

**CHANGES IN ADMINISTERING THE STATE OF MICHIGAN TRADEMARK
STATUTE**

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by

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CHANGES IN ADMINISTERING THE STATE OF MICHIGAN TRADEMARK STATUTE

- I. The Michigan trademark and service mark act, 1969 PA 242, MCL 429.31-429.45; MSA 18.638(21) - 18.638(35) is based on the Model State Trademark Act, and was administered by the Secretary of State until October 1, 1984, the effective date of 1984 PA 203 which amended the act and designated the director of the Commerce Department as the administrator.
 - A. The Department of Commerce was combined with other agencies to form the Department of Consumer and Industry Services in 1996.
 1. The review, registration, renewal and maintenance of public record for marks was initially assigned to the Corporation Division of the Corporation and Securities Bureau in 1984.
 2. Trademark and service mark files were transferred from the Secretary of State.
 - a. The paper files for all active marks were microfilmed.
 - b. Computer programs were written to create a mark index and ability to do searches based on key words in the mark or description of a mark.
 3. To provide a framework for responding to objections to any denial of registration a guideline was adopted permitting an applicant to request a hearing.
 4. When mark registration applications were received for marks which were similar to the name or assumed name of a corporation in good standing, letters were sent to the applicant and the corporation.
 5. Responsibility for processing applications was transferred to the Securities Division in 1990.
 - a. Trademark and service mark files were scanned and stored on optical disk,

maintaining the index on computer.

- b. The number of hearing requests increased and the length of time from application to registration varied from 30 days to several months.
- c. In 1996 the process was modified and many of the steps which resulted in delays were eliminated.
- d. By the end of 1997, turn around time was generally 30 days or less.

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- B. As part of reorganization of the Corporation Division in 1998, responsibility for trademarks and service marks was reassigned to the Corporation Division.
 1. The application package was reviewed and revised to clarify instructions, eliminated unnecessary information, and streamline the process wherever possible.
 2. Information regarding state trademark or service mark registration is available on the Bureau's website at <http://www.cis.state.mi.us/corp/>
 3. Forms are available by fax 24 hours a day, 7 days a week, by calling (517) 334-6905.
 4. The forms may be ordered by telephone by calling (517) 334-8110.
- II. State trademark and service mark registration may be useful for some marks, including those which are not eligible for federal registration because of non-use in interstate commerce or foreign commerce.
 - A. Article I, section 8, clause 3 of the United States Constitution provides Congress has the power "To regulate commerce with foreign nations, and among the several States, and with the Indian tribes."
 1. Commonly referred to as the "commerce clause" this provision prevents states from erecting barriers to interstate commerce.
 2. Federal registration of marks is limited to marks used in commerce lawfully regulated by Congress.
 3. Marks used only within the State cannot be federally registered.
 4. Article 1, Section 8, clause 8 of the United States Constitution gives monopoly power to congress for patents and copyrights..
 5. There is no similar provision for trademarks and rights to a mark are acquired by use.

- B. The earliest reported American court decision in a trademark infringement case was by a state court in Massachusetts in 1837, Samuel Thomson -v- Hosan Winchester, 7 years before the first reported federal case in 1844, Taylor -v- Carpenter. Iowa (1851), Massachusetts (1852) and California (1863) passed legislation for the protection and registration of trademarks, several years before the first federal statute.
- C. State trademark registration in Michigan is effective for 10 years and may be renewed for successive terms of 10 years.

