



## What's in a Name? Protecting Your Business's Name from a Look-Alike

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As the old phrase goes: *what's in a name?* For any business, a name is a brand. A name is tied to a reputation, a marketing strategy, and a presence within an industry. We have all laughed at off-brand products in grocery store aisles: Mountain Mist masquerading as Mountain Dew, Mr. Pibb stepping in for Dr. Pepper, or Cinnamon Crunch Squares replacing Cinnamon Toast Crunch. Other times, similar names represent companies in unrelated industries: Domino Sugar vs. Domino's Pizza or Delta Airlines vs. Delta Faucets. But when does a company's name cross the line into violating another company's rights?

When a business is registered with Michigan's Secretary of State, it receives protection for its registered name through two sources: unfair competition laws and the Lanham Act. 15 U.S.C. § 1051 *et seq.* Both sources have the same goal of preventing confusing similarities between businesses and providing recourse when such similarities lead to damage.

Unfair competition laws generally seek to protect both the business and the consumer from deceptive practices. In the case of an unfair competition claim resulting from similar names, the goal is to prevent the consumer from being confused by a name and purchasing a product or service that is not what they believed it to be, while at the same time protecting businesses from losing customers as a result of this deceptive action.

In addition, The Lanham Act makes a company civilly liable for using a name in commerce that is likely to cause confusion or a mistake as to the origin of a product or service. When examining whether or not similar names will result in confusion, courts will balance eight factors:

1. Strength of the plaintiff's name;
2. Relatedness of the names;
3. Similarity of the names;
4. Evidence of actual confusion;

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### **PRACTICE AREAS**

Business Law

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5. Marketing channels used;
6. Likely degree of purchaser care;
7. Defendant's intent in selecting the name; and
8. Likelihood of expansion of the product lines.

Under both unfair competition laws and the Lanham Act there are two things that must be true for similar names to unlawfully confuse consumers. First, the names must actually be confusingly similar. Second, the names must have actually led to confusion previously or are likely to do so in the future.

### **Determining Whether Similarities Are Confusingly Similar.**

Names **are** confusingly similar where...

- The first two words of a compound name are identical and in the same sequence. (e.g. "Owen Park Apartments and Owen Park Plaza").
- There is a word *with secondary meaning* in the title of the new company that refers to another company (e.g. B-Dubs; The Hut).
- The first word is a *prominent word* and the second or third words in the names are the same. (e.g. "Taylor Supply Co and Taylor Co"; "Michigan Building and Michigan Bank Building")

Names **are not** confusingly similar where...

- One of the first two words of the names is the same (e.g. "Alpine Ski & Sport Shop v Alpine Valley Ski Area, Inc.").
- None of the reasons for being confusingly similar apply.

*Ed Subscription Serv v American Ed Servs*, 115 Mich. App 413; 320 N.W.2d 684 (1982).

To determine whether your business name is at risk, you should determine whether your name or the first few words of your name, are already in use. To do this, searching the Michigan LARA Business Entity Database is the best resource. Further, the US Patent and Trademark Office and the Michigan LARA Marks & Insignia Search can further aide in your searches. In theory, the state should not register names that are too similar – but that is not fail proof. The fact that the state registered two similar names may be evidence that they are sufficiently different, but it is by no means the end of the story.

Next, a simple Google search is a good place to start for determining whether any part of a name has acquired a secondary meaning. The Michigan Supreme Court explained that a word acquires a secondary meaning when the public at-large associates that word with a specific business so closely that use by another would lead to confusion about whether the businesses are connected.

Finally, you should ask whether or not the first word in the name is something prominent or distinctive. The Michigan Supreme Court explained that a word is prominent or distinctive when in comparison to the other words in the name it "catches the eye and becomes fixed in the mind." For example the "Taylor" in "Taylor Supply Co." or the "Michigan" in "Michigan Bank Building."



After performing these searches, you may have a rough idea of whether or not the names are confusingly similar.

**Are you first?**

Once you have decided that the names are confusingly similar the next question in determining who is liable for the confusingly similar names is: who was first? You only have a right of action if you are the first company to have the name. If not, someone else may have a claim against you that you may not want to bring to their attention. If this is the case, you should also be careful if you plan on expanding your business into their industry.

However, similarity alone does not mean one of the names is unlawful. It also must have actually resulted in, or be likely to lead to, confusion.

**Determining Whether The Similarities Matter.**

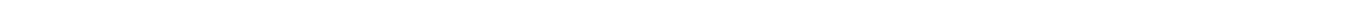
Actual confusion from the similarity of a name is shown by things such as accidental phone calls or mistaken package deliveries, which are not simply the result of carelessness or a lack of normal attention. For example, the Michigan Supreme Court found that the similarities between "Metal Craft Co." and "Metal Craft Corp." led to actual confusion but the similarities between "Metal Craft Co." and "Grand Rapids Metalcraft Corporation" did not. This was because an attentive and careful person would not be confused by the similarity in the latter. The Supreme Court also pointed out that the common practice of shortening "Corp." to "Co." is another factor which may cause actual confusion.

Although actual confusion did not occur, similarities may present a problem if they are likely to lead to actual confusion. In deciding whether confusion is likely, one must question the nature of the businesses. For example, it is very unlikely that there will be confusion between Delta Airlines and Delta Faucets because they work in very different industries (one would not get very far trying to order an airplane ticket from Delta Faucets or a sink from Delta Airlines).

**Interactive Industry Exception.**

Even if the two businesses work in the same industry, confusion between the two businesses is not likely if the nature of that industry makes it unlikely that a consumer will accidentally deal with one company when they intended to deal with the other. This very issue was examined by the Michigan Supreme Court in a dispute between two tool and die manufacturers named "Federal Machine Tool Company" and "Federal Die, Tool & Engineering Company." The Court explained that the sophistication and interaction required in transacting with these two companies made it unlikely there would be confusion.

**How to Take Action.**





If you have determined that a confusing similarity exists and that similarity has, or is likely to cause confusion, you may seek legal action. The most common result is that a court will require one of the companies to stop using that name through an injunction.

However, if there is damage that cannot be addressed through an injunction, then money damages may also be appropriate. These money damages include, but are not limited to:

- Any profits made that are connected to the unlawful use
- Any money lost by the company who owns the name
- The costs of the bringing the legal action

**How to Protect Your Company's Name.**

Your business knows the value in its name and just like any other asset you should take steps to protect your company's name. The first step in protecting your name is to register it with the Michigan Secretary of State. At the very minimum this gives you a claim against any other company who registers a confusingly similar name after yours.

In addition, protecting your business's nicknames is equally as important as protecting your official name. Whether it is a result of your own marketing efforts or use by others if your company is commonly known by a nickname, that nickname oftentimes becomes more valuable than your registered name. "DQ" instead of "International Dairy Queen, Inc." or "The Hut" instead of "Pizza Hut, Inc." are just a few examples. Your company should not only be aware of this reality, but take full advantage of it.

The best protection for your company's nickname is a trademark. A trademark protects brand names and logos used on goods and services. The Lanham Act protects your trademarks from use by another that creates a likelihood of confusion as to source, affiliation, or sponsorship in the same way it protects your registered name. Registration of a trademark is done through the United States Patent and Trademark Office.

If you believe your business and a competitor have confusingly similar names, and you believe you have a right to take action or you would like to protect your name from use by another in the future, please reach out to a Foster Swift attorney for more information.