

BILL ANALYSIS

S.B. 1033
By: Carona
Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

A trademark is a word, phrase, symbol, or design that identifies and distinguishes the source of a product. A service mark is the same as a trademark, except that it identifies and distinguishes the source of a service rather than a product. Both trademarks and service marks are referred to simply as "marks."

The Texas Legislature implemented the Texas Trademark Act (Act) in H.B. 3141, 82nd Legislature, Regular Session, 2011. The Act was intended to make Texas's law more consistent with the Lanham Act, which governs federal trademark law. In effect, the Act strengthened marks registered in Texas through a heightened application process, shorter registration terms, and a more concrete definition of "mark dilution." However, since the Act's implementation, certain problems and inconsistencies have been identified.

S.B. 1033 makes corrections and clarifications to certain provisions of the Act contained in the Texas Business and Commerce Code. S.B. 1033 makes clear that the Act is inapplicable to trade names, unless the trade name functions as a mark, as consistent with federal and state law. Additionally, while Texas law permits the token use of a mark for the purpose of reserving a right to that mark, S.B. 1033 clarifies that token use is insufficient for purposes of registration of a mark under the Act. S.B. 1033 also corrects an inconsistency in the Act relating to the period for renewal of a mark.

As proposed, S.B. 1033 amends current law relating to the registration and use of marks, including trademarks and service marks.

RULEMAKING AUTHORITY

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

ANALYSIS

SECTION 1. Amends Section 16.002, Business & Commerce Code, as follows:

Sec. 16.002. INAPPLICABILITY OF CHAPTER. (a) Creates this subsection from existing text. Makes no further changes to this subsection.

(b) Provides that a trade name, except as provided by this subsection, is not registrable under this chapter. Provides that if a trade name is also a service mark or trademark, the trade name is registrable as a service mark or trademark.

SECTION 2. Amends Section 16.003(c), Business & Commerce Code, to provide that use of a mark made merely to reserve a right in the mark is not considered to be a bona fide use of a mark for purposes of this chapter, rather than providing that a mark made merely to serve a right in the mark is not considered to be in use in this state in connection with goods or services.

SECTION 3. Amends Section 16.059(b), Business & Commerce Code, to authorize the registration of a mark under this chapter to be renewed for an additional five-year term by filing a renewal application in the manner prescribed by the secretary of state and paying a renewal fee not earlier, rather than not later, than the 180th day before the date the registration expires.

SECTION 4. Makes application of Section 16.059(b), Business & Commerce Code, as amended by this act, prospective.

SECTION 5. Effective date: September 1, 2013.

EFFECTIVE DATE

September 1, 2013.