

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 23

(Chair, Finance Committee)(By Request - Departmental -
Secretary of State)

Finance

Economic Matters

**Business Regulation - Trademarks, Service Marks, and Trade Names -
Registration**

This departmental bill makes several changes to provisions governing the registration of trademarks, service marks, and trade names, including (1) modifying definitions; (2) altering the classes of goods and services for which a person may register a mark; (3) generally prohibiting registration of a mark that is primarily an individual's name; (4) specifying application and renewal requirements; (5) altering the contents of a certificate of registration; (6) modifying renewal notice and application requirements; and (7) authorizing an officer of an assignor to submit an instrument of assignment for the registration of a mark.

Fiscal Summary

State Effect: None. The bill's changes are generally procedural and technical and can be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: The Secretary of State (SOS) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary/Current Law:

Definitions

Applicant: Under current law, “applicant” means an assignee, a legal representative, or a successor of a person who submits an application for registration of a mark. Under the bill, “applicant” is modified to include the owner of a mark, including an individual, an organization, or a company who submits an application for registration of the mark.

Mark: Under current law, “mark” means a name, symbol, word, or combination of two or more of these that a person uses to distinguish goods that the person makes or sells or services that the person performs, as specified. The bill expands the definition of “mark” to include a logo, slogan or tag line, program name, or brand name that is different from the business name.

Prohibited Registrations – Individual’s Name

Under current law, a person generally may not register a mark that is primarily merely a surname, with limited exception. The bill expands this general prohibition to include a mark that is primarily an individual’s name.

Classes of Goods and Services

Current law establishes 52 general classes of goods and 8 general classes of services, including miscellaneous classifications, for purposes of registering trademarks and service marks. Classification does not limit or extend the rights of an applicant or registrant. The bill updates the list of classifications by repealing 15 goods classifications and establishing 15 new goods classifications, as discussed in greater detail in the following section. In addition, the bill establishes 25 new service classifications, including employment and employee benefits, hospitality and lodging, research and development, fitness and beauty, legal and consulting, and cannabis services, among others.

Application for Registration

Under current law, an applicant for registration of a mark must submit to SOS an application on a form provided by SOS and three specimens or reproductions of the mark in addition to a \$50 fee. An application must be signed under oath. The application form must require (1) the name and business address of the applicant; (2) for an applicant that is a corporation, the state of incorporation; (3) the goods or services with which the applicant uses the mark; (4) the way the applicant uses the mark with the goods or services; (5) the class to which the goods or services belong; (6) the dates when the applicant or applicant’s

predecessor first used the mark anywhere and first used the mark in the State; and (7) a specified statement.

The bill specifies that (1) the *original* signed application must be submitted to SOS; (2) an applicant for registration of a mark must submit to SOS three *different* specimens or reproductions of the mark *as used*; and (3) a specimen or reproduction may not include a business paper, including letterhead, a business card, or an envelope. In addition, the bill makes clarifying and other revisions to application form requirements.

Certificate of Registration – Contents

The bill repeals a requirement that a certificate of registration include a reproduction of the mark and instead requires a certificate to include a full description of the mark.

Renewal Notice and Application

Under current law, SOS must mail a renewal application and specified notice to a registrant within one year before registration of a mark expires. To renew a registration, a registrant must submit a renewal application and pay a \$50 renewal fee to SOS, as specified.

The bill requires the renewal notice to include instructions on how to access the renewal application form online. In addition, the bill requires a registrant seeking renewal to submit three different specimens or reproductions of the mark being used and specifies that a specimen or reproduction may not include a business paper, including letterhead, a business card, or an envelope.

Assignment

Under current law, assignment of a mark and its registration must be by a written, signed instrument. A person may record the assignment of registration of a mark by submitting the instrument of assignment and paying a \$10 fee to SOS. The bill authorizes an officer of the assignor to submit the instrument of assignment to SOS.

Background: According to SOS, as of June 2019, there were over 7,200 trademarks and service marks issued. Of these, 2,000 (roughly 28%) fall under miscellaneous goods and services classifications, with a majority of new service mark registrations classified as miscellaneous.

SOS advises that it has begun adding product descriptions to class titles for goods classified as miscellaneous. The 15 most common descriptions identified by SOS are shown in **Exhibit 1**. Under the bill, these categories are established as classes of goods.

Exhibit 1
Most Common Descriptions of Miscellaneous Goods

Animal products	Music and audio	Candles and essential oils
Computers and peripherals	Applications and software	Flowers and plants
Cannabis	Novelties and souvenirs	Small and large appliances
Boats and marine items	Educational materials	Eyewear
Home goods	Office goods	Security devices

Sources: Secretary of State; Department of Legislative Services

In addition, SOS identifies 15 classes of goods under which fewer than 10 marks are registered, as shown in **Exhibit 2**. Under the bill, these classifications are repealed.

Exhibit 2
Classes of Goods with Fewer than 10 Registered Marks

<u>Class</u>	<u>Number of Marks Registered</u>
Receptacles	9
Abrasives and polishing materials	3
Adhesives	1
Cordage	2
Inks and inking materials	2
Metals and metal castings and forgings	3
Paints and painters' materials	6
Tobacco products	3
Linoleum and oiled cloth	1
Laundry appliances and machines	0
Locks and safes	4
Brooms, brushes, and dusters	5
Filters and refrigerators	2
Canes, parasols, and umbrellas	9
Thread and yarn	5

Sources: Secretary of State; Department of Legislative Services

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Secretary of State; Department of Legislative Services

Fiscal Note History: First Reader - January 10, 2020
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Business Regulation – Trademarks, Service Marks, and Trade
Names – Registration

BILL NUMBER: Senate Bill 23

PREPARED BY: Office of the Secretary of State

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS