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HOUSE

BILL	DATE	PAGE(S)
H.R.6285	OCT 1 '84 (127)	H10532-34

ACTION: PASSED UNDER SUSPENSION OF THE RULES

Trademark amendments: H.R. 6285, to clarify the circumstances under which a trademark may be canceled or considered abandoned;

TRADEMARK AMENDMENTS OF 1984

Mr. KASTENMEIER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6285) to clarify the circumstances under which a trademark may be canceled or considered abandoned.

The Clerk read as follows:

H.R. 6285

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be referred to as the "Trademark Amendments Act of 1984".

SEC. 2. Section 14 of the Act of July 5, 1946 (15 U.S.C. 1064) (commonly known as the Trademark Act of 1946), is amended by adding at the end thereof the following: "For purposes of subsection (c) of this section, a registered mark shall not be deemed to be the common descriptive name of a product merely because the mark is used to identify a unique product or service. The exclusive test for determining whether a registered trademark has become a common descriptive name shall be whether the relevant public understands the trademark to function as a mark or as a common descriptive name.".

SEC. 3. (a) Section 45 of the Act of July 5, 1946 (15 U.S.C. 1127), is amended by striking out the paragraph which begins to read "The term 'trademark'" and inserting in lieu thereof the following:

"The term 'trademark' includes any word, name, symbol, or device or any combination thereof adopted and used to identify and distinguish the goods of one manufacturer or merchant, including unique goods, from those manufactured or sold by others and to indicate that the goods come from a single source, even if that source is unknown.".

(b) Section 45 of the Act of July 5, 1946, is further amended by striking out the first sentence of the paragraph which begins to read "The term 'service mark'" and inserting in lieu thereof the following:

"The term 'service mark' means a mark used in the sale or advertising of services to identify and distinguish the services of one person, including unique services, from the services of others and to indicate that the services come from a single source, even if that source is unknown.".

(c) Section 45 of the Act of July 5, 1946, is further amended by adding after the period at the end of subsection (b) in the paragraph which begins to read "A mark shall be deemed 'abandoned'" the following: "Purchaser motivation shall not be a test for determination of abandonment under this subsection.".

SEC. 4. The amendments made by this Act shall not affect any action pending on the date of the enactment of this Act and shall not affect any mark which, before such date of enactment, was finally determined to have been abandoned.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Wisconsin [Mr. KASTENMEIER] will be recognized for 20 minutes, and the gentleman from California [Mr. MOORHEAD] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Wisconsin [Mr. KASTENMEIER].

Mr. KASTENMEIER. Mr. Speaker, I yield myself such time as I may consume.

(Mr. KASTENMEIER asked and was given permission to revise and extend his remarks.)

Mr. KASTENMEIER. Mr. Speaker, the bill before us clearly defines the appropriate test for courts to apply in determining whether a mark has become generic.

Last year an unusual development in trademark law occurred and was duly brought to my attention. A three-judge panel of the Ninth Circuit Court of Appeals decided to apply a new method for determining whether a product had become generic. Under the ninth circuit test, courts are encouraged to look toward the purchaser's motivation, not just as to identity of the product, but also as to source. Thus, for a trademark to avoid becoming generic its user must convince a majority of the relevant public that a particular company produces the product. Thus, because such a test would be so difficult to meet, a number of well-known products such as Tide, Crest, Mr. Clean, or Brillo could become generic.

Because the test used by the ninth circuit may cause extreme uncertainty in trademark law and practice, and because it represents such a substantial departure from prior law, this bill clarifies the test for determining genericism. Under the bill, the exclusive test for determining whether a registered trademark has become a common descriptive name shall be whether the relevant public understands it to function as a mark or as a common descriptive name.

Unless Congress clarifies the trademark law and acts to reestablish its basic principles, the *Anti-Monopoly* decision will sow chaos in the merchandising of brand name products. H.R. 6285 does not propose a new genericness standard, but returns to the basic test of whether the understanding of the public is that the term is recognized as a trademark. The ninth circuit's error is corrected by making clear that trademark validity is not measured by whether a mark is used

as the proper name of or to identify a unique article, and also by affirming that purchaser motivation is not relevant in determining genericness.

