

This is part of a paper presented in Bordeaux, France during the 1984 Congress of the Association Internationale des Jeunes Avocats. The paper was jointly written with Barbara Zak who wrote materials concerning the labelling regulations of the BATF. Appellations of origin (often seen on wine labels as "appellation controllee) are common in Europe where a region is known for particular types of wines or cheeses and other products. Usually a government affiliated institution controls the quality of goods produced in the region. It is not part of American culture. Nevertheless, there are some regions where it is appropriate in the United States and the Lanham Act even has a section referencing the possibility of obtaining protection by states, municipalities and the like, in Section 4 of the Lanham Act.

**UNITED STATES PROTECTION OF HOUSE MARKS**  
**WITH SPECIAL REFERENCE TO THE WINE AND SPIRITS TRADE**

**BARBARA M. ZAK**  
**Beverly Hills, California**

and

**PAUL D. SUPNIK**  
**Beverly Hills, California**

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## UNITED STATES PROTECTION OF HOUSE MARKS

### WITH SPECIAL REFERENCE TO THE WINE AND SPIRITS TRADE

#### A. Definitions

##### A.1 Trade and Certification Marks

A "trademark" is a symbol, word or device used in connection with the sale of a product, such as wine, used to designate origin of the product. Thus, a trademark may be the word mark "GREEN MOUNTAIN" in plain block letters or in a stylized type, such as script. A trademark may be a symbol such as a stylized image of a mountain, or conceivably, the entire image or "trade dress" of a wine label. A highly distinctive shape of a wine bottle, at least if it has become known to the public to represent its origin, may also be a trademark.

A certification mark is used as a designation of approval or quality by a company or organization. The company or organization itself does not manufacture or sell the products bearing the mark, but it grants approval for the use of its mark by supervising quality control over those that are permitted to use the mark.

##### A.2 Company Name

A "trade name" or company name is the name under which a company does business and generally symbolizes the overall good will of the company. An example would be "Green Mountain Vineyards" or "Green Mountain Company". Often, a trademark may be similar or identical to the company's trade name.

##### A.3 House Mark

A "house mark" is a trademark that is used in connection

with a variety of different goods. A house mark may be used along with a "product mark" designating a product originating from a particular company, rather than a line of products as with a house mark. A house mark often carries the company name or portion of the company name. Thus, "Green Mountain Vineyards, Inc., a California corporation", may use the company name "Green Mountain Vineyards" and a house mark prominently appearing on its wine labels may read "GREEN MOUNTAIN". The use of a house mark in connection with a variety of goods may imbue it with stronger protection than if it was used in connection with a single product.

#### A.4 Collective Mark

A collective trademark is a mark used only by members of an organization only to designate their goods. The collective organization itself does not sell goods under the mark, but may advertise or promote goods sold by its members under the mark. An example of this would be an agricultural cooperative. The distinction between this and a certification mark is that standards of admission are required to be a member of a collective organization, but the organization need not exercise quality control over the goods. However, for certification marks, the sellers are not members of an organization, but their products are provided certification according to set standards.

#### B. Statutory Regulations

##### B.a) On the International Level

##### Multilateral treaties

United States is a member of the Paris Convention for the

## Protection of Industrial Property.

The Trademark Registration Treaty although signed, has not been ratified by United States Senate as required to become effective. The present thought is that this treaty will not be adhered to by the United States, at least for some time. The basis for the failure to ratify is primarily a result of its "intent to use" provisions, which would allow reservations of marks. This concept though used in much of the world, is contrary to the fundamental notions of trademark law in the United States which requires use prior to registration.

Inter-American Convention for Trademark and Commercial Protection (46 Stat. 2907) (Columbia, Cuba, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, United States)

### Bilateral Treaties:

China (1948) 63 Stat. 1299

Ethiopia (1953) 4 UST 2134

Federal Republic of Germany (1956) TIAS 3593

Greece (1954) 5 UST 1829

Ireland (1950) 1 UST 785

Israel (1954) 5 UST 550

Italy (1949) 63 Stat 2255

Japan (1953) 4 UST 2063

Brazil, Denmark, Guatemala, Italy, Rumania, Switzerland and United Kingdom had entered into reciprocal arrangements for trademark protection with the United States.

### B.b. On the national Level

Trademark law is controlled by the Federal Trademark Statute, Title 15, United States Code, Sections 1051 et seq.

This is also commonly referred to as the Lanham Act. The Lanham Act provides for federal registration of marks and judicial remedies for infringement. Each state of the United States also has its own trademark law. Many states follow the Model State Trademark Law, which provides only limited advantages to owners of registered marks. It should be kept in mind that usage of marks is the fundamental basis for their protection in the United States, whether under federal or state law. Generally, trademark registration aids in broadening those rights and can be very useful in litigation, but in many situations, registration simply puts the public on notice of a company's claim to ownership in the mark.

