

FOR YOUR PROTECTION...

Illinois Incorporation Does Not Confer Tradename or Trademark Rights

You own a company properly incorporated or authorized to do business in the State of Illinois 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 Illinois Administrative Code explicitly warns that “The Secretary of State does not pass upon the legality of a corporate name by merely permitting incorporation.” 14 Ill. Adm. Code 150.420 (1993). Therefore, permission by the State of Illinois to incorporate is not a valid defense to tradename, trademark, or servicemark infringement, unfair competition, or anti-dilution claims.

This was illustrated in *Hyatt Corp. v. Hyatt Legal Services*, 736 F.2d 1153 (7th Cir. 1984). Hyatt Corporation filed suit against Hyatt Legal Services, and requested an injunction to prevent defendants from using the name “Hyatt”. *Id.* The United States District Court refused to grant an injunction, based on its finding that Hyatt Hotels failed to show a likelihood of success on the issue of name confusion. *Id.* The district court also noted that the services provided by Hyatt Hotels and Hyatt Legal Services were “distinctly different.” *Id.* The United States Court of Appeals reversed and entered a preliminary injunction against Hyatt Legal Services. *Id.*

Hyatt Hotels registered the servicemark “Hyatt” under the Lanham Act in 1971. *Id.* Hyatt Hotels complained of infringement of that mark and of unfair competition. *Id.*

Defendant, on the other hand, had not registered “Hyatt Legal Services” as a servicemark. Defendant asserted that because “Hyatt” is a personal name, incorporated in 1977, it cannot be distinctive. Defendant also argued that because a number of other businesses use “Hyatt” in their names, the “Hyatt” mark is not distinctive. *Id.*

Unfortunately for the defendant, the Appellate Court found that on the claim under Illinois’ Anti-Dilution Act, plaintiff *would* likely succeed on the merits regarding distinctiveness of their trademark and whether the mark was being diluted. *Id.* The Appellate Court also found likelihood of success on plaintiff’s claim that defendant’s use diluted the hotel’s registered mark. *Id.*

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.” *Cullen Electric Co. v. Cullen*, 218 Ill. App.3d 726 (1991), 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).

www.AmeriLawyer.com



SPIEGEL & UTRERA
L A W Y E R S