

Protecting a Business Name

The name of an entity is a valuable asset and business owners want to “protect” their name. A business may lose customers to a competitor if the competitor’s name is similar to the business’ name. Businesses may assume they have exclusive rights to a name because they incorporated, organized a limited liability company (LLC), formed a limited partnership, or filed a certificate of assumed name for one of those entities. However, there is no trade name registration in Michigan that will achieve the result of exclusive rights to use a name or protect a name from use by others. If a business has acquired rights in a name, it must take steps to protect those rights.

Sole proprietorships and partnerships file certificates of assumed name and certificates of copartnership, respectively, with the county clerk in the counties in which they do business.¹ A partnership that has filed a certificate of assumed name under 1907 PA 101² is not required to file a certificate of copartnership.³ Partnerships that register with the Corporation Division of the Bureau of Commercial Services as limited liability partnerships file a new certificate with the county to reflect the addition of “limited liability partnership,” L.L.P., or LLP to their name.⁴ Names filed with the county may be rejected if the name is likely to mislead the public or when compared to names already filed in the county is “so nearly similar thereto as to lead to confusion or deception.”⁵ Filing in one county does not prevent someone from adopting or using the same or a similar name in another county or with the Bureau of Commercial Services or in another jurisdiction.

Names adopted by limited partnerships, corporations, and LLCs must be distinguishable on the records of the Corporation Division of the Bureau of Commercial Services from other active names.⁶ Guidelines adopted January 28, 1983, and April 18, 1988, describe what makes a name “distinguishable.” If a

name contains a different sequence of letters or numbers, excluding required words, it will generally be distinguishable from other names. Names of limited partnerships, corporations, and LLCs are not compared to names filed with counties or any other agency or to state or federally registered trademarks and service marks.

The Business Corporation Act specifically provides that no substantive rights to the use of a particular name are acquired by filing documents under the act.⁷ A similar provision was added to the Limited Liability Company Act (LLCA) by 2002 PA 686 to clarify that substantive rights to use a name are not acquired by merely filing with the agency.⁸ Corporations that renew their existence or renew their certificate of authority are required to select another name if their name is not

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available when the renewal is filed. The recent amendments to the LLCA require an LLC to select another name if its name is not available when a certificate of restoration of good standing is filed.⁹ These provisions do not preclude action for unfair competition based on confusion of names.

Although rights are not acquired by filing, rights in a name may be acquired by use. Although a trademark or service mark does not include a trade name used in its entirety, some words in a trade name may be used as a mark. For example, although “E.I. du PONT de NEMOURS & CO. INC.” or “Ford Motor Company” would probably not be considered as trademarks, “DuPont” and “Ford” are trademarks. Words may be used as

trademarks to identify goods made or sold by a particular person and as service marks to identify services of a particular person and to distinguish those goods or services from the goods or services of others. Rights to a name or use of a mark may be determined under federal trademark law, state trademark law, or common law.

Names may be challenged on the basis of infringement, unfair competition, likelihood of confusion, or other trademark theories. Decisions regarding trademarks provide guidance regarding the ability to prevent others from using similar names. For example, Therma-Scan, Inc., a Michigan corporation, brought a trademark infringement action against Thermoscan, Inc., a Georgia corporation. Comparing two federally registered marks, the U.S. Sixth Circuit Court of Appeals held that “THERMOSCAN” does not infringe on “THERMA-SCAN.”¹⁰ In *V Secret Catalogue, Inc v Moseleys*, the Sixth Circuit held that Moseleys’ use of “Victor’s Little Secret” blurred and tarnished the “Victoria’s Secret” mark and upheld V Secret Catalogue, Inc.’s dilution claim and the injunction against Moseleys.¹¹ On Marcy 4, 2003, however, the Supreme Court found that there was insufficient evidence in the record of actual dilution and the case was reversed and remanded.¹² Chapter 9 of McCarthy on Trademarks and Unfair Competition contains a discussion of the federal trademark principles that apply to commercial and corporate names.¹³

Marks that are used only intrastate may be registered under the Michigan Trademark and Service Mark Act (1964 PA 242).¹⁴ Although a mark may be used without registering, registration is notice that the owner claims rights in the mark. Sections 11–13 of the act give some protection for the mark owner. These sections provide that a person who makes a false representation to register a mark is liable for damages to an injured party; that the owner of a registered mark has a right of action for the use, without the owner’s consent, or any reproduction, counterfeit, copy, or colorable imitation of a

registered mark; and that the owner of a registered mark may bring suit to enjoin the manufacture, use, display, or sale of any counterfeits or imitations of the registered mark.¹⁵ However, section 14 of the act provides that nothing in the act "shall adversely affect the rights or the enforcement of rights in marks acquired in good faith at any time at common law."¹⁶ Counterfeiting a mark is included in the Penal Code, MCL 750.263; and based on the circumstances, such an act may be either a misdemeanor or a felony.

