

AMENDED IN ASSEMBLY APRIL 16, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 1484

Introduced by Assembly Member Krekorian

February 23, 2007

An act to repeal and add Chapter 2 (commencing with Section 14200) of Division 6 of the Business and Professions Code, relating to trademarks.

LEGISLATIVE COUNSEL'S DIGEST

AB 1484, as amended, Krekorian. Model State Trademark Law.

Existing law, the Trademark Law, provides for the registration of trademarks and service marks with the Secretary of State and requires an application for registration of a mark to provide specified information on its application. A registration of a mark is effective for 10 years, and may be renewed for successive 10-year periods. Existing law specifies the grounds for cancellation of and provides specified remedies for violation of a registered mark.

This bill would repeal the Trademark Law and would enact the Model State Trademark Law. The bill would expand the information required to be provided with an application for registration of a mark to include, among other things, a drawing of the mark and 3 specimens of that mark as it is actually used. The bill would also require that the application be signed and verified under penalty of perjury. By expanding the crime—*or of* perjury, the bill would impose a state-mandated local program. The bill would provide procedures for amendment of an application and, if the secretary refuses registration, would authorize the applicant to seek a writ of mandamus to compel registration. The bill would provide that registration of a mark is

effective for 5 years, and may be renewed for successive 5-year periods. The bill would expand the grounds upon which the secretary shall cancel a registration and would specify procedures for actions to compel registration or cancel a registration.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 2 (commencing with Section 14200) of
2 Division 6 of the Business and Professions Code is repealed.

3 SEC. 2. Chapter 2 (commencing with Section 14200) is added
4 to Division 6 of the Business and Professions Code, to read:

5
6 CHAPTER 2. MODEL STATE TRADEMARK LAW

7
8 Article 1. General Provisions

9
10 14200. This chapter shall be known and may be cited as the
11 Model State Trademark Law.

12 14202. For the purposes of this chapter, the following terms
13 have the following meanings:

14 (a) "Trademark" means any word, name, symbol, or device, or
15 any combination thereof, used by a person to identify and
16 distinguish the goods of that person, including a unique product,
17 from those manufactured or sold by others, and to indicate the
18 source of the goods, even if that source is unknown.

19 (b) "Service mark" means any word, name, symbol, or device,
20 or any combination thereof, used by a person to identify and
21 distinguish the services of that person, including a unique service,
22 from the services of others, and to indicate the source of the
23 services, even if that source is unknown. Titles, character names
24 used by a person, and other distinctive features of radio or
25 television programs may be registered as service marks

1 notwithstanding that they, or the programs, may advertise the goods
2 of the sponsor.

3 (c) “Mark” includes any trademark or service mark entitled to
4 registration under this chapter, whether registered or not.

5 (d) “Trade name” means any name used by a person to identify
6 a business or vocation of that person.

7 (e) The term “person” and any other word or term used to
8 designate the applicant or other party entitled to a benefit or
9 privilege or rendered liable under the provisions of this chapter
10 includes a juristic person as well as a natural person. The term
11 “juristic person” includes a firm, partnership, corporation, union,
12 association, or other organization capable of suing and being sued
13 in a court of law.

14 (f) “Applicant” means the person filing an application for
15 registration of a mark under this chapter, and the legal
16 representatives, successors, or assigns of the person.

17 (g) “Registrant” means the person to whom the registration of
18 a mark under this chapter is issued, and the legal representatives,
19 successors, or assigns of the person.

20 (h) “Use” means the bona fide use of a mark in the ordinary
21 course of trade, and not made merely to reserve a right in a mark.
22 For the purposes of this chapter, a mark shall be deemed to be in
23 use if it is used on either of the following:

24 (1) On goods when it is placed in any manner on the goods or
25 other containers or the displays associated therewith or on the tags
26 or labels affixed thereto, or if the nature of the goods makes that
27 placement impracticable, then on documents associated with the
28 goods or their sale, and the goods are sold or transported in
29 commerce in this state.

30 (2) On services when it is used or displayed in the sale or
31 advertising of services and the services are rendered in this state.

32 (i) “Abandoned” means either of the following has occurred:

33 (1) A mark’s use has been discontinued with intent not to resume
34 that use. Intent not to resume the use may be inferred from
35 circumstances. Nonuse for two consecutive years shall constitute
36 prima facie evidence of abandonment.

