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Under Seal But Not Under Law: In Re City of Houston's Effect on Municipal Insignias

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COMMENTS

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I. INTRODUCTION

Trademark law has developed in a broad context since its first creation. In 1870, the first federal trademark law was enacted, but was struck down by the Supreme Court nine years later in *In re Trade-Mark Cases* because Congress did not have the authority to enact such legislation through the copyright clause.¹ Next, Congress passed the Trademark Act of 1905 through the

1. *In re Trade-Mark Cases*, 100 U.S. 82, 94 (1879).

commerce clause; the 1905 Act was the most comprehensive federal trademark Act since the Trade-Mark Cases. Congress again changed trademark law in 1946, when it adopted the Lanham Act. The Lanham Act is the most comprehensive federal trademark law in the United States. The Lanham Act's largest change expanded the rights of mark holders to a lifetime right.

Trademark law has had a volatile interaction with municipalities and their identity. Prior to the 1905 Act, municipalities had little protection for their marks beyond state law. The 1905 Act furthered the lack of protection to municipalities and created a bar to protection for all municipal marks.² The Lanham Act adopted similar language to the 1905 Act.³ It had been unclear, under the 1905 Act, if a government entity is an applicant under § 45, and whether § 2(b)'s bar to registration included government entities.

Section 45 defines "applicant" for trademark registration. According to § 45, applicants are "legal representatives, predecessors, successors and assigns of such applicant or registrant."⁴ Additionally, the word "person" is considered an applicant in regards to trademark protection.⁵ Therefore, under this broad language, a governmental entity is considered a person and considered an applicant. So, when two municipalities, Houston and the District of Columbia (the District), applied for trademark protection, the Court of Appeals for the Federal Circuit held that the two municipalities were persons under § 45, and the § 2(b) bar on trademark registration of government municipality seals, flags, and other insignias applied.

This Comment will analyze the Federal Circuit's holding in *In Re City of Houston*, and will argue that although statutory construction may bar

2. See Act of Feb. 20, 1905, ch. 592, § 5(b), 33 Stat. 724, 725–26, *repealed by* Trademark (Lanham) Act of 1946, ch. 540, 60 Stat. 427.

3. Trademark (Lanham) Act of 1946, 15 U.S.C. § 1052(b) (1946). Section 1052(b) states, No trade-mark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

.....

(b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.

Id. § 1052(b); *see also* Act of Feb. 20, 1905, ch. 592, § 5(b), 33 Stat. at 725–26.

4. 15 U.S.C. § 1127 (2012).

5. *Id.*

The term "person" and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this chapter includes a juristic person as well as a natural person. The term 'juristic person' includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

Id.

municipalities from protection, common sense and practical application suggests that registration should be granted to municipalities applying to protect their own marks. This Comment will also analyze the United States Patent and Trademark Office (USPTO) application process to determine why thirteen municipal marks were granted protection prior to *Houston* and the *District*. This Comment will then analyze the impact Federal Circuit's holding, both domestically and internationally. Finally, this Comment will conclude that congressional action is likely necessary to give municipalities the protection they need, yet Congress has failed to give protection so far.

II. TRADEMARK LAW THROUGHOUT THE YEARS (AND ITS RELATION TO MUNICIPALITIES)

Federal law did not govern much of trademark law in the 1800s, and state law governed most trademarks. For example, Massachusetts had trademark protections on sailcloth.⁶ Although states adopted more general trademark laws, little protection was afforded to marks.⁷ Congress enacted the first federal trademark statute in 1870 pursuant to the intellectual property clause in the United States Constitution.⁸ This statute was struck down in *In re Trade-Mark Cases*.⁹ The Supreme Court held that the intellectual property clause of the Constitution did not authorize Congress to pass the trademark clause.¹⁰

Congress then passed the Trademark Act of 1881 (hereinafter, 1881 Act), which was pursuant to the commerce power.¹¹ The 1881 Act set out basics for registration and did not mention municipal seals, flags, or other insignias. Under the 1881 Act, registrants were granted protection for thirty years, and eligible for extension for an additional like period, or twenty years.¹²

Through these early laws, municipalities' seals, flags, and other insignias were not regulated through federal trademark laws.¹³

6. 1788 Mass. Acts 880–81.

7. *Id.*

8. U.S. CONST. art. I, § 8, cl. 8 (Congress has the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”).

9. *In re Trade-Mark Cases*, 100 U.S. 82, 94 (1879).

10. *Id.*

11. Act of Mar. 3, 1881, ch. 138, 21 Stat. 502–504, *amended in part and repealed in part by* Act of Feb. 20, 1905, ch. 592, § 5(b), 33 Stat. 724.

12. *Id.* § 5; U.S. PATENT & TRADEMARK OFFICE, TRADEMARK MANUAL OF EXAMINING PROCEDURE §1602.02 (Oct. 2015) [hereinafter TMEP].

13. Act of Mar. 3, 1881, ch. 138, 21 Stat. 502–504; Act of Feb. 20, 1905, ch. 592, § 5(b), 33 Stat. 724, 725–26, *repealed by* Trademark (Lanham) Act of 1946, ch. 540, 60 Stat. 427.

A. Trademark Act of 1905

Congress eventually enacted the Trademark Act of 1905 through the power of the commerce clause.¹⁴ The 1905 Act expanded the rights of mark holders, yet it was unclear as to the protections afforded to mark holders.¹⁵ Marks continued to be registered even when the mark holder did nothing to preserve the mark.¹⁶ Additionally, if there was infringement on the registered mark, there was little remedy available to the mark holder.¹⁷

Included in the 1905 Act was a bar on registration of municipal seals, flags, and other insignias, stating

That no mark by which the goods of the owner of the mark may be distinguished from other goods of the same class shall be refused registration as a trade-mark on account of the nature of such mark unless such mark—

. . . .
(b) Consists of or comprises the flag or coat [*sic*] of arms or other insignia of the United States or any simulation thereof, or of any State or municipality or of any foreign nation, or of any design or picture that has been or may hereafter be adopted by any fraternal society as its emblem, or of any name, distinguishing mark, character, emblem, colors, flag, or banner adopted by any institution, organization, club, or society which was incorporated in any State in the United States prior to the date of the adoption and use by the applicant¹⁸

14. Act of Feb. 20, 1905, ch. 592, § 5, 33 Stat. at 725–26.; *see also* U.S. CONST. art. I, § 8, cl. 8.

15. *See generally* Joseph P. Bauer, *A Federal Law of Unfair Competition: What Should Be the Reach of Section 43(a) of the Lanham Act?*, 31 UCLA L. REV. 671, 679–81 (1984). “An understanding of its purpose and scope can be best comprehended in the context of the general goals of the Lanham Act.” *Id.* at 679.

