With respect to public utilities legislation the 100th General Assembly concentrated its efforts on the telephone industry and enacted legislation which it considered designed to force the telephone industry to improve its service.\(^1\) Comparatively few people realize the nature of the telephone industry in Ohio. There are 181 separate telephone companies in the state of which 179 are independents. The other two companies are Ohio Bell and the Cincinnati and Suburban Telephone Company, a Bell affiliate. The 179 independents serve about 21 per cent of the population of the state and 72 per cent of the area.

The war, with its attendant shortages, has been the source of many of the problems of the telephone industry. The pent-up demand for telephones in both urban and rural areas has never been completely satisfied and prosperous times have made the telephone economically available to many people who formerly could not have afforded one. This growth has required much additional investment in plant facilities and in many cases a complete change over from the existing equipment has been necessary.

While the investment in telephone facilities has increased immensely during this period it has not been able to keep up with public demand to the extent necessary to avoid complaints and as a result there has been agitation for legislation requiring that better service be rendered by the telephone companies. Another cause of complaints has been the increased rates required by the greater plant investment made under present high prices without commensurate improvements in service.

The legislature tackled the problem by seeking methods that would make it economically undesirable for a telephone company to render inadequate service. As a result of this approach many of the sections of the Revised Code which dealt with the financing of public utilities have been amended. Other major changes concern sections relating to records and areas of service. The bill, in essence, provides for the following changes in the public utility laws:

- Complete records of all of the proceedings including a transcript of all testimony and exhibits as well as findings of fact are now required in all contested cases before the Public Utilities Commission instead of merely resumés of the facts.\(^2\)

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\(^*\) Of the firm of Power, Griffith & Jones, Columbus, Ohio; Member of the Ohio Bar.

\(^1\) Amended Substitute House Bill No. 134.

Reports, records, files, books, accounts, etc. are to be open to inspection by interested parties or their attorneys instead of the public generally with the right of the commission to withhold such information for a limited period of time.³

The Public Utilities Commission may now require any telephone company to file, along with its annual report, supplementary reports of each exchange area owned or operated by it, in such detail as the commission may prescribe. Upon the request of fifteen per cent of the subscribers of any telephone exchange, the Public Utilities Commission must require the report to be made for that exchange area.⁴

All telephone companies, unless otherwise ordered by the commission, must file with the commission a copy of every contract, agreement, note bond or other arrangement entered into with any telephone management, service, or operating company.⁵ All other utilities will still be subject to the existing section which says that the commission may require such information to be filed.

The Public Utilities Commission shall require every telephone company to carry a proper and adequate depreciation or deferred maintenance account and shall ascertain, determine, and prescribe what are proper and adequate charges in each exchange area of such company.⁶ This is one of several sections which has been amended to treat telephone companies differently than other public utilities.

On and after January 1, 1955, it shall be deemed prima facie evidence of inadequate service by a telephone company to have more than ten subscribers on any one telephone line in companies serving five hundred telephones or more.⁷

The commission may prescribe reasonable standards of telephone service which are to be the minimum requirements for the furnishing of adequate telephone service.⁸

A series of sections were added that seek to put new companies in the areas where the existing companies are rendering inadequate service. One of these sections would permit the commission to authorize another telephone company to render service in an area where the service of the existing telephone company is adequate.⁹

The commission may recommend that where the telephone service is inadequate the facilities of the telephone companies be

³ OHIO REV. CODE § 4905.07 (GEN. CODE § 614-38).
⁵ OHIO REV. CODE § 4905.16 (GEN. CODE § 614-9).
⁶ OHIO REV. CODE § 4905.18 (GEN. CODE § 614-49).
⁷ OHIO REV. CODE § 4905.23 (GEN. CODE § 614-12a).
⁸ OHIO REV. CODE § 4905.231.
⁹ OHIO REV. CODE § 4905.241.
integrated, merged, or consolidated with other telephone companies.\textsuperscript{10}

In the event that no telephone company wants to go into the area of inadequate service the commission either on its own motion or upon petition of the residents of the area may order a telephone company serving an adjacent area to render service in the area receiving inadequate service provided that the commission finds that the rendition of such service in the area receiving inadequate service will not prevent the company so ordered to serve from earning a fair return on the value of the property devoted by it to the public service.\textsuperscript{11}

This section, in effect, compels a telephone company to devote certain property to the public service against its wishes. The courts have prevented the commission from compelling utilities to serve areas that they did not profess or wish to serve.\textsuperscript{12}

It is unlawful for a telephone company found to be unwilling or unable to render adequate service to continue operations within such area of inadequate service after the date on which another telephone company, either authorized or ordered to enter the area, institutes service therein.\textsuperscript{13} These four sections grouped together give the Public Utilities Commission power to alter the balance between the various companies in the state and could very conceivably result in the elimination of many of the companies.

