



White Paper: Prepare for Incoming Torpedoes

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In the grand scheme of things, it's always exciting to begin new ventures, and starting a new business or renaming an existing business is one of them. But with all of the adrenalin flowing in anticipation of such changes, some matters do have a tendency of getting lost in the process. Consequently, the business can be hurt when it least expects it, from heretofore silent torpedoes coming from the warships of trademark owners.

As an example, when a business is in the start-up phase or an existing business is going through a renaming to capture a new market, a great deal of effort goes into (or should go into) determining the branding of the company. It's not merely important to find a name which will turn potential customers' heads and bring them through your door. What is even more essential is to find a branding which is protectable and enforceable.

This is generally a two-step process. First, when the name of a company is selected, two separate searches must be done to confirm that the name is available for use. If the company is incorporated, a search may generally be done through a corporate name database in the state of incorporation. In addition to that, it is imperative that companies run a trademark search on the name, because this is the warship from which the torpedoes are fired. And most companies have the corporate name search done and don't even think about a trademark search.

Trademark searches generally involve a search through the U.S. Patent & Trademark Office (PTO) database, which houses registered marks and pending applications. Further, searches include an examination of telephone books, corporate names, journals and newspapers, as well as State trademark registrations and Internet domain names. The searches can be as comprehensive as the budget allows.

The second step is, once the searches have determined that the name is good to go, to obtain a Federal registration from the PTO. Federal requirements include ultimate use in interstate commerce before the registration will issue. Also, the name should never be descriptive of the goods and/or services the company offers – in such cases, registration will be refused. Practically speaking, the strongest and most enforceable marks are those which are arbitrary or fanciful (such as Kodak for cameras), those which make people sit up and take notice, make them laugh or make them think. What they will do, most importantly, is remember the name of the company, which is, of course, the point.

Many companies have been brought up short by a trademark owner's torpedo, demanding that a company name be changed due to a likelihood of infringement with a mark which has been in use longer than the company name and which is, in all probability, already registered. The cost and time of rebranding under these circumstances (and, indeed, the cost and time of litigation should you choose to fight it) can be tremendous. Furthermore, if the name of your company is found to be infringing an established mark in a legal proceeding, you will likely be required both to pay damages and to disgorge whatever profits you have made during the period of time your company has used its name.

Smart companies put on their armor at the outset by having both searches performed before confirming a new company name selection. For new start-up companies, this means the protection of sensitive capital right away; for established companies which want to put on a new set of packaging in the form of a new name, the same applies. Be smart and let the torpedoes pass you by, as you sail into calm and lucrative waters.

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About Technology Law Group

Susan E. Colman is Of Counsel to Technology Law Group and has been practicing intellectual property law (trademarks, copyrights, computer law, and IT law) for more than 27 years.

Technology Law Group specializes in transactional, litigation, regulatory and intellectual property (trademarks and copyright) issues faced by distributors, agents and other growing telecommunications and technology companies. We have decades of experience successfully representing these companies in all aspects of their business operations. We are recognized industry-wide for our expertise and for our ability to apply creative approaches to complex business and legal issues that enable our clients consistently to obtain extraordinary results in the agreement process and, as necessary, in the courtroom. If you are not getting timely personal service on fair terms from people who really understand the telecommunications and technology industries, who will protect you through proper agreements and who will vigorously and successfully assert and defend your rights before government agencies and the courts, you should get to know us.

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