

Naming Your Company, Product or Services

By Judith Silver, Esq.¹

When picking a name for your company, product or service, you want to first understand trademark law which is an integral part of the decision. Trademark law is important because it can help you protect the branding of your product or service, help you make sure your customer can find you and your products, and help you to retain rights in your logos, names and domain names.

The Purpose of Trademark Law

The trademark act, or “Lanham Act”, 18 USC Sec. 1051 etc. , is meant to allow consumers to correctly identify the sources of goods or services.

For example, when a consumer buys a pair of Nike shoes, she want to know that Nike made them and they are of the quality and standards that Nike, as a company, offers consumers. Trademark law allows Nike to stop other companies who might make cheap shoes and copy the Nike logo on them from doing so. Allowing a third party to use the Nike mark on its products, would (a) allow it to easily sell products by taking advantage of the money which Nike has spent on advertising, brand development, warranties and customer service; (b) allow it to offer its products at lower cost than Nike due to lower overhead; and (c) injure Nike because the consumer will associate bad performance of the products with Nike or will try to return products never sold by Nike to Nike and will be angered if Nike refuses to take such products back.

When considering if there is “trademark infringement”, the main question a court considers is whether the average consumer would be confused as to the source of the good or service.

What is a Trademark?

A trademark is a word, phrase, symbol or design, or combination of words, phrases, symbols or designs, which identifies and distinguishes the source of particular goods or services. A service mark is the same as a trademark except that it identifies and distinguishes the source of a service rather than a product.

Normally, a mark for goods appears on the product or on its packaging, while a service mark appears in advertising for the services. A “tm” on a product indicates unregistered trademark rights and an “®” indicates a registered mark. It is illegal to place an “®” on a mark that does not have national registration.

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Marks fall into several categories: arbitrary or fanciful, suggestive, or descriptive. Trademarks are generally not granted in generic words, phrases, symbols or designs; immoral or scandalous words, phrases, symbols or designs; false, misleading or misdescriptive words, phrases, symbols or designs; or surnames.

When Do You Get a Trademark and What's Required to Get a Trademark?

You may apply for registration of a trade mark or service mark after you use a mark to identify a product sold or service performed "in commerce" -- or for advertising and/or sale to customers. You may also register your company's intention to use a mark prior to its actual use and then have up to six months to file the actual application with a sample of its actual use.

You are not required to obtain national registration of a trade or service mark. Trademark rights arise upon use in commerce – with or without national registration. However, national registration expands and protects your trademark rights, giving your company a presumption of first use of the mark in association with particular goods or services.

When you formally apply for national registration of a mark, you must submit an application, drawing of the mark, if graphic, and sample of the mark as you have actually used it to identify your company's product or service. Obtaining full registration of a mark usually takes up to several years due to the slow response rate of the USPTO which generally responds to correspondence once every six months. It is best to have an attorney handle the USPTO filing of the application and correspondence with the USPTO since the correspondence involves case citing and sophisticated legal argument regarding the application.

Trademark Searches

Since trade and service mark rights are based on actual use in commerce and priority of use based on time and geography, not everyone seeks national registration. This means that when you apply for a trademark, you may wish to get a "trademark search". A thorough trademark search includes searching for your mark in phone books, newspapers, the internet, state company trade name registrations, the USPTO and other sources; the typical price is about \$750. The results of such a search are several hundred pages of analyses of similar words and/or graphic representations of the marks from the US including many that may not be registered but may have prior rights in the marks.

A search is not a requirement of registration, but if you choose to apply without one, you are taking two risks (1) the USPTO may reject your mark due to pending applications not yet updated in the USPTO database or because of results of the USPTO's own search for the mark; and (2) even if your company obtains permission for proceeding with the application from the USPTO, another party may claim prior use of the mark during the application process

(called 'opposition') or after registration is granted and may contest your rights to use the mark. Therefore, if you intend to invest large sums of money in brand recognition, corresponding domain name or company name, a full search is the smart choice. Alternatively, if you are not particularly attached to the name of your company, are willing to change it in the future if necessary and want to take the risk by saving money early on, skipping a search may be more in line with your business goals.

What Do You Have When You Have a Trademark?

Having national trademark registration allows you to prevent others from using the same or similar mark with similar products or services by giving you a presumption of first national use of the mark in the US. To explain it another way, a mark allows a company to ensure their customers know which products and services are made by them through use of a word, phrase, symbol or design – their trademark. If another company uses your mark to sell similar products or services, you may bring a trademark infringement claim against such company to stop their use. These cases are usually decided on priority of use, geographical use and consumer confusion with regard to the source of the mark. Trademark rights are indefinite as long as use of the product or performance of the service in commerce continues, your company makes attempts to control use of the mark by others, and the trademark is renewed every ten years.

