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**PROCESS AND REVIEW OF STATE TRADEMARK APPLICATIONS WITH THE OFFICE OF THE
SECRETARY OF STATE OF TEXAS^{dt}**

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I. Introduction

This author has been asked frequently by both patent and trademark attorneys about the purpose of filing state trademark applications. Alternatively, these attorneys have questions regarding specific state procedures. The twofold purpose of this article is to respond to these inquiries and to inform members of the Intellectual Property Law Section and the State Bar at large about the application and review process for state trademark and service mark applications. Where relevant, I will discuss the relationship between state and federal trademark application procedures *68 and how state practice compares to some recommended provisions of the Model State Trademark Bill (“MSTB”).¹ I will also review briefly the purpose and benefits of filing state trademark applications.

II. Application Process

A. The Application and Initial Review

The application for registration of a state trademark or service mark requests nine pieces of information required by statute or administrative rule, viz., name and business address of applicant, state of incorporation (if applicable), description of mark, description of goods or services, how the mark is applied to the goods or used in relation to the services, the number and title of class of goods or services, and the date of first use anywhere and in Texas.² The applicant also designates the secretary of state as her agent for service of process in any action relating only to the registration.³ This appointment applies under three circumstances: if the applicant shall become a nonresident of the state of Texas, if the applicant cannot be found, or if the applicant is a foreign corporation without authority to do business in Texas.⁴ Further, the applicant (or her agent⁵) must execute the application acknowledging that the applicant believes herself to be the owner of the mark⁶ and that no other person, to the best of the applicant's knowledge and belief, has the right in this state to use such mark either in the identical form thereof, or in such near resemblance to cause confusion, or to cause mistake or to deceive.⁷

The application is submitted to the Corporations Section of the Statutory Filings Division of the Office of the Secretary of State. It must be accompanied by a nonrefundable⁸ filing fee in the amount of \$50.00. Upon receipt of the application and the fee, the application receives a date of *69 receipt and is assigned a "pending number." The secretary of state no longer refers to the application using a "money number," which was a reference for a previous accounting system. Once the application is entered into the database, a phonetic search is completed against active trademark registrations so that the examiner can decide whether issues regarding likelihood of confusion exist.⁹ No search is made of corporate and other entity records.¹⁰

The phonetic search capability was implemented in December 1993 when trademark records were transferred to the secretary of state mainframe. This improvement enhances the reliability of the searches over those completed in years past. Before that date, the office made alphabetic searches. These searches differentiated between capitalized and small case letters, which resulted in the potential for errors in search results if multiple searches were not executed using various typefaces. Currently, only a single entry of a proposed word mark is required.¹¹ The public may access trademark records either by making a telephone request for a search or by using the secretary of state direct access system.¹²

The initial review of the application is generally performed by the trademark legal assistant, and is often completed within two weeks of its receipt. This period may vary, however, depending on the workload of the trademark office, but it never is longer than the prescribed sixty-day response time for the applicant. The actual review focuses on whether the basic information referred to above, such as identity of applicant and dates of first use,¹³ is set forth in the application.¹⁴ In addition, the legal assistant makes a preliminary determination about whether the *70 proposed mark functions as a trademark or service mark, whether there is potential for likelihood of confusion with a previously registered mark, and whether the proposed mark is merely descriptive. Further, the legal assistant will decide if the description of the mark coincides with both the drawing and the specimen submitted with the application, if the applicant has adequately described the goods or services, and if the application sets forth only one class of goods or services.¹⁵

At the close of the review, an initial objection letter is issued which sets forth any unsatisfied requirements for registration or other objections to the application. The trademark office sends the letter to the applicant or applicant's attorney. A written response must be received by the trademark office within sixty days from the date of the most recent action by either the legal assistant or the trademark examining attorney.¹⁶ Legal briefs are not required and amendments do not have to be notarized unless the verification of the original application was defective¹⁷ or a date of first use was not completed by the applicant.¹⁸

B. Subsequent Review

1. Assignment to Trademark Attorney

Over half of the applications received by the office require either amendments by the applicant or objection letters to explain problems with the application.¹⁹ Amended applications that remain unregistrable and other complex applications are reviewed by a trademark attorney on staff with the Corporations Section. Once the examining attorney is assigned to a particular file, the application remains with that attorney until the proposed mark is filed, the application is abandoned, or a final rejection is issued.²⁰

*71 2. Review of Substantive Issues—Common Pitfalls to Avoid

The trademark office procedures are consistent with the philosophy of the Model State Trademark Bill as stated in section 19 thereof. Section 19 of the MSTB sets forth the intent of that Act. Paragraph two of the section states as follows:

The intent of this Act is to provide a system of state trademark registration and protection substantially consistent with the federal system of trademark registration and protection under the Trademark Act of 1946, as amended. To that end, the construction given the federal Act should be examined as persuasive authority for interpreting and construing this Act.²¹

The goal of the trademark office is to review trademark and service mark applications in a way that is consistent with the federal system of trademark registration. This quality level of review helps the office to attain its primary mission, which is to effectively maintain the consistency and integrity of state registrations. Consistent maintenance of the state registration system is required for the following reason: a trademark or service mark registration made by the secretary of state provides constructive notice throughout Texas of the registrant's claim of ownership of a particular mark.²² Accordingly, substantive review of each application is based on Chapter 16 of the Texas Business & Commerce Code, sections 93.1-93.183 of the Texas Administrative Code, federal cases cited in the United States Patent Quarterly (BNA),²³ the Trademark Manual of Examining Procedure,²⁴ the Official Gazette published by the U.S. Patent and Trademark Office, and respected commentary, such as that found in J. Thomas McCarthy's Trademarks and Unfair Competition.²⁵

The following are the most common objections raised during the substantive review process. I will also discuss how the trademark office addresses these issues.