The United States is a member of the Paris Convention, and a number of features of the Paris Convention are incorporated in the Lanham Act. The Lanham Act also includes a generalized trademark provision providing for relief against false designations, descriptions and representations of origin even where there is no registered mark. United States being a common law country, has a large body of case law relating to establishment and enforcement of trademark rights and interpretation of the trademark statutes.

State law of unfair competition may be broader in scope than Section 43(a) of the Lanham Act. Typically, state unfair competition law may include specific provisions relating to false advertising and may also include and define methods of business which are considered to be "unfair". The Lanham Act is primarily concerned with business activities which could have an effect on consumer perceptions, and to protect the

consumer from deception. To this extent it protects against false advertising. But many state unfair competition laws go beyond. In addition to specific sections for false advertising, many deal with specific types of business conduct which is considered to be unfair to businesses irrespective of consumer considerations.

## C. Geographic Denominations

### C.1 Definitions

As a general rule, appellation of origin is defined as any geographical name of a country, region or locality which serves to designate an article produced in that country, region or locality, whose qualities reside exclusively or essentially in its local characteristics, whether these be due to natural or human factors, or both. More simply, when a place name becomes associated with a product and to this is added a notion of quality, the text books use the term appellation of origin (e.g. Roquefort, Limoges procelain).

On the other hand, indication of source is the expression or sign that identifies the country, the region or the locality that the product comes from, without suggesting a notion of quality (e.g. Malaga).

### C.2 Definition of these Notions under U.S. Federal Legislation

a) The Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury, is the U.S. Federal Agency empowered to promulgate rules and regulations with respect to all aspects of the production, labelling and advertising of wine and spirits, as well as the establishment of specific geographic areas known as American viticultural areas. These rules are contained in Title 27 of the Code of Federal Regulations. Under these rules, a distinction is made between appellations of origin and generic, semi-generic, and non-generic designations of geographic significance.

b) 27 CFR 4.24 defines designations of geographic significance, which are akin to indications of source, as follows:

(a)(1) A name of geographic significance which is also the designation of a class or type of wine, shall be deemed to have become generic only if so found by the Director.

(2) Examples of generic names, originally having geographic significance, which are designations for a class or type of wine are: Vermouth, Sake.

(b)(1) A name of geographic significance, which is also the designation of a class or type of wine, shall be deemed to have become semi-generic only if so found by the Director. Semi-generic designations may be used to designate wines of an origin other than that indicated by such name only if there appears in direct conjunction therewith an appropriate appellation of origin disclosing the true place of origin of the wine, and if the wine so designated conforms to the standard of identity, if any, for such wine contained in the regulations in this part, or, if there be no such standard, to the trade understanding of such class or type.

(2) Examples of semi-generic names which are also type designations for grape wines are Angelica, Burgundy, Claret, Chablis, Champagne, Chianti, Malaga, Marsala, Madeira, Moselle, Port, Rhine Wine (syn. Hock), Sauterne, Haut Sauterne, Sherry, Tokay.

(c)(1) A name of geographic significance, which has not been found by the Director to be generic or semi-generic may be used only to designate wines of the origin indicated by such name, but such name shall not be deemed to be the distinctive designation of a wine unless the Director finds that it is known to the consumer and to the trade as the designation of a specific wine of a particular place or region, distinguishable from all other wines.

(2) Examples of non-generic names which are not distinctive designations of specific wines are: American, California, Lake Erie Islands, Napa Valley, New York State, French, Spanish.

(3) Examples of non-generic names which are also distinctive designations of specific grape wines are: Bordeaux Blanc, Bordeaux Rouge, Graves, Medoc, St. Julien, Chateau Yquem, Chateau Margaux, Chateau Lafite, Pommard, Chambertin, Montrachet, Rhone, Liebfraumilch, Rudesheimer, Forster, Deidesheimer, Schloss Johannisberger, Lagrima, Lacryma Christi.

(4) Examples of names, not generic or semi-generic, which are distinctive designations of specific natural table wines, when qualified by the word "wine," or its French or German equivalent: Bordeaux, Medoc, St. Julien, Margaux, Graves Barsac, Pomerol, St. Emilion; Bourgogne, Grand Chablis or Bourgogne des Environs de Chablis, Cote de Nuits, Gevrey-Chambertin, Morey, Chambolle-Musigny, Nuits or Nuits-St. Geroges, Cote de Beaune, Aloxe-Corton,



Savigny, Beaune, Pommard, Volnay, Santenay, Meursault, Puligny-Montrachet, Chassagne-Montrachet, Cote Maconnaise or Maconnais, Macon, Cote Beaujolaise, Beaujolais, Rhone or Cote du Rhone, Cote Rotie, Hermitage, Chateauneuf-du-Pape, Tavel; Loire, Anjou, Coteaux du Layon, Coteaux re la Loise, Saumur, Anjou-Saumur, Touraine, Vouvray; Alsace or Alsatian; Mosel-Saar-Ruwer, Mosel; Swiss or Suisse.

c) Appellations of origin, on the other hand, are defined at 27 CFR 4.25 and 27 CFR 4.25a (mandatory after January 1, 1983). The original section on appellations of origin, 27 CFR 4.25, is relatively brief, stating:

(a) A wine shall be entitled to an appellation of origin if (1) at least 75 percent of its volume is derived from fruit or agricultural products grown in the place or region indicated by such appellation, (2) it has been fully manufactured and finished within the State in which such place or region is located, and (3) it conforms to the requirements of the laws and regulations of such place or region governing the composition, method of manufacture, and designation of wines for home consumption.

