

United States of America

Q155

Conflicts between trademarks and company and business names

1. *As far as United States Law or case law is concerned:*
 - a) *Is there legislation, or other sources of law, to protect in the United States:*
 - i) *company names,*
 - ii) *business names.*

As established by the Lanham Act and confirmed repeatedly by judicial decisions, a trade name identifies the business of a producer of goods or services, while a trademark identifies the goods or services themselves. However, the general principles of protection applicable to trademarks apply to the protection of company names (also known as corporate names and may also include names of partnerships, etc.) and business names (also known as trade names) in the United States, when such names are used in the marketplace as trademarks or service marks.

As a practical matter, U.S. courts are rarely called upon to distinguish between trade names, trademarks and service marks and, because of the functional overlap between them, the same broad standards of protection apply to trademarks and trade names. Accordingly, conditions relevant to trademarks are also applicable to company and business names, i.e., the right to company and business names arises from priority of use and protection may be accorded to distinctive names, with exclusion of terms that are generic, descriptive, geographically descriptive and of personal names without secondary meaning.

Company or business names may be registered on a federal basis as a trademark/service mark if used as such, under the Lanham Act. Registration and protection for company or business names per se, arising from the incorporation or organization of a legal entity is not available on a national basis in the United States, as there is no federal system of registration or incorporation. Each state has enacted its own legislation to regulate the registration and use of company names, and a considerable number also employs specific rules relating to business names. The rights arising from such rules are different by nature than the scope and force of trademark protection. Registering a company or business name gives the right to use such name in business related matters, e.g. financial accounts, bills, invoices, but such registration by itself will not cover or protect activities under the name as a mark.

Federal protection for company names may exist under the Lanham Act's unfair competition provisions and dilution provisions, as well as under common law unfair competition principles and state dilution laws. It should be noted that a detailed analysis of the provisions of each of the fifty states is beyond the scope of this response. Therefore, answers will be provided on a general basis.

- b) *What proceedings are necessary for United States nationals to obtain the right to use a:*
 - i) *company name,*
 - ii) *business name.*

and, in particular, is this conditional on the acceptance of the aforementioned name by a special Register (a Register of Companies, Businesses, etc.). If so, please explain for what reasons the company or business name might not be accepted.

The right to use a company or business name is generally conditioned on registration of the name with a state or local authority. Use of a company name is not permitted unless a legal entity is formed under the company name in accordance with the laws of a particular state. A company formed under the laws of a state must also apply for authorization to conduct business if it wishes to do so in a different state. On the other hand, the use of business names, which are generally not the same as company names (i.e. not the official legal name of a legal entity), is generally preconditioned on their registration with a state, or in some cases county, official registry. For example, a company formed under the name "International Business Machines Corp." in Delaware would need to apply for authorization to do business if it would operate in New Jersey and, if it wanted to do business as "IBM" in Manhattan, should register the IBM business name in the county of New York.

Registration of a company name or business name is generally conditioned on availability of the name on the relevant register with respect to the existence of a prior company or business name that is identical or closely similar to that sought to be used or registered. Such existence generally may be revealed by a search performed in the Office of the Secretary of State or similar office. The scope and accuracy of the results varies from state to state. In some states there are a variety of registers for the different types of corporations, companies, partnerships, and business names, which may or may not be consulted in the search. Moreover, the search will generally not include company records from other states, state or federal trademark registration records or other rights such as common law trademarks or signs and names of legal entities doing business without incorporation.

The standards applied to determine whether a conflict exists with a prior name vary from state to state and furthermore, the Secretaries of State or similar officers in charge of incorporation have broad discretion to determine whether a name is or is not acceptable. Further limitations are linked to the specific regulations imposed by the states with respect to company or business names. Authorization for the use of terms such as "corporation", "association", "company" is generally necessary. The use of certain terms may also be restricted, generally on the basis of public policy, e.g. in Alaska, a company name cannot contain the terms "city", "borough" or "village", in New Jersey use of the words "blind" and "handicapped" must be approved by the Attorney General, and in Mississippi use of the words "manufacturer", "wholesaler", "retailer" is prohibited if the same does not correspond to the nature of the legal entity's business.

c) *Whether a trademark could be invalidated and its use forbidden on the grounds of earlier:*

i) *company names and/or*

ii) *business names.*

If so, explain the criteria followed to do so.

