

# Patent, Copyright, Trademark and Unfair Competition

Selected Statutes and International Agreements

Paul Goldstein  
R. Anthony Reese

2014 Edition



FOUNDATION  
PRESS

# PATENT, COPYRIGHT, TRADEMARK, AND UNFAIR COMPETITION

SELECTED STATUTES AND INTERNATIONAL AGREEMENTS

2014 Edition

(Current through June 1, 2014)

by

PAUL GOLDSTEIN

*Lillick Professor of Law  
Stanford University*

R. ANTHONY REESE

*Chancellor's Professor of Law  
University of California, Irvine*



 FOUNDATION  
PRESS

The publisher is not engaged in rendering legal or other professional advice, and this publication is not a substitute for the advice of an attorney. If you require legal or other expert advice, you should seek the services of a competent attorney or other professional.

© 1986, 1987, 1989, 1991, 1993–2004 FOUNDATION PRESS

© 2005–2012 THOMSON REUTERS/FOUNDATION PRESS

© 2013 LEG, Inc. d/b/a West Academic Publishing

© 2014 LEG, Inc. d/b/a West Academic

444 Cedar Street, Suite 700  
St. Paul, MN 55101  
1-877-888-1330

Printed in the United States of America

ISBN: 978-1-62810-046-4

[No claim of copyright is made for official U.S. government statutes, rules or regulations.]

# PATENT, COPYRIGHT, TRADEMARK, AND UNFAIR COMPETITION

SELECTED STATUTES AND INTERNATIONAL AGREEMENTS

2014 Edition

# TABLE OF CONTENTS

---

## PART I. STATE AND FEDERAL LAW MATERIALS: UNFAIR COMPETITION, CONSUMER PROTECTION, AND TRADE SECRET

A. Restatement (Third) of Unfair Competition .....	1
B. Unfair Trade Practices and Consumer Protection Law .....	17
C. Uniform Trade Secrets Act With 1985 Amendments .....	23
D. Federal Protection of Trade Secrets .....	28

## PART II. FEDERAL LAW MATERIALS: UNFAIR COMPETITION AND TRADEMARK

A. Fair Packaging and Labeling Act .....	31
B. Trademark Act of 1946 ("Lanham Act") (as amended) .....	37
C. Trademark Counterfeiting Act of 1984 (as amended) .....	83

## PART III. FEDERAL LAW MATERIALS: COPYRIGHT AND PATENT

A. Copyright Act of 1976 (as amended) .....	87
B. American Television and Radio Archives Act .....	261
C. Piracy, Counterfeiting, and Bootlegging Amendments .....	263
D. Patent Act of 1952 (as amended) .....	271
E. Judicial Code (Selected Sections) .....	384

## PART IV. INTERNATIONAL AGREEMENTS

A. Berne Convention for the Protection of Literary and Artistic Works .....	389
B. WIPO Copyright Treaty .....	417
C. WIPO Performances and Phonograms Treaty .....	424
D. Paris Convention for the Protection of Industrial Property .....	434
E. Agreement on Trade-Related Aspects of Intellectual Property Rights (Agreement Establishing the World Trade Organization Annex 1C) .....	455

# PART I

## STATE AND FEDERAL LAW MATERIALS: UNFAIR COMPETITION, CONSUMER PROTECTION, AND TRADE SECRET

---

### A. RESTATEMENT (THIRD) OF UNFAIR COMPETITION

American Law Institute, 1995\*

Sec.		Page
<b>CHAPTER ONE: THE FREEDOM TO COMPETE</b>		
1.	General Principles .....	3
<b>CHAPTER TWO: DECEPTIVE MARKETING</b>		
2.	Deceptive Marketing: General Principle .....	3
3.	Commercial Detriment of Another .....	3
4.	Misrepresentations Relating to Source: Passing Off .....	3
5.	Misrepresentations Relating to Source: Reverse Passing Off .....	3
6.	Misrepresentations in Marketing the Goods or Services of Another .....	4
7.	Contributory Liability of Printers, Publishers, and Other Suppliers .....	4
8.	Contributory Liability of Manufacturers and Distributors .....	4
<b>CHAPTER THREE: THE LAW OF TRADEMARKS</b>		
<b>Topic 1. Subject Matter of Trademark Law</b>		
9.	Definitions of Trademark and Service Mark .....	4
10.	Definition of Collective Mark .....	4
11.	Definition of Certification Mark .....	5
12.	Definition of Trade Name .....	5
13.	Distinctiveness; Secondary Meaning .....	5
14.	Descriptive, Geographic, and Personal Name Designations .....	5
15.	Generic Designations .....	5
16.	Configurations of Packaging and Products: Trade Dress and Product Designs .....	6
17.	Functional Designs .....	6
<b>Topic 2. Acquisition and Priority of Rights</b>		
18.	Acquisition of Rights .....	6

---

\* Copyright 1995 by The American Law Institute. Reprinted with the permission of The American Law Institute.