(b) Wines subjected to cellar treatment outside the place or region of origin under the provisions of sec. 4.22(c), and blends of wines of the same origin blended together outside the place or region of origin (if all the wines in the blend have a common class, type or other designation of the blend) shall be entitled to the same appellation of origin to which they would be entitled if such cellar treatment or blending took place within the place or region of origin.

The aforementioned section was amplified by 27 CFR 4.25a, which greatly expanded the concept of appellations of origin to incorporate, among other items, the newly-established approved American viticultural areas. This section states:

(a) Definition-(1) American wine. An American appellation of origin is: (i) The United States; (ii) a State; (iii) two or no more than three States which are all contiguous; (iv) a county (which must be identified with the word "county" in the same size of type, and in letters as conspicuous as the name of the county); (v) two or no more than three counties in the same States; or (vi) a viticultural area (as defined in paragraph (e) of this section).

(2) Imported wine. An appellation of origin for imported wine is: (i) A country, (ii) a state, province, territory, or similar political subdivision of a country equivalent to a state or county; or (iii) a viticultural area.

(b) Qualification-(1) American wine. An American wine is entitled to an appellation of origin other than a multicounty or multistate appellation, or a viticultural area, if:

(i) At least 75 percent of the wine is derived from fruit or agricultural products grown in the appellation area indicated; (ii) it has been fully finished (except for cellar treatment pursuant to sec. 4.22(c), and blending which does not result in an alteration of class or type under sec. 4.22(b) in the United States, if labeled "American"; or, if labeled with a State appellation, within the labeled State or an adjacent State; or if labeled with a county appellation, within the State in which the labeled county is located; and (iii) it conforms to the laws and regulations of the named appellation area governing the composition, method of manufacture, and designation of wines made in such place.

(2) Imported wine. An imported wine is entitled to an appellation of origin other than a viticultural area if:

(i) At least 75 percent of the wine is derived from fruit or agricultural products grown in the area indicated by the appellation of origin; and (ii) The wine conforms to the requirements of the foreign laws and regulations governing the composition, method of production, and designation of wines available for consumption within the country of origin.

In addition to the foregoing, 27 CFR 4.25a includes definitions for multicounty appellations and a multistate appellation. Both American and foreign viticultural areas are also defined. An American viticultural area is defined as "A delimited grape growing region distinguishable by geographical features, the boundaries of which have been recognized and defined in Part 9 of this chapter." (See infra, for a discussion of American viticultural areas.) For imported wine, a viticultural area is defined as "A delimited place or region (other than an appellation defined in paragraph (a)(2) (i) or (ii)) the boundaries of which have been recognized and defined by the country of origin for use on labels of wine available for consumption within the country of origin."

d) Approved American viticultural areas. 27 CFR 4.25a (e) provides that petitions for establishment of American viticultural areas may be made to the Director by any interested party pursuant to the provisions of sec. 71.41(c) of Title 27. The petition may be in the form of a letter, and should contain certain specific information regarding the name of the viticultural area; the historical or current evidence that the boundaries of the viticultural area are as specified in the application, climate, soil, elevation and other evidence relating to the geographical features which distinguish the viticultural features of the proposed area from surrounding areas; and specific boundaries of the area based on features found on U.S. Geological Survey Maps.

This section further provides that a wine may be labeled with a viticultural area appellation only if:

- (1) The appellation has been approved under Part 9 of Title 27;
- (2) Not less than 85 percent of the wine is derived from grapes grown within the boundaries of the viticultural area;
- (3) In the case of foreign wine, it conforms to the requirements of the foreign laws and regulations governing the composition, method of production, and designation of wines available for consumption within the country of origin;
- (4) In the case of American wine, it has been fully finished within the State, or one of the States, within which the labeled viticultural area is located; and
- (5) It conforms to the laws and regulations of all the States contained in the viticultural area.

Some of the American viticultural areas approved to date include: Napa Valley, Sonoma Valley, Santa Cruz Mountains, Central Delaware Valley, Russian River Valley, Los Carneros, Cole Ranch, and North Fork of Roanoke. Most of the approved American viticultural areas are in California, the most important of the wine-producing states.

e) Varietal (grape type) labeling. In addition to providing rules for the right to utilize appellations of origin, Part 4 of 27 CFR contains standards wherein a name of grape variety

may be used on a wine label. 27 CFR 4.23 generally provides that a name indicative of a variety of grape may be employed as the type of designation of a grape wine if the wine derives its predominant taste, aroma, and characteristics, and at least 51 percent of its volume, from that variety of grape (e.g. Chenin Blanc, Cabernet Sauvignon).

