



Revision of the Model State Trademark Bill

15 November 2021

SPONSORING COMMITTEE: U.S. Subcommittee of the Legislation and Regulation Committee

RESOLUTION:

WHEREAS, in 1949 the United States Trademark Association (now INTA) promulgated the Model State Trademark Bill, which has served as an effective reference document for INTA to provide guidance to government policy officials and legislatures;

WHEREAS, INTA has amended the Model State Trademark Bill several times, in 1992, 1996, and most recently in 2007, to reflect changes in U.S. federal law, including the Trademark Dilution Revision Act of 2006;

WHEREAS, since the 1992 amendments, at least 46 U.S. states have adopted some version of the Model State Trademark Bill;

WHEREAS, as described in greater detail below, since 2007 there have been material developments in U.S. trademark law, including amendments to the Lanham Act and decisions of the U.S. Supreme Court that have decided that certain provisions of the federal Lanham Act are inconsistent with protections of the U.S. Constitution; and

WHEREAS, the U.S. Subcommittee of the Legislation & Regulation Committee carefully reviewed these and other developments in U.S. trademark law, compared them to INTA's Board resolutions, and prepared revisions to the 2007 Model State Trademark Bill.

BE IT RESOLVED, that the Board of Directors adopts the attached revised Model State Trademark Bill, which hereby supersedes the 2007 version.

BACKGROUND:

INTA (then USTA) first adopted a Model State Trademark Bill in 1949 with the goals of fostering uniformity of trademark legislation among the various states and encouraging consistency of state trademark legislation with the federal Lanham Act to the extent appropriate. In the seventy-two years of its existence, the Model State Trademark Bill has provided a foundation for trademark legislation enacted in 49 of the 50 states.

The Model State Trademark Bill was substantially revised and updated in 1992, and has subsequently been amended as needed to reflect important changes in trademark law and policy

in the U.S. The most recent such amendment was in 2007 in order to make the Bill consistent with changes to the Lanham Act implemented by the Trademark Dilution Revision Act of 2006.

In 2020, the U.S. Subcommittee of the Legislation & Regulation Committee appointed a working group to re-examine the 2007 Model State Trademark Bill and determine whether further revisions would be appropriate. After evaluation and discussion of the working group's report, the full U.S. Subcommittee voted to support proposed changes to the Model State Trademark Bill to bring it in line with recent Supreme Court guidance on trademark law and conform it to substantive amendments to the Lanham Act. The U.S. Subcommittee voted to approve the updates on July 12, 2021.

It should be appreciated that the Model State Trademark Bill is intended as a framework to provide guidance to state policy makers, not as a blueprint for slavish adherence. As implemented by individual states, variations on the principles and guidelines articulated in the Model State Trademark Bill are expected and necessary to conform to local law and practice.

Changes to the Model State Trademark Bill

Below are specific changes the Subcommittee made to the Model State Trademark Bill. The first two changes are based on principles grounded in the First Amendment to the U.S. Constitution, which apply equally to the states under the Fourteenth Amendment.

1. **Removal of Bar on Registration of Immoral or Scandalous Marks.** Following the Supreme Court's decision *in lancu v. Brunetti*, 139 S. Ct. 2294 (2019), where the Court held that the Lanham Act's bar on the registration of "immoral" or "scandalous" trademarks discriminates on the basis of viewpoint and thus violates the First Amendment, the first change removes the language in Section 2 (Registrability) indicating that marks consisting of or comprising "immoral" or "scandalous" matter shall not be registered.
2. **Removal of Bar on Registration of Disparaging Marks.** Similar to the first change, the second change removes from Section 2 (Registrability) the language indicating that matter that may "disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute" shall not be registered, consistent with the Supreme Court's decision in *Matal v. Tam*, 137 S. Ct. 1744 (2017), finding that such language in the Lanham Act violates the First Amendment.
3. **Removal of Willfulness Requirement for Recovery of Profits or Damages.** This change removes from Section 12 (Infringement) the provision that "the registrant shall not be entitled to recover profits or damages [under subsection (b) of the Infringement section] unless the acts have been committed with the intent to cause confusion or mistake or to deceive." This change conforms the Model State Trademark Bill to the standards under the Lanham Act as articulated in the Supreme Court's decision in *Romag Fasteners, Inc. v. Fossil, Inc.*, 140 S. Ct. 1492 (2020), which held that willfulness is not an absolute prerequisite to a profits award in Lanham Act trademark infringement cases.
4. **Addition of Functionality as Basis for Denial of Registration and Cancellation.** This change amends Section 2 (Registrability) to add functionality as a basis for denying registration and amends Section 9 (Cancellation) to provide that a registration shall be cancelled if a court of competent jurisdiction finds that the mark is functional. This change is designed to conform to state case law that has concluded that state law on functionality should be

consistent with federal law. See, e.g., *Woodland Furniture, LLC v. Larsen*, 124 P.3d 1016, 1023 (Idaho 2005) (“There is no reason to adopt a different functionality analysis for the purpose of determining whether certain features may or may not be protected by state unfair competition laws. The message from the Supreme Court is clear and the rationale behind it is sound: Federal patent law preempts state unfair competition laws where the features to be protected are functional. [The plaintiff] may not prevent [the defendant] from copying its functional features under Idaho unfair competition common law.”); *Brill v. Walt Disney Co.*, 246 P.3d 1099, 1104–05 (Okla. Civ. App. 2010) (holding that where a mark’s primary purpose is functional, it is not eligible for trademark protection, and therefore plaintiff’s common law trademark infringement claim fails); Restatement (Third) of Unfair Competition §§ 16-17.

5. Addition of Nominative Fair Use Exception to Dilution Liability. This change amends Section 13 (Injury to Business Reputation; Dilution) to provide that nominative fair use of a famous mark shall not be actionable under dilution law. The language of the revised Model State Trademark Bill tracks the analogous provision in the Lanham Act, 15 U.S.C. § 1125(c)(3)(A), which includes “[a]ny fair use, including a nominative or descriptive fair use” in the list of “[e]xclusions” from liability for dilution by blurring or dilution by tarnishment.
6. Addition of Rebuttable Presumption of Irreparable Harm. This change amends Section 14 (Remedies) to provide that a plaintiff seeking injunctive relief is entitled to a rebuttable presumption of irreparable harm when the court finds a violation or a likelihood of success on the merits in proving a violation. This language is parallel to that added to the Lanham Act by the Trademark Modernization Act of 2020. The INTA Board passed a Resolution on May 20, 2017 in favor of amending the Lanham Act to include such a presumption.

In addition to these changes, the Subcommittee also made minor changes to Section 9.4 (Cancellation) and Section 14 (Remedies) to indicate in a footnote that states may wish to specify in more detailed language what is meant by the phrase “court of competent jurisdiction”; Section 3 (Application for Registration) to clarify that an application “shall be accompanied by one or more specimens as required” to conform to practices of different states rather than imply a uniform requirement of three specimens; and Section 7 (Assignments, Changes of Name and Other Instruments) to conform to state practices with respect to name changes and submission of an “image” rather than a “photocopy” of relevant instruments to automated submission systems.

Accordingly, the Legislation & Regulation Committee recommends that the Board approve the above Resolution adopting the revised Model State Trademark Bill.