HR 1108

REGISTRATION AND PROTECTION OF TRADEMARKS SEPTEMBER 5, 1961---- Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

REPORT
[To accompany H.R. 4333]
The Committee on the Judiciary, to whom was referred the bill (H.R. 4333) to amend the act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes," approved July 5, 1946, as amended, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.
The amendments are as follows:
Page 2, line 18, insert after "pending" the words "or of any registration issued".
Page 2, lines 18 and 19, strike out "or (ii) the date of a registration issued under this Act:".
Page 2, line 20, change "(iii)" to "(ii)".
Page 2, line 23, change "(iv)" to "(iii)".
Page 3, line 14, strike out "heretofore or hereafter made, or "and substitute", including those".
Page 4, lines 14 and 15, change "cancellation" to "cancellation".
Page 5, line 25, change "provided" to "prescribed".
Page 5, line 17, change "attaching" to "having attached".
Page 13, line 16, change "In" to "in".
Page 18, line 6, change "distinguished" to "distinguish".

EXPLANATION OF AMENDMENTS
Explanation of amendment 1. --The 'phrase "or (ii) the date of a registration issued under this Act" was deleted as being inconsistent with the provisions of the preceding item, "(i) the earliest of the filing dates of the applications pending under this Act." Under the bill as

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introduced, an applicant for concurrent registration would be obliged to prove an earlier date of use if his application happened to be copending with another than if he merely waited until the registration issued to another and then filed his application. As amended, the bill provides a consistent test for determining the right to a concurrent use proceeding. In a concurrent use proceeding, the date of use asserted by an applicant must be at least as early as the filing date of the allegedly conflicting application, or, in the case of any registration issued under the act, the date of filing of the application which matured into the registration.
Explanation of amendment 2. --The purpose of these amendments is to correct typographical errors.

PURPOSE
The purpose of the legislation is to make a number of miscellaneous changes in the Trademark Act of 1946 so as to clarify the meaning of several of its provisions. The provisions of the bill

affect details of registration, administrative and court procedure, internal organization of the Patent Office regarding trademark matters, and refinements in language that experience has shown to be desirable. It also corrects typographical errors in the Trademark Act of 1946.

VIEWS OF GOVERNMENT AGENCIES AND INTERESTED PRIVATE ORGANIZATIONS

The Department of Justice, in its report dated August 14, 1961, states that the subject of the legislation is not a matter as to which the Department of Justice has primary responsibility, and accordingly makes no recommendation as to the enactment of the bill.

The Department of Commerce, in a report dated August 15, 1961, recommends enactment of the bill with certain technical and clarifying amendments.

The Department of State, in a report dated September 2, 1959, on a predecessor bill, perceived no objection to the enactment of this legislation, and in fact, expressed its support for section 20 thereof as it concerns the applicability of the act to nationals of foreign countries.

The Treasury Department, in its report of August 14, 1959, on a predecessor bill, stated that it had no recommendations to make because the proposed legislation related to matters primarily within the jurisdiction of the Department of Commerce.

The Federal Trade Commission, in its report on the instant bill, dated August 11, 1961, suggests that the jurisdiction of the Commission be expanded to permit it to file petitions for cancellation of registered marks which become, prior or subsequent to registration, the common descriptive name of an article or substance. This would include registrations issued under the Trademark Acts of 1881 and of 1905 as well as registrations issued under the Principal Register established under the Trademark Act of 1946. The committee does not think it appropriate to consider changes of this nature at this time, since the instant bill is in large part a housekeeping measure, making minimal substantive changes in the trademark law. The Federal Trade Commission's suggestions, on the other hand, would bring about a substantive change in policy. In addition, the committee has been advised that there is no present need for this particular change.

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The Federal Trade Commission also objected to the proposed change in the definitin of "service marks" appearing in section 45 of the Trademark Act. The committee, however, feels that the proposed change should be adopted, as it does nothing more than codify the present practice of the Patent Office in this regard.

