

TRADEMARK AMENDMENTS ACT OF 1999

JULY 22, 1999.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COBLE, from the Committee on the Judiciary,
submitted the following

R E P O R T

[To accompany H.R. 1565]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Judiciary, to whom was referred the bill (H.R. 1565) to amend the Trademark Act of 1946 relating to dilution of famous marks, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Trademark Amendments Act of 1999”.

SEC. 2. DILUTION AS A GROUNDS FOR OPPOSITION AND CANCELATION.

(a) **REGISTRABLE MARKS.**—Section 2 of the Act entitled “An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes” (in this Act referred to as the “Trademark Act of 1946”) (15 U.S.C. 1052) is amended by adding at the end the following flush sentences: “A mark which when used would cause dilution under section 43(c) may be refused registration only pursuant to a proceeding brought under section 13. A registration for a mark which when used would cause dilution under section 43(c) may be canceled pursuant to a proceeding brought under either section 14 or section 24.”

(b) **OPPOSITION.**—Section 13(a) of the Trademark Act of 1946 (15 U.S.C. 1063(a)) is amended in the first sentence by inserting “, including as a result of dilution under section 43(c),” after “principal register”.

(c) **PETITIONS TO CANCEL REGISTRATIONS.**—Section 14 of the Trademark Act of 1946 (15 U.S.C. 1064) is amended in the matter preceding paragraph (1) by inserting “, including as a result of dilution under section 43(c),” after “damaged”.

(d) **CANCELATION.**—Section 24 of the Trademark Act of 1946 (15 U.S.C. 1092) is amended in the second sentence by inserting “, including as a result of dilution under section 43(c),” after “register”.

SEC. 3. REMEDIES IN CASES OF DILUTION OF FAMOUS MARKS.

(a) **INJUNCTIONS.**—(1) Section 34(a) of the Trademark Act of 1946 (15 U.S.C. 1116(a)) is amended in the first sentence by striking “section 43(a)” and inserting “subsection (a) or (c) of section 43”.

(2) Section 43(c)(2) of the Trademark Act of 1946 (15 U.S.C. 1125(c)(2)) is amended in the first sentence by inserting “as set forth in section 34” after “relief”.

(b) **DAMAGES.**—Section 35(a) of the Trademark Act of 1946 (15 U.S.C. 1117(a)) is amended in the first sentence by striking “or a violation under section 43(a),” and inserting “a violation under section 43(a), or a willful violation under section 43(c),”.

(c) **DESTRUCTION OF ARTICLES.**—Section 36 of the Trademark Act of 1946 (15 U.S.C. 1118) is amended in the first sentence—

(1) by striking “or a violation under section 43(a),” and inserting “a violation under section 43(a), or a willful violation under section 43(c),”; and

(2) by inserting after “in the case of a violation of section 43(a)” the following: “or a willful violation under section 43(c)”.

SEC. 4. LIABILITY OF GOVERNMENTS FOR TRADEMARK INFRINGEMENT AND DILUTION.

(a) **CIVIL ACTIONS.**—Section 32 of the Trademark Act of 1946 (15 U.S.C. 1114) is amended—

(1) by amending the last undesignated paragraph in paragraph (1) to read as follows:

“As used in this subsection, the term ‘any person’ also includes the United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, or other persons acting for the United States and with the authorization and consent of the United States, and any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, and any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.”

(b) **WAIVER OF SOVEREIGN IMMUNITY.**—Section 40 of the Trademark Act of 1946 (15 U.S.C. 1122) is amended—

(1) in subsection (b), by striking “(b) In a suit” and inserting “(c) AVAILABILITY OF REMEDIES.—In a suit”;

(2) by striking “SEC. 40. (a) Any State” and inserting the following:

“SEC. 40. (a) **WAIVER OF SOVEREIGN IMMUNITY BY THE UNITED STATES.**—The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, shall not be immune from suit in Federal or State court by any person, including any governmental or nongovernmental entity, for any violation under this Act.

“(b) **WAIVER OF SOVEREIGN IMMUNITY BY STATES.**—Any State”; and

(3) in the first sentence of subsection (c), as so redesignated—

(A) by striking “subsection (a) for a violation described in that subsection” and inserting “subsection (a) or (b) for a violation described therein”; and

(B) by inserting after “other than” the following: “the United States or any agency or instrumentality thereof, or any individual, firm, corporation, or other person acting for the United States and with authorization and consent of the United States, or”.

(c) DEFINITION.—Section 45 of the Trademark Act of 1946 (15 U.S.C. 1127) is amended by inserting between the 2 paragraphs relating to the definition of “person” the following:

“The term ‘person’ also includes the United States, any agency or instrumentality thereof, or any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States. The United States, any agency or instrumentality thereof, and any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.”

