What's in a Name?

By Justin Lampel

Intellectual property rights are rights of ownership of intangible property. There are four main areas of intellectual property law: patents, trademarks, copyrights and trade secrets. Patent law is the only area in which an applicant (or inventor) must file for protection with the government in order to obtain exclusive rights in the subject matter sought. Rights in all other areas of intellectual property can be obtained through use without ever filing for protection with the government. However, failure to file for protection, even when not required by law, may have serious consequences for the person(s) seeking to protect their invention/creation.

This article will address two diverse areas of trademark law. More specifically: 1) when it is advisable to file a federal trademark application and 2) the World Intellectual Property Organization's policy on settling domain name disputes.

When to File for Federal Trademark Registration

A trademark is a name, symbol or other device (called a "mark") used to identify a product or service which is legally restricted to use by the owner. A business may obtain trademark protection by merely using a name or logo. In fact, the business may use the "TM" symbol as long as the business is currently using the mark in "good faith." However, the business may only use the "®" symbol after the mark has been registered by the United States Trademark Office.

It is a common misconception that having a business name approved by the Secretary of State's Office provides trademark rights. Unfortunately, this is not the case. When articles of incorporation are filed in Illinois, the Secretary of State's Office is generally concerned about identical or nearly identical business names. This generally does not provide your client with exclusive rights to the name the business was incorporated (or other entity) under. In fact, merely using the name granted by the state may subject one to trademark infringement claims from a business inside or outside of Illinois. The standard of review for a business name at the Secretary of State's Office of Illinois is a completely different standard of review from that at the United States Trademark Office. The Trademark Office is mainly concerned about "likelihood of confusion." Thus, the Secretary of State might approve "Alex's Muffler Shop" even though there is a business in your state called "Alexander's Muffler Shop." This would almost certainly be denied by the United States Trademark Office. Therefore, in order to best protect a business name, an application for trademark registration should be filed in the United States Trademark Office. Preferably, a trademark search should be conducted prior to filing the articles of incorporation.

This author often receives phone calls from business owners who receive "cease and desist" letters demanding that they stop using the name of their business well after the Secretary of State's Office has approved their Articles of Incorporation. These businesses often spend years and thousands of dollars on marketing their business, only to be put in the situation where they have to change their business name or defend their business name in court. Therefore, prior to incorporating or using a business name, logo or slogan, a trademark clearance is often advisable.

Business owners should ask themselves this question: "Is the name of my business, brand name, logo or slogan important to my business?" If so, then the business should address trademark issues before spending a great deal of money on marketing. If the business is, for example, a dry cleaner and the neon sign out front of the store reads "Dry Cleaners," then the answer to this question is probably "no". However, if the neon sign out front of the dry cleaners reads, for example, "Dirt Destroyer Dry Cleaners," then the answer to this question is probably" yes". In short,

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trademark issues revolve around marketing. Heavy marketing = heavy trademark issues. Light marketing = light trademark issues.

Some of the benefits of federal trademark registration include:

a) Registration is constructive notice that the owner of the mark has the right to use the mark throughout the entire United States, even if the mark is not being used in a specific geographical area. This means that the owner may prevent a person or entity from using the same mark or a confusingly similar mark anywhere in the U.S., unless the other mark was used before the date of first use of the registered mark.

b) The right to use the ® symbol in connection with the mark which may deter potential infringers.

d) In a successful trademark infringement action, the registrant may obtain increased statutory damages and attorney's fees.

e) The registrant may use the power of federal government (via the U.S. Customs Service) to prevent the importation of goods that contain infringing marks.

f) Registration is prima facie evidence that the registered mark is valid; the registrant owns the mark and has the exclusive right to use the mark in commerce.

g) After five years of continuous use in commerce, the mark becomes incontestable, which means that the registration of the mark cannot be attacked on the basis of prior use or descriptiveness.

h) The mark is easily discoverable by those doing trademark searches. This often prevents third parties from adopting confusingly similar marks.

i) The registrant of the mark may sue for trademark infringement in federal court when diversity does not exist.

j) Certain rights exist under the Paris Convention that assist overseas registration of the mark.

k) Registration is prima facie evidence that the mark has been used continuously in commerce since the filing date of the application.