The Instant bill has the approval and support of the U.S. Trademark Association, the American Bar Association, the National Association of Manufacturers, the District of Columbia Bar Association, the Philadelphia Bar Association, the New York County Lawyers Association, and the bar of the city or New York.

LEGISLATIVE HISTORY

Similar legislation passed the Senate in the 83d Congress and again in the 86th Congress. However, the House took no action on each occasion.

Hearings were held on predecessor bills on March 25, 1954. In addition, your committee held hearings on the instant bill on August 16, 1961.

It might be well to relate some of the history of the trademark laws of the United States which led up to the instant legislation. On July 5, 1946, the trademark laws of the United States were revised by Public Law 489, 79th Congress (ch. 540, 2d sess., 60 Stat. 427), known as the Lanham Trademark Act. It became effective on July 5, 1947, I year after its enactment, and

completely rewrote the trademark laws of the United States and made a large number of substantial changes. During the period (about 14 years) that this act has been in operation the need of some revisions has become evident.
In 1948 representatives of some 26 legal and trade associations concerned with trademark matters were formed into a committee to study and recommend what changes in the Trademark Act could be agreed upon as necessary or desirable.
As a result thereof, S. 1957 of the 82d Congress, incorporating proposed changes in the trademark laws as recommended by this committee, was introduced. That bill was the subject of considerable study and of further suggestions from individuals, associations, and Government departments. On July 31, 1953, a bill representing many of such suggestions was introduced in the 83d Congress. This bill was S. 2540. As stated, that bill was the subject of hearings; amendments were made, and a bill as an amendment in the nature of a substitute was drafted. The hearings were held on March 25, 1954, and representatives of interested associations recommended enactment of the legislation. The various Government departments interested in the subject matter of the bill submitted reports of their views. The bill was then favorably reported on August 5, 1954, and was passed by the Senate on August 11, 1954, but was not acted upon by the House of Representatives prior to adjournment.
Again, in the 84th Congress, a bill was introduced which was in the wording of S. 2540, being S. 215 of the 84th Congress, but no action was taken thereon. In the 86th Congress a bill (S. 2429) similar to the previous bills but not covering all of the features contained in the prior legislation, passed the Senate. This bill has been termed as a "housekeeping" bill and was considered to be not controversial. The various departments of Government had, with the

exception of certain technical amendments, no objection to this legislation.
Hearings were held on the instant bill (H.R. 4333) on August 16, 1961. The bill makes numerous amendments to the Trademark Act of 1946. They are set forth later in this report under a heading entitled "Analysis of Legislation." Some of the amendments merely correct typographical errors which appeared in the 1946 act; some involve matters of clarification of meaning, and some make desirable changes in substance as well as in details of procedure.

ANALYSIS OF LEGISLATION

An analysis of the provisions of H.R. 4333 follows:
Section 1 of the bill proposes to amend, in several respects, section 1(a)(i) of the act, which relates to the statements required of an applicant for registration of a trademark.
The first amendment proposes to amend the phrase which now reads:
that no other person, * * * has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto, as might be calculated to deceive
by canceling the underscored words and substituting--
as to be likely, when applied to the goods of such other person, to cause confusion, or to cause mistake, or to deceive
The purpose of this amendment is to make the required allegation of the applicant more nearly complete and more accurate.
The second amendment is the cancelation of the words "or services", which appear in the proviso to section 3(a)(1). This is for uniformity of drafting and does not affect the meaning
Section 2 of the bill proposes to make a number of changes in section 2 of the act.