SEC. 5. CIVIL ACTIONS FOR TRADE DRESS INFRINGEMENT.

Section 43(a) of the Trademark Act of 1946 (15 U.S.C. 1125(a)) is amended by adding at the end the following:

“(3) In a civil action for trade dress infringement under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.”

SEC. 6. TECHNICAL AMENDMENTS.

(a) ASSIGNMENT OF MARKS.—Section 10 of the Trademark Act of 1946 (15 U.S.C. 1060) is amended—

- (1) by striking “subsequent purchaser” in the second to last sentence and inserting “assignment”;
- (2) in the first sentence by striking “mark,” and inserting “mark”;
- (3) in the third sentence by striking the second period at the end.

(b) ADDITIONAL CLERICAL AMENDMENTS.—The text and title of the Trademark Act of 1946 are amended by striking “trade-marks” each place it appears and inserting “trademarks”.

SEC. 7. RIGHTS OF PERFORMERS OF MUSICAL GROUPS.

(a) IN GENERAL.—Part A of subtitle II title 36, United States Code, is amended by inserting after chapter 2401 the following new chapter:

“CHAPTER 2501—ASSOCIATION TO PRESERVE AUTHENTICITY OF MUSICAL GROUPS

“Sec.

“250101. Association established.

“250102. Objects and purposes.

“250103. Powers.

“250104. Standards for use of certification mark.

“250105. Rights of performers.

“§ 250101. Association established

“There shall be established a body corporate which shall be known as the ‘Association to Preserve the Authenticity of Musical Groups’. The Association shall have perpetual succession and the powers and limitations contained in this chapter. The Association shall appoint its chairperson.

“§ 250102. Objects and purposes

The objects and purposes of the Association shall be—

- (1) to benefit entertainers and performers who have performed with original entertainment groups;
- (2) to promote, develop, and assist in preserving and protecting the rights of entertainers and performers; and
- (3) to educate the public concerning the history of performing groups and the names of the actual performers in those groups.

To aid in its purposes, the Association shall promote and use the certification mark it establishes under this chapter and allow performers to use the certification mark of the Association in accordance with the chapter.

“§ 250103. Powers

(a) IN GENERAL.—The Association may—

- (1) sue and be sued, collect dues, claim and defend in any court its rights and its members rights in its certification mark;

(2) make and adopt a constitution, bylaws, rules, and regulations for the use of its certification mark;

(3) from time to time repeal or amend its constitution, bylaws, rules, and regulations not inconsistent with the laws of the United States or any of the States thereof; and

(4) provide for the safe-keeping and management of its property and funds.

(b) **CERTIFICATION MARK.**—The Association shall establish and have the sole and exclusive rights to its certification mark for use in carrying out its purposes. No powers or privileges granted by this chapter shall interfere or conflict with established or vested rights.

“§ 250104. Standards for use of certification mark

The Association shall establish the standards for those entertainers who may use its certification mark. Such standards shall include, but are not limited to, the following criteria:

“(1) At least one performer in any group displaying or using in its advertising the certification mark must have been a member of the original group that performed under the same or similar name.

“(2) Any advertising for such group shall not be false or misleading with respect to the membership or history of the group.

Any additional standards must be consistent with paragraphs (1) and (2).

“§ 250105. Rights of Performers

It shall not be a violation of the Trademark Act of 1946 or the statutes or common law of any State for an individual who has been a member of a performing group to be able to use the certification mark of the Association and represent that such individual had been a member of such a group in any promotions, advertisements, or performing of the same services as those performed by such group, if such representation meets the standards in section 250104 and does not deceive or confuse as to the nature, characteristics, qualities, or sponsorship of such services.”

(b) **CONFORMING AMENDMENT.**—The item relating to chapter 2501 in the table of chapters for subtitle II of title 36, United States Code, is amended to read as follows:

“2501. ASSOCIATION TO PROVIDE AUTHENTICITY OF MUSICAL GROUPS 250101”.

PURPOSE AND SUMMARY

H.R. 1565 makes significant improvements in trademark law. Section two provides holders of famous marks with a right to oppose or seek cancellation of a mark that would cause dilution as provided in the “Federal Trademark Dilution Act of 1995.” Pub. L. No. 104–98, 109 Stat. 985 (1996), Lanham Act § 43(c), 15 U.S.C. Section three seeks to clarify that in passing the Dilution Act, Congress did intend to allow for injunctive relief and/or damages against a defendant found to have wilfully intended to engage in commercial activity that would cause dilution of a famous mark. Section four provides private citizens and corporate entities the right to sue the Federal Government for trademark infringement. Section five amends section 43(a) of the Trademark (Lanham) Act of 1946 to provide that in an action for trade dress infringement, where the matter sought to be protected is not registered with the U.S. Patent and Trademark Office, the plaintiff has the burden of proving that the trade dress is not functional. Section six makes technical amendments. Section seven seeks to resolve the problem of “imposter” celebrity musical groups by creating an authenticity certification mark that can only be used by qualifying members of a musical group.