16. Ethan Horwitz & Benjamin Levi, *Fifty Years of the Lanham Act: A Retrospective of Section 43(a)*, 7 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 59, 62 (1996).

17. *Id.* Pre-Lanham Act trademark holders could only seek relief when:
(1) when the cause of action involved the tort of “passing-off;” (2) when a competitor could demonstrate that his business was the “single source” of goods which were alleged to have been falsely advertised; or (3) when a competitor joined with others similarly affected to protest the misuse of a designation of geographical origin.
Id. at 62–63.

18. Act of Feb. 20, 1905, ch. 592, § 5(b), 33 Stat. at 725–26.

B. Trademark Act of 1946

The Lanham Act was a response to the weak 1905 Act.¹⁹ Amended as recently as 1999, the Lanham Act expanded the rights, policies, and acquisitions of all United States marks.²⁰ The Lanham Act included § 2, which outlined specific circumstances where a trademark would be barred.²¹ Section 2(b) of the Lanham Act adopted language from the 1905 Act, which stated any mark would be barred if it “[c]onsists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.”²² The broad language of § 2(b), although similar to the original § 2 language in the 1905 Act, left the USPTO and the Federal Circuit with leeway in deciding what marks would fall within this bar.

C. Paris Convention

The Paris Convention of 1883 also considered municipal marks and trademark laws. The District put forward the argument in *In re City of Houston* that rejecting municipalities’ application for seals, flags, and other insignias

19. 15 U.S.C. §§ 1051–1127 (1946). The Lanham Act is named after Texas Congressman Fritz G. Lanham. See Horwitz & Levi, *supra* note 16, at 63 (“[P]roblems with the many trademark acts of the time fueled a movement to completely rewrite the trademark laws. Consequently, after many years of delay, Congress passed the Lanham Act on July 5, 1946, repealing the acts of 1881, 1905, and 1920.”); Bauer, *supra* note 15, at 679 (“The Lanham Act of 1946 was a response to numerous problems that rose under the prior acts of 1905 and 1920. These problems included a lack of comprehensive protection for certain kinds and uses of trademarks, inconsistent and limiting judicial interpretations, limits on the scope of relief, confusion arising out of both interstitial changes in the existing statutes over the prior half-century and ambiguities in the textual language, and a desire to afford a greater range and ease of protection to companies engaged in interstate commerce.”).

20. 15 U.S.C. §§ 1051–1127 (1946); see also Horwitz & Levi, *supra* note 16, at 63 (“Congress intended to eliminate a showing of willfulness or intent to deceive as a prerequisite for winning a trademark protection action”); Bauer, *supra* note 15, at 681 (stating that “the statute was intended to establish a vigorous, uniform federal law of unfair competition, courts should fulfill their role and embrace this opportunity.”).

21. 15 U.S.C. § 1052(b) (2012).

22. *Id.* The 1905 Act had similar, but not exact language with regards to seals, flags, and other insignias. See Act of Feb. 20, 1905, ch. 592, § 5(b), 33 Stat. at 725–26.

Consists of or comprises the flag or coast [sic] of arms or other insignia of the United States or of any State or municipality or of any foreign nation, or of any simulation thereof. any design or picture that has been or may hereafter be adopted by any fraternal society as its emblem, or of any name, distinguishing mark, character, emblem, colors, flag, or banner adopted by any institution, organization, club, or society which was incorporated in any State in the United States prior to the date of the adoption and use by the applicant: Provided, That said name, distinguishing mark, character, emblem, colors, flag, or banner was adopted and publicly used by said institution, organization, club or society prior to the date of adoption and use by the applicant.

Id.

was a violation of the Paris Convention.²³ In the District’s appeal brief to the Court of Appeals for the Federal Circuit, the District quoted Article 6(a) of the Paris Convention, which states “[e]very trade mark duly registered in the country of origin *shall be admitted for registration* and protected in the form originally registered in the other countries of the Union under the reservations indicated below.”²⁴ The argument further points that this language is a counterpart to § 2(b) of the Lanham Act, which bars municipal seals, flags, and other insignias.²⁵ The primary argument was that because the United States had agreed to this convention, the United States thereby agreed to recognize all other countries municipal trademarks.²⁶ Therefore, if the United States recognizes their municipal marks, the other countries are to recognize the United States’ municipal marks.

D. *In re City of Houston*

The Court of Appeals for the Federal Circuit in *In re City of Houston* affirmed the USPTO’s holding that § 2(b) of the Lanham Act bars the United States or any of its municipalities from trademarking their city flags, seals, or other insignias.²⁷ Section 2 expressly lists marks that will be refused registration.²⁸ This section bars marks that “[c]onsists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.”²⁹ Prior to the City of Houston (Houston) and the District’s filing for trademark registration, the USPTO granted as many as thirteen trademarks to municipalities.³⁰ The District filed for trademark protection on January 6,

23. *In re City of Hous.*, 731 F.3d 1326, 1331–32 (Fed. Cir. 2013).

24. Reply Brief of Appellant at 2, *In re Gov’t of D.C.*, No. 2012-1418, 2013 WL 950384, at *3 (Fed. Cir. 2013) (citing the Paris Convention for the Protection of Industrial Property, opened for signature Mar. 20, 1883, art. 6(a), 21 U.S.T. 1583, 828 U.N.T.S. 305 (revised 1967)).

25. *Id.*

26. *Id.*

27. *See In re City of Hous.*, 731 F.3d at 1331, *cert. denied sub nom.* City of Hous. v. Rea, 134 S. Ct. 135 (2014) (holding “the context of § 2(b) supports the plain language of the prohibition and Houston’s identity as a governmental entity does not free it from the reach of § 2(b)”).

28. 15 U.S.C. § 1052 (2012).

29. *Id.* § 1052(b).