As a business grows, it will acquire a wide variety of assets ranging from office furniture to inventory. However, its trademark may very well be its most valuable asset. Despite this fact, many business owners neglect to file for trademark registration with the United States Trademark Office. As a result of not filing for registration, the business may be legally restricted in its ability to expand geographically. Further, failure to file for trademark registration may allow competitors with similar marks to enter and co-exist in the marketplace. Therefore, filing for trademark registration may be the most economical investment a business can make.

Domain Name Disputes

If the names Ric Flair, Stone Cold Steve Austin or the Rock sound familiar, you are probably familiar with the World Wrestling Federation1. In late 1999, the World Wrestling Federation (now called the WWE) filed a complaint with the World Intellectual Property Organization (WIPO) Arbitration and Mediation Center for what would be the first domain name dispute that WIPO would decide. In that case, an individual named Michael Bosman registered the domain name www.worldwrestlingfederation.com and sought to sell it to the WWF; essentially holding the site ransom. Instead of purchasing the site from Mr. Bosman, the WWF elected to fight the registration with WIPO. In this first decision, WIPO set up a three prong test of what a Complainant must demonstrate in order to have a domain name transferred from one party to another.

So what happens if someone secures a domain name similar or identical to a business's trademark? The most economical answer is that a complaint with WIPO should be filed. The cost for filing such a complaint is currently $1500[2]. Although the filing fee is generally more than any court fee for filing a complaint, the real savings is in the attorney's fees. It will typically take a trademark attorney no more than 20 hours to review a file and prepare a written argument for submission to WIPO. In addition, the attorney does not need to make any court appearances. After the argument is submitted to WIPO, there is generally nothing further that needs to be done and a decision is made within 1 month. Compare this to the cost of litigating a trademark case and the savings becomes clear.

In a WIPO domain name dispute, the complaining party must demonstrate:

I. that the domain name is identical or

similar to a trademark to which the complainant has rights;
II. the respondent has no rights or legitimate interests with respect to the domain name that is the subject of the complaint; and
III. the domain name has been registered and used in bad faith.

Recently, this author had a client contact regarding a WIPO complaint that was filed against him in June 2005 for use of the domain name www.nationalfutures.com[3]. The client had registered and been using that domain name since 1999. The complaining party, National Futures Association (NFA) is a non-profit governmental regulatory association that safeguards the integrity of the derivatives market. NFA was formed in 1976 and in 1978 Congress amended the Commodity Exchange Act to allow the NFA to require mandatory membership for certain futures brokers. As a result, there are several thousand members of NFA.

In the complaint, NFA argued that their "trademark" "national futures association" was similar or identical to the client's domain name of www.nationalfutures.com. Although it was argued that NFA did not, in fact, have trademark rights in the term "national futures association", the WIPO panelist found otherwise. The panelist held that the client's domain name was "confusingly similar" to complainant's trademark. However, NFA was not able to demonstrate the other two required elements for transfer of a domain name. More specifically, the WIPO panelist held that "[the client's] use of NATIONAL FUTURES does not appear to be an intentional infringement of [NFA's] rights. Instead, [the client's] selection of the name seems to be an apt descriptive choice for his business." Further, the WIPO panelist held that there was no evidence of bad faith use of the domain name by my client. As a result, the client was not forced to transfer possession of his domain name to NFA. This holding demonstrates that the holder of a trademark does not necessarily have rights to a domain name that is similar or identical to the holder's mark.

After the www.worldwrestlingfederation.com decision, WIPO became swamped with requests for the transfer of domain names. In 2000, roughly 1900 complaints were filed. Since 2000 the number of complaints filed each year has leveled off at around 1300, with 5 out of every 6 complaints resulting in a transfer of the domain name[4].

