



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

OFFICE OF THE LEGISLATIVE SECRETARY
ACKNOWLEDGMENT RECEIPT

Received By Deefer
Time 11:10
Date 12/6/95

DEC 05 1995

The Honorable Ted S. Nelson
Acting Speaker
Twenty-Third Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Agana, Guam 96910

Office of
VICE-SPEAKER TED S. NELSON

Received by Deefer bac
Print Name Initial
Date: 12.6.95 Time: 10:02

Dear Speaker Nelson:

Enclosed please find a copy of Substitute Bill No. 331 (LS), "AN ACT TO REPEAL AND REENACT SECTIONS 6400, 6401, 6402, AND 6403 AND TO ADD NEW SECTIONS 6404 THROUGH 6413, ALL IN CHAPTER V OF THE GOVERNMENT CODE, RELATIVE TO CREATING A PROCESS OF PROTECTING TRADEMARKS, TRADENAMES, SERVICE MARKS, LABELS, AND PRINTS WITHIN THE TERRITORY OF GUAM", which I have signed into law today as **Public Law No. 23-62.**

Although not perfect, this legislation provides some protection to those persons who may or may not have registered their "print, label, trademark, or service mark" with the United States Patent and Trademark Office and thereafter filed a copy with the local government, thereby receiving protection for their creative property.

The legislation shifts the responsibility for registering a patent or copyright away from the Department of Administration and places it with the Department of Commerce. It also provides for a local registration of creative property in addition to the process of registering with the United States Patent and Trademark Office.

Some defects in the legislation, both substantive and technical, which require further study and correction are the following:

- 1) The provisions of Section 2 of the bill do not seem synchronized with the provisions of Section 3. For example, Section 2 provides

definitions, while Section 3 uses terminology ("label", "service mark") which is not contained in the definitions. This may lead to later problems for persons desiring to register their creative property with the Department of Commerce.

- 2) §6402, Section 2, page 3, line 22 of the bill contains an extra word, "in".
- 3) §6404, Section 3, page 4, lines 7 through 11, does not contain a full sentence. Some words are missing.
- 4) §6406, Section 3, page 5, line 13, appears to be missing words. "and shall issue to (missing words here) the regulations as may be necessary..."
- 5) §6410, Section 3, page 7, line 5, the word "fact" should read "facts".
- 6) §6412, Section 3, page 7, line 22, the word "forth" appearing before the word "revocation" should read "for the".
- 7) There are no guidelines for imposing the fines established in Section 3, which are considerable. In other words, may a \$30,000 fine be imposed against a person for falsifying an application to register property worth \$10? I believe that this issue should be further addressed.

While I believe that the bill as presented may be given effect, I request the Legislature to address the corrections needed, and perhaps refine the language so that persons attempting to utilize the protections contained within the bill do not encounter needless difficulties.

Very truly yours,


Carl T. C. Gutierrez

Attachment

230894

TWENTY-THIRD GUAM LEGISLATURE
1995 (FIRST) Regular Session

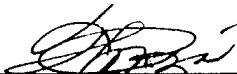
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 331 (LS), "AN ACT TO REPEAL AND REENACT SECTIONS 6400, 6401, 6402, AND 6403 AND TO ADD NEW SECTIONS 6404 THROUGH 6413, ALL IN CHAPTER V OF THE GOVERNMENT CODE, RELATIVE TO CREATING A PROCESS OF PROTECTING TRADEMARKS, TRADENAMES, SERVICE MARKS, LABELS, AND PRINTS WITHIN THE TERRITORY OF GUAM," was on the 22nd day of November, 1995, duly and regularly passed.



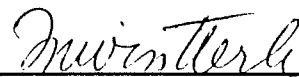
DON PARKINSON
Speaker

Attested:



JUDITH WON PAT-BORJA
Senator and Legislative Secretary

This Act was received by the Governor this 29th day of November,
1995, at 4:55 o'clock P.M.



Assistant Staff Officer
Governor's Office

APPROVED:



CARL T. C. GUTIERREZ
Governor of Guam

Date: 12-5-95

Public Law No. 23-62

TWENTY-THIRD GUAM LEGISLATURE
1995 (FIRST) Regular Session

Bill No. 331 (LS)
As substituted by the
Committee on Ways and Means

Introduced by:

A. C. Blaz
T. C. Ada
J. P. Aguon
E. Barrett-Anderson
J. S. Brown
F. P. Camacho
M. C. Charfauros
H. A. Cristobal
M. Forbes
A. C. Lamorena V
C. Leon Guerrero
L. Leon Guerrero
T. S. Nelson
S. L. Orsini
V. C. Pangelinan
D. Parkinson
J. T. San Agustin
A. L. G. Santos
F. E. Santos
A. R. Unpingco
J. Won Pat-Borja

AN ACT TO REPEAL AND REENACT SECTIONS 6400,
6401, 6402, AND 6403 AND TO ADD NEW SECTIONS
6404 THROUGH 6413, ALL IN CHAPTER V OF THE
GOVERNMENT CODE, RELATIVE TO CREATING A
PROCESS OF PROTECTING TRADEMARKS,
TRADENAMES, SERVICE MARKS, LABELS, AND
PRINTS WITHIN THE TERRITORY OF GUAM.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

1 **Section 1. Legislative Findings.** The Legislature finds that an increasing
2 number of the residents of Guam are more than ever before expressing their
3 thoughts and opinions by becoming creative resulting in the creation of
4 original designs. In order to ensure that individual artworks are protected,
5 the Legislature finds that it is necessary to implement a law which provides
6 such protection. Under current law, local artists have to apply for protection
7 through the United States Patent Office and present a copy of the certificate
8 granted by that office of the Department of Administration in order to be
9 assured protection locally.

10 The Legislature further finds that this is a cumbersome and expensive
11 process for most local businesses and manufacturers. As opposed to overall
12 protection throughout the United States, local businesses and manufacturers
13 need the protection right within the Territory of Guam.

14 **Section 2.** Sections 6400, 6401, 6402 and 6403 of Chapter V of the
15 Government Code are hereby repealed and reenacted to read as follows:

16 "**§6400. Definitions.** As used in this Chapter, unless the context
17 otherwise requires:

18 'Director' means the Director of the Department of Commerce of the
19 government of Guam.

20 'Person' means an individual, corporation, government, or
21 governmental subdivision or agency, business trust, estate, trust, partnership,
22 unincorporated association, two or more of any of the foregoing having a
23 joint or common interest, or any other legal or commercial entity.

24 'Trade name' means a word or name used by a person to identify the
25 person's business, vocation or occupation and distinguish it from the business,
26 vocation or occupation of others.

1 'Trademark' means any word name, symbol or device or any
2 combination thereof adopted and used by a person to identify goods and
3 distinguish them from the goods of others.

4 'Print' means any original artwork, design, poster, lithograph or
5 literary work.

6 **§6401. United States patents and copyrights: Registration.**

7 The owner of a patent, copyright, or trademark registered with the
8 United States Patent and Trademark Office, who desires to register it in the
9 Territory of Guam, may do so by complying with the following provisions:

10 (a) By supplying a certified copy of the United States Registration of
11 such patent, copyright or trademark, to the Director.

12 (b) By paying to the Director the sum of Fifty Dollars (\$50) for the
13 requisite filing with the Department of Revenue and Taxation which shall be
14 deposited in the General Fund of the Territory of Guam.

15 **§6402. Renewed United States Patents, Copyrights or Trademarks.**

16 Patents, copyrights or trademarks renewed in the United States Patent and
17 Trademark Office must likewise be renewed with the government of Guam,
18 and the procedure as set forth in section 6401 of this Chapter is required for
19 such renewal, with the addition that a certified copy of the renewal granted
20 by the United States Patent and Trademark Office must be furnished;
21 provided, that if a certified copy of the original registration has been filed in
22 Guam, then in another copy need not be furnished with the notice of
23 renewal.

24 **§6403. Application to register United States Patent, Copyright or**
25 **Trademark.** When other than the owner of a patent, copyright or trademark
26 applies for registration or renewal of the same, documentary evidence
27 satisfactory to the Director setting forth the right of the applicant to such

1 registration or renewal must be furnished prior to the granting of the
2 registration or renewal requested, unless such documentary evidence has
3 been previously supplied to the Director."