Hearings were held before the Subcommittee on Courts, Civil Liberties, and the Administration of Justice, which I chair, on June 28, 1984. Every witness expressed disagreement with the ninth circuit decision. There is no organized opposition to the legislation. Indeed the legislation has the support of the Consumer's Union.

I recognize that Congress should exercise great care in reaching results contrary to court decision. In this case, however, the bill does not affect the parties to the litigation in question. All the bill does is to clarify congressional intent on what tests should be used to determine genericism in trademark law.

SECTION-BY-SECTION ANALYSIS OF H.R. 6285, "TRADEMARK AMENDMENTS ACT OF 1984"

Section 1 of the bill provides the title, "Trademark Amendments Act of 1984." This Act is intended to clarify the rule of law to be applied in determining whether a mark has become generic. The term "generic" is not used explicitly in the Lanham Act but has been used by a number of courts as a shorthand substitute for the term "common descriptive name." *See* 15 U.S.C. §§ 1064(c) and 1065(4) (which provide for proceedings to cancel marks which have become a "common descriptive name of an article or substance"). The general rule of trademark law since at least 1938 has been that a mark is generic if the public understands the mark as identifying a particular mark, rather than the source of that product. *See, e.g., Kellog Co. v. National Biscuit Co.*, 305 U.S. 111 (1938) (relating to shredded wheat); see also *Miller Brewing Company, v. G. Heileman Brewing Co.*, 561 F.2d 75, 80-81 (7th Cir. 1977), *cert. denied*, 434 U.S. 1025 (1978) (finding LITE beer a generic term). This rule was severely undermined by the decision of the Ninth Circuit Court of appeals in *Anti-Monopoly Inc. v. General Mills Fun Group*, 684 F.2d 1316 (9th Cir. 1982), *cert. denied*, — U.S. — (1983). The Court in that case applied a standard which appears to be aberrent in terms of trademark law. This is not to say, however, that the result of the particular case should have been different. It is possible that the product involved—Monopoly—should be treated as a common descriptive name under the law in other circuits. *See* C. Trillin, *U.S. Journal: Berkeley, Cal., Monopoly and History, New Yorker*, February 13, 1978 at 90. *See also* Letter from Irving Marguiles (General Counsel, Department of Commerce) to Hon. Robert W. Kastenmeier, June 15, 1984, at 2, reprinted in *Trademark Genericism Hearings* (hereinafter *Marguiles Letter*).

The purpose of this Act is to prevent the use of the purchaser motivation test used by the Ninth Circuit from being applied to trademark cases in the future. *See* section 4 of the Act.

Section 2 of the bill provides that 15 U.S.C. § 1064 is amended to provide that "a registered mark shall not be deemed to be a common descriptive name of a product merely because the mark is used to identify a unique product or service. The exclusive test for determining whether a mark has become a common descriptive name shall be whether the relevant public understands the trademark to function as a mark or as a common descriptive name." The original bill introduced on this subject in the House, H.R. 4460, used the term "a majority of the public." This term was criticized as posing a potential risk of unnecessary litigation and in some cases may have produced irrational results. *See* Testimony of Michael Grow (on behalf of the United States Trademark Association) in *Trademark Genericism: Hearings on H.R. 4460 Before the Subcomm. on Courts, Civil Liberties and the Administration of Justice of the Comm. on the Judiciary*, 98th Cong. 2d Sess. (1984) (hereinafter *Trademark Genericism Hearings*). Thus, the relevant question became whether "the public understands that the term at issue is a trademark which identifies goods as coming from a single source." Greenbaum, Ginsberg, and Weinberg, *A Proposal for Evaluating Genericism After Anti-Monopoly*, 73 TRADEMARK REPORTER 101, 102, and 105 (1983); *see also Marguiles Letter.*

Section 3 makes conforming amendments to the definitions of trademark and "service mark" in subsections (a) and (b). Subsection (c) of section three of the Act provides that section 45 of the Lanham Act, 15 U.S.C. § 1127, is further amended to read that: "Purchaser notification shall not be a test for determination of abandonment under this section." This change is derived, in part, from the testimony of Judge Nies of the Court of Appeals of the Federal Circuit. *Trademark Genericism Hearings, supra.* This language also comes, in part, from Judge Nies' concurring opinion in *In re D.C. Comics*, 689 F.2d 1042 (CCPA 1982).