Notice of the hearing of service complaints by newspaper advertisements are required in the counties in which the complaints arise. Complaints must be heard in the local area upon the request of one hundred subscribers or five per cent of the subscribers to any telephone exchange, whichever is smaller.\textsuperscript{14}

The maximum penalty for the violation of an order of the commission by a telephone company is increased from $1000 per day to $5000 per day.\textsuperscript{15}

An application filed by a telephone company for issuance of securities for money only shall state that the company is not in violation of certain sections of the statute or orders of the commission, or, if the company is in violation, that unless approved by the

\textsuperscript{10} \textit{Ohio Rev. Code} § 4905.242.
\textsuperscript{11} \textit{Ohio Rev. Code} § 4905.243.
\textsuperscript{12} It was held in \textit{Nicoma Park Telephone Company vs. State}, 180 P. 2d 69, that to compel a telephone company to extend its service to a city, town, or community it has not undertaken or professed to serve and which it does not desire to serve, is tantamount to an appropriation of private property for public use without just compensation.
\textsuperscript{13} \textit{Ohio Rev. Code} § 4905.244.
\textsuperscript{14} \textit{Ohio Rev. Code} § 4905.26 (\textit{Gen. Code} § 614.21).
\textsuperscript{15} \textit{Ohio Rev. Code} § 4905.381.
commission none of the proceeds will be used for expansion into or acquisition of additional territory.\textsuperscript{16}

A similar provision applies to the application for the issuance of securities to be used partly or wholly for property, services, or considerations other than money.\textsuperscript{17}

One of the most far reaching changes in the public utilities law is contained in Section 4905.46 of the Revised Code which provides that no telephone company shall declare any cash, stock, bond, or scrip dividend or divide the proceeds of the sale of any stock, bond, or scrip among its common or voting shareholders while such telephone is in violation of any order of the commission, or against which telephone company there exists a finding of inadequate service, except when the Public Utilities Commission makes a finding after hearing and notice that such dividend will in no way postpone compliance with any order or affect the adequacy of service rendered or to be rendered by such telephone company. Provided that if a telephone company, while in violation of any order of the commission, or against which there exists a finding of inadequate service, desires to declare a cash dividend without the consent of the commission, it shall set in a special reserve fund a sum of money equivalent to the amount necessary to pay the proposed dividend, which, while said company is in violation of said order, or against which such finding exists, may be expended only with the consent of the commission.\textsuperscript{18} This section is one of the most important in the bill and its effects will be widely felt since it is so closely tied to the financing of the telephone companies. Equity capital will probably be more difficult to obtain since the dividends will be under the control of the commission. The bill often refers to the term “finding of inadequate service” and if such “finding” exists no dividend may be paid without the commission’s consent. That term has not been defined in the bill but if the word “finding” is used as elsewhere in the Public Utilities Act it will be an exceedingly rare occurrence for a telephone company to have no “finding of inadequate service” against it. A problem also exists in determining when a finding of inadequate service no longer exists. This bill goes much farther in the regulation of public utilities than any in the past and its full import will not be apparent until the act is in effect.

