

## IS IT A TRADEMARK OR A TRADE NAME?

By Joseph S. Beckman (<http://www.IntellectLawGroup.com>)

Introductory Note: This article was originally written for members of the State of Florida USA legal community. Many states have patterned their own trademark laws on the federal Lanham Act and much of this discussion may apply in your own state. Nevertheless, no course of action should be undertaken based on this article without recourse to the actual statutes of your individual state.

One of the fuzziest lines to be drawn in the legal sands of intellectual property is the difference between a trademark and a trade name. Perhaps the simplest answer to that question is that trademarks (and service marks) are applied to goods and services while trade names identify businesses. In practice, however, this distinction and the law that governs it, is not always clear.

Chapter 495, Florida Statutes governs the registration and protection of Florida state trademarks and service marks. Registration of state trademarks is accomplished with the Florida Secretary of State. Of course, there are also federal trademarks for goods and services in interstate commerce, governed by federal law at 15 U.S.C. §1125 (The Lanham Act). These marks are registered through the U.S. Patent and Trademark Office (USPTO). Finally, rights in trademarks and service marks may arise solely from use, even without state or federal registration. These are common law rights.

The Florida Secretary of State also registers corporate names and fictitious names (ie. trade names). The Secretary of State distinguishes between trademarks and trade names noting that the former "must meet a high standard of creativity and originality" not required of trade names. Certainly, it is true that trademark law offers no protection for generic terms (i.e. terms that describe a class of goods or services such as "cars" or "real estate"), and offers less protection for a descriptive trademark (i.e. a mark that describes the goods or their function) than for a suggestive or arbitrary mark (i.e. a mark which incorporates fanciful terms not readily attributable to the goods or services). Nevertheless, trademark law provides that secondary meaning may impart trademark status on even wholly descriptive names. In theory, a person could obtain state trademark registration and trade name registration for "Florida Air Conditioning Service," descriptive though it may be. Accordingly, the Secretary of State's distinction is not without exception. Federal law does not concern itself with the issue of trade names and, if a federal court is called upon to comment on such, it will defer to state law and state court opinion.

The seminal case of *Junior Food Stores of West Florida, Inc. v. Jr. Food Stores, Inc.*, 226 So.2d 393 (Fla. 1969) gets right to the point: "[t]his is a common law tradename protection case." While both stores had registered their trade names and designs with the Secretary of State, that didn't impress the Florida Supreme Court which noted the predecessor to Chapter 495 "does not disclose any provision for the exclusive use of a trade name. The chapter appears to be concerned solely with the registration and regulation of trademarks, not tradenames." Finding that a tradename is "descriptive of a manufacturer or dealer and applies to a business and its goodwill," the Court noted that a tradename holder had common law protection against subsequent use of the name by

another, subject to territorial limits defined by the scope of the business. In the case of two neighborhood convenience stores, the territorial limit was not large. Obliquely, the court focused on the distinction between tradenames and trademarks, concerning itself less with the exclusive rights that arise out of trademark law and more with the unfair competition that arises when confusingly similar trade names are involved.

The Court did note that Chapter 495 provides protection for tradenames at §495.151. That protection however is not for infringement, a particular malady affecting trademarks, not trade names. While F.S. §495.131 spells out infringement of marks and F.S. §141 provides monetary and equitable remedies for that infringement F.S. §495.151 limits itself to equitable remedies. Moreover, rather than focusing on the potential harm to consumers arising out of consumer confusion or deception as to the source of the goods or services associated with similar marks, F.S. §495.151 is focused on the likelihood of injury to business reputation or of dilution of the distinctive quality of the mark or trade name. These are not prerequisites to infringement, although they may exist.

It's likely that the line will always be fuzzy when it comes to trademarks and trade names. Similarity is an issue that generally arises in both instances and prior use of the mark or name usually affords a superior position in both instances. Still, the differences are there. Florida statutes afford monetary remedies in addition to equitable remedies for trademark infringement. The trade name holder will need to sue under theories of unfair competition to be monetarily compensated for any damage to their business reputation or dilution. See Note 1. The trademark holder may face a legal challenge to their trademark if it is not inherently distinctive while the trade name holder bears no burden to prove the distinctive nature of their property. While they both concern themselves with similarity, trade name law is less concerned with confusion, more so with deception and the resulting harm to business reputation. In considering suit, the distinctions can be important, even if not readily apparent.

**Note 1** The recent Supreme Court case of *Moseley v. Secret Catalogue Inc.*, 537 U.S. \_\_\_\_, 123 S.Ct. 1115 . (2003) raised the evidentiary bar for those suing under federal anti-dilution laws, ruling that proof of actual dilution must be shown. F.S. §495.181 provides that "due consideration and great weight be given to the interpretations of the federal courts relating to comparable provisions of the Trademark Act..." Subsequent state suits under F.S. §495.151 may fall squarely in this province, rendering prior state caselaw on the subject of dilution dangerously misleading.

Joseph S. Beckman is a registered Patent Attorney and Managing Member of The Intellect Law Group. He may be reached for questions or comments at 561-776-9703 or [jbeckman@IntellectLawGroup.com](mailto:jbeckman@IntellectLawGroup.com).