37 (2) When any course of conduct of the owner, including acts of
38 omission as well as commission, causes the mark to lose its
39 significance as a mark.

(j) “Secretary” means the Secretary of State or the designee of the Secretary of State charged with the administration of this chapter.

(k) “Dilution” means the lessening of the capacity of a famous mark to identify and distinguish goods or services *by blurring or tarnishment*, regardless of the presence or absence of either of the following:

(1) Competition between the owner of the famous mark and other parties.

(2) Likelihood of confusion, mistake, or deception.

(l) “Counterfeit” means a spurious trademark, service mark, collective mark, or certification mark that is identical to, or substantially indistinguishable from, a registered mark that is used on or in connection with goods or services or any labels or packaging or components.

(m) “Comparative commercial advertising” means the use of a competitor’s trademark in advertising to compare the relative qualities of the competitive goods.

Article 2. Application for Registration

14205. A mark by which the goods or services of any applicant for registration may be distinguished from the goods or services of others shall not be registered if it meets any of the following criteria:

(a) It consists of or comprises immoral, deceptive, or scandalous matter.

(b) It consists of or comprises matter that may disparage or falsely suggest a connection with persons living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute.

(c) It consists of or comprises the flag or coat of arms or other insignia of the United States of America, of any state or municipality, or of any foreign nation, or any simulation thereof.

(d) It consists of or comprises the name, signature, or a portrait identifying a particular living individual, except by the individual’s written consent.

(e) It consists of a mark that is any of the following:

1 (1) When used on or in connection with the goods or services
2 of the applicant, is merely descriptive or deceptively misdescriptive
3 of them.

4 (2) When used on or in connection with the goods or services
5 of the applicant, is primarily geographically descriptive or
6 deceptively misdescriptive of them.

7 (3) Is primarily merely a surname, provided, however, that
8 nothing in this paragraph shall prevent the registration of a mark
9 used by the applicant that has become distinctive of the applicant's
10 goods or services. The secretary may accept as evidence that the
11 mark has become distinctive, as used on or in connection with the
12 applicant's goods or services, proof of continuous use thereof as
13 a mark by the applicant in this state for the five years before the
14 date on which the claim of distinctiveness is made.

15 (f) It consists of or comprises a mark that so resembles a mark
16 registered in this state or a mark or trade name previously used by
17 another and not abandoned, as to be likely, when used on or in
18 connection with the goods or services of the applicant, to cause
19 confusion or mistake, or to deceive.

20 14207. (a) Subject to the limitations set forth in this chapter,
21 any person who uses a mark may file with the secretary, in a
22 manner complying with the requirements of the secretary, an
23 application for registration of that mark setting forth, but not
24 limited to, the following information:

25 (1) The name and business address of the person applying for
26 the registration and, if that person is a corporation or partnership,
27 the state of incorporation or the state in which the partnership is
28 organized and the names of the general partners, as specified by
29 the secretary.

30 (2) The goods or services on or in connection with which the
31 mark is used, the mode or manner in which the mark is used on or
32 in connection with the goods or services, and the class in which
33 the goods or services fall.

34 (3) The date on which the mark was first used anywhere and
35 the date when it was first used in this state by the applicant or a
36 predecessor in interest.

37 (4) A statement that the applicant is the owner of the mark, that
38 the mark is in use, and that, to the knowledge of the person
39 verifying the application, no other person has registered, either
40 federally or in this state, or has the right to use the mark either in

1 the identical form or in such near resemblance as to be likely, when
2 applied to the goods or services of the other person, to cause
3 confusion, to cause mistake, or to deceive.

4 (b) The secretary may also require a statement as to whether an
5 application to register the mark, or portions or a composite thereof,
6 has been filed by the applicant or a predecessor in interest with
7 the United States Patent and Trademark Office and, if so, the
8 applicant shall provide full particulars with respect thereto,
9 including the filing date and serial number of each application, the
10 status thereof, and, if any application was finally refused
11 registration or has otherwise not resulted in a registration, the
12 reasons for the refusal or result.

13 (c) The secretary may also require that a drawing of the mark,
14 complying with requirements specified by the secretary, accompany
15 the application.

16 (d) The application shall be signed and verified under penalty
17 of perjury by the applicant or by a member of the firm or an officer
18 of the corporation or association making application.

19 (e) The application shall be accompanied by three specimens
20 showing the mark as actually used.