## RESTATEMENT (THIRD) OF UNFAIR COMPETITION

19.	Priority of Rights .....	6
-----	--------------------------	---

### Topic 3. Infringement of Rights

20.	Standard of Infringement .....	6
21.	Proof of Likelihood of Confusion: Market Factors .....	7
22.	Proof of Likelihood of Confusion: Intent of the Actor .....	7
23.	Proof of Likelihood of Confusion: Evidence of Actual Confusion.....	8
24.	Use of Another's Trademark on Genuine Goods.....	8
25.	Liability Without Proof of Confusion: Dilution and Tarnishment .....	8
26.	Contributory Infringement by Printers, Publishers, and Other Suppliers .....	9
27.	Contributory Infringement by Manufacturers and Distributors .....	9

### Topic 4. Defenses and Limitations on Relief

28.	Descriptive Use (Fair Use).....	9
29.	Consent .....	9
30.	Abandonment.....	9
31.	Unreasonable Delay (Laches) .....	10
32.	Plaintiff's Misconduct (Unclean Hands).....	10

### Topic 5. Licensing and Assignment of Rights

33.	Licensing of Trademarks.....	10
34.	Assignment of Trademarks.....	10

### Topic 6. Remedies

35.	Injunctions: Trademark Infringement and Deceptive Marketing.....	10
36.	Damages: Trademark Infringement and Deceptive Marketing .....	11
37.	Accounting of Defendant's Profits: Trademark Infringement and Deceptive Marketing .....	12

## CHAPTER FOUR: APPROPRIATION OF TRADE VALUES

### Topic 1. Misappropriation

38.	Appropriation of Trade Values.....	12
-----	------------------------------------	----

### Topic 2. Trade Secrets

39.	Definition of Trade Secret .....	12
40.	Appropriation of Trade Secrets.....	12
41.	Duty of Confidence .....	13
42.	Breach of Confidence by Employees .....	13
43.	Improper Acquisition of Trade Secrets.....	13
44.	Injunctions: Appropriation of Trade Secrets.....	14
45.	Monetary Relief: Appropriation of Trade Secrets .....	14

### Topic 3. Right of Publicity

46.	Appropriation of the Commercial Value of a Person's Identity: The Right of Publicity .....	15
47.	Use for Purposes of Trade .....	15
48.	Injunctions: Appropriation of the Commercial Value of a Person's Identity.....	15
49.	Monetary Relief: Appropriation of the Commercial Value of a Person's Identity .....	15

## CHAPTER ONE: THE FREEDOM TO COMPETE

**§ 1. General Principles**

One who causes harm to the commercial relations of another by engaging in a business or trade is not subject to liability to the other for such harm unless:

(a) the harm results from acts or practices of the actor actionable by the other under the rules of this Restatement relating to

(1) deceptive marketing, as specified in Chapter Two;

(2) infringement of trademarks and other indicia of identification, as specified in Chapter Three;

(3) appropriation of intangible trade values, including trade secrets and the right of publicity, as specified in Chapter Four;

or from other acts or practices of the actor determined to be actionable as an unfair method of competition, taking into account the nature of the conduct and its likely effect on both the person seeking relief and the public; or

(b) the acts or practices of the actor are actionable by the other under federal or state statutes, international agreements, or general principles of common law apart from those considered in this Restatement.

## CHAPTER TWO: DECEPTIVE MARKETING

**§ 2. Deceptive Marketing: General Principle**

One who, in connection with the marketing of goods or services, makes a representation relating to the actor's own goods, services, or commercial activities that is likely to deceive or mislead prospective purchasers to the likely commercial detriment of another under the rule stated in § 3 is subject to liability to the other for the relief appropriate under the rules stated in §§ 35–37.

