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Dunner Law

Small IP Practice specializing in trademark and copyright law; IP counseling, domestic and international protection of IP portfolios; internet-issues; IP audits and strategies relating to IP portfolios; drafting and negotiating IP and IT-related agreements

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Common Misperceptions in Choosing Your Company Identity

This issue focuses on the defensive aspects of developing your business identity. A future issue will address proactive steps that every business owner should take to ensure that your rights are not being infringed by others.

Misperception 1: *The design company that I hired pitched a new logo or trademark to me, so it must be available to use.*

Wrong. Many businesses contract with design companies to create branding, often for a hefty price. We have seen time and again where a client pays a design company thousands of dollars for the creation of a brand only to later learn that the proposed brand is unavailable for use because it is confusingly similar to another entity's brand.

This scenario may be prevented by requesting that the design company conduct a proper trademark search before they propose your new brand, or at least conduct a preliminary search followed up later by a more comprehensive search. A comprehensive search includes a legal review of federal, state and common law trademark records to determine whether any previously existing trademarks would bar your use or registration of the proposed brand. This review should be conducted by a trademark attorney, and may cost anywhere

from \$600 - \$1500 depending on the nature of the search and whether or not a written opinion of the results is provided. In view of this, you should discuss whether the design company will absorb the search cost, or, if not, discuss what happens when your attorney performs the search and vetoes the proposed brand.

Also, be leery of design companies that simply conduct a Google search as a way of fully clearing a brand. Internet searches serve a limited preliminary search purpose, but they fail to provide the depth and accuracy that a comprehensive trademark search reviewed by a trademark attorney provides.

Misperception 2: *The Secretary of State allowed me to register my business under this name, so it must be available for use.*

Wrong. The availability of a business name in Secretary of State records does not necessarily mean that you can freely use that name in connection with your business. This point is often con-

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fusing to those who are starting a new business. The reason for the confusion is because Secretary of State offices typically limit their screening process to identical or nearly identical business names that have been previously registered with that state rather than searching all relevant business names that may be confusingly similar to your desired name. As a result, new business owners who have registered with the proper state authorities are often oblivious to the looming risk that another entity may have prior rights in its name. For example, you may have registered your “ABC Company” in 2007 with the Commonwealth of Virginia, but if the “ABD Company” in Virginia predated your new business in a field related to yours, then you may find yourself on the receiving end of a cease and desist letter.

Again, a proper trademark search is a good investment prior to beginning use of a business name or trademark and can help eliminate the risk of litigation. Conducting a comprehensive review of preexisting trademarks as discussed above should be done at the beginning of the business formation process in order to reveal any potential risks that your new business might face.

Misperception 3: *The domain name I want is available for registration, so I am free to use it as I please.*

Wrong. The availability of a domain name does not automatically clear your ability to register and use that domain name free of risk, because the domain

you choose could infringe upon trademark rights of others. Similar to the Secretary of State process discussed above, domain name Registrars (e.g., Network Solutions, GoDaddy.com, Register.com) only review whether the exact domain is available rather than conducting a trademark search to determine whether anyone might have rights in the domain by virtue of prior legitimate trademark rights.

With literally hundreds of different domain name Registrars offering domain name registrations for as little as a couple of dollars, businesses have plenty of options—almost too many options—these days for securing domain names. Do not be misled by the availability of your desired domain in a certain extension (known as “top-level” domains) such as .com, .net, .org, .edu, or .gov, because your choice of extension will not alleviate likelihood of confusion concerns from another entity’s pre-existing trademark. For example, if the domain name “abccompany.com” is taken, your selection of “abccompany.net” will do nothing to dispel confusion, because the relevant portion of the domain from a trademark analysis is “abccompany” (also known as the “second level” domain). Accordingly, consult with a trademark attorney to help you clear a domain name for your use.