27 CFR 4.23a further provides that the names of one or more grape varieties may be used as the type designation of a grape wine only if the wine is also labeled with an appellation of origin, as defined in 27 CFR 4.25a. The name of a single grape variety may be used as the type designation if not less than 75 percent of the wine is derived from grapes of that variety, the entire 75 percent of which was grown in the labeled appellation of origin area. An exception is made from this 75 percent rule, however, for wine made from any *Vitis Labrusca* variety (exclusive of hybrids with *Labrusca* parentage) if not less than 51 percent of the wine is derived from grapes of that variety; a statement is contained on the label or a separate strip label that the wine "contains not less than 51 percent" of the specific variety; and the entire qualifying percentage of the named variety was grown in the labeled appellation of origin area. Wine made from any variety of any species found by the Director to be too strongly flavored at 75 percent minimum varietal content may also be labeled with the varietal name under the same conditions described above with respect to the general exception.

f) Estate bottled and vintage wine. Part 4 of 27 CFR also contains rules describing when the term Estate bottled may be used on a wine label, as well as when vintage wine (wine labeled with the year of harvest) may be indicated on a label.

27 CFR 4.26 provides that the term Estate bottled may be used by a bottling winery on a wine label only if the wine is labeled with a viticultural area appellation of origin and the bottling winery: (1) Is located in the labeled viticultural area; (2) grew all of the grapes used to make the wine on land

owned or controlled by the winery within the boundaries of the labeled viticultural area; (3) crushed the grapes, fermented the resulting must, and finished, aged, and bottled the wine in a continuous process (the wine at no time having left the premises of the bottling winery). A special rule for cooperatives provides that grapes grown by members of a cooperative bottling winery are considered grown by the bottling winery.

27 CFR 4.27 provides that the right to utilize a specific year of harvest (vintage wine) on a wine label is not permitted unless at least 95 percent of the wine has been derived from grapes harvested in the labeled calendar year, and the wine must be labeled with an appellation of origin other than a country (which does not qualify for vintage labeling). The appellation shall be shown in direct conjunction with the designation required under other sections of Part 4, in the same size of type, and in lettering as conspicuous as that designation. In no event may the quantity of wine removed from the producing winery, under labels bearing a vintage date, exceed the volume of vintage wine produced in that winery during the year indicated by the vintage date.

g) Prohibited practices with respect to statements on labels. 27 CFR 4.39 provides that containers of wine, or any label on such containers, or any individual covering, carton, or other wrapper of such container, or any written, printed, graphic, or other matter accompanying such container to the consumer shall not contain:

(1) Any statement that is false or untrue in any particular, or that irrespective of falsity, directly, or by ambiguity, omission or inference, or by the addition of irrelevant scientific, or technical matter, tends to create a misleading impression.

(2) Any statement that is disparaging of a competitor's products.

(3) Any statement, design, device, or representation which is obscene or indecent.

(4) Any statement, design, device, or representation of or relating to analyses, standards, or tests, irrespective of falsity, which the Director finds to be likely to mislead the consumer.

(5) Any statement, design, device, or representation of or relating to any guaranty, irrespective of falsity, which the Director finds to be likely to mislead the consumer. Enforceable money-back guarantees are not prohibited.

(6) A trade or brand name that is the name of any living individual of public prominence, or existing private or public organization, or is a name that is in simulation or is an abbreviation thereof, or any graphic, pictorial, or emblematic representation of any such individual or organization, if the use of such name or representation is likely falsely to lead the consumer to believe that the product has been endorsed, made, or used by, or produced for, or under the supervision of, or in accordance with the specifications of, such individual or organization; Provided, That this paragraph shall not apply to the use of the name of any person engaged in business as a producer, blender, rectifier, importer, wholesaler, retailer, bottler, or warehouseman of wine, nor to the use by any person of a trade or brand name that is the name of any living individual of public prominence or existing private or public organization, provided such trade or brand name was used by him or his predecessors in interest prior to August 29, 1935.

In addition to the foregoing, this section contains prohibitions against statements which tend to create the impression that a wine contains distilled spirits or is comparable to a distilled spirit; prohibits statements of age except for vintage wine meeting the requirements of section 4.27; and lists other rules relating to the use of miscellaneous dates, restrictions against the simulation of Government stamps or insignia of the United States armed forces, and impermissible claims of therapeutic or curative effects of any wine. Finally, it is interesting to note that this section also prohibits the use of foreign terms which: (1) Describe a particular condition of the grapes at the time of harvest (such as Auslese, Eiswein, Trockenbeerenauslese); or (2) denote quality under foreign law (such as Qualitatswein and Kabinett).