In the United States it is possible for a trademark to be invalidated on the grounds of earlier company and/or business names. Under the Lanham Act:

... no trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it .

.. (d) consists of or comprises a mark which so resembles a . . . trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive . . ."

Nevertheless, it is unusual for the Patent and Trademark Office to refuse registration ex officio solely on the basis of a prior company or business name registered in another state or on the basis of state or unregistered trademarks, although there is no bar to such rejections motu proprio. This lack of enforcement is due to the absence of a link or relationship between the Patent and Trademark Office and the state registers for trademarks and company and business names. Nevertheless, it is possible for owners of prior company or

business name rights to oppose the registration of a conflicting trademark with the Trademark Office. The use of a trademark can also be enjoined in a court action on the ground of confusion with an earlier company and/or business name, as rights in the name are created by first use. From the few decisions related to the issue, it appears that conflicts between a trademark and corporate or business name are assessed according to similar criteria as those applied in trademark law, namely likelihood of confusion. It should be noted that company and business name rights that arise through use are geographically limited to the area of use and rights against subsequent trademarks that are protected on a federal basis are likewise geographically limited.

d) *Whether the use of a:*

i) *company name and/or*

ii) *business name*

could be forbidden on grounds of an earlier trademark application/registration. If so, explain the criteria followed to do so.

Yes, it is possible to initiate action against the use of company or business name on the ground of confusion with earlier trademark applications or registrations, and such use may be, generally, characterized as trademark infringement. Such actions must be initiated before the courts as there are no administrative procedures for relief. Liability attaches from the moment in which the company or business name is used. In the case of rights arising from state incorporation, it is accepted that liability from such use may start as early as from the date in which such incorporation occurred. However, a contrary view rejecting liability if incorporation is not concurrent with additional infringing acts seems to be growing.

The criteria to be followed in a trademark infringement lawsuit against the use of company or business names on the basis of trademark rights are largely the same as in conflicts between trademarks. Briefly, the plaintiff must prove that he owns a valid trademark, registered or not, that the defendant is using a name which is confusingly similar to that of the plaintiff and that by virtue of such use the defendant has created a likelihood of confusion concerning the origin of the defendant's goods or services. It should be noted that it has been consistently held that the good faith of the company or business name owner per se does not constitute a defense to the infringement of the earlier trademark.

e) *Whether the answers to above paragraphs c) and d) would be different if the earlier trademarks or company or business names are so well known that they have got a strong reputation across the market.*

The answers to paragraphs (c) and (d) above would not differ significantly if the trademark or company and business name have a strong reputation across the market. The only differences this would make involve the scope of protection, and hence the likelihood of confusion or dilution, granted the prior right over the junior right. A strong reputation across the market could also grant greater geographic scope to the protection of the relevant rights. If the senior rights are proved superior, they are grounds for enjoining the use and canceling the registration of the conflicting corporate name or trademark registration. The cause of action may arise under common law rights and under the Lanham Act provisions regarding dilution. Trademark and company name rights are essentially geographic privileges. The boundaries of those geographic regions may be expanded by virtue of reputation, and thus, the ability to object to a third party usage or registration is linked, in the absence of a federal trademark registration which gives national coverage, to the evidence of reputation that may be submitted.

f) *Whether special rules apply when the company name, the business name and/or the trademark correspond to the family name of the owner, or of a person somehow connected with the owner of the right.*

A surname per se cannot be registered as a trademark on the United States Principal Register of Trademarks, in the absence of evidence that the name has acquired distinctiveness or secondary meaning through use. Registration on the Supplemental Register, however, might be possible. A surname that is not primarily a family name may be inherently registrable, as may a trademark that includes a surname among other registrable subject matter. The same principles apply generally to the protection accorded by courts to surnames that are used as trademarks, company or business names.

In the absence of fraud or contractual restraint, a person may use his or her own name for business purposes even though such use may result in incidental injury to another. The concept of fraud should be broadly interpreted; for example, it would be considered fraudulent to try to use or to register a 'well-known' name such as MCDONALDS for restaurant services on the basis of the surname McDonald. Where two parties legitimately use the same name, each in a different geographic area, it has been held that the senior user of a trademark consisting of a family name would be enjoined from expanding its existing local use of the name, when the junior user has attained national coverage with its mark. Use of a surname must be in good faith, as any attempt to take advantage of the goodwill developed with respect to a name that has acquired secondary meaning may be considered infringement.