4 **Section 3.** New Sections 6404 through 6413 are hereby added to the
5 Government Code of Guam to read:

6 **"§6404. Guam Certificate of Registration.**

7 (a) Any person desiring to register any print, label or trademark
8 intended to be attached or applied to goods or manufactured articles or to
9 bottles, boxes or package containing the goods or manufactured articles to
10 indicate the name of the manufacturer and any person desiring to register a
11 service mark or a trade name in the manner hereinafter provided.

12 (b) Before any person may receive a Guam certificate or registration of
13 a print, label or trademark, the person shall file in the office of the Director,
14 an application for the registration of such print, label or trademark with a
15 declaration, certified by the applicant, stating that the applicant is the sole
16 and original proprietor or authorized user of this print, label or trademark
17 and describing the goods or manufactured articles for which the print, label
18 or trademark is used, and stating the manner in which the print, label or
19 trademark is used. Before any person may receive a Guam certificate of
20 registration of a service mark or trade name, the person shall file in the office
21 of the Director an application for the registration thereof, with a declaration,
22 certified as aforesaid, stating that the person is the sole and original
23 proprietor of the service mark or tradename, or the assign of the proprietor
24 or authorized user and setting the nature of the business in which the service
25 mark or tradename is used. Upon filing the application, the applicant shall
26 pay to the Director a fee of One Hundred Dollars (\$100), which shall be
27 deposited in the General Fund of the Territory of Guam. When other than the

1 sole and original proprietor of a print, label, trademark, service mark or
2 tradename applies for the registration of the same, documentary evidence,
3 satisfactory to the Director explicitly setting forth the right of the applicant to
4 use such print, label, trademark, service mark or tradename must be
5 furnished to the Director prior to the granting of the registration or renewal
6 requested.

7 **§6405. Duration of Protection.** Unless otherwise provided in this Act,
8 the filing of an application as provided in section 6404 shall remain in full
9 force and effect for a period of five (5) years.

10 **§6406. Record: Issuance and Effect of Guam Certificate.** Upon receiving
11 the application accompanied by the fee, the Director shall cause the print,
12 label, trademark, service mark or tradename to be filed with the Department
13 of Commerce and shall issue to the regulations as may be necessary to carry
14 out the purposes of this section in accordance with the Territory of Guam's
15 Administrative Adjudication Law.

16 **§6407. Penalty for False Applications.**

17 (a) Any person who signs and certifies as correct any application filed
18 pursuant to this Chapter, knowing the same to be false in any material
19 particular, shall be fined not more than Thirty Thousand Dollars (\$30,000).

20 (b) Any person who negligently, but without intent to defraud, signs and
21 certifies as correct any application filed pursuant to this Chapter, which
22 application is false in any material particular, shall be fined not more than
23 Three Thousand Dollars (\$3,000).

24 **§6408. Certain Prints, Labels, Trademarks, Service Mark and**
25 **Tradenames Not to be Adopted or Used.** It shall be unlawful for any person to
26 adopt or use a print, label, trademarks, service mark or tradename which is

1 identical to or confusingly similar with any registered print, label, trademark,
2 service mark or tradename or the name of any person.

3 **§6409. Penalty - Injunctions; Unlawful Use.**

4 (a) Any person using such identical or similar print, label, trademark,
5 service mark, or tradename as set forth in Section 6407, shall be fined not less
6 than Ten Thousand Dollars (\$10,000).

7 (b) The Superior Court of Guam shall have the power to grant
8 injunctions, according to principals of equity and upon such terms as the court
9 may deem reasonable, to prevent the violation of any right of a registered
10 owner of a print, label trademark, service mark, or tradename registered
11 with the Department of Commerce.

12 **§6410. Revocation of Guam Certificate; Nonuse.**

13 If any print, label, trademark, service mark, or tradename is not used by
14 the registrant in accordance with the declaration either in the Territory of
15 Guam or elsewhere in the United States for a period exceeding three hundred
16 and sixty-five (365) consecutive days, and the print, label, service mark,
17 trademark, or tradename has not been registered in the name of the
18 registrant in the Patent and Trademark Office of the United States, the Guam
19 certificate of registration may be immediately revoked by the Director. Any
20 person desiring such revocation shall file a verified petition in the office of the
21 Director. Any person desiring such revocation shall file a verified petition in
22 the office of the Director in such form as the Director may provide, setting
23 forth facts indicating such nonuse for a period exceeding three hundred and
24 sixty-five (365) consecutive days immediately preceding the date of the filing
25 of the petition, and alleging the nonregistration in the Patent and Trademark
26 Office of the United States. The petitioner shall at the petitioner's expense

1 notify the registrant of the hearing in the manner prescribed by the Director,
2 and the registrant shall be given the opportunity of a full hearing.

3 After granting an opportunity for hearing to the petitioner and the
4 registrant, the Director shall grant or deny the petition for revocation, as the
5 fact shall warrant.

6 **§6411. Application of Law; Reissue on Nonuser.** This Chapter is
7 applicable to all registrations filed with the Office of the Director of the
8 Department of Commerce; the intent hereof being that all prints, labels,
9 trademarks, service marks, or tradenames not used by the applicant in the
10 Territory of Guam or elsewhere in the United States and not registered in the
11 name of the applicant in the Patent and Trademark Office of the United
12 States may be reissued to such applicant who is actually using the same.

13 The fact that a print, label, trademark, service mark, or tradename has
14 not been used in the Territory of Guam for a period exceeding three hundred
15 sixty-five (365) consecutive days shall be prima facie proof of the fact that the
16 same has not been used elsewhere for such period.

17 **§6412. Revocation of Guam Certificate: Ownership.** Any person
18 claiming to be the owner of a print, label, service mark, trademark, or
19 tradename for which a Guam certificate of registration pursuant to this
20 Chapter has been issued to any other person shall file a verified petition in the
21 Office of the Director of the Department of Commerce in such form as the
22 Director may provide forth revocation of the registration of such print, label,
23 service mark, trademark, or tradename and in support of the claim of the
24 petitioner that the Guam certificate of registration should be revoked.

25 After granting an opportunity for hearing to the petitioner and the
26 registrant, the Director shall grant or deny the petition for revocation, as the
27 facts warrant.

1 §6413. Appeal. Any person aggrieved by any action of the Director
2 under this Chapter in issuing a Guam certificate of registration of a print,
3 label, trademark, service mark, or tradename or in revoking any such
4 certificate of registration or in denying an application may, within thirty (30)
5 days after action by the Director, or in the event no order has been entered
6 either granting or denying the application within thirty (30) days after the
7 filing of the application, commence proceedings to obtain judicial review
8 thereof by the Superior Court of Guam by filing in the court a notice of
9 appeal."

TWENTY-THIRD GUAM LEGISLATURE

1995 (FIRST) Regular Session

Date: 11/22/95

VOTING SHEET

Bill No. 331

Resolution No. _____

Question: _____ *on the passage* _____

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	ABSENT/ OUT DURING ROLL CALL
ADA, Thomas C.	✓			
AGUON, John P.	✓			
BARRETT-ANDERSON, Elizabeth	✓			
BLAZ, Anthony C.	✓			
BROWN, Joanne S.	✓			
CAMACHO, Felix P.	✓			
CHARFAUROS, Mark C	✓			
CRISTOBAL, Hope A.	✓			
FORBES, MARK	✓			
LAMORENA, Alberto C., V	✓			
LEON GUERRERO, Carlotta	✓			
LEON GUERRERO, Lou	✓			
NELSON, Ted S.	✓			
ORSINI, Sonny L.	✓			
PANGELINAN, Vicente C	✓			
PARKINSON, Don	✓			
SAN AGUSTIN, Joe T.	✓			
SANTOS, Angel L. G.	✓			
SANTOS, Francis E.				✓
UNPINGCO, Antonio R.				✓
WONPAT-BORJA, Judith	✓			

TOTAL

19 0 0 2

CERTIFIED TRUE AND CORRECT:

Recording Secretary



**TWENTY-THIRD
GUAM LEGISLATURE**
155 Hesler St.
Agana, Guam 96910

Member,
Committee on
Economic-Agricultural
Development & Insurance

Member,
Committee on
Electrical Power &
Consumer Protection

Member,
Committee on Federal
& Foreign Affairs

Member,
Committee on Rules

Member,
Committee on
Tourism & Transportation

Member,
Commission on
Self-Determination

Member,
Guam Finance Commission

Senator Francis E. Santos

Chairperson, Committee on Ways & Means

Phone: (671) 472-3414/5 Fax: (671) 477-3048

June 23, 1995

Honorable W. Don Parkinson
Speaker,
Twenty - Third Guam Legislature
155 Hesler Street
Agana, Guam 96910

Dear Speaker Parkinson:

The Committee on Way and Means, now reports its findings on Substitute Bill #331 An act to repeal section 6400, 6401, and 6402 of the Government Code and Reenact Legislation, creating a process of protecting trademarks, tradenames, service marks, label, and prints within the territory, to the full legislature with the recommendation to do Pass.