30. *See* CITY OF FREDERICK FOUNDED 1745, Registration No. 2,642,489. CHESTER PENNSYLVANIA SETTLED IN 1644, Registration No. 2,630,723. CITY OF SCOTTSDALE ARIZONA THE WEST’S MOST WESTERN TOWN, Registration No. 3,263,901. CITY OF MIAMISBURG OHIO’S STAR CITY, Registration No. 2,522,124. CITY OF ALISO VIEJO CALIFORNIA JULY 2001, Registration No. 3,343,032. PRIDE IN THE PAST - THE ORIGINAL WASHINGTON - FAITH IN THE FUTURE 1776 WASHINGTON NORTH CAROLINA, U.S. Registration No. 3,571,997. CITY OF FULLERTON CALIFORNIA, Registration No. 2,877,383. CITY OF CORAL GABLES FLORIDA, Registration No. 3,048,803. CITY OF GREENSBORO, NORTH CAROLINA 1808, Registration No. 3,217,400. CITY OF PERRYSBURG 1816, Registration

2009³¹ and Houston filed for trademark protection on February 1, 2009.³² The District was denied trademark protection on October 13, 2009³³ and Houston was denied protection on July 21, 2010.³⁴

Both the court of appeals and the Trademark Trials and Appeals Board (TTAB) held that § 2(b) was unambiguous and the statute applied to both Houston and the District.³⁵ Houston argued that it was not an “applicant” under both 15 U.S.C. § 45 and § 1127.³⁶ The court of appeals held that § 45 “recites various government entities, including ‘the United States,’³⁷ ‘any State,’ and ‘any instrumentality of a State,’” and Houston and the District both would qualify as applicants.³⁸ Therefore § 2(b) applies to the District and Houston.³⁹ Alternatively, the District’s argument that § 2(b) was in violation of the Paris Convention was simply brushed aside by the court of appeals, stating the convention applies “to emblems of countries, not emblems of local public bodies such as municipalities.”⁴⁰

III. SECTION 2 ANALYSIS

A. *The Court’s Analysis May Have Been Right*

Analysis of the statute will determine that the statute is likely unambiguous. Despite the unambiguousness of the statute, extrinsic resources, including the legislative history of the Lanham Act, would support Houston’s and the District’s position that government entities are not barred from registering marks. Additionally, a recent policy shift occurring within the USPTO, illustrated by the Trademark Manual of Examining Procedure (TMEP)

No. 2,868,733. SEAL OF THE CITY OF OKLAHOMA CITY, Registration No. 3,625,134. CITY OF VIRGINIA BEACH VIRGINIA LANDMARKS OF OUR NATION’S BEGINNING, Registration No. 3,697,564. CITY OF ROSSFORD, OHIO . . . U.S.A . . . 1898 1971, Registration No. 3,739,212 [collectively hereinafter REGISTERED MUNICIPALITY TRADEMARKS]. Brief for Petitioner at 10–11, *In re City of Hous.*, 2011 WL 8881235 (T.T.A.B. 2011). It is important to note that this list was submitted on appeal, and was not initially considered by the examiner. The *In re City of Houston* court held that the failure of the examiner to tell the applicant during the examination period was not a waiver of any objection to the list of the thirteen marks. *In re City of Hous.*, 101 U.S.P.Q.2d (BNA)1534, 1536 (T.T.A.B. 2012).

31. U.S. Trademark Application Serial No. 77/643,857 (filed Jan. 6, 2009).
32. U.S. Trademark Application Serial No. 77/660,948 (filed Feb. 1, 2009).
33. *See* U.S. Trademark Application Serial No. 77/643,857 (filed Jan. 6, 2009).
34. U.S. Trademark Application Serial No. 77/660,948 (filed Feb. 1, 2009).
35. *In re City of Hous.*, 731 F.3d 1326, 1332–33 (Fed. Cir. 2013).
36. *Id.* at 1330.
37. *Id.* at 1331.
38. *Id.*
39. *Id.*
40. *Id.* at 1334.

handbook, may shed light on and explain the USPTO'S rejection of both Houston's and the District's trademark applications. This policy shift, along with the decision in *In re City of Houston*, demonstrates a need for substantial changes to the § 2 bars on trademark protection that could lead to fraudulent use of city seals, flags, and other insignias, which would require congressional action. Although Congressional action is likely required, this avenue requires overcoming substantial political hurdles, which has proven unsuccessful in prior Congressional attempts.⁴¹

Section 2(b), on its face, does not apply to government entities.⁴² With that said, legislative history can be used when interpreting the scope of a statute.⁴³ Extrinsic sources may not be used if a statute is unambiguous, but extrinsic sources may, nonetheless, be important in determining whether changes to the statute's language is necessary.⁴⁴ Additionally, legislative history and relevant statutes should be used to understand the meaning of a statute or statutory term.⁴⁵

The Federal Circuit held the statute was not ambiguous.⁴⁶ The court refused to examine the legislative history, even in giving the statute context.⁴⁷ Although not used by the Federal Circuit, the legislative history may suggest a contrary holding than that of the Court. Trademark protection has continuously expanded since the first trademark act. The 1905 Act barred the trademarking

41. H.R. 3713, 113th Cong. (1st Sess. 2013); Press Release, Rep. Ted Poe, House and Senate Members Introduce Bipartisan Bills to Amend the Trademark Act of 1946 (Dec. 17, 2013), <http://poe.house.gov/press-releases/house-and-senate-members-introduce-bipartisan-bills-to-amend-the-trademark-act-of-1946/>; *All Bill Information (Except Text) for H.R. 3713 - To Amend the Trademark Act of 1946*, CONGRESS.GOV, <https://www.congress.gov/bill/113th-congress/house-bill/3713/actions> (last visited Sep. 26, 2015); S. 328, 114th Cong. § 1 (2015). S.328 - *A Bill to Amend the Trademark Act of 1946 to Provide for the Registration of Marks Consisting of a Flag, Coat of Arms, or Other Insignia of the United States, or Any State or Local Government, and for Other Purposes*, CONGRESS.GOV (Feb. 2, 2015), <https://www.congress.gov/bill/114th-congress/senate-bill/328?q=%7B%22search%22%3A%5B%22trademarks%22%5D%7D> (read twice and referred to judiciary. Co-sponsors include Senator Mike Lee (R-UT) and Senator Charles Schumer (D-NY)); Miles Coleman, *Banning the Flames: Constitutionality, Preemption, and Local Smoking Ordinances*, 59 S.C. L. REV. 475, 479–80 (2008); S. 328, 114th Cong. § 1 (2015); see also Chad A. Readler, *Local Government Anti-Discrimination Laws: Do They Make a Difference?*, 31 U. MICH. J. L. REFORM 777, 784 (1998).

42. *In re City of Hous.*, 731 F.3d 1332; 15 U.S.C. § 1052(b) (2012).

43. *Id.* at 1332.

44. *Id.* at 1333 (citing *Barela v. Shinseki*, 584 F.3d 1379, 1383 (Fed. Cir. 2009)) (“stating that ‘courts must consider not only the bare meaning of each word but also the placement and purpose of the language within the statutory scheme’”).

45. *Id.* at 1332.