It should be noted that, theoretically, in states such as Illinois a person has the absolute right to use his or her name as a trade name, and thus may stop others from using the same name. Such limitations, however, seem to be moot with respect to a vast majority of surnames. The same principles that are applied with respect to surnames as trademarks appear applicable to business and company names.

g) If there is any link or relationship between the Trademark Office and

i) the Registers of Companies

ii) the Register of Business names

iii) other similar Registers (where companies and/or businesses are recorded).

in order to coordinate their practices and whether the content of one register is transmitted to that of another.

There are no links or relationship whatsoever between the United States Patent and Trademark Office and state registers for company and business names or state trademark registers. No link or relationship exists between state company or business name registers and state trademark registers.

Finally, there is no link between the relevant registers of any state and those of any other state. No specific structure for transfer of data is in place to connect or coordinate activities or information among any of these entities.

Decisions issued by state registers are not taken in account by the Patent and Trademark Office and the acceptance of a company or business name for incorporation and related purposes does not bind the Office in any sense and does not create or affect rights from a trademark point of view. Likewise, the fact that a name has been registered as a company name or trademark in another State or jurisdiction does not bind the registrar of company names in a particular state.

h) Who is the authority responsible for dealing with conflicts between trademarks and company and business names:

i) when the company or business name is to be authorized

ii) if and when opposition proceedings are available

- iii) *when legal actions take place.*
 - i) As indicated in response b) above, the Secretary of State or similar officers in charge of incorporation of legal entities are to determine if a name is or is not acceptable and thus to authorize its registration and use, although they make no comparison between the company and business names sought to be registered and any trademark rights.
 - ii) In opposition proceedings against a federal trademark application, administrative proceedings are possible at the Patent and Trademark Office, followed by litigation on appeal. There are no opposition proceedings available against registration of company or business names.
 - iii) In any other legal action, a court of competent jurisdiction is responsible for resolving the action.
- i) *Is there protection for business names in your country, that is restricted to a part of the country (town, village, etc.) corresponding to the place where the business was established? If so, how are the conflicts dealt with that arise between these rights and trademarks and other nationwide companies and business name rights?*

In the United States, protection for business names is available under common law principles within the geographic area in which the business name is used. Rights based on the use of business names may be asserted against so-called 'nationwide' trademark or company or business name rights but only insofar as the specific geographic area is concerned. There is generally no registered protection restricted to the place where a business is established, i.e. towns or villages. It should be noted, however, that some states require registration in the county in which a person or a legal entity does business under a name that does not disclose the person or owners or include the corporate name, although such registration does not appear to create specific rights under the name.

j) *Any additional remarks.*

None.

2. *What is your opinion regarding the adoption of general rules for the following questions:*

a) *Whether you agree that an earlier trademark right could be used to prevent the adoption or use of identical or confusingly similar company or business names. If so, whether the identity or similarities of the goods/services of the trademark and the activities undertaken under the company or business name or other criteria such as dilution or risk of association, as well as the reputation or notoriety of the trademark, should be taken into account.*

The United States Group agrees that an earlier trademark right should be able to prevent the adoption or use of an identical or confusingly similar company or business name, and that trademark criteria with respect to confusion and dilution should be applied. In fact, under United States practice it is currently possible to object, before the courts, to the adoption of a company or business name on the basis of an earlier trademark.

An action for trademark infringement, including claims of tarnishment, dilution and unfair competition, depending on the facts of the cases, may be available to the owner of an earlier trademark on the basis of the Lanham Act or state trademark laws.

Administrative remedies before the agencies that register company names are currently unavailable. The United States Group believes that it may be desirable to have an administrative procedure for an earlier trademark holder to prevent the adoption or registration of identical or confusingly similar company or

business names. However, there are practical limitations for the implementation of such procedures, due to the characteristics of the system, as indicated in response 1 (a).

- b) *Whether you agree that an earlier company or business name could be used to prevent the use and/or registration of an identical or confusingly similar trademark. If so, whether the identity or similarities of the goods/services of the trademark and the activities undertaken under the company or business name or other criteria such as dilution or risk of association, as well as the reputation or notoriety of the company or business name, should be taken into account.*

The United States Group agrees that it should be possible to prevent the use and/or registration of a trademark that is identical or confusingly similar to an earlier company or business name, taking into account criteria such as confusion, dilution or risk of association. In particular, the United States Group believes that such rights should be exercisable not only in Court but also in opposition or cancellation proceedings before the Trademark Office. Thus, the identity or similarity of the goods or services covered by the mark and the activities undertaken under the company or business name as well as the reputation or notoriety of the company or business name, are generally taken into account by the courts or the Trademark Office.