Domain Names

Having trademark rights is also important with regard to current law and domain names. Presently, the USPTO will not register a domain name that does not merit trade or service mark rights under traditional analysis. The name by itself is considered merely an address. Thus, it is very important to use your domain name as a trade or service mark in order to ensure retention of the domain name. Trademark owners may be granted ownership of their trademarks through arbitration or court if a party without trade mark or other rights is using their mark -- in other words, trade mark holders can take domain names which utilize their marks from registrants.

Naming Your Product or Service

Now that you understand trademark law, you have a better idea how to choose a name for your product or service depending on your business goals.

- 1) Begin by considering how easily you want to be able to register your mark.
 - a. Arbitrary and Fanciful Marks: the marks most easily registered are those which are arbitrary or fanciful. These marks are those that have no obvious association with a particular good or service and/or are made up. Yahoo is an example of an fanciful mark. Blue Diamond Almonds is an example of an arbitrary mark.

- b. Suggestive Marks: marks which are next most easily registered are suggestive. These marks require the consumer to give some thought to understand the association. Greyhound Buses is an example. A consumer must think about the characteristics of a greyhound -- fast and sleek -- and associate them with the bus service.
 - c. Descriptive Marks: marks which describe a product or service, describe a product or service through use of a surname (Smith's plumbing), or describe a product or service through use of a geographical word (Napa Valley Chardonnay), may be difficult to register. When a mark is truly "descriptive", as opposed to "suggestive", is often subjective and depends on the USPTO examining attorney and how well your attorney can argue your application. The idea behind denial of registration is that applicants which are merely describing products should not be able to monopolize use of the words necessary to do so since the general public and their competitors also need to be able to describe products and services without concerns about trademark infringement. The USPTO will grant the mark if a company can prove that consumers identify of a product or service with a source through a descriptive mark.
- 2) After you decide how easy you want your application process to be, begin by making a preliminary list of five or six names that you like and by writing a short, but broad, description of your product or service. Give this information to your intellectual property attorney and ask him or her to do a preliminary search of the names in relation to your product or service and discuss the results with you. The attorney will usually narrow your list to one or two name likely to be the best legally. You can then decide whether or not to do a full search (see above discussion "Trademark Searches") or to risk the application process without one. Either way, you should put a "tm" on your marks during the application process to give notice of your marks to others.

Naming A Company

If you are naming a company, a somewhat different analysis applies.

Trade Names

A name of a company is a "trade name" – a name under which a company does business. This may be the actual name of the corporation and/or a "fictitious" business name – a name other than the corporate name under which the company has a license to do business in a state. Both the actual company name and fictitious business name are trade names. Neither name, by itself, is a trade or service mark.

Relationship Between Trade Mark and Trade Name

Although the name of a company, in and of itself, is not a trade mark, the name of a company may be a trademark if the company decides to use the same name for a good or service. The USPTO will not register mere trade names. If the company names a good or service with the same name, then trademark rights can overlap with trade name rights.

For example if a party were to choose to name its company Kleenex Inc., the Kimberly Clark Corporation which owns the trademark to Kleenex in association with tissues, could sue Kleenex Inc. for trademark infringement because consumers might be confused and think that this new company has some connection with the Kleenex products.

Due to this connection between trade name and trade mark, doing a trademark search before naming a company may also be wise to ensure that it does not conflict with any well known brand names. A full trademark search and traditional analysis as for a product or service (see discussion of Trademark Searches above) will also leave open the possibility of naming a good or service and gaining national registration for such mark later. Using the trade mark analysis for a product or service for your company and using the name as a trade mark also allows you to ensure retention of the domain name (see discussion of Domain Names above).

Trade Name Registration

When doing a full trademark search, a thorough search will also include state trade name registrations. Trade name registrations are the state databases of company name which are registered to do business in each state – these include corporations and fictitious business name registrations. It is wise to request inclusion of these name when doing your full trademark search.

Once you have named your company and chosen a corporate structure (corporation, sole proprietorship, partnership, limited liability company) with the help of your lawyer and accountant, you should register your company to do business in the state and county of any location in which your company has an office. Unfortunately, the registration requirement also corresponds with the requirement to pay taxes due in the county and state of registration.

Conclusion

Naming a company or product is a complex and thoughtful decision. In fact, smart naming be require more thought than you will give to naming a child. However, with your attorney's help, you can lower your risks and choose wisely.