Engaging in any of the aforementioned prohibited practices, or violating any of the other conditions of the basic permit without which no person shall engage in the business of importing, producing, blending, bottling, or wholesaling of wine or distilled spirits may result in revocation or suspension of such basic permit. 27 CFR 1.50.

h) While the U.S. federal legislation described above is superior to, and takes precedence over, the legislation of the individual states, there are individual state statutes which supplement and/or amplify the federal regulations. California, for example, has several sections of the Business and Professions Code relating to the labeling of wine. Section 25236 provides that only dry wine produced entirely from grapes grown within the Counties of Sonoma, Napa, Mendocino, Lake, Santa Clara, Santa Cruz, Alameda, San Benito, Solano, San Luis Obispo, Contra Costa, Monterey, and Marin may be labeled with the words California central coast counties dry wine. It is unlawful to label any other wine with a label containing these words. Wine labeled in violation of this section may be seized by the Department of Alcoholic Beverage Control, regardless of where found.

Section 25237 states that it is unlawful to make any representation that a wine is produced entirely from grapes grown in the counties mentioned in Section 25236 unless the representation is true. This section applies to representations made on labels, advertising matter, letterheads, invoices, tags, signs, business cards, and all other representations of any kind whether oral, written, or printed.

Finally, Section 25238 requires that every wine grower or bottler of wine of any kind within the counties specified in Section 25236 shall keep a record of all wine not produced by him and obtained and used by him for any purpose. The record shall show the date the wine is obtained, the amount thereof, the source from which obtained, the kind or type of wine, and, in detail, the purpose or purposes for which it is used. Each wine grower or bottler of wine shall keep a complete record showing the total amount of wine produced

by him, or bottled by him, made entirely from grapes grown within the counties mentioned in Section 25236.

i) Conditions, scope and extent of protection granted to the above-described appellations of origin and designations of geographic significance (indications of source) are discussed in C.3, infra.



C.3. The relevant provisions in national law

C.3.a. Federal legislation

Both appellations of origin and designations of source may be protected by the Lanham Act. Appellations of origin may be protected by the registration of certification marks. A more generalized form of protection not requiring any registration is available rather clearly for appellations of origin in appropriate circumstances, and possibly for "indications of source", through Section 43(a) of the Lanham Act, which is set forth below.

The right to sue or "standing to sue" may be available to individual businesses under Section 43(a) of the Lanham Act, and to groups, whether or not they represent all members of the group. A doctrine known as the single source rule in some situations has prevented suits for "trademark infringement" where the plaintiff was not been able to represent all members of the class. That rule has been held not to apply, at least in some situations under Section 43(a).

The following Lanham Act provisions are particularly applicable. Section 1 of the Lanham Act sets out requirements for trademark registration. Sections 2, 3 and 4 provides for registration of trademarks, service marks and collective and certification marks, the latter section pertinent here is reproduced:

Section 4 [15 U.S.C. §1054]:

Subject to the provisions relating to the registration of trademarks, so far as they are applicable, collective and certification marks shall be registrable under this Act, in the same manner and with the same effect as are trademarks, by persons, and nations, States, municipalities, and the like, exercising legitimate control over the use of the

marks sought to be registered, even though not possessing an industrial or commercial establishment, and when registered they shall be entitled to the protection provided herein in the case of trademarks, except when used so as to represent falsely that the owner or a user thereof makes or sells the goods or performs the services on or in connection with which such mark is used. The Commissioner may establish a separate register for such collective marks and certification marks. Applications and procedure under this section shall conform as nearly as practicable to those prescribed for the registration of trademarks.

A fundamental aspect of United States trademark law is the requirement of use prior to registration. That concept is carried forward in certification and collective marks. The purpose and effect of registration in the United States differs from other countries. Essentially, registration makes a public record of a claim to ownership of a mark which has already been used. Rights in a mark are acquired through usage. The extent of those rights are generally coextensive both with the nature and variety of goods on which the mark has been used and geographic territories (within the United States) in which the mark has been used.

Federal registration may be made after use in interstate commerce or foreign commerce. The usage in commerce provides the basis for the federal government to participate in the issuance of registration, as a result of the commerce clause in the United States constitution which places limitations on the extent legislation can interfere with state law. Absent registration, a junior user could begin use in New York after initial use in California by the senior user. If the junior user was not aware of the use in California, the junior user could defend on the ground of innocent infringement. Once registered, the public has constructive notice of the

existence of the mark, foreclosing the defense of "innocent infringement".

Registration also clears the way for territorial expansion. Once registered, the owner of the mark may bring suit for infringement of confusingly similar marks when the owner of the mark moves into and begins use in the territory where the would be infringer appears.

Section 32 is the basic provision for infringement of registered marks, including registered certification marks:

Section 32(1) (15 U.S.C. §1114(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.

Remedies are set forth in Sections 33, 34, 35 and 36

Section 33(a) (15 U.S.C. §1115a) Remedies--Certificate of registration on principal register--prima facie evidence of exclusive right to use mark

Any registration ... registered on the principal register provided by this Act, and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of registrant's exclusive right to use the registered mark in commerce on the goods or services

specified in the registration subject to any conditions or limitations stated therein, but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered.

