

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 7107 CS PCB EDTB 06-04 Registration & Protection of Trademarks Act  
**SPONSOR(S):** Economic Development, Trade & Banking Committee  
**TIED BILLS:** **IDEN./SIM. BILLS:**

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Economic Development, Trade & Banking Committee	12 Y, 0 N	Carlson	Carlson
1) Transportation & Economic Development Appropriations Committee	18 Y, 0 N, w/CS	McAuliffe	Gordon
2) Commerce Council		Carlson	Randle
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

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### SUMMARY ANALYSIS

Florida's trademark law<sup>1</sup> was enacted in 1967.<sup>2</sup> The law is based on the International Trademark Association's ("INTA") 1964 Model State Trademark Bill ("MSTB"), as amended and updated.

This bill is based upon the MSTB with input from the Intellectual Property Committee of the Business Law Section of the Florida Bar and the Department of State, Division of Corporations. The bill modernizes and harmonizes Florida's trademark law consistent with federal law and the revised MSTB where appropriate.

In particular, the bill:

- Provides a popular name;
- Clarifies definitions consistent with federal law;
- Creates an application review process and provides a right to administrative hearing for affected parties;
- Reduces the duration of a registered mark from 10 to 5 years;
- Allows a person to file a change of name with the Department of State and clarifies that security interests in a mark may be created and perfected under the Uniform Commercial Code;
- Conforms the Florida classification system for goods and services to the International Trademark Classification System;
- Authorizes an award of attorney's fees to a prevailing party according to the circumstances of a case;
- Revises provisions allowing the owner of a famous mark to prevent the dilution of the mark by enjoining the use of the mark by another person or seek additional remedies in the case of willful use of the mark by another person; and
- Locates all fees applicable to trademark registrations and related activities in one section of law.

The bill appears not to have a fiscal impact. See Part II, Fiscal Analysis and Economic Impact Statement.

The bill has an effective date of January 1, 2007.

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<sup>1</sup> ss. 495.011-495.181, F.S.

<sup>2</sup> s. 1, ch. 67-58, L.O.F.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House Principles.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Present Situation**

###### **Background**

Florida's trademark law<sup>3</sup> was enacted in 1967.<sup>4</sup> The law is based on the International Trademark Association's ("INTA") 1964 Model State Trademark Bill ("MSTB"). The law was last amended substantively in 1990, when the Legislature added a name reservation provision to the law.<sup>5</sup>

In September 1992, INTA's Board of Directors approved a proposal revising the 1964 MSTB to reflect what the organization felt were the "current needs of intrastate and regional commerce while harmonizing state trademark practices with recent changes in federal trademark law." INTA subsequently amended the dilution provision of the MSTB to make it consistent with the Federal Trademark Dilution Act of 1996. INTA reports that the MSTB has been adopted in 26 states.

In early 2005, Senator Campbell and Representative Galvano introduced SB 678 and HB 845, which incorporated the MSTB in most respects. On March 9, 2005, a subcommittee of the Florida Bar Business Law Section, Intellectual Property Law Committee provided Senator Campbell and Representative Galvano with a Technical Input Memorandum, highlighting many issues that the committee felt warranted attention before adopting the bills as law. This bill is based on federal law, the revised MSTB, the comments contained in the Technical Input Memorandum and input from the Department of State, Division of Corporations.

##### **Effect of Proposed Changes**

**Popular Name** The bill titles chapter 495 as the "Registration and Protection of Trademarks Act."

**Definitions** The bill revises many of the definitions in the present statute to conform to the definitions contained in the Federal Trademark Act (the "Lanham Act").<sup>6</sup> In contrast to the MSTB, which does not provide for the protection of collective and certification marks, the proposed bill retains the definitions for such marks. The bill also follows the federal standard for determining abandonment, namely nonuse for three consecutive years as opposed to two years, as provided for in the MSTB. The bill creates or substantially revises the following terms:

- The bill defines "abandoned" as applying to a mark when its use has been discontinued with intent not to resume such use and when any course of conduct of the owner cause the mark to lose its significance as a mark. The bill provides that intent may be inferred from circumstances. It also provides that nonuse for three consecutive years is prima facie evidence of abandonment.

