



NEVADA LEGISLATURE LEGISLATIVE COMMISSION'S COMMITTEE TO STUDY TRADEMARK AND COPYRIGHT LAW

(Assembly Bill No. 383, Chapter 461, *Statutes of Nevada 2011*)

SUMMARY MINUTES AND ACTION REPORT

The first and final meeting of the Legislative Commission's Committee to Study Trademark and Copyright Law was held on Monday, August 20, 2012, at 8 a.m. in Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. A copy of this set of "Summary Minutes and Action Report," including the "Meeting Notice and Agenda" ([Exhibit A](#)) and other substantive exhibits, is available on the Nevada Legislature's website at <http://www.leg.state.nv.us/interim/76th2011/committee/>. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's (LCB's) Publications Office (e-mail: publications@lcb.state.nv.us; telephone: 775/684-6835).

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Assemblyman Tick Segerblom, Chair
Senator Mark A. Manendo, Vice Chair
Senator Moises (Mo) Denis
Assemblyman Jason M. Frierson
Assemblyman Pat Hickey

COMMITTEE MEMBER PRESENT IN CARSON CITY:

Senator Greg Brower

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Donald O. Williams, Research Director, Research Division
Carol M. Stonefield, Managing Principal Policy Analyst, Research Division
Brenda J. Erdoes, Legislative Counsel, Legal Division
Matthew Mundy, Deputy Legislative Counsel, Legal Division
Tracey L. Wineglass, Senior Research Secretary, Research Division

OPENING REMARKS

- Chair Segerblom called the meeting of the Committee to Study Trademark and Copyright Law to order. He noted the objectives of the meeting as found in Assembly Bill 383. Chair Segerblom asked that Assemblyman Hickey give a brief overview of the Committee's responsibilities.
- Assemblyman Hickey remarked that free downloading of various intellectual properties has resulted in a tremendous loss of funding to authors, musicians, and moviemakers. He said that trademark and copyright law generally falls under federal copyright statutes. Assemblyman Hickey noted potential benefits to the State through the Nevada Title Trademark concept that would address digital piracy at the State level.

PUBLIC COMMENT

- Chair Segerblom called for public comment; however, no testimony was provided.

REVIEW OF THE APPLICABLE PROVISIONS OF FEDERAL LAW, INCLUDING, WITHOUT LIMITATION, THE COPYRIGHT ACT OF 1976 AND THE DIGITAL MILLENNIUM COPYRIGHT ACT OF 1998

- Matthew Mundy, Deputy Legislative Counsel, Legal Division, Legislative Counsel Bureau (LCB), discussed copyright and trademark law. He noted the differences between trademark, copyright, and patent law. Mr. Mundy shared three criteria that identified types of content protected under the "Copyright Act" of 1976: (1) the work must be original; (2) the work must be a work of authorship; and (3) the work must be fixed in a tangible medium of expression.

He explained that the "Copyright Act" identifies:

1. Types of content protected;
2. Rights granted to the copyright owner;
3. Duration of the copyright;
4. Federal preemption—express or implied; and
5. Jurisdiction and copyright infringement.

Mr. Mundy said that the Copyright Act grants five rights to the copyright owner, including the right:

1. of reproduction;
2. of modification;
3. of distribution;
4. to perform publicly; and
5. to display publicly.

He remarked that when these rights are taken over by another individual without authorization from the owner an infringement occurs. Mr. Mundy pointed out the duration of the copyright under the Copyright Act is 70 years. He noted general and specific jurisdiction of copyright law requirements as it pertains to nonresidents; jurisdiction and Internet Service Providers (ISPs); and the “Zippo Test,” which is a sliding scale where jurisdiction is determined by examining the level of interactivity with the forum state.

Mr. Mundy discussed the Digital Millennium Copyright Act of 1998, which provides protections for ISPs through limited liability to copyright infringement known as “safe harbors.” He stated that the four “safe harbors” for service providers are: transitory digital network communications; system caching; information residing on systems or networks at the direction of users; and information location tools. Mr. Mundy reviewed the conditions that must be met to qualify for protection. He also reviewed current state copyright laws that included record piracy statutes, California Resale Royalties Act, and protectable rights in ideas. (Please see [Exhibit B.](#))

Discussion ensued between Assemblyman Frierson and Mr. Mundy regarding the federal case, Zippo Mfg. Co. v. Zippo Dot Com, Inc., 952 F. Supp. 1119, 1122 (W.D. Pa. 1997) and the percentage of business transactions engaged in by the residents of Pennsylvania. Mr. Mundy stated that the percentage of activity was relevant in order to establish jurisdiction.

