

**The Florida Senate**  
**PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: Commerce Committee

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BILL: SB 426

INTRODUCER: Senator Saunders

SUBJECT: False, deceptive, or misleading advertising

DATE: March 7, 2007

REVISED: 03/13/07

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Hinely	Cooper	CM	<b>Fav/ 1 amendment</b>
2.			JU	
3.				
4.				
5.				
6.				

**I. Summary:**

This bill prohibits a person from advertising or conducting a live musical performance by using a false, deceptive, or misleading statement of an affiliation, connection, or association between a performing group and a recording group, with exceptions.

Any person who violates the prohibition commits a first degree misdemeanor. The bill also authorizes the Department of Legal Affairs or a state attorney to file a civil action for injunctive relief and authorizes a court to impose a civil penalty of up to \$5,000 for each violation.

This bill creates section 817.4115 of the Florida Statutes.

**II. Present Situation:**

There are musical groups that perform under names that are similar to or the same as original musical groups that have been popular in the past. Some of the musical groups that advertise themselves as the original band do not specify that it is a tribute band or otherwise state it is not the original band. In turn, this may mislead concert goers and the original band members may not be the financial beneficiaries of these concerts.

Some of the original groups may have federal trademark or service mark protection, which may provide them with legal standing to stop this activity. A trademark may be a word, phrase, symbol or design, or combination of words, phrases, symbols or designs, that identifies and distinguishes the source of the goods or services. A service mark is the same as a trademark, except that it identifies and distinguishes the source of a service rather than a product.

Absent this trademark or service mark protection, the original group may have “common law” copyright protection, which arises from the actual use of a mark. The US Patent and Trademark Office reports that “(g)enerally, the first to either use a mark in commerce or file an intent to use application with the Patent and Trademark Office has the ultimate right to use and registration.”<sup>1</sup>

### **Federal Law**

The federal Lanham Act governs the registration of trademarks, trade names, and other identifying marks used in interstate commerce. It also protects registered trademarks from interference or infringement. Any person who, without the consent of the registrant, uses a registered mark when such use is likely to cause confusion, or to cause mistake, or to deceive may be liable in a civil action by the registrant.<sup>2</sup> Further, the act prohibits any use of a false or misleading description or representation in commercial advertising or promotion that “misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services, or commercial activities.”<sup>3</sup> Violators may be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.<sup>4</sup>

### **Florida Law**

Chapter 495, F.S., relating to the registration of trademarks and service marks, authorizes the courts to enjoin the improper use of a mark, trade name, label or form of advertisement under certain circumstances. Under ch. 495, F.S., a service mark is defined as “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.”<sup>5</sup> A trademark is defined as “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 the source is unknown.”<sup>6</sup>

A person violates ch. 495, F.S., if “any reproduction, counterfeit, copy, or colorable imitation of a mark registered in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, to cause mistake, or to deceive” or if any person reproduces, counterfeits, copies, or imitates a mark registered and applies “such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with the sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, to cause mistake, or to deceive.”<sup>7</sup> A violator may be liable in a civil action by the owner of such registered mark.<sup>8</sup>

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<sup>1</sup> <http://www.uspto.gov/web/offices/tac/tmfaq.htm>

<sup>2</sup> 15 U.S.C. Section 1114.

<sup>3</sup> 15 U.S.C. Section 1125.

<sup>4</sup> *Id.*

<sup>5</sup> Section 495.011(11), F.S.

<sup>6</sup> Section 495.011(13), F.S.

<sup>7</sup> Section 495.131, F.S.

<sup>8</sup> *Id.*

While ch. 495, F.S., addresses the state registration and protection of trademarks, s. 495.161, F.S., expressly preserves common-law action for trademark infringement.

### **Abandonment of Trade or Service Mark**

Trademark or service mark holders may lose protection of their mark if they abandon it. According to the Lanham Act, abandonment occurs:

When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide use of that mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.<sup>9</sup>

Evidence of 3 consecutive years of nonuse must be "clear and convincing" and create a rebuttable presumption of abandonment.<sup>10</sup>

The Lanham Act also provides a second means to abandon a trade or service mark:

When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.

### **III. Effect of Proposed Changes:**

**Section 1** creates s. 817.4115, F.S., to prohibit a person from advertising or conducting a live musical performance by using a false, deceptive, or misleading statement of an affiliation, connection, or association between a performing group and a recording group. Additionally, this section defines:

- "Performing person or group" as a vocal or instrumental performer using or attempting to use the name of a recording person or group.
- "Recording person or group" as a vocal or instrumental performer that has previously produced or released, or both, a commercial recording.

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<sup>9</sup> § 45 (15 U.S.C. § 1127). CONSTRUCTION AND DEFINITIONS

<sup>10</sup> *EH Yacht, LLC v. Egg Harbor, LLC*, 84 F.Supp.2d 556, 564 (D.N.J.2000) See also T. McCarthy, McCarthy on Trademarks and Unfair Competition, § 17:21 (4<sup>th</sup> Ed. 1999). Under the statute, the question is one of intent. *Id.* at § 17:20. Abandonment is established, under the majority rule, only by clear and convincing evidence. *Id.*, § 17:12. Moreover, "[a]bandonment does not result from a temporary forced withdrawal from the market due to causes such as ... bankruptcy .... However, as soon as the external cause has passed, the user must resume use within a reasonable time." *Id.* at § 17:16. To show excusable non use, the registrant of the mark must produce evidence showing that his actions are those that a reasonable businessman, who had a bona fide intent to use the mark in US commerce, would have taken. *Rivard v Linville*, 133 F.3d 1446, 1449 (Fed. Cir. 1998)

This section provides the following exceptions:

- The performing person or at least one member of the performing group was a member of the recording group and *has the legal right to use the name of the recording group by not abandoning the affiliation with the recording group or its name*;
- The performing person or group is the authorized registrant and owner of a federal service mark for that person or group which is registered with the United States Patent and Trademark Office;
- The live musical performance or production is identified as a “salute” or “tribute” to, and is otherwise unaffiliated with, the recording person or group;
- The advertising does not relate to a live musical performance taking place in this state; or
- The performance is expressly authorized in the advertising by the recording person or group.

This section provides that any person who violates the prohibition commits a second degree misdemeanor and a first degree misdemeanor for subsequent violations. The section authorizes the Department of Legal Affairs or a state attorney to file a civil action for injunctive relief and authorizes a court to impose a civil penalty of up to \$5,000 for each violation.

**Section 2** provides an effective date of July 1, 2007.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

**C. Government Sector Impact:**

This bill creates new criminal offenses, which could result in misdemeanor convictions, with potential costs for prosecution and punishment. This bill also authorizes the Department of Legal Affairs or state attorney's office to pursue civil actions against violators, which may result in potential costs associated with litigation.

However, the bill does authorize the court to award court costs and reasonable attorney's fees to the prevailing party, which could offset the costs associated with litigation.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

To date, seven other states have passed this or a similar law. The states are Pennsylvania, Connecticut, Illinois, Michigan, Massachusetts, South Carolina and North Dakota. Other states considering the law are New York, Vermont, Virginia, Delaware, Minnesota, Maryland, New Jersey, California, Nevada, Texas, Wisconsin, Vermont and Tennessee.



## VIII. Summary of Amendments:

**Barcode 510286:** The bill contains exceptions to the advertisement prohibition. The amendment allows the exemptions to also be applied to “productions.”

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This Senate staff analysis does not reflect the intent or official position of the bill’s introducer or the Florida Senate.

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