\textsuperscript{16} \texttt{Ohio Rev. Code § 4905.41 (Gen. Code § 614-64).}
\textsuperscript{17} \texttt{Ohio Rev. Code § 4905.41 (Gen. Code § 614-64).}
\textsuperscript{18} \texttt{Ohio Rev. Code § 4905.46 (Gen. Code § 614-58).}
State Trade-Marks and Marks of Ownership

Ervin H. Pollack*

STATE TRADE-MARKS

Sub. S. B. No. 117, passed by the 100th General Assembly of Ohio, establishes a uniform procedure for filing and registering trade-marks in the state. Prior to this enactment, the trade-mark requirements were covered by a number of diversified acts affecting a variety of commodities. The new act, which repeals many of the old provisions, consolidates most of the trade-mark measures under a single procedure.¹ The law, paralleling the federal Lanham Trade-Mark Act in some minor respects, conforms generally to the "model" state trade-mark bill.²

The objectives of the "model" trade-mark law are: 1) to provide uniform registration procedures within a state and for the several states, 2) to grant permissive as against mandatory registration, and 3) to leave common law trade-marks undisturbed.³

While uniform, permissive trade-mark legislation is less objectionable than either fragmentary or mandatory statutes, state trade-mark law is generally ineffective. The statements made in 1929 and repeated in 1934 by the Association of the Bar of the City of New York, critical of the exaggerated claims given to state registration by "self-styled specialists," still control.⁴

Voluntary state trade-mark laws are helpful in only exceptional cases.⁵ It is true that a state statute is the only medium for regis-

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¹The law relating to timber trade-marks remains unaffected by this legislation. Ohio Rev. Code §§ 980.01 (Gen. Code §§ 6228) et seq.

²Ohio is the seventh state to enact the "model" act. The "model" bill has received the approval of the National Association of Secretaries of State and the Drafting Committee of the Council of State Governments; however, the United States Trade-Mark Association has not yet seen fit to consider the measure. The other states which have adopted the "model" act are: Arkansas, Georgia, Kansas, Mississippi, Pennsylvania, and South Carolina.


⁵This statement is intended to apply only to permissive registration.

The United States experienced a wave of mandatory state legislation during the 1930's. For example, in 1935, sixteen bills were introduced in the state legislatures, none of which, however, was enacted into law. Attempts to create the impression that state registration of trade-marks is essential to protection persisted during the following decade. In 1947, when the Lanham Act was about to become effective, bills were introduced into the Ohio and

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tration by an owner of a trade-mark who is not engaged in inter-state commerce, but that is not a singular prerequisite to the protection of trade-mark rights within the several states. Property in a trade-mark is acquired at common law by appropriation and use and registration under an act, in affirmance of the common law, cannot confer a title to a trade-mark if a prior right was acquired by adoption and use. Therefore, the act does not vest a title in the registrant as against another's common law title. It is clear that while registration creates important procedural rights, it does not give a right of ownership of the mark.

State registration would be essential to protection only if compulsory registration laws were enacted. But that would be contrary to the expressed purpose of the Lanham Act which is to displace local laws so far as the use of registered marks in inter-state commerce is concerned. Since a very high percentage of trade-mark owners use their marks in interstate commerce, they, in the words of a distinguished trade-mark attorney, "...want a single source to which they may go in determining whether a mark is available, a single point of registration, a reasonable fee, and avoidance of the confusion and harassment and expense of multiple jurisdiction."

The deficiencies and discordancies in the prior laws were directly responsible for the passage of the Lanham Act. In urging its adoption in 1946, the Senate Committee on Patents gave pointed emphasis to those defections and the need for "national legislation along national lines":

"The theory once prevailed that protection of trade-marks was entirely a state matter and that the right to a mark was a common-law right. This theory was the basis of previous national trade-mark statutes. Many years ago the Supreme Court held and has recently repeated that there is no federal common law. It is obvious that the states can change the common law with respect to trade-

the Connecticut legislatures affecting mandatory registration. Those measures were also rejected by the legislatures.

For a fuller account of the developments, see Perry, State Trade-Mark Legislation, 37 Trade-Mark Rep. 283 (1947). A proposed 1953 California bill, incorporating features of the "model" act and mandatory provisions of the present law, is discussed in Mensor, supra, note 3.

6 Filley v. Fasset, 44 Mo. 168 (1869).


8 The Coca-Cola Co. v. Stevenson, supra note 7.


10 Perry, op. cit. note 5, at 286.
marks and many of them have, with the possible result that there may be as many different varieties of common law as there are states. A man's rights in his trade-mark in one state may differ widely from the rights which he enjoys in another.