**§ 3. Commercial Detriment of Another**

A representation is to the likely commercial detriment of another if:

(a) the representation is material, in that it is likely to affect the conduct of prospective purchasers; and

(b) there is a reasonable basis for believing that the representation has caused or is likely to cause a diversion of trade from the other or harm to the other's reputation or good will.

**§ 4. Misrepresentations Relating to Source: Passing Off**

One is subject to liability to another under the rule stated in § 2 if, in connection with the marketing of goods or services, the actor makes a representation likely to deceive or mislead prospective purchasers by causing the mistaken belief that the actor's business is the business of the other, or that the actor is the agent, affiliate, or associate of the other, or that the goods or services that the actor markets are produced, sponsored, or approved by the other.

**§ 5. Misrepresentations Relating to Source: Reverse Passing Off**

One is subject to liability to another under the rule stated in § 2 if, in marketing goods or services manufactured, produced, or supplied by the other, the actor makes a representation likely to deceive or mislead prospective purchasers by causing the mistaken belief that the



**§ 6**

*RESTATEMENT (THIRD) OF UNFAIR COMPETITION*

actor or a third person is the manufacturer, producer, or supplier of the goods or services if the representation is to the likely commercial detriment of the other under the rule stated in § 3.

**§ 6. Misrepresentations in Marketing the Goods or Services of Another**

One is subject to liability to another under the rule stated in § 2 if, in marketing goods or services of which the other is truthfully identified as the manufacturer, producer, or supplier, the actor makes a representation relating to those goods or services that is likely to deceive or mislead prospective purchasers to the likely commercial detriment of the other under the rule stated in § 3.

**§ 7. Contributory Liability of Printers, Publishers, and Other Suppliers**

(1) One who, by supplying materials or rendering services to a third person, directly and substantially assists the third person in making a representation that subjects the third person to liability to another for deceptive marketing under the rules stated in §§ 2–6 is subject to liability to that other for contributory deceptive marketing.

(2) If an actor subject to contributory liability under the rule stated in Subsection (1) acted without knowledge that the actor was assisting the third person in making a representation likely to deceive or mislead, the actor is subject only to appropriate injunctive relief.

**§ 8. Contributory Liability of Manufacturers and Distributors**

One who markets goods or services to a third person who further markets the goods or services in a manner that subjects the third person to liability to another for deceptive marketing under the rules stated in §§ 2–6 is subject to liability to that other for contributory deceptive marketing if:

- (a) the actor intentionally induces the third person to engage in such conduct; or
- (b) the actor fails to take reasonable precautions against the occurrence of the third person's conduct in circumstances in which that conduct can be reasonably anticipated.

**CHAPTER THREE: THE LAW OF TRADEMARKS**

**Topic 1: Subject Matter of Trademark Law**

**§ 9. Definitions of Trademark and Service Mark**

A trademark is a word, name, symbol, device, or other designation, or a combination of such designations, that is distinctive of a person's goods or services and that is used in a manner that identifies those goods or services and distinguishes them from the goods or services of others. A service mark is a trademark that is used in connection with services.

**§ 10. Definition of Collective Mark**

A collective mark is a word, name, symbol, device, or other designation, or a combination of such designations, that is distinctive of a cooperative, association, organization, or other collective group and that is used by members of the collective group in a manner that:

- (a) identifies the goods or services of members and distinguishes them from the goods or services of nonmembers;

or

- (b) indicates membership in the collective group.

## § 11. Definition of Certification Mark

A certification mark is a word, name, symbol, device, or other designation, or a combination of such designations, that is distinctive of goods or services certified by a person but produced and marketed by others and that is used by the others in a manner that certifies regional origin, composition, quality, method of manufacture, or other characteristics of the goods or services.

## § 12. Definition of Trade Name

A trade name is a word, name, symbol, device, or other designation, or a combination of such designations, that is distinctive of a person's business or other enterprise and that is used in a manner that identifies that business or enterprise and distinguishes it from the businesses or enterprises of others.