21 (f) The application shall be accompanied by the application fee
22 payable to the secretary as set forth in subdivision (a) of Section
23 12193 of the Government Code.

24 14209. (a) Upon the filing of an application for registration
25 and payment of the application fee, the secretary may cause the
26 application to be examined for conformity with this chapter.

27 (b) The applicant shall provide any additional pertinent
28 information requested by the secretary, including a description of
29 a design mark, and may make, or authorize the secretary to make,
30 amendments to the application as may be reasonably requested by
31 the secretary or deemed by the applicant to be advisable in order
32 to respond to any rejection or objection.

33 (c) The secretary may require the applicant to disclaim an
34 unregistrable component of an otherwise registrable mark, and
35 an applicant may voluntarily disclaim a component of a mark
36 sought to be registered. No disclaimer shall prejudice or affect the
37 applicant's or registrant's rights, then existing or thereafter arising,
38 in the disclaimed matter, or the applicant's or registrant's rights
39 of registration on another application if the disclaimed matter is

1 or has become distinctive of the applicant's or registrant's goods
2 or services.

3 (d) The secretary may make amendments to the application
4 submitted by the applicant upon the applicant's agreement, or may
5 require the submission of a new application.

6 (e) If an applicant is found not to be entitled to registration, the
7 secretary shall so advise the applicant and shall advise the applicant
8 of the reasons. The applicant shall have a reasonable period of
9 time specified by the secretary in which to reply or to amend the
10 application, in which event the application shall be reexamined.
11 This procedure may be repeated until the secretary finally refuses
12 registration of the mark or the applicant fails to reply or amend
13 within the specified period, whereupon the application shall be
14 deemed to have been abandoned.

15 (f) If the secretary finally refuses registration of the mark, the
16 applicant may seek a writ of mandamus to compel registration. A
17 writ may be granted, but without costs to the secretary, on proof
18 that all statements in the application are true and that the mark is
19 otherwise entitled to registration.

20 (g) In the instance of applications concurrently being processed
21 by the secretary seeking registration of the same or confusingly
22 similar marks for the same or related goods or services, the
23 secretary shall grant priority to the applications in the order of
24 filing. If a prior-filed application is granted a registration, the other
25 application or applications shall then be rejected. Any rejected
26 applicant may bring an action for cancellation of the registration
27 upon grounds of prior or superior rights to the mark, in accordance
28 with the provisions of Section 14230.

29
30 Article 3. Certificate of Registration

31
32 14215. (a) Upon compliance by the applicant with the
33 requirements of this chapter, the secretary shall cause a certificate
34 of registration to be issued and delivered to the applicant. The
35 certificate of registration shall be issued under the signature of the
36 secretary and the seal of the state, and shall show the following
37 information:

38 (1) The name and business address and, if a corporation, the
39 state of incorporation, or if a partnership, the state in which the
40 partnership is organized and the names of the general partners, as

1 specified by the secretary, of the person claiming ownership of
2 the mark.

3 (2) The date claimed for the first use of the mark anywhere and
4 the date claimed for the first use of the mark in this state.

5 (3) The class of goods or services and a description of the goods
6 or services on or in connection with which the mark is used.

7 (4) A reproduction of the mark.

8 (5) The registration date and the term of the registration of the
9 mark.

10 (b) Any certificate of registration issued by the secretary under
11 the provisions of this chapter or a copy thereof duly certified by
12 the secretary shall be admissible in evidence as competent and
13 sufficient proof of the registration of the mark in any action or
14 judicial proceeding in any court of this state.

15 14217. (a) A registration of mark pursuant to this chapter shall
16 be effective for a term of five years from the date of registration
17 and, upon application filed within six months prior to the expiration
18 of the term, in a manner complying with the requirements of the
19 secretary, the registration may be renewed for a like term from the
20 end of the expiring term. A renewal fee, payable to the secretary,
21 shall accompany the application for renewal of the registration as
22 set forth in subdivision (c) of Section 12193 of the Government
23 Code.

24 (b) A registration may be renewed for successive periods of
25 five years in like manner.

26 (c) Any registration in force on January 1, 2008, shall continue
27 in full force and effect for the unexpired term thereof, and may be
28 renewed by filing an application for renewal with the secretary
29 that complies with the requirements of the secretary and payment
30 of the renewal fee within six months prior to the expiration of the
31 registration.