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- 1. The certificate of registration is “admissible in evidence as competent and sufficient proof of the registration of such mark in action or judicial proceedings in any court of this state and shall be evidence of registrant’s right to use the mark throughout this state in connection with the goods or services specified in the certificate...but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered.”
MCL 429.34(3); MSA 18.638(24)(3).
 - a. Some courts have held that state registration gives the registrant preemptive rights throughout the state. See *Younker v. Nationwide Mutual Insurance Co.*, 175 Ohio St.1, 191 N.E.2d 145, 137 U.S.P.Q. 901 (1963) and *Reese Finer Foods, Inc. v. El Rio Corp.*, 2 U.S.P.Q. 2d 1716 (W.E. Tex. 1987)
 - b. In a Michigan case, *Empire National Bank v Empire of America FSA*, 559 F. Supp. 650, 222 U.S.P.Q. 518 (W.D. Mich. 1983), the court limited the owner of state registered mark to the area of use and recognition.
 - c. Federal law may preempt state registration and “[The Lanham Act effects a limited preemption of state law, resolving the conflict in favor of the federal registrant’s rights.” *Spartan Food Systems, Inc. v. HFS Corp.*, 813 F.2d 1279, 2 U.S.P.Q.2d 1063 (4th Cir. 1987) In *Spartan Foods* the court limited the junior user to the immediate area in which the mark was in use.
- 2. Any mark and its registration are assignable with the goodwill of the business in which the mark is used or with that part of the goodwill of the business connected with the use of the mark. (MCL 429.36; MSA 18.638(26)).
- 3. Rights in trademarks are derived from common law and the state trademark and service mark act provides “Nothing contained in this act shall adversely affect the rights or the enforcements of rights in marks acquired in good faith at any time at common law.” (MCL 429.44; MSA 18.638(34)).
- D. State registrations are on the public record and easily found by others who conduct a nationwide search.

1. As a part of the application, the applicant attests that “the applicant is the owner of the mark and that no other person has the right to use the mark in this state either in the identical form or in a form which so nearly resembles the mark as to be likely to deceive or to be mistaken for the mark”.
2. The Great Lakes Patent and Trademark Center of the Detroit Public Library has an index to state trademark registrations on microfiche and some search firms routinely obtain the index.

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3. Public access to the Bureau’s data base is available in the lobby at 6546 Mercantile Way Lansing MI, Monday through Friday during regular business hours.
 4. The Bureau will respond to written inquires regarding registered marks and, in addition, inquiries may be sent by fax to (517) 334-7169.
 5. The database is currently being converted to Oracle with the intention to add the database to the Bureau’s website in the near future.
 6. The databases for corporations, limited liability companies, limited partnerships, limited liability limited partnerships, and empowerment zones are also being converted and will be put on the website.
 7. The applications are stored on optical disk and images may be added to the website at a later date.
- III. The reassignment of responsibility for state registration of trademarks and service marks to the Corporation Division is an opportunity to provide information to the public about marks and encourage searches to be conducted when adopting entity names.
- A. The Bureau and county clerks are frequently asked “How do I protect my name?” or receive complaints from the public regarding name infringement.
1. The assumed or fictitious name of a sole proprietor or partnership is filed with the county clerk in each county in which they do business.
 2. The standard applied by the individual county is that the name must not mislead or be confusingly similar to a name on file in the county.
 3. Corporations, limited liability companies, and limited partnerships select a name at the time of formation and may, also, transact business under any assumed name that meets the criteria for an entity name.
 4. The standard applied by the Bureau is that the name must be distinguishable on the

records of the administrator.

- a. A name is distinguishable if it contains a different sequence of letters or numbers and the guideline describing this standard in detail is attached.
- b. The required words, such as “inc.”, “LLC”, or “limited partnership” are ignored in determining if a name is distinguishable.

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- c. The 1997 amendments to the Business Corporation Act included the addition of subsection 3 to section 212. and provides “The fact that a corporate name complies with this section does not create substantive rights to the use of that corporate name.” MCL 450.1212(3); MSA 21.200(212)(3).
 - d. Similar language appears in section 217(1) of the Business Corporation, MCL 450.1217; MSA 21.200(217), section 217 of the Nonprofit Corporation Act, MCL 450.2217; MSA 21.197(217);section 206(4) of the Limited Liability Company Act, MCL 450.4206; MSA 21.198(4206); and section 104(a) of the Michigan Uniform Limited Partnership Act, MCL 449.1104(a); MSA 20.1104.
5. The Bureau if the filing office for names and insignias under the 1927 PA 261, MCL 430.1 - 430.7; MSA 18.641 - 18.647.

