on concerns related to anticompetitive claims of infringement in denying trademark protection for product design that has not been proven to have acquired distinctiveness. See *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 213–14 (2000) (stating that “[c]onsumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness,” and “Competition is deterred . . . not merely by successful suit but by the plausible threat of successful suit, and given the unlikelihood of inherently source-identifying design, the game of allowing suit based upon alleged inherent distinctiveness seems to us not worth the candle.”)

<sup>161</sup> See, e.g., *Nightingale Home Healthcare, Inc. v. Anodyne Therapy, L.L.C.*, 626 F.3d 958, 962–63 (7th Cir. 2010):

A . . . concern [making an award of attorneys' fees to a prevailing party potentially appropriate] is the potential for business to use Lanham Act litigation for strategic purposes—not to obtain a judgment or defeat a claim but to obtain a competitive advantage independent of the outcome of the case by piling litigation costs on a competitor. . . . The owner of a trademark might bring a Lanham Act suit against a new entrant into his market, alleging trademark infringement but really just hoping to drive out the entrant by imposing heavy litigation costs on him. . . . Trademark suits, like much other commercial litigation, often are characterized by firms' desire to heap costs on their rivals, imposing marketplace losses out of proportion to the legal merits. (internal quotation marks and citations omitted).

that the median litigation cost for a trademark litigation suit with less than one million dollars at risk is around \$200,000 through the end of discovery, and around \$350,000 to the conclusion of the dispute, inclusive of all costs.<sup>162</sup> The reported median litigation cost rises, as might be expected, with the amount that is perceived to be at risk.<sup>163</sup> Even if these figures are for Lanham Act litigation only, and state-law-based litigation is somewhat lower in cost than federal litigation (which it might or might not be), weak or poorly understood state-registered trademark rights are an inappropriate trigger for such high litigation costs.

## 2. Searching

Arguably, a state registration can also perform a valuable service to third parties because it provides a means for a trademark owner's claim of ownership to be found when a person engages in a clearance search for a new trademark of interest.<sup>164</sup> I agree that a state registration does remain a relatively cheap way for a trademark owner to ensure that a sophisticated trademark searcher will encounter a claim of rights during the search process. The reality of current domestic search practice in comparison to just ten years ago, however, is that state trademark registers are less important than they once were.

State registers do remain relevant, but in a relative sense the search-related value of a state trademark registration has declined. A vast amount of information about common law uses, including limited-area uses, of marks is readily available on the internet by the simple use of a search engine. Even small businesses selling either services or goods often have a web presence today, either through a low-cost independent website or through a variety of aggregating sources (including Etsy, eBay, LinkedIn, Facebook, and the like). That web presence makes those small trademark users visible in a way that just simply did not exist until recently. The data searching methods used by commercial trademark search companies also rely on a wide array of database sources from which information about unregistered marks may be obtained. It is true that a sophisticated searcher is almost certain

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<sup>162</sup> AIPLA REPORT OF THE ECONOMIC SURVEY 35 (2011).

<sup>163</sup> *Id.*

<sup>164</sup> See MCCARTHY, *supra* note 3, § 22.1 (noting that a registration “may have a valuable defensive effect in that [it is] on the public record and will easily be found by others who have a nationwide search made. Finding such a state registration may deter others from adopting and using a similar mark.”); see also Milton B. Seasonwein, *The Effect of State Trademark Registration*, 61 TRADEMARK REP. 457, 463 (1971) (“[T]he state registration is subordinate to the federal registration and in most states its only advantage is that the registrant has made a public record of its claim to ownership of the trademark.”).

to encounter a relevant state trademark registration, since commercial trademark searches utilize the state registers as important sources of information. But because state trademark registers are not easily searchable by individuals not using a commercial search product or service,<sup>165</sup> state registration does not significantly increase the likelihood that less-sophisticated parties will be put on actual notice of the claim, even when those less-sophisticated parties go so far as to search for similar trademarks.

The persons most likely to encounter a state trademark registration in the process of reviewing a commercial trademark clearance search are also the persons most likely to be aware that state trademark registrations have, in most states, no more power than a common law use. As a result, they are unlikely to place any greater weight on a similar state-registered mark than they would on a similar common law mark, which would also be revealed in the search. The potential unpredictability arising from both state-to-state variation and the paucity of case law interpreting and applying state trademark statutes, however, raises risk to would-be users, thus raising the cost of market entry.<sup>166</sup>

### 3. Registrant “Peace of Mind”

Historically, there was a significant lag of time between the date of first use of a mark and the effective date of the nationwide rights provided by a registration based on that use. Much of the time delay resulted from both the examination process performed federally, while the remainder arose from the rest of the federal registration process that requires publication of the mark and a waiting period in which interested third parties can file an opposition to the registration of the mark. In order to increase security, or at least perceived security in their trademark rights, trademark owners could file applications for both state and federal registration on the same day. Because state applications were not examined as closely by state authorities, compared to federal examination,<sup>167</sup> and because state applications did not require publication and notice, the state registration would inevitably issue before the federal registration, even when no objections to the registration were raised by the federal trademark office or third parties. The earlier issue date for the state

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<sup>165</sup> Two commonly used search providers are CTCorsearch, *see* CORSEARCH, <https://www.ctcorsearch.com> (last visited Oct. 5, 2011), and Thomson CompuMark, *see* THOMPSON COMPUMARK, <http://compumark.thomson.com> (last visited Oct. 5, 2011).

<sup>166</sup> *See* Port, *supra* note 71, at 604–05.

<sup>167</sup> *See infra* Part IV.B.2.

registration created an incentive to pursue state registration in addition to federal registration. Today, however, modifications to the federal regime related to intent-to-use applications<sup>168</sup>—wherein federal constructive use, and thus priority, arises from the date of application and not the date of registration,<sup>169</sup> and a federal application can be filed before the mark is used—mean that the simultaneous filing of both state and federal applications no longer has the appearance of securing the owner's rights as of an earlier date.

One continuation or vestige of this earlier practice of simultaneous filing may be that, even for trademark owners not seeking federal registration, a state registration certificate creates some degree of “peace of mind” for a trademark owner who wants something relatively tangible to possess in relation to a claim of trademark rights. For some, a common law claim of ownership may be unsatisfying. The McCarthy treatise may echo the potential peace of mind as the “psychologically soothing effect” of a state registration.<sup>170</sup> While I agree that this is one possible effect of a state registration, I would disagree that it is a benefit. I think the psychologically soothing effect may actually be costly for the owner.

Private harm can accrue to legally unsophisticated trademark owners who obtain, and then rely on, state registrations. For instance, in one of the vast majority of states where a registrant obtains no greater enforceable right than a common law user under state law, the unsophisticated registrant may suffer the small, but still real, economic harm of having paid a registration fee to the state in order to obtain the registration, in addition to the noneconomic harm of the time and energy spent pursuing a low-value registration.<sup>171</sup> These registrants may or may not have paid a local attorney to file the application and communicate with the state trademark authority; if they did so, their economic harm will be even greater.<sup>172</sup> A low-value registration, from the registrant's perspective, represents a waste of private resources. Even when the trademark user in question engages in solely intrastate commerce, pursuing such a registration is a waste of

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<sup>168</sup> See *supra* Part II.B.4.

<sup>169</sup> See *supra* Part II.B.2.

<sup>170</sup> See MCCARTHY, *supra* note 3, at § 22:1.

<sup>171</sup> See *infra* Part IV.B.2.

<sup>172</sup> See, e.g., AIPLA REPORT OF THE ECONOMIC SURVEY 28 (2011) (reporting a median charge of \$700 for the preparation and filing of a federal application, exclusive of any clearance or search costs and of any additional time spent in prosecution).

resources in comparison to relying on common law protection.<sup>173</sup>

If a state registrant in any state is “psychologically sooth[ed],” then that person may not explore the possibility of federal registration. For owners who engage in interstate use within the scope of the federal registration provisions, this psychological effect creates real costs. The owner suffers a lost opportunity, the value of which would vary depending on future events. If a mark owner, relying on the state registration that appears to have more value than it does, unwittingly passes up the option to obtain a federal registration, it foregoes, for example, the ability to claim nationwide priority. That owner may have to suffer the entry into the market of a remote junior user, whose valid acquisition of common law rights may foreclose expansion by the state registrant. Worse, a subsequent federal registrant of the same or a similar mark, whether junior or senior in priority in the nation as a whole, may be able to freeze the owner’s use of its mark within a relatively small geographic area or market position.<sup>174</sup>

## B. *Public Effects*

### 1. Avoiding Federal Clutter

A potentially beneficial effect of state registration systems may be that the option of state registration could keep some potential registrants from pursuing federal registration.<sup>175</sup> For an individual registrant whose interstate use would provide the basis of a federal registration, I characterize this hypothetical effect as a private

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<sup>173</sup> In a survey done almost twenty years ago, when state practices were generally similar to those in place today, state trademark offices did not search all name-related registrations or filings made at a state level (such as registered corporate names and trade names) when examining a trademark application. See Leonard D. DuBoff, *What’s in a Name: The Interplay Between the Federal and [State] Trademark Registries and State Business Registries*, 6 DEPAUL BUS. L.J. 15, 27 (1993). This adds, perhaps, to the confusion of a legally unsophisticated owner who may over-rely on rights that are not actually created by state registration in any event.

<sup>174</sup> See, e.g., *Burger King of Fla., Inc. v. Hoots*, 403 F.2d 904 (7th Cir. 1968) (freezing Illinois state registrant’s rights in the market area of Mattoon, Illinois as a result of later federal registration of the BURGER KING mark by an earlier remote common law user).