32 (d) All applications for renewal under this chapter, whether of
33 registrations made under this chapter or of registrations effected
34 under any prior act, shall include a verified statement that the mark
35 has been and is still in use and shall include a specimen showing
36 actual use of the mark on, or in connection with, the goods or
37 services with which the mark is associated.

Article 4. Assignments, Changes of Name, and Other
Instruments

14220. (a) Any mark and its registration hereunder shall be assignable with the good will of the business in which the mark is used, or with that part of the good will of the business connected with the use of and symbolized by the mark. Assignment shall be by instrument in writing duly executed and may be recorded with the secretary upon the payment of the recording fee payable to the secretary as set forth in subdivision (b) of Section 12193 of the Government Code, who, upon recording of the assignment, shall issue in the name of the assignee a new certificate for the remainder of the term of the registration or of the last renewal thereof. An assignment of any registration under this chapter shall be void as against any subsequent purchaser for valuable consideration without notice, unless it is recorded with the secretary within three months after the date thereof or prior to the subsequent purchase.

(b) Any registrant or applicant effecting a change of the name of the person to whom the mark was issued or for whom an application was filed may record a certificate of change of name of the registrant or applicant with the secretary upon the payment of the recording fee. The secretary may issue in the name of the assignee a certificate of registration of an assigned application or a new certificate or registration for the remainder of the term of the registration or last renewal thereof.

(c) Other instruments that relate to a mark registered or application pending pursuant to this chapter, including, but not limited to, licenses, security interests, and mortgages, may be recorded at the discretion of the secretary, provided that the instrument is in writing and is duly executed.

(d) Acknowledgment shall be prima facie evidence of the execution of an assignment or other instrument and, when recorded by the secretary, the record shall be prima facie evidence of the execution of an assignment.

(e) A photocopy of any instrument referred to in subdivision (a), (b), or (c) shall be accepted for recording if it is certified by any of the parties thereto, or their successors, to be a true and correct copy of the original.

Article 5. Records

14225. The secretary shall keep for public examination a record of all marks registered or renewed under this chapter, as well as a record of all documents recorded pursuant to Section 14220.

Article 6. Cancellation

14230. The secretary shall cancel from the register, in whole or in part, any of the following:

(a) Any registration concerning which the secretary receives a voluntary request for cancellation from the registrant or the assignee of record.

(b) All registrations granted under this chapter and not renewed in accordance with the provisions of this chapter.

(c) Any registration concerning a mark with regard to which a court of competent jurisdiction finds any of the following:

- (1) The registered mark has been abandoned.
 - (2) The registrant is not the owner of the mark.
 - (3) The registration was granted improperly.
 - (4) The registration was obtained fraudulently.
 - (5) The mark is or has become the generic name for the goods or services, or a portion thereof, for which it has been registered.
 - (6) The registered mark is so similar to a mark registered by another person in the United States Patent and Trademark Office prior to the date of the filing of the application for registration by the registrant hereunder, and not abandoned, as to be likely to cause confusion or mistake, or to deceive. However, should the registrant prove that the registrant is the owner of a concurrent registration of a mark in the United States Patent and Trademark Office covering an area including this state, the registration hereunder shall not be canceled for that area of the state.
- (d) Cancellation of a registration ordered on any ground by a court of competent jurisdiction.

Article 7. Classification

14235. The secretary shall by regulation establish a classification of goods and services for convenience of administration of this chapter, but not to limit or extend the

1 applicant's or registrant's rights, and a single application for
2 registration of a mark may include any or all goods upon which,
3 or services with which, the mark is actually being used indicating
4 the appropriate class or classes of goods or services. When a single
5 application includes goods or services that fall within multiple
6 classes, the secretary may require payment of a fee for each class.
7 To the extent practical, the classification of goods and services
8 should conform to the classification adopted by the United States
9 Patent and Trademark Office.

10
11 Article 8. Fraudulent Registration
12

13 14240. Any person who, either for himself or herself or on
14 behalf of another person, procures the filing or registration of any
15 mark pursuant to this chapter by knowingly making any false or
16 fraudulent representation or declaration, either orally or in writing,
17 or by any other fraudulent means shall be liable to pay all damages
18 sustained as a consequence of the filing or registration, to be
19 recovered by or on behalf of the party injured thereby in any court
20 of competent jurisdiction.

