

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.)

Prepared By: Judiciary Committee

BILL: CS/SB 426

INTRODUCER: Judiciary Committee, Senators Saunders and Crist

SUBJECT: Ads/False, Deceptive, Misleading

DATE: April 18, 2007

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Hinely	Cooper	CM	Fav/1 amendment
2.	Luczynski	Maclure	JU	Fav/CS
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 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, 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. These conditions have led to public dissatisfaction, as well as the original groups seeking relief and legislation to combat these issues.

Some of the original groups may have federal trademark or service mark protection, which may provide them with legal standing to stop this activity. 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 U.S. 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.”¹

A trademark protects the words, names, symbols, sounds, or colors that distinguish goods and services from those manufactured or sold by others and that indicate the source of the goods. Trademarks, unlike patents, can be renewed forever as long as they are being used in commerce. A service mark is a word, name, symbol or device that is used to indicate the source of the services and to distinguish them from the services of others. A service mark is the same as a trademark except that it identifies and distinguishes the source of a service rather than a product. The terms “trademark” and “mark” are often used to refer to both trademarks and service marks.²

Federal Law

The Lanham Act contains the federal statutes governing 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 in commerce 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.³ Furthermore, the Lanham Act prohibits any use of a false or misleading description of fact, or false or misleading representation of fact 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.”⁴ 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.”⁵

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.⁶ 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.”⁷ 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.”⁸

A person violates ch. 495, F.S., who without consent of the registrant:

¹ U.S. PATENT & TRADEMARK OFFICE, FAQ: WHAT ARE “COMMON LAW” RIGHTS?, <http://www.uspto.gov/web/offices/tac/tmfaq.htm#Search005>.

² U.S. PATENT & TRADEMARK OFFICE, GLOSSARY, <http://www.uspto.gov/main/glossary/index.html>.

³ 15 U.S.C.A. § 1114 (West 2007).

⁴ 15 U.S.C.A. § 1125 (West 2007).

⁵ *Id.*

⁶ *See* s. 495.141, F.S.

⁷ Section 495.011(11), F.S.

⁸ Section 495.011(13), F.S.

Use[s] 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

Reproduce[s], counterfeit[s], cop[ies], or colorably imitate[s] a mark registered under ... chapter [495] and appl[ies] 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;⁹

A violator may be liable in a civil action by the owner of such registered mark.¹⁰ Although Florida statutory law address the state registration and protection of trademarks in ch. 495, F.S., it also expressly preserves the common-law cause of action for trademark infringement.¹¹

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.¹²

A majority of courts have held that discontinuance of a mark must be proved by clear and convincing evidence.¹³ Nonuse for three consecutive years creates a presumption of abandonment and shifts the burden back to the owner to prove non-abandonment.¹⁴ To show excusable nonuse, the owner/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 U.S. commerce, would have taken.¹⁵

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

⁹ Section 495.131, F.S.

¹⁰ *Id.*

¹¹ Section 495.161, F.S.

¹² 15 U.S.C.A. §1127 (West 2007).

¹³ *See* EH Yacht, LLC v. Egg Harbor, LLC, 84 F. Supp. 2d 556, 564 (D.N.J. 2000).

¹⁴ *Id.* at 565.

¹⁵ Rivard v Linville, 133 F.3d 1446, 1449 (Fed. Cir. 1998).

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.¹⁶

III. Effect of Proposed Changes:

The bill 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, the bill 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.

The bill provides certain conditions where the *advertisement* of a live musical performance or production with the statement of an affiliation, connection, or association between a performing group and a recording group does not violate the aforementioned prohibition. There is no violation if:

1. 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*;
2. 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;
3. The live musical performance or production is identified as a “salute” or “tribute” to, and is otherwise unaffiliated with, the recording person or group;
4. The advertising does not relate to a live musical performance taking place in this state; or
5. The performance is expressly authorized in the advertising by the recording person or group.

However, the bill does not provide that if one of the above five conditions is met that *conducting* a live musical performance or production with the statement of an affiliation, connection, or association between a performing group and a recording group does not violate the bill’s prohibitions. Arguably, if condition 1, 2, 3, or 5 is met, there is no false, deceptive, or misleading statement of affiliation, connection, or association between a performing person or group and a recording person or group. Further, if condition 4 is met, that is the performance is not taking place in this state, then Florida law would not govern. Nevertheless, the Legislature may wish to amend proposed s. 817.4115(3), to provide that: “An advertisement or the conducting of a live musical performance or production does not violate subsection (2) if.”

¹⁶ 15 U.S.C.A. § 1127 (West 2007).

The bill provides that the first violation of the prohibition is a second-degree misdemeanor punishable as provided in s. 775.082 or s. 775.083, F.S. The second or subsequent violation is a first-degree misdemeanor punishable as provided in s. 775.082, F.S., or by a fine up to \$5,000, or both. The Department of Legal Affairs or a state attorney is authorized to file a civil action for injunctive relief. Finally, the court may award court costs and attorney's fees to the prevailing party and may impose a civil penalty up to \$5,000 for each violation.

The bill 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:

Persons found in violation of the bill provisions may be subject to the payment of court costs, attorney's fees, a civil penalty, and criminal fines.

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 impose a civil penalty up to \$5,000 for each violation and 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.

This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

VIII. Summary of Amendments:

None.

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