

## THE TRICKS THAT PROTECT YOUR BUSINESS NAME

You are ready to start your business. You have chosen your business name. A quick look in the phonebook reveals that no one seems to be using it. You call the Secretary of State's office and learn that you must register<sup>1</sup> a Trade Name (in Washington this is accomplished with completing the Master Business Application), and then you can use it. True? As to the state, yes. As to ownership of the name, no!

What is a Trade Name? A trade name<sup>2</sup> is any name used to identify your business other than your individual name or that differs in any way from one's entity name. If your name is John Doe and you are doing business as ABC Company, ABC Company is your trade name. If your entity name is ABC Company, Inc. and you are doing business as ABC, then ABC is your trade name. A trade name must be registered to be recognized by the State. The filing of a trade name for a sole proprietor or for a corporation, limited liability company, or partnership means that some official with the State accepted the filing since either no other filing was previously made for the exact name or that the official does not actively check for conflicting names. **In actuality, the filing of a trade name grants no real ownership or exclusivity to you.** So what does the filing provide?

How to Obtain Recognition by the State. There is no U.S. federal filing for a trade name or the name of an entity, but filings are made at the State level.<sup>3</sup> One is not permitted to do business under a trade name or file a lawsuit<sup>4</sup> in the State where a trade name was used if they have not registered with the State the trade name represented to the customers. Once filed, the State recognizes you. But recognition of the name by the State is different than ownership of the name by you. Ownership arises by being the

---

<sup>1</sup> RCW 19.80.001. "The purposes of this chapter are (1) To require each person who is conducting business in the state of Washington under a trade name to disclose the true and real name of each person conducting that business, and (2) to provide a central registry of businesses operating under a trade name in the state of Washington."

<sup>2</sup> RCW 19.80.005(i) "Trade name" means a word or name, or any combination of a word or name, used by a person to identify the person's business which:

- (a) Is not, or does not include, the true and real name of all persons conducting the business; or
- (b) Includes words which suggest additional parties of interest such as "company," "and sons," or "and associates."

<sup>3</sup> RCW 19.80.010 Registration required. Each person or persons who shall carry on, conduct, or transact business in this state under any trade name shall register that trade name with the department of licensing as set forth in this section.

<sup>4</sup> RCW 19.80.040 Failure to file. No person or persons carrying on, conducting, or transacting business under any trade name shall be entitled to maintain any suit in any of the courts of this state until such person or persons have properly completed the registration as provided for in RCW 19.80.010. Failure to complete this registration shall not impair the validity of any contract or act of such person or persons and shall not prevent such person or persons from defending any suit in any court of this state.

first one to use a distinctive name in a trade area. Filing can be evidence of use, but filing first is not the test. First use in a trade area is the test.

Ownership of the trade name. The standards for filing a trade name with the State are different from the standards as to what constitutes actual ownership or infringement. One may be recognized by the State to use a trade name but someone else may own the name so one may still be sued as an infringer. If you want to own a name, you need to be the first one to use the name in commerce in the trade area. One trick is that you may also gain important additional rights through registration as a trademark if the trade name is used as a trademark.

**Recommendation: Register all your trade names with the State and make sure you are the first user of the names in your trade area (then seek trademark registration for formal protection).**

Trademarks, Service Marks and Trade Dress: A Trademark is any word, phrase, symbol, logo, group of letters or numbers, package design, product shape, color, sound or aroma, or combination of these, that identifies one's goods or services and distinguishes them from the goods and services of another. In short, a Trademark is a name used to show the origin or source of goods or services. The primary purpose of trademark laws and protections is to prevent consumers from being confused as to the source or origin of a product or service.

**Recommendation: If you claim ownership of a trademark, you should use a <sup>TM</sup> with the mark to show your ownership intent (then register the mark so you can use a ®).**

“Trademarks” actually include the following categories of Marks:

1. **Trademarks** – Trademarks are brand names used to identify goods, i.e., a brand of cereal or a beverage (as opposed to providing services).
2. **Service Marks** – Service Marks are used to identify services, i.e., a retail store or a real estate appraisal business (as opposed to the sale of goods). Often a trade name may also be used as a service mark such as ABC Company above.
3. **Trade Dress** – Trade Dress refers to the appearance of a product or its packaging that is not merely functional, i.e., distinctive bottles for a beverage, or of a service, i.e., distinctive design of a store. Trade Dress can be protected as a Trademark.

**Recommendation: If your business name is used to show the origin of goods or services, it should be protected by being registered as a trademark. If registered as a U.S. trademark, one should use a ® with the mark.**

Searches: Since a considerable investment (printing costs, promotion, goodwill, name recognition) is made in a new name, you should try to ensure the best you can that the name does not infringe another's name before making that investment. A trademark search, consisting of State and Federal applications, domain names and unregistered uses, should be conducted to determine if others are using similar marks or logos. A search is a good indicator but not a guaranty that the mark is not being used. The question of whether two trademarks are confusingly similar is not a black and white scientific formula but is the weighing of risks using common sense and professional experience. A search, and a letter from experienced legal counsel, can also constitute a good faith defense of due diligence and can preclude a claim for damages by proving one was a good faith or innocent infringer. Having trademark counsel conduct a search is like buying insurance.

**Recommendation: Before investing in and using a name or trademark, one should obtain a trademark search and have such interpreted by trademark counsel.**

Protection: After the search, one should file the trade name with the State and then file for a state and/or federal trademark, as the case may be.

The filing of a State trademark can be accomplished in several weeks and is for marks used in the state. The registration (for marks used in interstate commerce or commerce with a foreign country) creates a presumption of use throughout the State and can entitle you to attorneys' fees upon infringement. Federal registration creates a presumption of use throughout the U.S., entitled one to use a ®, can result in incontestable rights, statutory damages, and attorneys' fees, and can provide foreign rights through treaties. Federal registrations can take about 16 months or longer to process.

**Recommendation: Since with many businesses, your company's name may be its most valuable asset, the registration of a trademark should not be an afterthought. It may save your company.**

Summary: Yes, file all trade names with the State. Use a ™ next to your trademarks to show intent of ownership. Register your trademarks so you can use a ®. Conducting searches and doing registrations is like buying insurance and provides long term protection for your business. Your name

represents the good will of your business and can be easily protected. If you are interested in a search or registration of a name or mark, please contact Kevin J. Collette at *206-654-2252*.