The first clause of section 2(d) of the act provides that a mark is to be refused registration if it so resembles a mark registered in the Patent Office or a mark previously used by another, as to be likely when applied to the goods of the applicant, "to cause confusion or mistake or to deceive purchasers." The bill proposes to revise the quoted expression to read "to cause confusion, or to cause mistake, or to deceive." The purpose of the proposed change is to coordinate the language here with that used elsewhere and to omit the word "purchasers", since the provision actually relates to potential purchasers as well as to actual purchasers. The word "purchasers" is eliminated so as to avoid the possibility of misconstruction of the present language of the statute.
Section 2(d) of the act contains a long proviso relating to so--called concurrent registrations of trademarks. The bill, as amended, proposes to rewrite this proviso, amending it in a number of respects. The principal amendment is to enlarge the limiting dates after which rights to concurrent registrations cannot accrue. The amendment will increase the possibility of the concurrent registration insofar as the dates involved are concerned.

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The act now states that concurrent registrations are to be granted when confusion or mistake or deceit of purchasers is not likely to result from the continued use of the marks--under conditions and limitations as to the mode or place of use or the goods in connection with which such registrations may be granted.
There is considerable confusion in the interpretation of this language, which is far from clear. The bill proposes to amend the particular phrase to read: under conditions and limitations as to the mode or place of use of the marks or the goods in connection with which such marks are used, * * *
This language is much clearer than the original language.
A few simplifications over the language of the present proviso additionally are made.
Section 3 of the bill proposes to rewrite section 6 of the act relating to disclaimers.
Section 4 of the bill would revise section 7(a) of the act relating to the formalities of issuing a registration. The proposed language is simpler than the present wording of the statute and would enable the Patent Office to effect economics in printing the registrations.
Section 4 of the bill would also rewrite section 7(d) of the act, effecting considerable clarification and at the same time making several changes. First, the requirement for a fee in connection with the voluntary surrender or cancelation of a registration by the registrant is removed. Such surrenders or voluntary cancelations are very rare and the fee may have deterred others which would have been made. Second, it is proposed to omit the words "in whole or" from the clause in the present section which now states that the Commissioner may permit any registered mark to be disclaimed in whole or in part." The underlined words are not seen to be necessary.
Section 4 of the bill would further make certain language changes in section 7(e) of the act to provide consistency throughout the act and would desirably provide for any duly designated employee, rather than only a chief of a division, to certify copies of Patent Office records.
Section 4 of the bill would eliminate the present requirements in section 7(f) of the act that the Commissioner sign all certificates of correction, and would make certain language changes to provide consistency throughout the act.
Section 5 of the bill proposes to amend section 9 of the act relating to the renewal of trademark registrations. The act now requires the registrant, prior to renewal, to file an affidavit stating that the mark is still in use in commerce. The proposed change permits the registrant to obtain the renewal of the registration even if the mark is not then being used, provided that the nonuse is

due to special circumstances which excuse the nonuse and is not due to any intention to abandon the mark.
The affidavit now required by this section of the act must state that the mark is in use in commerce, but there is no requirement that the affidavit specify the goods on which the mark is used. Since the proposed amendment provides for an excuse for nonuse due to special circumstances, the amendment also provides that the affidavit (verified application) must set forth those goods recited in the registration

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on which said mark is still in use in commerce. There must also be attached a specimen or facsimile showing current use of the mark. These additional provisions are particularly desirable. Renewals are extensions of the registrations for 20 years, and the Patent Office records should reflect the goods on which the marks are then being used.
Section 6 of the bill proposes to amend section 10 of the act by canceling the following proviso: Provided. That any assigned registration may be canceled at any time if the registered mark is being used by, or with the permission of, the assignee so as to misrepresent the source of the goods or services in connection with which the mark is used.
The purpose in canceling this proviso is to incorporate it in broader form, as a requirement applying to any registrant, in section 14, which is a more appropriate part of the act.
The bill would also revise the language of the sentence dealing with records of assignment, but there is no change in substance proposed.
Section 7 of the bill proposes to amend section 12(a) of the act by adding the following proviso: Provided. That in the case of an applicant claiming concurrent use, or in the case of an application to be placed in an interference as provided for in section 16 of this Act, the mark, if otherwise registrable, may be published subject to the determination of the rights of the parties to such proceedings.
The purpose of this addition is to effect a minor simplification in the Patent Office procedure.
Section 7 of the bill would also revise and clarify the last sentence of subsection (c) of section 12.
Section 8 of the bill would add a sentence to section 13 of the act to permit an opposition to be amended, and it would strike the words "notice of", each occurrence, thereby making the section refer to "opposition" rather than "notice of opposition."
Section 14(c) of the act provides, as one of the grounds for canceling a registration at any time--If the registered mark becomes the common descriptive name of an article or substance on which the patent has expired--the amendment in the bill cancels the words--on which the patent has expired.
Section 14(c) of the act also provides as a ground for cancellation at any time--if the registered mark has been assigned and is being used by, or with the permission of, the assignee so as to misrepresent the source of the goods or services in connection with which the mark is used.