Votes of the Committee members are as follows:

To Pass:	<u>8</u>
Not To Pass:	<u>0</u>
Abstain:	<u>0</u>
Inactive File:	<u>0</u>
Off Island:	<u>0</u>
Unavailable	<u>1</u>
Report out only	<u>1</u>

Copies of the Committee Report and all pertinent documents are attached for your information.

Respectfully,

Francis E. Santos



**TWENTY-THIRD
GUAM LEGISLATURE**
155 Hesler St.
Agana, Guam 96910

Senator Francis E. Santos

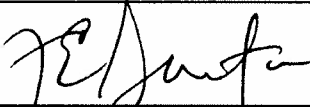
Chairperson, Committee on Ways & Means

Phone: (671) 472-3414/5 Fax: (671) 477-3048

VOTING SHEET


ON SUBSTITUTE BILL #331 AN ACT TO REPEAL SECTION 6400, 6401, AND 6402 OF THE GOVERNMENT CODE AND REENACT LEGISLATION, CREATING A PROCESS OF PROTECTING TRADEMARKS, TRADENAMES, SERVICE MARKS, LABELS AND PRINTS WITHIN THE TERRITORY.

Member,
Committee on
Economic-Agricultural
Development & Insurance

<u>COMMITTEE MEMBERS</u>	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>TO ABSTAIN</u>	<u>TO PLACE IN THE INACTIVE</u>
	✓			

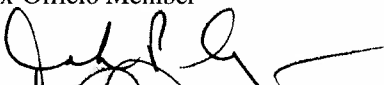
Senator Francis E. SANTOS
Chairman

Member,
Committee on
Electrical Power &
Consumer Protection

	✓			
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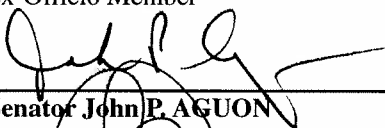
Senator Joe T. SAN AGUSTIN
Vice-Chairman

Member,
Committee on Federal
& Foreign Affairs

	✓			
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Speaker Don PARKINSON
Ex-Officio Member

Member,
Committee on Rules

	✓			
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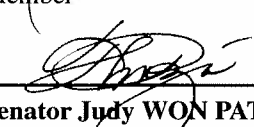
Senator John P. AGUON
Member

Member,
Committee on
Tourism & Transportation

	✓			
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Senator Sonny L. ORSINI
Member

Member,
Commission on
Self-Determination

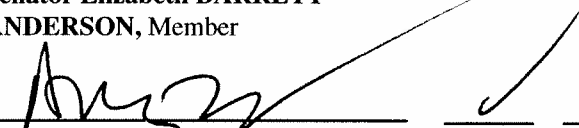
	✓			
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Senator Judy WON PAT-BORJA
Member

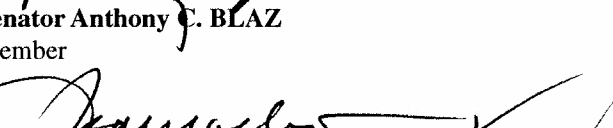
Member,
Guam Finance Commission

	✓			<i>To report out only</i>
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Senator Elizabeth BARRETT-ANDERSON, Member

	✓			
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Senator Anthony C. BLAZ
Member

	✓			
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Senator Felix CAMACHO
Member

	✓			
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Senator Antonio R. UNPINGCO
Member

**COMMITTEE ON WAYS AND MEANS
COMMITTEE REPORT
ON
BILL NO. 331**

Bill No. 331 - AN ACT TO REPEAL SECTION 6400, 6401 AND 6402 OF THE GOVERNMENT CODE AND REENACT LEGISLATION, CREATING A PROCESS OF PROTECTING TRADEMARKS, TRADE NAMES, SERVICE MARKS, LABELS AND PRINTS WITHIN THE TERRITORY OF GUAM.

PREFACE

The Committee on Ways and Means convened at 9:30 a.m. Monday, August 8, 1995 in the Legislature's Public Hearing Room in Agana, Guam.

Alongside Chairman Francis E. Santos were committee members Anthony Blaz, Sonny L. Orsini, Felix Camacho and Judith Won Pat-Borja.

OVERVIEW

Bill No 331 if enacted into law would provide much needed protection of artwork originally designed and created by artists.

The present protection provided to local artists designs and creation is a much cumbersome process. Local artist must register such art work with the United States Patent Office. At that point, should the registration be approved, the artist must then present a copy of the registration certificate to the local Department of Administration.

The current process to some local artist may be viewed as too cumbersome. Failure to proceed with the current procedure, local artist are not provided protection of their artwork.

Bill 331 provides for a procedure which could be done locally where an artist may register a personal work with the Director of Revenue and Taxation

Protection is further provided to deter applicants from claiming an art work as their own if indeed it is not their original work.

COMMITTEE FINDINGS

Attorney Peter R. Sgro, Jr. testified and submitted written testimony at the public hearing on behalf of his client, Mr. Joe Chargualaf in support of Bill No. 331. Mr. Chargualaf presently has a litigation complaint that KMART Corporation has reproduced designs he originally produced and selling them in the stores in Guam and across the United States of America.

Mr. Sgro further recommended that the bill be amended to place the responsibilities of registration within the Department of Commerce. Making reference to Public Law 20-103, the responsibilities of registrations should be placed within the same Department as that of the Guam Product Seal. (ATTACHMENT I)

Mr. Sgro iterated that the term property is widely defined as "anything that is the subject of ownership". However, the court has legally defined "property" as any thing that has "exchangeable value". (ATTACHMENT I)

Written testimony was submitted to the Committee on Ways and Means on September 1, 1995 supporting the concept included within Bill No. 331, however noted that the enforcement of such a law may be difficult. Noting that protection of such products is an especially specialized procedure, thus recommending that the Committee further assess the prospective costs of such enforcement. (ATTACHMENT II)

The Chamber further recommends that a provision be included in the bill assuring that those products protected by their place of origin is protected within the Territory of Guam.

Mr. Sgro informed the committee of his efforts to reach a resolution to his client's case with the KMART Corporation. However, continued efforts with officials of the corporation have unsuccessful and a third party resolution may be necessary.

Senator Orsini noted his support of Bill 331 and iterated his appallness of a corporation such as KMART to a local business owner trying to make a profit of his own work. The senator made reference to a conversation with the Former Governor when he iterated that "I don't mind giving up my cow, maybe he needs the milk, I don't mind giving up my fish, maybe he's more hungry than me, but don't you steal my ideas."

Senator Felix Camacho indicated his support of Bill 331 and recommended a speedy passage by the full body.

Senator Judith Won Pat-Borja informed the Committee of her experience during an off-island trip and her observations of several stores selling chamber T shirts thousands of miles away. She further indicated her support of the bill, but questions the penalty amounts mentioned in the bill and recommends increasing such fees.

The Chairman then recommended with the concurrence of the witnesses and senators present to triple the penalty amounts in the bill.

The Chairman further informed Mr. Chargualaf that he will do whatever necessary to see that this bill be entertained in the next Legislative Session.

COMMITTEE RECOMMENDATION

In light of the case involving Mr. Chargualaf and KMART coupled with the absence of a local law governing the protection of the work of local artistic work and the need to provide such protection

for future designs, the Committee on Ways and Means reports Substitute Bill No. 331 for consideration by the full body with the recommendation to do pass.

