

---

---

A BILL FOR AN ACT

RELATING TO BUSINESS REGISTRATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Chapter 482, Hawaii Revised Statutes, is  
2 amended by adding a new part to read as follows:

3 "PART IV. MISCELLANEOUS

4 §482- Penalties for signing false documents. (a) A person  
5 commits an offense if the person signs a document the person  
6 knows is false in any material respect with intent that the  
7 document be delivered to the director for filing. An offense  
8 under this subsection shall be a class C felony and may carry a  
9 fine not to exceed \$10,000.

10 (b) A person commits a misdemeanor if the person  
11 negligently and without intent to defraud signs a document that  
12 is false in any material respect with intent that the document  
13 be delivered to the director for filing. The misdemeanor may  
14 carry a fine not to exceed \$2,000.

15 §482- Liability for fraudulent registration. Any person  
16 who knowingly makes a false or fraudulent representation or  
17 declaration in registration documents filed with the director  
18 shall be liable for all damages sustained as a result of the

1 registration documents as determined by a court of competent  
2 jurisdiction.

3 §482- Common law rights. Nothing in this chapter shall  
4 adversely affect common law rights in trade names, entity names,  
5 service marks, or trademarks, or the enforcement of those  
6 rights.

7 §482- Severability. If any provision of this chapter is  
8 deemed to be invalid, the remaining provisions of this chapter  
9 shall continue to be effective."

10 SECTION 2. Chapter 482, part I, Hawaii Revised Statutes,  
11 is amended by amending its title to read as follows:

12 "PART I. [~~TRADE NAMES~~] GENERAL PROVISIONS"

13 SECTION 3. Chapter 482, Hawaii Revised Statutes, is  
14 amended by designating section 482-1 as part I entitled "General  
15 Provisions".

16 SECTION 4. Chapter 482, part II, Hawaii Revised Statutes,  
17 is amended by amending its title to read as follows:

18 "PART II. [~~TRADEMARKS AND SERVICE MARKS~~] TRADE NAMES"

19 SECTION 5. Chapter 482, Hawaii Revised Statutes, is  
20 amended by designating sections 482-2 to 482-12 as part II  
21 entitled "Trade Names".

1 SECTION 6. Section 482-1, Hawaii Revised Statutes, is  
2 amended by adding a new definition to be appropriately inserted  
3 and to read as follows:

4 "Entity" means a corporation, partnership, limited  
5 liability company, and any other type of business entity  
6 recognized in this State."

7 SECTION 7. Section 482-3, Hawaii Revised Statutes, is  
8 amended by amending subsection (a) to read as follows:

9 "(a) Upon receiving the application accompanied by the  
10 fee, the director shall cause the trade name to be recorded and  
11 shall issue [~~to the applicant~~] a certificate of registration[-]  
12 to the applicant; provided that the director shall not register  
13 any trade name that is substantially identical with any  
14 registered trade name, the name of any entity registered or  
15 authorized to transact business in accordance with the laws of  
16 this State, or any mark registered in this State, except as  
17 ordered by the director in accordance with Section 482-8.5 or  
18 unless the registered owner of the registered trade name, entity  
19 name, or mark consents in writing. The certificate of  
20 registration shall be constructive notice to all persons of the  
21 applicant's claim of the use of the trade name throughout the  
22 State, for the term of five years from the date thereof;

1 provided that the [~~director shall not register any trade name~~  
2 ~~which is substantially identical with any registered trade name~~  
3 ~~or with the name of any corporation, partnership, limited~~  
4 ~~partnership, limited liability partnership or limited liability~~  
5 ~~company registered in accordance with chapters 414, 414D, 415A,~~  
6 ~~425, 425E, and 428; provided further that the]~~ trade name is  
7 continued in actual use by the applicant in this State. The  
8 acceptance of an application and issuance of a certificate of  
9 registration by the director shall not abrogate or limit any  
10 common law or other right of any [~~person to any corporation,~~  
11 ~~partnership, limited partnership, limited liability partnership,~~  
12 ~~or limited liability company name, or trade name.] person~~  
13 claiming to be the legal owner of a trade name."

