



# Company Names, Trademarks, and Protecting Your Commercial Identity

Susan B. Flohr

## Company Names

Imagine a company doing business without a name. How could satisfied customers find it again? How would unsatisfied customers avoid it? It would be simply impossible.

Company names create and embody corporate identity. Company names identify a specific entity that is the source or origin of certain products or services to customers and the public. Famous company names include Microsoft Corporation, a well known source for computer software, and Apple Inc., a well known source for computers and portable digital music players. Audi AG is a famous German carmaker. United Way of America is a famous nationwide charitable fundraising organization. Another company name very familiar to readers is the National Association of Professional Employer Organizations, the trade association for professional employer organizations that publishes this *PEO Insider* magazine.



Company names are creatures of state law. Rights in company names arise from use in connection with the business operations of the particular company. They can be reserved with the appropriate state authorities and once a company incorporates under a particular company name, that state will not allow another company to incorporate under the identical company name. Company name rights are considered rights “at common law” rather than created by a statute, and are not federal or nationwide unless they are used throughout the country. The territorial extent of exclusive rights in a company name or trade name thus depends upon the geographic area in which the company name is used. Thus, use of a company name in multi-state advertising or in connection with conducting business in

several states will create rights in those states; nationwide use creates nationwide rights.

## Trademarks/Service Marks

Brand names—trademarks or service marks—differ from company names in that they are used on or in connection with specific products or services to differentiate them from those offered by other companies. Without trademarks and service marks, consumers would be unable to buy the same product/service from the same provider each time; all goods and services would be fungible. Trademarks and service marks create an identity for the product/service. The accumulation of positive customer experiences over time becomes associated with a particular trademark or brand, developing valuable “goodwill” in a brand, which in turn is associated with the company and its goods or services.

The famous companies above each use certain trademarks we all recognize for certain of their products, including

Windows® for computer operating systems, iPod for portable digital music players, TT for sports cars, United Way for charitable fund raising campaigns. Trademarks can be logos, such as the Nike swoosh  or the Lacoste alligator .<sup>1</sup> Even color can be a trademark, such as green for Deere & Company tractors or pink for Owens-Corning fiberglass insulation. Even sound is capable of functioning as a trademark or service mark. Many of us recognize certain movie production companies (20th Century fox’s trumpeting announcement before a movie) or even certain computer programs (AOL’s e-mail tone) from their use of a specific recognizable sound signature associated with their services or use of their products.

Another trademark with which you are familiar is NAPEO, the service mark used by the National Association of Professional

1 The Nike swoosh and the Lacoste alligator are registered trademarks of Nike Inc. and Lacoste Alligator S.A., respectively.

## in a nutshell

- Rights in company names arise from use in connection with the business operations of the particular company. They can be reserved with the appropriate state authorities and once a company incorporates under a particular company name, that state will not allow another company to incorporate under the identical company name.
- Proprietary rights in trademarks or brand names in the United States arise from use. Use of trademarks must be on or in close connection with the products or services being provided. Unlike company names, trademarks and service marks are creatures of both state and federal law and thus can be registered with the U.S. Patent and Trademark Office.
- Before a company adopts and commences use of a new mark, it is prudent to have the mark searched for prior conflicting marks and to obtain an opinion of probable availability and ability to be registered from a qualified attorney. Once a mark has been searched and cleared, an application can be filed with the U.S. Patent and Trademark Office.

Employer Organizations, with and without its logo to identify its association services through which it promotes the interests of professional employer organizations. NAPEO with or without the logo is also a trademark for printed educational materials.



There is another important type of mark being used by members of NAPEO, and that is , a collective membership mark used by members to indicate membership in NAPEO.



All these companies have built valuable goodwill in their marks, which have acquired what is termed “secondary meaning” to the public. In other words, these marks are

perceived as referring not to the primary or first meaning of the word per se, but as source indicating terms—a secondary meaning—attributed to the marks.

As is the case with company names, proprietary rights in trademarks or brand names in the United States arise from use. Use of trademarks must be on or in close connection with the products or services being provided, such as on packaging for products and in advertising or promotional materials for services. Unlike company names, trademarks and service marks are creatures of both state and federal law and thus can be registered with the U.S. Patent and Trademark Office.

### Selecting a New Mark

#### Searching

Before a company adopts and commences use of a new mark, it is prudent to have the mark searched for prior conflicting marks and to obtain an opinion of probable availability and ability to be registered from a qualified attorney. While no search can guarantee to find 100 percent of all

possible conflicting marks, a full investigation conducted by a reputable computerized trademark search firm with a database that includes federal Trademark Office records (which include the 50 states and common-law sources relevant to the particular industry) will shed much-needed light on the relevant marketplace so a reliable assessment about availability can be made.

### Descriptive versus Distinctive Marks

It is always tempting to select marks that tell the prospective purchaser of a company’s goods or services exactly what the product or service is. Nationwide Insurance and British Airways come to mind. However, such marks are considered “descriptive” under the law and require proof that they have come to signify the services of the owner before they are registrable in the U.S. Patent and Trademark Office and protectable. However, marks that are so aptly descriptive of the goods or services for which registration is sought that the Trademark Office finds they are incapable of acquiring trademark

---

Summit Software

significance will be denied registration and are difficult, if not impossible, to protect. Generic terms are also not registrable or capable of being owned by a single entity. Examples include terms such as escalator and cellophane. Merely descriptive terms and generic terms are free for use by everyone in a fair descriptive manner, and thus are not good choices for trademarks or service marks.

