



STARTING A NEW BUSINESS? CHOOSE YOUR NAME WITH CARE.

Welcome to the first edition of *Protecting Your Creativity* by The Livingston Firm. Each edition of *Protecting Your Creativity* will discuss various aspects of intellectual property law and related business matters. This edition discusses what to consider when choosing a name for a new business.

A business' name is its calling card and one of its most valuable assets. A "good name" is one that is distinct enough for a consumer to take notice of and memorable enough for the consumer to recall at a later date. A "good name" is also one that is available for use nationally and will not be restricted to use only in limited geographic areas. For this reason, it is imperative to perform the appropriate due diligence when choosing a name for a new business.

A business' name when used as a trademark/servicemark is governed by federal law, state law and common law. Therefore, before using or registering a new name, a thorough search should be conducted to determine whether another business is already using a name that is identical or similar to the proposed name to ensure that the use of the proposed name will not violate someone else's trademark/servicemark rights.

Although the State of Florida performs a search as to whether the name is available as a business name, the State makes no determination as to whether the business' name is infringing the trademark/servicemark rights of another under federal law, state law, and/or common law. The State will only search its records to determine if there is an active business having an identical name already registered in the State. Thus, if there is an active corporation named ABC, Inc., the State will not permit registration of another corporation named ABC, Inc. However, the State will permit registration of a corporate entity named ABC of Florida, Inc. or ABC of Southwest Florida, Inc., and so forth. If ABC, Inc. and ABC of Florida, Inc. are performing similar services, ABC, Inc. could be infringing the trademark/servicemark rights of ABC of Florida, Inc., even though the State allowed the registration of the corporate name ABC, Inc.

Furthermore, it is possible that another business may have a trademark/servicemark registration in another state and be conducting business in that state. If you or your client are considering expanding or franchising the business later on, you or your client could

be precluded from expanding the business in some areas due to the business name infringing on the trademark/servicemark rights of a business in another state.

Not only are trademark/servicemark rights controlled by federal and state law, these rights are also governed by common law. If another business has acquired common law rights to the use of the proposed business name, the business could be infringing those rights were it to expand into that particular geographic area in which the name is already being used.

Finally, as many businesses today also conduct, solicit and/or advertise their services over the Internet in order to target a larger customer base and some businesses are strictly Internet-based, the availability of the business name as a domain name should be researched as well. In many cases, a name will be available as a business name but will not be available as a domain name (or at least a domain name having one of the most popular endings such as “.com,” “.net,” “.org” or “.biz”), thereby significantly decreasing the viability of the business expanding into the e-commerce market. Thus, the availability of the name as a domain should also be considered.

There is a common belief that by merely owning a domain name which incorporates the business name therein, trademark/servicemark rights are automatically acquired. This is a misconception as one must actually be using a name in conjunction with a particular good and/or service in order to acquire such common law rights to the use of the name for that particular good and/or service. Ownership of the domain name alone does not qualify as such use.

In conclusion, even if there are no other businesses in the State of Florida having an identical or similar name, and the State allows the registration of the business name, the new business could still be infringing the trademark/servicemark rights of another entity. The federal law, state law, and common law governing trademarks and servicemarks create a minefield of potential infringement issues for new businesses. Therefore, it is important to conduct a thorough search of the federal, state, and common law rights of others to determine if the new business name is available for use.

CONCLUSION

Prior to submitting the appropriate paperwork to conduct business in the State of Florida, a full trademark/servicemark search, which covers the federal, all states, and common law usage of the name, should be performed on the new name to ensure that: (1) the name is available for use; and (2) the use of the name would not be infringing the rights of another entity. A full trademark/servicemark clearance search and written opinion will not only decrease the chances of a business owner being sued, but will also provide a defense to a claim of willful infringement, which could result in treble damages, if he or she is sued for infringement.

Performing trademark/servicemark searches and rendering opinions as to whether the name is available and whether there are potential infringement issues is a service that should be performed by attorneys who specialize in intellectual property law.

Livingston Firm specializes in all areas of intellectual property law including patents, trademarks, copyrights, trade secrets, franchising, litigation and business law. As the largest full-service intellectual property law firm in Southwest Florida with over forty years of combined experience, The Livingston Firm can be there to assist you from beginning to end with protecting your ideas and inventions and getting those ideas and inventions to market.

Thank you for taking the time to read this edition of Protecting Your Creativity. If you are in need of our services then please contact us to schedule an appointment.

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