14 SECTION 8. Section 482-4, Hawaii Revised Statutes, is  
15 amended by amending subsection (a) to read as follows:

16 "(a) It shall be unlawful for any person to adopt or use a  
17 trade or entity name that [~~is substantially identical or~~  
18 ~~confusingly similar]~~ infringes on any other person's ownership  
19 rights to any registered trade name, mark, or the name of any  
20 [~~corporation, partnership, or limited liability company existing~~  
21 ~~or]~~ entity registered[, ]or authorized to transact business in  
22 accordance with the laws of this State, or a name the exclusive

1 right to which is, at the time, reserved in this State. In  
2 addition to the revocation of a trade name or order of abatement  
3 provisions in sections 482-8 and 482-8.5, respectively, any  
4 person whose ownership rights to a trade name or entity name are  
5 infringed upon by the adoption or use of a confusingly similar  
6 name may seek injunctive relief in a court of competent  
7 jurisdiction or the imposition of a fine which shall not exceed  
8 \$2,000, or both."

9 SECTION 9. Section 482-8, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 **"§482-8 Revocation of [~~certificate, ownership.~~] trade name**  
12 **registration."** (a) Any person claiming to be the owner of a  
13 trade name or mark whose common law rights are infringed, or any  
14 entity registered or authorized to transact business under the  
15 laws of this State whose common law rights to its entity name  
16 are infringed, by a trade name for which a certificate of  
17 registration pursuant to this chapter has been issued to any  
18 other person [~~shall~~] may file a [~~verified~~] petition in the  
19 office of the director for the revocation of the registration of  
20 [~~such~~] the trade name. The petition shall set forth the facts  
21 [~~in support of the ownership by such petitioner of such support~~]  
22 and authority supporting the claim that the petitioner has

1 common law rights of ownership of the trade name, mark, or  
2 entity name, that these rights are being infringed upon by a  
3 subsequently registered trade name that is confusingly similar  
4 to the petitioner's name or mark, and [~~in support of the claim~~  
5 ~~of the petitioner~~] that the certificate of registration of the  
6 registered trade name should be revoked.

7 (b) Any person with a registered trade name in this State,  
8 or any entity registered or authorized to transact business  
9 under the laws of this State, claiming that another subsequently  
10 registered trade name is substantially identical to its  
11 registered trade name or entity name, respectively, may file a  
12 petition in the office of the director for the revocation of the  
13 registration of the subsequently registered trade name. The  
14 petition shall set forth the facts and authority supporting the  
15 claim that the petitioner's registered trade name or entity name  
16 is substantially identical to the challenged trade name, the  
17 petitioner's trade name or entity name was registered before the  
18 challenged trade name, and the challenged trade name  
19 registration should be revoked.

20 (c) The petitioner shall, at the petitioner's expense,  
21 notify the registrant of the hearing in the manner prescribed by  
22 the director and section 91-9.5 and the registrant shall be

1 given the opportunity of a hearing in accordance with chapter  
2 91.

3 [~~e~~] (d) After granting an opportunity for hearing to the  
4 petitioner and the registrant, the director shall grant or deny  
5 the petition for revocation, as the facts shall warrant."

6 SECTION 10. Section 482-8.5, Hawaii Revised Statutes, is  
7 amended to read as follows:

8 "**§482-8.5 Administrative order of abatement** [~~for~~  
9 ~~infringement of trade name~~] against a registered or qualified  
10 entity." (a) Any [~~individual or sole proprietor with a~~  
11 ~~currently registered trade name in this State~~] person claiming  
12 to be the owner of a trade name or mark who believes that [a  
13 ~~trade name registered in this State or~~] the name of any entity  
14 registered or authorized to transact business under the laws of  
15 this State is [~~substantially identical to, or~~] confusingly  
16 similar to[~~]~~ its trade name or mark may file a petition with  
17 the director for an administrative order of abatement to address  
18 the infringement of its trade name[~~]~~ or mark. The petition  
19 shall set forth the facts and authority [~~that support the~~  
20 ~~petitioner's claim~~] supporting the claim that the petitioner has  
21 common law rights of ownership of the trade name or mark, that  
22 these rights are being infringed upon by a registered or

1 qualified entity whose name is confusingly similar to the  
2 petitioner's trade name or mark, and that further use of the  
3 entity name should be abated. [~~The petitioner, at the~~  
4 petitioner's expense, shall notify the registrant of the hearing  
5 in the manner prescribed by chapter 91 and the registrant shall  
6 be given an opportunity to respond to the petition at the  
7 hearing. The notice shall be made and the hearing held in  
8 accordance with the contested case provisions of chapter 91.

