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BUSINESS AND PROFESSIONS CODE - BPC

DIVISION 6. BUSINESS RIGHTS [14000 - 14704] (Division 6 added by Stats. 1941, Ch. 56.)

CHAPTER 2. Model State Trademark Law [14200 - 14272] (Chapter 2 repealed and added by Stats. 2007, Ch. 711, Sec.

2.)

ARTICLE 9. Violations [14245 - 14259] (Article 9 added by Stats. 2007, Ch. 711, Sec. 2.)

- 14245. (a) A person who does any of the following shall be subject to a civil action by the owner of the registered mark, and the remedies provided in Section 14250:
 - (1) Uses, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of a mark registered under this chapter in connection with the sale, distribution, offering for sale, or advertising of goods or services on or in connection with which the use is likely to cause confusion or mistake, or to deceive as to the source of origin of the goods or services.
 - (2) Reproduces, counterfeits, copies, or colorably imitates the mark and applies the reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with the sale or other distribution in this state of goods or services. The registrant shall not be entitled under this paragraph to recover profits or damages unless the acts have been committed with knowledge that the mark is intended to be used to cause confusion or mistake, or to deceive.
 - (3) Knowingly facilitate, enable, or otherwise assist a person to manufacture, use, distribute, display, or sell goods or services bearing a reproduction, counterfeit, copy, or colorable imitation of a mark registered under this chapter, without the consent of the registrant. An action by a person is presumed to have been taken knowingly following delivery to that person by personal delivery, courier, or certified mail return receipt requested, of a written demand to cease and desist that is accompanied by all of the following:
 - (A) A copy of the certificate of registration and of a claimed reproduction, counterfeit, copy, or colorable imitation of the registered mark.
 - (B) A statement, made under penalty of perjury, by the owner of the registered mark, by an officer of the corporation that owns the registered mark, or by legal counsel for the owner of the registered mark, that includes all of the following:
 - (i) The name or description of the infringer.
 - (ii) The product or service and mark being or to be infringed.
 - (iii) The dates of the infringement.
 - (iv) Other reasonable information to assist the recipient to identify the infringer.
 - (4) The presumption created by paragraph (3) does not affect the owner's burden of showing that there was a violation of this chapter.
 - (5) Paragraph (3) is applicable to a landlord or property owner who provides, rents, leases, or licenses the use of real property where goods or services bearing a reproduction, counterfeit, copy, or colorable imitation of a mark registered pursuant to this chapter are sold, offered for sale, or advertised, where the landlord or property owner had control of the property and knew, or had reason to know, of the infringing activity.

- (b) Notwithstanding any other provision of this chapter, the remedies given to the owner of the right infringed pursuant to this section are limited as follows:
 - (1) If an infringer or violator is engaged solely in the business of printing the mark or violating matter for others and establishes that he or she was an innocent infringer or innocent violator, the owner of the right infringed is entitled only to an injunction against future printing of the mark by the innocent infringer or innocent violator.
 - (2) If the infringement complained of is contained in, or is part of, paid advertising matter in a newspaper, magazine, or other similar periodical, or in an electronic communication as defined in subsection (12) of Section 2510 of Title 18 of the United States Code, the remedies of the owner of the right infringed against the publisher or distributor of the newspaper, magazine, or other similar periodical or electronic communication shall be confined to an injunction against the presentation of the advertising matter in future issues of the newspapers, magazines, or other similar periodicals or in further transmissions of the electronic communication. The limitation of this subdivision shall apply only to innocent infringers and innocent violators.
 - (3) Injunctive relief is not available to the owner of the right infringed with respect to an issue of a newspaper, magazine, or other similar periodical or electronic communication containing infringing matter if restraining the dissemination of the infringing matter in a particular issue of the periodical or in an electronic communication would delay the delivery of the issue or transmission of the electronic communication after the regular time for delivery and the delay would be due to the method by which publication and distribution of the periodical or transmission of the electronic communication is customarily conducted in accordance with sound business practice, and not to a method or device adopted for the evasion of this section or to prevent or delay the issuance of an injunction or restraining order with respect to the infringing matter.
- (c) An innocent infringer or innocent violator is a person whose acts were committed without knowledge that the mark was intended to be used to cause confusion, mistake, or to deceive.

(Amended by Stats. 2008, Ch. 179, Sec. 21. Effective January 1, 2009.)

