

ACT 108

H.B. NO. 3085

A Bill for an Act Relating to Business Registration.

*Be It Enacted by the Legislature of the State of Hawaii:*

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

**“PART . MISCELLANEOUS**

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

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

**§482-B Liability for fraudulent registration.** Any person who knowingly makes a false or fraudulent representation or declaration in registration documents

filed with the director shall be liable for all damages sustained as a result of the registration documents as determined by a court of competent jurisdiction.

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

**§482-D Severability.** If any provision of this chapter is deemed to be invalid, the remaining provisions of this chapter shall continue to be effective.”

SECTION 2. Chapter 482, Hawaii Revised Statutes, is amended by designating section 482-1 as part I, entitled “General Provisions”.

SECTION 3. Chapter 482, Hawaii Revised Statutes, is amended by designating sections 482-2 through 482-9 as part II, entitled “Trade Names”.

SECTION 4. Chapter 482, Hawaii Revised Statutes, is amended by designating section 482-21 through 482-37 as part III, entitled “Trademarks and Service Marks”.

SECTION 5. Chapter 482, part I, Hawaii Revised Statutes, is amended by amending the title to read as follows:

**“PART I. [TRADE NAMES] GENERAL PROVISIONS”**

SECTION 6. Chapter 482, part II, Hawaii Revised Statutes, is amended by amending the title to read as follows:

**“PART II. [TRADEMARKS AND SERVICE MARKS] TRADE NAMES”**

SECTION 7. Section 482-1, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

““Entity” means a corporation, partnership, limited liability company, or any other type of business entity recognized in this State.”

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

“(a) Upon receiving the application accompanied by the fee, the director shall cause the trade name to be recorded and shall issue [to the applicant] a certificate of registration[-] to the applicant; provided that the director shall not register any trade name that is substantially identical with any registered trade name, the name of any entity registered or authorized to transact business in accordance with the laws of the State, or any mark registered in the State, except as ordered by the director in accordance to section 482-8.5 or unless the registered owner of the registered trade name, entity name, or mark consents in writing. The certificate of registration shall be constructive notice to all persons of the applicant’s claim of the use of the trade name throughout the State, for the term of five years from the date thereof; provided that the [director shall not register any trade name which is substantially identical with any registered trade name or with the name of any corporation, partnership, limited partnership, limited liability partnership, or limited liability company registered in accordance with chapters 414, 414D, 415A, 425, 425E, and 428; provided further that the] trade name is continued in actual use by the applicant in this State. The acceptance of an application and issuance of a certificate of registration by the director shall not abrogate or limit any common law or other right of any [person to any

~~corporation, partnership, limited partnership, limited liability partnership, or limited liability company name, or trade name.] person claiming to be the legal owner of a trade name."~~

SECTION 9. Section 482-4, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) It shall be unlawful for any person to adopt or use a trade name or entity name that [is substantially identical or confusingly similar] infringes on any person's ownership rights to any registered trade name, mark, or the name of any [corporation, partnership, or limited liability company existing or registered,] entity registered or authorized to transact business in accordance with the laws of this State, or a name the exclusive right to which is, at the time, reserved in this State. In addition to the revocation of a trade name registration or administrative order of abatement provisions in sections 482-8 and 482-8.5, respectively, any person whose ownership rights to a trade name, mark, or entity name are infringed upon by the adoption or use of a confusingly similar trade name or entity name may seek injunctive relief in a court of competent jurisdiction or the imposition of a fine that shall not exceed \$2,000, or both."

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

**"§482-8 Revocation of [certificate; ownership.] trade name registration.**

(a) Any person claiming to be the owner of a trade name or mark whose common law rights are infringed upon, or any entity registered or authorized to transact business under the laws of this State whose common law right to its entity name are infringed upon, by a trade name for which a certificate of registration pursuant to this chapter has been issued to any other person [shall] may file a [verified] petition in the office of the director for the revocation of the registration of [such] that trade name. The petition shall set forth the facts [in support of the ownership by such petitioner of such trade name and in support of the claim of the petitioner] and authority supporting the claim that the petitioner has common law rights of ownership of the trade name, mark, or entity name, that these rights are being infringed upon by the other registered trade name that is confusingly similar to the petitioner's trade name, mark, or entity name, and that the certificate of registration should be revoked.

