Texas’ New Trademark Act
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On Sept. 1, 2012, a new trademark law will replace Texas’ current trademark laws. The new law is designed to make Texas law more consistent with federal trademark law (the Lanham Act). Some of the more significant changes are summarized in this article.

HEIGHTENED SCRUTINY OF TRADEMARK APPLICATIONS
The most significant revision to the Texas trademark application process requires the Texas Secretary of State to refuse registration to marks likely to cause confusion with a mark already registered at the U.S. Patent and Trademark Office (PTO). Current law requires rejections based only on marks registered in Texas. Under the new law, the Secretary of State will likely compare each application against the much larger PTO Register before allowing a registration, likely leading to an increase in the number of rejections. The new law also permits third parties to seek cancellation of another’s registration if there is proof of likelihood of confusion with a PTO-registered mark. The application will be required to be signed and verified under oath, which is not required under current law.

The new law also makes it harder for disappointed applicants to challenge rejected applications in court. Under current law, disappointed parties can present whatever admissible evidence they choose and have only to prove their case by a preponderance of evidence. Under the new law, denials can be challenged only under a stricter mandamus standard and...
no evidence beyond “the record before
the secretary of state” will be allow ed.

SHORTER REGISTRATION TERMS;
LICENSES AND SECURITY INTERESTS
RECORDABLE
The new law shortens the initial (and
renewal) terms of a Texas registration
from 10 years to five years. But it allows
recordation of licenses and security inter-
ests in Texas-registered marks for purpos-
es of public notice to competing lien
holders and third-party purchasers.

MORE MONETARY REMEDIES
(INFRINGER’S PROFITS, TREBLING,
ATTORNEY’S FEES)
Under current law, owners of Texas-
registered trademarks may seek actual
damages and injunctions. But in trade-
mark cases it is usually difficult to prove
actual damages. To address this, the new law
provides three additional monetary reme-
dies. First, a court can order an infringer to
pay over the profits derived from infringe-
ment. This creates the possibility of mone-
ty compensation even where actual dam-
ages are hard to prove. Courts will likely
follow the federal practice of requiring a
mark owner only to prove the infringer’s
sales revenue, leaving the infringer to
prove any expense/cost deductions.
In addition, when the infringer acts
with actual knowledge of the infringed
mark, or in bad faith, the new law pro-
vides that a court may increase the dam-
ages and profits award up to 300 percent
and/or order an infringer to pay the
trademark owner’s attorney’s fees.

ACTIONS FOR TRADEMARK
“DILUTION” BETTER DEFINED BUT
LIMITED TO FAM OUS MARKS
The current law contains an anti-dilu-
tion provision aimed at stopping non-
confusing uses that nonetheless harm or
erode a trademark owner’s goodwill or
tarnish positive associations with the
mark. But the current provision is so
broad and cryptic that courts have been

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under current law. The new
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educational institutions to seek
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reluctant to enforce it. In response, the
new law contains a detailed definition of
dilution, and where the dilution is will-
ful, new monetary remedies will apply.
The new law, however, narrows the
class of marks entitled to dilution protec-
tion. While the current provision applies
to any distinctive mark, the new anti-
dilution provision is limited to marks
that qualify as “famous.” The new provi-
sion also expressly lists several defenses to
dilution, such as descriptive, comparative
advertising, parody, news, and com m en-
tary usages.

TIMING OF TRADEMARK
APPLICATIONS AND LAWSUITS
The new law implicates timing issues.
Marks registered before Sept. 1, 2012,
will keep their longer 10-year terms and
will be easier to obtain. So it makes sense
to apply for registration sooner rather
than later to maximize the chances of
obtaining a registration before that date.
As the effective date gets closer, it may
also make sense to consider postponing a
Texas trademark lawsuit until the new
law — with its more potent remedies —
takes effect, taking into consideration the
potential risks of waiting. For example,
one risk would be the degree to which
waiting would undercut any contemplat-
ed request for a temporary injunction.

CONCLUSION
The new law presents a mixed bag for
Texas trademarks. Overall, trademarks
registered in Texas will have higher
strength and value than under current
law. Along with the availability of more
monetary remedies for registrants, the
new law will encourage Texas businesses,
nonprofits, and educational institutions
to seek Texas trademark registrations.
But applications will be subject to
higher scrutiny, appeals from denials of
registration will be harder to win, and
registration terms will be cut in half. And
while the provisions concerning dilution
provide much-needed clarity, the new
law makes it harder to qualify for dilu-
tion protection.

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