a) Inadequate Description of Goods or Services

Poor descriptions of applicant's goods or services appear in various forms. For example, membership associations wanting to register a mark for membership services frequently describe the services their members provide to others instead of describing the association's services to its members; or the applicant may describe more than one service. Alternatively, the application will set forth a description of association services, but the specimen will only support registration for a publication in class 16. And other applications set forth on what medium the mark is used, e.g., *72 "on signs, letterhead and envelopes," instead of actually stating their goods or services. In these situations, as with all applications, the trademark office will allow the amendment of the description of goods or services if the mark was in actual use in connection with those goods or services at the time the application was filed.²⁶ This procedure may be contrasted to federal practice, which permits an amendment to limit or clarify the description but does not permit alteration of the description of goods or services beyond the scope of the original identification.²⁷

b) Inadequate or No Specimen Provided

Specimens accompanying applications for service marks often do not show that the mark is actually being used in connection with the sale or advertisement of a service. For instance, applicants often submit business cards, letterhead and envelopes as specimens, which have no references to the services rendered by applicant. In these cases, the specimen only supports trade name use. However, based on federal practice,²⁸ our office will accept business cards or brochures having a reference to the services within the trade name. For example, the office has accepted a business card for "Southwestern Roofing" (when applicant had 14 years of use) and a hospital map with "Presbyterian Hospital of Dallas" (in support of and used with a nondescriptive slogan) as specimens because the services were clearly stated.

However, the office insists that the average purchaser be able to make a connection from the specimen between the services rendered and the proposed mark. Therefore, registration may be refused to homeowners' associations that attempt to register the name of the subdivision for various services, including deed restriction enforcement, security and recreational facility maintenance, and trash disposal. If the only specimen is a photograph of the subdivision sign in front of the residential development, registration will be denied. Similarly, the trademark office will deny registration for the services of planning and laying out of a real estate development if the applicant submits advertisements for a completed residential development. Such advertisements often refer to the proposed mark as a geographic location instead of a mark for those services, or they advertise one of the builder's marks instead of one used by the developer. For all applications having problems with their specimens, the office will request another specimen that supports the described services and class.²⁹

*73 c) Inappropriate or Nonexistent Drawing

An element frequently missing from applications is the drawing. This is not a major problem if the applicant seeks to register only words that are not in a special form. If the missing drawing is the only impediment to registration, the trademark office will facilitate registration by preparing the drawing sheet, thus making an administrative amendment to the application. More often, however, applicants submit drawing sheets that do not coincide with the description of the mark or the specimen. Under these circumstances, the trademark office requests a new drawing sheet, particularly where it is unclear if the applicant

requests that color(s) be a part of the mark. If the applicant seeks to register color as part of the mark, the applicant must use the linings accepted by the United States Patent and Trademark Office.³⁰ Any amendment to the drawing of the mark, however, must be supported by specimens originally filed with the application.³¹

The other noteworthy issue regarding drawings arises when the applicant has placed an “®” on the drawing sheet. If this symbol is set forth, the examiner will request a copy of the federal registration. When necessary, the submission may clarify how problems with the application should be resolved.

d) Application To or Use Of the Mark with the Goods or Services

Applicants sometimes do not understand the question on the application regarding how the mark is applied to their goods or advertised with their services. For example, they may confuse that question with their reasons for having their trademarks or service marks and state “to put on letterhead and envelopes” or “to advertise the business.” Alternatively, the applicant will repeat the goods sold or services advertised in connection with the mark. In this situation, the trademark office will request an amendment to the application.

e) Inadequate Description of Proposed Mark

The trademark office will accept for the description of the mark the word, combination of words, or a statement of specific words plus the phrase “and design.” Using the term “design” is sufficient to describe what is commonly called a “logo” and obviates the need for specific details of a design or figurative element.³² Because the drawing is incorporated into the application attached to a certificate of registration,³³ the office believes that the phrase “and design” is sufficient to provide notice of the mark actually registered. The office recommends that the applicant designate a numeric code for the design as used by the United States Patent and Trademark Office. If a code is not indicated in the description of the mark, the Trademark Legal Assistant will assign one. The *74 description of the mark should also include a reference to color if applicant intends to register the mark with color.³⁴

Similar to federal practice, the trademark office will not allow material amendments to the description of the mark.³⁵ Permitted amendments must be supported by the specimen originally filed with the application. The secretary of state may also require a sworn affidavit stating that the mark described in the amendment was in actual use before the filing date of the application.³⁶

f) Unclear Ownership of Proposed Mark

The trademark office accepts the applicant’s assertion of ownership and does not look beyond the face of the document. However, if the record indicates that another individual or entity may have control over production of the goods or services or of use of the mark, the office will ask for clarification regarding relationships and ownership. This problem occurs most frequently with applications to register marks for entertainment services in the nature of a multiple member musical band having only a single applicant. In this case, the office requests that the party in control and with ownership rights confirm those rights or have the correct party (or parties) reexecute the application. In response to this request, the office generally receives a written explanation that the producer/lead singer is the owner of “the group” or that the applicant is actually a general partnership. If the original party was incorrect, the application is considered void ab initio and a new application and filing fee must be submitted.³⁷

The issue of ownership of the proposed mark is also raised when the applicant is an advertising agency or a commercial artist that wants to register the work product, e.g., a logo for a restaurant, that the agency or artist created. The office position consistently has been that the artist’s protection lies in copyright. The trademark or service mark used by another for different services (e.g., restaurant services not referred to in the application) is not registrable to such applicant for advertising or graphic art services.³⁸

g) Unclear Dates of First Use

Applicants who do business only in Texas sometimes neglect to place a date in the “date first used anywhere” position on the application. Dates of first use both “anywhere” and “in Texas” are required.³⁹ If a date is not set forth in the application, the application will be returned for reexecution.⁴⁰ Alternatively, if the applicant states a year only, the trademark office will enter onto the database “00/00/” plus the year stated for the date of first use; similarly, if only a month *75 and year are set forth, the office will enter the month and year stated without a specific day for that month. The trademark office may also question the dates of first use set forth in the application if the specimen indicates that the mark is not yet affixed to the goods or the services have not yet been rendered. The office response to this issue is discussed in the next section.

h) No Use of the Proposed Mark in Texas

The trademark office receives applications with two different types of use problems. First, the dates of first use or the specimen may show that the mark is not yet affixed to goods or the mark is not yet used in connection with a service that is actually rendered. Unless the applicant provides another specimen that shows use of the mark prior to the date of the application, these applications are considered premature and registration will be refused. In support of this action, the office relies on federal cases⁴¹ such as those that were relevant before the Trademark Law Revision Act of 1988,⁴² at which time intent-to-use filings were added to federal registration practice.

