

FOR YOUR PROTECTION...

Florida Incorporation Does Not Confer Tradename or Trademark Rights

You own a company properly incorporated or authorized to do business in the State of Florida under the name XYZ Corporation. You sell widgets stamped with the mark XYZ, or you provide services using the XYZ designation in your advertising, letterhead, business cards, and signs. So you think you have nothing to worry about regarding tradename, trademark, or servicemark rights. You are wrong.

In fact, the Florida Administrative Code explicitly warns that "[t]he filing of any corporate entity is only a grant of authority to use such a name and does not include the adjudication of the legality of such use." *American United Life Ins. v. American United Ins.*, 731 F. Supp. 480, 488 (S.D. Fla. 1990) showed that quoting Fla. Admin. Code Ann. r.1N-1.002 of Florida is not a valid defense to tradename, trademark, or servicemark infringement, unfair competition, or anti-dilution claims. *Id.* Neither is permission by the State to engage in business in Florida a valid defense under state or federal law. *Id.*

In *American United*, both the plaintiff and defendant were engaged in the business of providing insurance, *Id.* at 482. Plaintiff, an Indiana corporation, adopted the tradename and servicemark "American United Life Insurance Company" in 1936, and was licensed to conduct business in Florida under that name in 1937, and had continuously maintained that license and used its name and trademark until the time of litigation. *Id.* Furthermore, the plaintiff had registered a servicemark with the federal government and State of Florida since 1989, *Id.*

Defendant, on the other hand, had not registered "American United Insurance Company" as a servicemark, either federally or with the State of Florida, *Id.* at 483. Prior to incorporation and licensing as an insurance company in 1984, defendant made no effort to discover the existence of plaintiff or plaintiff's prior ownership of its confusingly similar tradename and servicemark. *Id.* at 484. The Defendant, however, asserted the defense of "estoppel by virtue of incorporation and licensing." *Id.* at 487. In other words, it argued that "its incorporation by the State of Florida and its licensing by the Florida Department of Insurance grant[ed] immunity from suit." *Id.*

Unfortunately for the defendant, the trial court reiterated the well-settled principle that "in granting a corporate charter, the [state] adjudges neither the legality of the business nor of the name chosen. That is a matter for judicial determination by a court of competent jurisdiction." *Id.* (quoting *Children's Bootery v. Sutker*, 91 Fla. 60, 107 S. 345 (Fla. 1927)). In addition, the court reasoned that the federal law as embodied in the Lanham Act was specifically intended by congress to protect against the use of deceptive and misleading marks and to protect persons engaged in commerce against unfair competition. *Id.* at 488. The court, therefore, granted the plaintiff a permanent injunction, attorney's fees, and costs. *Id.* at 489.

On the other hand, the mere fact that a party's corporate name contains a word that is part of another's tradename or mark does not, of itself, make the name "substantially similar." *Armstrong Cork Co. v. World Carpets, Inc.*, 203 U.S.P.Q. 19, 24-25 (5th Cir., 1979), so that it may not infringe another party's rights. The basic issue is likelihood of confusion. In some institutions a party's corporate name is not before the public so as to cause confusion with another mark. In such cases, the junior user may be enjoined from use of the name as a mark, but not from use as a corporate name. See *Sunbeam Furniture Corp. v. Sunbeam Corp.* 191 F.2d 141 (9th Cir. 1951); *Liberty Mutual Ins. Co. v. Liberty Ins. Co.*, 185 F. Supp. 895 (D. Ark. 1960).

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