To be memorable and be capable of identifying and distinguishing a company's products or services, a mark should be "arbitrary or fanciful" as applied to the products or services. Arbitrary or fanciful marks are considered strong and can be owned exclusively. Coined terms such as Exxon and Kodak are examples of strong, highly protectable marks. Marks that suggest certain qualities of the product or service can also be strong and protectable. The mark, Windows,<sup>®</sup> for example, suggests the manner in which applications are available to users of computers running Microsoft's operating system, but does not describe them and is thus distinctive and highly protectable. Quattro is suggestive of all-wheel drive systems, but is not descriptive of them and is thus a strong mark for Audi's automobiles, including its proprietary all-wheel drive system. The North Face for parkas suggests that it will keep you warm on cold mountains, but it isn't descriptive and in fact is highly distinctive and therefore very strong and protectable.

In marketplaces that are crowded by companies using similar names, particularly when the names are highly descriptive, it may be difficult for prospective purchasers to be sure with whom they are and wish to be dealing. On the other hand, consumers are pretty savvy and develop highly refined methods of differentiating between companies and brands based on relatively minor differences. Take for example the marketplace for women's clothing. No one would seriously maintain that consumers are confused by the brands Calvin Klein, Anne Klein, Michel Klein, and Lisa Kline. Consumers are quite capable of distinguishing these marks. The distinctiveness of each of these marks, namely their lack of descriptiveness, adds to the ease of keeping them apart in the consumer's mind.

When marks are more descriptive, this

task is more difficult. In markets such as this, it is often useful for a company to adopt a distinctive mark or an acronym to use with its more descriptive components to help set it apart. For example, there are a number of companies offering various types of services that use service marks including the terms "Government Employees," such as Government Employees Real Estate, Government Employees Mortgage Company, and Government Employees Health Association. In this milieu, it is prudent that Government Employees Insurance Company uses the acronym GEICO as a service mark, which is more distinctive than its full name. BB&T, instead of Branch Banking and Trust for banking services, is another successful example. Another useful technique for standing out from the crowd and capturing the goodwill of a mark is pairing a distinctive element with the descriptive terms, such as Matterhorn Insurance Agency for life insurance services.

### Registering a Trademark or Service Mark

Once a mark has been searched and cleared, an application can be filed with the U.S. Patent and Trademark Office based either on use in commerce (commerce between two or more states or between a foreign country and the United States) or on the basis of intent-to-use (ITU) in the future. In the case of an ITU application, a registration will not issue until the mark is being used in commerce. The process of securing a registration takes approximately nine to 12 months to complete, depending upon the complexity of the issues encountered during examination. Once the trademark examiner has accepted the application for registration, it will be published in the Official Gazette of the U.S. Patent and Trademark Office for opposition purposes. During this 30-day period, the world is put on notice that anyone who believes he will be damaged by issuance of the registration may file an opposition to registration and make his case. If no opposition is filed, the registration will issue and the applicant can from that point onward use the <sup>®</sup> to indicate registration in its packaging and printed materials.<sup>2</sup>

Registration of a trademark or service mark with the U.S. Patent and Trademark Office provides many advantages over

relying solely on common-law rights, including the creation of certain presumptions under the law, such as the presumption that the registration and mark are valid, that the registrant has the exclusive right to use the mark, and that the registrant is the rightful owner of the mark. Federal trademark rights are also nationwide. Once a registration issues, no one else can adopt the same or confusingly similar mark and claim he had no notice of the registration. By law, the registration constitutes constructive notice. Also, merely by its very presence on the federal register, a registration discourages others from using the same mark for the same or related goods or services, assuming the newcomer does a search before adopting a new mark. Other advantages of securing a federal trademark registration include certain remedies for infringement that are available under the federal Trademark Act, such as treble damages and attorneys' fees when infringement is proved to be willful.

### Policing

The law requires all owners of trademarks and service marks to monitor unauthorized use of a mark. As a result, it is important for companies to be alert to instances of actual confusion that come to their attention and to seek legal advice about how such situations should be handled to protect and preserve their own rights in their marks.●

---

*Susan B. Flohr is a partner with Blank Rome LLP, Washington, D.C. She specializes in trademark and copyright matters and has registered NAPEO's many trademarks and service marks over the years.*

*This article is designed to give general and timely information on the subject covered. It is not intended as legal advice or assistance with individual problems. Readers should consult competent counsel of their own choosing about how the matters relate to their own affairs.*

---

2 On the other hand, if an opposition is filed by, for example, an entity that believes it has prior rights in the same or confusingly similar mark for the same or related goods, an administrative trial will commence, an opposition proceeding, before the U.S. Trademark Trial and Appeal Board. The issue presented to the board to resolve will be whether or not concurrent use of the two marks at issue will be likely to cause confusion to the public, and if it finds confusion is likely, registration to the mark will be refused. Conversely, if the opposer fails to convince the board that confusion is likely, the proceeding will be terminated and the registration will issue to the applicant.