

Trademark Considerations in Naming A Business

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When starting a new business, a new subsidiary of an established business, or even a new product line, choosing the name is a fundamentally difficult and important task. The name should be something catchy that people will remember, a name that customers and competitors will take seriously, and, primarily, a name that tells the public what it is that the business actually does.

In addition to general business concerns that arise when helping a client select a business or product name (*e.g.*, is the corporation or limited liability company name available in the state where your client wants to register? Is the name available for a business license? Does your client even need a business license? Etc.), there are also several trademark considerations that should be taken into account.

Not every trade name used to identify a business will meet the criteria for trademark protection. The primary roles of trademarks are: (1) to identify and distinguish the trademark owner's goods or services from those offered by others; (2) to indicate the source or origin of the trademark owner's goods or services; (3) to assure the public that they are procuring the genuine goods or services from the trademark owner; and (4) to protect the trademark owner against the substitution and sale of inferior or different goods and services bearing the mark of the trademark owner, or a mark confusingly similar thereto. In simple terms, the essential functions of a trademark are to indicate a single source of origin and prevent consumer confusion in the marketplace.

When assisting a client in choosing a name, and perhaps also a logo, for their business or product you must take the foregoing basic tenets of trademark law into consideration and ask whether the name chosen is distinguishable enough to identify the business as the source of your client's goods or services, and whether it is distinctive enough not to cause confusion with competitors in the marketplace.

With regard to counseling a client regarding picking a name that identifies their business as the source of their goods or services, a common, and highly recommended, approach is to order a trade name and trademark search to identify any confusingly similar business or product names. This is especially important if your client is parodying another business's name, or making a play on words. There are several companies who offer these types of professional searches. These comprehensive searches include a review of registrations and pending applications of record in the United States Patent and Trademark Office ("USPTO"), a review of state trademark registration information, and a review of such common law material as trade name listings, business licenses, Internet domain names and telephone listings. Obtaining this type of professional search prior to investing money and effort into marketing and promoting a new business or product name is invaluable. All too often clients tell me that they've spent thousands of dollars promoting a new business or product name only to find out later, usually because they've received a cease and desist letter, that it is being used by someone else.

Moreover, seeking the advice and assistance of an experienced trademark attorney to fully assess the results of the search is imperative, as issues that may not appear as a bar to use and registration to even an experienced attorney or businessperson may raise red flags to an eye trained in the subtleties of trademark law. In general, this type of thorough analysis looks at two different types of risk that the client may face in using and registering a proposed business or product name and mark: (1) risk that the USPTO will not accept the application for registration; and (2) risk that a third party will pose a threat to or take some action to prohibit your client's use and/or registration of the name and mark.

With regard to advising your client regarding choosing a name or mark that will be distinctive enough to prevent consumer confusion, the USPTO categorizes marks along a spectrum of distinctiveness. When assisting a client in selecting a name and/or logo for their business or product you should ask yourself where on this continuum the mark would fall.

At one extreme of the spectrum are marks that, when used on or in connection with the goods or services, are coined, fanciful or arbitrary, and are therefore deemed inherently distinctive. A good example of this type of mark is APPLE used to identify computers. The mark is arbitrary when applied to the goods because, although the word "apple" is a recognized word, it does not in any way suggest or describe computers.

Following coined, fanciful and arbitrary marks on the continuum are suggestive marks. These are marks that, when applied to the goods or services at issue, require imagination, thought or perception to reach a conclusion as to the nature, ingredients quality or characteristics of the goods or services. These are often the strongest marks and the best marks for businesses. An example of a suggestive mark is SKINVISIBLE, which is applied to medical tape through which the skin of the user is visible.

Next on the continuum are marks that are merely (*read: only*) descriptive of the nature, ingredients, quality or characteristics of the goods or services they identify. An example is BABY BRIE used for cheese sold in a smaller size. Merely descriptive marks will not be registered on the Principal Register of the USPTO unless the owner can prove that they have acquired the requisite distinctiveness through prior use in commerce. Also in this category are marks that are geographically descriptive and deceptively misdescriptive of the goods or services.

Finally, at the opposite end of the continuum from coined, arbitrary and fanciful marks are generic terms for goods and services. Generic terms can never function as a trademark. For example, the term BICYCLE has been a highly protected arbitrary trademark since 1885 for playing cards, but would be generic if used as a mark for a two-wheeled mode of transportation.

Although many business owners are reluctant to spend money and time investigating a name or logo prior to settling on one, the money spent taking precautions in advance will always be inconsequential compared to the amount spent if they are required to change their business or product name after having promoted it, or the amount spent in costly infringement litigation.

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