

**2008 BUSINESS REFORM COMMITTEES
MEETING OF THE TRADEMARKS COMMITTEE**

Tuesday, June 17, 2008
11:00 A.M.

**Secretary of State's Office
700 North Street
Jackson, Mississippi**

The first meeting of the Trademarks Committee was called to order on Tuesday, June 17, 2008 at 11:00 A.M. at the Office of the Secretary of State, 700 North Street, Jackson, Mississippi. The attendees are listed in Exhibit A.

Introductions and Preliminary Remarks

Cheryn Baker thanked the members for coming and the members introduced themselves. Dan Hise, Committee Chairman, made a few preliminary comments to set the tone for the meeting's discussion, after which Baker recognized Secretary of State Delbert Hosemann.

Purpose and Mission of the Business Reform Committees

Secretary Hosemann outlined the overall plan of the Business Reform Committees which are working to update and revise Mississippi's existing business laws. He noted that presently there was no section for trademarks on the Secretary of State's website. He stated that intellectual property was a relevant issue and that Mississippi has a great opportunity to be a leader in that field. Secretary Hosemann expressed that the Trademarks Committee was an integral part of a coordinated effort. He noted that the Committee's goal would be to draft the legislation that it felt would be best for Mississippi.

Overview of Intellectual Property and Federal Trademark Registration Process

Doug Jennings, Senior Attorney for Policy & Research, gave a brief overview of intellectual property, recognizing that it encompassed four main categories: copyrights, patents, trademarks, and trade secrets. Jennings noted that the group would not look closely at copyrights and patents, as they are governed exclusively by federal law. Jennings noted that while the Committee would have some latitude to draft new legislation in the area of trade secrets, the group's central focus would be on trademarks. Trademarks, he noted, were not governed exclusively by federal law, which allowed Mississippi some room to differentiate itself from other states, providing increased protection for state trademark owners.

Jennings described the federal registration process. He noted the presumption of validity granted by a federal trademark registration, and stated that such registration serves as notice to all others in the United States of the owner's exclusive rights to use the mark in connection with the registrant's goods or services throughout the country.

Goals of the Committee

Jennings suggested some goals for the group to make the state's trademark laws more business-friendly: to make recommendations to improve the state registration and trademark search processes; to enhance the trademark laws to encourage state registration; and if possible, to make recommendations on how to allow owners of Mississippi trademarks to police those marks on the internet and extraterritorially. Jennings referenced the Business Court Study Group and its objective, noting that the group should keep in mind that any state trademark law disputes would likely be addressed by the business court, if one is created.

Model State Trademark Bill

Next, Jennings discussed the Model State Trademark Bill ("MSTB"), which was recently amended in 2007. He noted that federal trademark law had changed dramatically in 2006 with the passage of the Federal Trademark Dilution Revision Act (FTDRA). Jennings explained the difference between trademark dilution and infringement, noting that trademark dilution was a newer type of claim. The recent revision to the MSTB, Jennings noted, introduced blurring and tarnishment. Blurring, Jennings said, was any use that impaired the distinctiveness of an existing "famous" mark. Tarnishment, on the other hand, was use of a mark that would bring an established famous mark into disrepute. The MSTB also reduced the standard of proof of dilution and eliminated the concept of "niche fame."

A member asked whether some states had adopted the MSTB in order to be viewed as business-friendly. Jennings responded that he had not surveyed many states, but that California had recently adopted the MSTB and had added penalties for falsifying a trademark application.

Jennings stated that adopting some provisions from the MSTB would bring Mississippi up to date with current federal law and make the trademark law more business-friendly.

Discussion of Trademark Searches and Searchable Database for MS Website

Chairman Hise mentioned that many members were interested in the development of a trademark section on the Secretary of State's website. One member commented that a link between all fifty state databases and the federal databases was desirable. Yet another member noted that while it was relatively simple to set up a database that would search word marks, many trademarks were symbols or other designs, and that storage and retrieval of that data would be much more complex and expensive.

Doug Jennings referred to examples of some of the best state trademark databases in the materials. He asked the group to consider the search features that would be advantageous to applicants and owners.

One member noted that trademark searches had become increasingly complex due to the internet and use of marks internationally. He stated international use needs to be searched because certain treaties give foreign trademark owners trademark protection in the United States.

Businesses should also search for translations of their mark into different languages. The member explained that in most countries registration is a prerequisite to protection, but that in the United States, trademark protection stems from use, not registration.

