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## Company “Branding” and the Benefits of Federal Trademark Registration

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Selecting and protecting your “brand” should begin from the very moment a business is in the process of being formed, whether that business is a sole proprietorship, partnership, corporation, limited liability company, or some other type of entity. It makes no difference whether the entity is a for-profit or not-for-profit organization, and the size of the entity is also irrelevant. Your “brand” is your public facing identity by which you will be known and through which your reputation will be developed. The goodwill you develop in your “brand” will be one of the most important and valuable assets you own.

The first “brand” a new entity may adopt is its business name. This may be a formal corporate name obtained through a Secretary of State’s office and/or a fictitious business name, such as a trade name or a DBA. Regardless of which type of entity is adopting and using a new name, and regardless of whether the name has been cleared by a Secretary of State’s office, it is critical that an appropriate trademark search be conducted for the new name to ensure that it does not infringe upon the prior existing registered or unregistered trademark rights of a third party.

“But if I don’t plan to use my business name as a trademark or service mark, why do I need to get a trademark search, particularly if it has been cleared by a Secretary of State’s office?” you ask. Well, unknown to many, clearance of an entity name by a Secretary of State’s office is no defense to a claim of trademark infringement. And, if a business name is already being used by a third party as a trademark or service mark, whether it is registered or unregistered, you could be at risk for a claim of trademark infringement and/or dilution. This is true whether you adopt and use your business name with or without knowledge of the prior user. Moreover, if you adopt and begin to use a name which is the same as or similar to a “famous” trademark, then even if you use your name for a *completely unrelated* type of business, e.g., McDonald’s shoes, you could still be liable for a claim of dilution.

If you only plan to use your business name as the name of your business entity, and you do not plan to use it as a trademark or service mark, then there is no basis upon which you can file a federal trademark application and obtain a federal trademark registration. However, if you plan to use all or part of your business name on a product or to advertise services you are offering to the public, then not only is it imperative that you conduct a prior trademark search, but it is strongly recommended that you also file a federal application to register the mark with the US Trademark Office.

Although it is true that US trademark law recognizes unregistered, common law trademark rights, those rights are limited to the actual geographic area in which the unregistered mark is used on a product or to provide services. Thus, there is always the possibility that a third party, without knowledge of your limited geographic rights, could adopt and use a similar mark for similar goods and services in a different geographic area of the country and develop its own unregistered, common law rights in that other geographic area. If this were to happen, you could never use your mark to expand your business into this other geographic area, nor could the other entity expand into your area. For many businesses, this would be a catastrophic result. However, if you had filed a federal



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trademark application, once your registration issued you would own exclusive nationwide rights to use your mark on and in connection with the goods and services in your registration, regardless of where you had geographic use. These rights would, of course, be subject to any valid common law rights that may have been owned by a third party prior to the time you filed your application, which is why it is always critical to file your trademark application as soon as is possible.

The benefits of obtaining a federal trademark registration cannot be overstated, and do not end with the acquisition of exclusive nationwide rights to use a particular mark in a particular manner. There are many other important reasons to obtain a federal trademark registration.

- A federal trademark registration creates a legal presumption that you own the registered mark, that it is valid, and that it is enforceable.
- A federal trademark registration helps to prevent the federal registration of a mark that is confusingly similar to yours, since the US Trademark Office has a duty to prevent the registration of marks which are confusingly similar to prior existing registered marks.
- If you file a federal intent to use application prior to the time you have actually begun to use the mark on products or to offer services to the public, your date of first use of the mark for purposes of claiming priority will be the date the intent to use application was filed, effective once the registration issues.
- A federal registration will serve as notice of your rights and a deterrent to third parties' adopting and using a mark which is the same or confusingly similar to your mark. It may also prevent a third party from claiming a "good faith" subsequent adoption and use of a confusingly similar mark.
- A federal registration permits you to use the registered trademark notice ®, which is a deterrent and makes it difficult for third parties to claim lack of notice of the existence of your rights.
- If your mark is refused registration on the Principal Register on grounds that it is considered "merely descriptive" upon its initial use, you may have the option of seeking a registration on the Supplemental Register at the US Trademark Office. A registration on the Supplement Register will allow you to use the ® registration notice and will also prevent the registration on either Register of any confusingly similar marks.
- A federal registration may be recorded with US Customs and Border Protection in an effort to prevent the importation of products which infringe upon your registered trademark rights.
- A federal registration can be used as established collateral in financial transactions, and security agreements for which registrations have been used as collateral can be recorded as a public document with the US Trademark Office.
- A federal registration makes it easier to succeed in a domain name dispute resolution proceeding.
- A federal registration can be used as a basis for obtaining a trademark registration in other countries without the need to prove actual use of the mark in that country at the time of registration.
- A federal registration automatically creates a basis for claiming federal jurisdiction and filing suit in federal court in a trademark infringement action.
- A federal registration may provide advantages in seeking financial damages in a trademark infringement action, may entitle you to treble damages in the event of loss of business due to the infringing activity, and permits the recovery of statutory damages in cases involving counterfeiting. It may also make it easier to recover costs and attorneys' fees.
- After a federal registration has existed for at least five years, it can become "incontestable" which limits the grounds on which third party can challenge the validity of the registration going forward.

There is no doubt that when choosing a "brand" for use in connection with your business operations, whether it be a corporate name, a fictitious business name, or a trademark or service mark, it is critical that the "brand" be fully vetted before it is adopted and placed into use. No business wants to be forced to change its name or brand at any time, particularly after it has developed a reputation and goodwill in the relevant market. Accordingly, be smart, and search before you start.

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