TWENTY-THIRD GUAM LEGISLATURE
(FIRST) Regular Session

Substitute Bill No. 331
As Substituted by the Committee
on Ways and Means

Introduced By:

A. C. Blaz

**AN ACT TO REPEAL SECTION 6400, 6401 AND 6402 OF THE GOVERNMENT
CODE AND REENACT LEGISLATION, CREATING A PROCESS OF
PROTECTING TRADEMARKS, TRADE NAMES, SERVICE MARKS, LABELS
AND PRINTS WITHIN THE TERRITORY OF GUAM.**

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

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2 number of the residents of Guam are more than ever before expressing their thought and opinions
3 by becoming creative resulting in the creation of original designs. In order to ensure that individual
4 artworks are protected, the Legislature finds that it is necessary to implement a law which provides
5 such protection. Under current law, local artists have to apply for protection through the United
6 States Patent Office and present a copy of the certificate granted by that office to the Department
7 of Administration in order to be assured protection locally.
8

9 The legislature further finds that this is a cumbersome and expensive process for most
10 local businesses and manufacturers. As opposed to overall protection throughout the United
11 States, local businesses and manufacturers need the protection right within the Territory of Guam.

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13 hereby repealed and reenacted to read as follows:

14 Subsection 6400. Definitions. As used in this chapter, unless the context otherwise
15 requires:

16 “Director” means the Director of the Department of Commerce of the Government of
17 Guam.

18 “Person” means an individual, corporation, government, or governmental subdivision or
19 agency, business trust, estate, trust, partnership, unincorporated association, two or more of any of
20 the foregoing having a joint or common interest, or any other legal or commercial entity.

21 “Trade name” means a word or name used by a person to identify the person’s business,
22 vocation or occupation and distinguish it from the business, vocation or occupation of others.

1 “Trademark” means any word name, symbol or device or any combination thereof adopted
2 and used by a person to identify goods and distinguish them from the goods of others.

3 “Print” means any original artwork, design, poster, lithograph or literary work.
4

5 Subsection 6401. United States patents and copyrights:

6 Registration. The owner of a patent, copyright, or trademark registered with the United States
7 Patent and Trademark Office, who desires to register it in the Territory of Guam, may do so by
8 complying with the following provisions:

9 (a) By supplying a certified copy of the United States registration of such patent, copyright
10 or trademark, to the Director.

11 (b) By paying to the Director the sum of \$50 for the requisite filing with the Department of
12 Revenue and Taxation which shall be deposited in the general fund of the Territory of Guam.

13 Subsection 6402. Renewed United States Patents, Copyrights or Trademarks. Patents
14 copyrights or trademarks renewed in the United States Patent and Trademark Office must likewise
15 be renewed with the Government of Guam, and the procedure as set forth in Subsection 6401 of
16 this Chapter is required for such renewal, with the addition that a certified copy of the renewal
17 granted by the United States Patent and Trademark Office must be furnished; provided, that if a
18 certified copy of the original registration has been filed in Guam, then in another copy need not be
19 furnished with the notice of renewal.

20 Subsection 6403. Application to register United States Patent, Copyright or Trademark.

21 When other than the owner of a patent, copyright or trademark, applies for registration or
22 renewal of the same, documentary evidence, satisfactory to the Director, setting forth the right of
23 the applicant to such registration or renewal must be furnished prior to the granting of the
24 registration or renewal requested, unless such documentary evidence has been previously supplied
25 to the Director.

26 Subsection 6404. Guam Certificate of Registration.

27 (a) Any person desiring to register any print, label or trademark intended to be attached or
28 applied to goods or manufactured articles or to bottles, boxes or package containing the goods or
29 manufactured articles to indicate the name of the manufacturer and any person desiring to register
30 a service mark or a trade name in the manner hereinafter provided.

31 (b) Before any person may receive a Guam certificate or registration of a print, label or
32 trademark, the person shall file in the office of the Director, an application for the registration of

1 such print, label or trademark with a declaration, certified by the applicant, stating that the
2 applicant is the sole and original proprietor or authorized user of this print, label or trademark and
3 describing the goods or manufactured articles for which the print, label or trademark is used, and
4 stating the manner in which the print, label or trademark is used. Before any person may receive a
5 Guam certificate of registration of a service mark or trade name, the person shall file in the office
6 of the Director an application for the registration thereof, with a declaration, certified as aforesaid,
7 stating that the person is the sole and original proprietor of the service mark or tradename, or the
8 assign of the proprietor or authorized user and setting the nature of the business in which the
9 service mark or tradename is used. Upon filling the application, the applicant shall pay to the
10 Director a fee of \$100, which shall be deposited in the General Fund of the Territory of Guam.
11 When other than the sole and original proprietor of a print, label, trademark, service mark or
12 tradename applies for the registration of the same, documentary evidence, satisfactory to the
13 Director explicitly setting forth the right of the applicant to use such print, label, trademark, service
14 mark or tradename must be furnished to the Director prior to the granting of the registration or
15 renewal requested.

16 Subsection 6405. Duration of Protection. Unless otherwise provided in this Act,
17 the filing of an application as provided in subsection 6404 shall remain in full force and effect for a
18 period of five (5) years.

19 Subsection 6406. Record, Issuance and Effect of Guam Certificate. Upon receiving
20 the application accompanied by the fee, the Director shall cause the print, label, trademark, service
21 mark or tradename to be filed with the Department of Commerce and shall issue to the regulations
22 as may be necessary to carry out the purposes of this section in accordance with the Territory of
23 Guam's Administrative Adjudication Law.

24 Subsection 6407. Penalty for False Applications.

25 (a) Any person who signs and certifies as correct any application filed pursuant to this
26 Chapter, knowing the same to be false in any material particular, shall be fined not more than
27 \$30,000.

28 (

29 b)

30 A

31 ny person who negligently, but without intent to defraud, signs and certifies as correct any

1 application filed pursuant to this chapter, which application is false in any material particular, shall
2 be fined not more than \$3,000.

3 Subsection 6408. Certain Prints, Labels, Trademarks, Service mark and Trade Names
4 Not to be Adopted or Used. It shall be unlawful for any person to adopt or use a print, label,
5 tradename, service name or tradename which is identical to or confusingly similar with any
6 registered print, label, trademark, service mark or tradename or the name of any person.

7 Subsection 6409. Penalty - Injunctions; Unlawful Use.

8 (a) Any person using such identical or similar print, label, trademark, service mark, or
9 trade name as set forth in section 6407, shall be fined not less than \$10,000.

10 (b) The Superior Court of Guam shall have the power to grant injunctions, according to
11 principals of equity and upon such terms as the court may deem reasonable, to prevent the
12 violation of any right of a registered owner of a print, label, trademark, service mark, or trade
13 name registered with the Department of Commerce.

14 Subsection 6410. Revocation of Guam Certificate; Nonuse. If any print, label,
15 trademark, service mark, or trade name is not used by the registrant in accordance with the
16 declaration either in the Territory of Guam or elsewhere in the United States for a period exceeding
17 three hundred and sixty-five (365) consecutive days, and the print, label, service mark, trademark,
18 or trade name has not been registered in the name of the registrant in the patent and trademark
19 office of the United States, the Guam certificate of registration may be immediately revoked by the
20 Director. Any person desiring such revocation shall file a verified petition in the office of the
21 Director, in such form as the Director may provide, setting forth facts indicating such nonuse for a
22 period exceeding three hundred and sixty-five (365) consecutive days immediately preceding the
23 date of the filing of the petition, and alleging the nonregistration in the patent office of the United
24 States. The petitioner shall at the petitioner's expense notify the registrant of the hearing in the
25 manner prescribed by the Director, and the registrant shall be given the opportunity of a full
26 hearing.

27 After granting an opportunity for hearing to the petitioner and the registrant, the Director
28 shall grant or deny the petition for revocation, as the fact shall warrant.

29 Subsection 6411. Application of Law; Reissue on Nonuser. This Chapter is applicable to
30 all registrations filed with the office of the Director of the Department of Commerce; the intent
31 hereof being that all prints, labels, trademarks, service marks, or trade names not used by the
32 applicant in the Territory of Guam or elsewhere in the United States and not registered in the name

1 of the applicant in the Patent and Trademark Office of the United States may be reissued to such
2 applicant who is actually using the same.