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

(c) The petitioner [shall], at the petitioner's expense, shall notify the registrant of the hearing in the manner prescribed by the director and section 91-9.5 and the registrant shall be given the opportunity [of] for a hearing in accordance with chapter 91.

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

SECTION 11. Section 482-8.5, Hawaii Revised Statutes, is amended to read as follows:

**“§482-8.5 Administrative order of abatement [for infringement of trade name.] against a registered or authorized entity.** (a) Any ~~[individual or sole proprietor with a currently registered trade name in this State]~~ person claiming to be the owner of a trade name or mark who believes that the name of any entity registered or authorized to transact business under the laws of this State is [substantially identical to, or] confusingly similar to~~[-]~~ its trade name or mark may file a petition with the director for an administrative order of abatement to address the infringement of its trade name~~[-]~~ or mark. The petition shall set forth the facts and authority ~~[that support the petitioner's claim]~~ supporting the claim that the petitioner has common law rights of ownership of the trade name or mark, that these rights are being infringed upon by a registered or authorized entity whose name is confusingly similar to the petitioner's trade name or mark, and that further use of the entity name should be abated.

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

(c) The petitioner, at the petitioner's expense, shall notify the registrant of the hearing in the manner prescribed by chapter 91 and the registrant shall be given an opportunity to respond to the petition at the hearing. The notice shall be made and the hearing held in accordance with the contested case provisions of chapter 91.

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

- (1) Allow the entity to retain its registered name, but require the entity to:
  - (A) Register a new trade name with the director; and
  - (B) Transact business in this State under the new trade name; or
- (2) Require the entity to change its registered name, and to:
  - (A) ~~[Register]~~ File a ~~[new trade]~~ name change with the director; and
  - (B) Transact business in this State under the new ~~[trade]~~ name.

If the entity fails to comply with the order of abatement within sixty days, the director may involuntarily dissolve or terminate the entity, or cancel or revoke the entity's registration or certificate of authority after the time to appeal has lapsed and no appeal has been timely filed. The director shall mail notice of the dissolution, termination, or cancellation to the entity at its last known mailing address. The entity shall wind up its affairs in accordance with this chapter or chapter 414, 414D, 415A, 425, 425E, or 428, as applicable.

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

SECTION 12. Section 482-21, Hawaii Revised Statutes, is amended to read as follows:

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

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

provided that nothing in this paragraph shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods or services. The director may accept as evidence that the mark has become distinctive as used on or in connection with the applicant's goods or services, proof of continuous use thereof as a mark by the applicant in this State for the five years before the date on which the claim of distinctiveness is made; [or]
- (6) Consists of a mark which so resembles a mark registered in this State or a mark or trade name previously used by another and not abandoned, as to be likely, when used on or in connection with the goods or services of the applicant, to cause confusion or mistake or to deceive[-]; or
- (7) Consists of a mark that is substantially identical with any registered trade name or the name of any entity registered or authorized to transact business in accordance with the laws of this State."

SECTION 13. Section 482-31, Hawaii Revised Statutes, is amended to read as follows:

"[H]§482-31[H] **Infringement.** Subject to section [482-35,] 482-, any person who:

- (1) Uses, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of a mark registered under this part in connection with the sale, distribution, offering for sale, or advertising of any goods or services on or in which such use is likely to cause confusion or mistake, or to deceive, as to the source of origin of such goods or services; or
- (2) Reproduces, counterfeits, copies, or colorably imitates a mark registered under this part and applies such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used on or in connection with the sale or other distribution in this State of such goods or services;

shall be liable in a civil action by the registrant for any and all of the damages and remedies provided in section 482-33; provided that under paragraph (2) the registrant shall not be entitled to recover profits or damages unless the acts have been committed with the intent to cause confusion, mistake, or to deceive."

SECTION 14. Section 482-3.5, Hawaii Revised Statutes, is repealed.

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

SECTION 16. Section 482-30, Hawaii Revised Statutes, is repealed.

SECTION 17. Section 482-35, Hawaii Revised Statutes, is repealed.

SECTION 18. Section 482-37, Hawaii Revised Statutes, is repealed.

SECTION 19. In codifying the new sections added by section 1 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 20. Statutory material to be repealed is bracketed and stricken.<sup>1</sup> New statutory material is underscored.

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

(Approved May 23, 2008.)

**Note**

1. Edited pursuant to HRS §23G-16.5.