<sup>175</sup> I thank Professor Irene Calboli for emphasizing this potentially beneficial effect in commenting on my thesis that state registrations should be abolished. Both she and I are, I admit, taking this effect as a distinct possibility without having any specific evidence to support the hypothesis that some state registrants do not also pursue federal registration, or that they knowingly choose state over federal registration simply because the state option is available. I think this could be true, however, because of the cost-sensitivity of some very small business owners, a sensitivity I encountered in private practice when counseling business owners on the selection and protection of their trademarks. I do not recall any client choosing state protection when the mark could be cleared for a federal application, but I do recall discussing the relative merits of state and federal protection in connection with questions over the difference in application fees charged at the state and federal levels.

harm.<sup>176</sup> But this self-selection, if it actually occurs, could theoretically benefit the trademark system as a whole through its collective effect on individual third parties later choosing marks for remote, geographically limited uses.<sup>177</sup> When a trademark owner with interstate use but no particular national aspirations opts out of applying for federal registration, the federal register stays less “cluttered.” Under this logic, the existence of state registers avoids unnecessary clutter on the federal register, which in turn—because it avoids the nationwide constructive use and priority provided by a federal registration—leaves third parties in other, remote areas of the country free to use the same or a similar mark as long as they do not expand into previously occupied markets.

In light of the reality of trademark search practice today, I find this theory only somewhat persuasive. A person engaged in a trademark search will find the state registration, and if the registration conflicts with the desired mark, the mark becomes off-limits for the searcher’s use. Persons who perform actual searches are, generally speaking, interested in widely available marks, not just marks narrowly available in remote geographic areas. Moreover, as a result of the good faith requirement for the common law prior user defense,<sup>178</sup> the person who performs the search that reveals the state registration may need to avoid the mark even if that person desires to make only a remote, geographically limited use. Under the dominant view of the prior use defense, the searcher, with the actual knowledge gained as a result of finding a state registration, will likely no longer be found to have acted in good faith if it begins to use the mark, even in a remote area. If the state registrant expands its use in a way that ultimately conflicts geographically with a junior user that had knowledge of the registration, that junior user will have to give way. The persons who are freed to adopt and use a mark, when a state registration rather than a federal registration exists for a desired mark, are those persons who do not engage in any searching before choosing a mark or who only engage in a cursory

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<sup>176</sup> See *supra* Part IV.A.3.

<sup>177</sup> Even if state trademark registrations do decrease participation in the federal system, this effect is not necessarily positive as a policy matter—like many things, it depends on one’s perspective. The legislative history of the Lanham Act states that one asserted purpose of the Act was to make federal registration more appealing specifically in order to increase reliance upon it—thus bringing more marks into the visible, searchable federal register and making the geographic scope of rights in those marks both clearer and broader. See S. REP. NO. 79-1333, at 3 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1277. See also *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 193 (1985).

<sup>178</sup> See *supra* Part II.B.3.

search of the federal register. For these people, the undiscovered state registration is no more consequential than an undiscovered state common law use.

## 2. State Administrative Cost

A public effect that is economic in nature relates to the cost of operating state registration systems. State systems are funded by registration fees that are laughably low. Seventeen states charge an application fee of \$30 or less,<sup>179</sup> and twenty-two charge \$50.<sup>180</sup> Only five states charge \$100 or more, with the highest fees in Ohio and South Dakota at \$125.<sup>181</sup> A comparison between these fees and those charged by the federal trademark office provides an indication that either significant substantive examination is not taking place at the state level, in most instances, or that the state trademark offices rely on other sources of funding to stay in operation, or both.<sup>182</sup> For example, the least expensive filing option at the federal trademark office is a streamlined application that largely eliminates the time an examiner might spend in dealing with a non-standard description of goods and services. That option currently costs \$275. Part of that fee covers expenses not borne by state offices (such as those involved in publishing applications and operating the federal office's online search

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<sup>179</sup> The seventeen states charging \$30 or less are Alabama, Arizona, Delaware, Georgia, Idaho, Illinois, Indiana, Iowa, Kentucky, Montana, New Mexico, North Dakota, South Carolina, Tennessee, Vermont, Virginia, and Wisconsin. All of the fees discussed here also appear in the appendix and were last confirmed on Oct. 28, 2011 by means of the website operated by the relevant state authority. The United States Patent and Trademark Office (USPTO) maintains a list of those websites. State Trademark Information Links, USPTO, [http://www.uspto.gov/trademarks/process/State\\_Trademark\\_Links.jsp](http://www.uspto.gov/trademarks/process/State_Trademark_Links.jsp) (last visited Oct. 28, 2011).

Most states, as well as the USPTO, charge trademark fees not by individual application, but by the number of classes of goods or services contained in the application. Three states buck this practice: Maine and North Dakota charge a lower fee for each additional class, while West Virginia's basic filing fee includes two classes. Each of the fees discussed above, except for West Virginia, is the fee for a single-class application. States also charge a fee to renew a registration at the end of its term. The renewal fee is the same as the application fee in thirty-three states, while it is lower in sixteen states and higher in one.

<sup>180</sup> Kansas charges \$40, while the states charging \$50 are Alaska, Arkansas, Colorado (*see infra* note 187), Connecticut, Hawaii, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New York, Oklahoma, Oregon, Pennsylvania, Rhode Island, Texas, Utah, and West Virginia. Mississippi, interestingly, charges \$50 to resident applicants and \$60 to nonresident applicants.

<sup>181</sup> Nebraska, Nevada, Ohio, South Dakota, and Wyoming charge \$100 or more. The remaining five states, California, Florida, Maine, North Carolina, and Washington, charge between \$55 and \$87.50.

<sup>182</sup> *See* Travers, *supra* note 82, at 40 (explaining that one reason the Colorado Secretary of State instigated a revision of the Colorado registration laws, *see supra* text accompanying notes 81–82, was that the need for multiple employees to screen trademark applications in order to perform substantive examination would require an increase in application fees in order to cover the costs of the system).

tools), but even if we imagine that half of the fee is unrelated to the examination process, states are surely still losing money on their trademark registration systems.<sup>183</sup>

Both possibilities that explain the low state fees are harmful. Registrations issued without proper examination harm the parties relying on them, including both the owner and third parties who discover the registration or are threatened with it and whose lawful activities could be chilled. The harm of an unexamined registration to both owners and potential market entrants is even greater than the already-discussed harms to these persons when a low-value registration is simply misunderstood, since lack of examination could easily result in registrations for wholly invalid marks.<sup>184</sup>

Registrations that are properly examined, but at a cost exceeding that paid by the registrants, force the taxpaying public to bear a portion of the cost of examination with no benefit from those registrations returning to the public. Trademark policy includes consumer protection within its scope, but no additional consumer protection accrues from a registered mark compared to a common law mark. The fees received by the states in connection with state registrations do not appear capable of fully compensating the states for out-of-pocket costs, and the resulting state registrations do not create a greater public good that justifies the added economic expense charged to public funds.

#### V. RECOMMENDATION TO ABOLISH CURRENT SYSTEMS

My examination of the effect of state registrations both inside litigation and out, weighing costs and benefits, both public and private, leads me to the conclusion that all states should abolish their registration systems. In advocating for abolition of current state registration systems, reasonable questions arise. One is whether express federal preemption of state registration schemes would be preferable to a patchwork period of state-by-state legislative action.<sup>185</sup> The other, more important question is

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<sup>183</sup> State trademark applications generally continue to be filed in paper form, and as noted above, forty states charge \$50 or less for each filing. The USPTO's current schedule of fees reflects that it assesses a \$50 surcharge for a paper filing of an application versus an otherwise-identical electronic filing. In another way of thinking about these fees, the USPTO's fee simply for handling paper, not for any substantive work, is \$50.

<sup>184</sup> In addition, improperly examined registrations, if they do result in the registration of an invalid mark, could harm the public if the resources of law-enforcement agencies are called upon in an anti-counterfeiting effort for an invalid mark.

<sup>185</sup> Professor John Cross recently proposed that Congress expressly preempt most substantive state-law trademark rights, both common law and statutory, partially because of the lack of full uniformity that state rights inject into U.S. trademark law. *See* Cross,

whether the advantages of abolishing state systems either by preemption or by state legislative action will outweigh the costs of eliminating the search-related benefits created by state registrations.<sup>186</sup>

One additional suggestion, related to the concern I raise in Part IV.B.2 regarding the economic drain on public funds created by state registration systems, is an increase in application fees, rather than abolition of the system. I agree that if there is substantive examination taking place, states should at least charge a fee that covers all of the state's costs. I do not favor this approach as a moderate fix to one of the issues I have identified, however, for two reasons. First, I think such states are actually few in number, with the greater number of states performing little to no serious substantive examination.<sup>187</sup> Second, as explained above, I think that even properly examined but low-value registrations are harmful.<sup>188</sup> For these reasons, I advocate that state legislatures simply abolish their current systems.

I have considered the possibility of express statutory preemption, which would require revision of the Lanham Act but not state-by-state legislative action, but I find it less appealing than state-level abolition. Even if enough members of Congress were convinced of the need to preempt state registration schemes purporting to grant rights to marks used in interstate commerce, on the basis that such registrations conflict with the federal scheme, Congress could not preempt state registration schemes as applied to intrastate-only marks. Preemption, then, would leave

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*supra* note 1.

<sup>186</sup> A third question might be whether, in today's economic environment, abolishing state registration systems might have a negative impact on state budgets. As explained in Part IV.B. above, the budgetary impact of abolition should either be neutral or, more likely, positive.

<sup>187</sup> See, e.g., Travers, *supra* note 82, at 40 (explaining that lack of actual examination prompted Colorado to terminate a system purporting to examine all trademark applications). In Colorado, the then-Secretary of State's conclusion was that proper state examination would require an increase in fees, which would in turn impair the limited value of a state system as a means of giving public notice of trademark claims. See *id.*

It is difficult to know exactly what takes place inside the relevant office in each state after a trademark application is filed. I note here, however, that examination is statutorily required in only a minority of states. Even when it is required, the standard for registration being enforced does not typically require any inquiry into the question of whether a similar state corporate name or trade name has previously been registered in that state or whether a similar and conflicting mark has previously been registered federally.