3 The fact that a print, label, trademark, service mark, or trade name has not been used in
4 the Territory of Guam for a period exceeding three hundred sixty-five (365) consecutive days shall
5 be prima facie proof of the fact that the same has not been used elsewhere for such period.

6 Subsection 6412. Revocation of Guam Certificate; Ownership. Any person claiming to
7 be the owner of a print, label, service mark, trademark, or trade name for which a Guam
8 Certificate of registration pursuant to this chapter has been issued to any other person shall file a
9 verified petition in the office of the Director of the Department of Commerce in such form as the
10 Director may provide for the revocation of the registration of such print, label, service mark,
11 trademark, or trade name and in support of the claim of the petitioner that the Guam certificate of
12 registration should be revoked.

13 After granting an opportunity for hearing to the petitioner and the registrant, the Director
14 shall grant or deny the petition for revocation, as the facts warrant.

15 Subsection 6413. Appeal. Any person aggrieved by any action of the Director under this
16 chapter in issuing a Guam certificate of registration of a print, label, trademark, service mark, or
17 trade name or in revoking any such certificate of registration or in denying an application may,
18 within thirty (30) days after action by the Director, or in the event no order has been entered either
19 granting or denying the application within thirty (30) days after the filing of the application ,
20 commence proceedings to obtain judicial review thereof by the superior Court of Guam by filing in
21 the court a notice of appeal.

TWENTY-THIRD GUAM LEGISLATURE
1995 (FIRST) Regular Session

Bill No. 331
Introduced by:

A.C. Blaz *Blaz*

**AN ACT TO REPEAL SECTION 6400, 6401, AND 6402 OF THE
GOVERNMENT CODE AND REENACT LEGISLATION, CREATING A
PROCESS OF PROTECTING TRADEMARKS, TRADE NAMES,
SERVICE MARKS, LABELS AND PRINTS WITHIN THE TERRITORY
OF GUAM.**

1 BE IT ENACTED ON BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 **Section 1.** The Legislature finds that the growing number of Guam residents involved in
3 the actual design and manufacture of products here on Guam warrants a law which would protect
4 their intellectual property rights. Under current law, Guam businesses have to go through the
5 United States Patent Office, and then present a copy of the registration certificate given by that
6 office to the Department of Administration in order to be assured protection here on Guam.

7 The legislature finds that this is a cumbersome and expensive process for most local
8 businesses and manufacturers. As opposed to overall protection throughout the United States,
9 local businesses and manufacturers need the protection right here on Guam.

10 **Section 2.** Sections 6400, 6401 and 6402, Chapter V of the Government Code, are
11 hereby repealed and reenacted to read as follows:

12 Subsection 6400. Definitions. As used in this chapter, unless the context otherwise
13 requires:

14 “Director” means the Director of Revenue and Taxation, Government of Guam.

1 "Person" means an individual, corporation, government, or governmental subdivision or
2 agency, business trust, estate, trust, partnership, unincorporated association, two or more of any
3 of the foregoing having a joint or common interest, or any other legal or commercial entity.

4 "Trade name" means a word or name used by a person to identify the person's business,
5 vocation or occupation and distinguish it from the business, vocation or occupation of others.

6 "Trademark" means any word, name, symbol or device or any combination thereof
7 adopted and used by a person to identify goods and distinguish them from the goods of others.

8 "Print" means any original artwork, design, poster, lithograph or literary work.

9
10 Subsection 6401. United States patents and copyrights.

11 Registration. The owner of a patent, copyright, or trademark registered with the United States
12 Patent and Trademark Office, who desires to register it in the Territory of Guam, may do so by
13 complying with the following provisions:

14 (a) By supplying a certified copy of the United States registration of such patent,
15 copyright or trademark, to the Director.

16 (b) By paying to the Director the sum of \$50 for the requisite filing with the Department
17 of Revenue and Taxation which shall be deposited in the general fund of the Territory of Guam.

18 Subsection 6402. Renewed United States Patents, Copyrights or Trademarks. Patents
19 copyrights or trademarks renewed in the United States Patent and Trademark Office must
20 likewise be renewed with the Government of Guam, and the procedure as set forth in Subsection
21 6401 of this Chapter is required for such renewal, with the addition that a certified copy of the
22 renewal granted by the United States Patent and Trademark Office must be furnished; provided,

1 that if a certified copy of the original registration has been filed in Guam, then another copy need
2 not be furnished with the notice of renewal.

3 Subsection 6403. Application to Register United States Patent, Copyright or Trademark.

4 When other than the owner of a patent, copyright or trademark, applies for registration or
5 renewal of the same, documentary evidence, satisfactory to the Director, setting forth the right of
6 the applicant to such registration or renewal must be furnished prior to the granting of the
7 registration or renewal requested, unless such documentary evidence has been previously supplied
8 to the Director.

9 Subsection 6404. Guam Certificate of Registration.

10 (a) Any person desiring to register any print, label, or trademark intended to be attached
11 or applied to goods or manufactured articles or to bottles, boxes, or packages containing the
12 goods or manufactured articles to indicate the name of the manufacturer, and any person desiring
13 to register a service mark, or a trade name, may obtain a Guam certificate of the registration of
14 the print, label, trademark, service mark, or trade name in the manner hereinafter provided.

15 (b) Before any person may receive a Guam certificate or registration of a print, label, or
16 trademark, the person shall file in the office of the Director, an application for the registration of
17 such print, label, or trademark, with a declaration, certified by the applicant, stating that the
18 applicant is the sole and original proprietor or authorized user of this print, label, or trademark,
19 and describing the goods or manufactured articles for which the print, label, or trademark is used,
20 and stating the manner in which the print, label, or trademark is used. Before any person may
21 receive a Guam certificate of registration of a service mark or trade name, the person shall file in
22 the office of the Director an application for the registration thereof, with a declaration, certified,

1 as aforesaid, stating that the person is the sole and original proprietor of the service mark or trade
2 name, or the assign of the proprietor or authorized user and setting for the nature of the business
3 in which the service mark or trade name is used. The application and declaration shall be such
4 form as the Director may provide and be accompanied by two exact copies of the print, label,
5 trademark, service mark, or trade name. Upon filing the application, the applicant shall pay to the
6 Director a fee of \$100, which shall be deposited in the general fund of the Territory of Guam.
7 When other than the sole and original proprietor of a print, label, trademark, service mark or trade
8 name applies for the registration of the same, documentary evidence, satisfactory to the Director,
9 explicitly setting forth the right of the applicant to use such print, label, trademark, service mark
10 or trade name must be furnished to the Director prior to the granting of the registration or
11 renewal requested.

12 Subsection 6405. Duration of Protection. Unless otherwise provided in this Act, the
13 filing of an application as provided in subsection 6404 shall remain in full force and effect for a
14 period of five (5) years.

15 Subsection 6406. Record, Issuance and Effect of Guam Certificate. Upon receiving the
16 application accompanied by the fee, the Director shall cause the print, label, trademark, service
17 mark, or trade name to be filed with the Department of Revenue and Taxation and shall issue to
18 the regulations as may be necessary to carry out the purposes of this section in accordance with
19 the Territory of Guam's Administrative Adjudication Law.

20 Subsection 6407. Penalty for False Applications.

21 (a) Any person who signs and certifies as correct any application filed pursuant to this
22 chapter, knowing the same to be false in any material particular, shall be fined not more than

1 \$10,000.

2 (b) Any person who negligently, but without intent to defraud, signs and certifies as
3 correct any application filed pursuant to this chapter, which application is false in any material
4 particular, shall be fined not more than \$1,000.

5 Subsection 6408. Certain Prints, Labels, Trademarks, Service Mark, and Trade Names
6 Not To Be Adopted or Used. It shall be unlawful for any person to adopt or use a print, label,
7 trademark, service mark, or trade name which is identical to or confusingly similar with any
8 registered print, label, trademark, service mark, or trade name, or the name of any person.

9 Subsection 6409. Penalty - Injunctions; Unlawful Use.

10 (a) Any person using such identical or similar print, label, trademark, service mark, or
11 trade name as set forth in section 6407, shall be fined not more than \$10,000.