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<sup>3</sup> ss. 495.011-495.181, F.S.

<sup>4</sup> s. 1, ch. 67-58, L.O.F.

<sup>5</sup> s. 3, ch. 90-220, L.O.F.

<sup>6</sup> 15 U.S.C. ss. 1051 et seq.

- The bill defines “department” to mean the Department of State.
- The bill defines “dilution” to mean the lessening of the capacity of a mark to identify and distinguish goods or services, regardless of the presence or the absence of: (a) competition between the owner of the mark and other parties and (b) likelihood of confusion, mistake or deception.
- The bill defines the term “mark” to mean any trademark, service mark, certification mark, or collective mark entitled to registration under ch. 495, whether or not registered.
- The bill clarifies that the term “person” to include a juristic person, such as a firm, partnership, corporation, union, association, or other entity capable of suing and being sued in a court of law, as well as a natural person.
- The bill defines the term “service mark” to mean any word, name, symbol, or device, or any combination thereof, used by a person to identify and distinguish the services of such person, including a unique service, from the services of others, and to indicate the source of the services, even if that source is unknown. It provides that titles, character names and other distinctive features of radio or television programs may be registered as service marks notwithstanding that the person or the programs may advertise the goods of the sponsor.
- The bill defines the term “trade name” to mean any name used by a person to identify a business or vocation of such person.
- The bill defines the term “trademark” to mean any word, name, symbol, or device, or any combination thereof, used by a person to identify and distinguish the goods of such person, including a unique product, from those manufactured or sold by others, and to indicate the source of the goods, even if that source is unknown.

Registrability The bill revises the registrability provisions of the statute to be more consistent with the Lanham Act. It includes among the marks that may not be registered those that consist of or comprises a name, signature or portrait identifying a particular living individual, except by his or her written consent, and includes the name, signature or portrait of a deceased President of the United States during the lifetime of his widow or her widower, if any, except by the written consent of the widow or widower. It clarifies that the exclusion from registration for marks used on or in connection with the goods of the applicant applies when the mark is merely descriptive or deceptively misdescriptive; primarily geographically descriptive or misdescriptive; or comprises a matter that is functional. It also excludes marks that are primarily geographically misdescriptive of goods or that are functional from the exemption from the exclusion from registration for marks that have become distinctive of goods or services.

Reservation The bill deletes the name reservation provision contained in the current statute. This provision was an attempt to provide protection similar to the protection afforded under the federal intent-to-use law, except that the state provision did not offer substantive rights. As a result, certain practitioners feel that the provision may create more of a burden than a benefit, and accordingly the act repeals it.

Application for Registration The bill clarifies that an application for registration of a mark must be filed with the department in a manner and form complying with the requirements of the department. It also clarifies that if the applicant is a business entity, it must identify the place of incorporation or organization. It requires that the applicant state that it is the owner of the mark, that the mark is in use, and that to the best of the applicant’s knowledge, no other person except a related company has registered the mark in Florida that has a right to use an identical mark or one that, as applied to the goods or services of another person, would be likely to cause confusion, mistake or to deceive. The bill authorizes the department to demand a drawing of a collective mark, and requires an applicant to provide three specimens of the mark as actually used.

Filing of Applications The bill creates a process for review of applications by the department, allows for amendments to be made to applications, and the disclaimer of unregistrable components of a mark by an applicant. The bill provides for a three month period in which an applicant whose application has been denied to reply to the department or amend its application. It allows the department to extend

this period of time for good cause shown. It provides a right to an administrative hearing under ss. 120.569 and 120.57, F.S., for applicants whose applications have been denied by the department. Finally, it provides that the department will review applications in the order of receipt.

Use By Related Companies The bill revises the provision of the statute regarding use of a mark by related companies to be consistent with Section 5 of the Lanham Act, 15 U.S.C. s. 1055. The bill provides that first use of a mark inures to the benefit of the registrant or applicant for registration if the registrant or applicant controls the first use of the mark by another person.

Certificates of Registration The bill makes conforming changes regarding the identification of a business entity and requires a description of the goods or services to be shown on a certificate. It also deletes the provision applicable to the name reservation section, which is repealed.