BACKGROUND AND NEED FOR THE LEGISLATION

Section two provides holders of famous marks with a right to oppose or seek cancellation of a mark that would cause dilution as

provided in the Dilution Act. In 1996, the “Federal Trademark Dilution Act of 1995” became effective.¹ This Act (“Dilution Act”) gave a federal cause of action to holders of famous trademarks for dilution. The Dilution Act states:

The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to any injunction against another person’s commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the famous mark, and to obtain such other relief as is provided in this subsection.²

The Dilution Act only applies to the holders of famous trademarks. It provides a list of eight factors that courts may consider in determining if a mark is famous and distinctive. These factors focus on the degree of distinctiveness, both inherent and acquired, of the mark and the scope of the use of the mark by the holder. If a mark is found to be famous, then the holder is entitled to bring a federal cause of action against the holder of a identical or similar mark on a dissimilar product.

Since the enactment of the Dilution Act, federal courts have grappled with how to apply the statute. Tarnishment and blurring have emerged as the two main ways by which federal courts have found dilution. Tarnishment occurs when the identical or similar mark is used on products that are of poor quality or are portrayed in an unwholesome manner so that the use evokes negative thoughts about the products bearing the famous mark. Blurring occurs when one or more identical or similar marks are used on dissimilar products without authorization so that the distinctiveness of the famous mark is eroded.

While the Dilution Act was welcomed by the intellectual property community, a recent decision by the Trademark Trial and Appeal Board of the U.S. Patent and Trademark Office illuminated the need for further legislation. The Dilution Act provides for injunctive relief after the identical or similar mark has been in use and has caused actual dilution of a famous mark but provides no means to oppose an application for a mark or to cancel a registered mark that will result in dilution of the holder’s famous mark. In *Babson Bros. Co. v. Surge Power Corp.*, 39 USPQ2d 1953 (TTAB 1996), the Board held, “Based on the provisions of the Federal Dilution Act itself, the lack of legislative history on the point, and a published report relating to a previously proposed federal dilution law . . . , we hold that the framers of the law did not intend to provide a new statutory ground for opposition or cancellation.”

Section two is necessary for several reasons. Resolution of the dilution issue before the Board, as opposed to Federal District Court, would result in more timely, economical, and expeditious decisions. Resolving the issue at the Board would provide certainty to competing trademark interests, before the applicant has invested significant resources in its proposed mark, and before dilution-type damage has been suffered in the marketplace by the owner of the

¹Pub. L. No. 104–98, 109 Stat. 985 (1996), Lanham Act § 43(c), 15 U.S.C. §1125(c).

²Lanham Act § 43(c)(1), 15 U.S.C. § 1125 (c)(1).

famous mark. Also, the Board would give guidance to litigants and the Trademark Bar, through precedent, with respect to such issues as what qualifies as a “famous” mark, and what constitutes dilution, whether by blurring or tarnishment.

Enactment of Section two meets the important policy objectives of a more timely and inexpensive resolution of the dilution issue, and will result in greater certainty in the application of this body of trademark law.

Section three seeks to clarify that in passing the Dilution Act, Congress did intend to allow for injunctive relief and/or damages against a defendant found to have wilfully intended to engage in commercial activity that would cause dilution of a famous trademark. The Dilution Act provided:

In an action brought under the subsection, the owner of a famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought wilfully intended to trade on the owner’s reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of a famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity.³

The language of the Dilution Act presented to the President for signing did not include the necessary changes to sections 35(a) and 36 of the Trademark (Lanham) Act of 1946 as referred to in the Dilution Act. Therefore, in an attempt to clarify Congress’ intent and to avoid any confusion by courts trying to interpret the statute, section three makes the appropriate changes to sections 35(a) and 36 to allow for injunctive relief and damages.

Section four seeks to level the playing field by amending the Lanham Act to allow for private citizens and corporate entities to sue the Federal Government for trademark infringement. Currently, the Federal Government can not be sued for trademark infringement by a private citizen or corporate entity. The Federal Government can, and does, enter into the market place, competing with the private sector. It enters into contracts, promotes the sale of goods and services, and registers trademarks. In fact, the Federal Government owns a large amount of trademarks. And, it is in a position to sue private citizens and corporate entities for infringement of its trademarks. However, the same recourse is not available to those whose trademarks have been infringed by the Federal Government.