12 (b) The Superior Court of Guam shall have the power to grant injunctions, according to
13 principles of equity and upon such terms as the court may deem reasonable, to prevent the
14 violation of any right of a registered owner of a print, label, trademark, service mark, or trade
15 name registered with the Department of Revenue and Taxation.

16 Subsection 6410. Revocation of Guam Certificate: Nonuse. If any print, label, trademark,
17 service mark, or trade name is not used by the registrant in accordance with the declaration either
18 in the Territory of Guam or elsewhere in the United States for a period exceeding three hundred
19 and sixty five (365) consecutive days, and the print, label, service mark, trademark, or trade name
20 has not been registered in the name of the registrant in the patent and trademark office of the
21 United States, the Guam certificate of registration may be immediately revoked by the Director.
22 Any person desiring such revocation shall file a verified petition in the office of the Director, in

1 such form as the Director may provide, setting forth facts indicating such nonuse for a period
2 exceeding three hundred and sixty-five (365) consecutive days immediately preceding the date of
3 the filing of the petition, and alleging the nonregistration in the patent and trademark office of the
4 United States. The petitioner shall at the petitioner's expense notify the registrant of the hearing
5 in the manner prescribed by the Director, and the registrant shall be given the opportunity of a full
6 hearing.

7 After granting an opportunity for hearing to the petitioner and the registrant, the Director
8 shall grant or deny the petition for revocation, as the fact shall warrant.

9 Subsection 6411. Application of Law. Reissue on Nonuser. This Chapter is applicable to
10 all registrations filed with the office of the Director of Revenue and Taxation, the intent hereof
11 being that all prints, labels, trademarks, service marks, or trade names not used by the applicant in
12 the Territory of Guam or elsewhere in the United States and not registered in the name of the
13 applicant in the Patent and Trademark Office of the United States may be reissued to such
14 applicant who is actually using the same.

15 The fact that a print, label, trademark, service mark, or trade name has not been used in
16 the Territory of Guam for a period exceeding three hundred and sixty-five (365) consecutive days
17 shall be prima facie proof of the fact that the same has not been used elsewhere for such period.

18 Subsection 6412. Revocation of Guam Certificate. Ownership. Any person claiming to
19 be the owner of a print, label, service mark, trademark, or trade name for which a Guam
20 certificate of registration pursuant to this chapter has been issued to any other person shall file a
21 verified petition in the office of the Director of Revenue and Taxation in such form as the Director
22 may provide for the revocation of the registration of such print, label, service mark, trademark, or

1 trade name and in support of the claim of the petitioner that the Guam certificate of registration
2 should be revoked.

3 The petitioner shall at the petitioner's expense notify the registrant of the hearing in the
4 manner prescribed by the Director and the registrant shall be given the opportunity of a full
5 hearing.

6 After granting an opportunity for hearing to the petitioner and the registrant, the Director
7 shall grant or deny the petition for revocation, as the facts warrant.

8 Subsection 6413. Appeal. Any person aggrieved by any action of the Director under this
9 chapter in issuing a Guam certificate of registration of a print, label, trademark, service mark, or
10 trade name or in revoking any such certificate of registration or in denying an application may,
11 within thirty (30) days after action by the Director, or in the event no order has been entered
12 either granting or denying the application within thirty (30) days after the filing of the application,
13 commence proceedings to obtain judicial review thereof by the Superior Court of Guam by filing
14 in the court a notice of appeal.

PETER R. SGRO, JR.

ATTORNEY AT LAW

A PROFESSIONAL CORPORATION

SUITE 201, FIRST SAVINGS AND LOAN BUILDING
655 S. MARINE DRIVE, TAMUNING, GUAM 96911
TEL: (671) 649-0804 • FAX: (671) 649-0810

August 8, 1995

TESTIMONY IN SUPPORT
OF BILL NO. 331
SUBMITTED BY PETER R. SGRO, JR

Please accept this written testimony on behalf of my clients, Designer's Local, Inc., a Guam Corporation and Mr. Joe Chargualaf, a long time resident of Guam. For purposes of the record this testimony constitutes full support for the protection of Intellectual Property as outlined in Bill No. 331.

Prior to discussing the rationale for supporting the bill we would like to offer one technical amendment. Specifically, any reference in Bill No. 331 to the "Department of Revenue and Taxation" should be substituted with the words "Department of Commerce." We believe the Department of Commerce is better suited to handle registrations especially in light of Public Law 20-103 and the fact this particular agency enforces the Guam Product Seal Law. From a cost stand point, it would be much more economical for the Department of Commerce to be the lead agency in protecting the Intellectual Property rights of applicants as outlined in Bill No. 331.

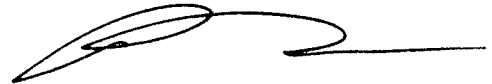
Another legal point we would like to make to provide a level of comfort that federal registrations would not be adversely affected by this law is very basic. The test for whether a territorial law is preempted by a federal law is the same as the test for preemption by federal law of a state law under the Supremacy Clause of the U.S. Constitution. This test was established in 1988 by the Ninth Circuit in the case of Guam Fresh, Inc. v. Governor of Guam, 849 F.2d 436 (1988).

Some of you may be asking yourselves why we should support this bill? The term "Property" is a broad and general term that has been legally recognized as everything that is the subject of ownership. The term has also been legally recognized as everything that has exchangeable value. Property is not limited to real estate as we know it. The designs and artwork created by my client, through his talents, by his thought process and the expenditure of his own funds are sufficient elements to create a property right, a right which has been blatantly violated. We often hear of unlawful land takings or the theft of personal property in one's home. By misleading my client in the manner a

Kmart buyer did and to have his artwork and designs leave his business premises, is no different than a thief that walks into your home and walking out with something extremely valuable to you.

I would like to introduce into the record on behalf of my client a true copy of a recorded telephone conversation, which we would like to play for purposes of the record. We would also like to introduce into the record a July 31, 1995, Department of Commerce memorandum from the Director of Commerce to the Attorney General of Guam, outlining the results of a factual inquiry into the matter involving the removal of our clients property from it's Anigua location.

In closing, we believe this bill is a good step in the direction of protecting property created by the intellect, a property right that continues to expand in our territory as our economy continues to mature.

A handwritten signature in black ink, appearing to read "Peter R. Sgro, Jr.", with a long horizontal flourish extending to the right.

Peter R. Sgro, Jr., P.C.



DEPARTMENT OF COMMERCE
DIPATTAMENTON KUMETSIO
GOVERNMENT OF GUAM



Carl T. C. Gutierrez
Governor
Madeleine Z. Bordallo
Lt. Governor

Frank B. Aguon, Jr.
Director

MEMORANDUM

DATE: July 12, 1995

TO: Mr. Calvin E. Holloway, Sr.
Attorney General
Superior Court of Guam
Agana, Guam 96910

FROM: Director of Commerce

SUBJECT: Findings regarding case with Designers Local, Inc. vs. K-Mart Guam

A listing of chronology of correspondences with all parties concerned was initiated on May 15, 1995 as mentioned in the letter to the Department of Commerce by Joe S.N. Chargualaf, President, Designers Local, Inc. All other correspondences have been filed and attached for your information. These would include:

1. A letter to Mr. Dennis Ferree, GM, K-Mart Guam from Attorney Peter R. Sgro, Jr. representing Designers Local, Inc. dated May 16, 1995,
2. A letter to Mr. Stephen L. Scharf, Legal Counsel, K-Mart Properties from Attorney Peter R. Sgro, Jr. dated May 19, 1995;
3. A letter to Mr. Dennis Ferree from Attorney Peter R. Sgro, Jr. dated May 22, 1995;
4. A letter to Attorney Peter R. Sgro, Jr. from Stephen L. Scharf dated May 22, 1995;
5. A letter to Mr. Dennis Ferree from Joe Chargualaf, Designers Local, Inc. dated May 22, 1995;
6. A letter to Attorney Peter R. Sgro, Jr. from Paul Maki, Hawaii dated May 22, 1995;



Commonwealth Now!

