



TRADEMARK CONSIDERATIONS REGARDING CLUB NAMES

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Trademarks and service marks are names, logos and other symbols that are used to identify and distinguish one's goods and services from the goods and services of others; they also indicate the source of the goods and services. Trademarks are marks that are used on products and service marks are marks that are used in connection with providing services. Club names can function as service marks with respect to club-related services as well as trademarks as used for ancillary products provided by the club. It is, therefore, important to understand and consider trademark issues when adopting a name for a club, both to avoid infringing the trademark rights of others and to establish and protect trademark rights with respect to the name that is used.

Misconceptions

Common misconceptions regarding trademarks include the beliefs that a trademark must be registered to have rights and that no one can challenge the use of the mark that is registered. Not so. Under U.S. trademark law, trademark rights are based on use of the applicable mark and the user of a mark can claim “common law” trademark rights based on such use and assert claims of common law trademark infringement and unfair competition even without registering the trademark. As between two parties using the same or confusingly similar marks in connection with the same or related services, the prior user can claim superior trademark rights in the geographic area where the prior user uses its mark and that user can also potentially claim rights in a reasonable zone of expansion. Even if the later user obtains a trademark registration for its mark, a prior user can seek to cancel the trademark registration and would have a defense against a trademark infringement lawsuit based on the trademark registration to the extent of its prior rights.

Another common misconception is that there is no trademark infringement issue unless a proposed name is identical to a third party’s mark, and the goods and services provided by the respective parties are the same. Neither the marks nor the goods/services need to be identical for there to be trademark infringement. If the two marks are similar in appearance, sound and meaning and the goods or services are related such that there is a likelihood of confusion among the consuming public with respect to two marks, and/or consumers might mistakenly believe that there is an affiliation, sponsorship or other relation between the two users of the marks, trademark infringement issues may exist.

Naming a Club

Before proceeding with use of a name for a club, a trademark search should be conducted to assess whether the proposed name is the same as or is confusingly similar to a third party’s mark. The usual trademark search and clearance process starts with a preliminary search for marks covered by active state or federal trademark filings. This type of initial limited search is done to quickly assess whether the proposed name should not be used because a similar mark is registered. If the preliminary search does not reveal issues, the next recommended step is to proceed with a more extensive search, including searches for unregistered marks. If a logo will be used, a design search for the logo should be conducted as well.

If the searches do not reveal issues with the use of the proposed name, consideration should be given regarding whether to seek a trademark/service mark registration for the name. While, as noted previously, common law trademark rights can be claimed even without having a trademark registration, registration provides

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presumptively exclusive rights throughout the geographic area covered by the registration, along with the right to bring claims under the applicable trademark laws. A federal registration would allow use of the ® registration symbol and provide a stronger basis to pursue claims through domain name registry dispute procedures to force the transfer of confusingly similar domain names that are later registered and used by others; this also affects claims under social media site complaint procedures with respect to confusingly

similar social media handles that are used by others. Domain name registries and social media sites most likely will not take any action (unless ordered by a court to do so) with respect to confusingly similar domain names or social media handles used by others unless a mark is federally registered before the domain name or social media handle at issue was registered.

Registration

Registration can be sought at the federal level and/or at the state level. A federal registration would cover all states as well as U.S. territories and possessions, whereas a state registration would cover the applicable state. In either case, a registration can broaden the scope of your trademark rights beyond the common law trademark rights that cover the geographic area where the mark is actually used. Sometimes a state registration is sought either by itself or in addition to a federal registration because registration at the state level is a much faster and less expensive process than federal registration. The registration process at the state level generally only takes a few weeks, whereas the federal registration process can take more than a year.

If a mark is not federally registered, the ® registration symbol cannot be used, but ™ or ℠ can be used for any trademark or service mark, registered or unregistered. It is a good practice to use such symbols to provide notice that trademark rights are claimed and help avoid innocent infringement of the mark.

It is important to note that to obtain a trademark registration, whether at the state or federal level, the mark to be registered must be used as a mark for the goods/services covered by the registration. Simply including the mark in a company name, registering a domain name or launching a website using the mark without more does not constitute “use” for trademark registration purposes. One-time “token” uses are not sufficient either. In most states, the mark has to be in use before a registration application can be filed. At the federal level, it is possible to file a registration application before commencing use of the mark, based on a bona fide intent to use the mark. However, the registration will not be issued unless and until the mark is actually used.

Trademark registrations have a duration of 10 years at the federal level and typically five years or 10 years at the state level, depending on the state, and can be renewed for successive additional terms as long as the mark continues to be used. To avoid cancellation of a federal registration, a declaration of use must be filed between the 5th and 6th year of the initial registration term.

Unique trademark issues may arise for a club in a residential community. A residential club community developer acquires common law trademark rights when it uses trademarks in connection with the sale of residential property and club memberships. After sell-out of the residential property and turnover or sale of the club to members, the developer may assign its trademark rights to the club or retain the trademark rights possibly for use in connection with a property resale or management business or related residential or club projects. The club's continued use of the trademarks could be challenged by the developer if the club has not obtained a license to use the trademark from the developer, especially if there are ongoing disputes with the developer. The owner's association may also want the trademark rights for use with its association services. If the developer does not retain trademark rights, the developer, club and association should agree on future ownership of trademark rights and use of trademarks.

In addition to protecting a trademark owner against a competitor's use of confusingly similar trademarks, trademark rights may need to be asserted in other situations unique to a club. Committees formed to represent club members in a dispute with the club or the club board may use the club's trademarks in their name or communication with members. Members also sometimes form golf associations independent of the club, which may use the club's trademarks in its name or communications with members. Businesses such as residence rental companies may use trademarks that are similar to the club's trademarks to confuse the marketplace into believing that there is an affiliation, sponsorship or other relation with the club. The club may want to assert trademark rights to stop such uses of similar trademarks. The club's failure to take action to stop such similar uses can result in loss of the club's trademark rights.

Club owners and their attorneys should consult with trademark counsel to ensure that trademark issues discussed above are considered and addressed appropriately and avoid potentially disruptive and costly disputes. **CD**

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