[1] Ironically, recently the WWF settled a long standing trademark dispute with the World Wildlife Fund for the rights to the mark WWF. Ultimately, the Wrestling corporation changed their name to WWE

[2] It currently costs $1500 to have your complaint heard by a single panelist (for 1-5 domain names). For a fee of $4000 you can have your complaint heard by three panelists. Most complaints request a single panelist.

[3] WIPO Arbitration and Mediation Center. Case No.: Case No. D2005-0690

[4] Statistics taken from the World Intellectual Property Organization website www.wipo.org

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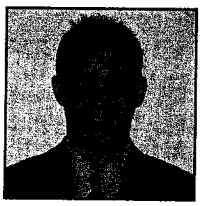

*In 1996, **Justin Lampel** received his Bachelor of Science degree in biology/chemistry from Illinois State University. After college, Mr. Lampel worked for an environmental company becoming certified in asbestos analysis. He then attended the John Marshall Law School in Chicago where he received his Juris Doctor. After law school, Mr. Lampel spent two years practicing intellectual property at a Chicago law firm. Mr. Lampel has also begun working towards his masters degree in molecular and cellular biology. Mr. Lampel is a member of the Intellectual Property Law Association of Chicago, the American Intellectual Property Law Association, the Illinois Biotech Network, the Northbrook Chamber of Commerce and is a Chicago Legal Clinic volunteer.*

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The Journal of the DuPage County Bar Association
February 2006 Volume 18 Issue 6

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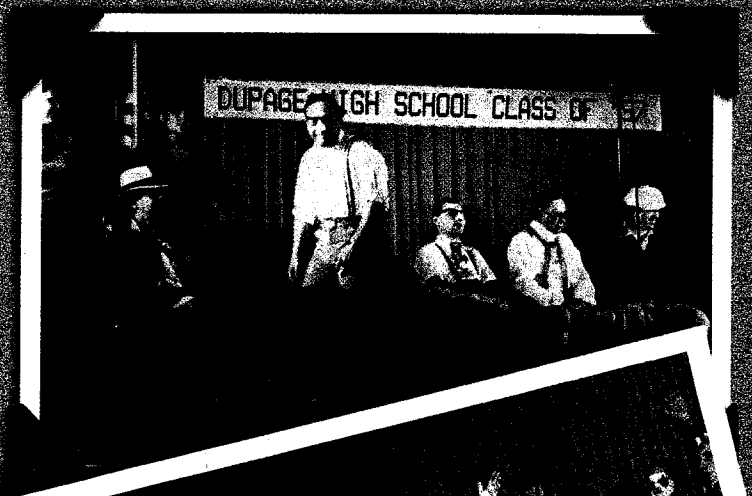

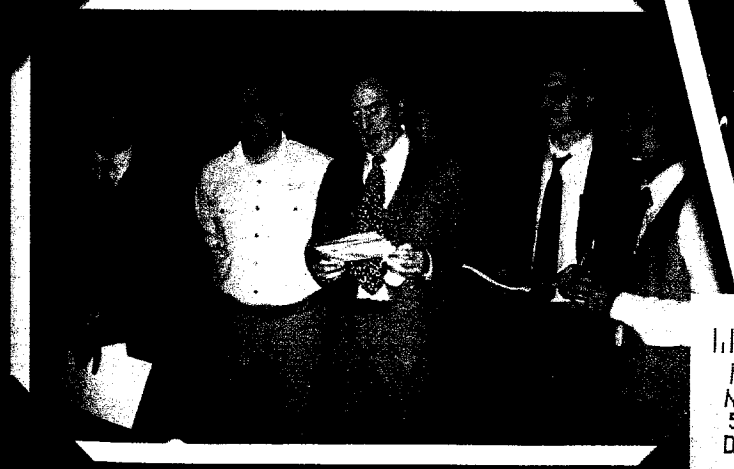

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