"However, trade is no longer local, but is national. Marks used in interstate commerce are properly the subject of federal regulation. It would seem as if national legislation along national lines securing to the owners of trade-marks in interstate commerce definite rights should be enacted and should be enacted now."

Local legislation, therefore, should neither conflict with nor overlap the federal law. At most, it should supplement the Lanham Act by providing for the registration of trade-marks of intrastate owners if a need for such requirements is demonstrated. Registration should not be required nor should benefits be offered to trade-mark owners in interstate commerce which are unavailable through the national act. The latter practice would recreate competitive, multiple jurisdiction problems for marks in interstate commerce and would conflict with the intent of the Lanham Act.

If a need for a state trade-mark law exists, it is created by unusual local conditions. However, neither an optimum nor, for that matter, a perceptible degree of urgency for intrastate protection has ever been demonstrated. Nor is the writer aware of any adequate sampling of local trade-mark owners, since the enactment of the Lanham Act, to determine whether a need, sufficient to warrant state legislation, prevails. Over the years, such need has not been articulated or demonstrated. As a matter of fact, the analyses of the urgings for state legislation reveal the intrastate trade-mark owners as being conspicuously silent in this regard.

Too often, the state legislation receives its support from groups that sell services in obtaining state registrations and from administrative bureaus, the latter having a direct or a vestigal interest in the program. Before present state trade-mark laws are amended, in conformance with uniform or other rules, a careful study of local conditions should be made. Particularly, the requirements of local businessmen should be ascertained to determine whether, with the advent of the Lanham Act, the continuation of a state trade-mark act is desired or needed. In that connection, the protection offered

12 The Connecticut experience, described by Mr. Kenneth Perry, Vice-President and General Counsel of Johnson & Johnson, illustrates this point. He states, "Not one single manufacturer spoke in support of the bill. Not one single trade-mark owner spoke in support of the bill. Not one single businessman engaged exclusively in intrastate commerce testified in support of the bill. But the bill had support, apart from the senator who introduced it and the attorney who drafted the bill, from a bureau that sells services in obtaining state registrations." Perry, op. cit. note 5. at 286.
local commerce by common law trade-marks and the law of unfair competition should be appraised. If the investigation engenders little support for state legislation from intrastate owners of trade-marks, the state provisions as to trade-marks should be repealed, rather than unified or stratified.

The comments of some legal scholars, critical of the practice of romanticizing common law traditions, could be directed with equal force at legislative predilections. Despite the absence of the original or the real justification for enacted statute law, legislatures generally are not given to reconsider and to reevaluate the factors determinative of earlier legislation. Often such law remains on the statute books, inactive or obsolete, or unitary or clarifying amendments are initiated with only superficial thought given to original objectives and current requisiteness. The revised trademark law of Ohio apparently falls within the latter category.

However, the very bulk and diffusion of statute law and the mass of bills introduced at each legislative session are not conducive to scientific and exhaustive perceptual evaluation. The inordinate demands made on the time of the legislators for the performance of non-lawmaking functions have added substantially to the cares of already overtaxed and overworked public officials. The hope prevails that the current program in Ohio for integrating and expanding the legislative services (Amended S.B. 76) will facilitate research, encourage deliberation, and provide an objective medium for the study of current and past legislative measures and their policies.

**The New Ohio Trade-Mark Act**

Notwithstanding the cognitive policy defections of the new Ohio Trade-Mark Act, its appraisal is compelling.

The salient objectives of the law are: 1) to consolidate the registration requirements under one procedure and 2) to establish standards for refusal of registration by the Secretary of State.

Uniform filing requirements are stipulated in Section 1329.56 of the Revised Code. Under the earlier practice, the secretary could not refuse the registration of a trade-mark if the application was in the proper form and was accompanied by the fixed fee. Registration under the new law may be refused in accordance with the standards outlined in Section 1329.55 of the Revised Code.

Registration of a trade-mark under the new Act shall be effective for a term of ten years from the date of registration and

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13 Mr. Justice Holmes' critical comment on the sanctity of traditional common law is equally applicable to statute law: "It is... revolting if the grounds upon which it (the law) was laid down have vanished long since, and the rule simply persists from blind imitation of the past." Holmes, *Collected Legal Papers* 187 (1921).
may be renewed for successive periods of ten years in like manner. The filing fee is ten dollars and the renewal charge is five dollars. Limiting the term of registration and the periodic elimination of abandoned and other trade-marks will facilitate the maintenance of an active registration file.

