

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 2409
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Several states (Maryland, Nevada, New York, Tennessee, and New Jersey) have passed legislation to prohibit the use of deceptive Internet domain names by third-parties selling event tickets.

Certain marketing programs enable third-party websites to partner with ticket resale marketplaces to manipulate search engine results in an anti-consumer manner. These third-party websites use misleading domain names that suggest an affiliation with the venue, artist, or box office when none actually exist. Further, these sites typically mark-up ticket prices above the same tickets' list price on its affiliated resale marketplace and charge higher service fees.

S.B. 2409 seeks to protect consumers in Texas by stating that a website operator may not intentionally use an Internet domain name, or any subdomain of the Internet domain name, in a ticket website's uniform resource locator (URL) that contains the name or a substantially similar name of the venue holding an event to which the ticket website offers tickets for sale or resale. Also, a website operator may not intentionally use the name or substantially similar name of an exhibition, performance, or other event being held at the venue, including the name of an artist scheduled to perform at the venue. The bill does not apply to a website operator who is authorized by the venue, a performing artist scheduled to perform at the venue, or the event's organizer to act on the venue's, artist's, or event's behalf. The bill also states that a violation of this law is a deceptive trade practice under the Deceptive Trade Practices-Consumer Protection Act and is actionable under that Act. If passed, the bill takes effect September 1, 2019. (Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 2409 amends current law relating to the Internet domain name used by a website that sells tickets to events.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle B, Title 10, Business & Commerce Code, by adding Chapter 327, as follows:

CHAPTER 327. INTERNET WEBSITE DOMAIN NAMES FOR TICKET SELLERS

Sec. 327.001. DEFINITIONS. Defines "Internet domain name," "performer," "ticket website," "URL," "venue," and "website operator" for purposes of this chapter.

Sec. 327.002. TICKET WEBSITE DOMAIN NAME RESTRICTED. (a) Prohibits a website operator, except as provided by Subsection (b), from intentionally using an Internet domain name, or any subdomain of the Internet domain name, in a ticket website's URL that contains any of the following:

(1) the name of a performer, an organization or association that is associated with a performer, such as a professional sports leagues, a venue in this state, or an exhibition, performance, or other event to be held at a venue in this state;

(2) a trademark not owned by the website operator, including a trademark owned by an authorized agent or partner of the venue or event; or

(3) any name substantially similar to a name described by Subdivision (1), including a misspelling of the name.

(b) Provides that Subsection (a) does not apply to a website operator who is authorized by a performer, organization, venue, or event's organizer to use the name or trademark on the performer's, organization's, venue's, or event's behalf for the purpose of selling or reselling tickets.

Sec. 327.003. DECEPTIVE TRADE PRACTICE. Provides that a violation of this chapter is a deceptive trade practice under Subchapter E (Deceptive Trade Practices and Consumer Protection), Chapter 17, and is actionable under that subchapter.

SECTION 2. Effective date: September 1, 2019.