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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2996

04/05/2012 Authored by Peppin and Hilstrom

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance

1.1 A bill for an act
1.2 relating to trademarks; enacting the Minnesota Small Business Trademark
1.3 Protection Act; providing for a dispute settlement conference; amending
1.4 Minnesota Statutes 2010, section 333.18, by adding subdivisions; proposing
1.5 coding for new law in Minnesota Statutes, chapter 333.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2010, section 333.18, is amended by adding a
1.8 subdivision to read:

1.9 Subd. 9. Trademark bullying. "Trademark bullying" as used in sections 333.18
1.10 to 333.31 means the practice of a trademark holder using litigation tactics in an attempt
1.11 to enforce trademark rights beyond a reasonable interpretation of the scope of the rights
1.12 granted to the trademark holder.

1.13 Sec. 2. Minnesota Statutes 2010, section 333.18, is amended by adding a subdivision
1.14 to read:

1.15 Subd. 10. Trademark dispute. "Trademark dispute" means a dispute that arises
1.16 under sections 333.28 and 333.285, or the Federal Lanham Act, United States Code, title
1.17 15, sections 1051 et seq.

1.18 Sec. 3. Minnesota Statutes 2010, section 333.18, is amended by adding a subdivision
1.19 to read:

1.20 Subd. 11. Administrative law judge summary. "Administrative law judge
1.21 summary" has the meaning given in section 333.283.

1.22 Sec. 4. [333.283] TRADEMARK DISPUTE SETTLEMENT CONFERENCE.

2.1 Subdivision 1. **Settlement conference.** Each party named in a trademark dispute
2.2 has the option to request a settlement conference through the Minnesota Office of
2.3 Administrative Hearings as provided in subdivisions 2 to 7. Upon the request of any party
2.4 to a trademark dispute, the Office of Administrative Hearings shall conduct a trademark
2.5 settlement conference using the procedures provided in this section and Minnesota Rules,
2.6 part 1400.6550. A settlement conference permitted under this section is not available
2.7 after suit has been commenced by any party.

2.8 Subd. 2. **Purpose.** A settlement conference is for the primary purpose of assisting
2.9 the parties in resolving disputes and for the secondary purpose of identifying and labeling
2.10 cases of trademark bullying between companies.

2.11 Subd. 3. **Scheduling.** Upon request of any party or the initially assigned
2.12 administrative law judge, the chief judge shall assign the case to another judge for the
2.13 purpose of conducting a settlement conference. The conference shall be conducted at a
2.14 time and place agreeable to all parties and the judge, but not to exceed 30 days from the
2.15 initial date of request by the named party. It shall be conducted by telephone if any party
2.16 would be required to travel more than 50 miles to attend, unless that party agrees to travel
2.17 to the location set for the conference. If a telephone conference is scheduled, the parties
2.18 must be available by phone at the time of the conference. The conference shall not exceed
2.19 eight hours unless all parties and the judge agree there is good cause for a continuance.

2.20 Subd. 4. **Procedures at conference.** All parties shall attend or be represented at a
2.21 settlement conference. Parties or their representatives attending a settlement conference
2.22 shall be prepared to participate in meaningful settlement discussions.

2.23 Subd. 5. **Pre-conference discussions.** The parties shall discuss the possibility
2.24 of settlement before a settlement conference if they believe that a reasonable basis for
2.25 settlement exists.

2.26 Subd. 6. **Information provided.** At the settlement conference, the parties shall be
2.27 prepared to provide the information and to discuss all matters pertaining to the trademark
2.28 dispute. At its own cost, any party may provide information included but not limited to
2.29 expert testimony, industry practice standards, and evidence of trademark use in commerce.

2.30 Subd. 7. **Orders.** If, following the settlement conference, a settlement has not
2.31 been reached but the parties have reached an agreement on any fact or other issue, the
2.32 administrative law judge presiding over the settlement conference shall issue an order
2.33 confirming and approving, if necessary, those matters agreed upon. The order is binding
2.34 on any Minnesota state district court judge who is later assigned to hear a related civil
2.35 action involving substantially the same issues and parties.

3.1 Subd. 8. **Administrative law judge summary.** If no settlement has been reached at
3.2 the settlement conference, any party may request the issuance of an administrative law
3.3 judge summary. The judge may issue an administrative law judge summary without the
3.4 request of any party if the judge believes that the claim brought is a case of trademark
3.5 bullying.

3.6 Subd. 9. **Penalty.** If the party alleging trademark infringement refuses to participate
3.7 in the settlement conference as described in this section, that party is liable for a fine of
3.8 \$1,500 and the attorney fees, costs, and disbursements incurred by the party holding
3.9 the disputed trademark.

3.10 Subd. 10. **Remedies; treble damages; involuntary dissolution.** (a) If, after
3.11 penalties are assessed under subdivision 9, the party holding the disputed trademark
3.12 prevails in subsequent litigation regarding the dispute, and a Minnesota state district
3.13 court has found the case to be one of trademark bullying, the Minnesota state district
3.14 court may award treble damages.

3.15 (b) If a party is found by a Minnesota state district court or the Office of
3.16 Administrative Hearings to have engaged in trademark bullying more than two times
3.17 in a period of ten years:

3.18 (1) and the party is a domestic business entity, the Minnesota state district court may
3.19 direct the secretary of state to issue a certificate of dissolution of that domestic entity under
3.20 the statutory dissolution procedure that applies to that type of domestic business entity.

3.21 (2) and the party is a foreign business entity, the Minnesota state district court
3.22 may direct the secretary of state to revoke the entity's certificate of authority to transact
3.23 business in this state under the statutory revocation procedure that applies to that type of
3.24 foreign business entity.

3.25 Subd. 11. **Cost.** The plaintiff and defendant must split the cost of the settlement
3.26 conference equally, unless the judge orders otherwise.

3.27 Subd. 12. **Cease-and-desist letter requirement.** All trademark cease-and-desist
3.28 letters sent to a Minnesota entity by an entity with a presence in Minnesota must contain
3.29 the following language in 12-point font clearly displayed at the beginning or end of the
3.30 letter:

3.31 **"Right of Settlement Conference.** All parties named in this letter may exercise
3.32 their right to a settlement conference regarding this dispute under Minnesota Statutes,
3.33 section 333.283."

3.34 Sec. 5. **EFFECTIVE DATE.**

- 4.1 This act is effective August 1, 2012, and applies to disputes evidenced by
- 4.2 cease-and-desist letters and similar communications sent on or after that date.