- 14247. (a) Subject to the principles of equity, an owner of a mark that is famous and distinctive, whether inherently or through acquired distinctiveness, shall be entitled to an injunction against another person's commercial use of a mark or trade name, if such use begins after the mark has become famous and is likely to cause dilution of the famous mark, and to obtain such other relief as is provided in this section. For purposes of this subdivision, a mark is famous if it is widely recognized by the general consuming public of this state, or by a geographic area of this state, as a designation of source of the goods or services of the mark's owner. In determining whether a mark is famous, a court may consider factors including, but not limited to, all of the following:
 - (1) The duration, extent, and geographic reach of advertising and publicity of the mark in this state, whether advertised or publicized by the owner or third parties.
 - (2) The amount, volume, and geographic extent of sales in this state of goods or services offered under the mark.
 - (3) The extent of actual recognition of the mark in this state.
 - (4) Whether the mark is the subject of a state registration in this state, or a federal registration under the Act of March 3, 1881, or under the Act of February 20, 1905, or on the principal register under the Trademark Act of 1946 (15 U.S.C. Sec. 1051 et seq.), as amended.
- (b) In an action brought under this section, the owner of a famous mark shall be entitled to injunctive relief throughout the geographic area in which the mark is found to have become famous prior to commencement of the junior use, but not beyond the borders of this state. If the person against whom injunctive relief is sought willfully intended to cause dilution of the famous mark, the owner shall also be entitled to the remedies set forth in Section 14250, subject to the discretion of the court and the principles of equity. The following shall not be actionable under this section:
 - (1) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with either of the following:
 - (A) Advertising or promotion that permits consumers to compare goods or services.
 - (B) Identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.
 - (2) Noncommercial use of the mark.
 - (3) All forms of news reporting and news commentary.

- 14250. (a) Any owner of a mark registered under this chapter may proceed by suit to enjoin the manufacture, use, display, or sale of any counterfeits thereof and any court of competent jurisdiction may grant injunctions to restrain the manufacture, use, display, or sale as may be deemed just and reasonable, and shall require the defendants to pay to the owner up to three times their profits from, and up to three times all damages suffered by reason of, the wrongful manufacture, use, display, or sale. If, in any action brought under this section, the court determines that any goods in the possession of or services offered by a defendant bear or consist of a counterfeit mark, the court shall order the destruction of any goods, labels, packaging or any components bearing the counterfeit mark and all instrumentalities used in the production of the counterfeit goods, including, but not limited to, any items, objects, tools, machines or equipment or, after obliteration of the counterfeit mark, the court may dispose of those materials by ordering their transfer to the state, a civil claimant, an eleemosynary institution, or any appropriate private person other than the person from whom the materials were obtained.
- (b) The court, upon motion or ex parte application by a plaintiff in a suit to enjoin the manufacture, use, display, or sale of counterfeits, may order seizure of any goods, labels, packaging or any components bearing the counterfeit mark and all instrumentalities used in the production of the counterfeit goods, including, but not limited to, any items, objects, tools, machines or equipment from persons manufacturing, displaying for sale, or selling the goods, upon a showing of good cause and a probability of success on the merits and upon the posting of an undertaking pursuant to subdivision (e). If it appears from the ex parte application that there is good reason for proceeding without notification to the defendant, the court may, for good cause shown, waive the requirement of notice for the ex parte proceeding. The order of seizure shall specifically set forth all of the following:
 - (1) The date or dates on which the seizure is ordered to take place.
 - (2) A description of the counterfeit goods to be seized.
 - (3) The identity of the persons or class of persons to effect seizure.
 - (4) A description of the location or locations at which seizure is to occur.
 - (5) A hearing date not more than 10 court days after the last date on which seizure is ordered at which any person from whom goods are seized may appear and seek release of the seized goods. Any person from whom seizure is effected shall be served with the order at the time of seizure.
- (c) Any person who causes seizure of goods that are not counterfeit shall be liable in an amount equal to the following:
 - (1) Any damages proximately caused to any person having a financial interest in the seized goods by the seizure of goods that are not counterfeit.
 - (2) Costs incurred in defending against seizure of noncounterfeit goods.
 - (3) Upon a showing that the person causing the seizure to occur acted in bad faith, expenses, including reasonable attorneys' fees expended in defending against the seizure of any noncounterfeit or noninfringing goods.
 - (4) Punitive damages, if warranted.
- (d) A person entitled to recover pursuant to subdivision (c) may seek a recovery by cross-claim or motion made in the trial court and served pursuant to Section 1011 of the Code of Civil Procedure. A person seeking a recovery pursuant to this section may join any surety on an undertaking posted pursuant to subdivision (b), and any judgment of liability shall bind the person liable pursuant to subdivision (c) and the surety jointly and severally, but the liability of the surety shall be limited to the amount of the undertaking.
- (e) The court shall set the amount of the undertaking required by subdivision (b) in accordance with the probable recovery of damages, costs, and expenses under subdivision (c) if it were ultimately determined that the goods seized were not counterfeit.
- (f) Any person entitled to recover under subdivision (c) may, within 30 days after the date of seizure, object to the undertaking on the grounds that the surety or the amount of undertaking is 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.

(Repealed and added by Stats. 2007, Ch. 711, Sec. 2. Effective January 1, 2008.)

<u>14252.</u> 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.

(Repealed and added by Stats. 2007, Ch. 711, Sec. 2. Effective January 1, 2008.)

- <u>14254.</u> (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.

(Repealed and added by Stats. 2007, Ch. 711, Sec. 2. Effective January 1, 2008.)

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

(Added by Stats. 2007, Ch. 711, Sec. 2. Effective January 1, 2008.)