46. *Id.* at 1333.

47. *Id.* (holding that “‘legislative history,’ if it ever is admissible, is only admissible when a statute is deemed ‘ambiguous’; absent that, the ‘plain meaning’ of a statute may not be varied by these or other nonstatutory factors”).

of municipal flags, seals, and other insignias.⁴⁸ Further, the 1905 Act barred granting municipalities any marks.⁴⁹ So, when Congress enacted the Lanham Act in 1946, the Lanham Act vastly expanded the rights of municipalities.⁵⁰ The motivating policy was to give trademark protection to those who it was unavailable under the 1905 Act.⁵¹ Houston most notably argued that § 2, when read with § 45, states that municipalities should never be barred from registration.⁵² The original § 45 (known as § 29) classified applicants as “persons.”⁵³ When § 45 was amended, it changed the language to “juristic persons.”⁵⁴ Houston asserted that this was meant to apply to governmental entities, not to bar them from registration.⁵⁵ Accordingly, Houston argued that § 2 should not be used contrary to the purpose of the § 45 amendments and should not constrict the number of register-eligible entities⁵⁶ because the legislature expanded the entire scope of trademark protection in the Lanham Act.⁵⁷

As stated earlier, the Federal Circuit did not turn to legislative history because it found the terms of the Lanham Act to be unambiguous.⁵⁸ The next sections will argue that a policy shift in the USPTO resulted in Houston’s and the District’s rejection, but public policy may illustrate a need for congressional action to change §2(b).

48. Act of Feb. 20, 1905, ch. 592, § 5(b), 33 Stat. 724, 725–26, *repealed by* Trademark (Lanham) Act of 1946, ch. 540, 60 Stat. 427 (codified as amended at U.S.C §§ 1051–1141)(2012).

49. *Id.* The 1905 Act allowed “persons” to register marks. *Id.* Municipalities were not considered persons under the original Act. *Id.* Municipalities could simply apply for collective marks under its original enactment, but this language was removed by amendment. *See generally* P. Law 19 (1912).

50. *See generally* Trademark (Lanham) Act of 1946, ch. 540, 60 Stat. 427. *See also In re U.S. Dep’t of the Interior*, 142 U.S.P.Q. (BNA) 506 (T.T.A.B. 1964) (municipalities were granted the rights to service marks).

51. Horwitz & Levi, *supra* note 16, at 61–63; Bauer, *supra* note 15, at 679.

52. Petition for Writ of Certiorari for Petitioner-Appellant, *In re City of Hous.*, 2013 WL 6858562 **12–17 (No. 13-784).

53. *Id.* at 13.

54. *Id.* at 11.

55. *Id.* at 13.

56. *Id.*

57. This argument was also made by the District in their appeal to both the TTAB and the Federal Circuit. *See* Reply Brief for Appellant at 24–25, *In re Gov’t of D.C.*, No. 2012-1418, 2013 WL 950384 (Fed. Cir. 2013). The District asserted,

the legislative history showing that municipalities were not included in the definition of ‘persons’ eligible to register trademarks in the 1905 Act, and to ignore the fact that, as a result, the prohibition in Section 5(b) of that Act cannot have been intended to prohibit municipalities from registering *their own* insignia, because municipalities were not eligible to register *any* trademarks under the 1905 Act.

Id. at 24.

58. *In re City of Hous.*, 731 F.3d 1326, 1331 (Fed. Cir. 2013).

B. But the Court's Outcome May Have Been Wrong

However, § 2(b) was created prior to cases that enabled municipalities to trademark service marks.⁵⁹ Thus, Houston and the District argued that the language of the statute was created prior to municipalities being able to register service trademarks, and its narrow language has not been adjusted to the changes in marks that a municipality could register.⁶⁰ The Federal Circuit in *In Re City of Houston* rejected this argument because under § 45 Houston and the District are organizations that can be sued in a court of law, and because numerous governmental entities are mentioned throughout § 45, it is obvious that municipalities are barred from registering their trademarks.⁶¹

As a matter of first impression, the Federal Circuit engaged in a statutory construction of the term “applicant” in the Lanham Act in order to determine whether § 2(b) bars a municipality from registering its city seals.⁶² Both the Federal Circuit and the TTAB turned to the language of the statute to determine if it was ambiguous.⁶³ If § 2(b) and § 45 can be interpreted by their plain language, then it is assumed that this was the Congress’ intent, but the text must be read with the entire statute to determine the context of the statute.⁶⁴ When the statute is not clear on its face, the TTAB and the Federal Circuit will look to extrinsic evidence to determine the meaning of the statute or statutory term.⁶⁵

In interpreting § 2(b), both the TTAB and the Federal Circuit held that the language was unambiguous.⁶⁶ As a result, extrinsic resources should not be looked at to determine the intent of the statute.⁶⁷ Houston argued that the term

59. *In re U.S. Dep’t of the Interior*, 142 U.S.P.Q. (BNA) 506, 507 (T.T.A.B. 1964) (holding that the United States Seal and the Presidential Seal are both symbols of authority and not service, and therefore cannot be registered; but, importantly, “insignia which are merely used to identify a service or facility of the Government are not insignia of national authority and that they therefore do not fall within the general prohibitions of this section of the Statute,” which is language both Houston and the District rely on heavily.).

60. Brief for Petitioner at 2, *In re City of Hous.*, 2011 WL 8881235 (T.T.A.B. 2011).

61. *See In re Gov’t of D.C.*, 101 U.S.P.Q.2d (BNA) 1588, 1593–94 (T.T.A.B. 2012); *see also In re City of Hous.*, 101 U.S.P.Q.2d (BNA) 1534, 1537–38 (T.T.A.B. 2012).

62. *In re City of Hous.*, 731 F.3d at 1330–31.

63. *Id.*; *see also In re Gov’t of D.C.*, 101 U.S.P.Q.2d at 1591–93 (T.T.A.B. 2012) (citing *Park ‘N Fly v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 194 (1985) (statutory interpretation begins with the assumption that the plain language was the intent of Congress)).

64. *In re City of Hous.*, 731 F.3d at 1330–31; *see also Koons Buick Pontiac, GMC, Inc. v. Nigh*, 543 U.S. 50, 60 (2004) (citing *McCarthy v. Bronson*, 500 U.S. 136, 139 (1991) (stating that “statutory language must be read in its proper context and not viewed in isolation”)).

65. *See In re Gov’t of D.C.*, 101 U.S.P.Q.2d at 1591–92.