Section five amends section 43(a) of the Lanham Act to provide that in an action for trade dress infringement, where the matter sought to be protected is not registered with the U.S. Patent and Trademark Office, the plaintiff has the burden of proving that the trade dress is not functional. A functional feature of trade dress is one that is commonly used by similar businesses, protection of which would hinder competition. If a mark is registered, there is a presumption that it is not functional. However, for plaintiffs of unregistered marks to be given the same presumption would not promote fair competition or registration. For example, the owner of

³Lanham Act § 43(c)(2), 15 U.S.C. § 1125 (c)(2).

a patent that is about to expire may try to register it as a trademark, which receives protection as long as the owner uses it in commerce. This amendment seeks to ensure that marks that are functional are not registered. Functional marks should be dealt with under patent law. Therefore, it should be incumbent on the plaintiff suing for infringement of an unregistered mark to prove that the mark is not functional.

Section six makes a technical correction to section 10(a) of the Lanham Act. It amends section 10(a) of the Lanham Act by striking out the words “subsequent purchase” as they appear in the second to last sentence and replacing them with the word “assignment.” This sentence deals with assignments and so the use of the words “subsequent purchase” are incorrect. It was a technical oversight that this was not part of the legislation as it was presented to the President for signing.

Section 10(a) was part of the “Trademark Law Treaty Implementation Act” which passed in the 105th Congress and was signed into law on October 30, 1998.⁴ Because the “Trademark Law Treaty Implementation Act” will not go into effect until October 30, 1999, it is important that this technical correction be made to go into effect when the law does or on the date that this bill is signed into law.

Section seven addresses the issue of “imposter” celebrity performers of musical groups. During the Subcommittee hearing on H.R. 1565, the Subcommittee received testimony from original performers of musical groups about how “imposter” performances have impacted their ability to perform and make a living. As a result of that testimony an amendment was adopted at the Subcommittee markup which attempted to resolve the issue.

Section seven establishes a new “certification” mark, much like the ones for “Idaho Potatoes” or “Florida Oranges.” This approach allows the “rock and roll” groups to establish their own organization and criteria for whom may use this seal of authenticity. Also, it gives an affirmative defense to those who are using the new certification mark when sued by the owner of the trademark for the musical group. Section seven significantly resolves the problem for those performers that do not own the trademark for the musical group and are currently unable to perform as a member of the musical group to which they once belonged.

HEARINGS

The Committee’s Subcommittee on Courts and Intellectual Property held a hearing on H.R. 1565 on May 5, 1999. Testimony was received from The Honorable Todd Dickinson, Acting Assistant Secretary of Commerce and Acting Commissioner of Patents and Trademarks, U.S. Patent & Trademark Office; Michael K. Kirk, Executive Director, American Intellectual Property Law Association (AIPLA); Kimbley L. Muller, Vice President, International Trademark Association (INTA); Garo Partoyan, Chairman, Trademark Committee, Intellectual Property Owners (IPO); Jon Bauman, (a/k/a Bowzer, formerly of Sha Na Na); and Chuck Blasko, original member of the Vogues.

⁴ Pub. L. No. 105-330 (1998).

COMMITTEE CONSIDERATION

On May 20, 1999, the Subcommittee on Courts and Intellectual Property met in open session and ordered favorably reported the bill H.R. 1565, as amended, by voice vote, a quorum being present. On May 26, 1999, the Committee met in open session and ordered favorably reported the bill H.R. 1565 without amendment, by voice vote, a quorum being present.

COMMITTEE ON GOVERNMENT REFORM FINDINGS

No findings or recommendations of the Committee on Government Reform and Oversight were received as referred to in clause 3(c)(4) of Rule XIII of the Rules of the House of Representatives.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 3(c)(2) of House Rule XIII is inapplicable because this legislation does not provide new budget authority or increased tax expenditures.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

In compliance with clause 3(c)(3) of Rule XIII of the Rules of the House of Representatives, the Committee sets forth, with respect to the bill, H.R. 1565, the following estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 25, 1999.

Hon. HENRY J. HYDE,
*Chairman, Committee on the Judiciary,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1565, the Trademark Amendments Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Mark Hadley, who can be reached at 226-2860.

Sincerely,

DAN L. CRIPPEN, *Director.*

H.R. 1565—Trademark Amendments Act of 1999

H.R. 1565 would waive the sovereign immunity of the federal government and its contractors from liability for trademark infringement and dilution and would allow courts to issue injunctions against the federal government to cease activities that dilute or infringe on trademarks. (Dilution refers to activities using alternative symbols or logos that could be mistaken for an original trademark, thus lessening the market value of the original.) The bill also would permit trademark owners who believe the registration of another trademark would dilute the distinctive quality of their mark to petition the Patent and Trademark Office (PTO) to cancel the application before the trademark has been registered. Under cur-

rent law, trademark owners must wait until another mark is registered and show that the other mark actually diluted the distinctive quality of their trademark. Finally, H.R. 1565 would make technical changes to trademark law and establish an association to preserve the authenticity of musical groups.