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This language is replaced by the following broader language of the bill: if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services in connection with which the mark is used.
Section 10 of the bill would make a change in section 15 of the act required by the revision and relettering of paragraphs in section 14.

Section 10 of the bill also proposes to amend section 15 of the act by canceling from item 4 the underscored words in the following quotation: (4) no incontestable right shall be acquired in a mark or trade name which is the common descriptive name of any article or substance
The underlined words should be canceled since trade names, as such are not registered.
Section 11 of the bill proposes a change in section 16 of the act corresponding to a change made in section 2(d).
Section 12 of the bill proposes to rewrite completely section 21 of the act dealing with appeals to the U.S. Court of Customs and Patent Appeals and other judicial review of Patent Office decisions. The act now incorporates by reference the procedure of appeals to the Court of Customs and Patent Appeals and review by civil action in patent cases. The proposed amendment incorporates, with necessary changes in language, the various provisions of title 35 relating to such appeals and review.
Section 23 of the act, referred to in Section 13 of the Act, requires that in order for a mark to be eligible for registration on the Supplemental Register it must have been in lawful use for the year proceding the filing of the application. However, this section further provides that where an applicant required domestic registration as a basis for foreign protection of his mark, upon a proper showing that he has begun the lawful use of his mark in foreign commerce, the Commissioner may waive the requirement for a full year's use and may grant registration forthwith. Section 13 of the bill proposes to amend section 23 of the act to eliminate the requirement that the mark be in use in foreign commerce before the Commissioner can waive the requirement for a full year's use in order to be eligible for registration. This proposal does not eliminate the fundamental requirement that the mark actually be in use before it can be registered. The section as amended merely provides for waiving the length of time of use.
Section 14 of the bill proposes to amend section 24 of the act by adding the phrase: upon payment of the prescribed fee and the filing of a verified petition stating the ground therefor.
in order to make the language correspond to that used in the amendment to section 14 of the act.
Section 15 of the bill would clarify section 29 of the act relating to marking requirements.
Section 16 of the bill would amend section 30 of the act by changing the mandatory requirement of establishing internal classification of

goods to a discretionary provision; and it would clarify language dealing with multiple applications.
Section 17 of the bill proposes to rewrite section 32(1) of the act, making several changes and rearranging the language.
One change is the omission of the underlined words from the following quotation from clause (a): on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services
This change is parallel to a similar change made in section 2(d) of the act.
Section 17 of the bill also proposes to amend section 32(2) of the act to correct a typographical error.
Section 18 of the bill would make amendments in subsections (a) and (b) of section 33 of the act. The amendments to subsection (a) and the opening paragraph of subsection (b) are an improvement in accuracy. The amendment to paragraph (3) of subsection (b) is parallel to amendments to sections 10 and 14. The amendments to paragraphs (5) and (6) of subsection (b)