#### Section 34 (15 U.S.C. §1116) Remedies--Injunction

The several courts vested with jurisdiction of civil actions arising under this Act shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent and Trademark Office. Any such injunction may include a provision directing the defendant to file with the court and serve on the plaintiff within thirty days after the service on the defendant of such injunction or such extended period as the court may direct, a report in writing under oath setting forth in detail the manner and form in which the defendant has complied with the injunction. Any such injunction granted upon hearing, after notice to the defendant, by any district court of the United States, may be served on the parties against whom such injunction is granted anywhere in the United States where they may be found, and shall be operative and may be enforced by proceedings to punish for contempt, or otherwise, by the court by which such injunction was granted, or by any other United States district court in whose jurisdiction the defendant may be found. ...

...

The granting of a preliminary injunction generally requires the posting of a bond in an amount set by the court shortly after being ordered by a judge. Although monetary damages are available, as set out in the following section, that is rarely the significant consideration in determining whether to litigate.

#### Section 35 (15 U.S.C. §1117) Remedies--Recovery for violation of rights

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office shall have been established in any civil action arising under this Act, the plaintiff shall be entitled subject to the provisions of sections 29 and 32 and subject to the principles of equity, to recover (1) defendants profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendants sales only; defendant must prove all elements of cost or deduction claimed. 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. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

Section 36 (15 U.S.C. §1118) Remedies--Destruction of Infringing labels and the like

In any action arising under this Act, in which a violation of any right of the registrant of a mark registered in the Patent and Trademark Office shall have been established, the court may order that all labels, signs, prints, packages, wrappers, receptacles and advertisements in the possession of the defendant, bearing the registered mark or any reproduction, counterfeit, copy or colorable imitation thereof, and all plates, molds, matrices and other means of making the same, shall be delivered up and destroyed.

Section 42 deals with goods imported to the United States. In addition to this section, there also exists Section 526 of the Tariff Act for marks owned by United States citizens or corporation. [(19 U.S.C. §1562) which, under certain circumstances, may provide broader relief.

Section 42--Importation of goods bearing infringing marks or names forbidden

Except as provided in subsection (d) of section 1562 of Title 19 [United States Customs Act], no article of imported merchandise which shall copy or simulate the name of any domestic manufacture or manufacturer, or trader or of any manufacturer or trader located in any foreign country which, by treaty, convention, or law affords similar privileges to citizens of the United States, or which shall copy or simulate a trademark registered in accordance with the provisions of this Act or shall bear a name or mark calculated to induce the public to believe that the article is manufactured in the United States, or that is manufactured in any foreign country or locality other than the country or locality in which it is in fact manufactured, shall be admitted to entry at any customhouse of the United States; and, in order to aid the officers of the customs in enforcing

this prohibition, any domestic manufacturer or trader, and any foreign manufacturer or trader, who is entitled under the provisions of a treaty, convention, declaration, or agreement between the United States and any foreign countries to the advantages afforded by law to citizens of the United States in respect to trademarks and commercial names, may require his name and residence, and the name of the locality in which his goods are manufactured and a copy of the certificate of registration of his trademark, issued in accordance with the provisions of this Act, to be recorded in books which shall be kept for this purpose in the Department of the Treasury, under such regulations as the Secretary of the Treasury shall prescribe, and may furnish to the Department facsimiles of his name, the name of the locality in which his goods are manufactured, or of his registered trademark, and there upon the Secretary of the Treasury shall cause one or more copies of the same to be transmitted to each collector or other proper officer of customs.

The following section is one of the most important in enforcement of marks and names, absent registration.

Section 43(a) (15 U.S.C. §1125a)

Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or the region in which said location is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

Section 43(b) extends protection that somewhat parallels

Section 42 to unregistered marks:

Section 43(b) (15 U.S.C. §1125b)

Any goods marked or labeled in contravention of the provisions of this section shall not be imported into the United States or admitted to entry at any customhouse of

the United States. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this Act in cases involving goods refused entry or seized.

In addition to the general provisions of the Lanham Act, special legislation has been enacted for additional or similar protection for a variety of goods, services and organizations. Thus, for example, special protection is provided for use in trade of United States Olympic Committee symbols, (36 U.S.C. §380). There are also special statutes relating to specific labeling requirements for particular types of goods, such as various textiles (15 U.S.C. §§68, 69, 70), merchandise made of gold or silver or their alloys (15 U.S.C. §297), and hazardous substances (15 U.S.C. §§1261-1273). Section 1337 of the Tariff Act, by way of an administrative tribunal, the Interstate Trade Commission, may be used to enforce trademark rights when the effect of the complained of activity has a tendency to injure or destroy an efficiently and economically operated domestic industry. A "domestic industry" has been found in a United States importer even though wholly owned by a Norweigan firm which imported products from Norway.