21
22 Article 9. Violations
23

24 14245. (a) A person who does any of the following shall be
25 subject to a civil action by the owner of the registered mark, and
26 the remedies provided in Section 14250:

27 (1) Uses, without the consent of the registrant, any reproduction,
28 counterfeit, copy, or colorable imitation of a mark registered under
29 this chapter in connection with the sale, distribution, offering for
30 sale, or advertising of any goods or services on or in connection
31 with which the use is likely to cause confusion or mistake, or to
32 deceive as to the source of origin of such goods or services.

33 (2) Reproduces, counterfeits, copies, or colorably imitates any
34 such mark and applies the reproduction, counterfeit, copy, or
35 colorable imitation to labels, signs, prints, packages, wrappers,
36 receptacles, or advertisements intended to be used upon or in
37 connection with the sale or other distribution in this state of any
38 goods or services. The registrant shall not be entitled under this
39 paragraph to recover profits or damages unless the acts have been

1 committed with knowledge that the mark is intended to be used
2 to cause confusion or mistake, or to deceive.

3 (3) Knowingly facilitate, enable, or otherwise assist a person to
4 manufacture, use, distribute, display, or sell any goods or services
5 bearing any reproduction, counterfeit, copy, or colorable imitation
6 of a mark registered under this chapter, without the consent of the
7 registrant. Any action by a person is presumed to have been taken
8 knowingly following delivery to that person by personal delivery,
9 courier, or certified mail return receipt requested, of a written
10 demand to cease and desist that is accompanied by all of the
11 following:

12 (A) A copy of the certificate of registration and of any claimed
13 reproduction, counterfeit, copy, or colorable imitation of the
14 registered mark.

15 (B) A statement, made under penalty of perjury, by the owner
16 of the registered mark, by an officer of the corporation that owns
17 the registered mark, or by legal counsel for the owner of the
18 registered mark, that includes all of the following:

- 19 (i) The name or description of the infringer.
20 (ii) The product or service and mark being or to be infringed.
21 (iii) The dates of the infringement.
22 (iv) Any other reasonable information to assist the recipient to
23 identify the infringer.

24 (4) The presumption created by paragraph (3) does not affect
25 the owner's burden of showing that there was a violation of this
26 chapter.

27 (5) Paragraph (3) is applicable to a landlord or property owner
28 who provides, rents, leases, or licenses the use of real property
29 where any goods or services bearing any reproduction, counterfeit,
30 copy, or colorable imitation of a mark registered pursuant to this
31 chapter are sold, offered for sale, or advertised, where the landlord
32 or property owner had control of the property and knew, or had
33 reason to know, of the infringing activity.

34 (b) Notwithstanding any other provision of this chapter, the
35 remedies given to the owner of the right infringed pursuant to this
36 section are limited as follows:

37 (1) If an infringer or violator is engaged solely in the business
38 of printing the mark or violating matter for others and establishes
39 that he or she was an innocent infringer or innocent violator, the
40 owner of the right infringed is entitled only to an injunction against

1 future printing of the mark by the innocent infringer or innocent
2 violator.

3 (2) If the infringement complained of is contained in, or is part
4 of, paid advertising matter in a newspaper, magazine, or other
5 similar periodical, or in an electronic communication as defined
6 in subsection (12) of Section 2510 of Title 18 of the United States
7 Code, the remedies of the owner of the right infringed against the
8 publisher or distributor of the newspaper, magazine, or other
9 similar periodical or electronic communication shall be confined
10 to an injunction against the presentation of the advertising matter
11 in future issues of the newspapers, magazines, or other similar
12 periodicals or in further transmissions of the electronic
13 communication. The limitation of this subdivision shall apply only
14 to innocent infringers and innocent violators.

15 (3) Injunctive relief is not available to the owner of the right
16 infringed with respect to an issue of a newspaper, magazine, or
17 other similar periodical or electronic communication containing
18 infringing matter if restraining the dissemination of the infringing
19 matter in any particular issue of the periodical or in an electronic
20 communication would delay the delivery of the issue or
21 transmission of the electronic communication after the regular
22 time for delivery and the delay would be due to the method by
23 which publication and distribution of the periodical or transmission
24 of the electronic communication is customarily conducted in
25 accordance with sound business practice, and not to any method
26 or device adopted for the evasion of this section or to prevent or
27 delay the issuance of an injunction or restraining order with respect
28 to the infringing matter.

29 (c) An innocent infringer or innocent violator is any person
30 whose acts were committed without knowledge that the mark was
31 intended to be used to cause confusion, mistake, or to deceive.