9 (b) Any person with a registered trade name in this State  
10 claiming that another subsequently registered name of any entity  
11 registered or authorized to transact business under the laws of  
12 this State is substantially identical to its registered trade  
13 name may file a petition with the director for an administrative  
14 order of abatement against the use of the subsequently  
15 registered entity name. The petition shall set forth the facts  
16 and authority supporting the claim that the petitioner's  
17 registered trade name is substantially identical to the  
18 challenged entity name, the petitioner's trade name was  
19 registered before the challenged entity name, and further use of  
20 the entity name should be abated.

21 (c) The petitioner, at the petitioner's expense, shall  
22 notify the registrant of the hearing in the manner prescribed by



1 chapter 91 and the registrant shall be given an opportunity to  
2 respond to the petition at the hearing. The notice shall be made  
3 and the hearing held in accordance with the contested case  
4 provisions of chapter 91.

5 ~~[(b)]~~ (d) In addition to any other remedy or sanction  
6 allowed by law, the order of abatement may:

7 (1) Allow the entity to retain its registered name, but  
8 require the entity to:

9 (A) Register a new trade name with the director; and

10 (B) Transact business in this State under the new  
11 ~~[trade]~~ name; or

12 (2) Require the entity to change its registered name, and  
13 to:

14 (A) ~~[Register]~~ File a ~~[new trade]~~ name change with  
15 the director; and

16 (B) Transact business in this State under the new  
17 ~~[trade]~~ name.

18 If the entity fails to comply with the order of abatement within  
19 sixty days, the director may involuntarily dissolve or terminate  
20 the entity, or cancel or revoke the entity's registration or  
21 certificate of authority after the time to appeal has lapsed and  
22 no appeal has been timely filed. The director shall mail notice

1 of the dissolution, termination, or cancellation to the entity  
2 at its last known mailing address. The entity shall wind up its  
3 affairs in accordance with this chapter or chapter 414, 414D,  
4 415A, 425, 425E, or 428, as applicable.

5 [~~e~~] (e) Any person aggrieved by the director's order  
6 under this section may obtain judicial review in accordance with  
7 chapter 91 by filing a notice of appeal in circuit court within  
8 thirty days after the issuance of the director's order. Review  
9 of any final decision of the circuit court shall be governed by  
10 chapter 602."

11 SECTION 11. Chapter 482, part II, Hawaii Revised Statutes,  
12 is amended by amending its title to read as follows:

13 "PART [~~II~~] III. TRADEMARKS AND SERVICE MARKS"

14 SECTION 12. Chapter 482, Hawaii Revised Statutes, is  
15 amended by designating sections 482-21 to 482-37 as part III  
16 entitled "Trademarks and Service Marks."

17 SECTION 13. Section 482-21, Hawaii Revised Statutes, is  
18 amended to read as follows:

19 "**§482-21 Registrability.** A mark by which the goods or  
20 services of any applicant for registration may be distinguished  
21 from the goods or services of others shall not be registered if  
22 it:

- 1 (1) Consists of or comprises immoral, deceptive, or  
2 scandalous matter;
- 3 (2) Consists of or comprises matter which may disparage or  
4 falsely suggest a connection with persons, living or  
5 dead, institutions, beliefs, or national symbols, or  
6 bring them into contempt, or disrepute;
- 7 (3) Consists of or comprises the flag or coat of arms or  
8 other insignia of the United States, or of any state  
9 or municipality, or of any foreign nation, or any  
10 simulation thereof;
- 11 (4) Consists of or comprises the name, signature, or  
12 portrait identifying a particular living individual,  
13 except by the individual's written consent;
- 14 (5) Consists of a mark that:
- 15 (A) When used on or in connection with the goods or  
16 services of the applicant, is merely descriptive  
17 or deceptively misdescriptive of them;
- 18 (B) When used on or in connection with the goods or  
19 services of the applicant is primarily  
20 geographically descriptive or deceptively  
21 misdescriptive of them; or
- 22 (C) Is primarily a surname;