<sup>188</sup> Moreover, fee increases significant enough to create user-funded state registration systems would likely mean that state fees would rise to the point where cost-motivated state registrants, if any, see *supra* note 175, would move into the federal registration system. As noted earlier, while foregoing federal registration risks opportunity costs for an individual owner, it might help keep the federal register less cluttered, which could be viewed as a systemic benefit, albeit a limited one. See *supra* Part IV.B.1.

state registration schemes in place, though it would limit them in scope. This would not sufficiently address the negative effects of the state registrations that would continue to be granted; however, those registrations would be fewer in number, and the aggregate cost would diminish accordingly.

State legislatures considering my recommendation to abolish their trademark registration systems should recall two points emphasized throughout this Article: (1) the common law provides an owner, at no up-front charge, protection for a trademark in the area of use and reputation; and (2) the nature of the infringement or dilution cause of action under statutory law is no broader than that of the common law. The only difference between statutory and common law outside the “high-value” states arises in the available remedies, and even then only in some states and in certain limited circumstances. In states with enhanced remedies, the discretionary nature of the remedies and the requirement of knowledge or bad faith will mean that most trademark owners, even those who litigate a case through to the remedies stage, will not realize a difference in statutory litigation compared to the common law. Persons who may feel the effect or difference created by a state registration system are the unsophisticated, financially weak, or simply risk-averse market entrants who absorb the cost of low-value and poorly examined trademark rights, as well as the public coffers that absorb the economic cost of state registration systems.

State legislatures can be presented, by INTA or possibly others, with a pro-business argument for state trademark registration systems on the basis that trademarks generally are pro-business because they protect a business’s investment in its goodwill. Taking trademarks as being business-favorable, one can even argue for the value of state registrations as a supplement to federal registrations by pointing to the lower cost of a state registration as being beneficial to smaller businesses—the oft-romanticized “mom and pop” shops of “main street” or “small town America.” While I would agree that registration-related benefits such as constructive use and notice can be, but are not uniformly, “pro-business” at the federal level, I argue emphatically that at the state level, the previously unexamined consequences of the current systems are potentially more damaging than beneficial where those same small businesses are concerned.

Transitional concerns about eliminating any real or perceived additional rights created by current registration systems should not stop a legislature from proceeding to abolish a state’s

registration system. The transition could be addressed by simply allowing no new state registrations, but retaining any existing rights, for a period of either five or ten years, depending on the current term of registration in the state.<sup>189</sup> This transitional period would allow current registrations to expire without removing any actual benefits during the life of the registration.<sup>190</sup> At the end of the five- or ten-year period, the abolition of the entire system would become effective. As explained in Part IV.A.2, the loss of search-related benefits should not give a legislature pause, since modern search practices and ever-expanding technological capabilities have lowered the relative search value of a state registration.

If state legislatures cannot “stomach” complete abolition of their registration systems, the current systems could instead be renamed and reconfigured to somewhat resemble the system in Colorado, where the state now operates a notice of claim system, not a registration system.<sup>191</sup> Under this alternative, however, I would like to see states go beyond the Colorado model to create an interconnected, easily searchable database that would allow all participating states to share the cost of administering the system and would allow greater practical benefits to arise. A notice-of-claim system with a multistate consolidated database having public search capability could enhance the benefits that state registration systems currently provide by offering broader search coverage and a potentially more effective means of providing actual notice of a trademark claim. Such a system would avoid much of the

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<sup>189</sup> Twenty-six states grant registrations for a five-year term, while twenty-three states grant a ten-year term. As noted in the appendix, Texas will move from a ten-year term to a five-year term in September 2012. One state grants a four-year registration and would thus have a four-year transition period.

<sup>190</sup> I do not think that state legislatures should be concerned about a takings claim based on abolition of the entire state registration system as set forth in this Article, although it is possible to predicate an appropriate takings claim based on the taking of intellectual property rights, *see, e.g.*, *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1002–04 (1984) (analyzing claim of trade secret rights in data and concluding that such “intangible property rights protected by state law” were properly within the protective scope of the takings clause of the Fifth Amendment). I hold this view even as applied to the few states where I find that the statutory scheme creates value for the registrant. *See supra* Part III.B. Full explanation of my reasoning exceeds the scope of this Article, but I provide its outline here: in trademark law the underlying intangible right arises from the common law and equitable principles of unfair competition; state statutory rights merely recognize and in some states procedurally and remedially enhance those rights; state statutory rights have always been time-limited, removing any permanence of those rights that are granted or enhanced by statute; and this proposal for abolition provides that each existing registration and any related rights will remain fully effective and unaltered—substantively, procedurally, and remedially—for the remainder of its term.

<sup>191</sup> *See supra* notes 81–82 and accompanying text (briefly explaining Colorado’s institution of a “statement of trademark registration” that does not create rights beyond the common law).

confusion and confusion-related harms caused by current systems, although it would not eliminate them.

A consolidated, jointly administered notice-of-claim system, as I envision it, would consist of one database publicly available for searching via the internet. The database would be populated by trademark claims transmitted by state trademark administrators following minimal review of submissions made at the state level. This system need not increase costs to the registrant or state. In fact, even if the states retained the same fees being charged today, the net public cost in all states should decrease somewhat as a result of cost-sharing with respect to maintaining the consolidated database. The net cost to the state should decrease significantly in states that currently conduct substantive examination of applications. A ten-year transition period would suffice. Any renewal application during the ten-year transition would be treated as a submission of a notice of claim, such that at the end of the ten-year period, all prior registrations would have been either abandoned or converted.<sup>192</sup>

## VI. CONCLUSION

Abolishing state registration systems will benefit the public, the system, and even private owners. The effect on state finances may be small in some states, but it should be positive in most and neutral in the rest. Abolition will provide added clarity for trademark owners and market entrants by simplifying the web of rights. Simplified rights would decrease the private costs imposed by state registrations without significantly diminishing the substantive rights actually available to trademark owners. Modern search practices rely so little on state trademark registers that persons performing clearance searches will feel little effect from abolition. Eliminating state registrations would diminish,

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<sup>192</sup> States have more than one option with respect to statutory rights if they move to a notice-of-claim system. States could retain the statutory benefits currently available to registrants but provide them instead to registered claimants. Those benefits might include, like current statutes, potentially enhanced remedies in cases of bad faith infringement. States whose counterfeiting statutes currently only cover state-registered marks rather than common law marks could either eliminate any registration-type requirement for access to a counterfeiting claim and remedy, or states could modestly revise the affected statutes to require prior submission of a notice of claim before a trademark owner could bring a civil claim for counterfeiting. States using a notice-of-claim system might also wish to require that a notice be on file before a trademark owner may engage the assistance of law enforcement in the pursuit of suspected counterfeiters, or before a criminal action could be brought in connection with the counterfeiting activity. On the other hand, states could revoke all statutorily enhanced private rights and remedies and go the direction of Colorado, where the “statement of trademark registration” serves only as a means of providing actual notice to junior users and does not connect to a statutory cause of action for infringement or dilution.

although it would not entirely avoid, the risk of harm to market entrants through overreaching by owners of federally unregistered rights. Moreover, abolition would avert the costs suffered by individual owners who overestimate and thus improperly rely on impotent state registrations.

APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS							
STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
<b>Model State Trademark Bill<sup>2</sup></b>		Certificate is evidence of registration. <sup>3</sup> § 5(b)	Standard express savings <sup>4</sup> § 16	Section 32-type <sup>5</sup> § 12	2006-type <sup>6</sup> (with local fame) <sup>7</sup> § 13	Injunction, profits, damages, destruction, up to treble profits and damages for bad faith, and attorney's fees for bad faith (all permissive, not mandatory) <sup>7</sup> § 14	Fees included but amounts not specified 5-year term §§ 3, 6
<b>Alabama</b>	ALA. CODE §§ 8-12-1 to -12-19 (LexisNexis 2002).	Certificate is evidence of registration § 8-12-9(b)	Standard express savings § 8-12-19	Section 32-type Expressly refers to savings clause § 8-12-16	2006-type <sup>8</sup> (with local fame) § 8-12-17	Similar to Lanham Act. Injunction, profits, damages, costs, destruction, up to trebling of damages and increases or decreases in profits within court's equitable discretion; attorney's fees for willful infringement or dilution (all permissive). § 8-12-18	\$30 registration \$30 renewal 5-year term
<b>Alaska</b>	ALASKA STAT. §§ 45.50.010–.50.205 (2008)	Certificate is evidence of registration § 45.50.060	N/A <sup>9</sup>	Section 32-type § 45.50.170	Unique language, but with some similarity to 1995 federal action. <sup>10</sup> Limited to registered marks that are famous within the state. § 45.50.180(d)	Injunction, profits, damages, destruction. "Punitive damages" up to treble of profits and damages (all permissive). § 45.50.180 (a)-(b).	\$50 registration \$50 renewal 5-year term

APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS							
STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
<b>Arizona</b>	ARIZ. REV. STAT. ANN. §§ 44-1441 to -1455 (2003 & Supp. 2008).	Certificate is evidence of registration § 44-1444(B)	Standard express savings § 44-1452	Reflects influence of both Sections 32 and 43(a) of Lanham Act. Applies only to registered marks. Expressly refers to savings clause (also includes specific actions re: software and knowing mark alterations) § 44-1451(A)	1995-type <sup>11</sup> § 44-1448.01	Injunction, profits, damages, destruction, costs (All permissive). Contains special remedies for distribution or use of an unauthorized copy of computer software bearing registered mark; attorney's fees and per-copy statutory damages of the greater of \$500 or retail price. The special remedies are mandatory for non-personal commercial use and permissive for personal non-commercial use. § 44-1451(B)	\$15 registration \$15 renewal 10-year term
<b>Arkansas</b>	ARK. CODE ANN. §§ 4-71-201 to -71-218 (2001).	Certificate is evidence of registration § 4-71-205	Standard express savings § 4-71-216	Section 32-type (but see remedies) Expressly refers to savings clause § 4-71-212	1995-type § 4-71-213	Remedies read like Model Bill but infringement provision limits profits and damages to intentional infringement in all cases. § 4-71-214	\$50 registration \$50 renewal 5-year term

APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS							
STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
<b>California</b>	CAL. BUS. & PROF. CODE §§ 14200–14259 (West 2008 & Supp. 2011).	Certificate is evidence of registration § 14215(b)	Standard express savings § 14259	Section 32-type plus statutory secondary liability <sup>12</sup> § 14245	2006-type (with local fame) § 14247	Injunction permissive, up to treble profits and damages mandatory, seizure and destruction mandatory if counterfeit § 14250	\$70 registration \$30 renewal 5-year term
<b>Colorado</b>	COLO. REV. STAT. §§ 7-70-101 to -70-109 (2008).	A state trademark registration, called a “statement of trademark registration” provides notice of the filer’s claim of ownership of the mark. <sup>13</sup> § 7-70-103(1)	Common law rights stated to be the only valid trademark rights. <sup>14</sup> § 7-70-103(3)	N/A <sup>15</sup> § 7-70-103(2)	N/A	N/A	\$50 registration \$10 renewal 5-year term
<b>Connecticut</b>	CONN. GEN. STAT. ANN. §§ 35-11a to -11m (West 2005 & Supp. 2011).	Certificate is evidence of registration § 35-11e. State registered marks can obtain incontestable status after five years (parallel to Section 15 of the Lanham Act). <sup>16</sup> § 35-11m	Standard express savings § 35-11k	Section 32-type § 35-111(a)	1995-type, but applicable only to famous marks registered in Connecticut § 35-111(c)	Like Model Bill § 35-111(b)	\$50 registration \$100 renewal 5-year term
<b>Delaware</b>	DEL. CODE ANN. tit. 6, §§ 3301–3315 (2005 & Supp. 2010).	Certificate is evidence of registration § 3305(b)	Standard express savings § 3315	Section 32-type <sup>17</sup> . Expressly refers to savings clause § 3312	Old style, <sup>18</sup> expressly listing registered and common law marks and trade names	Injunction, profits, damages, seizure and destruction of counterfeits § 3314(e)	\$25 application to register \$10 certificate of registration \$25 renewal

APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS							
STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
<b>Florida</b>	FLA. STAT. ANN. §§ 495.011 – .191 (West 2010).	Certificate is evidence of registration. Registration provides prima facie evidence of validity, ownership, and the exclusive right to use the mark in connection with the listed goods and services. § 495.061(2)	Standard express savings § 495.161	Section 32-type. Expressly refers to savings clause § 495.131	§ 3313 2006-type § 495.151	Injunction, profits and damages; up to treble of damage award and profits adjustable in court's discretion – as compensation and not penalty, like federal remedies; attorney's fees within court discretion; seizure and destruction of counterfeits. § 495.141 <sup>10</sup>	10-year term \$87.50 registration \$87.50 renewal 5-year term
<b>Georgia</b>	GA. CODE ANN. §§ 10-1-440 to -1-454 (2009).	Certificate is evidence of registration § 10-1-444 (repealed effective 1/1/2013)	Standard express savings § 10-1-452	Section 32-type. Expressly refers to savings clause § 10-1-450	Similar, but not identical to an old-style provision § 10-1-451(b) <sup>20</sup>	Injunction, profits, damages, and destruction of counterfeits (all permissive) § 10-1-451(a) & (c) The infringement provision, § 10-1-450, also allows the plaintiff to elect liquidated damages of \$10,000 if infringer knew of the registration	\$15 registration \$15 renewal 10-year term
<b>Hawaii</b>	HAW. REV. STAT. §§ 482-21 to -53 (LEXIS through 2008 legislation).	Certificate is evidence of registration § 482-24(b) <sup>21</sup>	Express savings <sup>22</sup> § 482-53	Section 32-type. Expressly refers to savings clause § 482-31	1995-type § 482-32	Close to Model Bill. Attorney's fees may only be awarded to the mark owner rather than the prevailing party. § 482-33	\$50 registration \$50 renewal 5-year term
<b>Idaho</b>	IDAHO CODE ANN. §§ 48-501 to -518 (2003 & Supp.	Certificate is evidence of registration § 48-505	Standard express savings § 48-516	Section 32-type. Expressly refers to savings clause	1995-type § 48-513	Like Model Bill § 48-514	\$30 registration \$30 renewal 10-year term

APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS							
STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
<b>Illinois</b>	2008). 765 ILL. COMP. STAT. ANN. 1036/1-90 (West 2009).	Certificate is evidence of registration § 1036/25	Standard express savings § 1036/80	Section 32-type Expressly refers to savings clause § 1036/60	1995-type § 1036/65	Like Model Bill § 1036/70	\$10 registration \$5 renewal 5-year term
<b>Indiana</b>	IND. CODE ANN. §§ 24-2-1-0.1 to -15.3 (LexisNexis 2006).	Certificate is evidence of registration § 24-2-1-5 (b)	Standard express savings § 24-2-1-15	Section 32-type Expressly refers to savings clause § 24-2-1-13	1995-type, but protects only fanciful marks from blurring (includes all marks in tamishment protection). § 24-2-1-13.5	Injunction, profits, damages; potential treble of profits <i>or</i> of damages if intentional, knowing counterfeit activity; attorney's fees in "exceptional" cases § 24-2-1-14	\$10 registration \$10 renewal 5-year term
<b>Iowa</b>	IOWA CODE ANN. §§ 548.101-116 (West 1997).	Certificate is evidence of registration § 548.105	Standard express savings § 548.116	Section 32-type Expressly refers to savings clause § 548.112	1995-type but without statutory exclusions § 548.113	Like Model Bill § 548.114	\$10 registration \$10 renewal 5-year term
<b>Kansas</b>	KAN. STAT. ANN. §§ 81-201 to -220 (Supp. 2008).	Certificate is evidence of registration § 81-206	Standard express savings § 81-217	Section 32-type Expressly refers to savings clause § 81-213	1995-type § 81-214	Like Model Bill § 81-215	\$40 registration \$15 renewal 5-year term
<b>Kentucky</b>	KY. REV. STAT. ANN. §§ 365.561-613 (LexisNexis 2008).	Certificate is evidence of registration § 365.577(2)	Standard express savings § 365.611	Section 32-type Expressly refers to savings clause § 365.601	N/A	Very close to Model Bill: provides for profits <i>or</i> damages rather than profits <i>and</i> damages, as well as trebled profits <i>or</i> damages § 365.603	\$10 registration \$5 renewal 5-year term

APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS							
STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
<b>Louisiana</b>	L.A. REV. STAT. ANN. §§ 51:211–223.1 (2003).	Certificate is evidence of registration § 215.B.	N/A (nonstatutory trademark rights do exist, per Louisiana Supreme Court decisions) <sup>23</sup>	Section 32-type § 222	Old style § 223.1	Injunction, profits, damages § 223	\$50 registration \$50 renewal 10-year term
<b>Maine</b>	ME. REV. STAT. ANN. tit. 10, §§ 1521–1532 (1997).	Certificate is evidence of registration § 1523	Standard express savings § 1532	Section 32-type Expressly refers to savings clause § 1529	Old style, with express inclusion of state-registered marks § 1530	Injunction, profits, damages, destruction (all permissive); mandatory costs to prevailing party; attorney's fees discretionary in exceptional cases; includes statutory damages election: \$2000 per mark § 1531	\$60 registration (\$10/add'l class) \$60 renewal (\$10/add'l class) 10-year term
<b>Maryland</b>	MD. CODE ANN., BUS. REG. §§ 1-401 to -415 (LexisNexis 2010).	N/A	Standard express savings § 1-402	Section 32-type Expressly refers to savings clause § 1-414(a)	N/A	Injunction, profits, damages, destruction § 1-414 (c)–(d)	\$50 registration \$50 renewal 10-year term
<b>Massachusetts</b>	MASS. GEN. LAWS ANN. ch. 110H, §§ 1 to 17 (West Supp. 2011).	Certificate is evidence of registration Registration creates constructive notice of the registrant's claim of ownership Registration creates prima facie evidence of the	Standard express savings <sup>24</sup> § 16	Section 32-type Expressly refers to savings clause § 12	Old style § 13	Like Model Bill § 14	\$50 registration \$50 renewal 5-year term

**APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS**

STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
<b>Michigan</b>	MICH. COMP. LAWS ANN. §§ 429.31–.46 (West 2001).	<p>registrant's exclusive right to use the registered mark in Massachusetts in connection with the goods and services specified in the registration</p> <p>Legal and equitable defenses are preserved</p> <p>§ 5(b)</p> <p>Certificate is evidence of registration</p> <p>Registration is evidence of a registrant's right<sup>25</sup> to use the registered mark in Michigan in connection with the goods or services specified in the certificate</p> <p>Legal and equitable defenses are expressly preserved</p> <p>§ 429.34(3)</p>	Standard express savings § 429.44	Section 32-type Expressly refers to savings clause § 429.42	N/A	Injunction, profits, damages, destruction § 429.43	\$50 registration \$25 renewal 10-year term
<b>Minnesota</b>	MINN. STAT. ANN. §§ 333.18–.31 (West 2004).	<p>Certificate is evidence of registration</p> <p>Registration is prima facie evidence of registrant's ownership and exclusive right to use the mark on or in connection with the goods or services described in the</p>	Express savings, but with specific language about geographic limitations – in keeping with the constructive notice effect	Section 32-type Expressly refers to savings clause § 333.28	1995-type § 333.285	Like Model Bill § 333.29	\$50 registration \$25 renewal 10 -year term

APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS							
STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
<b>Mississippi</b>	MISS. CODE ANN. §§ 75-25-1 to -25-37 (1972).	Certificate is evidence of registration § 75-25-9	Standard express savings § 75-25-31	Section 32-type Expressly refers to savings clause § 75-25-23	2006-type § 75-25-25	Like Model Bill § 75-25-27	\$50 registration (residents) (\$60 non-residents) \$50 renewal (residents) (\$60 non-residents) 5-year term
<b>Missouri</b>	MO. ANN. STAT. §§ 417.005–.066 (West 2001).	Certificate is evidence of registration § 417.021(2)	Standard express savings § 417.066(1)	Section 32-type Expressly refers to savings clause § 417.056	Old style, with some updates (expressly includes both state-registered and common-law marks) § 417.061	Injunction, profits or damages, destruction; courts have discretion when wrongful acts were committed with knowledge or in bad faith <sup>77</sup> § 417.061(2)	\$50 registration \$10 renewal 10-year term
<b>Montana</b>	MONT. CODE ANN. §§ 30-13-301 to -13-338 (2007).	Certificate is evidence of registration § 30-12-312	Standard express savings § 30-12-336	Section 32-type Expressly refers to savings clause § 30-13-333	1995-type § 30-13-334	Like Model Bill § 30-13-335	\$20 registration \$20 renewal 5-year term
<b>Nebraska</b>	NEB. REV. STAT. §§ 87-127 to -144 (2008).	Certificate is evidence of registration Registration is <i>prima facie</i> evidence of the right <sup>78</sup> to use	Standard express savings § 87-143	Section 32-type Expressly refers to savings clause § 87-139	1995-type § 87-140	Similar language, but different effect compared to Model Bill; provides for injunctions, profits, damages, and attorney's fees and	\$100 registration \$100 renewal 10-year term

APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS							
STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
<b>Nevada</b>	NEV. REV. STAT. §§ 600.240–450 (2007).	the mark shown in the registration on or in connection with the class or classes of goods or services designated in the registration § 87-132	Saving of common law rights is presented as a matter of rights rather than as a defensive matter <sup>30</sup> § 600.440	Section 32-type § 600.420	1995-type § 600.435	allows for judicial discretion, but appears to cap the monetary award in cases of bad faith or knowing conduct at profits and damages plus attorney's fees, rather than three times profits and damages plus attorney's fees. <sup>29</sup> § 87-141	\$100 registration \$50 renewal 5-year term
<b>New Hampshire</b>	N.H. REV. STAT. ANN. §§ 350-A:1 to -A:15 (LexisNexis 2008).	Certificate is evidence of registration § 350-A:4	Standard express savings § 350-A:14	Section 32-type (might expressly refer to savings clause) <sup>32</sup> § 350-A:11	Old style (with express inclusion of both registered and common law marks as well as trade names) § 350-A:12	Injunction, profits, damages, destruction § 350-A:13	\$50 registration \$50 renewal 10-year term

APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS							
STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
<b>New Jersey</b>	N.J. STAT. ANN. §§ 56:3-13.1a to -13.21 (West 2001).	Certificate is evidence of registration § 56:3-13.4	Standard express savings § 56:3-13.13	Registered and common law marks protected by a provision otherwise similar to section 32 and the Model Bill. Expressly refers to savings clause § 56:3-13.16a	1995-type § 56:3-13.20	Similar effect to Model Bill but with slightly different language § 56:3-13.16d	\$50 registration \$50 renewal 5-year term
<b>New Mexico</b>	N.M. STAT. ANN. §§ 57-3B-1 to -3B-17 (2004).	Certificate is evidence of registration § 57-3B-7	N/A <sup>33</sup>	Section 32-type § 57-3B-14	1995-type § 57-3B-15	Like Model Bill § 57-3B-16	\$25 registration \$25 renewal 10-year term
<b>New York</b>	N.Y. GEN. BUS. LAW §§ 360 to 360-r (Consol. 1999).	Certificate is evidence of registration § 360-d	Standard express savings § 360-o	Section 32-type. Generally refers to other provisions of § 360 (including express savings) § 360-k	Old style (expressly includes both registered and unregistered marks) § 360-l	Like Model Bill § 360-m	\$50 registration \$50 renewal 10-year term
<b>North Carolina</b>	N.C. GEN. STAT. §§ 80-1 to -14 (2007).	Certificate is evidence of registration § 80-4	Standard express savings § 80-13	Section 32-type. Expressly refers to savings clause § 80-11	N/A	Infringement is declared to violate the North Carolina Unfair Trade Practices Act, which in turn provides for treble damages, and for an award of attorney's fees for willful conduct and bad-faith litigation <sup>34</sup> § 80-12	\$75 registration \$35 renewal 10-year term

APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS							
STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
<b>North Dakota</b>	N.D. CENT. CODE §§ 47-22-01 to -22-13 (1999).	Certificate is evidence of registration § 47-22-04	Standard express savings § 47-22-13	Section 32-type Expressly refers to savings clause § 47-22-11	N/A	Injunction, profits, damages, destruction § 47-22-12	\$30 registration (\$20/add'l class) \$30 renewal (\$20/add'l class) 10-year term
<b>Ohio</b>	OHIO REV. CODE ANN. §§ 1329.54-.67 (LexisNexis 2006).	Certificate is evidence of registration § 1329.57	Detailed express savings clause <sup>55</sup> § 1329.67	Section 32-type Expressly refers to savings clause § 1329.65	N/A	Injunction, profits, damages, destruction § 1329.66	\$125 registration \$25 renewal 10-year term
<b>Oklahoma</b>	OKLA. STAT. ANN. tit. 78, §§ 21-33 (West 2002).	Certificate is evidence of registration § 78-24	Standard express savings § 78-33	Section 32-type Expressly refers to savings clause § 78-31	N/A	Injunction, profits, damages, destruction § 78-32	\$50 registration \$25 renewal 10-year term
<b>Oregon</b>	OR. REV. STAT. §§ 647.005-.155 (1988).	Certificate is evidence of registration § 647.045	Standard express savings § 647.115(1)	Section 32-type § 647.095	2006-type (with local fame) § 647.107	Very similar to Model Bill, with the same effect § 647.105	\$20 registration \$20 renewal 5-year term
<b>Pennsylvania</b>	54 PA. CONS. STAT. ANN. §§ 1101-1126 (West 1996).	N/A	Standard express savings § 1126	Section 32-type Expressly refers to savings clause § 1123	1995-type § 1124	Like Model Bill § 1125	\$50 registration \$50 renewal 5-year term
<b>Rhode Island</b>	R.I. GEN. LAWS §§ 6-2-1 to -16 (2011).	Certificate is evidence of registration Provides constructive notice Registration is prima facie evidence of the registrant's exclusive right to use the registered mark in Rhode	Standard express savings <sup>57</sup> § 6-2-14	Section 32-type Expressly refers to savings clause § 6-2-11	Old style (with express inclusion of registered and common law marks and trade names) § 6-2-12	Injunction, profits, damages, destruction § 6-2-13	\$50 registration \$50 renewal 10-year term

APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS							
STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
		Island on goods or services specified in the registration Legal and equitable defenses expressly preserved § 6-2-4(c),(d) <sup>36</sup>					
<b>South Carolina</b>	S.C. CODE ANN. §§ 39-15-1105 to -1195 (Supp. 2008).	Certificate is evidence of registration § 39-15-1125(B)	Standard express savings § 39-15-1180	Section 32-type Expressly refers to savings clause § 39-12-1160	1995-type § 39-15-1165	Like Model Bill § 39-15-1170	\$15 registration \$5 renewal 5-year term
<b>South Dakota</b>	S.D. CODIFIED LAWS §§ 37-6-1 to -32 (LewisNexis 2003).	N/A	Standard express savings § 37-6-27	Section 32-type Expressly refers to savings clause §§ 37-6-25, -26	N/A	Injunction, profits, damages, destruction § 37-6-24	\$125 registration \$125 renewal 4-year term
<b>Tennessee</b>	TENN. CODE ANN. §§ 47-25-501 to -518 (2001).	Certificate is evidence of registration § 47-25-505(b)	Standard express savings § 47-25-516	Section 32-type Expressly refers to savings clause § 47-25-512 <sup>38</sup>	1995-type § 47-25-513	Like Model Bill § 47-25-514	\$20 registration \$20 renewal 5-year term
<b>Texas</b>	TEX. BUS. & COM. CODE ANN. §§ 16.01–.31 (West 2011).	Constructive notice Registration certificate is admissible as prima facie proof of ownership, validity, and exclusive right to use the mark in the state for listed goods or services. § 16.15(b)–(c) (current);	Non-standard express savings, which accommodates the constructive notice effect of a registration <sup>40</sup> § 16.27(a)	Section 32-type <sup>41</sup> Expressly refers to savings clause § 16.26(a) (current); 16.102(a) (future)	Old style (with express inclusion of registered and common law marks and trade names) § 16.29 (current) 2006-type (with local fame)	Mandatory injunction; permissive damages award for infringement done with actual knowledge of registrant's mark (damages from and after the date that is two years before the day the suit was filed) § 16.26(b)–(d) (current)	\$50 registration \$25 renewal 10-year term (shortened to 5-year term effective Sept. 1, 2012)

APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS							
STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
		16.060(b)-(c) (future) <sup>39</sup>	(current); 16.107 (future)		§ 16.103 (future)	Mandatory injunction, permissive damage or profit award, permissive attorney's fees and trebling of damages and profits if infringer had actual knowledge or acted in bad faith, but any damage award requires intent to confuse	
<b>Utah</b>	UTAH CODE ANN. §§ 70-3a-101 to -502 (LexisNexis Supp. 2009).	Certificate is evidence of registration § 70-3a-304	Standard express savings § 70-3a-104	Section 32-type Expressly refers to savings clause § 70-3a-402	1995-type § 70-3a-403	§ 16.102(c)-(e) (future) Very similar to Model Bill § 70-3a-404	\$50 registration \$50 renewal 5-year term
<b>Vermont</b>	VT. STAT. ANN. tit. 9, §§ 2521-2575 (2006).	N/A	Standard express savings § 2532	Narrow liability provisions only applying to knowing and willful counterfeiters and imitations of a registered mark. Expressly refers to savings clause § 2530 <sup>2</sup> .	N/A	Injunction, profits, damages, destruction § 2529	\$20 registration \$20 renewal 10-year term
<b>Virginia</b>	VA. CODE ANN. §§ 59.1-92.1 to -92.22 (2006).	Registration provides prima facie evidence of ownership of the mark and the exclusive right to use the mark (in the	Standard express savings § 59.1-92.15	Section 32-type Expressly refers to savings clause § 59.1-92.12	N/A	Injunction, defendant's profits, plaintiff's damages, attorney's fees (all permissive); mandatory seizure if counterfeit	\$30 registration \$30 renewal 5-year term

APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS							
STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
<b>Washington</b>	WASH. REV. CODE ANN. §§ 19.77.010-.940 (LEXIS through 2008 legislation).	state or in connection with the listed goods/services). <sup>43</sup> § 59.1-92.6 Registration provides prima facie evidence of validity. <sup>44</sup> ownership, exclusive right to use (in state in connection with goods/services). Also provides constructive notice § 19.77.040	Common law rights preserved, but after 1989, a state registration freezes competing common law marks, which accommodates the constructive notice effect of a registration. <sup>45</sup> § 19.77.900	Section 32-type (but includes a list of confusion factors) Expressly refers to savings clause § 19.77.140	1995-style § 19.77.160	Like Model Bill § 19.77.150	\$55 registration \$50 renewal 5-year term
<b>West Virginia</b>	W. VA. CODE ANN. §§ 47-2-1 to -19 (LexisNexis 2006).	Certificate is evidence of registration § 47-2-5	Standard express savings § 47-2-16	Section 32-type Expressly refers to savings clause § 47-2-12	1995-type § 47-2-13	Like Model Bill <i>except</i> that attorney's fees are only awardable to registrants § 47-2-14	\$50 registration (for 2 classes; \$50/add'l class) \$50 renewal (for 2 classes; \$50/add'l class) 10-year term

**APPENDIX—STATUTORY PROVISIONS RELATED TO STATE-REGISTERED MARKS**

STATE	STATUTE	EFFECT OF REGISTRATION	COMMON-LAW SAVINGS	INFRINGEMENT	DILUTION	REMEDIES	FEES <sup>1</sup> & TERM
Wisconsin	Wis. STAT. ANN. §§ 132.001–25 (2009).	Registration provides prima facie evidence of owner's adoption of the mark and of the facts necessary for obtaining a registration. § 132.031	Common law rights not affected and common law owners receive a statutory defense. <sup>6</sup> §§ 132.25 & 132.033(5)(f)	Narrow liability provision only applying to a "counterfeit mark identical to or substantially identical" to the registered mark, but not specifying confusion. § 132.033(1)	N/A	Injunction, destruction, damages or trebled profits, and attorney's fees (all permissive); mandatory damages or trebled profits if infringement was willful. § 132.033(2)	\$15 registration \$15 renewal 10-year term
Wyoming	WYO. STAT. ANN. §§ 40-1-101 to -116 (2003).	N/A <sup>7</sup>	Standard express savings § 40-1-113	Section 32-type Expressly refers to savings clause § 40-1-111	1995-type § 40-1-115	Like Model Bill § 40-1-112	\$100 registration \$50 renewal (renewal capped by statute at \$150) 5-year term

<sup>1</sup> Like the federal registration system, most states charge registration and renewal fees per class of goods or services listed in the application or registration. The fees stated in this Appendix are all per-class fees, unless otherwise noted. All of the fees listed here were last confirmed on Oct. 28, 2011 by means of the website operated by the relevant state authority. The United States Patent and Trademark Office maintains a list of those websites, State Trademark Information Links, USPTO, [http://www.uspto.gov/trademarks/process/State\\_Trademark\\_Links.jsp](http://www.uspto.gov/trademarks/process/State_Trademark_Links.jsp) (last visited Oct. 28, 2011).

<sup>2</sup> The Model State Trademark Bill is promulgated by, the International Trademark Association (INTA), the most recent version of the bill, from 2007, is referred to herein as the "Model Bill" or the "2007 Model Bill," and is available at <http://www.inta.org> (links to "Policy and Advocacy," "Model Laws and Guidelines," and "Model State Trademark Bill").

<sup>3</sup> In this Appendix, when the effect of the registration is noted as "Certificate is evidence of registration," it means that a registration certificate, under the statute, is admissible in evidence as competent and sufficient proof of the registration of the mark in any action or judicial proceeding in the state. The statute in these states provides no other effect of a registration (such as making a registration prima facie evidence of validity or ownership). For the other possible effects of a state registration, see the table entries below for Colorado, Connecticut, Florida, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, Nevada, Rhode Island, Texas, Virginia, Washington, and Wisconsin.

<sup>4</sup> Section 16 of the Model State Trademark Bill provides: "Nothing herein shall adversely affect the rights or the enforcement of rights in marks acquired in good faith at any time at common law." This language is repeated, verbatim, by so many states that in this chart I refer to it as "standard express savings." 2007 Model Bill § 16.

<sup>5</sup> "Section 32-type" is used to denote an infringement provision that closely parallels the primary infringement provision in section 32 of the Lanham Act (15 U.S.C. § 1114(C)) (2006). Most state infringement provisions mirroring section 32 of the Lanham Act also mirror section 12 of the Model State Trademark Bill. It bears notice, for anyone interested in detailed statutory analysis, that the infringement provision in the Model Bill contains language—possibly narrowing language—that was eliminated from section 32 in 1962. In 1962, an amendment deleted "purchasers as to the source of origin of such goods or services" after "or to deceive" in subsection (1)(a). Act of Oct. 9, 1962, Pub. L. No. 87-772, 76 Stat. 769. Section 32(1) now reads (including amendments since 1962):

- (1) Any person who shall, without the consent of the registrant—
- (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
  - (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,
- shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

15 U.S.C. § 1114(C). This section 32 now simply provides for liability when the relevant acts by defendant are "likely to cause confusion, or to cause mistake, or to deceive," while section 12 of the Model Bill provides for liability when the acts are "likely to cause confusion or mistake or to deceive as to the source of origin of such goods or services." Whether this means that the Model Bill, and state statutes that follow it, address only a narrower range of confusion, mistake, or deception caused by a defendant than does section 32 is an interesting question. Section 12, in full, reads,

Subject to the provisions of Section 16 hereof [common law savings clause], any person who shall

- (a) use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of a mark registered under this Act in connection with the sale, distribution, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive as to the source of origin of such goods or services; or
  - (b) reproduce, counterfeit, copy or colorably imitate any such mark and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with the sale or other distribution in this state of such goods or services;
- shall be liable in a civil action by the registrant for any and all of the remedies provided in Section 14 hereof, except that under subsection (b) hereof the registrant shall not be entitled to recover profits or damages unless the acts have been committed with the intent to cause confusion or mistake or to deceive.

2007 Model Bill, § 12. The Model Bill's infringement provision as well as the other "section 32-type" state statutory provisions are limited to claims based on infringement of state-registered marks. They do not extend to infringement of common law marks. Most of these state provisions also deny, as section 32 does, an award of damages and profits against a defendant who merely makes or prints labels, packages, advertisements, or the like, unless the defendant knew the material was intended to be used to cause confusion.

<sup>6</sup> "2006-type" is used to denote a dilution provision that closely parallels the revised federal dilution provision enacted in 2006. The state version of the 2006-type dilution law protects those marks that are famous within the state and, like federal law, does not require a mark to be registered in order for it to be "famous." Some states provide for the possibility of fame that is less than state-wide, and those states are designated in this table using the language "with local fame."

<sup>7</sup> The Model Bill remedies provision provides:

Any owner of a mark registered under this Act may proceed by suit to enjoin the manufacture, use, display, or sale of any counterfeits or imitations thereof and any court of competent jurisdiction may grant injunctions to restrain such manufacture, use, display or sale as may be by the said court deemed just and reasonable, and may require the defendants to pay to such owner all profits derived from and/or all damages suffered by reason of such wrongful manufacture, use, display or sale; and such court may also order that any such counterfeits or imitations in the possession or under the control of any defendant in such case be delivered to an officer of the court, or to the complainant, to be destroyed. The court, in its discretion, may enter judgment for an amount not to exceed three times such profits and damages and/or reasonable attorneys' fees of the prevailing party in such cases where the court finds the other party committed such wrongful acts with knowledge or in bad faith or otherwise as according to the circumstances of the case.

2007 Model Bill, § 14.

<sup>8</sup> As noted *supra* note 6, some states with dilution provisions of the 2006 type include the possibility of local fame, or fame within a limited geographic area of the state. Some, like Alabama, specify that the local fame must be within a "significant" geographic area, likely in order to avoid the possibility of a mark's being found famous simply because the plaintiff used an exceptionally narrow definition of the relevant geographic area.

<sup>9</sup> In 1996, Alaska repealed an express savings provision. See 1996 Alaska Sess. Laws 16, ch. 132 (HB 450, § 29) (repealing 45.50.190, which was the common law savings provision).

<sup>10</sup> See ALASKA STAT. § 45.50.180(d).

A registrant that owns a mark that is famous in the state is entitled to an injunction against another's dilution of the mark. If the user of the famous mark willfully intended to trade on the registrant's reputation or to cause dilution of the mark, the registrant is also entitled to remedies set out in (b) of this section. In determining whether a mark is famous, a court may consider any factor, including the

- (1) degree of inherent or acquired distinctiveness of the mark in the state;
- (2) duration and extent of use of the mark in connection with the goods and services;
- (3) duration and extent of advertising and publicity of the mark in the state;
- (4) geographical extent of the trading area in which the mark is used;
- (5) channels of trade for the goods or services with which the mark is used;
- (6) degree of recognition in the state of the mark in the registrant's trading area and channel of trade, and in the user's trading area and channel of trade; and
- (7) nature and extent of use of the same or similar mark by other persons.

Subsection (c) of § 45.50.180 provides that "'dilution' means the use of a word, symbol, or device, or a combination of one or more of these, in a manner that deprives or reduces the distinctiveness of a mark."