32 (d) Any person who uses or unlawfully infringes upon a mark
33 registered under this chapter or under Title 15 of the United States
34 Code, other than in an otherwise noninfringing manner, either on
35 the person's own goods or services or to describe the person's own
36 goods or services, irrespective of whether the mark is used
37 primarily as an ornament, decoration, garnishment, or
38 embellishment on or in products, merchandise, or goods, for the
39 purpose of enhancing the commercial value of, or selling or
40 soliciting purchases of, products, merchandise, goods, or services,

1 without prior consent of the owner of the mark, shall be subject
2 to an injunction against that use by the owner of the mark. Nothing
3 in this section shall be construed to prohibit comparative
4 commercial advertising.

5 14247. (a) The owner of a mark that is famous in this state
6 shall be entitled, subject to the principles of equity and upon such
7 terms as the court seems reasonable, to an injunction against
8 another person's commercial use of a mark or trade name, if such
9 use begins after the mark has become famous and ~~causes~~ *is likely*
10 *to cause* dilution of the distinctive quality of the mark, and to obtain
11 such other relief as is provided in this section. In determining
12 whether a mark is distinctive and famous, a court may consider
13 factors including, but not limited to, all of the following:

14 (1) The degree of inherent or acquired distinctiveness of the
15 mark in this state.

16 (2) The duration and extent of use of the mark in connection
17 with the goods and services with which the mark is used.

18 (3) The duration and extent of advertising and publicity of the
19 mark in this state.

20 (4) The geographical extent of the trading area in which the
21 mark is used.

22 (5) The channels of trade for the goods or services with which
23 the mark is used.

24 (6) The degree of recognition of the mark in the trading areas
25 and channels of trade in this state used by the mark's owner and
26 the person against whom the injunction is sought.

27 (7) The nature and extent of use of the same or similar mark by
28 third parties.

29 (8) Whether the mark is the subject of a state registration in this
30 state, or a federal registration under the Act of March 3, 1881, or
31 under the Act of February 20, 1905, or on the principal register.

32 (b) In an action brought under this section, the owner of a
33 famous mark shall be entitled only to injunctive relief in this state,
34 unless the person against whom the injunctive relief is sought
35 willfully intended to trade on the owner's reputation or to cause
36 dilution of the famous mark. If willful intent is proven, the owner
37 shall also be entitled to the remedies set forth in Section 14250,
38 subject to the discretion of the court and the principles of equity.
39 The following shall not be actionable under this section:

1 (1) Fair use of a famous mark by another person in comparative
2 commercial advertising or promotion to identify the competing
3 goods or services of the owner of the famous mark.

4 (2) Noncommercial use of the mark.

5 (3) All forms of news reporting and news commentary.

6 14250. (a) Any owner of a mark registered under this chapter
7 may proceed by suit to enjoin the manufacture, use, display, or
8 sale of any counterfeits thereof and any court of competent
9 jurisdiction may grant injunctions to restrain the manufacture, use,
10 display, or sale as may be deemed just and reasonable, and shall
11 require the defendants to pay to the owner up to three times their
12 profits from, and up to three times all damages suffered by reason
13 of, the wrongful manufacture, use, display, or sale. If, in any action
14 brought under this section, the court determines that any goods in
15 the possession of or services offered by a defendant bear or consist
16 of a counterfeit mark, the court shall order the destruction of any
17 goods, labels, packaging or any components bearing the counterfeit
18 mark and all instrumentalities used in the production of the
19 counterfeit goods, including, but not limited to, any items, objects,
20 tools, machines or equipment or, after obliteration of the counterfeit
21 mark, the court may dispose of those materials by ordering their
22 transfer to the state, a civil claimant, an eleemosynary institution,
23 or any appropriate private person other than the person from whom
24 the materials were obtained.

25 (b) The court, upon motion or ex parte application by a plaintiff
26 in a suit to enjoin the manufacture, use, display, or sale of
27 counterfeits, may order seizure of any goods, labels, packaging or
28 any components bearing the counterfeit mark and all
29 instrumentalities used in the production of the counterfeit goods,
30 including, but not limited to, any items, objects, tools, machines
31 or equipment from persons manufacturing, displaying for sale, or
32 selling the goods, upon a showing of good cause and a probability
33 of success on the merits and upon the posting of an undertaking
34 pursuant to subdivision (e). If it appears from the ex parte
35 application that there is good reason for proceeding without
36 notification to the defendant, the court may, for good cause shown,
37 waive the requirement of notice for the ex parte proceeding. The
38 order of seizure shall specifically set forth all of the following:

39 (1) The date or dates on which the seizure is ordered to take
40 place.