Each state in the United States has separately enacted trademark laws, in addition to a body of common law, however, the California statutes will be used as an example. Many of the principles of the common law, the federal statutes and the state statutes are similar. Additional state statutes providing for enforcement of marks and designations in particular industries are enacted from time to time in response to special interest lobbying by the industries or in response to perceived abuses or

deficiencies in more general legislation There statutes are more likely to vary on a state by state basis and will not be reviewed here.

The California Business and Professions Code provides a scheme for registration of trademarks with the office of the California Secretary of State. In each state, that generally is the office which handles trademark registrations. Cost for registration is typically nominal (\$10 in California), the restrictions on registration, though they exist, are not rigidly enforced, and registration is rapid (recently less than two weeks in California) in contrast to generally a year or more for federal registration.

Section 14320 of the California Business and Professions Code sets forth a statute which parallels Section 32 of the federal Lanham Act. A major difference is that "use in commerce", which generally refers to sales or shipments across state lines or to the United States from another country, though required by the federal Lanham Act is not required by the California statute.

Section 14330 of the California Business and Professions Code provides injunctive relief for "dilution" of marks, whether or not registered, even in the absence of competition and in the absence of confusion. An action for "dilution" of a trademark, generally requires an exceptionally strong mark designating high quality which may be tarnished by the defendants usage. Typical of the type of marks which have been found in the courts to warrant relief under this type of statute (though not necessarily in California) are TIFFANY and ROLLS ROYCE.



The trend in the law is a concern over counterfeiting of trademarks. As a result, the California's counterfeit trademark statute has been strengthened, providing decided advantages for California registration. Most states have not as yet enacted legislation with these strong remedies. The concept of a "counterfeit" mark is narrower than the traditional trademark infringement test of "likelihood of consumer confusion". Rather, the statute uses the words "identical with" or "substantially indistinguishable" and requires use in connection with goods or services for which the genuine mark is registered. Section 14340 of the California Business and Professions Code provides major remedies, which include three times profits and three times damages, injunctions, destruction of means for making the marks, disposing of the goods after obliteration of the mark and seizure of counterfeit goods. However, similarly strong penalties are available for improperly causing seizure of goods by this statute. It is expected that federal legislation will be soon be enacted as part of the Lanham Act which may be similar in some respects to the California trademark counterfeiting statute.

The concept of "unfair competition" tends to be broader than trademark infringement, a type of unfair competition. Additional remedies may be available for unfair competition which are not available for trademark infringement. Thus, in the California Business and Professions Code §17200, it is stated:

As used in this chapter, unfair competition shall mean and include unlawful, unfair or fraudulent business practice and unfair, deceptive, untrue or misleading advertising and

any act prohibited by Chapter 1 [relating to false advertising].

Remedies which are available when a violation of Section 17200 has been shown include injunctive relief, treble damages and attorneys fees. In some situations, punitive damages may also be available to serve as a deterrent to prevent others from committing similar acts.

D. The Relevant Provisions in International Law

The United States is a signatory to the Paris Convention of March 20, 1883. It is applied in the United States through Section 44 of the Lanham Act, portions of which are set forth below.

Sec. 44(b) (15 USC 1126b) Nationals of foreign countries which have treaties with the United States--  
Applicability of Act to

Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this Act.

Sec. 44(c) Same--Prior registration of mark in country of origin when required

No registration of a mark in the United States by a person described in paragraph (b) of this section shall be granted until such mark has been registered in the country of origin of the applicant, unless the applicant alleges use in commerce.

Country of origin defined. For the purposes of this section, the country of origin of the applicant is the country in which he has a bona fide and effective industrial or commercial establishment, or if he has not such an establishment the country in which he is domiciled, or if he has not a domicile in any of the countries described in paragraph (b) of this section, the country of which he is a national.

Section 44(d) (15 USCS 1126d) Same--Right of Priority

An application for registration of a mark under sections 1, 2, 3, 4 [trademarks, service marks, collective and certification marks] or 23 [marks registered on the "supplemental register"] of this Act filed by a person described in paragraph (b) of this section who has previously duly filed an application for registration of the same mark in one of the countries described in paragraph (b) shall be accorded the same force and effect as would be accorded to the same application if filed in the United States on the same date on which the application was first filed in such foreign country: Provided, That--

(1) the application in the United States is filed within 6 months from the date on which the application was first filed in the foreign country;

(2) the application conforms as nearly as practicable to the requirements of this Act, but use in commerce need not be alleged;

(3) the rights acquired by third parties before the date of the filing of the first application in the foreign country shall in no way be affected by a registration obtained on an application filed under this subsection (d);

(4) nothing in this subsection (d) shall entitle the owner of a registration granted under this section to sue for acts committed prior to the date on which his mark was registered in this country unless the registration is based on use in commerce.

In like manner and subject to the same conditions and requirements, the right provided in this section may be based upon a subsequent regularly filed application in the same foreign country, instead of the first filed foreign application: Provided, That any foreign application filed prior to such subsequent application has been withdrawn, abandoned, or otherwise disposed of, without having been laid open to public inspection and without leaving any rights outstanding, and has not served, nor hereafter shall serve as a basis for claiming a right of priority.