Several Michigan statutes provide name protection for specific types of entities, generally nonprofit organizations, and impose penalties for unauthorized use. Section 1 of 1929 PA 269, an act for the protection of names and emblems of benevolent, humane, fraternal, or charitable organizations, provides that in case of conflict, the organization that first incorporated is entitled to exclusive use of the name.¹⁷ The unlawful use of names or insignias is addressed in 1919 PA 304, which provides that the organization that was first organized and used the name and first became incorporated or organized under the laws of the United States or of any state is entitled to the exclusive use of the name or insignia.¹⁸ The Names and Insignias Act, 1927 PA 281, permits a wide range of organizations, whether incorporated or not, to register their name or insignia, and such registration precludes the registration of another name or insignia "similar to, imitating or so nearly resembling as to be calculated to deceive."¹⁹ Farm names may be registered with the Department of Agriculture; and after the farm name is registered, no one may advertise under that name except the farm owner.²⁰

Before a business adopts and uses a name, it is prudent to conduct a search to determine if anyone else is using the same or a similar name. Some counties may do a cursory search of certificates of assumed name and certificates of copartnership over the phone, but it may be necessary to contact the county clerk in writing. Such names should be checked in all counties in which the

business will be conducted. Business entities on file with the Bureau of Commercial Services and state registered trademarks and service marks may be checked on the Web site at <http://www.michigan.gov/corporations>, by calling (517) 241-6470, or faxing your inquiry to (517) 241-0537. The Great Lakes Patent and Trademark Center of the Detroit Public Library provides access to search both federally and state-registered marks. More information is available on its Web site at <http://www.detroit.lib.mi.us/glptc/>. As businesses increase their presence on the Internet, it may also be necessary to do a domain name search.

The records of the county clerks and the Bureau of Commercial Service do not include insurance companies, sureties, credit unions, savings and loans, or banking corporations. The records do not include public entities, except when specifically provided for by law, e.g., the school code provides that a public school academy may be formed as a nonprofit corporation. The records do not include out-of-state entities transacting business in the state that do not have a certificate of authority, such as entities transacting business in interstate commerce. Additional searches may be needed to determine whether the proposed name is being used by one of these types of entities.

The likelihood of infringement or confusion with the name or mark of another is reduced by conducting a thorough search before adopting a name. After adoption, a business must be vigilant and take appropriate steps to protect its name. In some instances a phone call or a letter may resolve the matter, but in some cases further action may be needed.

Limited Liability Company Act Amended

Public Act 686 of 2002 amends the Michigan LLCA and had immediate effect on December 30, 2002. Highlights of the amendments were included in the fall 2002 issue of *The Michigan Business Law Journal*. The full text of the amendments appears at page 34 in this issue.

NOTES

1. MCL 445.1 et seq., MCL 449.101 et seq.
2. MCL 445.1.
3. MCL 449.101.
4. MCL 449.102.
5. MCL 445.2, 449.104.
6. MCL 449.1103, 450.2212, .1212, .4204.
7. MCL 450.1212(3), .1217(1).
8. MCL 450.4206(4).
9. MCL 450.4207A(4)(a), .4909(4)(a), *added by*, 2002 PA 686.
10. *Therma-Scan, Inc v Thermoscan, Inc*, 217 F3d 414 (6th Cir 2000), *aff'd*, 295 F3d 623 (6th Cir 2002).
11. *V Secret Catalogue, Inc v Moseley*, 259 F3d 464 (6th Cir 2001).
12. *Moseley v V Secret Catalogue, Inc*, 123 S Ct 1115 (2003).
13. J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* (4th ed 1996).
14. MCL 429.31 et seq.
15. MCL 429.41–43.
16. MCL 429.44.
17. MCL 430.51.
18. MCL 430.101.
19. MCL 430.4.
20. MCL 285.101 et seq.

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