The other type of application shows that the mark is used in connection with the sale or advertising of a service that is actually being rendered, however, the service is not rendered in Texas. For example, a recent applicant sought to register a service mark for safari services advertised to Texas residents but rendered in Kenya. Another applicant submitted an application for restaurant services that were rendered in various cities in Mexico. The trademark office concluded that the services were not rendered in Texas. The applications, therefore, did not meet the two-part test of the Texas trademark statute. It provides that for a mark to be considered used in this state in connection with services, it must be used or displayed in Texas in connection with the selling or advertising of the services and the services must be rendered in this state.⁴³ Registration in both cases has been denied.

In support of applications for marks used with services not actually rendered in Texas, arguments were proffered that mere advertising or making of preliminary arrangements (prior to the safari) are equivalent to use of the service mark in Texas because such actions are part of the service described in the application and they affect Texas commerce. This argument collapses the *76 two requirements set forth in the statute for when a mark is considered to be used.⁴⁴ The trademark office interprets section 16.02(b) to require that the average consumer connect the mark and the services rendered by virtue of the mark's actual use in trade in Texas. Neither restaurant services in Mexico nor safari services in Kenya meet this requirement. Chapter 16, however, does not include a statutory definition of "use" to directly support this interpretation, such as the definition in section 45 of the Lanham Act.⁴⁵ Further, we have found no federal cases that explicitly define use in intrastate commerce for purposes of registration.⁴⁶ Therefore, to deny registration of the subject marks, the office relied on section 16.02(b) and two Texas trademark infringement cases that discuss use in interstate commerce in the context of the Texas statute.

The Fifth Circuit in *Blue Bell v. Farah Manufacturing Co.*⁴⁷ and the District Court for the Southern District Court of Texas in *Hagaman v. Hasbro Inc.*⁴⁸ (following the Fifth Circuit) have defined "use" within the purview of the Texas statute in terms of whether the designation functions as a trademark. *Blue Bell* adopted earlier explanations of use in stating that trademark protection requires "use in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark."⁴⁹ Moreover, while reviewing the specific "sale" transactions of each of the parties, the Fifth Circuit stated that "the primary, perhaps singular purpose of a trademark is to provide a means for the consumer to separate and distinguish one manufacturer's goods from those of another."⁵⁰ The court then reiterated "an axiom of trademark law," viz., that "the right to register a mark is conditioned upon *77 its actual use in trade" and found that the marks at issue were not used as required by the Texas statute.⁵¹

The trademark office finds the language in *Blue Bell* and *Hagaman* compelling for the review of service mark applications, even though these two cases address ownership of trademarks for goods. Chapter 16 defines "trademark" and "service mark" in a similar manner. Both must be adopted and used to identify the goods or services of the adopter and distinguish them from the goods or services of others.⁵² Thus, each type of mark must perform the same function. Accordingly, if the purpose of a trademark is to provide a means for the consumer to differentiate between goods, it follows that the purpose of a service mark is likewise to provide a means for the consumer to differentiate between like services. The trademark office, therefore, has concluded that when reviewing a service mark application, the examiner must determine whether the applicant is actually using the proposed mark in Texas and whether such use is in a manner that Texas consumers will actually connect the service mark with the particular services described in the application.⁵³ Only if such connection is made will the public in Texas be able to identify and distinguish the services as those of the adopter of the mark. And, such connection can only be made if the mark is used in connection with services rendered in actual trade in Texas. Registration by the trademark office of a service mark for services not actually rendered in Texas commerce would abrogate the primary function of a trademark (or service mark) as set forth by the Fifth Circuit in *Blue Bell*. This manner of analysis or test for use is appropriate given the language of the Trademark Trial and Appeal Board in *In re Cedar Point*.⁵⁴ The Board said that "mere publicity about services to be rendered ... does not lay a foundation for an application. The statute requires not only the display of the mark in the sale or advertising of services but also the rendition of those services to constitute use of the service mark in commerce."⁵⁵

As applied to the safari services in Kenya and the restaurant services in Mexico, the examiner concluded that because the

actual services of applicant were rendered outside Texas, use of the marks is not in a way sufficiently public to identify or distinguish the services in the public mind as the services of the adopter of the mark. Thus, Texas consumers would not be able to connect the service mark with the services described in the application. Consequently, both applications were denied registration.

*78 i) Merely Descriptive or Self-Laudatory Marks

The secretary of state follows federal law in determining whether a particular mark is merely descriptive of the goods or services with which the mark is used.⁵⁶ In practice, the trademark office uses trade journals, newspaper articles, “yellow pages” advertisements, federal practice indicated in the Official Gazette, and case references to similar marks in Shepard’s⁵⁷ to decide whether a particular mark is descriptive of the goods or services set forth in the application. The office also looks at these sources to decide whether competitors use the particular slogan for which applicant has applied. The examiner may request a disclaimer of merely descriptive components of a mark that is otherwise registrable.⁵⁸

Where the applicant has substantially exclusive and continuous use for the five years preceding the date on which the applicant filed its application for registration, the sworn statement in the application may be accepted as prima facie evidence of achievement of distinctiveness. However, some word marks or slogans are so highly descriptive or self-laudatory that the office may request additional evidence or find that the proposed mark does not function as a trademark or service mark.⁵⁹ Alternatively, the proposed mark may function only as a tradename.⁶⁰ To support its claim of distinctiveness, the applicant may submit the following evidence. The trademark office will examine advertising expenditures, typical advertising used in connection with the mark, affidavits of average consumers, evidence of lack of common usage, and evidence of use of the mark in a way that it may be perceived as a service mark. The office also finds federal registration of the proposed mark persuasive of acquired distinctiveness.

j) Certification and Collective Membership Marks

The secretary of state files neither certification nor collective membership marks. However, following federal practice, the office will register trademarks and service marks for separate and distinct goods or services that are identified by a mark that is similar yet separate and *79 distinct from the certification mark.⁶¹ The office also has registered trademarks and service marks used as such by collective organizations on its goods or services.⁶²

k) Applicant’s Response to Objections

Although the trademark office requires written responses to the objection letters,⁶³ the examiners will discuss the objection letters with the applicant or applicant’s attorney, including any procedural or substantive matter. For example, the examiner may agree with counsel regarding what evidence will be required to support a claim of acquired distinctiveness. However, any agreement reached during a telephone conference will be noted in the file by the examiner and the applicant or attorney must confirm the agreement in writing.