The following provision requires that a certified copy of the foreign registration accompany an application for registration. Failure to provide that document will result in a delay in obtaining a United States filing date.

Section 44(e) (15 U.S.C. §1126e) Same--Registration of mark duly registered in country of origin

A mark duly registered in the country of origin of the foreign applicant may be registered on the principal register if eligible, otherwise on the supplemental register herein provided. The application therefor shall be accompanied by a certification or a certified copy of the registration in the country of origin of the applicant.

The registrant in the United States must use the mark or it will be lost, even if initially registered with the aid of the Paris convention and Section 44. Nonuse with the intention not to resume use results in abandonment. Nonuse for a period of two years creates a presumption of abandonment. Failure to use the mark before the sixth year following registration and failure to file a declaration of use between the fifth and sixth year of registration will result in cancellation of the mark. The following provision reminds us that once registration has been obtained, the foreign registrant is then in the same position as any United States registrant.

Section 44(f) (15 U.S.C. §1126f) Same--Registration independent of registration in country of origin

The registration of a mark under the provisions of paragraphs (c), (d), and (e) of this section by a person described in paragraph (b) shall be independent of the registration in the country of origin and the duration, validity, or transfer in the United States of such registration shall be governed by the provisions of this Act.

Section 44(g) (15 USCS 1126g) Same--Trade names or commercial names protected

Trade names or commercial names of persons described in paragraph (b) of this section shall be protected without the obligation of filing or registration whether or not they form parts of marks.

Sec. 44(h) (15 USC 1126(h)) Same--protection against unfair competition

Any person designated in paragraph (b) of this

section as entitled to the benefits and subject to the provisions of this Act shall be entitled to the effective protection against unfair competition, and the remedies provided herein for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

Application of the Paris convention through Section 44 presents unique problems in the United States. Two separate aspects are to be considered. First is the procedural problems in obtaining a registration in the United States and the second is the substantive effect in trademark infringement litigation. To obtain the benefit under §44(c), registration is required in the home country first, unless there is use in interstate commerce in the United States or foreign commerce with the United States. A United States assignment of foreign rights cannot be used to take advantage of these provisions, nor can reassignment to the foreign national revive an application already filed. The benefit to foreign nationals is that use of the mark in the United States is not required for registration. However, there must be usage of the mark somewhere in the world. The Patent and Trademark Office currently requires submission of a specimen to prove that usage. As applied to appellations of origin, it appears that application for prospective usages may not be made, if for example there has been no prior usage in the foreign countries.

Substantively, in trademark infringement litigation, there can be no infringement without likelihood of confusion and likelihood of confusion will generally not be found until use in the United States. However, where there is use, priority can be based on at least the filing date in the

United States which provides "constructive use", or if based on a 44(d) registration, the filing date in a foreign country. The factors may become more complicated where there is no registration and there is reliance on Section 44(h) relating to repressing acts of unfair competition and Section 43(a) of the Lanham Act.

It has been said that registration without use, though available for foreign nationals is of benefit only in a defensive manner. But the registration priority date can be used as a basis in the court to stop infringement in the United States after there use. In the case of American Petrofina v. Brown, 391 F. Supp. 757 (E.D.N.C. 1974), the plaintiff was a foreign registrant who had registered in Canada, and based on the Canadian registration, applied for registration in the United States in 1954. Plaintiff's United States registration issued in January 1956. Defendant began using the same mark in August 1956. Plaintiff had not used the mark in the United States until October 1956, and had not brought suit against the defendants until some 17 years later. Plaintiff was held to have prior rights based on the rights obtained under the "convention registration."

D. The relevant provisions in international law

D.1. Paris Convention of March 20, 1883

The United States has signed this legislation and it is applied in the United States through Section 44 of the Lanham Act, and through the general applicability of the Lanham Act. The Lanham Act provides both for registration and for judicial remedies for infringement.

D.2. Madrid Agreement of April 14, 1891.

The United States is not a party to the Madrid Agreement. Thus, a United States company must maintain a legitimate established business within a member country to take advantage of this arrangement.

D.3 Stressa Convention--not applicable

D.4 Lisbon Agreement

The United States is a party to this amendment of the Paris convention.

Provisions are made for registration of service marks, as well as protection through the general sections of the Lanham Act as required by Article 6<sup>sexies</sup>. The Lanham Act also provides for cancellation proceedings implicitly for unauthorized agent registrants, as required by Article 6<sup>septies</sup> at least for a period of 5 years, after which, in some circumstances the mark becomes "incontestable". However, if the registration was obtained by fraud, the mark still may be subject to cancellation proceedings.

Article 10(1) relating to seizure of imported infringing goods, to the extent a registered mark is involved, is aided by Section 42 of the Lanham Act through the initiation of a civil action by the owner of a mark. For tradenames and unregistered marks, Section 43(a) is applicable which may be combined with Section 43(b) which extends registered trademark remedies to unregistered marks.