A registration in force on the effective date of the Act, October 1, 1954, shall expire ten years from the date of registration or of the last renewal thereof or one year after October 1, 1954, whichever is later. It may be renewed by filing an application with the Secretary of State and paying the renewal fee within six months prior to the expiration of the registration. The secretary is required by Section 1329.59, within six months after October 1, 1954, to notify all registrants under the former sections of the expiration date of the registration unless renewed.

Section 1329.60 provides that "any trade-mark and its registration shall be assignable with the good will of the business in which the trade-mark is used, or with that part of the good will of the business connected with the use of and symbolized by the trade-mark." The provision also provides for the recordation of the assignments with the Secretary of State upon the payment of a fee of five dollars. An assignment of any registration shall be void as against any subsequent purchaser for valuable consideration without notice unless it is properly recorded within three months after the date thereof or prior to the subsequent purchase.

The Secretary of State is required by Section 1329.62 to cancel from the register: 1) after October 1, 1955, all registrations under previous sections which are more than ten years old and are not renewed, 2) any registration which is voluntarily canceled in writing by the registrant or the assignee of record, 3) all registrations granted under Sections 1329.54 to 1329.68, inclusive, which are not renewed, 4) any registration concerning which the Secretary of State or a court of competent jurisdiction shall find cancelable for the reasons set forth in Section 1329.62 (D), and 5) when a court of competent jurisdiction shall order cancellation of a registration on any ground.

The Secretary of State is required to keep for public examination a record of all trade-marks registered or renewed and to establish a classification of goods conforming to the classification formulated by the United States Commissioner of Patents.

Damages are recoverable by or on behalf of a party injured from any person who procures the filing or registration of a trade-mark by knowingly making any false or fraudulent representation or declaration.

The conferring of additional remedies for infringement is an advantage of trade-mark registration under some state statutes.
over the common law practice. Section 1329.65 of the Revised Code states that any person who infringes a registered trade-mark shall be liable to a civil action by its owner for any or all of the remedies provided in Section 1329.66. Certain exceptions to recovery are listed under the section.

The remedies available under Section 1329.66 are: 1) injunctive relief, 2) payment by the defendants to the trade-mark owner of all profits derived from and all damages suffered by reason of the infringement, 3) destruction of the trade-mark counterfeits or imitations in the possession or under the control of a defendant, and 4) penal law.

The section provides, however, that where the infringement is part of paid newspaper or periodical advertising, the remedies against the publisher or distributor shall be limited to an injunction against the presentation of the advertising matter in future issues. These limitations apply only to innocent infringers.

The Act preserves the rights in trade-marks acquired at any time at common law, and makes the functions created by the Act subject to the Administrative Procedure Act, Sections 119.01 to 119.13, inclusive, of the Revised Code. Finally, the new trade-mark law is to become effective on October 1, 1954.

THE UNIFORM STATE TRADE-MARK ACT

In 1947, Mr. Kenneth Perry expressed the view that there will be no occasion for any uniform state trade-mark act, unless it be a very simple one.\textsuperscript{14} He urged that there be a respite in state trade-mark legislation until the Lanham Act has “exercised its proper influence.”\textsuperscript{15} Whether there has been an adequate lapse of time since the federal law became operative, to determine the nature and the extent to which state legislation is required, is problematic. It is certain, however, that the need for state law is in inverse proportion to the effectiveness of the Lanham Act.\textsuperscript{16} In consonance with the federal law, the only basis for a state act, if a need can be demonstrated, would be to extend additional protection to trade-marks of intrastate owners. With that objective in mind, it appears that the uniform act is less effective and less inclusive than a “little Lanham Act”\textsuperscript{17} would be. To illustrate, the latter law, among other benefits, would permit registration of service, collective and certification marks, symbols which are not covered by the uni-

\textsuperscript{14} Perry op. cit. note 5, at 286.

\textsuperscript{15} Id. at 287.

