

FOR YOUR PROTECTION...

New York Incorporation Does Not Confer Tradename or Trademark Rights

You own a company properly incorporated or authorized to do business in the state of New York 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 trade name, trademark or service mark rights. You are wrong.

In fact, in New York, the filing or issuance of a Certificate of Incorporation or a certificate of authority to do business is not conclusive as to the right to use a particular name. New York courts have specifically held "the granting of a charter allowing incorporation is merely a sanction of the act of incorporation and does not reach to the legality of the business or the name. That is a question for judicial determination." *Town Taxi Service Corp. v. Vet-Cab, Inc.*, 104 N.Y.S. 2d 915 (Sup. 1951).

Of course the name of a domestic or foreign corporation doing business in New York must be such as to distinguish it from the names of corporations of any type or kind or a duly filed fictitious name of an authorized foreign corporation. However, in no event may a corporation with intent to deceive or mislead the public use as a name or any part of a name which will mislead the public. *Shigoto International Corp. v. Cuomo*, 421 N.Y.S. 2d 484 (Sup. 1978).

Therefore, incorporation by the State of New York is not a valid defense to trade name, trademark or service mark infringement, unfair competition or antidilution claims. New York Courts have specifically held incorporation does not enlarge the right to enjoin a competitor, nor strengthen the defense of a an unfair user. In fact, an express ruling by the Secretary of State or other administrative official that the name of a proposed corporation is or is not so similar to that of an existing corporation as to be calculated to deceive was not conclusive as to the right to use the name. *Columbia Chemical Co. v. O'Brien*, 101 A.D. 296, 91 N.Y.S. 649 (1905).

On the other hand, the mere fact that a party's corporate name contains a word that is part of another's trade name 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. In order to establish liability for trademark infringement or unfair competition, there must be the likelihood of confusion of appreciable number of buyers, and the plaintiff bears the burden of proving by a preponderance of the credible evidence that the likelihood of confusion exists. *Mennen Company v. Gillette Company*, 565 F. Supp. 648 (S.D.N.Y., 1983). Thus, the basic issue is the likelihood of confusion. In some situations a party's corporate name is not before the public so as to cause confusion with another's 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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