Based on information from the Department of Justice (DOJ) and the PTO, CBO estimates that defending the federal government in lawsuits involving trademark infringement or dilution and handling petitions to cancel registrations would cost less than \$500,000 a year. CBO cannot estimate the magnitude or timing of additional administrative costs that would result from waiving sovereign immunity; however, such costs would probably be insignificant. In most cases, such spending would be subject to appropriation of the necessary amounts. Waiving sovereign immunity also would increase payments of claims in lawsuits against the U.S. government. Because such payments are recorded as direct spending, pay-as-you-go procedures would apply. Based on information from DOJ and the American Intellectual Property Law Association, CBO expects that these costs probably would not be significant.

H.R. 1565 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not impose costs on state, local, or tribal governments.

The CBO staff contact is Mark Hadley, who can be reached at 226–2860. This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of the Rule XIII of the Rules of the House of Representatives, the Committee finds the authority for this legislation in Article I, section 8, clause 8 of the Constitution.

SECTION-BY-SECTION ANALYSIS

Sec. 1. Short Title.—This section states that this Act may be cited at the “Trademark Amendments Act of 1999.”

Sec. 2. Dilution As A Grounds for Opposition and Cancellation.—Section two provides holders of famous marks with a right to oppose or seek cancellation of a mark that would cause dilution as provided in the Dilution Act.

Section two amends section 2 of the Trademark (Lanham) Act of 1946 by adding at the end the following sentence: “A mark which when used would cause dilution under section 43(c) may be refused registration only pursuant to a proceeding brought under section 13. A registration for a mark which when used would cause dilution under section 43(c) may be canceled pursuant to a proceeding brought under wither section 14 or section 24.”

Section two also makes the necessary conforming amendments. It amends section 13(a) of the Lanham Act to include dilution under section 43(c) as grounds for opposing the registration of a mark on the principal register. Section 14 of the Lanham Act is amended to include dilution under section 43(c) as grounds to petition for cancellation of a registration of a mark on the principal register. Section 24 of the Lanham Act is amended to include dilu-

tion under section 43(c) as grounds to petition for cancellation of a registration of a mark on the supplemental register.

Sec. 3. Remedies in Cases of Dilution of Famous Marks.—Section three seeks to clarify that in passing the Dilution Act, Congress did intend to allow for injunctive relief and/or damages against a defendant found to have wilfully intended to engage in commercial activity that would cause dilution of a famous trademark.

Section three amends section 34(a) of the Lanham Act, which gives courts the power to grant injunctions for violations of the Act, by clarifying that an injunction is an available remedy for a violation of section 43(c), which provides a right to injunctive relief for famous mark holders for dilution. It also amends section 43(c)(2) to clarify that in an action brought under section 43(c), the injunctive relief shall be as set forth in section 34.

Section three amends section 35(a) of the Lanham Act, which provides for recovery of profits, damages and costs, and attorneys fees for violations of rights, by clarifying that recovery of profits, damages and costs, and attorneys fees are also available for a willful violation under section 43(c), which provides holders of a famous mark the right to obtain relief for dilution.

Section three amends section 36 of the Lanham Act, which gives the court power to order the delivery and destruction of articles in the possession of the defendant that have been established to violate the rights of the registrant of a mark, by clarifying that a court may order the delivery and destruction of articles which constitute a willful violation under section 43(c), which provides holders of a famous mark the right to obtain relief for dilution.

Sec. 4. Liability of Governments for Trademark Infringement and Dilution.—Section four seeks to level the playing field by amending the Lanham Act to allow for private citizens and corporate entities to sue the Federal Government for trademark infringement.

Section four amends section 32 of the Lanham Act by amending the last paragraph to include in the term “any person” the United States, its agencies and any entities or persons acting for the United States. It also subjects the United States, its agencies and any entities or persons acting for the United States to the provisions of the Lanham Act in the same manner and to the same extent as any nongovernmental entity.

Section four amends section 40 of the Lanham Act by redesignating subsection (b) as subsection (c) and creating new subsections (a) and (b). Subsection (a) waives the sovereign immunity of the United States, its agencies, and any entities or persons acting for the United States from suit in Federal or State court by any person, including any governmental entity, for any violation under the Lanham Act. Subsection (b), former subsection (a), waives the sovereign immunity of States. The language of the subsection is the same. The redesignated subsection (c) is amended to properly refer to and include the new subsections (a) and (b), in order to allow the same remedies to be available for a violation of the Lanham Act in a suit brought under the new subsections (a) or (b) as are available in a suit against any other person.