<sup>11</sup> "1995-type" is used to denote a dilution provision that closely parallels the federal dilution provision enacted in 1995. That provision was replaced at the federal level in 2006 with a revised dilution action, but many states still have a 1995-type provision. In these states, there is likely a requirement that a plaintiff show actual dilution, rather than a likelihood. See *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003). The state version of the 1995-type dilution law typically protects those marks that are famous within the state, and does not distinguish in any way between common law and registered marks.

<sup>12</sup> See CAL. BUS. & PROF. CODE § 14245 (West 2008).

(d) A person who does any of the following shall be subject to a civil action by the owner of the registered mark, and the remedies provided in Section 14250:

...

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

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

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

- (i) The name or description of the infringer.
- (ii) The product or service and mark being or to be infringed.
- (iii) The dates of the infringement.
- (iv) Other reasonable information to assist the recipient to identify the infringer.

(4) The presumption created by paragraph (3) does not affect the owner's burden of showing that there was a violation of this chapter.

(5) Paragraph (3) is applicable to a landlord or property owner who provides, rents, leases, or licenses the use of real property where goods or services bearing a reproduction, counterfeit, copy, or colorable imitation of a mark registered pursuant to this chapter are sold, offered for sale, or advertised, where the landlord or property owner had control of the property and knew, or had reason to know, of the infringing activity.

<sup>13</sup> See COLO. REV. STAT. § 7-70-103(1) (2008) ("A statement of trademark registration filed by the secretary of state shall be notice of the claims made in the statement of trademark registration from and after the date and time the statement of trademark registration is filed.").

<sup>14</sup> See *id.* § 7-70-103(3) ("Except [for the notice effect], filing of a statement of trademark registration does not enlarge or otherwise affect rights with respect to the trademark that are created by the common law of this state or other laws. The lack of filing of a statement of trademark registration does not impair or otherwise affect such rights.").

<sup>15</sup> See *id.* § 7-70-103(2) ("Except [for the notice effect], filing of a statement of trademark registration does not confer upon the registrant any substantive right or create any remedy not otherwise available. All substantive rights and remedies created by the laws of this state with respect to trademarks are created exclusively by common law.").

<sup>16</sup> See CONN. GEN. STAT. ANN. § 35-11m (West 2005). Incontestability in Connecticut is curious in that, as shown below, it would appear that a court can cancel a registration at any time for not complying with the standards of registrability, which include a conflict with a prior user's rights. See *id.* § 35-11b. Also, the express savings clause does not carve out the incontestability provision, so it would seem that the savings clause overrides the incontestability provision with respect to a prior common-law user's right to continue its use (although incontestability might mean that the registered user could not be excluded from use in the state). See *id.* § 35-11k. The incontestability provision states:

Except on a ground for which application to cancel may be filed at any time under subdivision (4) of section 35-11g and except to the extent, if any, to which the use of a mark infringes a mark registered or published by the United States Patent and Trademark Office prior to the date of registration pursuant to this chapter, the right of the registrant pursuant to this chapter to use such registered mark in commerce within Connecticut for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration in Connecticut and is still in use in commerce, shall be incontestable provided (1) there has been no final decision adverse to the registrant's claim of ownership of such mark for such goods or services, or to the registrant's right to register the same or to keep the same on the register; and (2) there is no proceeding involving said rights pending in the United States Patent and Trademark Office or in a court and not finally disposed of; and (3) no incontestable right shall be acquired in a mark which is the common descriptive name of any article or substance, patented or otherwise.

*Id.* § 35-11m. The reference to subdivision (4) is puzzling, and appears to be in error. Subdivision (4) of § 35-11g provides that “The Secretary of State shall cancel from the register, in whole or in part . . . (4) any registration concerning which a court of competent jurisdiction orders cancellation on any other ground,” while subdivision (3) more closely parallels the counterpart incontestability provision in federal law. It provides that:

The Secretary of State shall cancel from the register, in whole or in part . . . (3) any registration concerning which a court of competent jurisdiction orders cancellation after finding: (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 contrary to the provisions of section 35-17b; (D) that the registration was obtained fraudulently or in bad faith; (E) that the registered mark is so similar, as to be likely to cause confusion or mistake or to deceive, to a mark registered by another person in the United States Patent and Trademark Office prior to the date of first use in Connecticut by the registrant under this chapter, and used in Connecticut and not abandoned, provided, if the registrant proves that the registrant is the owner of concurrent registration of a mark in the United States Patent and Trademark Office covering an area including this state, the registration under this chapter shall not be cancelled for such area of the state; (F) that the registered mark has become the generic name for the goods or services, or a portion thereof, for which it has been registered; or (G) that another person has rights in the state of Connecticut superior to those of the registrant.

*Id.* § 35-11g(3).

<sup>17</sup> Although section 3314(e)’s infringement provision is limited to marks registered in Delaware, its counterfeiting protection extends to marks registered in other states as well as marks registered with the USPTO. *See* DEL. CODE ANN. § 3314(e).

<sup>18</sup> “Old-style” refers to a dilution provision not modeled on either the 1995 or 2006 federal dilution provisions but instead following the older state model, wherein “likelihood of injury to business reputation or of dilution of the distinctive quality of a mark” is a basis for injunctive relief: “notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.” DEL. CODE ANN. tit. 6 § 3313 (Supp. 2010).

<sup>19</sup> The Florida remedies provision reads very much like a hybrid between section 35 of the Lanham Act and the remedies provision of the current Model Bill. *See* 15 U.S.C. § 1117 (2006).

<sup>20</sup> Georgia’s anti-dilution provision states:

Every person, association, or union of working men adopting and using a trademark, trade name, label, or form of advertisement may proceed by action; and all courts having jurisdiction thereof shall grant injunctions to enjoin subsequent use by another of the same or any similar trademark, trade name, label, or form of advertisement if there exists a likelihood of injury to business reputation or of dilution of the distinctive quality of the trademark, trade name, label, or form of advertisement of the prior user, notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services, except that this Code section shall not deprive any party of any vested lawful rights acquired prior to March 4, 1955.

GA. CODE ANN. § 10-1-451(f) (2009).

<sup>21</sup> Interestingly, the registration of a trade name (but not a trademark) in Hawaii creates constructive notice. *See* HAW. REV. STAT. § 482-3(a).

<sup>22</sup> “Nothing in this chapter shall adversely affect common law rights in trade names, entity names, service marks, or trademarks, or the enforcement of those rights.” HAW. REV. STAT. § 482-53 (LEXIS through 2008 legislation).

<sup>23</sup> *See* Gulf Coast Bank v. Gulf Coast Bank & Trust Co., 652 So.2d 1306, 1311–12 (La. 1995) (“It has . . . been long held that the protection of trademarks and trade names under the law of unfair competition is based on the proprietary interest one has in the mark or name, and such protection is based on equity and does not require statutory provisions.”).

- <sup>24</sup> It is curious to have such a broad common-law savings clause co-existing with a constructive notice provision (and a constructive notice provision with broad preservation of legal and equitable defenses). Texas and Washington, by comparison, provide savings clauses more typical of what one might expect with a constructive notice provision. *See infra* notes 26, 40, 45.
- <sup>25</sup> The statute does not say the registration is evidence of the “exclusive right” to use the mark, and it does not use the term “prima facie evidence.” The statute simply provides, as noted above, that the registration “shall be evidence of registrant’s right to use the mark throughout this state.” MICH. COMP. LAWS ANN. § 429.34(3) (West 2001).
- <sup>26</sup> MINN. STAT. ANN. § 333.30 (West 2004) (“Nothing herein shall adversely affect a person’s rights or the enforcement of the rights in a mark acquired in good faith at any time at common law, except that the rights as against the registrant of the same or confusingly similar mark are limited to the areas of the person’s use established prior to the registration date and areas in which the person’s mark has become known prior to the registration date.”).
- <sup>27</sup> The final sentence of the Missouri remedies provision reads, in part, like the 1992 Model Bill, but if that was the intent, some vital language was left out. *Compare* MO. REV. STAT. § 417.061(2) (“The court, in its discretion, may enter judgment in such cases where the court finds that a party committed such wrongful acts with knowledge or in bad faith or otherwise as according to the circumstances of the case.”) with Model State Trademark Bill § 14 (1992) (“The court, in its discretion, may enter judgment for an amount not to exceed three times such profits and damages and/or reasonable attorneys’ fees of the prevailing party in such cases where the court finds the other party committed such wrongful acts with knowledge or in bad faith or otherwise as according to the circumstances of the case.”).
- <sup>28</sup> Like Michigan, the effect of a registration in Nebraska is not to provide evidence of “the exclusive right,” but only evidence of “the right” to use the mark.
- <sup>29</sup> *Compare* NEB. REV. STAT. § 87-141 (2008) (“The court, in its discretion, may enter judgment for an amount not to exceed such profits and damages and reasonable attorney’s fees of the prevailing party in such cases where the court finds the other party committed such wrongful acts with knowledge or in bad faith or otherwise as according to the circumstances of the case.”) with 2007 Model Bill § 14 (“The court, in its discretion, may enter judgment for an amount not to exceed three times such profits and damages and/or reasonable attorneys’ fees of the prevailing party in such cases where the other party committed such wrongful acts with knowledge or in bad faith or otherwise as according to the circumstances of the case.”).
- <sup>30</sup> “The rights and remedies enumerated . . . are in addition to those to which an owner of a mark is entitled under the common law.” NEV. REV. STAT. § 600.440 (2007).
- <sup>31</sup> The Nevada remedies provision empowers a court to grant injunctions, require payment of all profits and all damages, require payment of treble damages and profits related to willful and wrongful acts of the defendant, order the destruction of counterfeit or imitations, and award costs and attorney’s fees to a prevailing party (without, in the case of attorney’s fees, either bad faith or knowing conduct, or exceptional circumstances). *See* NEV. REV. STAT. § 600.450.
- <sup>32</sup> The infringement provision in New Hampshire appears to have been originally drafted to refer to the express savings clause in § 350-A:14, much like most other states and the Model Bill, but the numerical cross-references in the infringement provision appear to be off by one statutory section, which actually creates a nonsensical meaning. *See* N.H. REV. STAT. ANN. § 350-A:11 (LexisNexis 2008) (“Subject to the provisions of RSA 350-A:13 [remedies], any person who shall [infringe a registered mark] shall be liable to a civil action by the owner of such registered mark for any or all of the remedies provided in RSA 350-A:12 [anti-dilution]”). Adjusting each of the cross-references in the infringement provision upward by one statutory section would create a mirror to the Model Bill (and thus also most other states) and would result in a logically worded statute.
- <sup>33</sup> At least one court in New Mexico, a federal district court, has opined that the New Mexico Legislature may have purposely “extinguish[ed] the common-law cause of action for trademark infringement, if indeed New Mexico has ever adopted it.” *Guidance Endodontics, LLC v. Densply, Int’l, Inc.*, 708 F. Supp. 2d 1209, 1249-50 (D.N.M. 2010). This statement was based on the fact that before 1997, the state trademark act contained a common-law savings clause, but a 1997 reconfiguration of trademark law omitted the clause. *See id.*; *cf.* S & S Investments, Inc. v. Hooper Enters., Ltd., 862 P.2d 1252, 1254 (N.M. Ct. App. 1993) (relying on common-law savings provision to limit rights in a registered mark).