C. Final Rejection

When the trademark office reviews an application and concludes that all issues have been addressed and explained completely, that the applicant has made all possible arguments in its favor, and that an impasse has been reached regarding registrability, the office issues a final action letter, which finally denies registration. The final action is a rare occurrence, and is not issued until several letters have been exchanged between applicant (or its counsel) and the examiner. The action is written by a trademark attorney and is approved by the director of the Corporations Section, the Deputy Assistant Secretary for the Statutory Filings Division, and the Assistant Secretary of State.

The applicant’s response to the final action is limited to the remedies set forth in the provisions of the Business & Commerce Code regarding court action.⁶⁴ Review of the action is by a trial de novo filed in the district court of Travis County.⁶⁵ Every decision of the secretary of state concerning the application before the suit is deemed to be void.⁶⁶

D. Suspension of Action

Generally, the applicant should address all issues stated in the examiner’s objection letter. However, if the applicant is involved in a proceeding before the United States Patent and Trademark Office or a court that is relevant to the registrability of the proposed mark, the applicant may submit a written request to the secretary of state to suspend action on the application for up to six months. Alternatively, the applicant may request suspension of action for a particular issue raised by the application. In this instance, the applicant should respond to all issues not addressed *80 by the proceeding before such

request. Any request for suspension of action filed within the sixty-day response period may be considered responsive to an examiner's action.⁶⁷

The request for suspension should include an identification of the application by pending number, a request for suspension of action, an identification of the pending proceeding (including the name of the court, file name and cause number), and a brief statement explaining the relevance of the proceeding to the pending state application.⁶⁸

The trademark office will send written confirmation of the suspension of action or rejection of the request. The applicant should notify the secretary of state within twenty days of the resolution of the other proceeding. If that proceeding is not resolved within six months, the trademark office may extend the suspension period for another six months. The application will be deemed abandoned if the applicant does not notify the trademark office of the result of the other proceeding at the end of the initial or subsequent six month period.⁶⁹

E. Abandonment of Application

If within sixty days of the mailing of the examiner's objection letter the applicant or applicant's counsel does not respond thereto, the application will be deemed abandoned.⁷⁰ An applicant may expressly abandon an application by filing a written statement to that effect and submitting it to the trademark office.⁷¹

III. Procedures Following Subsequent Review

A. Registration of Trademark

Once the examiner has decided that all requirements have been met for registration, the application (including any amendments, the drawing and specimens) is file-stamped with the date of last receipt when the application conformed to law.⁷² Registration is valid for a period of ten years.⁷³

The secretary of state issues one certificate,⁷⁴ which will include the date on which the application for registration was filed, the act under which it is registered, the registration number *81 and, if applicable, a statement that the registration is made pursuant to section 16.08(b) of the Texas Business & Commerce Code. Attached to the certificate is a copy of the application, and also any amendments to the application.⁷⁵ The name of the registrant is not set forth on the certificate.

B. Opposition to Registration

There are no state procedures for opposing registration of a trademark or service mark. Only after the mark is registered by the secretary of state may a person sue to cancel the registration if the person believes that he or she will be damaged by it.⁷⁶

Accordingly, once an application becomes a pending record with the secretary of state, the trademark office will not file any subsequently received application that is likely to cause confusion or mistake, or to deceive because, when applied to applicant's goods or services, it resembles a prior received application. The subsequently received application will be given a date of receipt but will be held without office action until a final determination is made concerning the prior received application.⁷⁷ When applications have the same date of receipt in the trademark office, the application with the later date of execution will be held pending final determination of the application with the earlier date of execution.⁷⁸

C. Renewal of Registration

The registration of a mark filed under Chapter 16 may be renewed for successive ten year terms if a renewal application is filed within six months prior to the date the registration expires.⁷⁹ The renewal application is sent by the trademark office to the registrant at the last known address on record.⁸⁰ The application must include the registrant's sworn affidavit stating that the mark is still used in connection with the goods or services recited in the registration, a specimen showing current use of the mark (in duplicate), and the \$25.00 filing fee.⁸¹

Renewal of the registration may be refused if the mark is not currently used or the application is otherwise incomplete or defective.⁸² However, the application may be amended to state sufficient facts to show that nonuse is due to special circumstances which excuse the nonuse and is not due to any intention to abandon the mark.⁸³ If the initial application for renewal is *82 refused and a response is not received within sixty days, the application for renewal will be considered abandoned.⁸⁴

D. Assignment of Registered Mark

Chapter 16 provides that a mark and its registration are assignable with the goodwill of the business in which the mark is used, or with that part of the goodwill connected with the use of, and symbolized by, the mark.⁸⁵ Any assignment may be recorded with the secretary of state if the assignment is made with a written instrument (in English) executed by registrant, if it identifies the certificate of registration by registration number and date of registration, and if it contains the name and address of the assignee.⁸⁶ The original assignment and a copy should be submitted to the trademark office with the \$10.00 filing fee.⁸⁷

If the assignment is properly filed, the assignment will be endorsed with the words “Filed for record in the Office of the Secretary of State, State of Texas” and with the date on which the assignment was filed. The original instrument will be returned to the assignee and the duplicate will be filed with the secretary of state. The trademark office will also send to the assignee a new certificate of registration for the remainder of the registration or renewal term.⁸⁸