Section four also amends section 45 of the Lanham Act by inserting between the two paragraphs relating to the definition of “person” that the term “person” includes the United States, its agencies

and any entities or persons acting for the United States. It also subjects the United States, its agencies and any entities or persons acting for the United States to the provisions of the Lanham Act in the same manner and to the same extent as any nongovernmental entity.

Sec. 5. Civil Actions for Trade Dress Infringement.—Section five amends section 43(a) of the Lanham Act to provide that in an action for trade dress infringement, where the matter sought to be protected is not registered with the U.S. Patent and Trademark Office, the plaintiff has the burden of proving that the trade dress is not functional.

Section 43(a) of the Lanham Act is amended by adding at the end the following: “(3) In a civil action for trade dress infringement under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.”

Sec. 6. Technical Amendments.—Section six makes a technical correction to section 10(a) of the Lanham Act. It amends section 10(a) of the Lanham Act by striking out the words “subsequent purchase” as they appear in the second to last sentence and replacing them with the word “assignment.” This sentence deals with assignments and so the use of the words “subsequent purchase” are incorrect. It was a technical oversight that this was not part of the legislation as it was presented to the President for signing.

Section 10(a) was part of the “Trademark Law Treaty Implementation Act” which passed in the 105th Congress and was signed into law on October 30, 1998.⁵ Because the “Trademark Law Treaty Implementation Act” will not go into effect until October 30, 1999, it is important that this technical correction be made to go into effect when the law does or on the date that this bill is signed into law.

Sec. 7. Rights of Performers of Musical Groups.—Section seven establishes a new certification mark to signify authenticity for use by qualifying members of musical groups in response to the problem of “imposter” celebrity musical groups.

Section seven amends Part A of subtitle II title 36, United States Code, by inserting after chapter 2401 a new chapter. It creates “Chapter 2501- Association to Preserve Authenticity of Musical Groups.” The chapter contains five sections.

Section 250101 deals with the establishment of an association. It establishes a body corporate which shall be known as the “Association to Preserve Authenticity of Musical Groups” (“Association”).

Section 250102 describes the objects and purposes of the Association. The objects and purposes shall be: (1) to benefit entertainers and performers who have performed with original entertainment groups; (2) to promote, develop, and assist in preserving and protecting the rights of entertainers and performers; and (3) to educate the public concerning the history of performing groups and the names of the actual performers.

Section 250103 describes the powers of the Association. The Association has the power to do the following: (1) sue and be sued,

⁵ Pub. L. No. 105–330 (1998).

collect dues, claim and defend in any court its rights and its members rights in its certification mark; (2) make and adopt a constitution, by laws, rules and regulations for the use of its certification mark; (3) from time to time repeal or amend its constitution, by-laws, rules, and regulations not inconsistent with the laws of the United States or any of the states thereof; and (4) provide for the safe-keeping and management of its property and funds. This section also states that the Association shall establish and have the sole and exclusive rights to its certification mark for use in carrying out its purposes, though no powers and privileges granted by this Chapter shall interfere or conflict with established or vested rights.

Section 250104 addresses the standards for use of the certification mark. It states that the Association shall establish standards and that those standards will include, though are not limited to, the following criteria: (1) At least one performer in any group displaying or using in its advertising the certification mark must have been a member of the original group that performed under the same or similar name; and (2) Any advertising for such group shall not be false or misleading with respect to the membership or history of the group.

Section 250105 addresses the rights of performers. It provides that an individual who is authorized to use the certification mark shall not be in violation of the Lanham Act of the statutes or common law of any State for use of the mark.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TRADEMARK ACT OF 1946

* * * * *

TITLE I—THE PRINCIPAL REGISTER

* * * * *

MARKS REGISTRABLE ON THE PRINCIPAL REGISTER

SEC. 2. No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

(a) * * *

* * * * *

A mark which when used would cause dilution under section 43(c) may be refused registration only pursuant to a proceeding brought under section 13. A registration for a mark which when used would cause dilution under section 43(c) may be canceled pursuant to a proceeding brought under either section 14 or section 24.

* * * * *

ASSIGNMENT

SEC. 10. A registered mark or a mark for which application to register has been filed shall be assignable with the goodwill of the business in which the mark is used, or with that part of the goodwill of the business connected with the use of and symbolized by the mark[.]. However, no application to register a mark under section 1(b) shall be assignable prior to the filing of the verified statement of use under section 1(d), except to a successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing. In any assignment authorized by this section it shall not be necessary to include the goodwill of the business connected with the use of and symbolized by any other mark used in the business or by the name or style under which the business is conducted.[.] Assignments shall be by instruments in writing duly executed. Acknowledgment shall be prima facie evidence of the execution of an assignment and when recorded in the Patent and Trademark Office the record shall be prima facie evidence of execution. An assignment shall be void as against any [subsequent purchaser] *assignment* for a valuable consideration without notice, unless it is recorded in the Patent and Trademark Office within three months after the date thereof or prior to such subsequent purchase. A separate record of assignments submitted for recording hereunder shall be maintained in the Patent and Trademark Office.