## § 13. Distinctiveness; Secondary Meaning

A word, name, symbol, device, or other designation, or a combination of such designations, is "distinctive" under the rules stated in §§ 9–12 if:

(a) the designation is "inherently distinctive," in that, because of the nature of the designation and the context in which it is used, prospective purchasers are likely to perceive it as a designation that, in the case of a trademark, identifies goods or services produced or sponsored by a particular person, whether known or anonymous, or in the case of a trade name, identifies the business or other enterprise of a particular person, whether known or anonymous, or in the case of a collective mark, identifies members of the collective group or goods or services produced or sponsored by members, or in the case of a certification mark, identifies the certified goods or services; or

(b) the designation, although not "inherently distinctive," has become distinctive, in that, as a result of its use, prospective purchasers have come to perceive it as a designation that identifies goods, services, businesses, or members in the manner described in Subsection (a). Such acquired distinctiveness is commonly referred to as "secondary meaning."

## § 14. Descriptive, Geographic, and Personal Name Designations

A designation that is likely to be perceived by prospective purchasers as merely descriptive of the nature, qualities, or other characteristics of the goods, services, or business with which it is used, or as merely geographically descriptive of their origin or location, or as the personal name of a person connected with the goods, services, or business, is not inherently distinctive under the rule stated in § 13(a). Such a designation is distinctive only if it has acquired secondary meaning under the rule stated in § 13(b).

## § 15. Generic Designations

(1) A designation that is understood by prospective purchasers to denominate the general category, type, or class of the goods, services, or business with which it is used is a generic designation. A user cannot acquire rights in a generic designation as a trademark, trade name, collective mark, or certification mark.

(2) If prospective purchasers have come to perceive a trademark, trade name, collective mark, or certification mark primarily as a generic designation for the category, type, or class of the goods, services, or business with which it is used, the designation is no longer eligible for protection as a trademark, trade name, collective mark, or certification mark.

## § 16. Configurations of Packaging and Products: Trade Dress and Product Designs

The design of elements that constitute the appearance or image of goods or services as presented to prospective purchasers, including the design of packaging, labels, containers, displays, decor, or the design of a product, a product feature, or a combination of product features, is eligible for protection as a mark under the rules stated in this Chapter if,

- (a) the design is distinctive under the rule stated in § 13; and
- (b) the design is not functional under the rule stated in § 17.

## § 17. Functional Designs

A design is “functional” for purposes of the rule stated in § 16 if the design affords benefits in the manufacturing, marketing, or use of the goods or services with which the design is used, apart from any benefits attributable to the design’s significance as an indication of source, that are important to effective competition by others and that are not practically available through the use of alternative designs.

### Topic 2: Acquisition and Priority of Rights

## § 18. Acquisition of Rights

Rights can be acquired in a designation only when the designation has been actually used as a trademark, trade name, collective mark, or certification mark as defined in §§ 9–12, or when an applicable statutory provision recognizes a protectable interest in the designation prior to actual use. A designation is “used” as a trademark, trade name, collective trademark, or certification mark when the designation is displayed or otherwise made known to prospective purchasers in the ordinary course of business in a manner that associates the designation with the goods, services, or business of the user or, in the case of a certification mark, with the certified goods or services. A designation is “used” as a collective membership mark when the designation is displayed or otherwise made known in a manner that signifies membership in the collective group.

## § 19. Priority of Rights

One who has used a designation as a trademark, trade name, collective mark, or certification mark under the rule stated in § 18 has priority in the use of the designation over another user:

- (a) in any geographic area in which the actor has used the designation in good faith, or in which the designation has become associated with the actor as a result of good faith use before the designation is used in good faith by, or becomes associated with, the other; and
- (b) in any additional geographic area in which the actor has priority over the other under an applicable statutory provision.

### Topic 3: Infringement of Rights

## § 20. Standard of Infringement

(1) One is subject to liability for infringement of another’s trademark, trade name, collective mark, or certification mark if the other’s use has priority under the rules stated in § 19 and in identifying the actor’s business or in marketing the actor’s goods or services the actor uses a designation that causes a likelihood of confusion:

(a) that the actor's business is the business of the other or is associated or otherwise connected with the other; or

(b) that the goods or services marketed by the actor are produced, sponsored, certified, or approved by the other; or

(c) that the goods or services marketed by the other are produced, sponsored, certified, or approved by the actor.

(2) One is also subject to liability for infringement of another's collective membership mark if the other's use has priority under the rules stated in § 19 and the actor uses a designation that causes a likelihood of confusion that the actor is a member of or otherwise associated with the collective group.