7. A letter to Attorney Peter R. Sgro, Jr. from Stephen L. Scharf dated May 22, 1995;
8. A memorandum to the Attorney General from Commerce Director dated May 23, 1995;
9. A letter to Attorney Peter R. Sgro, Jr. from Stephen L. Scharf dated May 23, 1995;
10. A letter to Mr. Paul Maki, Hawaii, from Attorney Peter R. Sgro, Jr. dated May 24, 1995;
11. letter to Mr. Geoffrey Clippert from Attorney Peter R. Sgro, Jr. dated May 24, 1995;
12. A letter to Stephen L. Scharf from Attorney Peter R. Sgro, Jr. dated May 25 1995;
13. A memorandum to Joe Chargualaf and Attorney Peter R. Sgro, Jr. from Department of Commerce dated June 7, 1995;
14. A letter to Stephen L. Scharf from Attorney Peter R. Sgro, Jr. dated May 30, 1995;
15. A letter to Governor Carl T. C. Gutierrez from Joe Chargualaf dated June 12, 1995;
16. A letter to Bill Scott, K-Mart Representative from Joe Chargualaf dated June 22, 1995;
17. A letter to Calvin E. Holloway, Sr., Attorney General from Senator Mark Charfauros dated June 26, 1995;
18. A letter to Dennis Ferree from Senator Mark Charfauros dated June 26, 1995;
19. A letter to Senator Mark Charfauros from Calvin F. Holloway, Sr. dated June 28, 1995;
20. A letter from Attorney Peter R. Sgro, Jr. to Stephen Scharf dated July 4, 1995;

21. A letter to Mr. Calvin Holloway from Joe Chargualaf dated July 5, 1995;
22. A letter to Mr. Calvin Holloway from Joe Chargualaf dated July 12, 1995.

The following facts are based on our findings in accordance with the provisions of the Guam Product Seal:

1. An interview with Joe Chargualaf, President of Designers Local, Inc. will indicate that a Mr. Michael Garlick, who claims to be a K-Mart representative, approached Mr. Joe Chargualaf at his place of business in Anigua regarding designs of T-shirts for resale commercial use at the new K-Mart Guam store.
2. K-Mart replicated (copied) and mass-produced T-shirts designed by Designers Local, Inc. for commercial resale purposes.
3. A physical on-site inspection was conducted on July 12, 1995 and T-shirts with the copied designs are still on sale at K-Mart Guam.
4. The mass-production of these copied T-shirts was done off-island.
5. K-Mart violated fair trade practices and consumer protection by engaging in unfair methods of competition and unfair or deceptive acts or practices; 5 GCA Chapter 32
6. Continuous dialogue was accorded the counsels representing K-Mart.
7. K-Mart affected the Chamorro psyche; inscriptions on the T-shirts were incomplete and made no sense in the Chamorro language.
8. K-Mart interfered with laws protecting intellectual property rights; at no given time did Joe Chargualaf authorize K-Mart to use his artwork.
9. A telephone call to Mr. Dennie Ferree on July 11, 1995 indicated he was off-island and therefore unavailable for comments on the matter.
10. K-Mart is not an eligible recipient of the Guam Product Seal and has violated Section 47254 of Public Law 18-42.

Page 4 of 4

The administrative rules and regulations of the government of Guam state that pursuant to Section 3000.011 Use of the Guam Product Seal, (a):

A permit to use the Guam Product Seal is issued for the exclusive use of the applicant manufacturing firm, and may neither be sold nor transferred in any other manner during the course of its effective term.

In this instance, the applicant manufacturing firm is Designers Local, Inc. and did not authorize K-Mart to use designs and concepts submitted by Joe Chargualaf.

The very word 'property' does not entitle the K-Mart corporation to abuse work performed by another, in this case, Mr. Joe Chargualaf's artwork for resale purposes. Mr. Chargualaf was led to believe that the intent was to conduct business for purchasing T-shirts with designs by his company to be sold at the K-Mart outlet. K-Mart unscrupulously then sold the same designs when the Guam store opened its doors for business.

There are many issues to this on-going incident, which clearly spells the fraudulent use and misrepresentation of intellectual property rights, especially cultural aspects on the designs and concepts created by Joe Chargualaf, President of Designers Local, Inc.

The information provided to you is for your office to proceed with civil litigation should the need present itself and that you are welcome to draw any conclusions from our findings.

Please do not hesitate to contact our office for further assistance at 475-0321 or 475-0335.



Frank B. Aguon, Jr.
Director

Attachments

cc: Governor Carl T.C. Gutierrez
Attorney Peter R. Sgro, Jr.
Mr. Joe Chargualaf, Designers Local, Inc.
K-Mart Guam

FISCAL NOTE
BUREAU OF BUDGET AND MANAGEMENT RESEARCH

BBMR-F7

Bill No.: 331
 Amendatory Bill: No

Date Received: July 31, 1995
 Date Reviewed: August 3, 1995

Department/Agency Affected: Department of Revenue & Taxation
 Department/Agency Head: Joseph Duenas, Director
 Total FY Appropriation to Date: \$13,000,644

Bill Title (preamble): AN ACT TO REPEAL SECTION 6400, 6401, AND 6402 OF THE GOVERNMENT CODE AND REENACT LEGISLATION, CREATING A PROCESS OF PROTECTING TRADEMARKS, TRADE NAMES, SERVICE MARKS, LABELS AND PRINTS WITHIN THE TERRITORY OF GUAM.

Change in Law: N/A

Bill's Impact on Present Program Funding:
 Increase XXX Decrease _____ Reallocation _____ No Change _____

Bill is for:
 Operations _____ Capital Improvement _____ Other XXX

FINANCIAL/PROGRAM IMPACT

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)			
PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
Economics & Finance	1/		

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL	1/					
OTHER						
TOTAL						

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? N/A -- IF NO, ADD'L AMOUNT REQUIRED \$ _____
 AGENCY/PERSON/DATE CONTACTED: Dept. of Revenue & Taxation/Antonio Aguon/August 3, 1995

ESTIMATED POTENTIAL MULTI-YEAR REVENUES						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND	1/					
OTHER						
TOTAL						

ANALYST MD DATE 8/1/95 DIRECTOR Joseph Rivera DATE AUG 10 1995
 Maerica M. Dizon Joseph E. Rivera, Acting

FOOTNOTES: See attached.

1/ Bill 331 which proposes to create a process of protecting trademarks, trade names, service marks, labels and prints will have a fiscal impact on the General Fund in that it will increase personnel and operating costs for the Department of Revenue and Taxation. Any anticipated revenues from fees collected will need to be set at the level where it will cover the costs of maintaining such services.

AUG 03 1995

**TWENTY-THIRD GUAM LEGISLATURE
1995 (FIRST) Regular Session**

Bill No. 331 (L)
Introduced by:

A.C. Blaz *Blaz*

**AN ACT TO REPEAL SECTION 6400, 6401, AND 6402 OF THE
GOVERNMENT CODE AND REENACT LEGISLATION, CREATING A
PROCESS OF PROTECTING TRADEMARKS, TRADE NAMES,
SERVICE MARKS, LABELS AND PRINTS WITHIN THE TERRITORY
OF GUAM.**

1 BE IT ENACTED ON BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 **Section 1.** The Legislature finds that the growing number of Guam residents involved in
3 the actual design and manufacture of products here on Guam warrants a law which would protect
4 their intellectual property rights. Under current law, Guam businesses have to go through the
5 United States Patent Office, and then present a copy of the registration certificate given by that
6 office to the Department of Administration in order to be assured protection here on Guam.

7 The legislature finds that this is a cumbersome and expensive process for most local
8 businesses and manufacturers. As opposed to overall protection throughout the United States,
9 local businesses and manufacturers need the protection right here on Guam.

10 **Section 2.** Sections 6400, 6401 and 6402, Chapter V of the Government Code, are
11 hereby repealed and reenacted to read as follows:

12 Subsection 6400. Definitions. As used in this chapter, unless the context otherwise
13 requires:

14 "Director" means the Director of Revenue and Taxation, Government of Guam.

1 “Person” means an individual, corporation, government, or governmental subdivision or
2 agency, business trust, estate, trust, partnership, unincorporated association, two or more of any
3 of the foregoing having a joint or common interest, or any other legal or commercial entity.

4 “Trade name” means a word or name used by a person to identify the person’s business,
5 vocation or occupation and distinguish it from the business, vocation or occupation of others.

6 “Trademark” means any word, name, symbol or device or any combination thereof
7 adopted and used by a person to identify goods and distinguish them from the goods of others.