E. Cancellation of Registered Mark

The secretary of state may cancel a mark registered pursuant to Chapter 16 under three circumstances. First, the secretary may act when the registrant submits a voluntary request for cancellation.⁸⁹ The request must include the mark to be canceled, the registration number, date registered, name and address of registrant, the statement of voluntary request to cancel, and the original certificate of registration or an affidavit that the certificate is lost.⁹⁰ The secretary of state may also cancel a registration if it finds that a registration granted under Chapter 16 was not renewed.⁹¹ Finally, the secretary of state must cancel a registration upon receipt of a certified copy of an unappealable judgment that either cancels the registration or finds that the registered mark has been abandoned, the registrant is not the owner of the mark, the registration was granted contrary to the provisions of Chapter 16, the registration was obtained fraudulently, or the registered mark has become incapable of serving as a mark.⁹²

*83 IV. Conclusion

The majority of applicants who seek to register trademarks or service marks with the secretary of state represent enterprises that only do business in Texas. Other applicants have businesses in other states or regions of the United States and are extending their businesses into Texas. Both of these applicants, as well as the owner of a “national” business active in interstate commerce, benefit from state registration. As discussed herein, a registration made by the secretary of state provides constructive notice throughout Texas of the registrant’s claim of ownership of a particular mark.⁹³ In conjunction with the active trademark search conducted by the trademark office, such constructive notice provides a means of preventing possible future conflicts. Many of the state applicants do not conduct federal searches of marks, tradenames and assumed names, and as a result, many applicants may file state applications in violation of others’ pre-existing federal rights. Therefore, by filing first with the secretary of state, local and national businesses may claim ownership of a particular trademark or service mark and take a defensive step to notify the public in Texas of their rights.⁹⁴ Over 35,000 registrants currently benefit from the constructive notice provision.

Texas registrants are protected for another reason, which relates to the basic function of trademarks. In Chapter 2 of Trademarks and Unfair Competition,⁹⁵ Professor McCarthy discusses the purposes of trademark law. He refers specifically to the reporting out on the bill later enacted as the Trademark Act of 1946, which is relevant to the procedures used to register Texas trademarks and service marks. The Senate Committee on Patents said:

The purpose underlying any trademark statute is twofold. One is to protect the public so that it may be confident that, in purchasing a product bearing a particular trademark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trademark has spent energy, time and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trademark owner.⁹⁶

The trademark office of the Office of the Secretary of State of Texas reviews applications in accordance with established federal practice. Consequently, the office maintains and preserves the integrity of registered marks in the state of Texas. Because of its procedures, both Texas consumers and owners of marks are protected, which is the goal of trademark law generally and the particular mission of the office.

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a1 Elizabeth B. Yahiel is a corporate and trademark attorney with the Corporations Section of the Statutory Filings Division of the Office of the Secretary of State of Texas. The opinions expressed in this article are only the current views of the author, and are not necessarily those of the Office of the Secretary of State.

1 This article refers to the revised Model State Trademark Bill (“MSTB”) approved by the Board of Directors of the International Trademark Association in August 1992.

2 TEX. BUS. & COM. CODE ANN. § 16.10(b) (West 1987); TEX. ADMIN. CODE tit. 1, § 93.63 (1994).

3 TEX. BUS. & COM. CODE ANN. § 16.10(b)(3) (West 1987); TEX. ADMIN. CODE tit. 1, § 93.63 (1994).

4 TEX. BUS. & COM. CODE ANN. § 16.10(b)(3) (West 1987); TEX. ADMIN. CODE tit. 1, § 93.63 (1994).

5 TEX. BUS. & COM. CODE ANN. § 16.10(d) (West 1987); TEX. ADMIN. CODE tit. 1, § 93.62 (1994). When an attorney executes the application on behalf of the applicant, that signature constitutes a representation to the secretary of state that the attorney is authorized and qualified to represent the particular party. However, additional proof of authority to act may be required. Further, once an attorney appears on behalf of the applicant, the trademark office will only correspond with that attorney and will not undertake dual correspondence. Authority to represent an applicant, however, may be revoked at any stage of the review process upon notification of the secretary of state. TEX. ADMIN. CODE tit. 1, §§ 93.42-44 (1994).

6 If the applicant is not using the mark, but one or more related companies are using the mark, the application should set forth these facts and state that their use of the mark inures to the benefit of the applicant. The trademark office may inquire further into the relationship between the applicant and related companies. It may also require additional evidence showing that the use inures to applicant’s benefit. TEX. ADMIN. CODE tit. 1 §§ 93.66(b)-(c) (1994). The examiners refer to §§ 1201.03-.06 of the TRADEMARK MANUAL of EXAMINING PROCEDURE (2d ed. 1993) [hereinafter TMEP] and cases cited therein for determination of these issues.

7 TEX. BUS. & COM. CODE ANN. § 16.10(b)(9) (West 1987); TEX. ADMIN. CODE tit. 1 § 93.63(11) (1994).

8 TEX. ADMIN. CODE tit. 1, § 93.53 (1994). The filing fees for initial applications, renewals and assignments are nonrefundable, regardless of whether the particular submission is approved, rejected or abandoned.

9 The trademark office generally refers to TMEP, supra note 6, § 1207.01 and cases cited therein to determine likelihood of confusion issues.

10 The Texas trademark statute places the burden of finding conflicting marks and trade names on the applicant. See TEX. BUS. & COM. CODE ANN. § 16.10(b)(9) (West 1987). Section 3(d) of the MSTB was amended to include a provision that the secretary of state may request that a state applicant must disclose whether an application to register the proposed mark or a portion thereof has been filed with the United States Patent and Trademark Office (“USPTO”). According to the MSTB, the applicant must also disclose the disposition of the federal application. Goldstein, Bringing the Model State Trademark Bill into the 90s and Beyond, 83 TRADEMARK REP. 226, 233-234 (1993). The Texas statute does not include these provisions. Therefore, the trademark office will not request information on a federal registration unless the record indicates that the proposed mark is federally registered. See infra Part II.B.2.c.).