## § 21. Proof of Likelihood of Confusion: Market Factors

Whether an actor's use of a designation causes a likelihood of confusion with the use of a trademark, trade name, collective mark, or certification mark by another under the rule stated in § 20 is determined by a consideration of all the circumstances involved in the marketing of the respective goods or services or in the operation of the respective businesses. In making that determination the following market factors, among others, may be important:

(a) the degree of similarity between the respective designations, including a comparison of

(i) the overall impression created by the designations as they are used in marketing the respective goods or services or in identifying the respective businesses;

(ii) the pronunciation of the designations;

(iii) the translation of any foreign words contained in the designations;

(iv) the verbal translation of any pictures, illustrations, or designs contained in the designations;

(v) the suggestions, connotations, or meanings of the designations;

(b) the degree of similarity in the marketing methods and channels of distribution used for the respective goods or services;

(c) the characteristics of the prospective purchasers of the goods or services and the degree of care they are likely to exercise in making purchasing decisions;

(d) the degree of distinctiveness of the other's designation;

(e) when the goods, services, or business of the actor differ in kind from those of the other, the likelihood that the actor's prospective purchasers would expect a person in the position of the other to expand its marketing or sponsorship into the product, service, or business market of the actor;

(f) when the actor and the other sell their goods or services or carry on their businesses in different geographic markets, the extent to which the other's designation is identified with the other in the geographic market of the actor.

## § 22. Proof of Likelihood of Confusion: Intent of the Actor

(1) A likelihood of confusion may be inferred from proof that the actor used a designation resembling another's trademark, trade name, collective mark, or certification mark with the intent to cause confusion or to deceive.

(2) A likelihood of confusion should not be inferred from proof that the actor intentionally copied the other's designation if the actor acted in good faith under circumstances that do not otherwise indicate an intent to cause confusion or to deceive.

### § 23. Proof of Likelihood of Confusion: Evidence of Actual Confusion

(1) A likelihood of confusion may be inferred from proof of actual confusion.

(2) An absence of likelihood of confusion may be inferred from the absence of proof of actual confusion if the actor and the other have made significant use of their respective designations in the same geographic market for a substantial period of time and any resulting confusion would ordinarily be manifested by provable facts.

### § 24. Use of Another's Trademark on Genuine Goods

One is not subject to liability under the rule stated in § 20 for using another's trademark, trade name, collective mark, or certification mark in marketing genuine goods or services the source, sponsorship, or certification of which is accurately identified by the mark unless:

(a) the other uses a different mark for different types or grades of goods or services and the actor markets one of the types or grades under a mark used for another type or grade; or

(b) the actor markets under the mark genuine goods of the other that have been repaired, reconditioned, altered, or used, or genuine services that do not conform to the standards imposed by the other, and the actor's use of the mark causes a likelihood of confusion that the goods are new or unaltered or that the repair, reconditioning, or alteration was performed, authorized, or certified by the other, or that the services conform to the other's standards.

### § 25. Liability Without Proof of Confusion: Dilution and Tarnishment

(1) One may be subject to liability under the law of trademarks for the use of a designation that resembles the trademark, trade name, collective mark, or certification mark of another without proof of a likelihood of confusion only under an applicable antidilution statute. An actor is subject to liability under an antidilution statute if the actor uses such a designation in a manner that is likely to associate the other's mark with the goods, services, or business of the actor, and:

(a) the other's mark is highly distinctive and the association of the mark with the actor's goods, services, or business is likely to cause a reduction in that distinctiveness; or

(b) the association of the other's mark with the actor's goods, services, or business, or the nature of the actor's use, is likely to disparage the other's goods, services, or business or tarnish the images associated with the other's mark.

(2) One who uses a designation that resembles the trademark, trade name, collective mark, or certification mark of another, not in a manner that is likely to associate the other's mark with the goods, services, or business of the actor, but rather to comment on, criticize, ridicule, parody, or disparage the other or the other's goods, services, business, or mark is subject to liability without proof of a likelihood of confusion only if the actor's conduct meets the requirements of a cause of action for defamation, invasion of privacy, or injurious falsehood.

**§ 26. Contributory Infringement by Printers, Publishers, and Other Suppliers**

(1) One who, on behalf of a third person, reproduces or imitates the trademark, trade name, collective mark, or certification mark of another on goods, labels, packaging, advertisements, or other materials that are used by the third person in a manner that subjects the third person to liability to the other for infringement under the rule stated in § 20 is subject to liability to that other for contributory infringement.

