

What's in a name? Legally speaking, there are factors to consider

Business professionals often face the challenge of selecting a legal name or trade name for a new business, a name change to an existing business, and/or a name for the products and services associated with the business.



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When making this decision, certain due diligence should be done. From a business standpoint, the names desired may be unique and distinguished from competitors or may be similar to those of its competitors. From a legal standpoint however, the following factors should be considered before making the final decision:

1. Choose a name that likely will be registrable as a trademark or service mark with the U.S. Patent & Trademark Office.

Although users of a mark obtain certain rights without registering its mark with the office, registration provides significantly greater protection. Registering the mark with the patent and trademark office puts the world on notice that the registrant owns the mark, which is intended to, among other things, prevent others from using the same or similar mark within the United States for a comparable purpose.

In addition to preventing others from using the mark, registering the mark provides a mechanism for the recovery of attorneys' fees if the registrant prevails in certain legal proceedings against a third party. In addition to registering the mark at the federal level, state laws allow marks to be registered at that level, although these registrations generally do not provide the same level of protection of a federal registration.

2. Consider the registerability of a mark. In order for a mark to receive registration

protection, it must function as a trademark or service mark used in commerce in connection with goods and services. Mere use of the mark as contact information on business cards or stationery generally is not sufficient. In addition, a mark that the patent and trademark office deems generic is not registerable.

Marks that merely describe the features of the product or service to which they relate generally are not registerable unless the applicant proves that the mark acquired secondary meaning. For example, a mark would have secondary meaning if a third party associates it with the applicant's products and services as opposed to those of any other party.

A consumer who sees golden arches in the shape of an "M" on top of a small building will associate the arches with the fast-food giant McDonald's. Secondary meaning is presumed if the mark has been used consistently in commerce for a period of at least five years in connection with the goods and/or services of a business.

3. Make sure the name you want is available.

The mark that is ultimately selected should not be registered, owned or used by a third party. The patent and trademark office's Web site (www.uspto.gov) is a helpful starting point for due diligence purposes once a few alternate names are conceived. A search of the database should help determine whether the mark (or a similar mark) is currently registered or pending registration.

If the mark is registered, find a different name. If the mark is pending registration, consider following its registration process before making a decision.

After searching the office's database, the next step should be to obtain a report(s) from a viable trademark research company. Although many skip this step due to timing and/or budgeting constraints, it is prudent

practice for many reasons, including the avoidance of a claim brought by a third party claiming rights to a mark.

The report generally will provide a detailed list of any third party using the mark, whether the mark was registered with any governmental agency, not registered at any level but used in advertisements, in addition to other valuable information to assist you with your decision-making process.

In addition to the report(s), Internet

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search engines are valuable tools to determine whether another party is using the same or a similar mark.

4. Consider the asset of a business.

Although a mark that is not registered with the office is an asset of a business, one that is registered generally increases the overall value of a

business, which may be reflected as an asset on the balance sheet. Federally registered marks have increased the valuation of businesses and the underlying products and services with which they are identified.

The cost of performing this due diligence prior to choosing a mark and subsequently obtaining registration protection for the mark is generally negligible in comparison with the value and rewards that the registration can provide to a business.

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