State Trademark Registration

Tom Riley of the Secretary of State's Business Services Division described the state's current trademark registration process. The Division does not search for common-law uses of marks, and limits its internal search to registered state marks. Riley said that most applications were for locally used service marks. These marks are filed along with samples showing how the mark is used by the owner. Riley also noted that the Division does not currently accept on-line or electronic filings, although the Secretary hopes that all trademark applications could be completed online by 2009.

Hosemann asked the group to give its input on redesigning the application for state trademark registration.

One committee member noted that while he often depended on both state and federal registration, state registration took a "decidedly noticeable backseat."

The group discussed ways to attract business through the trademark laws and incentives for state trademark registration, such as additional state remedies. One member recommended that the state improve the efficiency of state registration and mark protection. Another member recommended that the group examine how the state's trademark law interacted with the state's unfair trade practices laws. A member noted that few trademark cases are tried in state courts, based on the perception that the quality of justice was higher in federal court, particularly when dealing with an out-of-state mark holder. Several members of the group commented that state registration could become more important if the business court were established and became a place to enforce state trademark rights. A business court would have the ability to expedite trade secret and trademark cases.

Other Suggestions to Improve Trademark Laws

Several members had suggestions as to how to make the state friendlier to trademark owners. Jennings suggested that the group examine the adoption of fair use provisions. One member suggested that the business court be able to ensure confidentiality in trademark litigation to protect parties' proprietary information. Another member recommended that our trademark laws be uniform with other states. One member advocated a more neutral position for the state to be seen as business-friendly, stating that creation of stronger remedies for one entity meant stronger consequences for the other.

Next, a member suggested that the state adopt measures which would encourage users of common-law marks to register those marks with the state. This would help new businesses desiring to relocate to Mississippi to know what trademarks were already in use within the state. Some suggestions were that the Secretary of State's Office provide educational materials on its website on the availability of trademark registration, and informing the public of the distinction

between registration of a corporate name and registration of that name as a trademark. This would encourage businesses that incorporate or organize in the state to also register their names as trademarks.

Chairman Hise advocated adopting the model act as a starting point, then making necessary changes. Hise characterized this as a normally persuasive argument to the legislative subcommittee.

Secretary Hosemann agreed that the consistency with other states offered by adoption of the model act was important, but implored the group to go past simply adopting the model act to anticipate problems and consider opportunities to attract businesses away from other states. He also asked the group to consider unique protections that Mississippi's trademark laws could offer artisans that aren't available in other states.

Next, a member commented on the expenses and difficulties of determining conclusively whether a trademark was available, and floated a proposal of insulating a trademark owner from suit for a period of time if the owner had attempted to determine a mark's availability. He noted that in some instances, a mark exhausts its usefulness within a short time. The member characterized such protection as a "shield" and not a "sword," but thought it was worth consideration by the Committee. Another member responded to these comments by stating that the party on the other side of the shield may also be a business the state had tried to attract, the end result being that an effort to assist one trademark owner became punitive to another.

The member proposing the "shield" idea refined it by suggesting that any such statute require a mark-owner to perform an adequate search in order to qualify for the shield. If a registrant complied with the statute, then he should qualify for the shield, the member stated. He again expressed sympathy for smaller businesses that could not afford the time or cost of the exhaustive search required to assure the availability of a trademark. Some members responded, noting the problems posed by federal law to such an approach at the state level. Secretary Hosemann expressed the possibility of a solution by a coordinated effort among the nations' Secretaries of State.

Chairman Recommendations and Adjournment

Next, Chairman Hise recommended that the group begin work on studying the recent revision to the MSTB. Cheryn Baker referred to the upcoming meeting dates and noted the deadline of September 8, 2008 for the group to submit its report. With no further business the meeting was adjourned at 12:50 PM.

Respectfully Submitted,



Cheryn Baker
Assistant Secretary of State
Policy and Research Division

Exhibit A
to the Minutes of Trademarks Committee Meeting 1

In Attendance:

Dan Hise, Chairman
Bill Brabec
Stephen Carmody
Jason Dean
Danny Drake
Michael Goggans
Greg Guida
Jerome Hafter
Thomas Maley
Peter Marks
Jim Mingee
Whit Rayner
Bobby Thompson
Otis Tims
Will Wilkins

Secretary of State Staff

Delbert Hosemann, Secretary of State
Cory Wilson, Chief of Staff
Cheryn Baker, Assistant Secretary of State, Policy & Research
Tom Riley, Assistant Secretary of State, Business Services
Doug Jennings, Senior Attorney, Policy & Research
Pamela Weaver, Director of Communications
Phillips Strickland, Division Coordinator, Policy & Research
Jeff Lee, Intern, Policy & Research