There was discussion between Chair Segerblom and Mr. Mundy regarding jurisdiction protections. Mr. Mundy explained that protections are not enforceable outside of the forum state.

REVIEW OF THE APPLICABLE PROVISIONS OF THE LANHAM (TRADEMARK) ACT OF 1946, INCLUDING, WITHOUT LIMITATION, A SURVEY OF THE LAWS OF THIS STATE AND OTHER STATES AND TERRITORIES OF THE UNITED STATES RELATING TO THE PROTECTION OF TRADEMARKS AND COPYRIGHTS

- Matthew Mundy, previously identified, reviewed trademark law and stated that trademark law is different because of the source of the Congressional authority which transpires from commerce law. He explained that trademark law serves two purposes: (1) consumer protection; and (2) protection of the owner’s trademark as property. Mr. Mundy identified the three bodies of law that protect trademarks: (1) State common law; (2) State statutory law; and (3) Federal law (the Lanham Act, 15 U.S.C. § 1051, et seq.). He stated the protections under trademark law last indefinitely, until the mark fails to identify the source of the goods or products in the minds of consumers, at which point it becomes generic and no longer has trademark status. Mr. Mundy noted examples of items that could be trademarked and stated that trademark protection may last indefinitely. He referenced two types of state trademark actions: (1) trademark infringement—passing off similar goods under another’s trademark; and (2) trademark dilution—passing off dissimilar goods under another’s trademark. Mr. Mundy gave an overview of the different versions and requirements in the Model State Trademark Act and commented that Nevada closely tracks the 1996 version. He briefly reviewed the Lanham Act (15 U.S.C. § 1051, et seq.) and explained that federal registration does not supersede common law rights of priority. Mr. Mundy shared an overview and specific case law regarding trademark versus copyright law and the nature of trademarks. He

explained the qualifications of a mark to reach trademark status including distinctiveness and secondary meaning. (Please see [Exhibit B.](#))

CONSIDERATION OF PROPOSALS FOR PROVIDING FOR GREATER PROTECTIONS FOR THE CREATIVE OR EXPRESSIVE WORKS OF AUTHORS, ARTISTS, AND OTHER PERSONS IN THIS STATE IN A MANNER THAT IS CONSISTENT WITH FEDERAL LAW

- Garrett Sutton, Esq., Attorney and Author, Sutton Law Center, shared his professional history as an author and explained problems that intellectual artists encounter with Internet services allowing free downloads of their work. He pointed out the potential benefits to the State through receipt of fees set in the Title Trademark law. Mr. Sutton compared copyright and trademark law and discussed the effects that infringement has on royalties from the sale of creative works. He explained the problems with jurisdiction and the Internet and the benefit of creating personal liability. Mr. Sutton provided information that included proposed legislation to create the “Nevada Title Trademark Act,” which would provide a forum where people register their trademark title; a summary procedure for county courts; better protections on books, music, or any other form of creative work that would not be preempted by federal copyright or trademark laws. (Please see [Exhibit C.](#))

Discussion ensued between Chair Segerblom and Mr. Sutton regarding the actions that would be taken if a website violates the law. Mr. Sutton explained the process that would ensue including a court order for a “take down” notice. He stated that if the work remained on the website for sale, a plaintiff could pursue damages against the website. Mr. Sutton noted that the ISPs could revoke the website’s license. He added that the judgment should be enforceable against both the corporate entity and owners of the corporate entity.

There was discussion among members regarding the level of interest in a possible bill draft request (BDR) to create a State law giving authority to the State to provide greater protections against trademark infringement. Mr. Sutton explained that the interest groups include artists, authors, or any other originators of creative work. He further explained that the source of revenue for Nevada would be created by “title trademark” fees.

Assemblyman Frierson queried if the creative work would need to be trademarked federally in order to apply a State law for “title trademark.” Mr. Sutton commented that there is no federal trademark law protecting a single title at this time and that Nevada would be the only State to allow “title trademark.”

A discussion ensued among Committee members and Mr. Sutton regarding preemption argument. Mr. Sutton explained that federal law does not disallow the single trademark of titles by states. He said that there is room in federal law for states to provide greater protection in that regard.

There was discussion between Senator Brower and Mr. Sutton regarding BDR details. Senator Brower pointed out proposed language that referred to a seven-month injunction. Mr. Sutton explained that the seven-month period was suggested by a consultant but could be changed.

Brenda J. Erdoes, Legislative Counsel, Legal Division, LCB, shared her concerns regarding binding preemptions and protection of title within the State.