1 provided that nothing in this paragraph shall prevent  
2 the registration of a mark used by the applicant which  
3 has become distinctive of the applicant's goods or  
4 services. The director may accept as evidence that the  
5 mark has become distinctive as used on or in  
6 connection with the applicant's goods or services,  
7 proof of continuous use thereof as a mark by the  
8 applicant in this State for the five years before the  
9 date on which the claim of distinctiveness is made;

10 [~~or~~]

11 (6) Consists of a mark which so resembles a mark  
12 registered in this State or a mark or trade name  
13 previously used by another and not abandoned, as to be  
14 likely, when used on or in connection with the goods  
15 or services of the applicant, to cause confusion or  
16 mistake or to deceive[-]; or

17 (7) Consists of a mark which is substantially identical  
18 with any registered trade name or the name of any  
19 entity registered or authorized to transact business  
20 in accordance with the laws of this State."

21 SECTION 14. Section 482-30, Hawaii Revised Statutes, is  
22 amended to read as follows:

1           "[[§482-31[]] **Infringement.** Subject to section [~~482-35,~~  
2 482-\_\_\_, any person who:  
3           (1) Uses, without the consent of the registrant, any  
4           reproduction, counterfeit, copy, or colorable  
5           imitation of a mark registered under this part in  
6           connection with the sale, distribution, offering for  
7           sale, or advertising of any goods or services on or in  
8           which such use is likely to cause confusion or  
9           mistake, or to deceive, as to the source of origin of  
10          such goods or services; or  
11          (2) Reproduces, counterfeits, copies, or colorably  
12          imitates a mark registered under this part and applies  
13          such reproduction, counterfeit, copy, or colorable  
14          imitation to labels, signs, prints, packages,  
15          wrappers, receptacles, or advertisements intended to  
16          be used on or in connection with the sale or other  
17          distribution in this State of such goods or services;  
18 shall be liable in a civil action by the registrant for any and  
19 all of the damages and remedies provided in section 482-33;  
20 provided that under paragraph (2) the registrant shall not be  
21 entitled to recover profits or damages unless the acts have been

1 committed with the intent to cause confusion, mistake, or to  
2 deceive."

3 SECTION 15. Section 482-3.5, Hawaii Revised Statutes, is  
4 repealed.

5 [~~"**§482-3.5 Penalty.** (a) Any person who signs and  
6 certifies as correct any application filed pursuant to this  
7 chapter, knowing the same to be false in any material  
8 particular, shall be fined not more than \$5,000.~~

9 ~~(b) Any person who negligently but without intent to  
10 defraud signs and certifies as correct any application filed  
11 pursuant to this chapter, which application is false in any  
12 material particular, shall be guilty of a misdemeanor, and upon  
13 conviction shall be punished by a fine not exceeding \$500." ]~~

14 SECTION 16. Section 482-5, Hawaii Revised Statutes, is  
15 repealed.

16 [~~"**§482-5 Penalty.** Any person using such substantially  
17 identical or confusingly similar trade name as set forth in  
18 section 482-4, shall be fined not more than \$1,000."~~ ]

19 SECTION 17. Section 482-30, Hawaii Revised Statutes, is  
20 repealed.

21 [~~"**§482-30 Fraudulent registration.** Any person who  
22 knowingly makes a false or fraudulent representation or~~

1 ~~declaration in registration documents filed with the director~~  
2 ~~shall be liable for all damages sustained as a result of the~~  
3 ~~registration documents as determined by a court of competent~~  
4 ~~jurisdiction." ]~~