- a. Section 1(1) of the act provides:

“Any association, lodge, order, fraternal society, beneficial association, or fraternal and beneficial society or association, historical, military or veterans’ organization, labor union, foundation, federation, or any other society, organization, or association, degree, branch, subordinate lodge or auxiliary thereof, whether incorporated or unincorporated, may register in the office of the administrator, a facsimile, duplicate, or description of its name, badge, button, decoration, charm, emblem, rosette, or other insignia, and may be [sic] reregistration, alter or cancel the same.”

- b. The standard of review is that no registration shall be granted that is “similar to, imitating or so nearly resembling as to be calculated to deceive, any other ... already registered pursuant to the provisions of this act.” MCL 430.4; MSA 18.644.
- c. Section 6 of the act, MCL 430.6; MSA 18.646 provides penalties for willful, unauthorized use.

“Any person who shall wilfully wear, exhibit, display, or use for any

purpose, the badge, button, decoration, charm, emblem, rosette or other insignia of any such association or organization herein mentioned, duly registered hereunder, unless he or she shall be entitled to use and wear the same under the constitution and by-laws, rules and regulations of such association and organization, shall be guilty of a misdemeanor, and upon conviction shall be punished by a fine not exceeding one hundred [100] dollars, and in default of payment, committed to jail for a period of not to exceed sixty [60] days.”

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- B. Marks may be a word, name, symbol, or device or any combination thereof and may be used without registering the mark, but marks may be registered at the state level by filing with the Corporation, Securities, and Land Development Bureau.
1. A person who adopts and uses a mark in Michigan may file an application to register the mark. MCL 429.33; MSA 18.638(23).
 2. The standard applied by the Bureau is stated in section 2 (a)-(f) of the Michigan trademark and service mark act, MCL 429.32; MSA 18.638(22), which provides a mark “shall not be registered if the mark”.
 - a. Consists of or comprises immoral, deceptive, or scandalous matter.
 - b. Consists of or comprises matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute.
 - c. Consists of or comprises the flag, coat of arms, or other insignia of the United States, or of a state or municipality, or of a foreign nation, or a simulation thereof.
 - d. Consists of or comprises the name, signature, or portrait of a living individual, except with the individual’s written consent.
 - e. Consists of a mark which, when applied to the goods or services of the applicant, is merely descriptive or deceptively misdescriptive of the goods or services, or when applied to the goods or services of the applicant, is primarily geographically descriptive or deceptively misdescriptive of them, or is primarily merely a surname.
 - f. Consists of or comprises a mark which so resembles a mark registered in this state, or a mark or trade name previously used in this state by another person and not abandoned, as to be likely, when applied to the goods or services of the applicant, to cause confusion, mistake, or to deceive.

IV. Filing alone, absent more, provides very little protection of a name or mark.

- A. Registering a mark with the State is notice that the owner claims rights in the mark.
- B. Sections 11, 12, and 13 of the trademark and service mark act provide some protection for the owner of a mark.

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- 1. Section 11 provides that any person who makes a false or fraudulent representation or declaration to register a mark with the State is liable for damages to an injured party. MCL 429.41; MSA 18.638(31).
 - 2. Section 12 provides the owner of the registered mark has a right of action for the use, without the owner's consent, of any reproduction, counterfeit, copy or colorable imitation of a registered mark. MCL 429.42; MSA 18.638(32).
 - 3. Section 13 provides the owner of a registered mark may bring a suit to enjoin the manufacture, use, display or sale of any counterfeits or imitations of the registered mark and the court may grant injunctions, require defendants to pay to the owner all profits from or all damages suffered by reason of such wrongful manufacture, use, display, or sale, or both; and the court may order any counterfeits or imitations in the possession or under the control of any defendant to be destroyed. MCL 429.43; MSA 18.638(33).
- C. The names and insignia act, 1927 PA 281, provides for the registration and protection of the name, badge, button, decoration, charm, emblem, rosette, or other insignia of any association, whether incorporated or unincorporated, and provides for penalties for unauthorized use.
 - D. The use of the names and emblems of benevolent, humane, fraternal or charitable corporations are protected by 1929 PA 269.
 - 1. Section 1 of the act, MCL 430.51; MSA 18.661, provides that in case of conflict, "the organization which was first organized and used the name, and first became incorporated under the laws of the United States or of any state of the United States, shall be entitled in this state to the prior and exclusive use of such name..."
 - 2. An injunction may be issued for a violation or threatened violation of the act and a violation of the act is a misdemeanor. MCL 430.54; 18.644.

