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OPINION
OF
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Opinion No. 88-57

By: Lyn Hebert
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To: Ms. Rebecca Vigil-Giron
Secretary of State
Legislative Executive Bldg.
Santa Fe, New Mexico 87503

QUESTIONS:

Can the Secretary of State issue a registration of a trade name:

1. Where the registration contains an individual's first and last name;

2. Where the trade name registration contains a personal name with an additional word or words preceding the name;

3. Where the trade name registration is identical in part to an existing registered trade name, but contains additional words;

4. Where the trade name registration sounds the same as an existing registered trade name, but is spelled differently;

5. Where the trade name registration sounds the same as an existing registered trade name, but is spelled differently and a word is added;

6. Where a trade name registration contains the abbreviation "Inc."; or

7. Where the trade name registration is identical to an existing registered trade name except "New Mexico" is added?

CONCLUSION:

Under the New Mexico Trademark Act, the Secretary of State has certain ministerial duties, but does not have the duty or authority to review the validity of trademarks or trade names properly tendered for filing.

ANALYSIS:

Pursuant to Section 57-3-2 of the New Mexico Trademark Act, Sections 57-3-1 to 57-3-12 NMSA 1978, an individual or entity may file with the Secretary of State an application to register a trademark, trade name or label. Section 57-3-4 states:

> For the filing of each application, the secretary shall collect a fee of twenty-five dollars ($25.00). Upon approval of the application, the secretary shall issue a certificate of registration. The secretary shall keep a record of each trademark, trade name or label registered. It is unlawful for any person, firm, corporation or association to adopt a trade name, trademark or label identical with, or similar to, one previously registered. A certified copy of the description of any trade name, trademark or label, certified under the great seal of the state of New Mexico is competent and sufficient proof of registration of the trademark.

(Emphasis added.) Section 57-3-5 requires the Secretary to issue a new certificate to an assignee of a registered trademark or trade name upon payment of a fee. Section 57-3-7 requires the Secretary to notify the registrant six months before the registration expires. The Act limits the Secretary to ministerial duties: issuing certificates of registration, collecting fees, maintaining registration records and providing notice of registration expiration dates.

In contrast, the Act emphasizes the registrant's duty to ensure that the proposed trademark or trade name is not identical or similar to any previously registered mark or name. Section 57-3-4, quoted above, clearly prohibits anyone from using any trademark or trade name that is identical or similar to any registered mark or name. Section 57-3-2 requires the registration application to include "a sworn statement claiming exclusive right

to the use thereof, by priority of adoption and use." Section 57-3-8 NMSA 1978 provides sanctions for fraudulent registration:

> Any person who, for himself or on behalf of any other person, procures the filing or registration of any trademark or trade name in the office of the secretary of state by knowingly making any false or fraudulent representation or declaration, verbally or in writing, or by any other fraudulent means is liable to pay all damages sustained in consequence of that filing or registration, to be recovered by or on behalf of the party injured.

Thus, the Act requires the registrant to determine whether a name or mark is identical or similar to an existing registration and that he has the right to use such mark or name. Section 57-3-4.

We do not believe that the phrase, "[u]pon approval of the application," in Section 57-3-4 imposes a similar duty on the Secretary. First, the word "approval" can have many different meanings, depending on the context in which it is used and the subject matter to which it is applied. City of Springfield v. Commonwealth, 349 Mass. 267, 271, 207 N.E.2d 891, 894 (1965). In McCarten v. Sanderson, 111 Mont. 407, 415, 109 P.2d 1108, 1112 (1941), the court determined that the phrase "approval of the application" ordinarily does not mean only a mere verification of the facts stated in the application. Rather, it often implies knowledge and the exercise of discretion and judgment unless limited by the context of a statute. However, when used in a statute that requires a certain action be approved, "approval" may contemplate performing a purely ministerial act. Baynes v. Bank, 118 S.W.2d 1051 (Mo. App. 1938). The court in Better Built Homes & Mortgage Co. v. Nolte, 211 Mo. App. 601, 608, 249 S.W. 743, 745 (1923), stated: "The word 'approve' does not necessarily indicate that a discretion is contemplated. The word must be considered in connection with the subject matter to which it is applied and the connection in which same is found." Because the Act does not expressly require the Secretary to determine the validity of the proposed trademark or trade name,[1] and because the Act does impose that duty on registrants, we believe the scope of

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1 In contrast to the vague approval language in Section 57-3-4, Section 57-3-3 explicitly requires the State Corporation Commission to determine whether a corporation already is doing business in New Mexico with a name that is the same as or confusingly similar to that proposed by an applicant. If none exists, the Commission may issue a certificate to that effect.

