Opinion No. 57-45

March 8, 1957

BY: OPINION OF FRED M. STANDLEY, Attorney General Fred M. Calkins, Jr., Assistant Attorney General

TO: Secretary of State, Department of State, Santa Fe, New Mexico

QUESTIONS

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Which prevails, a trademark registered under the Federal Trademark Law, or the same trademark registered under the State Trademark Law?

CONCLUSION

In cases involving interstate commerce the registration of a valid trademark under the Federal Act will generally prevail over the same trademark registered under the State Law.

OPINION

ANALYSIS

The above conclusion is given as a general rule, and quite possibly may not be applicable in every case. In this opinion a short analysis of both the Federal Act and the State Act will be discussed.

The Federal Trademark Act, generally known as the Latham Trademark Act (60 St. 427, 15 USCA 1051-1127), which became effective July 5, 1947, is the controlling Federal Legislative Enactment. In Steele vs. Bulova Watch Company, 344 U.S. 280, the Supreme Court of the United States relates the express intention of the Federal Enactment as:

"To regulate commerce within the control of Congress, by making actionable the deceptive and misleading use of marks in such commerce: **to protect registered marks used in such commerce from interference by state or territorial legislation,** to protect persons engaged in such commerce against unfair competition, to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the the United States and foreign nations." (Emphasis supplied.)

The effect of the above Act was to create limited substantive rights in the registration of a trademark under the Federal Act, and to extend the jurisdiction of Federal Courts. The jurisdiction of the Federal Courts has now been expanded so that Federal jurisdiction clearly extends to the intrastate user of a mark which infringes a mark registered under the Federal Act, as well as to intrastate acts of unfair competition, irrespective of the amount of controversy or diversity of citizenship.

A few cases have held that the mere registration of a trademark under the Federal Act gives the registrant the exclusive right to the use of the mark in interstate commerce. See Elcon Manufacturing Company, 132 Federal Supplement 769. This, however, does not appear to be the weight of authority and most Federal Courts still hold that the ownership of a trademark ordinarily extends from its use, whether the use be interstate or intrastate. We have been unable to find any published cases on this subject in our Federal District Court or in the 10th Circuit Court of Appeals. It would seem, however, that where a valid trademark has been registered under the Federal Act, and is used in interstate commerce, it would prevail under the same or similar trademark registered in a state.

Our State Trademark Act is found at Section 49-4-1, N.M.S.A., 1953 Compilation, and its purpose is to protect the owner of a valid trademark and the public from infringement through a system of registration and classification. Our Statute states in part:

"A copy of such description of any trademark, trade name, trademark or label, certified under the great seal of the State of New Mexico, shall be prima facie evidence of the therein stated."

From the above it can be stated that trademarks registered under our State Statute are not conferred any exclusive right to the use of a trademark in the State. In Coca Cola Company vs. Stevenson et al, 276 Federal Reporter 1010, the defendant registered a trademark which had long been used in interstate commerce, but which had not been registered under the State Act, and thereby maintained by registering under the State Act he had secured exclusive rights to the use of the mark in this particular state. The Court held:

'That State Statutes providing for the registration of trademarks are merely in affirmance of the common law and remedies given by such statutes are either declaratory or are cumulative and additional to those recognized and applied by the common law."

The Court went on to say:

"The Trademark Statutes of Illinois (Hurds Rev. St. 1919 c.140) does not purport to confer exclusive rights and the registration of trademarks thereunder has no effect in giving them the quality of trademarks if it is not already such."

The Court concluded the opinion with the following language:

"A valid trademark, long used in interstate commerce, can not be limited by denying its effect in a state because it is not registered under a state statute permitting such registration."

The Illinois Statute at that time was very similar to the one in effect in New Mexico at the present time, and the Courts undoubtedly would hold as above, under similar circumstances.

In conclusion, it would appear the effect of the Federal Act is still not clearly settled in all jurisdictions. Its intent, however, is to protect valid trademarks registered under the Federal Act involved in interstate commerce. As noted previously, a minority of the Courts have held mere registration under the Federal Act gives the registration the exclusive right to the use in interstate commerce. The Federal Courts have been given jurisdiction to act in cases of infringement, even though the infringement occurs intrastate. The Act also has as its purpose the protection of registered marks from interference by state or territorial legislation.

Therefore, in cases where registration is made under the Federal Act, and where the mark is actually used in interstate commerce, the Federal Act will prevail over state legislation.