66. *See In re City of Hous.*, 731 F.3d at 1331 (stating that “we find it difficult to conclude that the provisions in § 2 of the Lanham Act, including § 2(b), were all intended to protect the public from ‘pirates and cheats’”); *see also In re Gov’t of D.C.*, 101 U.S.P.Q.2d at 1588; *In re City of Hous.*, 101 U.S.P.Q.2d at 1537–38.

67. *In re City of Hous.*, 731 F.3d at 1333.

“applicant” in § 45 is ambiguous because it is unclear if a government entity is included in this definition.⁶⁸ Thus, according to Houston and the District, § 2 is ambiguous as to its application on applying entities.⁶⁹

The scope of the Lanham Act would not bar Houston and the District from federal registration of their marks. First, the Lanham Act as a whole was enacted to drastically expand the entire scope of trademark law and its protections, which is supported by the TMEP. Second, public policy supports registration for government entities, which would require Congressional action.

1. TMEP Changes

It appears that most city seal marks filed before 2009 were registered.⁷⁰ Interestingly, both the District’s and Houston’s marks were filed in early 2009, with the District in January and Houston in February.⁷¹ Additionally, in its decision, the TTAB conceded that the thirteen seal marks may have been registered, but the TTAB is not bound by those decisions.⁷² Therefore, it is likely that a policy shift within the USPTO and the TTAB recognized that it would not be required to follow precedent in its policy. TMEP § 1204 guides examination or “refusal on basis of flag, coat of arms, or other insignia of United States, state or municipality, or foreign nation.”⁷³ The TMEP’s § 1204 went through major changes in 2009, but these revisions were made post-filing by the District and Houston (but before each city’s rejection).⁷⁴

Even with the shift in § 1204 of the TMEP, both the District’s and Houston’s application were prior to the sixth edition of the TMEP’s adoption.⁷⁵ Therefore, the handbook’s change would not affect the decision by the USPTO. But, that is likely not the case. The USPTO used text from the eighth edition (with identical text first appearing in the handbook’s sixth edition) in its reasoning in *In re The District of Columbia* despite the fifth edition being

68. *Id.* at 1330.

69. *Id.* at 1328–29.

70. Brief for Petitioner at 10, *In re City of Hous.*, 2011 WL 8881235 (T.T.A.B. 2011).

71. U.S. Trademark Application Serial No. 77/643,857 (filed Jan. 6, 2009); U.S. Trademark Application Serial No. 77/660,948 (filed Feb. 1, 2009).

72. Brief for Petitioner at 10, *In re City of Hous.*, 2011 WL 8881235 (T.T.A.B. 2011).

73. TMEP § 1204 (Oct. 2015).

74. *See* U.S. Trademark Application Serial No. 77/643,857 (filed Jan. 6, 2009); U.S. Trademark Application Serial No. 77/660,948 (filed Feb. 1, 2009). Although it is likely that these applications were not examined until changes in the handbook had taken effect (anywhere between four to twelve months post-filing). *See generally* Section 1(a) Timeline: Application Based on Use in Commerce, U.S. PAT. & TRADEMARK OFF., <http://www.uspto.gov/trademark/trademark-timelines/section-1a-timeline-application-based-use-commerce> (last visited Oct. 26, 2015).

75. U.S. Trademark Application Serial No. 77/643,857 (filed Jan. 6, 2009); U.S. Trademark Application Serial No. 77/660,948 (Feb. 1, 2009).

current when both the District and Houston filed their applications.⁷⁶ The *In re City of Houston* court asserts that the eighth edition text was based on similar text in the sixth edition.⁷⁷ Yet, the handbooks' policy shift likely led to Houston's and the District's rejection.

The sixth edition vastly expands on § 1204.⁷⁸ Interestingly, under § 1204, neither the fifth nor the sixth edition discusses how to handle municipality seals, flags, or other insignias, but the sixth edition begins to regulate more aspects of municipalities.⁷⁹ For example, the sixth edition includes examples of seals and insignias that should be barred from registration, including the United States' seal and the seal of the President of the United States.⁸⁰ An example in the handbook is *In re Peter S. Herrick*, where an applicant's seal design was nearly identical to the United States Department of the Treasury.⁸¹ Yet, the seal of the Los Angeles Police Department is an illustration of a seal not barred by § 2(b) (allowing more discretionary calls by Trademark examiners).⁸²

Also importantly noted in the sixth edition is that § 2(b) is an absolute bar.⁸³ Section 1204.04(a) clearly states that “[a]pplications for marks that contain flags, coats of arms, or government insignia, even if filed by the relevant state, country, or municipality, must be refused.”⁸⁴ This language is not included in the fifth edition of the TMEP.⁸⁵ The fifth edition leaves far more room for discretion.⁸⁶ Although the fifth edition states that the United States' seal and the seal of the President of the United States are barred, it states that “department insignia which are merely used to identify service or facility of the Government are not insignia of national authority and that they therefore do not fall within the general prohibitions of this section of the statute.”⁸⁷ This language is not in the sixth edition, likely because it would lead to registration of municipality marks if they can be argued to be service marks.⁸⁸

Therefore, the changes in the TMEP handbook could have led to changes

76. *In re Gov't of D.C.*, 101 U.S.P.Q.2d 1588, 1594 n.10 (T.T.A.B. 2012).

77. *Id.*

78. TMEP § 1204 (6th ed. May 2010).

79. TMEP § 1204 (5th ed. Oct. 2007); TMEP § 1204 (6th ed. May 2010).

80. TMEP § 1204.02(b) (6th ed. May 2010).

81. *Id.* §1204.02(a).

82. *In re Gov't of D.C.*, 101 U.S.P.Q.2d (BNA) 1588, 1594 (T.T.A.B. 2012).

83. TMEP § 1204.04(a) (6th ed. May 2010).

84. *Id.* § 1204.04(a).

85. TMEP § 1204 (5th ed. Oct. 2007) (early editions of §1204 do not separate the section into subsections; the first edition to do so is the sixth edition, which further indicates intentional and comprehensive changes to the handbook).

86. *Id.*

87. *Id.* § 1203.03(b).

88. REGISTERED MUNICIPALITY TRADEMARKS, *supra* note 30.

in registration of municipality seals marks. Although important to note again that trademark examining attorneys are given discretion when interpreting marks and the TMEP handbook, the policy shift may have led to Houston's and the District's denial.⁸⁹ Congress should not allow the USPTO to completely change the scope of its enabling legislation and to change where the § 2(b) bars apply.

Despite Houston's and the District's denial, the USPTO has not always denied municipalities trademarks over city seals.⁹⁰ This inconsistency begs the question whether some municipalities should be granted trademark protection while others can be denied. More importantly, is trademark protection necessary for municipalities? Even though municipalities cannot trademark their seals, flags, or other insignias, neither can any private entities.