E. Several statutes provide for the protection of the names of certain organizations and impose penalties for unauthorized use .

1. 1919 PA 304, applies to military, ex-military, patriotic, humane, fraternal, or charitable corporation or organization, MCL 430.101-105; MSA 18.671-18.675.
2. 1905 PA 109, applies to Grand Army of the Republic, Loyal Legion of the United States, the United Spanish War Veterans, Military order of Foreign Wars, the American Legion, or any legally incorporated organization composed of honorably discharged veterans, MCL 430.151; MSA 18.681.

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3. 1911 PA 46, applies to grand or supreme governing lodge council, union or other governing body. MCL 430.201-430.202; MSA 18.691-18.692.
4. 1941 PA 35, provides for registration of farm names, MCL 285.101-285.108; MSA 12.120(1)-12.120(8).
 - a. The act provides for registration of farm name with Department of Agriculture.
 - b. The standard applied by Department of Agriculture is that a name will not be accepted if “the same name or one so nearly like it as to produce confusion is on file”, MCL 285.101; MSA 12.120(1).
 - c. Section 8 provides penalties for knowing unauthorized use, including fine, jail, or both, MCL 285.108; MSA 12.120(8).
5. Section 2b of 1915 PA 91 applies to market name or logo for farm products, MCL 285.32b; MSA 12.72(2).

F. Public Act 155 of 1997 amended sections 263 and 264 of Act 328 of 1931 and repealed section 265, MCL 750.263-750.265; MSA 28.474-28.476, and addresses counterfeit marks.

1. The act provides penalties if a person willfully counterfeits an identifying mark with intent to deceive or defraud” or “willfully delivers, offers to deliver, uses, displays, advertises, or possesses with intent to deliver any item of property or services bearing, or identified by a counterfeit mark” MCL 750.263; MSA 28.474 and MCL 750.264, MSA 28.475.
2. Penalties includes fine, imprisonment or both.
3. Violations are generally a misdemeanor, but if a person has a prior conviction,

violation involves over 100 items of property, or aggregate value of violation is more than \$1000, it is a felony with fine up to \$50,000 or 5 years in prison, or both.

- G. Michigan Seed Law provides penalties for false or misleading label on seed., MCL 286.701-286.716; MSA 12.195(101)-12.195(116).
 - H. The Michigan Commercial Feed Law, MCL 287.521-287.535; MSA 12.502(21)-12.503(35), provides penalties for misbranded commercial feed, including a false or misleading label.
 - I. Public Act 122 of 1883 provides for registration of livestock brands by applying to the Secretary of State and the Secretary of State shall not approve a brand unless the brand is different from all other valid brands, MCL 287.221-287.223; MSA 12.571-12.573.
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- J. MCL 288.104b-288.104d; MSA 12.676-12.678, provides for filing with Department of Agriculture and county clerk “description of the name, mark, or other device” used to designate each “Bottle, can, box, or other container for milk or cream.”
 - 1. Section 4c permits the sale or assignment of the person’s name, mark or device.
 - 2. Section 4d prohibits defacing, selling, or using name, mark or device belonging to another.
 - K. Public Act 19 of 1923 provides for filing with the county clerk a “name, or trademark or device branded, stamped, marked, served or otherwise impressed upon” items for cleanliness and sanitation such as towels, coats, aprons, toilet devices, or similar articles, MCL 429.201-429.206; MSA 18.371-18.376.
 - 1. Section 1 of the act provides that any person who complies with the act “shall there upon be deemed the proprietor of such name, mark or device.”
 - 2. Section 3 describes violations of the act and section 6 provides for penalties which include a fine, jail time, or both.
- III. Frequently the public is confused about the relationship between an entity name, or a “trade name”, and a trademark.
- A. “Trade name” is defined in the trademark and service mark act to mean “a word or group of words used by any person to identify a sole proprietorship, firm, partnership, corporation, association, union, or other organization”.
 - B. “Trademark” is defined as “any word, name, symbol, or device, or any combination thereof, other than a trade name in its entirety, adopted and used by a person to identify goods made or sold by him or her and to distinguish them from similar goods made or sold by others.”