1 (2) A description of the counterfeit goods to be seized.

2 (3) The identity of the persons or class of persons to effect
3 seizure.

4 (4) A description of the location or locations at which seizure
5 is to occur.

6 (5) A hearing date not more than 10 court days after the last
7 date on which seizure is ordered at which any person from whom
8 goods are seized may appear and seek release of the seized goods.
9 Any person from whom seizure is effected shall be served with
10 the order at the time of seizure.

11 (c) Any person who causes seizure of goods that are not
12 counterfeit shall be liable in an amount equal to the following:

13 (1) Any damages proximately caused to any person having a
14 financial interest in the seized goods by the seizure of goods that
15 are not counterfeit.

16 (2) Costs incurred in defending against seizure of noncounterfeit
17 goods.

18 (3) Upon a showing that the person causing the seizure to occur
19 acted in bad faith, expenses, including reasonable attorneys' fees
20 expended in defending against the seizure of any noncounterfeit
21 or noninfringing goods.

22 (4) Punitive damages, if warranted.

23 (d) A person entitled to recover pursuant to subdivision (c) may
24 seek a recovery by cross-claim or motion made in the trial court
25 and served pursuant to Section 1011 of the Code of Civil
26 Procedure. A person seeking a recovery pursuant to this section
27 may join any surety on an undertaking posted pursuant to
28 subdivision (b), and any judgment of liability shall bind the person
29 liable pursuant to subdivision (c) and the surety jointly and
30 severally, but the liability of the surety shall be limited to the
31 amount of the undertaking.

32 (e) The court shall set the amount of the undertaking required
33 by subdivision (b) in accordance with the probable recovery of
34 damages, costs, and expenses under subdivision (c) if it were
35 ultimately determined that the goods seized were not counterfeit.

36 (f) Any person entitled to recover under subdivision (c) may,
37 within 30 days after the date of seizure, object to the undertaking
38 on the grounds that the surety or the amount of undertaking is
39 insufficient.

(g) The motion or application filed pursuant to subdivision (b) shall include a statement advising the person from whom the goods are seized that the undertaking has been filed, informing him or her of his or her right to object to the undertaking on the grounds that the surety or the amount of the undertaking is insufficient, and advising the person from whom the goods are seized that an objection to the undertaking must be made within 30 days after the date of seizure.

14252. The enumeration of any right or remedy herein shall not affect a registrant's right to prosecute under any penal law of this state, including, but not limited to, Section 350 of the Penal Code.

14254. (a) Actions to require cancellation of a mark registered pursuant to this chapter or in mandamus to compel registration of a mark pursuant to this chapter shall be brought in the superior court.

(b) In an action in mandamus, the proceeding shall be based solely upon the record before the secretary. In an action for cancellation, the secretary shall not be made a party to the proceeding, but shall be notified of the filing of the complaint by the clerk of the court in which it is filed and shall be given the right to intervene in the action.

(c) In any action brought against a nonresident registrant, service may be effected upon the secretary as agent for service of the registrant in accordance with the procedures established for service upon nonresident corporations and business entities under Sections 416.10 to 416.40, inclusive, of the Code of Civil Procedure, and Sections 2110, 2111, and 2114 of the Corporations Code.

14259. Nothing herein shall adversely affect the rights or the enforcement of rights in marks acquired in good faith at any time within common law.

Article 10. Fees

14260. The secretary shall by regulation prescribe the fees payable for the various applications and recording fees and for related services. Unless specified by the secretary, the fees payable herein are not refundable.

Article 11. Severability

14265. If any provision of this chapter, or the application of such provision to any person or circumstance is held invalid, the remainder of this chapter shall not be affected thereby.

Article 12. Miscellaneous

14270. This chapter shall not affect any suit, proceeding, or appeal pending on January 1, 2008.

14272. The intent of this chapter is to provide a system of state trademark registration and protection substantially consistent with the federal system of trademark registration and protection under the Trademark Act of 1946 (15 U.S.C. Sec. 1051 et seq.), as amended. To that end, the construction given the federal act should be examined as persuasive authority for interpreting and construing this chapter.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.