

## Trademark Considerations in Opening a Restaurant

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Imagine this – you’ve just invested the last year of your life to build the restaurant of your dreams...you’ve invested hundreds of thousands of dollars.....your signage looks amazing...your menus are perfect...your opening night is a smash...your advertisements are everywhere....your website is getting thousands of hits...reservations are streaming in.....and then you receive a demand letter claiming that the name of your restaurant infringes another restaurant’s trademark. You consult with trademark counsel and, ultimately you discover that the other restaurant maintains prior rights in the name. How did this happen?! Unfortunately, such a scenario is commonplace in the restaurant industry – but this scenario can be avoided. The purpose of this article is to shed some *general* light on Trademark law and provide precautionary steps that can be taken to adequately investigate and perfect legal rights in a new Trademark, thereby minimizing the risk of a Trademark dispute and ultimately increasing the value of a business.

Selecting a new corporate identity or trademark is an important decision that can ultimately have a substantial future impact on a business. State and federal laws extend trademark rights not only to words, symbols and designs functioning as trademarks, but also to corporate and trade names (collectively “Trademarks”). However, it is not atypical for a business to adopt a new Trademark with only a cursory investigation of whether or not it is available for use. For example, few businesses are aware that a state’s granting a business the right to use a specific corporate name is not an endorsement that the use of that name will not infringe on third party Trademark rights. Therefore, adoption of a Trademark without adequate investigation may result in a dispute regarding the rightful “owner” of the Trademark at issue.

U.S. Trademark law recognizes three distinct Trademark rights: common law, state and federal. Common law Trademark rights accrue upon first use of a Trademark in association with goods or services and are limited to the trading area where the goods or services are actually offered for sale and sold. These rights are denoted by use of the “™” symbol. Trademark rights may thereafter be extended to cover an entire state through registration with the specific state in which the Trademark is used. In addition, exclusive rights to use a Trademark throughout the entire United States may be secured by obtaining a federal trademark registration, denoted by use of the “®” symbol.

To make an initial determination whether preexisting rights exist in a Trademark, trademark attorneys typically conduct a “screening search” by reviewing a number of computerized databases. Once a Trademark clears a screening search, a thorough investigation regarding preexisting common law, state and federal Trademarks can be accomplished through a “comprehensive” Trademark search. Comprehensive searches provide a wealth of information germane to both business and legal considerations and therefore should be evaluated by not only an individual familiar with the proposed use of the Trademark, but also by a trademark attorney who can use his/her judgment and experience to determine whether any potential legal problem exists. Clearance of a Trademark through a comprehensive search will, among other things, minimize the

possibility of the scenario described above or from expensive and time-consuming litigation that may arise over rightful ownership claims. Clearing a Trademark and thereafter procuring a state or federal Trademark registration unquestionably provides a business with a valuable asset.

As Internet resources provide only *general* guidance as to whether a Trademark has previously been registered or is in use, additional professional assistance is essential. However, please feel free to contact us for helpful website addresses. Should you have any questions regarding protecting your Trademark feel free to contact the authors at any time.