Duration and Renewal Consistent with the MSTB, the bill shortens the renewal period of a registration from 10 years to 5 years. The purpose of this change is to “reduce the number of ‘deadwood’ registrations.” It also clarifies that the application for registration must be in a manner and form complying with the requirements of the department. It allows a registration in effect on January 1, 2007, to remain in effect for the unexpired term and requires that any renewal of such a registration be applied for and the fee paid for within six months of the expiration of the registration. It also requires a renewal application to include a verified statement that the mark is still in use in Florida and include a specimen showing actual use.

Assignments; Change of Name; Security Interests The bill provides that a photocopy of an assignment will be accepted for recording if certified by any of the parties to the assignment or their successors as being a true and correct copy. It allows a registrant or applicant to record a certificate of change of name with the department upon payment of a fee of \$50.00 and provides that the failure to record a name change will not affect a person’s substantive rights in the mark or registration. It also provides that acknowledgement will be prima facie evidence of the execution of a document and when recorded, the record will be prima facie evidence of execution. Finally, the bill clarifies that security interests in a mark shall be created and perfected according to chapter 679, Florida Statutes, the Uniform Commercial Code.

Records The bill requires the department to keep for public inspection the assignment and change of name records filed with it under s. 495.181, F.S.

Cancellation The bill makes technical changes to the provisions of s. 495.101, F.S., regarding the basis for cancellation of a registration consistent with the Lanham Act. It removes the definition of “abandoned” to conform with the revised definition in s. 495.011, F.S. It requires the department to cancel a mark that has become the generic name for goods or services, or a portion thereof, for which the mark has been registered. It also clarifies that a registrant may use a certification mark in advertising or promoting recognition of the certification program or of goods or services meeting the certification standards of the registrant even if the mark is cancelled.

Classification The bill expressly adopts the updated International Trademark Classification System. It also adopts the United States Patent and Trademark Office’s system for classifying certification and collective membership marks.

Infringement The bill conforms the infringement provisions of the law to the Lanham Act and clarifies that the basis for infringement is use of a mark or an imitation or copy of a mark, without the consent of the registrant, in a manner that is likely to cause confusion, to cause a mistake or to deceive.

Remedies The bill adds a prevailing party attorney’s fee provision which would give the court discretion to award attorney’s fees to the prevailing party “according to the circumstances of the case.”

Forum for Actions Regarding Registrations The bill creates a new provision specifying the venue for cancellation actions in any court of competent jurisdiction in Florida and clarifying that the Department of State cannot be made a party to such actions. This provision is intended to clear up confusion among applicants and practitioners concerning the procedure in cancellation proceedings.

Dilution The bill creates a new standard for actions seeking to prevent the dilution of a registered mark. It allows the owner of a mark that is “famous” in the state to seek to enjoin or obtain other relief against a person’s commercial use of a mark or trade name if such use begins after the mark has become famous and is likely to cause dilution of the mark. The bill sets, without limitation, some criteria that a court may use in determining whether a mark has become distinctive and famous, which include:

- The degree of inherent or acquired distinctiveness of the mark in Florida;
- The duration and extent of use of the mark in connection with the goods and services with which the mark is used;
- The duration and extent of advertising and publicity of the mark in Florida;
- The geographical extent of the trading area in which the mark is used;
- The channels of trade for the goods or services with which the mark is used;
- The degree of recognition of the mark in the trading areas and channels of trade in this state used by the mark’s owner and the person against whom the injunction is sought;
- The nature and extent of the use of the same or similar mark by third parties; and
- Whether the mark is subject to a state registration in Florida or federal registration under a federal trademark act.

The bill limits relief to an injunction unless the person against whom the injunction is sought willfully intended to trade on the owner’s reputation or to cause dilution of the famous mark. In the case where willful intent is proven and the affected mark is registered in Florida, the owner of the mark will be entitled to damages and attorney’s fees as provided in s. 495.141, F.S.

Effective Date; Repeal of Prior Acts The bill would expressly repeal ss. 506.06 – 506.13, F.S., the remaining provisions of Florida’s Stamped or Marked Containers and Baskets Law on the effective date of the law, January 1, 2007, and provides that the law will not affect actions or proceedings pending on that date.

