Opinion No. 61-106

October 13, 1961

BY: OPINION OF EARL E. HARTLEY, Attorney General Oliver E. Payne, Assistant Attorney General

TO: Mrs. Betty Fiorina, Secretary of State, Santa Fe, New Mexico

QUESTION

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1. Does the Federal registration of the trademark "Welcome Wagon International" supersede the trademark "Welcome Wagon" registered in the office of the New Mexico Secretary of State?

2. Should the "Secretary of State cancel the trademark "Welcome Wagon"?

3. Should the holder of the State registered "Welcome Wagon" request permission from the holder of the Federal registered trademark "Welcome Wagon International" to use the name "Welcome Wagon" in this State?

4. Will the office of the Secretary of State be liable if it continues to keep the the trademark "Welcome Wagon" registered even if the holder of the Federal registered trademark "Welcome Wagon International" objects?

CONCLUSIONS

1. See analysis.

2. No.

3. See analysis.

4. No.

OPINION

ANALYSIS

The information furnished in your opinion request is that during the year 1960 the Secretary of State's office issued a trademark by the name of "Welcome Wagon" to Mrs. Shirley Hamilton Clendenen of Hobbs, New Mexico. It has now been determined that a Tennessee firm has a Federally registered trademark by the name of "Welcome Wagon International."

While a generalization has sometimes been made that the holder of a Federal trademark registration has rights superior to the holder of a State registered trademark and superior to one who uses a trademark without any registration, this generalization is much too inclusive and is incorrect with respect to certain fact situations. Vandenburg, **Trademark Law and Procedure,** p. 53 (1959).

In the first place, if the State registrant or nonregistrant actually was the prior user in the United States, and the Federal registrant was the second to use the mark, the superior right lies with the state registrant or nonregistrant. **Armstrong Paint & Varnish Works v. Nu-Enamel Corp.,** 305 U.S. 315, 59 S. Ct. 191, 83 L. Ed. 195. Your letter does not advise as to which of the parties made prior use of the mark in the United States.

If the State registrant or nonregistrant was the second user in the United States, but was the first user in a certain geographical area with continuous use from at least July 5, 1947, the second user has the prior right in that area. Section 49 of the 1946 Federal Trademark Act.

Even if the Federal registrant is the prior user of the mark, the State registrant or nonregistrant can continue to use the mark unless he is using it "in commerce within the control of Congress". **Peter Pan Restaurants Inc. vs. Peter Pan Diner Inc.** 113 U.S.P.Q. 481, 150 F. Supp. 534. The tendency has been to give the phrase "in commerce" a broad application. For example, **intrastate** use only of the mark will constitute infringement if such use has a substantial economic effect upon **interstate** use of the mark by the Federal registrant. **Lyon v. Quality Courts United, Inc.,** 115 U.S.P.Q. 300.

Finally, the second user, whether a State registrant or nonregistrant, is not infringing on the Federal registrant's trademark unless there is such a confusing similarity between the marks that consumer confusion, consumer mistake or consumer deception occurs. Leeds, **Trademarks--Our American Concept,** 46 T.M.R. 1451. And whether there is a likelihood of confusion is a question of fact. **Star Bedding Co. v. The Englander Co., Inc.,** 112 U.S.P.Q. 81, 239 F.2d 539.

As you can readily ascertain from the above discussion, the answer to your first question will depend on the specific fact situation. We do not, and your office probably does not, have sufficient facts to attempt a determinative answer.

In your second inquiry you ask whether the Secretary of State's office should cancel the registration of "Welcome Wagon". Our answer is no. The law relating to the ownership of and to conflicts between trademarks is simply a part of the broader field of law known as unfair competition. **Hanover Star Milling Co. v. D. D. Metcalf,** 240 U.S. 403, 36 S. Ct. 357, 60 L. Ed. 713. Determinations of questions of conflicts between marks occur in state and federal courts, usually in unfair competition and infringement suits wherein a declaratory judgment is sought. Vandenburg, **Trademark Law and Procedure,** p. 102 (1959). Whether there is a trademark infringement in the present case does not, and should not, have to be determined by your office. Consequently, the trademark

"Welcome Wagon" which was duly registered by your office should not be cancelled except upon court order. Occasionally, a court does order a Secretary of State to cancel a registration. **Coca-Cola Co. v. Stevenson,** 276 Fed. 1010.

Your fourth question is so intimately related with the answer just given to question number 2 that we will answer it here. Your office will not be liable for continuing to keep the trademark "Welcome Wagon" registered even if the holder of the federal registered trademark "Welcome Wagon International" objects. If the Federal registrant claims that his trademark is being infringed upon, his remedy is by way of a court action to resolve the question.

Your third question is whether your office should advise the state registrant to attempt to get permission from the Federal registrant to use the trademark "Welcome Wagon" in this state. You have no obligation in this regard and probably should not advise her one way or the other. What we suggest is that you send a copy of this opinion to the state registrant and then she, being familiar with the fact situation, can decide what course of action she desires to take.