

14A:2-2

LEGISLATIVE HISTORY CHECKLIST

NJSA: 14A: 2-2, 14A: 2-2c

(Profit making organizations - may not adopt name similar to existing non-profit corporation)

LAWS OF: 1983

CHAPTER: 490

Bill No: S1480

Sponsor(s): Russo

Date Introduced: June 7, 1982

Committee: Assembly: Commerce and Industry

Senate: Judiciary

Amended during passage: Yes

Amendments during passage denoted by astrisks.

Date of Passage: Assembly: January 5, 1984

Senate: November 8, 1982

Date of Approval: January 17, 1984

Following statements are attached if available:

Sponsor statement: Yes (Below)

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: NO

Veto Message: NO

Message on Signing: NO

Following were printed:

Reports: NO

Hearings: NO

Sponsor's statement:

This bill would prohibit a commercial corporation from organizing under a corporate name which is the same or similar to that of an existing nonprofit corporation.

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SENATE, No. 1480**STATE OF NEW JERSEY**

INTRODUCED JUNE 7, 1982

By Senator RUSSO

Referred to Committee on Judiciary

AN ACT concerning corporate names and amending N. J. S. 14A:2-2
and supplementing Title 14A of the New Jersey Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. N. J. S. 14A:2-2 is amended to read as follows:

2 14A:2-2. (1) The corporate name of a domestic corporation or
3 of a foreign corporation authorized to transact business in this
4 State

5 (a) Shall not contain any word or phrase, or abbreviation or
6 derivative thereof, which indicates or implies that it is organized
7 for any purpose other than one or more of the purposes permitted
8 by its certificate of incorporation;

9 (b) Shall not be the same as, or confusingly similar to, the
10 corporate name of any domestic corporation, including a corporate
11 name set forth in a certificate of incorporation filed in the office
12 of the Secretary of State whose effective date is subsequent to the
13 date of filing, as authorized by subsection 14A:2-7 (2), or of any
14 foreign corporation authorized to transact business in this State
15 *or any nonprofit corporation organized pursuant to the provisions*
16 *of Title 15 of the Revised Statutes* or any corporate name reserved
17 or registered under this act, unless the written consent of such
18 other domestic or foreign corporation *or nonprofit corporation* or
19 holder of a reserved or registered name to the adoption of its name,
20 or a confusingly similar name is filed in the office of the Secretary
21 of State with the certificate of incorporation or with the application
22 for an original or amended certificate of authority to transact

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill
is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Assembly committee amendment adopted March 3, 1983.

23 business in this State or, in lieu of such consent, there is filed a
24 certified copy of a final judgment of a court of competent jurisdic-
25 tion establishing the prior right of the corporation to the use of
26 such name in this State, and

27 (c) Shall not contain any word or phrase, or any abbreviation
28 or derivative thereof, the use of which is prohibited or restricted
29 by any other statute of this State, unless any such restrictions have
30 been complied with.

31 (2) This section

32 (a) Shall not require any domestic corporation organized prior
33 to the effective date of this act or any foreign corporation authorized
34 to transact business in this State prior to the effective date of this
35 act to change its corporate name in order to comply with this section,
36 if such name is otherwise lawful on the effective date of this act. No
37 such corporation shall change its corporate name on or after the
38 effective date of this act to a name which is not available for
39 corporate use under this section; and

40 (b) Shall not prevent a domestic corporation with which another
41 corporation, domestic or foreign, is merged, or which is formed by
42 the reorganization or consolidation of one or more other domestic
43 or foreign corporations or upon a sale, lease or other disposition to,
44 or exchange with, a domestic corporation of all or substantially all
45 the assets of another corporation, domestic or foreign, including
46 its name, from having the same corporate name as any of such
47 corporations if at the time such other corporation was organized
48 under the laws of, or is authorized to transact business in, this State.

49 (3) If the name of a foreign corporation is not available for use
50 in this State because of the prohibitions of subsection 14A:2-2(1),
51 such corporation may be authorized to transact business in this
52 State under a fictitious name which is available for corporate use
53 under this section. Such corporation shall file in the office of the
54 Secretary of State with its application for an original or amended
55 certificate of authority a resolution of its board adopting such
56 fictitious name for use in transacting business in this State.

57 (4) The corporate name of a domestic corporation or *nonprofit*
58 *corporation* which has been dissolved and any name confusingly
59 similar to the name of a domestic corporation or *nonprofit corpo-*
60 *ration* which has been dissolved shall not be available for corporate
61 use for 2 years after the effective time of dissolution, unless,
62 within such 2 year period, the written consent of such dissolved
63 corporation to the adoption of its name, or a confusingly similar
64 name, is filed in the office of the Secretary of State with the certi-
65 ficate of incorporation of another domestic corporation or with the

66 application of a foreign corporation for an original or amended
67 certificate of authority to transact business in this State.

68 (5) The filing in the office of the Secretary of State of the
69 certificate of incorporation of a domestic corporation ***[or nonprofit**
70 *corporation]** or the issuance by the Secretary of State of a certifi-
71 cate to a foreign corporation authorizing it to transact business in
72 this State shall not preclude an action by this State to enjoin a viola-
73 tion of this section or an action by any person adversely affected to
74 enjoin such violation or the use of a corporate name in violation of
75 the rights of such person, whether on principles of unfair competi-
76 tion or otherwise. The court in any such action may grant any other
77 appropriate relief.

1 2. (New section) This amendatory and supplementary act shall
2 not require any domestic corporation organized prior to the effective
3 date of this act or any foreign corporation authorized to transact
4 business in this State prior to the effective date of this act or any
5 nonprofit corporation organized pursuant to Title 15 of the Revised
6 Statutes prior to the effective date of this act to change its corporate
7 name in order to comply with this act, if such name is otherwise
8 lawful on the effective date of this act. No corporation shall change
9 its corporate name on or after the effective date to a name which is
10 not available for use under this act.

1 3. This act shall take effect immediately.

SENATE JUDICIARY COMMITTEE

STATEMENT TO

SENATE, No. 1480

STATE OF NEW JERSEY

DATED: SEPTEMBER 23, 1982

Presently, a commercial entity is prohibited from incorporating under a corporate name which is the same or is similar to that of an existing corporation. Senate Bill No. 1480 would extend this concept and prohibit a commercial entity from organizing under a corporate name which is the same or is similar to that of an existing nonprofit corporation. A corporation already in existence, however, which has a name similar to that of a nonprofit corporation would not be required to change its name.

ASSEMBLY COMMERCE AND INDUSTRY COMMITTEE

STATEMENT TO

SENATE, No. 1480

STATE OF NEW JERSEY

DATED: MARCH 3, 1983

This bill would prohibit any commercial corporation from organizing under a corporate name which is the same or similar to that of an existing nonprofit corporation organized pursuant to Title 15 of the Revised Statutes, without the written consent of the nonprofit corporation. As in the case of domestic corporations, the name of any dissolved nonprofit corporation could not be adopted by another corporation for a two year period. Even if a certificate of incorporation is issued by the Secretary of State to a corporation, the state is not precluded from enjoining the use of a corporate name where rights have been violated for unfair competition purposes.

The main purpose of the bill is to discourage the exploitation, by commercial firms, of the reputations of nonprofit charitable firms. The Assembly Commerce and Industry Committee has made technical amendments to the bill.