Trademarks play an important role in the United States economy. For example, look to a city that may try to make a profit off of its city flag. Granting protection allows that city to dictate who is licensed to manufacture, distribute, and sell said flag. Without protection, both the municipality and consumer may face detriment because they will have no influence on the potential brand representing the city, the quality of the product,⁹¹ or the establishment where it is sold.⁹² Granting municipalities protection also allows these municipalities to license their flags, seals, and other insignias to trusted manufacturers and distributors, thereby protecting their image to the general public and also protecting the public from misguided or misleading products.⁹³

Although production and protection of a certain mark do have transaction

89. Brief for Petitioner at 11, *In re City of Hous.*, 2011 WL 8881235 (T.T.A.B. 2011) (“Applicant recognizes the policy set forth in TMEP 1207.01(d)(vi) that each case before the Trademark Office must be decided on its own merits, and previous decisions regarding other marks are not binding on the agency or the Board.”).

90. See REGISTERED MUNICIPALITY TRADEMARKS, *supra* note 30.

91. David W. Barnes, *A New Economics of Trademarks*, 5 NW. J. TECH. & INTEL. PROP. 22, 65 (2006) (stating that trademark law increases the provision of search information, goods of consistent quality, and goods of high quality, reducing the deadweight loss associated with dynamic inefficiency).

92. Harold R. Weinberg, *Is the Monopoly Theory of Trademarks Robust or a Bust?*, 13 J. INTEL. PROP. L. 137, 156 (2005) (expressing the idea that municipality control is assured in trademarks, and in most instances, expected by the consumer when purchasing or using a particular product). Additionally, terms used by municipalities would not create a scarcity in the market for those terms, because they represent a particular product. *Id.* at 159 (“Competition is not impaired by enforcing exclusive rights in word marks (e.g., ‘Acura’ for a brand of automobiles) because they generally are not scarce inputs into the production of a product.”). *Id.*

93. See generally Michelle L. Evans, *Establishing Liability for Breach of Trademark License*, 110 AM. JUR. PROOF OF FACTS 1, 16–18 (2009); see also 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 18.1 (4th ed.); but see also 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 17:6 (4th ed.) (“Licensing a mark without adequate control over the quality of goods or services sold under the mark by the licensee may cause the mark to lose its significance as a symbol of equal quality—hence, abandonment.”).

costs associated to them,⁹⁴ these costs would be substantially less when applied to municipalities that would only need to defend their marks in small market areas. Municipalities would have to lobby both local and state legislators for change to occur if federal registration is barred. So the city simply trying to trademark its flag would have to lobby government officials to protect a municipal flag. Therefore, many municipalities have turned to the United States Congress to amend the § 2 bars so that they do not apply to municipalities.⁹⁵

Although a change has occurred, the thirteen marks that were issued likely illustrate that the TTAB did not think the bar applied to municipalities, at least until 2009.

C. Implications of Houston's Holding

In re City of Houston's holding has implications both domestically and internationally. Domestically, *In re City of Houston* has a practical impact on municipalities. Its holding will impact future legal claims. Additionally, *In re City of Houston's* holding has already begun affecting federal legislation and local legislation.

1. Domestic

a. Impact on Municipalities

The most obvious impact of *In re City of Houston* is that municipalities do not have exclusive rights to their marks through federal trademark protection. This means that the mark holder does not have the sole right to use the mark in interstate commerce.⁹⁶ Additionally, the holding could lead to fraudulent use of municipal marks. For example, non-public third parties could promote events with municipal seals, flags, and the like that would create confusion to consumers—associating such events with government-sponsored activities.⁹⁷ Furthermore, some campaigns have been noted to use seals on their literature

94. See generally Kenneth L. Port, *The Congressional Expansion of American Trademark Law: A Civil Law System in the Making*, 35 WAKE FOREST L. REV. 827, 892–94 (2000).

95. H.R. 3713, 113th Cong. (1st Sess. 2013); see also Press Release, *supra* note 41.

96. See Kenneth R. Pierce, *The Trademark Law Revision Act - Origins of the Use Requirement and an Overview of the New Federal Trademark Law*, 64 FLA. B.J. 35, 39 (May 1990) (trademark law issuances “[c]onstitute[] prima facie evidence of the validity of the registration, the registrant’s ownership of the mark, and the registrant’s right to use the mark in interstate commerce; (2) rights to a mark which has been registered and used in interstate commerce.”). *Id.* at 34 n.24.

97. Nick Kotsopoulos, *Worcester Gets Tough on Use of City Seal*, WORCHESTER TELEGRAM (Aug. 17, 2014), <http://www.telegram.com/article/20140817/NEWS/308179718/1116&Template=printart>.

in hopes that the public will associate the candidate to the office desired.⁹⁸

Although municipalities can pass local ordinances to address these issues, a fine is unlikely to deter third-party use and the enforceability and scope of the ordinances raises substantial doubts as to its effectiveness.

b. Impact on Law

In re City of Houston's holding could also change the way that both § 45 and other aspects of the Lanham Act are interpreted. For example, in *In re Garmet Group*, the TTAB affirmed the rejection of a mark based on § 2(d) (previously granted marks).⁹⁹ The TTAB held that a previous list of similarly situated marks issued was not sufficient to constitute waiver of an objection of the applicant mark (citing *In re City of Houston's* holding regarding the thirteen marks already registered).¹⁰⁰ A similar argument as the District's position in *In re District of Columbia* regarding the Paris Convention was used in *In re 3P Learning Pty Ltd.*, but this argument was cited as insufficient for Congress to limit marks that could be barred.¹⁰¹

The court's holding regarding the lack of ambiguity argued by Houston and the District was an additional point argued by parties in front of the TTAB in *Secure Access, LLC*.¹⁰²

c. Impact on Legislation

Following the decision by the Court of Appeals, House Report 3713 was introduced.¹⁰³ The Bill, introduced by Representative Hakeem Jeffries (D-NY), would amend § 2(b) to include:

[E]xcept that this subsection shall not prevent the United States, or any State, municipality, county, political subdivision, or other governmental authority in the United States, from obtaining registration

98. *Id.*; see also Ariel Barkhurst, *Pembroke Pines Plans Crackdown on City Seal Pirates*, BROWARD POLITICS (Feb. 23, 2014), http://weblogs.sun-sentinel.com/news/politics/broward/blog/2011/02/pembroke_pines_plans_crackdown_1.html; MASS. MUNI. LAW § 22.10.2 (a "municipal seal is a governmental resource even if reproduced at private expense").