An assignee not domiciled in the United States shall be subject to and comply with the provisions of section 1(e) of this Act.

* * * * *

OPPOSITION

SEC. 13. (a) Any person who believes that he would be damaged by the registration of a mark upon the principal register, *including as a result of dilution under section 43(c)*, may, upon payment of the prescribed fee, file an opposition in the Patent and Trademark Office, stating the grounds therefor, within thirty days after the publication under subsection (a) of section 12 of this Act of the mark sought to be registered. Upon written request prior to the expiration of the thirty-day period, the time for filing opposition shall be extended for an additional thirty days, and further extensions of time for filing opposition may be granted by the Commissioner for good cause when requested prior to the expiration of an extension. The Commissioner shall notify the applicant of each extension of the time for filing opposition. An opposition may be amended under such conditions as may be prescribed by the Commissioner.

* * * * *

SEC. 14. A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged, *including as a result of dilution under section 43(c)*, by the registration of a mark on the principal register established by this Act, or under the Act of March 3, 1881, or the Act of February 20, 1905:

(1) * * *

* * * * *

TITLE II—THE SUPPLEMENTAL REGISTER

* * * * *

CANCELATION

SEC. 24. Marks for the supplemental register shall not be published for or be subject to opposition, but shall be published on registration in the Official Gazette of the Patent and Trademark Office. Whenever any person believes that he is or will be damaged by the registration of a mark on this register, including as a result of dilution under section 43(c), he may at any time, upon payment of the prescribed fee and the filing of a petition stating the ground therefor, apply to the Commissioner to cancel such registration. The Commissioner shall refer such application to the Trademark Trial and Appeal Board, which shall give notice thereof to the registrant. If it is found after a hearing before the Board which that the registrant is not entitled to registration, or that the mark has been abandoned, the registration shall be canceled by the Commissioner. However, no final judgment shall be entered in favor of an applicant under section (1)(b) before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).

* * * * *

TITLE VI—REMEDIES

SEC. 32. (1) Any person who shall, without the consent of the registrant—

(a) * * *

* * * * *

【As used in this paragraph, the term “any person” includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.】

As used in this subsection, the term “any person” also includes the United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, or other persons acting for the United States and with the authorization and consent of the United States, and any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, and any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State, shall be subject to the provisions of this Act

in the same manner and to the same extent as any nongovernmental entity.

* * * * *

SEC. 34. (a) 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 or to prevent a violation under [section 43(a)] *subsection (a) or (c) of section 43*. 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.

* * * * *

SEC. 35. (a) When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, [or a violation under section 43(a),] *a violation under section 43(a), or a willful violation under section 43(c)*, 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) defendant's 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 defendant's 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.

* * * * *

SEC. 36. 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, [or a violation under section 43(a),] *a violation under section 43(a), or a willful violation under section 43(c)*, shall have been established, the court may order that all la-

bels, signs, prints, packages, wrappers, receptacles, and advertisements in the possession of the defendant, bearing the registered mark or, in the case of a violation of section 43(a) or a willful violation under section 43(c), the word, term, name, symbol, device, combination thereof, designation, description, or representation that is the subject of the violation, 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. The party seeking an order under this section for destruction of articles seized under section 34(d) (15 U.S.C. 1116(d)) shall give ten days' notice to the United States attorney for the judicial district in which such order is sought (unless good cause is shown for lesser notice) and such United States attorney may, if such destruction may affect evidence of an offense against the United States, seek a hearing on such destruction or participate in any hearing otherwise to be held with respect to such destruction.

* * * * *

SEC. 40. (a) **[Any State]** *WAIVER OF SOVEREIGN IMMUNITY BY THE UNITED STATES.*—*The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, shall not be immune from suit in Federal or State court by any person, including any governmental or nongovernmental entity, for any violation under this Act.*

(b) *WAIVER OF SOVEREIGN IMMUNITY BY STATES.*—Any State, instrumentality of a State or any officer or employee of a State or instrumentality of a State acting in his or her official capacity, shall not be immune, under the eleventh amendment of the Constitution of the United States or under any other doctrine of sovereign immunity, from suit in Federal court by any person, including any governmental or nongovernmental entity for any violation under this Act.