11 If a search of a particular design or “logo” is needed, the caller must contact the trademark office directly. The legal assistant will assign to the proposed design a particular code and a preliminary search may be conducted using that code number. Another search will be made upon submission of the application at which time a more specific design code can be assigned. See infra Part II.B.2.e.).

12 The direct access system, also referred to as “Direct Access” or “SOSDA,” offers direct computer link-up to the secretary of state’s mainframe. Any individual or business may use the system to access information regarding corporations, limited liability

companies, limited partnerships, assumed names, state trademarks and state UCC financing statements. Access to the SOSDA may be accomplished by using a personal computer or terminal, a modem, and a communications software package to dial directly into the secretary of state's computer.

13 The applicant may set forth a date of first use by a predecessor in title, or by a related company, if the use inures to the benefit of the applicant. However, the application should include a statement that the first use of the mark was by the predecessor in title or by the related company. TEX. ADMIN. CODE tit. 1, § 93.66(a) (1994).

14 Each application should be complete in itself. Id. § 93.4(b). If several related applications are submitted at one time, applicant should submit each one with its own specimen and drawing. The trademark office will not compile the applications for the applicant. Further, while the applications are under review, the applicant should submit a separate response for each one.

15 Unlike federal trademark procedure, an applicant for Texas registration may describe in a single application only goods or services in connection with which the mark is actually being used that are in a single class. The trademark office uses the international classification of goods and services used by the USPTO. The secretary of state is permitted to amend the classes of goods or services if the applicant should indicate the incorrect class on the application. TEX. BUS. & COM. CODE ANN. § 16.09(d) (West 1987); TEX. ADMIN. CODE tit. 1, § 93.101 (1994).

16 TEX. ADMIN. CODE tit. 1, § 93.112 (1994). Upon receipt of applicant's response, an examiner will reconsider the application. If registration is refused again and the refusal is not final, the applicant may respond again. Id. § 93.114.

17 See supra note 5 and accompanying text. The trademark office requires that a general partner execute the application on behalf of a partnership and that an officer execute the application on behalf of a corporate applicant. If the person signing the application is not generally recognized to be a corporate officer, e.g., "manager" or "Chairman of the Board," the office will request that the status of that person be clarified or that the application be reexecuted. Moreover, if the application (including the specimens) indicates that a partnership or joint venture may have ownership rights and the applicant is an individual, the office will ask for clarification of ownership and reexecution where appropriate. The applicant may not amend a verification or declaration. A substitute or supplemental verification must be submitted to replace an incorrect or defective verification. TEX. ADMIN. CODE tit. 1, § 93.131 (c) (1994).

18 Id. § 93.131(a). Amendments to dates of first use are made only by sworn affidavit.

19 Approximately 90 to 120 new trademark applications are submitted monthly. The monthly transactions report for fiscal year 1995 showed for November 1994 that while there were 64 registrations, 84 rejections were issued in the form of preliminary objections or subsequent letters.

20 The trademark office implemented the procedure of assigning files to the same attorney in November 1993.

21 MODEL STATE TRADEMARK BILL § 19 (1992) [hereinafter MSTB].

22 TEX. BUS. & COM. CODE ANN. § 16.15(b) (West 1987). The Texas statute differs from the MSTB on the issue of constructive notice. The United States Trademark Association ("USTA") considered amending the MSTB to grant state registrations the evidentiary benefits accorded federal registrations, such as presumptions of validity, constructive notice and the exclusive right to use the mark throughout the state. The proposed amendment to the MSTB was not made because most state trademark offices do not subject trademark applications to the strict examination procedures of the USPTO. Moreover, the USTA was concerned that state rights might conflict with the rights granted to federal registrations and that parties would be harmed by state registration systems that do not have opposition procedures available. Goldstein, supra note 8, at 232.

23 The trademark examiners prefer that citations be made to the United States Patent Quarterly Series Reporter, or that the applicant submit copies of cases cited in the Federal Reporter, the Federal Supplement or other source.

24 TMEP, supra note 6.

25 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION (3d ed. 1992).

26 TEX. ADMIN. CODE tit. 1, § 93.131(b) (1994). The examiner may require additional specimens and a supplemental sworn statement from applicant.

27 See TMEP, supra note 6, §§ 804.09-.10 and cases cited therein.

28 See id. § 1301.04 (a business card which bears only the mark and a company name and address are not adequate specimens unless the mark has a descriptive portion which identifies the services)(citations omitted).

29 Where the service mark is not used in printed or written form, the secretary of state will accept audio and video recordings, as well as print-outs of computer screens or a series of photographs of a moving sign. See TEX. ADMIN. CODE tit. 1, § 93.93(b) (1994). With regard to real estate development services, the secretary of state will accept advertisements showing the mark used with a diagram of proposed and/or actual residential plots, streets, common areas and related features. The trademark office has also accepted actual plat diagrams that have been reduced in size but show the service mark used thereon.

30 Id. § 93.82(d). Examples of the linings are set forth in the trademark application information packet.

31 Id. § 93.132.

32 The practice of the Texas trademark office differs in this instance from the practice of the USPTO. Although both offices do not require a precise description of most designs, federal practice requires a description where the mark is three-dimensional, where the mark is a configuration of the goods or packaging, where the drawing includes dotted lines to indicate a portion of the product or packing which is not part of the mark, and similar cases. TMEP, supra note 6, § 808.03.

33 See infra Part III.A.

34 TEX. ADMIN. CODE tit. 1, § 93.64 (1994).

35 See *In re Wine Soc’y of Am., Inc.*, 12 U.S.P.Q.2d (BNA) 1139, 1141 (T.T.A.B. 1989); TMEP, supra note 6, § 807.14.

36 See TEX. ADMIN. CODE tit. 1, § 93.132 (1994).

37 See *Huang v. Tzu Wein Chen Food Co.*, 849 F.2d 1458, 1460, 7 U.S.P.Q.2d (BNA) 1335, 1335-36 (Fed. Cir.1988), cited in TMEP, supra note 4, § 1201.02(b).

