

BankBCLP

SIGNIFICANT TRADEMARK VICTORY FOR BRYAN CAVE BANKING CLIENT

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In a ruling issued July 29, 2010, a Georgia federal court handed a significant victory to Bryan Cave client Atlantic Southern Bank in a trademark suit with broad implications for the bank. Plaintiff Atlantic National Bank had asserted exclusive rights to the term “Atlantic” for banking in Southeast Georgia and claimed that Atlantic Southern’s local operations using “Sapelo Southern Bank, a Division of Atlantic Southern Bank” infringed and diluted its federal, state and common law marks.

The dispute between the banks arose in 2006 when Atlantic Southern announced it was expanding into Southeast Georgia. Atlantic National had been operating in Southeast Georgia since 1998 using its name with a blue and gold flag logo. Atlantic Southern had operated in central Georgia since 2001 and adopted the Atlantic Southern Bank name and a blue, grey, red and white rectangular logo when it expanded its operations to the Georgia coast and into Northeast Florida.

Atlantic National claimed it had the exclusive right to use “Atlantic” in connection with banking services in Southeast Georgia and demanded that Atlantic Southern not use the term “Atlantic” for its operations there. In hopes of avoiding litigation, Atlantic Southern adopted the trade name Sapelo Southern Bank for its branches in Southeast Georgia. In order to comply with state and federal requirements regarding the disclosure of a bank’s identity, Atlantic Southern also included the disclaimer “A Division of Atlantic Southern Bank” on signs, legal documents and other materials.

After two-years worth of correspondence between the banks’ attorneys, Atlantic National filed its lawsuit in late 2008. Atlantic National asserted seven different claims, including trademark infringement under Georgia and federal law, unfair competition, and trademark dilution, and seeking an injunction, damages and attorney’s fees. Atlantic Southern denied these claims and counterclaimed for declaratory relief that neither its use of the Sapelo trade name and disclaimer nor its use of the Atlantic Southern name infringed or diluted any Atlantic National trademark. Atlantic Southern also sought its attorney’s fees. After seven months of discovery in the case, both banks asked the court for summary judgment.

The U.S. District Court for the Southern District of Georgia granted summary judgment to Atlantic Southern on all claims asserted by Atlantic National and on Atlantic Southern’s counterclaim for a

declaratory judgment. As a result, Atlantic Southern can now use the “Atlantic Southern Bank” name in Southeast Georgia without the Sapelo trade name.

The court ruled that the evidence showed there was no likelihood of confusion between the banks’ respective marks and that Atlantic National’s mark was “weak” and therefore could not be diluted. Specifically, the court found that neither Atlantic National nor any other bank has the exclusive right to the term “Atlantic” because it is geographically descriptive, numerous banks use the term and have their own trademark registrations incorporating the term, and Atlantic National admitted this to the U.S. Trademark Office. The court also found that because banking consumers exercise a high degree of care when selecting financial services, only minor differences in trademarks are needed to distinguish between banks and that sufficient differences existed in this case due to the different words, images, designs, colors, fonts, text and taglines. The court also found that Atlantic Southern did not intend to benefit from Atlantic National’s reputation and goodwill, and acted in good faith in trying to accommodate Atlantic National’s repeated concerns. Finally, the court found that the evidence submitted by Atlantic National did not show that consumers were actually confused between the two banks; at most, any confusion was minimal and did not rise to the level of confusion recognized under trademark law. Atlantic National has the right to appeal the decision to the Eleventh Circuit Court of Appeals. Atlantic Southern has filed a motion for its attorney’s fees.

The case is a reminder that all banks need to be aware of the trademark status of their names and other key slogans, and the trademarks of their competitors. Bryan Cave has a team focused on advising banks on the availability and risks associated with any particular name, as well as protecting and defending the use of names and other trademarks by community banks.

MEET THE TEAM



Damon J. Whitaker

Atlanta

damon.whitaker@bclplaw.com

[+1 404 572 6913](tel:+14045726913)

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