[(b) In a suit] (c) *AVAILABILITY OF REMEDIES.*—*In a suit described in [subsection (a) for a violation described in that subsection] subsection (a) or (b) for a violation described therein, remedies (including remedies both at law and in equity) are available for the violation to the same extent as such remedies are available for such a violation in a suit against any person other than the United States or any agency or instrumentality thereof, or any individual, firm, corporation, or other person acting for the United States and with authorization and consent of the United States, or a State, instrumentality of a State, or officer or employee of a State or instrumentality of a State acting in his or her official capacity. Such remedies include injunctive relief under section 34, actual damages, profits, costs and attorney's fees under section 35, destruction of infringing articles under section 36, the remedies provided for under sections 32, 37, 38, 42 and 43, and for any other remedies provided under this Act.*

* * * * *

TITLE VIII—FALSE DESIGNATIONS OF ORIGIN, FALSE DESCRIPTIONS, AND DILUTION FORBIDDEN

SEC. 43. (a)(1) * * *

* * * * *

(3) *In a civil action for trade dress infringement under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.*

* * * * *

(c)(1) * * *

(2) In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief *as set forth in section 34* unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity.

* * * * *

TITLE X—CONSTRUCTION AND DEFINITIONS

SEC. 45. In the construction of this Act, unless the contrary is plainly apparent from the context—

The United States includes and embraces all territory which is under its jurisdiction and control.

* * * * *

The term "person" and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this Act includes a juristic person as well as a natural person. The term "juristic person" includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

The term "person" also includes the United States, any agency or instrumentality thereof, or any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States. The United States, any agency or instrumentality thereof, and any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.

The term "person" also includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.

* * * * *



**TITLE 36—PATRIOTIC AND NATIONAL OBSERVANCES,
CEREMONIES, AND ORGANIZATIONS**

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**SUBTITLE II—PATRIOTIC AND NATIONAL
ORGANIZATIONS**

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PART B—ORGANIZATIONS

201. AGRICULTURAL HALL OF FAME 20101

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PART B—ORGANIZATIONS

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[2501. [RESERVED]

250101]

2501. ASSOCIATION TO PROVIDE AUTHENTICITY OF MUSICAL
GROUPS 250101

* * * * *

**CHAPTER 2501—ASSOCIATION TO PRESERVE
AUTHENTICITY OF MUSICAL GROUPS**

- Sec.
- 250101. Association established.
- 250102. Objects and purposes.
- 250103. Powers.
- 250104. Standards for use of certification mark.
- 250105. Rights of performers.

§250101. Association established

There shall be established a body corporate which shall be known as the “Association to Preserve the Authenticity of Musical Groups”. The Association shall have perpetual succession and the powers and limitations contained in this chapter. The Association shall appoint its chairperson.

§250102. Objects and purposes

The objects and purposes of the Association shall be—

- (1) to benefit entertainers and performers who have performed with original entertainment groups;
- (2) to promote, develop, and assist in preserving and protecting the rights of entertainers and performers; and
- (3) to educate the public concerning the history of performing groups and the names of the actual performers in those groups.

To aid in its purposes, the Association shall promote and use the certification mark it establishes under this chapter and allow performers to use the certification mark of the Association in accordance with the chapter.

§250103. Powers

(a) *IN GENERAL.*—*The Association may—*

(1) *sue and be sued, collect dues, claim and defend in any court its rights and its members rights in its certification mark;*

(2) *make and adopt a constitution, bylaws, rules, and regulations for the use of its certification mark;*

(3) *from time to time repeal or amend its constitution, bylaws, rules, and regulations not inconsistent with the laws of the United States or any of the States thereof; and*

(4) *provide for the safe-keeping and management of its property and funds.*

(b) *CERTIFICATION MARK.*—*The Association shall establish and have the sole and exclusive rights to its certification mark for use in carrying out its purposes. No powers or privileges granted by this chapter shall interfere or conflict with established or vested rights.*

§250104. Standards for use of certification mark

The Association shall establish the standards for those entertainers who may use its certification mark. Such standards shall include, but are not limited to, the following criteria:

(1) *At least one performer in any group displaying or using in its advertising the certification mark must have been a member of the original group that performed under the same or similar name.*

(2) *Any advertising for such group shall not be false or misleading with respect to the membership or history of the group.*

Any additional standards must be consistent with paragraphs (1) and (2).

§250105. Rights of Performers

It shall not be a violation of the Trademark Act of 1946 or the statutes or common law of any State for an individual who has been a member of a performing group to be able to use the certification mark of the Association and represent that such individual had been a member of such a group in any promotions, advertisements, or performing of the same services as those performed by such group, if such representation meets the standards in section 250104 and does not deceive or confuse as to the nature, characteristics, qualities, or sponsorship of such services.