99. *In re Garment Group, Inc.*, 2013 TTAB LEXIS 603, at *16 (T.T.A.B. Nov. 29, 2013).

100. *Id.* at 2. Similar arguments were made in other cases, stating that attached evidence during the appeals process, not submitted during the application process, does not constitute a waiver to be considered. See *In re PVC Distribs., LLC*, 2014 TTAB LEXIS 501, at *3 (T.T.A.B. Feb. 6, 2014); *In re Aristocrat Techs. Austl. Pty Ltd.*, 2014 TTAB LEXIS 61, at *4 (T.T.A.B. Feb. 4, 2014).

101. *In re 3P Learning Pty Ltd.*, 2014 TTAB LEXIS 408, at *9–10 (T.T.A.B. Sept. 30, 2014).

102. *Secure Access, LLC v. U.S. Bank Nat'l Ass'n*, No. 6:13-CV-717 (LED), 2014 U.S. Dist. Ct. Pleadings LEXIS 6816, at *12 (E.D. Tex. May 1, 2014).

103. H.R. 3713, 113th Cong. (1st Sess. 2013) (introduced on House floor December 12, 2013 with an identical bill introduced onto the Senate floor the same day).

under this Act of any mark that consists of or comprises its own flag, coat of arms, or other official insignia[.]¹⁰⁴

The text of the Bill would allow cities, like Houston and the District, to trademark their seals, flags, and other insignias.¹⁰⁵ Representative Ted Poe (R-Tx) was a co-sponsor of the Bill and said that all “[s]tate and local governments should have the ability to be protected by federal trademark laws.”¹⁰⁶ The Bill was immediately referred to the House Judiciary Committee and then moved to the Subcommittee on Courts, Intellectual Property, and the Internet, until Congress recessed in December 2014.¹⁰⁷ Representative Poe wrote that

[c]urrently, the Trademark Act of 1946 does not include federal protections for official flags and other such emblems. Local governments have expressed support for legislation on this critical issue. In June 2012, the United States Conference of Mayors adopted a resolution asking Congress to pass this legislation.¹⁰⁸

An apparent reaction to *In re City of Houston*, it is unclear why the Bill never moved out of the committee where it died with the end of the 113th Congress.¹⁰⁹ Senator Amy Klobuchar (D-MN) reintroduced the Bill on February 2, 2015 with the same language as House Report 3713.¹¹⁰ Although no movement has occurred on the Bill, change may still occur to this provision of the Lanham Act.

Additionally, local ordinances have begun to change in an attempt to protect municipal seals.¹¹¹ As discussed above, the scope of protection that these ordinances offer is likely minimal.¹¹²

104. *Id.*

105. *Id.*

106. Press Release, *supra* note 41.

107. H.R. 3713, 113th Cong. (2013).

108. Press Release, *supra* note 41.

109. *All Bill Information (Except Text) for H.R. 3713 - To Amend the Trademark Act of 1946*, CONGRESS.GOV, <https://www.congress.gov/bill/113th-congress/house-bill/3713/actions> (last visited Sep. 26, 2015).

110. S. 328, 114th Cong. § 1 (2015). The title of this bill is: A bill to amend the Trademark Act of 1946 to provide for the registration of marks consisting of a flag, coat of arms, or other insignia of the United States, or any State or local government, and for other purposes. It was read twice and referred to the judiciary. Co-sponsors included Senator Mike Lee (R-UT) and Senator Charles Schumer (D-NY).

111. Coleman, *supra* note 41, at 479–80; S. 328, 114th Cong. § 1 (2015); *see also* Readler, *supra* note 41, at 783–85.

112. Coleman, *supra* note 41, at 479–80; S. 328, 114th Cong. § 1 (2015); *see also* Readler, *supra* note 41, at 783–85.

2. International Impact and the Paris Convention

The impact on the Paris Convention is small, but noteworthy. With *In re City of Houston*'s holding, the court essentially determined that treaties might not apply to United States federal law. *In re City of Houston*'s main argument was that the Paris Convention was to prevent illegal use of all foreign municipal marks, yet foreign countries do not have to recognize, federally register, or protect United States municipal marks. Yet, for the thirteen municipal marks registered, according to the Paris Convention language, signatories have to recognize and register their marks. This paradox raises questions to *In re City of Houston*'s holding in regards to international registration of United States' marks and weakens their effectiveness.

IV. SECTION 2 SHOULD NOT APPLY TO GOVERNMENT ENTITIES

The TTAB states several times in its decisions that the District and Houston are trying to carve out an exception to § 2(b), which would not bar municipalities from trademark over their seals, flags, and other insignias.¹¹³ Because the statute is unambiguous, it is likely that an exception would need to be created by Congressional action. The question is whether or not any action is actually necessary.

The court in *In re City of Houston* noted municipalities could still pass local ordinances to protect their seal or ask Congress to change § 2.¹¹⁴ Some cities have enacted these types of ordinances,¹¹⁵ but these ordinances raise doubts as to their enforceability. Typically, for a local ordinance to be enforceable, the locality must have the authority to pass the ordinance, and it must comply with both state and federal law.¹¹⁶ The Federal Circuit defers to state ordinances so long as they comply with both state and federal laws. The question remains whether municipalities can regulate certain aspects of law that the state has the power to address. This is interpreted in two ways: the home rule, where municipalities are governments within governments (a state within a state); or the Dillon rule, where all rules must be traced back to enabling legislation by

113. See *In re Gov't of D.C.*, 101 U.S.P.Q.2d (BNA) 1588, 1593 (T.T.A.B. 2012); see generally *In re City of Hous.*, 101 U.S.P.Q.2d (BNA) 1539 (T.T.A.B. 2012).

114. Anita B. Polott & Dana N. Justus, *2013 Trademark Law Decisions of the Federal Circuit*, 63 AM. U. L. REV. 1419, 1428 (2014) (“[T]he city could pass an ordinance banning such activity or appeal to Congress to amend section 2(b).”).

115. See CITY OF PALO ALTO, CAL., MUN. CODE tit. 2, §§ 206.010–206.020 (2015); see also CITY OF PALO ALTO, CAL., Ordinance No. 5204 (Aug. 19, 2013); CITY OF PALM SPRINGS, CAL., MUN. CODE § 3, 1.04.030; CITY OF OTHELLO, WASH., MUN. CODE tit. 1, ch. 1.04.04–1.04.050 (2015).