5 SECTION 18. Section 482-35, Hawaii Revised Statutes, is  
6 repealed.

7 [~~"§482-35 Common law rights. Nothing herein shall~~  
8 ~~adversely affect the rights or the enforcement of rights in~~  
9 ~~marks acquired in good faith at any time at common law." ]~~

10 SECTION 19. Section 482-37, Hawaii Revised Statutes, is  
11 repealed.

12 [~~"§482-37 Severability. If any provision of this part is~~  
13 ~~deemed to be invalid, the remaining provisions of this chapter~~  
14 ~~shall continue to be effective." ]~~

15 SECTION 20. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 21. This Act shall take effect upon its approval.

18  
19  
20  
21  
22  
23

INTRODUCED BY: Calvin K. Iy  
BY REQUEST  
JAN 22 2008

**Report Title:**

Trade Names and Marks

**Description:**

Clarifies the law relating to registration and protection of trademarks and names and clarifies how similar trade names are resolved.



JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs.

TITLE: A BILL FOR AN ACT RELATING TO BUSINESS REGISTRATION.

PURPOSE: To clarify the law relating to registration and protection of trade names, entity names, and marks.

MEANS: Add a new part to chapter 482, Hawaii Revised Statutes (HRS), amend sections 482-3, 482-4, 482-5, 482-8, 482-8.5, 482-21, and 482-31, HRS. Repeal sections 482-3.5, 482-5, 482-30, 482-35, and 482-37, HRS.

JUSTIFICATION: Chapter 482, HRS, governs trade name, trademark and service mark registration and use.

As a policy matter, state business registration laws should be as consistent as possible. This bill attempts to clean up inconsistencies in the law and clarify the law in the following ways:

1. To make the law more clear, this bill reorganizes chapter 482, HRS, into four new parts: a general provisions part, a trade name part, a trade mark and service mark part, and a miscellaneous part. By doing this, this bill makes general sections apply to both trade name and marks. It also pulls out standard boiler plate provisions like severability or penalties for fraudulent registration dispersed throughout the chapter and puts them all in a miscellaneous part at the end of the chapter.
2. This bill adds language in section 482-3, HRS, authorizing the director to register trade names if the owners consent in writing.

3. This bill moves the section related to penalties for false filings, section 482-3.5, HRS, to the miscellaneous section, and adds a criminal penalty for intentional false filings. Currently, there is a criminal penalty for negligent filings but no criminal penalty for intentional filings. The change addresses this error and is also consistent with false filing penalties for other business registration filings like those for corporations and LLCs. The bill also increases the maximum fines to reflect the current criminal penalty guidelines.
4. This bill makes clear that for "adoption and use" purposes under section 482-4, HRS, the standard of review should be an "ownership" standard that recognizes senior rights over junior rights. In addition, it clarifies that injunctive relief and penalties are available in a court of competent jurisdiction. A "mark" is added to rectify an oversight.
5. Section 482-8(a), HRS, was modified to clarify the appeals process for a trade name, mark, or entity name against another registered trade name. Subsection (a) makes it clear that the standard for a petitioner's appeal when the petitioner owns a trade name, mark, or entity name and is challenging another registered trade name is a "confusingly similar" standard.
6. New section 482-8(b), HRS, was added to clearly specify the standard of appeal if the registrant of a registered trade name or entity name is challenging the registration of another registered trade name. The standard for this challenge is "substantially identical".
7. Section 482-8.5, HRS, was modified to clarify that the standard of appeal when the petitioner owns a trade name or entity name and is challenging the name

of another registered entity is the "confusingly similar" standard.

- 8. Section 482-8.5(b), HRS, is new and was added to make it clear the standard of appeal if the registrant of a registered trade name or entity name is challenging the registration of the name of another registered entity. The standard for this challenge is the "substantially identical" standard.

The bill makes other technical amendments to chapter 482, HRS, that are consistent with the concepts discussed above.

Impact on the public: The revised provisions will make trade name, trademark, and service mark laws clearer for the public and more consistent.

Impact on the department and other agencies: The revised provisions will be clearer and improve the Department's ability to apply the law consistently.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: CCA-111

OTHER AFFECTED AGENCIES: Judiciary.

EFFECTIVE DATE: Upon approval.