Section 4 of the bill provides that the amendments made by this Act shall not affect any action pending on the date of enactment of this Act. The Committee has generally taken the position that changes in the law should not apply to pending cases. This policy choice is sound for three distinct reasons. First, the Committee should not penalize litigants who may have engaged in conduct—including the investment of substantial sums of money—in reliance on the existing state of the law. Second, the Committee cannot know fully of the existence of all pending cases. It is possible that the application of any change in the law would be inequitable to some of those litigants. Finally, the Committee generally avoids the retroactive application of statutes so as to prevent the unseemly situation of Congress being used to provide more well-heeled parties (who have greater access to the potential process) from reaping economic advantage solely because of their size.

The non-application of this Act to pending cases may not, however, produce different results in most instances. If, as the Committee believes, the Ninth Circuit decision in *Anti-Monopoly* is informed by a purchaser motivation test which was not proper under the Lanham Act before this Act, then most courts will continue to find the rationale of the Ninth Circuit decision incorrect. *See, e.g. Warner Bros., Inc. v. Gay Toys, Inc.*, ——— F.2d ——— (2nd Cir. 1983).

Section 4 also provides that nothing in this Act shall serve to revive any mark which, before the date of enactment, was finally determined to have been abandoned. This section is intended to prevent the relitigation of issues already decided. This section also comports with basic principles of collateral estoppel law. *See, e.g., Miller Brewing Co. v. Falstaff Brewing Corp.*, 655 F.2d 6 (1st Cir. 1981) (finding that the Seventh Circuit has fully and fairly litigated the question of whether Lite beer was generic; the plaintiff was estopped from relitigating the issue). Thus, nothing in this Act will permit the owners of Monopoly to use this Act as a basis for reopening litigation against the owners of Anti-Monopoly. Nor does this Act alter the ordinary rules of collateral estoppel. For example, if the owners of Monopoly sued a party in a circuit other than the Ninth Circuit concerning the validity of the mark for Monopoly, the defendent in that case could arguable assert a collateral estoppel defense. The court in that case should resort to ordinary principals of law to determine what issues were decided in the Ninth Circuit, and then whether equity and collateral estoppel prevent assertions concerning the validity of Monopoly to be relitigated.

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Mr. Speaker, I reserve the balance of my time.

Mr. MOORHEAD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 6285, the "Trademark Amendments Act of 1984," which will clarify the standard courts use to determine when a trademark has in fact, become generic. Existing law, amended in 1946, 15 U.S.C. 1064(c) states that a trademark can be canceled "at any time if the registered trademark becomes a common descriptive name of an article or substance."

In determining when a trademark becomes a generic term, the courts have followed a well established and accepted test for more than 60 years. That test is whether a majority of the purchasing public recognizes and accepts the term as a trademark, as a way of identifying and distinguishing a specific product or service.

Last year, however, the ninth circuit court of appeals, in Antimonopoly against General Mills Fun Group adopted a "motivational test" to determine genericness. The "motivational test" focuses on whether a majority of the relevant public can identify the producer of the product by name. In Antimonopoly, the court held that "monopoly" had become a generic term because a majority of consumers surveyed were motivated primarily by a desire to play the game and not by the fact that Parker Brothers manufactured Monopoly.

If the ninth circuit continues to apply the "motivation test" and if other circuits were to adopt it, there is the very real possibility that many well-established trademarks would be lost. Moreover, the resulting confusion among consumers would be enormous. Additionally, the conflict over the validity of existing marks would in all likelihood lead to a significant increase in costly litigation.

H.R. 6285, which enjoys broad bipartisan support in both Houses of Congress, would rectify this situation by clarifying the circumstances under which a trademark may be canceled or considered abandoned because the term has become generic. It does not propose a new standard for genericness, but reiterates the basic test for maintaining a trademark, which is whether the public recognizes the name as a trademark. The legislation is supported by the administration, the United States Trademark Associa-

tion, the business community, several trade associations, and the Consumers Union. Accordingly, I urge my colleagues to support the passage of H.R. 6285.

Mr. KASTENMEIER. Mr. Speaker, I have no further requests for time.

Mr. MOORHEAD. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MONTGOMERY). The question is on the motion offered by the gentleman from Wisconsin [Mr. KASTENMEIER] that the House suspend the rules and pass the bill, H.R. 6285.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.