change a limiting date. Section 19 of the bill proposes to correct a typographical error in section 35 of the act.
Section 20 of the bill proposes to amend section 44(b) of the act by adding a reference to a country which extends reciprocal rights to nationals of the United States by law and by revising the language to a more understandable form. This amendment is considered desirable.
Section 20 of the bill also proposes to amend section 44(c) of the act and effects considerable improvement therein.
Section 21 of the bill proposes six amendments to section 45 of the act which contains definitions.
The first of these amendments, to the sixth paragraph of the section, amends the definition of "applicant" and "registrant" to include "predecessors."
The ninth paragraph is amended to correct a typographical error in the omission of a comma.
The 11th paragraph, the definition of service mark, is amended to permit titles or radio and television programs to be registered as service marks even though they advertise goods.
The amendments to the 15th paragraph amplify the definition of use in commerce with respect to service marks.
The definition of colorable imitation, in the 17th paragraph of the act, is amended to cancel the word "purchasers," in line with the amendment to section 2(d) of the act.
The last amendment corrects a typographical error in the final paragraph of section 45.
The committee, after a study of the foregoing, believes that H.R. 4333 is meritorious and, therefore, recommends that
the legislation, as amended, be considered favorably.

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U.S. DEPARTMENT OF JUSTICE
_____Washington, D.C., August 14, 1961.

Hon. EMANUEL CELLER,
Chairman, Committee on the Judiciary, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Department of Justice concerning the bill (H.R. 4333) to amend the act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes," approved July 5, 1946, as amended. This is also in response to your kind invitation to have a representative attend the hearings on the bill before subcommittee No. 3 of August 16.
The bill would make a number of changes in the Trademark Act of July 5, 1946, with respect to registration, administrative and court procedure, and internal organization of the Patent Office regarding trademark matters.
Inasmuch as the bill does not involve matters of primary concern to the Department of Justice, we prefer to make no recommendation as to its enactment, and do not plan to have a representative at the hearings.
The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours, BYRON R. WHITE,

Deputy Attorney General.

GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE,
Washington, D.C., August 15, 1961.

Hon. EMANUEL CELLER,
Chairman, Committee on the Judiciary. House of Representatives, Washington, D.C.
DEAR Mr. CHAIRMAN: This letter is in reply to your request for the views of the Department of Commerce with respect to H.R. 4333, a bill to amend the act entitled "An act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes." approved July 5, 1946, as amended.
The bill would make a number of administrative, clarifying and correcting amendments in the Trademark Act. Attached is a copy of a memorandum from the Acting Commissioner of Patents in which he has made a section--by--section analysis of the bill and has also suggested changes in and additions to the bill.
The Department recommends enactment of H.R. 4333 with the amendments suggested by the Patent Office.
The Bureau of the Budget advises there would be no objection to the transmission of this report from the standpoint of the administration's program.

Sincerely, ROBERT E. GILES, General Counsel.

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DEPARTMENT OF STATE,
Washington, September 2, 1959.

Hon. JAMES O. EASTLAND,
Chairman, Committee on the Judiciary.
U.S. Senate.

DEAR SENATOR EASTLAND: I refer to your letter of July 30, 1959, with respect to S. 2429, a bill to amend the act, entitled "An act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of international conventions, and for other purposes," approved July 5, 1946, as amended, and to the Department's Interim reply of August 3, 1959.
The Department perceives no objection to the enactment of this bill. Most of its provisions are of a technical nature and are not of direct interest from the foreign policy standpoint. The Department, however, wishes to express its support for section 20 of the bill which would amend the provisions of section 44(b) concerning applicability of the act to nationals of foreign countries. This amendment will provide a clearer basis for the establishment of reciprocal relations with other governments in the field of trademarks. This is, of course, desirable in securing for our own nationals the fullest possible protection abroad of their trademarks.
The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours, WILLIAM B. MACOMBER, Jr.,

Assistant Secretary

(For the Acting Secretary of State).THE GENERAL COUNSEL OF THE TREASURY,
Washington, August 14, 1959.

Hon. JAMES O. EASTLAND.
Chairman: Committee on the Judiciary.
U.S. Senate, Washington, D.C.

MY DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on S. 2429, to amend the act entitled "An act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of international conventions, and for other purposes", approved July 5, 1946, as amended.
The proposed legislation would amend the so--called Trademark Act of 1946 to correct typographical errors, to clarify language, to make changes in procedure and to make some substantive changes in the law.
Since the proposed legislation relates to matters primarily within the jurisdiction of the Department of Commerce and would not affect any statute administered by the Treasury Department, the Department has no recommendations to make on the bill.

Very truly yours, NELSON P. ROSE, General Counsel.

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FEDERAL TRADE COMMISSION,
Washington, D.C., August 11, 1961.

Hon. EMANUEL CELLER,
Chairman, Committee on the Judiciary.
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of June 15, 1961, to report on H.R. 4333, 87th Congress, 1st session, a bill to amend the act entitled "an Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions and for other purposes" approved July 5, 1946, as amended.
The bill seeks to amend the Trademark Act of 1946 as to several sections, including that which defines the grounds for cancellation of trademarks which are available to the Federal Trade Commission. The bill, by eliminating surplusage from the provisions of the existing law as to the cancellation of a registration because the trademark of registrations from the register by cancellation, when such registrations were acquired, or exist after registration, under circumstances not entitling them to registration.
Section 9 of the subject bill thus amends section 14 of the Trademark Act of 1946 by rewriting the entire section. Subsection (c) of the rewritten section 14, of the subject bill, reads as follows: "(c) At any time if the registered mark becomes the common descriptive name of an article or substance of has been abandoned * * *."

This proposed amendment to section 14 of the Trademark Act eliminates the language in the present statute which limits the cancellation of descriptive names to those of articles or substances "on which the patent has expired."

The Commission feels that the proposed subsection (c) of section 14, as provided in section 9 of the subject bill, still limits the cancellation of descriptive names to those which became descriptive after registration.

This limitation, it is believed, will prevent the proposed subsection (c) from serving the purpose of providing as a ground for the cancellation of registrations, the same conditions that would have prevented registration had they existed at the time of application and been known to the Patent Office.

Requests for action by the Federal Trade Commission to exercise the authority granted it by the proviso to subsection (d) of section 14 by the present act (sec. 14(e) as amended by H.R. 4333) have shown that in numerous instances the Patent Office has registered words as trademarks which were descriptive at the time and not recognized as such, because relating to special fields or Industries. The need for action in the public interest to terminate trademark monopolies occurs most frequently in connection with marks which are in fact descriptive of the products to which they are applied. In the appeal of Bart Schwartz International Textiles, Ltd. v. the Federal Trade Commission (129 U.S.P.Q. 258 decided by the U.S. Court of Customs and Patent Appeals on April 14, 1961), it was held that the Commission could not cancel the registration of "fiocco" merely because it was descriptive and in common use at the time of registration. While this decision was a construction of the intent of the present section 14(c) with the

double limitation imposed by the patent wording and the time implication, it is an indication that the courts will confine cancellation for descriptiveness to situations clearly within the literal wording of the statute and that legislative change will be necessary to permit the cancellation of trademark registrations upon proof of the same facts that would have prevented registration if known to the Patent Office at the time of application.

In order to eliminate any uncertainty that the basic statutory prohibitions of section 2(e), against the registration of marks which are descriptive of the goods of the applicant, can be made effective when discovered after registration as well as before, it is recommended that the subject bill further amend subsection 14(c) of the Trademark Act so that its first provision will read as follows: "(c) at any time if the registered mark has become, prior or subsequent to registration, the common descriptive name of an article or substance, * * *."