38 See *In re Admark, Inc.*, 214 U.S.P.Q. (BNA) 302, 303 (T.T.A.B. 1982) (related company use not at issue where the applicant seeks registration of a mark for advertising services and the purported related company used the mark for retail services).

39 See supra note 2 and accompanying text.

40 See supra note 17.

41 See, e.g., *In re Cedar Point, Inc.*, 220 U.S.P.Q. (BNA) 533 (T.T.A.B. 1983).

42 Trademark (Lanham) Act of 1946 § 1(b), 15 U.S.C. § 1051(b) (1988).

43 TEX. BUS. & COM. CODE ANN. § 16.02(b) (West 1987). The Texas statute was not revised to conform to the changes to the Lanham Act and to the MSTB, which define use as “the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark.” Lanham Act § 45, 15 U.S.C. § 1127 (1988); MSTB, *supra* note 21, § 1(H). Moreover, the affixation requirement set forth in the Lanham Act and the MSTB appears broader than what is required by the Texas statute. For example, the Texas trademark office does not accept documents associated with the sale of goods as specimens, but interprets strictly the phrase “placed on” the goods or containers of the goods. The definition of “use” as is set forth in § 1(H) of the MSTB continues as follows, with the portions not in the Texas statute italicized and the portions in the Texas statute (and not in the MSTB) in brackets:
For purposes of this Act, a mark shall be deemed to be in use (1) on goods when it placed in any manner on the goods or other containers of the goods or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods make such placement impracticable, then on documents associated with the goods or their sale, and the goods are sold or transported in commerce [or otherwise publicly distributed] in this state, and (2) on services when it is used or displayed in [connection with] the sale or advertising of services and the services are rendered in this state.

44 The so-called “services” rendered in Texas also did not constitute a separate service for which registration could issue. See, e.g., *In re C.I.T. Financial Corp.*, 201 U.S.P.Q. (BNA) 124, 126 (T.T.A.B. 1978).

45 The phrase “used in commerce,” as is set forth in § 1 of the Lanham Act and as defined by § 45 thereof, has been interpreted broadly. For example, federal registration was allowed for an intrastate provider of restaurant services with an undefined interstate clientele. *Larry Harmon Pictures Corp. v. The Williams Restaurant Corp.*, 18 U.S.P.Q.2d (BNA) 1292, 1295 (Fed. Cir.1991). Other support can be found for the conclusion that a particular activity need only “affect” interstate commerce or foreign commerce. See *In re Silenus Wines*, 557 F.2d 806, 811-812, 194 U.S.P.Q. (BNA) 261, 266-67 (C.C.P.A. 1977); 2 J. THOMAS MCCARTHY, *supra* note 21, at §§ 19.37 & 19.38.

46 See generally *In re Conti*, 220 U.S.P.Q. (BNA) 745, 748 (T.T.A.B. 1983) (mark for barber shop, hair styling and beauty salon services not registrable because services rendered locally, not in interstate commerce subject to regulation by Congress); *In re U.S. Home Corp. of Texas*, 199 U.S.P.Q. (BNA) 698, 701-02 (T.T.A.B. 1978), *reh’g denied* 201 U.S.P.Q. (BNA) 602 (T.T.A.B. 1978) (intrastate use of mark for community housing planning development and real estate services is not subject to registration under the Lanham Act; services performed entirely within state of Texas). But cf: *In re Bookbinder’s Restaurant, Inc.*, 240 F.2d 365, 367-68, 112 U.S.P.Q. (BNA) 326, 327-28 (C.C.P.A. 1957) (the court effectively defined intrastate commerce by denying registration for mark used locally for restaurant, catering and banquet services; the court appeared to conclude that the services could have no effect on interstate commerce, even if customers from other states were invited to use those services). *Bookbinder’s Restaurant* may effectively have been overruled by the decision in *The Williams Restaurant Corp.*

47 508 F.2d 1260, 185 U.S.P.Q. (BNA) 1 (5th Cir.1975).

48 710 F.Supp. 1119, 11 U.S.P.Q.2d (BNA) 1074 (S.D. Tx. 1989).

49 *Blue Bell*, 508 F.2d at 1266, 185 U.S.P.Q. at 5 (quoting *New England Duplicating Co. v. Mendes*, 190 F.2d 415, 418, 90 U.S.P.Q. (BNA) 151, 153 (1st Cir.1951)). In determining priority between the parties in each case, the court determined that ownership required an actual or open use in trade, not an internal shipment, nor an adoption or attempt to reserve a right without a bona fide use. *Blue Bell*, 508 F.2d at 1267, 185 U.S.P.Q. at 5-6.

50 *Blue Bell*, 508 F.2d at 1265, 185 U.S.P.Q. at 4.

51 *Id.* at 1266, 185 U.S.P.Q. at 5. The court distinguished between the meaning of use in trade for disputes between parties as to ownership and for purposes of supporting an application to register a trademark; however, it still found that the defendant’s internal shipment was not “publicly distributed” within the purview of the Texas statute. *Id.* at 1267, 185 U.S.P.Q. at 6.

52 TEX. BUS. & COM. CODE ANN. §§ 16.01(a)(4)-(5) (West 1987).

53 These questions seem particularly necessary for services given that the statute requires that services must be rendered in Texas, whereas goods need only be publicly distributed in Texas. *Id.* § 16.02.

54 220 U.S.P.Q. (BNA) 533, 536 (T.T.A.B. 1983).

55 Id. (quoting *Intermed Communications, Inc. v. Chaney*, 197 U.S.P.Q. (BNA) 501 (T.T.A.B. 1977)). That a mark has no existence apart from the goods or services with which it is used is a well-settled principle of trademark law. See *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916).

56 The Texas statute is similar to the Lanham Act in that it prohibits registration of merely descriptive marks, deceptively misdescriptive marks, primarily geographically descriptive marks, or marks which are primarily surnames, unless a mark has become distinctive as applied to the applicant's goods or services. TEX. BUS. & COM. CODE ANN. §§ 16.08(a)(5)-(b) (West 1987); TEX. ADMIN. CODE tit. 1, §§ 93.67-.68 (1994).

57 SHEPARD'S UNITED STATES PATENTS AND TRADEMARKS CITATIONS 539 (2d ed. 1992-1994 Supp.). The examiners use as source material Parts 3, 4, and all of the Supplements of SHEPARD'S pertaining to trademark cases.

58 TEX. ADMIN. CODE tit. 1, § 93.134 (1994).

59 The trademark office relies on cases such as *In re Women's Publishing Co.*, 3 U.S.P.Q.2d (BNA) 1876 (T.T.A.B. 1992), *In re The Paint Products Co.*, 8 U.S.P.Q.2d (BNA) 1863 (T.T.A.B. 1988), *In re Melville Corp.*, 228 U.S.P.Q. (BNA) 970 (T.T.A.B. 1986), *In re Carvel Corp.*, 223 U.S.P.Q. (BNA) 65 (T. T.A.B. 1984), *In re Packaging Specialists, Inc.*, 221 U.S.P.Q. (BNA) 917 (T.T.A.B. 1984), *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 217 U.S.P.Q. (BNA) 988 (5th Cir.1983), *In re Wileswood*, 201 U.S.P.Q. (BNA) 400 (T.T.A.B. 1978), and similar cases to determine the issues concerning trademark function and acquired distinctiveness.

60 A tradename is not registrable under Chapter 16 unless it also functions as a trademark or service mark. TEX. BUS. & COM. CODE ANN. § 16.08(c) (West 1987).

61 Support for this practice is found in *In re Monsanto Co.*, 201 U.S.P.Q. (BNA) 864, 869 (T.T.A.B. 1978). Cf. TMEP, *supra* note 6, § 1306.05(a).

62 This action is permitted by TMEP, *supra* note 6, § 1305.

63 See *supra* note 16 and accompanying text.

64 See TEX. BUS. & COM. CODE ANN. § 16.24 (West 1987); TEX. ADMIN. CODE tit. 1, § 93.115 (1994).

65 TEX. BUS. & COM. CODE ANN. § 16.24 (West 1987).

66 TEX. BUS. & COM. CODE ANN. § 16.24(b)(1) (West 1987).

67 TEX. ADMIN. CODE tit. 1, § 93.113(a) (1994).

68 Id. § 93.113(b).

69 Id. §§ 93.113(d)-(f).

70 Id. § 93.116.

71 Id. § 93.117.

72 Id. § 93.141.

73 TEX. BUS. & COM. CODE ANN. § 16.12(a) (West 1987); TEX. ADMIN. CODE tit. 1, § 93.161 (1994). Section 6 of the MSTB provides for a registration term of five years. MSTB, *supra* note 21, §6.

74 The secretary of state only issues one original certificate of registration. However, if the records of the trademark office indicate that a material mistake was made in the certification of registration, the office may issue another certificate upon the return of the original incorrect certificate to the trademark office. TEX. ADMIN. CODE tit. 1, § 93.152 (1994). A certificate of fact or certified copies of the certificate and the application are available through the certifying team of the Corporations Section.

75 TEX. BUS. & COM. CODE ANN. § 16.11 (West 1987); TEX. ADMIN. CODE tit. 1, § 93.151(b) (1994).

76 TEX. BUS. & COM. CODE ANN. § 16.25 (West 1987). See *infra* note 94 and accompanying text.

77 TEX. ADMIN. CODE tit. 1, § 93.54(a) (1994).

78 Id. § 93.54(b).

79 TEX. BUS. & COM. CODE ANN. § 16.14 (West 1987); TEX. ADMIN. CODE tit. 1, §§ 93.161-.163 (1994). The renewal application may not be accepted after the registration period has expired.

80 TEX. BUS. & COM. CODE ANN. § 16.13 (West 1987).

81 Id. § 16.14(a)(2).

82 TEX. ADMIN. CODE tit. 1, § 93.164(a) (1994).

83 Id. § 93.163(b).

84 Id. § 93.164(b).

85 TEX. BUS. & COM. CODE ANN. § 16.17(a) (West 1987).

86 TEX. ADMIN. CODE tit. 1, § 93.171(a) (1994).

87 TEX. BUS. & COM. CODE ANN. § 16.18(a)(2) (West 1987).

88 TEX. BUS. & COM. CODE ANN. § 16.18(b) (West 1987); TEX. ADMIN. CODE tit. 1, § 93.171(c) (1994). The assignment of a mark registered under Chapter 16 is void against a purchaser who purchases the mark for value after the assignment is made and without notice of it unless the assignment is recorded with the secretary of state within three months after the date of assignment, or before the mark is purchased. TEX. BUS. & COM. CODE ANN. § 16.18(c) (West 1987).

89 TEX. BUS. & COM. CODE ANN. § 16.16(a)(2) (West 1987).

90 TEX. ADMIN. CODE tit. 1, § 93.181 (1994).

- ⁹¹ TEX. BUS. & COM. CODE ANN. § 16.16(a)(3) (West 1987); TEX. ADMIN. CODE tit. 1, § 93.182 (1994).
- ⁹² TEX. BUS. & COM. CODE ANN. §§ 16.16(a)(4) & (b) (West 1987); TEX. ADMIN. CODE tit. 1, § 93.183 (1994).
- ⁹³ See supra note 22 and accompanying text.
- ⁹⁴ Andrew L. Goldstein refers to other benefits of state trademark registration, such as quick processing, lower filing fees, and remedies for infringement under state law. Moreover, for entities that only do business in local or intrastate commerce, state registration may be the only means to register a claim of rights. Goldstein, supra note 10, at 227-228.
- ⁹⁵ See MCCARTHY, supra note 25, § 2.12[1].
- ⁹⁶ S. Rep. No. 1333, 79th Cong., 2d Sess., reprinted in 1946 U.S. CODE CONG. & NEWS 1274, cited in McCarthy, supra note 21, § 2.12[1] at 2-62.