At the same time, however, the New Mexico Unfair Practices Act provides a statutory cause of action for a number of unfair trade practices, and among the specifically listed unfair acts are uses of trademarks, service marks, and trade names in ways that create confusion, deception or mistake. In other words, the New Mexico Unfair Practices Act provides a cause of action to the owner of a common law mark, even if the common law action itself has been extinguished or was never recognized under the common law of the state. See N.M. STAT. ANN. § 57-12-2-3, -10 (2004) (including the following within the unfair or deceptive acts for which there is a private right of action: "(1) representing goods or services as those of another when the goods or services are not the goods or services of another; (2) causing confusion or misunderstanding as to the source, sponsorship, approval or certification of goods or services; (3) causing confusion or misunderstanding as to affiliation, connection or association with or certification by another; (4) using deceptive representations or designations of geographic origin in connection with goods or services; [and] (5) representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation or connection that the person does not have.").

<sup>34</sup> Section 80-11 provides that infringers are liable "for any or all of the remedies provided in G.S. 80-12," while section 80-12 states only that "[a] violation of G.S. 80-10 [fraudulent registration] or G.S. 80-11 constitutes a violation of G.S. 75-1-1," which in turn declares unlawful "[u]nfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce." N.C. GEN. STAT. §§ 75-1.1, 80-11, -12 (2007). Violations of section 75-1-1 can give rise to a private civil action under section 75-1-6 by a person injured by an unfair or deceptive act declared unlawful, and the monetary remedy is stated as follows: "If damages are assessed in such case judgment shall be rendered in favor of the plaintiff and against the defendant for treble the amount fixed by the verdict." See *id.* § 75-1-6. Attorney's fees are awarded in such cases as follows:

In any suit instituted by a person who alleges that the defendant violated G.S. 75-1-1, the presiding judge may, in his discretion, allow a reasonable attorney fee to the duly licensed attorney representing the prevailing party, such attorney fee to be taxed as a part of the court costs and payable by the losing party, upon a finding by the presiding judge that:

- (1) The party charged with the violation has willfully engaged in the act or practice, and there was an unwarranted refusal by such party to fully resolve the matter which constitutes the basis of such suit; or
- (2) The party instituting the action knew, or should have known, the action was frivolous and malicious.

*Id.* § 75-1-6.1.

<sup>35</sup> The Ohio savings clause provides:

Sections 1329.54 to 1329.67 of the Revised Code do not adversely affect the rights or the enforcement of rights in trademarks or service marks acquired in good faith at common law prior to any of the following times:

- (A) Prior to another person's registration in this state of a trademark or service mark, with the registrant having a subsequent first use date;
- (B) Prior to another person's registration in the United States patent and trademark office of a trademark or service mark, with the other person having a subsequent first use date;
- (C) Prior to another person's registration in the United States patent and trademark office of a trademark or service mark, with the other person having a subsequent priority date.

OHIO REV. CODE ANN. § 1329.67 (LEXISNEXTS 2006).

<sup>36</sup> The effect of a registration is provided as follows:

- (c) Any certificate of registration issued by the secretary of state under the provisions of this section, or a copy of a certificate of registration duly certified by the secretary, shall be admissible in evidence as competent and sufficient proof of the registration of the mark in any action or judicial proceedings in any court of the state.

(d) Registration of or renewal of a mark provided by this chapter shall be constructive notice of the registrant's claim of ownership and shall, when introduced in any action, be prima facie evidence of the registrant's exclusive right to use the registered mark in this state on goods or services specified in the registration subject to any conditions or limitations stated in the registration, but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if the mark had not been registered.

R.I. GEN. LAWS § 6-2-4 (2011).

<sup>37</sup> See *supra* note 24.

<sup>38</sup> In 2011, Tennessee added to its infringement provision a clause creating a statutory infringement cause of action for owners of unregistered bank trademarks and trade names. See TENN. CODE ANN. § 47-25-512(3).

<sup>39</sup> Texas has revised its trademark statutes effective September 1, 2012. The "current" citation applies until that date, while the "future" citation applies after. If the content of a provision will not change, only the new citation has been provided.

<sup>40</sup> See TEX. BUS. & COM. CODE ANN. § 16.27(a) ("No registration under this chapter adversely affects common law rights acquired prior to registration under this chapter. However, during any period when the registration of a mark under this chapter is in force and the registrant has not abandoned the mark, no common law rights as against the registrant of the mark may be acquired.")

<sup>41</sup> Although the infringement provision in the Texas civil statute is limited to marks registered in the state, the Texas criminal counterfeiting statute applies to any federally registered mark as well as marks registered in any state. TEX. PENAL CODE ANN. § 32.23.

<sup>42</sup> As provided by the statute:

Subject to the provisions of section 2532 of this title, no person shall knowingly and willfully:

- (1) Falsely make, counterfeit, imitate, sell, offer for sale, or in any way utter or circulate any trademark which has been registered in accordance with the provisions of this subchapter;
- (2) Affix to any article of merchandise a false or counterfeit or imitation trademark, or the genuine trademark of another which has been registered in accordance with the provisions of this subchapter, without the latter's consent;
- (3) Sell, keep, or offer for sale an article of merchandise, to which is affixed a false or counterfeit trademark, or the genuine trademark, or an imitation of the trademark of another which has been registered in accordance with the provisions of this subchapter, without the latter's consent;
- (4) Have in his possession a counterfeit trademark or a die, plate, brand or other thing for the purpose of falsely making or counterfeiting a trademark which has been registered in accordance with the provisions of this subchapter; or
- (5) Make or sell, or offer to sell, or dispose of, or have in his possession with intent to sell or dispose of, an article of merchandise with a trademark which has been registered in accordance with the provisions of this subchapter by another, which indicates falsely the quantity, character, place of manufacture or production, or person manufacturing, producing or sponsoring the article.

VT. STAT. ANN. tit. 9, § 2530 (2006).

<sup>43</sup> Section 591-92.13(D) also provides that "[i]n any proceeding under this chapter, any certificate of registration issued by the Commonwealth or the United States Patent and Trademark Office shall be prima facie evidence of the facts stated therein."

<sup>41</sup> The effect of prima facie evidence of validity is limited by another provision in the Washington trademark statutes:

Registration under this title does not constitute prima facie evidence that a mark is not merely descriptive, descriptively misdescriptive, or geographically descriptive or deceptively misdescriptive of the goods or services with which it is used, or is not primarily merely a surname, unless the applicant has made substantially exclusive and continuous use thereof as a trademark in this state or elsewhere in the United States for the five years next preceding the date of the filing of the application for registration.

WASH. REV. CODE § 19.77.020(C) (LEXIS through 2008 legislation).

<sup>42</sup> "Nothing herein shall adversely affect the rights or the enforcement of rights in trademarks acquired in good faith at common law prior to registration under this chapter; however, during any period subsequent to July 23, 1989, when the registration of a mark under this chapter is in force and the registrant has not abandoned the trademark, no common law rights as against the registrant may be acquired." *Id.* § 19.77.900.

<sup>43</sup> WIS. STAT. ANN. § 132.25 (2009) provides that "Nothing in this chapter affects any right in a mark which is acquired under common law," while section 132.033(5)(C) provides that one defense to liability under 132.033 is that "[b]efore the person, association or union registered a mark . . . the defendant acquired the right under common law or federal law to manufacture, use, display or sell an identical mark." Both older and more recent Wisconsin judicial decisions also make it clear that common law rights have been comprehensively preserved, and not merely preserved as a defense to a claim by an owner of a registered mark. *See* First Wis. Nat'l Bank of Milwaukee v. Wichman, 270 N.W.2d 168, 171-74 (Wis. 1978); Madison Reprographics v. Cook's Reprographics, 552 N.W.2d 440, 444 (Wis. Ct. App. 1996) (citing *First Wis. Nat'l Bank of Milwaukee v. Wichman*); *Wisconsin recognizes a cause of action at common law for infringement of a trademark or trade name.*; *W. Wis. Water, Inc. v. Quality Beverages of Wis., Inc.*, 738 N.W.2d 114, 118 (Wis. Ct. App. 2007) (recognizing and reviewing a jury verdict on a claim of common law trademark infringement under Wisconsin law).

<sup>44</sup> The Wyoming Supreme Court ruled on the issue of state-wide rights in 1979, based on earlier state law that similarly did not specifically provide for the effect of a registration. It stated that a Wyoming registration does not provide for a preemptive statewide right to use a trademark, and it did so in part by distinguishing the Wyoming trademark statutes from those in other states (including Texas), where the laws had been deemed to create statewide rights. *See* First Nat'l Bank of Lander v. First Wyo. Sav. & Loan Ass'n, 592 P.2d 697 (Wyo. 1979).