

It's all in a name

How due diligence in selecting trademarks is a wise investment **Interviewed by Jayne Gest**

You know that picking the right name for a startup company or new product line can play a major part in its success. But name selection should not be driven only by marketing; it is vitally important to consider the legal ramifications. "It may be years down the road, but if you didn't do due diligence in selecting and protecting your mark, you could end up losing all or part of the investment you have made in it," says Timothy Skelton, partner at Ropers Majeski Kohn & Bentley PC.

Smart Business spoke with Skelton about how getting your company, product and domain names right is well worth the effort.

How should you pick your trademarks when starting a new venture?

When choosing a name, don't get boxed in. Think big. Pick a name you'll have to grow into; don't limit yourself. When picking a brand name, assume that your company will become a national, if not international, player in not only the specific limited area that you're starting with, but also any other products and services that would fit within the general scope of your mission statement.

While it's tempting to pick a trademark that describes your product, you are better off using a made-up word like 'Exxon,' or a suggestive name, like 'Sleekcraft' for boats. This will not only give maximum protection for your name, but also limit the chances that you will have a conflict with another business down the road.

And of course, selecting a brand name and domain name go hand-in-hand. You might have the greatest product name in the world but if the domain is unavailable, it's not an option for you.

Is it worth the trouble to register your names?

A name has legal protection as soon as you use it. But registration is still vitally important and well worth the investment. Without registration, your ability to protect your mark is diminished. Registering the mark not only makes it stronger, but also provides enhanced remedies for infringement.

Trademarks need to be registered separately for each international class of goods that applies. For instance, articles of clothing are in one class and handbags



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are in another. If you make both clothing and handbags, you should have registrations in both classes.

Additionally, trademarks do not automatically apply outside of the country of registration. Therefore, if you're doing significant business outside the U.S., you need to consult a trademark attorney to make sure that your registration is extended to the other countries in which you do business.

Once you've selected a name, how do you know if someone else is using it?

First, to check if the name is being used in a similar category, visit the U.S. Patent and Trademark Office (PTO) website to use its searchable database. Once a name has passed this first cut, engage the services of a professional trademark search company. For a relatively modest fee, the search firm will find all similar sounding names, as well as the product categories that each is in.

If it turns out that another company is using the same or similar name and it's a close call, there is a series of questions you can ask. These are common-sense factors that the courts use to determine if consumers are likely to be confused between the two. Some of these factors include:

- How similar is the mark you want to use to the one already existing? Note that

misspellings don't count. For example, the PTO will translate 'Kustom Kars' to 'Custom Cars.'

- How strong is the other trademark? A strong mark will receive more protection. Because it is purely descriptive, 'Kustom Kars' is considered a weak mark. On the other end of the spectrum, both because it is well known and a completely arbitrary or fanciful word, 'Exxon' is considered a very strong mark.

- How related is the product or service that you want to offer to the product or service being offered by the other user? The more they're different, the better.

- Even if you're not currently operating in the same market, what is the likelihood that you will end up there in the future? A frequently encountered problem is if someone else is already using that mark on clothing or other promotional items that may limit your ability down the road to promote your product — even if your products are in completely different spheres. This is especially important if you aim to create a lifestyle brand, such as Nike or Harley-Davidson, where customers will purchase products outside the core business just because the brand conveys a certain image.

Once you have narrowed your choices down, it's time to consult a trademark attorney to answer some final questions and get the registration process underway.

What should you consider when choosing a domain name?

Problems with a domain name can be as disastrous to your business as problems with a brand name. While there are distinctions and legal differences between domains and trademarks, the safest course is to treat a domain name the same as a trademark. Apply the factors outlined above.

To see if a domain name is available, do a free WHOIS search online. Even if your chosen name shows up as taken, enter the domain into your browser anyway. If the site is not active, you may be able to buy it. If the contact information is not on the inactive site, use WHOIS to find the owner or registrar and make an offer to buy the domain. It could be the best money you ever spent. <<

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