8 “Print” means any original artwork, design, poster, lithograph or literary work.

9
10 Subsection 6401. United States patents and copyrights:

11 Registration. The owner of a patent, copyright, or trademark registered with the United States
12 Patent and Trademark Office, who desires to register it in the Territory of Guam, may do so by
13 complying with the following provisions:

14 (a) By supplying a certified copy of the United States registration of such patent,
15 copyright or trademark, to the Director.

16 (b) By paying to the Director the sum of \$50 for the requisite filing with the Department
17 of Revenue and Taxation which shall be deposited in the general fund of the Territory of Guam.

18 Subsection 6402. Renewed United States Patents, Copyrights or Trademarks. Patents
19 copyrights or trademarks renewed in the United States Patent and Trademark Office must
20 likewise be renewed with the Government of Guam, and the procedure as set forth in Subsection
21 6401 of this Chapter is required for such renewal, with the addition that a certified copy of the
22 renewal granted by the United States Patent and Trademark Office must be furnished; provided,

1 that if a certified copy of the original registration has been filed in Guam, then another copy need
2 not be furnished with the notice of renewal.

3 Subsection 6403. Application to Register United States Patent, Copyright or Trademark.

4 When other than the owner of a patent, copyright or trademark, applies for registration or
5 renewal of the same, documentary evidence, satisfactory to the Director, setting forth the right of
6 the applicant to such registration or renewal must be furnished prior to the granting of the
7 registration or renewal requested, unless such documentary evidence has been previously supplied
8 to the Director.

9 Subsection 6404. Guam Certificate of Registration.

10 (a) Any person desiring to register any print, label, or trademark intended to be attached
11 or applied to goods or manufactured articles or to bottles, boxes, or packages containing the
12 goods or manufactured articles to indicate the name of the manufacturer, and any person desiring
13 to register a service mark, or a trade name, may obtain a Guam certificate of the registration of
14 the print, label, trademark, service mark, or trade name in the manner hereinafter provided.

15 (b) Before any person may receive a Guam certificate or registration of a print, label, or
16 trademark, the person shall file in the office of the Director, an application for the registration of
17 such print, label, or trademark, with a declaration, certified by the applicant, stating that the
18 applicant is the sole and original proprietor or authorized user of this print, label, or trademark,
19 and describing the goods or manufactured articles for which the print, label, or trademark is used,
20 and stating the manner in which the print, label, or trademark is used. Before any person may
21 receive a Guam certificate of registration of a service mark or trade name, the person shall file in
22 the office of the Director an application for the registration thereof, with a declaration, certified,

1 as aforesaid, stating that the person is the sole and original proprietor of the service mark or trade
2 name, or the assign of the proprietor or authorized user and setting for the nature of the business
3 in which the service mark or trade name is used. The application and declaration shall be such
4 form as the Director may provide and be accompanied by two exact copies of the print, label,
5 trademark, service mark, or trade name. Upon filing the application, the applicant shall pay to the
6 Director a fee of \$100, which shall be deposited in the general fund of the Territory of Guam.

7 When other than the sole and original proprietor of a print, label, trademark, service mark or trade
8 name applies for the registration of the same, documentary evidence, satisfactory to the Director,
9 explicitly setting forth the right of the applicant to use such print, label, trademark, service mark
10 or trade name must be furnished to the Director prior to the granting of the registration or
11 renewal requested.

12 Subsection 6405. Duration of Protection. Unless otherwise provided in this Act, the
13 filing of an application as provided in subsection 6404 shall remain in full force and effect for a
14 period of five (5) years.

15 Subsection 6406. Record; Issuance and Effect of Guam Certificate. Upon receiving the
16 application accompanied by the fee, the Director shall cause the print, label, trademark, service
17 mark, or trade name to be filed with the Department of Revenue and Taxation and shall issue to
18 the regulations as may be necessary to carry out the purposes of this section in accordance with
19 the Territory of Guam's Administrative Adjudication Law.

20 Subsection 6407. Penalty for False Applications.

21 (a) Any person who signs and certifies as correct any application filed pursuant to this
22 chapter, knowing the same to be false in any material particular, shall be fined not more than

1 \$10,000.

2 (b) Any person who negligently, but without intent to defraud, signs and certifies as
3 correct any application filed pursuant to this chapter, which application is false in any material
4 particular, shall be fined not more than \$1,000.

5 Subsection 6408. Certain Prints, Labels, Trademarks, Service Mark, and Trade Names
6 Not To Be Adopted or Used. It shall be unlawful for any person to adopt or use a print, label,
7 trademark, service mark, or trade name which is identical to or confusingly similar with any
8 registered print, label, trademark, service mark, or trade name, or the name of any person.

9 Subsection 6409. Penalty - Injunctions; Unlawful Use.

10 (a) Any person using such identical or similar print, label, trademark, service mark, or
11 trade name as set forth in section 6407, shall be fined not more than \$10,000.

12 (b) The Superior Court of Guam shall have the power to grant injunctions, according to
13 principles of equity and upon such terms as the court may deem reasonable, to prevent the
14 violation of any right of a registered owner of a print, label, trademark, service mark, or trade
15 name registered with the Department of Revenue and Taxation.

16 Subsection 6410. Revocation of Guam Certificate; Nonuse. If any print, label, trademark,
17 service mark, or trade name is not used by the registrant in accordance with the declaration either
18 in the Territory of Guam or elsewhere in the United States for a period exceeding three hundred
19 and sixty five (365) consecutive days, and the print, label, service mark, trademark, or trade name
20 has not been registered in the name of the registrant in the patent and trademark office of the
21 United States, the Guam certificate of registration may be immediately revoked by the Director.
22 Any person desiring such revocation shall file a verified petition in the office of the Director, in

1 such form as the Director may provide, setting forth facts indicating such nonuse for a period
2 exceeding three hundred and sixty-five (365) consecutive days immediately preceeding the date of
3 the filing of the petition, and alleging the nonregistration in the patent and trademark office of the
4 United States. The petitioner shall at the petitioner's expense notify the registrant of the hearing
5 in the manner prescribed by the Director, and the registrant shall be given the opportunity of a full
6 hearing.

7 After granting an opportunity for hearing to the petitioner and the registrant, the Director
8 shall grant or deny the petition for revocation, as the fact shall warrant.

9 Subsection 6411. Application of Law; Reissue on Nonuser. This Chapter is applicable to
10 all registrations filed with the office of the Director of Revenue and Taxation; the intent hereof
11 being that all prints, labels, trademarks, service marks, or trade names not used by the applicant in
12 the Territory of Guam or elsewhere in the United States and not registered in the name of the
13 applicant in the Patent and Trademark Office of the United States may be reissued to such
14 applicant who is actually using the same.

15 The fact that a print, label, trademark, service mark, or trade name has not been used in
16 the Territory of Guam for a period exceeding three hundred and sixty-five (365) consecutive days
17 shall be prima facie proof of the fact that the same has not been used elsewhere for such period.

18 Subsection 6412. Revocation of Guam Certificate; Ownership. Any person claiming to
19 be the owner of a print, label, service mark, trademark, or trade name for which a Guam
20 certificate of registration pursuant to this chapter has been issued to any other person shall file a
21 verified petition in the office of the Director of Revenue and Taxation in such form as the Director
22 may provide for the revocation of the registration of such print, label, service mark, trademark, or

1 trade name and in support of the claim of the petitioner that the Guam certificate of registration
2 should be revoked.

3 The petitioner shall at the petitioner's expense notify the registrant of the hearing in the
4 manner prescribed by the Director and the registrant shall be given the opportunity of a full
5 hearing.

6 After granting an opportunity for hearing to the petitioner and the registrant, the Director
7 shall grant or deny the petition for revocation, as the facts warrant.

8 Subsection 6413. Appeal. Any person aggrieved by any action of the Director under this
9 chapter in issuing a Guam certificate of registration of a print, label, trademark, service mark, or
10 trade name or in revoking any such certificate of registration or in denying an application may,
11 within thirty (30) days after action by the Director, or in the event no order has been entered
12 either granting or denying the application within thirty (30) days after the filing of the application,
13 commence proceedings to obtain judicial review thereof by the Superior Court of Guam by filing
14 in the court a notice of appeal.

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