"approval" as used in Section 57-3-4 is limited to ensuring that the registration application contains the required information and signatures, and that it does not require the Secretary to determine the validity of proposed trademarks or trade names.

Second, requiring the Secretary to determine the proposed mark or name's validity would be a useless exercise, because registration does not determine the legal right to a trademark or trade name. Section 57-3-12 states: "Nothing herein shall adversely affect the rights or the enforcement of rights in trademarks acquired in good faith at any time at common law." The registrant's right to use a trademark or trade name rests on prior adoption and usage. The act of registering a trademark or trade name under the Act confers no presumption of priority greater than the rights of usage under common law.[2] The Secretary's acceptance of a trademark or trade name for registration is no assurance that others, including non-registrants, do not hold rights of usage. The trademark registration is only constructive notice of the registrant's claim of ownership.[3]

TIB Corp. v. Edmonson, 630 P.2d 1296 (Okla. 1981), discussed the relationship of state trademark registration to common law rights. A Texas corporation brought a mandamus action to compel the Oklahoma Secretary of State to accept and file a trade name report pursuant to Okla. Stat. tit. 18, §1.11a (1971). The statute required a corporation doing business under any name other than that of the corporation to file a report with the Secretary setting forth the trade name under which the business operated. The Secretary argued that she could not file the trade name report because an Oklahoma corporation previously reserved the name for exclusive use. She claimed implied authority under Okla. Stat. tit. 18, §1.11c (1971) to reject a filing if she determined the proposed name was deceptively similar to a previously filed or

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2 We note that Sections 57-3-9 and 57-3-11 grant "owners" of trademarks and trade names, and not registrants, the right to sue to protect their property right.

3 Under some state statutes registration is prima facie evidence of ownership. Even in those states, however, registration of a trademark does not conclusively prove its validity. Abner's Beef House Corp. v. Abner's International, Inc., 227 So. 2d 865, 867 (Fla. 1969). The Arizona Court of Appeals in Raizk v. Southland Corp., 121 Ariz. App. 497, 498, 591 P.2d 985, 986 (Ariz. App. 1979), stated: "Administrative approval of registration, however, is not conclusive and does not prevent collateral attack."

reserved name.[4] The court rejected the Secretary's argument. It interpreted the statute consistent with the general case law, and noted:

> [A] trade name, by its very nature, is acquired by prior use in trade. We cannot assume that Section 1.11c, Laws 1961 §3 impliedly created a discretionary duty on the part of the Secretary of State and thus indirectly invalidated the well established body of law relating to trade names and substituted therefor a registration statute in its place.

Id. at 1298.

Even though Oklahoma's and New Mexico's trademark statutes differ, the court's rationale in TIB Corp. is applicable here. Absent express statutory authority, the New Mexico Secretary of State should not assume a judicial function and attempt to determine the validity of trademarks or trade names. The law of trademarks and trade names is a specialized field. The Act manifests no legislative intent that the Secretary should be responsible for developing an expertise in this area and determining the validity, and therefore protectability, of a trademark or trade name before registration. On the contrary, the Act places the burden on the registrant to avoid adopting a trademark or trade name that infringes on the common law rights of other individuals or entities. The Secretary must issue a certificate of registration to persons or entities that file a properly completed application with the requisite filing fee, regardless of the contents of the name or mark to be registered.[5]

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4 Okla. Stat. tit. 18, §11.1c (1971) states:

> The name under which any corporation formed or domesticated under this Act does business within this State shall not be the same as or deceptively similar to the name of any other domestic or domesticated corporation previously filed in accordance with this section, unless such other corporation shall give its written consent to the use of such name.

5 Attorney General Opinion 393 (1932) does not conflict with our opinion here. That opinion found under prior law that the registration of proper names as a trade name or trademark was prohibited. The opinion assumed that the Secretary of State must determine whether a trademark or trade name is

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valid before accepting it for recording and issuing a certificate of registration. Existing law made registration prima facie evidence of ownership. 1905 N.M. Laws, ch. 24, §1. As the foregoing discussion indicates, subsequent legislative enactments, including repeal of 1905 N.M. Laws, ch 24, §1, indicate the basic assumption contained in Att'y Gen. Op. 393 (1932) is no longer valid.