

Business Law Series

Protecting Your Name and Mark

By Michelle Hayden Bomberger

In an ideal world, a business owner chooses a few business names that he or she really likes, conducts a search for the availability of the names, and then moves forward with branding based on the best one that is available. In reality, very few people go through this process. More often than not, a name is chosen, fabulous branding is created, and then, once the business is established and growing like gangbusters, the business owner finally gets around to protecting the name or logo, only to realize that someone already uses the name, or worse yet, receives a letter from someone who claims to “own” the name. What’s the business owner to do?

The business owner must understand what a trademark is and what it means to “own” it. A trademark is a name, symbol, image or other combination of words and graphics that identifies a product or service. (Note that it is a “servicemark” when the mark is linked to a service and a “trademark” when it is linked to a product.) Use of a mark is allowed by law so long as a potential customer looking at your mark and another company’s mark would not be confused and believe that the two companies were associated. To address this confusion, the law looks to two primary elements: 1) the types of products or services connected with the mark and 2) the geographical area where the mark is used. If the mark is already used by someone with similar products or services, the use of the mark would presumably be found to be infringing. This presumption may be rebutted, though, based on whether the mark is registered, and if so, where it is registered.

When someone uses a mark in connection with the sale of a good or service, the person owns the mark in connection with those goods and services and may immediately use the superscript or subscript “TM” or “SM” next to that mark to publicly claim the mark for that product or service. In this case, the mark is not registered with the State or Federal governments, but the owner is still granted protection for the mark in connection with that particular product or service in the geographic area where the mark is used.

If the owner of the mark Federally registers the mark with the United States Patent and Trademark Office (USPTO), the owner has national protection for use in connection with any products and services to which the owner has elected to link the mark. In addition, federal protection with the USPTO provides statutory damages for infringement which means that if someone is illegally using your mark, the law specifically states what you can recover in damages – you aren’t required to prove how much you were harmed. Once the mark is registered with the USPTO, the owner may use the ® symbol next to the mark. Understand that the process of obtaining federal registration is complex, costly and lengthy and should not be embarked upon lightly.

Not every business should obtain Federal trademark protection for their business but should know how much protection is needed and how to obtain it. Your name and logo are critical elements of your company’s brand and the costs associated with losing the name and goodwill associated with your brand dramatically outweigh the costs of a solid search at the outset.

Once you have built your brand, you have the responsibility to protect your mark and ensure no one is misappropriating it for their own benefit. A client of mine who has registered his logo as a federal trademark recently encountered a competing business in the Midwest with the same name. A letter to the Midwest company notified them of their infringing activities and required them to spend \$10,000 to rebrand their business. As we know, small businesses typically don’t have that much extra cash sitting around – this was a major hit to this new business. Had my client not registered the Federal trademark, he would likely not had the right to stop the company from using the name.

Another reason for you to police the use of your name is so that it doesn't become "generic." Xerox learned this lesson the hard way when its mark was threatened with becoming "generic" because it came to be synonymous with the product it identified. "Go make a Xerox" meant "Go make a photocopy." Xerox actively began to correct customers and consumers generally that they were using a Xerox machine to "photocopy" something – not "Xeroxing" something. Xerox was able to protect its mark by being proactive to stop the generic use.

Trademark is a complex legal process. It is critical that businesses address the availability of a name before committing to it through branding and advertising. Search State and Federal trademark databases, State corporations and licensing departments, and conduct extensive online searches before selecting a name for your business. Once you begin business, determine whether trademark registration is necessary given your growth plans. Finally, perform ongoing monitoring of the use of your mark to protect it from infringement and possibly genericization. Your mark is one of the most valuable assets of your business. Take good care of it!

The information contained in this article is of a general nature and is not to be construed as legal advice. You should contact an attorney familiar with your particular circumstances before taking or refraining from any action.

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