116. This is an example of local ordinance law in South Carolina. See Coleman, *supra* note 41, at 480 (“First, courts examine ‘whether the municipality had the power to enact the ordinance[.]’” and second, the court determined “whether the ordinance is consistent with the Constitution and general law of the State.”).

the state.¹¹⁷ Most states have begun to adopt the home rule in response to judicial restraint created within the Dillon rule.¹¹⁸ With that said, many states have the authority to acquire marks on a state level, which would likely cover any infringement in a given locality.¹¹⁹ Municipal ordinances would only be enforceable within that locality, with exceptions created by agreements with other municipalities.¹²⁰ That being said, municipal ordinances do present an avenue for localities, but this avenue's strength in enforceability seems generally weak. State trademark protections may afford more general coverage, but would not be enforceable against products manufactured outside of the state.¹²¹

Without protection, municipalities would have no federal protection of their logos, or a remedy from a logo that is substantially similar, which could disparage their product and harm their image.¹²² Some municipalities may claim trademark protection,¹²³ yet they have none. Without protection,

117. Readler, *supra* note 41, at 784–85.

In the few states that adhere to Dillon's Rule, local governments can exercise only those powers "granted in express words" or "those necessarily or fairly implied in or incident to, the powers expressly granted," or "those essential to the declared objects and purpose of the (municipal) corporation—not simply convenient, but indispensable." Dillon's Rule limits the transfer of power from the state to the local government by requiring that all powers of the local government be traced back to a specific delegation from the state[.]
Id. at 784 (citing Richard Briffault, *Our Localism: The Structure of Local Government Law*, 90 COLUM. L. REV. 1, 8 (1990), where the home rule is "a state within a state" approach. *Id.* at 785.

118. *Id.*

119. *State Trademark Information Links*, U.S. PAT. & TRADEMARK OFF., <http://www.uspto.gov/trademarks-getting-started/process-overview/state-trademark-information-links> (last visited Nov. 1, 2015).

120. University of Tennessee Municipal Technical Advisory Service (MTAS), Opinion Letter on Enforcing Municipal Ordinances Outside the City Limits (Aug. 19, 1996), <http://www.mtas.tennessee.edu/KnowledgeBase.nsf/0/AF8E27FA32B75A1285256C56004FB245?OpenDocument> (municipal agreements can allow certain provisions to be enforceable within a certain mile limit into another municipality or if there is a general risk to public health and safety). *See also* Fred Swegles, *Sam Clemente Looks to Bar Unauthorized Use of Logo*, THE ORANGE COUNTY REG. (May 20, 2013), <http://www.ocregister.com/articles/city-510604-use-logo.html> (indicating "that an ordinance could add protections by specifying regulations and restrictions on use of the seal").

121. *See generally State Trademark Registration in the United States*, INT'L TRADEMARK ASS'N (July 2014), <http://www.inta.org/TrademarkBasics/FactSheets/Pages/StateTrademarkRegistrationsUSFactSheet.aspx>.

122. This happens quite frequently with private entities. Jonah Spangenthal-Lee, *Starbucks Asks Rat City Rollergirls to Change Their Logo*, THESTRANGER.COM (May 23, 2008), http://slog.thestranger.com/2008/05/starbucks_asks_rat_city_rollergirls_to_c. Starbucks was able to pursue protection of mark when local roller derby team used substantially similar logo.

123. News Release, City of Coronado, California, City Logos, Seals are Copyrighted Property (May 3, 2013), <http://www.coronado.ca.us/egov/apps/document/center.egov?view=item;id=6964> (although the City of Coronado does not have trademark protection for any mark registered with the United States Patent and Trademark Office Trademark Electronic Service System).

municipalities would have no way to remedy use or sale of their flags, seals, or other insignias.

Congress has introduced legislation to address § 2(b), but that legislation has had little success. Further, the TMEP's changes create the same problem as the District's and Houston's.¹²⁴ Because the Petition for Certiorari was denied and the USPTO has discretion in its decision process, it is likely that Congressional Action will be necessary to correct § 2(b).¹²⁵ It is unclear when and if Congress will act on this issue. Although local ordinances might present municipalities with the easiest avenue to protect municipal marks, outside entities already using the seal could lobby against barring the use of the seals.¹²⁶ For the time being, municipalities will have to choose between waiting out federal law change, pursuing state law trademarks that may have little effect, or passing local ordinances that are only relevant in city limits.

V. CONCLUSION

It is likely that § 2 of the Lanham Act is unambiguous as to its application to municipalities, as *In re City of Houston* held. Extrinsic sources are not required to understand the meaning of § 2; yet, they may illustrate a policy shift in the USPTO and the need for protection for municipalities from fraud. Additionally, the legislative history of the Lanham Act suggests an expansion of rights to municipalities, including granting trademarks to their seals, flags, and other insignias, yet Congress and courts have continuously ignored that intent. The Supreme Court denied review of *In re City of Houston*, leaving the issue for Congress to address, however, its first attempt to clarify whether § 2 applies to municipalities died in committee. Optimism is still afloat in Congress' most recent attempt to amend the statute. Although municipalities can pass local ordinances to prevent any fraudulent use, their passage and effect may be miniscule compared to Congressional change to the Lanham Act.

The most interesting aspect resulting from *In re City of Houston* is that municipalities may still apply for federal protection with the USPTO, which is not governed by its prior precedent.¹²⁷ As a result, municipalities may still be

124. TMEP § 1204 (6th ed. May 2010); TMEP § 1204 (2007); TMEP § 1204.02(a) (6th ed. May 2010); TMEP §1204.02(b) (6th ed. May 2010).

125. *City of Hous. v. Rea*, 731 F.3d 1326 (Fed. Cir. 2013), *cert. denied sub nom.* *City of Hous., Tx. v. Rea*, 134 S. Ct. 1325 (2014).

126. *See Renna v. Cty of Union*, 88 F. Supp. 3d 310, 324 (D.N.J. 2014) (holding that a local public access show's use of county seal does not infringe on county's trademark of seal because seal is not eligible for trademark protection. These types of users could try to argue social benefit over granting trademark protection).

127. Jeff Kettle, *In Two Precedential Decisions, the TTAB Holds That a Government Entity Cannot Register Its Own Seal or Insignia*, AM. U. INTELL. PROP. BRIEF (Feb.12, 2012), <http://www.ipbrief.net/2012/02/15/in-two-precedential-decisions-the-ttab-holds-that-a-government->

granted protection if the USPTO feels inclined.

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entity-cannot-register-its-own-seal-or-insignia/ (“[T]hey impose a case-by-case analysis, an ‘examin[ation] on its own merits, based on the administrative record.”).

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