Any proposal to amend the Trademark Act should, in the opinion of the Commission, include an amendment to the specific wording of the proviso to section 14 which will remove a limitation resulting from an interpretation of the Commissioner of Patents in his 1950 decision in the two early cases of the Federal Trade Commission v. Elder Mfg. Co. and Royal Mfg. Co. which were consolidated and reported at 84 U.S.P.Q. 429. The present wording of the proviso was construed by the Commissioner of Patents to limit the authority of the Commission to petition for cancellation of registrations which were initially registered under the provisions of the 1946 act and not to extend to registrations under the prior acts of 1881 and 1905 although the effectiveness of such registrations may have been extended to the present or been renewed by operation of section 46(b) of the act. It is recommended that the following amendment to the proviso be adopted which, in our opinion, should remove any interference of language with the clear intent of Congress, acting in the public interest, to authorize the Commission to apply those

grounds of cancellation described in section 14 to all registrations which are subject to cancellation under the provisions of that Section.
It is proposed that the wording of the proviso at the end of section 14, as rewritten by section 9 of H.R. 4333, be changed by striking the words "registered on the principal register established by this act," and inserting a substitute, therefor, so as to make the entire proviso read: "Provided. That the Federal Trade Commission may apply to cancel on the grounds specified in subsections (c) and (e) of this section any mark subject to cancellation under the provisions of this section and the prescribed fee shall not be required."
The bill also provides in section 21 an amendment to the 11th paragraph of section 45 of the Trademark Act of 1946, by striking the definition contained in said paragraph in its entirety and substituting therefor a new paragraph.
The present paragraph reads:
"The term 'Service Mark' means a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others and includes without limitation the marks, names, symbols, titles, designations, slogans, character names, and distinctive features of radio or other advertising used in commerce."

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The proposed substitute paragraph reads:
"The term 'Service Mark' means a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor."
It is our belief that the substituted paragraph does improve the general draftsmanship and form of the existing paragraph without adding anything really new except for the last clause, "notwithstanding that they, or the programs, may advertise the goods of the sponsor." The italicized portion is important in that it may discernibly function to allow the enunciator, broadcasting company or advertiser to secure registration of a slogan developed and used in the interest of some product--producing sponsor. The wording seems to state that a separation between the entity rendering the service and the sponsoring patron should not prevent the registration by the rendering service. The italicized language, as a modification by amendment, could be interpreted to sanction the acquisition of rights in promotional material by the broadcasting or advertising services rather than the sponsor for whom the material was prepared and presented. No other purpose is discernible.
We are of the opinion that the proposal to amend section 45 does considerable violence to the whole theory of a "service mark" because it tends to give a party rendering a service a property interest in the results or products of his service which are not related to the service which he performs.
We believe that the only function which the italicized language might possibly perform is to remove a ground for rejection by the Patent Office that the proposed mark advertises the goods of a separate party rather than the registrant's service function. It follows that the advertising agency may acquire an exclusive control of a phrase developed for its client and perhaps could prevent the client using that phrase independently or through another agency. Thus the advertiser may, through the trademark statute, possibly secure control of what is really his client's property.
While it is recognized that the amendment of the definition of "service mark" does not modify language which is the operational basis of the Commission's authority to cancel registrations, the

amendment does confuse the basis for registration in an area which may be involved in proceedings by the Commission.
As the agency authorized by the Congress to move in the public interest to terminate the statutory trademark monopoly. when improperly acquired or held by the registrant, the Commission is interested in proposed changes which extend the monopoly without commercial necessity or business justification. The opportunity to comment on the amendments proposed by H.R. 4333, which is afforded by the referral of your committee, is appreciated.
By direction of the Commission.

PAUL RAND DIXON, Chairman.

N.B.----Pursuant to regulations, this report was submitted to the Bureau of the Budget on July 12, 1961, and on August 11, 1961, the Bureau of the Budget advised that there is no objection to the "sub

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mission" of this report from the standpoint of the administration's program.

JOSEPH N. KUZEW, Acting Secretary.

[Changes in existing law section OMITTED]