\textsuperscript{16} Dr. Walter Derenberg thinks that “Most state registration statutes are of little, if any, value to trade-mark owners and will prove even less so under the new act (Lanham Act). . . . The more effective federal trade-mark legislation, the smaller the need for state laws.” Quoted in \textit{ibid}.

\textsuperscript{17} By the “Little Lanham Act” is meant the embodiment of the essence of the Lanham Act as applied to trade-marks in intrastate commerce.
form act. Also, the additional features of incontestability, constructive notice, and concurrent registration are provided by the Lanham Act. With the present repeal of the union label provisions in the Ohio code, their exclusion from the uniform act and their coverage by a "little Lanham Act," the advantages of the latter law are further demonstrated.

**Marks of Ownership**

Amended Senate Bill No. 262 is a companion to the new trade-mark act in Ohio. This act provides for the registration of names, marks or devices of ownership on articles or supplies intended for re-use in the normal course of trade by the registrants. Ownership of the articles or supplies remains in the registrants. "Articles and supplies," as covered by Section 1329.41 (D) of the law include "towels, coats, aprons, toilet devices and accessories therefor supplied for hire or compensation, and vessels, receptacles and utensils used as packages or containers in the sale and distribution of any natural or processed product, compound, mixture, or substance, or any combination thereof, and parts and accessories for such vessels, receptacles, and utensils."

Section 1329.42 provides the procedure for filing with the Secretary of State names, marks or devices to indicate ownership of articles or supplies. Upon compliance with the requirements of Sections 1329.41 to 1329.53, inclusive, including the payment of a filing fee of ten dollars, the Secretary of State is authorized to issue a certificate to the person claiming ownership of the articles or supplies. Contrary to the trade-mark act, registration here is for an unlimited time.

All certificates of ownership issued prior to this Act shall be canceled on October 1, 1955, unless renewed in accordance with Section 1329.42. Prior certificates shall be effective until October 1, 1955, and shall be entitled, during this period, to all of the benefits of the Act.

Certificates are assignable with the sale of the articles or supplies and the assignments may be recorded upon the payment of a fee of five dollars to the Secretary of State. The secretary is required by Section 1329.46 to keep for public examination a record of all names, marks or devices filed.

Registration can be canceled by the Secretary of State only: 1) when a voluntary request for cancellation is received from the registrant or from the assignee of record or 2) when a court of competent jurisdiction shall order cancellation. Nor can the secretary refuse certification upon proper filing and payment of the fee.

Section 1329.49 states that no person: 1) shall dispose of or traffic in articles or supplies, fill or re-fill any container upon which a name, mark or device has been certified, 2) shall refuse to re-
turn the articles or supplies on demand of the owner, or 3) shall deface, obliterate or otherwise remove or conceal a name, mark or device, unless consent of the owner is obtained or unless the articles or supplies shall have been purchased from the owner.

The possession by any dealer in second-hand materials without the written consent of the registrant of any articles or supplies upon which a name, mark or device has been produced shall be presumptive evidence of a violation of the Act.

If a registrant shall state under oath before a justice of the peace or court of competent jurisdiction his belief that a violation of the Act is occurring with respect to one or some of his articles or supplies, the justice or court must thereupon issue a search warrant to discover and obtain them. The person in whose possession the articles or supplies are found shall be brought before the justice or court to explain the circumstances of possession. If the justice or court finds that the person is guilty of any of the offenses enumerated in the Act, the punishment prescribed in division (I) of Section 1329.99 of the Revised Code shall be imposed and possession of the articles or supplies obtained upon the warrant shall be awarded to the owner thereof.

Pursuant to Section 1329.99 (I), whoever violates the Act shall be fined not less than ten nor more than fifty dollars or imprisoned not less than ten days nor more than one month, or both, for a first offense. For each subsequent offense, the person shall be fined not less than twenty nor more than one hundred dollars, or imprisoned not less than thirty days nor more than three months, or both.

As with the new trade-mark act, this law shall become effective on October 1, 1954.

CONCLUSION

Careful study of local needs should determine the efficacy of state trade-mark legislation. In the absence of compelling demands by intrastate trade-mark owners, the state laws should be repealed rather than standardized or unified. If legislation is required, then it should reflect the maturest deliberation, embodying the schemata for the protection of local interests consistent with the federal law.