EXAMINATION OF METHODS BY WHICH THIS STATE AND OTHER JURISDICTIONS HAVE REGULATED AND MAY REGULATE TRADEMARK AND COPYRIGHT LAW IN A MANNER THAT IS CONSISTENT WITH FEDERAL LAW

- Matthew Mundy, previously identified, explained that the Legislature is severely restricted in its ability to regulate copyright law in the State due to preemptive federal copyright law. He reviewed the rights of trademark holders in Nevada and mentioned the Legislature's ability to expand protection to certain classes of trademarks. Mr. Mundy pointed out that the trademarks would still need to be distinctive in order for the State to register the mark. He alleged that the Legislature may be able to expand the scope of liability for causes of action arising from the improper use of another's mark.

OTHER ISSUES RELATING TO THE REGULATION AND PROTECTION OF TRADEMARKS AND COPYRIGHTS RAISED BY PARTIES HAVING AN INTEREST IN THE REGULATION AND PROTECTION OF TRADEMARKS AND COPYRIGHTS

Discussion ensued between Committee members and Garrett Sutton, previously identified, regarding protection of multiple titles of creative works and whether the protection would include the content. Mr. Sutton reiterated that the State would protect the title through the trademark and prevent the download of materials containing that title; the fact that it would also protect the copyrighted material is secondary. He opined there would be no conflict between federal law and the proposed State law. Mr. Sutton stated that the websites offering the free downloads rely on the title and not the copyright to sell the book. He explained various conditions that would protect the title of a specific work based on the proposed system.

DIRECTION TO STAFF REGARDING THE PRODUCTION OF THE REPORT OF THE STUDY, INCLUDING ANY OTHER MATTERS WHICH ARE DETERMINED BY THE COMMITTEE TO BE RELEVANT TO THE STUDY RELATING TO TRADEMARK AND COPYRIGHT LAW

- Assemblyman Hickey commented that a committee report could lead to a potential BDR and an opportunity to study this issue during the 2013 Legislative Session.

There was discussion between Chair Segerblom and Garrett Sutton, previously identified, regarding specific language to propose in a BDR. Mr. Sutton commented that the intent of the proposal is to allow for the title to be trademarked based on specific conditions so that as many titles as possible could be trademarked. He explained it would allow artists to protect their version of that trademarked title.

ASSEMBLYMAN HICKEY MOVED TO REQUEST THAT A BILL BE DRAFTED THAT WOULD AMEND THE *NEVADA REVISED STATUTES* TO PROVIDE FOR THE REGISTRATION AND PROTECTION OF A SINGLE TITLE OF A CREATIVE WORK OF AUTHORSHIP AS A TRADEMARK IN THIS STATE. THE MOTION WAS SECONDED BY SENATOR BROWER.

Discussion ensued among members. Chair Segerblom clarified that the BDR would be a Committee bill draft. Responding to a request for clarification by Assemblyman Frierson, he stated that the motion is to draft a BDR and work with Mr. Sutton on details, and if passed, the measure would allow trademark titles.

- The Committee **APPROVED THE FOLLOWING ACTION:**

A VOTE WAS TAKEN ON THE MOTION AS PREVIOUSLY STATED AND SECONDED. THE MOTION PASSED UNANIMOUSLY.

PUBLIC COMMENT

- Chair Segerblom called for public comment; however, no testimony was provided.

ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 9:27 a.m.

Respectfully submitted,

Tracey L. Wineglass
Senior Research Secretary

Carol M. Stonefield
Managing Principal Policy Analyst

APPROVED BY:

Assemblyman Tick Segerblom, Chair

Date: _____

LIST OF EXHIBITS

[Exhibit A](#) is the “Meeting Notice and Agenda” provided by Carol M. Stonefield, Managing Principal Policy Analyst, Research Division, Legislative Counsel Bureau (LCB).

[Exhibit B](#) is a bound meeting packet dated August 20, 2012, titled “Legislative Commission’s Committee to Study Trademark and Copyright Law” prepared by Matthew Mundy, Deputy Legislative Counsel, Legal Division, LCB.

[Exhibit C](#) is a packet of information submitted by Garrett Sutton, Esq., Attorney and Author, Sutton Law Center, which includes:

- A memorandum dated June 28, 2012, titled “No Federal Copyright or Trademark Preemption” from John K. Ellis, J.D.;
- A document titled “NRS Chapter 600-Trademarks, Trade Names and Service Marks”; and
- The written testimony of Garrett Sutton, Esq.

This set of “Summary Minutes and Action Report” is supplied as an informational service. Exhibits in electronic format may not be complete. Copies of the complete exhibits, other materials distributed at the meeting, and the audio record are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. You may contact the Library online at www.leg.state.nv.us/lcb/research/library/feedbackmail.cfm or telephone: 775/684-6827.