Construction of chapter The bill notes that since the intent of the chapter is to provide a system of state trademark registration and protection substantially consistent with the federal system of trademark registration and protection, construction given the federal act should be examined as persuasive authority for interpreting and construing this chapter.

Fees The bill locates all applicable trademark filing fees in one section. Such fees would remain at their current level. The fees are:

- Application filing fee: \$87.50 per class.
- Renewal application fee: \$87.50 per class.
- Assignment filing fee: \$50.00 per class.
- Certificate of name change filing fee: \$50.00.
- Voluntary cancellation filing fee: \$50.00.
- Certificate of registration under seal: \$8.75.
- Certified copy of application file: \$52.50.

#### C. SECTION DIRECTORY:

Section 1. Creates s. 495.001, F.S.; providing a popular name.

Section 2. Amends s. 495.011, F.S.; providing definitions.

Section 3. Amends s. 495.021, F.S.; relating to the registrability of a mark.

Section 4. Repeals s. 495.027, F.S.; relating to the reservation of a mark.

- Section 5. Amends s. 495.031, F.S.; relating to applications for registration.
- Section 6. Creates s. 495.035, F.S.; providing for the filing of applications for registration.
- Section 7. Amends s. 495.041, F.S.; relating to use of a mark by related companies.
- Section 8. Amends s. 495.061, F.S.; relating to certificates of registration.
- Section 9. Amends s. 495.071, F.S.; relating to the duration of a registered mark and renewal.
- Section 10. Amends s. 495.081, F.S.; relating to assignments, changes of name and security interests.
- Section 11. Amends s. 495.091, F.S.; relating to records retention by the Department.
- Section 12. Amends s. 495.101, F.S.; relating to the cancellation of a mark.
- Section 13. Amends s. 495.111, F.S.; relating to the classification of goods and services.
- Section 14. Amends s. 495.131, F.S.; relating to liability for the infringement of a registered mark.
- Section 15. Amends s. 495.141, F.S.; providing remedies for violation of the trademark law.
- Section 16. Creates s. 495.145, F.S.; providing a forum for actions regarding registrations.
- Section 17. Amends s. 495.151, F.S.; relating to the dilution of a mark.
- Section 18. Amends s. 495.161, F.S.; relating to common-law rights.
- Section 19. Amends s. 495.171, F.S.; relating to the effective date of the act and repeal of conflicting provisions.
- Section 20. Amends s. 495.181, F.S.; providing for construction of the trademark law consistent with the federal trademark law.
- Section 21. Creates s. 495.191, F.S.; providing for fees relating to applications and other documents.
- Section 22. Repeals ss. 506.06-506.13, F.S.
- Section 23. Provides an effective date of January 1, 2007.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

- 1. Revenues: None.
- 2. Expenditures: None.

### **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

- 1. Revenues: None.
- 2. Expenditures: None.

### **C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

According to the Department of State, Division of Corporations, which oversees the trademark law, the primary effect of the bill will be to require approximately 500 persons or entities to pay the \$50 fee each year for renewal of a registered mark, roughly doubling the number of renewal applications because of the shortened term of registration. However, the experience of the Division is that most marks have a life span of approximately three years, so the fiscal impact of the renewals required by the shortened term of registration will be insignificant.

The Division also reports that records maintenance will be significantly improved, since records will be purged on a five-year cycle, not a ten-year cycle. This will result in more up-to-date records in the trademark and service mark database, benefiting consumers who search it.

The bill also maintains fees applicable to trademark registrations and related activities at their current level.

D. FISCAL COMMENTS: None.

### **III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a municipality or county to expend funds or to take any action requiring the expenditure of funds. The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. The bill does not reduce the percentage of state tax shared with municipalities or counties.

2. Other: None.

B. RULE-MAKING AUTHORITY: None.

C. DRAFTING ISSUES OR OTHER COMMENTS: None.

### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

At the April 11, 2006 meeting, the Transportation and Economic Development Appropriations Committee approved HB 7107 with nine amendments. Amendments number one through five and amendment number nine were technical amendments. Amendments number six and seven clarified that the applicant for registration of a mark must be entitled to use the mark and that no other person can use the mark in a way that may cause confusion, to cause a mistake, or to deceive. Amendment number eight allows for the use of facsimiles of specimens in an application for registration of a mark.