- C. “Service mark” is defined as “ any word, name , symbol, or device, or any combination thereof, other than a trade name in its entirety, adopted and used by a person in the sale or advertising of services to identify his or her services and distinguish them from the similar services of others.”
- D. After a determination is made that a proposed corporate name is distinguishable on the records of the administrator, further research is required to determine if using the name may infringe on the rights of another.

- 1. Prior to January 1, 1983, the Business Corporation Act prohibited names that were confusingly similar.

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- 2. 1982 PA 407, effective January 1, 1983, amended the Business Corporation Act to adopt the distinguishable standard, MCL 450.1212; MSA 21.200(212).

- 3. Although there are reported cases regarding rights to a corporate name these cases interpreted the prior language and there are no reported cases interpreting the current language of section 212.

- E. Section 2(f) of the Trademark and Service Mark Act provides that a mark shall not be registered if it “so resembles... trade name previously used in this state by another person and not abandoned, as to be likely, when applied to the goods or services of the applicant, to cause confusion, mistake or to deceive.”

- 1. There is no centralized filing office for names filed with the county clerks.

- a. The counties use a variety of record keeping systems and some counties have antiquated record keeping systems while others have computer systems.
- b. Some counties respond to telephone inquiries and others may require a written request.
- c. If a cancellation has not been filed the county record may include a business that is no longer operating.

- 2. Records regarding most domestic corporations, limited liability companies, and limited partnerships and foreign corporations, limited liability companies and limited partnerships qualified to do business in Michigan are maintained by the Corporation Division of the Corporation, Securities, and Land Development Bureau of the Michigan Department of Consumer and Industry Services.

- a. The records do not include insurance, surety, credit unions, savings and loan, or banking corporations.
- b. The records do not include public entities, except when specifically provided

for by law, eg. the school code provide that a public school academy may be formed as a nonprofit corporation under the Nonprofit Corporation Act.

- c. Out of state entities that have obtained a certificate of authority are included and entities transacting business in interstate commerce are not required to have a certificate of authority
- d. The information on file with the Bureau is accessible by phone, fax, mail and in person.

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- 1) Information about entities is available by phone five days a week during regular business hours by calling 1 (900) 555-0031, the cost is \$1.50 a minute, and the customer may check as many records as they would like.
 - 2) For customers who cannot call a 900 number, similar information is available by calling (517) 334-7561.
 - 3) Inquiries may be sent by fax to (517) 334-8329 and a reply will be faxed back, usually within 24 hours.
 - 4) Requests for information may be mailed to the Bureau at PO Box 30054 Lansing MI 48909-7554.
 - 5) Two computers are available for the use of the public in the Bureau's lobby at 6546 MercantileWay in Lansing, near exit 104 on I 96.
 - 6) The data is also available through some third party vendors, such as Lexus Nexus.
 - 7) Information regarding marks and insignias is available by phone at (517) 334-6302 and by fax at (517) 334-7169.
 - 8) Forms are available by fax at (517) 334-6905 and trademark forms can be ordered for delivery by mail at (517) 334-8110.
3. Upon completion of the conversion of the database, more information will be available on the Department's website.