(2) If an actor subject to contributory liability under the rule stated in Subsection (1) acted without knowledge that the reproduction or imitation was intended by the third person to confuse or deceive, the actor is subject only to appropriate injunctive relief.

**§ 27. Contributory Infringement by Manufacturers and Distributors**

One who markets goods or services to a third person who further markets the goods or services in a manner that subjects the third person to liability to another for infringement under the rules stated in § 20 is subject to liability to that other for contributory infringement if

(a) the actor intentionally induces the third person to engage in the infringing conduct; or

(b) the actor fails to take reasonable precautions against the occurrence of the third person's infringing conduct in circumstances in which the infringing conduct can be reasonably anticipated.

**Topic 4: Defenses and Limitations on Relief****§ 28. Descriptive Use (Fair Use)**

In an action for infringement of a trademark, trade name, collective mark, or certification mark, it is a defense that the term used by the actor is descriptive or geographically descriptive of the actor's goods, services, or business, or is the personal name of the actor or a person connected with the actor, and the actor has used the term fairly and in good faith solely to describe the actor's goods, services, or business or to indicate a connection with the named person.

**§ 29. Consent**

In an action for infringement of a trademark, trade name, collective mark, or certification mark, it is a defense that the actor's use is within the scope of the owner's consent as manifested by an agreement between the parties or by other conduct from which the owner's consent can reasonably be inferred.

**§ 30. Abandonment**

(1) In an action for infringement of a trademark, trade name, collective mark, or certification mark, it is a defense that the designation was abandoned by the party asserting rights in the designation prior to the commencement of use by the actor.

(2) A trademark, trade name, collective mark, or certification mark is abandoned if:

(a) the party asserting rights in the designation has ceased to use the designation with an intent not to resume use; or

(b) the designation has lost its significance as a trademark, trade name, collective mark, or certification mark as a result of a cessation of use or other acts or omissions by the party asserting rights in the designation.

### § 31. Unreasonable Delay (Laches)

If the owner of a trademark, trade name, collective mark, or certification mark unreasonably delays in commencing an action for infringement or otherwise asserting the owner's rights and thereby causes prejudice to another who may be subject to liability to the owner under the rules stated in this Chapter, the owner may be barred in whole or in part from the relief that would otherwise be available under §§ 35–37.

### § 32. Plaintiff's Misconduct (Unclean Hands)

If a designation used as a trademark, trade name, collective mark, or certification mark is deceptive, or if its use is otherwise in violation of public policy, or if the owner of the designation has engaged in other substantial misconduct directly related to the owner's assertion of rights in the trademark, trade name, collective mark, or certification mark, the owner may be barred in whole or in part from the relief that would otherwise be available under §§ 35–37.

#### Topic 5: Licensing and Assignment of Rights

### § 33. Licensing of Trademarks

The owner of a trademark, trade name, collective mark, or certification mark may license another to use the designation. If the licensor exercises reasonable control over the nature and quality of the goods, services, or business on which the designation is used by the licensee, any rights in the designation arising from the licensee's use accrue to the benefit of the licensor. Failure of the licensor to exercise reasonable control over the use of the designation by the licensee can result in abandonment of the designation under the rule stated in § 30(2)(b).

### § 34. Assignment of Trademarks

The owner of a trademark, trade name, collective mark, or certification mark may transfer ownership of the designation to another through an assignment. An assignment of ownership transfers the assignor's priority in the use of the designation to the assignee only if the assignee also acquires the line of business that is associated with the designation or otherwise maintains continuity in the use of the designation by continuing the line of business without substantial change. An assignment of ownership that does not maintain continuity in the use of the designation can result in abandonment of the designation under the rules stated in § 30.

#### Topic 6: Remedies

### § 35. Injunctions: Trademark Infringement and Deceptive Marketing

(1) Unless inappropriate under the rule stated in Subsection (2), injunctive relief will ordinarily be awarded against one who is liable to another for:

- (a) deceptive marketing under the rules stated in §§ 2–8; or
- (b) infringement of the other's trademark, trade name, collective mark, or certification mark under the rule stated in § 20; or
- (c) dilution of the other's trademark, trade name, collective mark, or certification mark under the rule stated in § 25.