- c) *Whether you are of the opinion that there should be a national register with all company and business names recorded.*

In the United States, the adoption of a federal or unified system of registration may trigger constitutional issues. It would not be possible to centralize the state registers of company and business names, as incorporation of legal entities remain within the sovereign power of each state. Therefore, the United States Group cannot recommend a national register. However, in the event that a federal register would be created, such a register could simply mirror the registers of the states, without conveying a new federal right, but existing for clearance purposes.

- d) *If you are of the opinion that before a national adopts a new company or business name, authorization should be given by the Register of Companies and/or Business names.*

As indicated above, before a company or business name is registered in any of the fifty states, the registration authority generally performs a search of its own register. Whether the name is considered available or not depends not only on the scope of the search, which differs in each state, but also of the conflict criteria applicable in that state. Moreover, the authority has a great deal of discretion in considering the matter. Therefore, the United States Group believes that authorization should be obtained from the appropriate registrar.

- I) *whether authorization should depend on whether the new name is not:*
- i) *identical to an earlier company or business name and/or,*
 - ii) *confusingly similar to an earlier company or business name and/or,*
 - iii) *identical to an earlier trademark and/or,*
 - iv) *confusingly similar to an earlier trademark.*
- II) *whether the activities of the company should be taken into account in order to evaluate the similarities of paragraph I) above.*
- III) *If any answer to questions I) and II) above is affirmative:*

- i) *How do you envisage coordinating the criteria on similarities to be applied by the Register of Companies and/or Business names for accepting or rejecting new Company or business names and the Trademark Office and/or the Courts when deciding on similarity between trademarks?*
- ii) *Should the Register of Companies and/or Business names consult the database of trademarks of the Trademark Office for examination of new company or business names?*

Unification of each state's criteria and scope of searches for business and company names appear recommendable. At present and generally speaking, authorization depends on whether the name is identical or to some extent confusingly similar to a name already on the same register, regardless of the existence of earlier trademark rights or the company's activities, particularly as most companies may be formed for any lawful purpose.

However, it is neither practicable nor recommendable to request from the State register a ruling on the basis of prior existence of federal or state trademarks, because of the differences between the corporate name registration system and the trademark registration systems and the rules that govern each. Therefore, the United States Group cannot recommend generally that authorization is dependent on such searches and purposes as described in subsections (iii) and (iv) of the above question.

- e) *Once a company or business name has been adopted, how do you believe conflicts with trademarks should be solved?*
 - i) *By the same rules and proceedings applied to conflicts between trademarks;*
 - ii) *By other means (please specify).*

Although the United States Group believes that the same rules should apply to conflicts between company and business names and trademarks as are applied to conflicts between trademarks, for the reasons discussed above, the same proceedings should not apply because such disputes at present are resolved only before the courts, not administratively.

- f) *Do you see any parallelism with conflicts between trademarks and Internet domain names? If so, how do you suggest trying to unify the way in which these problems are to be solved?*

The United States Group believes there is a significant parallel. Although domain name issues have emerged only recently the similarity of the problems posed by their advent and those previously existing with respect to company names is striking. Domain names and company or business names are both identifying signs that can play a role similar to that of trademarks under certain circumstances. Both may be registered with entities other than the Patent and Trademark Office, under rules completely distinct from those governing marks. The protection afforded is similarly limited, constituting a very restricted guarantee that no one may use either the same domain name on Internet addressing or the same business denomination in the same state.

The parallel may be extended to the common existence of terms that are constant in certain circumstances, e.g., the suffixes .com, .net., .org are as ubiquitous as the words "Ltd.", "Co.", "Inc.", although the technical function of the former is not shared by the latter.

The noted parallels cannot, however, justify unifying the regulation of domain names and company or business names. As indicated above in previous answers, the United States system governing company and business names is a complex one, which, primarily through the courts, has maintained a precarious equilibrium with the trademark system. It is arguable that changes are necessary, but such transformations have a basis that differs considerably with the technical and political forces behind the evolution of domain names.