(2) The appropriateness and scope of injunctive relief depend upon a comparative appraisal of all the factors of the case, including the following primary factors:

- (a) the nature of the interest to be protected;
- (b) the nature and extent of the wrongful conduct;
- (c) the relative adequacy to the plaintiff of an injunction and of other remedies;
- (d) the relative harm likely to result to the legitimate interests of the defendant if an injunction is granted and to the legitimate interests of the plaintiff if an injunction is denied;
- (e) the interests of third persons and of the public;
- (f) any unreasonable delay by the plaintiff in bringing suit or otherwise asserting its rights;
- (g) any related misconduct on the part of the plaintiff; and
- (h) the practicality of framing and enforcing the injunction.

**§ 36. Damages: Trademark Infringement and Deceptive Marketing**

(1) One who is liable to another for deceptive marketing under the rules stated in §§ 2–8 or for infringement of the other’s trademark, trade name, collective mark, or certification mark under the rule stated in § 20 is liable for the pecuniary loss to the other caused by the deceptive marketing or infringement, unless an award of damages for such pecuniary loss is prohibited by statute or is otherwise inappropriate under the rule stated in Subsection (3).

(2) The pecuniary loss for which damages may be recovered under this Section includes:

- (a) loss resulting to the plaintiff from sales or other revenues lost because of the actor’s conduct;
- (b) loss resulting from sales made by the plaintiff at prices that have been reasonably reduced because of the actor’s conduct;
- (c) harm to the market reputation of the plaintiff’s trademark, goods, services, or business; and
- (d) reasonable expenditures made by the plaintiff in order to prevent, correct, or mitigate the confusion or deception of prospective purchasers resulting from the actor’s conduct.

(3) Whether an award of damages for pecuniary loss is appropriate depends upon a comparative appraisal of all the factors of the case, including the following primary factors:

- (a) the degree of certainty with which the plaintiff has established the fact and extent of the pecuniary loss caused by the actor’s conduct;
- (b) the relative adequacy to the plaintiff of other remedies, including an accounting of the actor’s profits;
- (c) the intent of the actor and the extent to which the actor knew or should have known that the conduct was unlawful;
- (d) the role of the actor in bringing about the infringement or deceptive marketing;
- (e) any unreasonable delay by the plaintiff in bringing suit or otherwise asserting its rights; and
- (f) any related misconduct on the part of the plaintiff.



### § 37. Accounting of Defendant's Profits: Trademark Infringement and Deceptive Marketing

(1) One who is liable to another for deceptive marketing under the rules stated in §§ 2–8 or for infringement of the other's trademark, trade name, collective mark, or certification mark under the rule stated in § 20 is liable for the net profits earned on profitable transactions resulting from the unlawful conduct, but only if:

- (a) the actor engaged in the conduct with the intention of causing confusion or deception; and
- (b) the award of profits is not prohibited by statute and is otherwise appropriate under the rule stated in Subsection (2).

(2) Whether an award of profits is appropriate depends upon a comparative appraisal of all the factors of the case, including the following primary factors:

- (a) the degree of certainty that the actor benefitted from the unlawful conduct;
- (b) the relative adequacy to the plaintiff of other remedies, including an award of damages;
- (c) the interests of the public in depriving the actor of unjust gains and discouraging unlawful conduct;
- (d) the role of the actor in bringing about the infringement or deceptive marketing;
- (e) any unreasonable delay by the plaintiff in bringing suit or otherwise asserting its rights; and
- (f) any related misconduct on the part of the plaintiff.

## CHAPTER FOUR: APPROPRIATION OF TRADE VALUES

### Topic 1: Misappropriation

### § 38. Appropriation of Trade Values

One who causes harm to the commercial relations of another by appropriating the other's intangible trade values is subject to liability to the other for such harm only if:

- (a) the actor is subject to liability for an appropriation of the other's trade secret under the rules stated in §§ 39–45; or
- (b) the actor is subject to liability for an appropriation of the commercial value of the other's identity under the rules stated in §§ 46–49; or
- (c) the appropriation is actionable by the other under federal or state statutes or international agreements, or is actionable as a breach of contract, or as an infringement of common law copyright as preserved under federal copyright law.

### Topic 2: Trade Secrets

### § 39. Definition of Trade Secret

A trade secret is any information that can be used in the operation of a business or other enterprise and that is sufficiently valuable and secret to afford an actual or potential economic advantage over others.

### § 40. Appropriation of Trade Secrets

One is subject to liability for the appropriation of another's trade secret if: