

# SHORT CONSIDERATIONS ON THE USE OF TRADE INDICATORS AS TRADEMARKS

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## Abstract

*In today's global marketplace products and services are exchanged internationally not only by large companies wielding a large portfolio of internationally protected trademarks but also by small enterprises and even individuals who have neither the resources nor an interest in the building of such a portfolio. Since they are nonetheless economic agents using either their own or others' trade indicators to indicate the origin and quality of the products and services they provide or simply to advertise them, the present paper addresses some of the issues arising out of that use which is akin to trademark use in what regards said products and services. Special attention is paid to the change in purpose of the trade indicators when used as trademarks and the effects said change causes in the legal protection conferred to those trade indicators. Moreover the possible conflicts between such rights are shortly analyzed and the means for resolution of such conflicts briefly reviewed. Far from being an exhaustive study of the issues raised the present paper aims at identifying these issues and pointing to contentious points to be addressed by future research.*

**Keywords:** Trademarks, use as trademark, business identifiers, trade name, corporate name

## Introduction

The present short study is aimed at providing some insight into the differences between trade indicators (a sub-category of business identifiers including the corporate name, the trade name and, in some jurisdictions, the emblem) and trademarks as regards their intended purpose. The study tries to find the criteria for determining these differences starting from the definition and purpose of the different rights granted in what those signs are concerned.

Since trademarks are generally considered to be very similar in nature, purpose and protection to such business identifiers, as can be seen in the literature<sup>1</sup>, most strikingly in "Trade-Marks and Trade Names--An Analysis and Synthesis"<sup>2</sup>, there are cases in both the literature and jurisprudence in which the two categories of signs and their corresponding rights are confounded. This has led to the point where little difference is made between the two and, in practice, they seem to have been overlapped in both their use and their protection.

The study therefore aims to restate the differences that have caused the legislator (both national and international) to differentiate between the two categories (albeit at times not in express terms) and, as a result, create two different protection regimes for these signs. Moreover the study tries to point to the effects these differences produce in respect of the protection granted to trade indicators when they are used outside the limit intended by the purpose envisaged by the legislator upon their creation.

In order to properly determine the purpose trade indicators have in opposition to trademarks and to identify how their use as trademarks represents a departure from their intended use the present study tries to first define trade indicators by means of defining the component signs and then trying

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<sup>1</sup> Yves Reboul, „Le nom commercial et la marque” in *Mélanges offerts à Albert Chavanne*, Litec (Paris – 1990), p. 283

<sup>2</sup> Milton Handler and Charles Pickett, „Trade-Marks and Trade Names--An Analysis and Synthesis: I” in *Columbia Law Review*, Vol. 30, No. 2 (February 1930), pp. 168-201 and Milton Handler and Charles Pickett, „Trade-Marks and Trade Names--An Analysis and Synthesis: II” in *Columbia Law Review*, Vol. 30, No. 6 (June 1930), pp. 759-788

to identify the common purpose that seems to justify their belonging to a single category. Subsequently the purpose so determined is compared to the purpose of trademarks defined from the starting point of the justification of trademarks from an economic perspective. The economic justification thus determined will then be opposed to the purpose of trade indicators in order to ascertain what using each sign is meant to achieve in the marketplace.

Finally the study looks at how use of trade indicators as trademarks differs from their use as trade indicators and what might be the protection such use can enjoy when in conflict with a trademark.

There is very little literature dealing exclusively with trade indicators, most of it analyzing the subject under the framework for unfair competition, which, following the decision of WTO Appellate Body in *Havana Club*<sup>3</sup>, appears to be at least incomplete. However there are some studies looking at the economics of trade names<sup>4</sup> as well as some contributions analyzing, among others, the conflicts between trade names and trademarks<sup>5</sup>. In what the economics of trademarks are concerned the main body of work consists of the contributions of Landes and Posner<sup>6</sup> as well as the classic contribution of Akerloff<sup>7</sup> regarding the functioning of trade markets operating under information asymmetry.

## Content

### 1. Trade indicators defined

The expression “trade indicators” is not an established one in legal jargon, it normally being used in economics to summarize the means of measuring trade. For the purposes of the present study the expression has been chosen as an ‘umbrella’ term to encompass the various types of sign used to indicate trade. Although, at least in France and Belgium, the expression “distinctive signs used in commerce”<sup>8</sup> is used to collectively designate most of the types of sign we place under the umbrella of “trade indicators”, we have chosen not to use the same expression in the present study since, in our view, it unduly puts too much emphasis on the need for these signs to differentiate between rather than indicate trade. We wish however to make clear that the term here used was chosen only because it appears to suit better this particular argument and is not to be considered as having an importance beyond that.

Thus for the purposes of the present study we will assume trade indicators to encompass the name of the trader (be it called firm, raison or designation sociale, corporate name or business name), the name of the trader as used in his commerce (trade name, nom commercial, assumed name), his emblem and his Internet domain name (which we will not analyze in the context of the present study).

<sup>3</sup> *Havana Club*, Report of the Appellate Body, WT/DS176/AB/R (WTO 2002)

<sup>4</sup> Steven Tadelis, “What’s in a name? Reputation as a tradable asset” in *The American Economic Review*, vol. 89, No. 3 (June 1999), pp. 548-563

<sup>5</sup> Yves Reboul, „Le nom commercial et la marque” in *Mélanges offerts à Albert Chavanne*, Litec (Paris – 1990), pp. 283-296; Milton Handler and Charles Pickett, „Trade-Marks and Trade Names--An Analysis and Synthesis: I” in *Columbia Law Review*, Vol. 30, No. 2 (February 1930), pp. 168-201; Milton Handler and Charles Pickett, „Trade-Marks and Trade Names--An Analysis and Synthesis: II” in *Columbia Law Review*, Vol. 30, No. 6 (June 1930), pp. 759-788; Thierry van Innis, *Les signes distinctifs. La propriété industrielle*, Larcier (Bruxelles – 1997); Gail E. Evans, “Recent Developments in the Protection of Trade Names in the European Union” in Hugh C. Hansen (ed.) *Intellectual Property Law and Policy*, vol. 10, Hart (Oxford, Portland – 2008), pp. 478-501

<sup>6</sup> William M. Landes and Richard A. Posner, *The economic structure of intellectual property law*, The Belknap Press of Harvard University Press (Cambridge, London - 2003)

<sup>7</sup> George Akerloff, “The Market for Lemons: Quality Uncertainty and the Market Mechanism” in *The Quarterly Journal of Economics*, Vol. 84, No. 3 (Aug., 1970), pp. 488-500

<sup>8</sup> Jacques Azéma and Jean-Cristophe Galloux, *Droit de la propriété industrielle*, 7eme ed., Dalloz (Paris - 2012), p. 941; Thierry van Innis, *Les signes distinctifs. La propriété industrielle*, Larcier (Bruxelles – 1997), p. 23

Since reference was made above to “distinctive signs used in commerce” we must point out that the French and Belgian authors using the expression have also included in the category trademarks (individual and collective), indications of origin and controlled denominations of origin<sup>9</sup>.

Given the purpose of this study these were all excluded from the category called “trade indicators” since they normally do not indicate trade (or the trader) but rather origin of the products or services to which they are attached.

Since the types of sign constituting ‘trade indicators’ vary across jurisdictions it is necessary to briefly review the definitions of these terms.

In the United States a corporate name is defined as being “The registered name under which a corporation conducts legal affairs such as suing, being sued, and paying taxes; the name that a corporation files with a state authority (usually the Secretary of State) as the name under which the corporation will conduct its affairs . • A corporate name usually includes, and in many states is required to include, the word “corporation”, “incorporated” or “company” or an abbreviation of one of those words”<sup>10</sup>.

The correspondent of the corporate name in France is the “dénomination sociale” which represents the name that individualizes the moral person<sup>11</sup>. It is a mandatory element of identification of the moral person and it needs to be followed by the acronym indicating the form of incorporation.<sup>12</sup>

In Romania the law concerning corporations indicates that a mandatory element of the statutes of a new corporation is its denomination<sup>13</sup> but, further on, the same law makes reference to the registration of the “firm”<sup>14</sup>. Although most authors<sup>15</sup> seem to consider that the lawmaker has intended to use the terms denomination and firm interchangeably, the fact that both acts contain references to both denomination and firm<sup>16</sup>, each used, usually<sup>17</sup>, in reference to different situations, determines us to put forth an argument for the existence of a delineation between the two in the sense that each gives rise to a different right, one registered by the mere registration of the statutes and the other after a prior verification of availability. This argument is further strengthened by the fact that both the firm and denomination are protected by means of a claim of unfair competition grounded in

<sup>9</sup> Jacques Azéma and Jean-Cristophe Galloux, *Droit de la propriété industrielle*, 7eme ed., Dalloz (Paris - 2012), p. 941; Thierry van Innis, *Les signes distinctifs. La propriété industrielle*, Larcier (Bruxelles – 1997), p. 23

<sup>10</sup> Brian A. Garner (ed.), *Black’s Law Dictionary*, 9th ed., West (St. Paul - 2009), p. 1147

<sup>11</sup> Jacques Azéma and Jean-Cristophe Galloux, *Droit de la propriété industrielle*, 7eme ed., Dalloz (Paris - 2012), p. 956

<sup>12</sup> Jacques Azéma and Jean-Cristophe Galloux, *Droit de la propriété industrielle*, 7eme ed., Dalloz (Paris - 2012), p. 956

<sup>13</sup> Arts. 7 b) and 8 b) of Law nr. 31/1990 concerning corporations. The English word ‘denomination’ is used instead of ‘name’ in order to avoid any confusion with the ‘corporate’ or ‘trade’ or ‘business’ name.

<sup>14</sup> When the law requires that for the registration of the corporation the Registry of Commerce be presented with, among others, proof of the firm’s availability – art. 36 (2) c) of Law nr. 31/1990 concerning corporations and especially in the detailed provisions contained in Law nr. 26/1990 concerning the Registry of Commerce.

<sup>15</sup> Ion Băcanu, *Firma și emblema comercială*, Lumina Lex (București - 1998), p.9, Vasile Nemeș, *Drept comercial*, Universul Juridic (București – 2011), p. 113

<sup>16</sup> Law nr. 31/1990 concerning corporations contains references to denomination wherever it refers to the name of the moral person and firm when it refers to its registration (even when the registration is not operated by the Registry of Commerce but by an independent registry – art. 181 (4)). In exchange, Law nr. 26/1990 concerning the Registry of Commerce uses the term ‘firm’ when dealing with the “name or denomination under which a trader exercises his trade and underneath which he signs” – art. 30 (1) – and the term ‘denomination’ when referring to the mandatory identifier of the person seeking the registration or to whom the registration would refer to.

<sup>17</sup> Art. 74 (1) of Law nr. 31/1990 concerning corporations provides that “In every invoice, offer, order, tariff, prospectus and any other document used in commerce, emanating from a corporation there must be mention of [the company’s] denomination, form of incorporation, headquarters, registry number in the Registry of Commerce and VAT code.” – this would appear to, at least in part, cover so-called ‘use in the exercise of trade’, thereby overlapping the denomination and firm over the firm’s definition – see note 9 above.

the provisions of art. 5 of Law nr. 11/1991 concerning unfair competition, said provisions indicating that “It is a criminal offence [...] a) the use of a firm [...] likely to create confusion as to those used legitimately by another trader. [...] g) the manufacture in any way, importation, exportation, storage, offer for sale or sale of products/services bearing false indications regarding [...] the denomination of the manufacturer or trader, with the intent of deceiving the other traders or the customers”. Thus it would appear that the company has a right in its denomination, albeit weaker than the one it gains by registering its firm, with only the latter being an exclusive right (therefore protected against possible confusion and not just against purposefully deceitful use.

The trade name is defined in the United States as being: “1. A name, style, or symbol used to distinguish a company, partnership, or business (as opposed to a product or service); the name under which a business operates. • A trade name is a means of identifying a business – or its products or services – to establish goodwill. It symbolizes the business’s reputation. 2. A trademark that was not originally susceptible to exclusive appropriation but has acquired secondary meaning.”<sup>18</sup>

Still in the United States the assumed name (alias or fictitious name) is defined as being “The name under which a business operates or by which it is commonly known”<sup>19</sup>. The assumed name is usually preceded by the acronym D/B/A or Doing business as which “signals that the business may be licensed or incorporated under a different name.”<sup>20</sup>

In France the “nom commercial” is defined as being “the name under which a natural or moral person trades; it distinguishes the goodwill of a trader from the goodwill of similar traders”<sup>21</sup>. In Belgium it is defined as being “the verbal distinctive sign of the enterprise [...] the sign of rallying the clientele, the name under which the enterprise operates”<sup>22</sup> which also covers the “denomination sociale” – which is “the distinctive sign of the moral person participating in the business life”<sup>23</sup>.

As mentioned above in Romania the firm is usually taken to mean one and the same thing with the denomination of the corporation, which we believe not to be the case. However we do need to indicate that both seem to be mandatory (each deriving this character from a different provision of the law) and both need to be registered with the Registry of Commerce (unlike in the other jurisdictions where the trade name and nom commercial do not need to be registered but rather gain their protection by use).

While in the United States the symbol “used to distinguish a company, partnership, or business”<sup>24</sup> is considered to be a trade name, in France, Belgium and Romania the “nom commercial” and “firm” can only be comprised of verbal signs, such symbol being protectable only as an emblem or “enseigne”. Defined as being “a visible sign indentifying a commercial establishment at its location”<sup>25</sup> it is defined in Romania by art. 30 (2) of Law nr. 26/1990 concerning the Registry of Commerce and “the sign or name distinguishing between two traders practicing a similar trade”. The Romanian definition has been widely criticized<sup>26</sup> and was considered in the literature as pertaining more to the identification of the location a commercial establishment of the trader<sup>27</sup>.

## 2. What use are trademarks?

<sup>18</sup> Brian A. Garner (ed.), *Black's Law Dictionary*, 9th ed., West (St. Paul - 2009), p. 1633

<sup>19</sup> Brian A. Garner (ed.), *Black's Law Dictionary*, 9th ed., West (St. Paul - 2009), p. 142

<sup>20</sup> Brian A. Garner (ed.), *Black's Law Dictionary*, 9th ed., West (St. Paul - 2009), p. 455

<sup>21</sup> Jacques Azéma and Jean-Cristophe Galloux, *Droit de la propriété industrielle*, 7eme ed., Dalloz (Paris - 2012), p. 943

<sup>22</sup> Thierry van Innis, *Les signes distinctifs. La propriété industrielle*, Larcier (Bruxelles – 1997), p. 33

<sup>23</sup> Thierry van Innis, *Les signes distinctifs. La propriété industrielle*, Larcier (Bruxelles – 1997), p. 33

<sup>24</sup> Brian A. Garner (ed.), *Black's Law Dictionary*, 9th ed., West (St. Paul - 2009), p. 1633

<sup>25</sup> Jacques Azéma and Jean-Cristophe Galloux, *Droit de la propriété industrielle*, 7eme ed., Dalloz (Paris - 2012), p. 954

<sup>26</sup> Ion Băcanu, *Firma și emblema comercială*, Lumina Lex (București - 1998), p. 26

<sup>27</sup> Ion Băcanu, *Firma și emblema comercială*, Lumina Lex (București - 1998), p. 29

Trademarks on the other hand are in all analyzed jurisdictions defined as being signs of any kind capable of being represented graphically and capable of distinguishing goods and services of one undertaking from those of another.

A key difference between the trade indicators and trademarks is apparent: while trade indicators identify the trader, trademarks distinguish between products and services belonging to different traders. In simpler terms if trade indicators tell us who one is trademarks tell us to whom a product or service belongs.

Although the answer to both questions might sometimes be the same that does not mean that the rights serve the same purpose.

To better illustrate the statement above we draw on the classic economic model identified by Landes and Posner<sup>28</sup> where after indicating that the economic function of trademarks is to lower consumer search costs (akin to transaction costs) they postulate that in the equation

$$\pi = P + H(T, \gamma, W)$$

where  $\pi$  is the full price of good X,  $P$  is the money price and  $H$  the search costs he incurs in learning about the relevant characteristics of  $X$ <sup>29</sup>,  $H$  depends in part on the information provided by the firm to the buyer by means of its trademark  $T$ . The higher the  $T$  (the stronger the trademark) the lower  $H$  will be. The authors then go on to indicate that  $T$  generates two types of information:

1. “The first is information that enables the consumer to identify the source of the good; for example, knowing that Crest toothpaste comes from a single source even if one does not know that Procter and Gamble is that source. Information about source economizes on search costs by lowering the cost of selecting goods on the basis of past experience or the recommendation of other consumers.

2. The second kind of information is information about the product itself. For example, a “descriptive” mark [...] may, in addition to identifying source, describe some properties of the brand; this information also lowers search costs.”<sup>30</sup>

Without delving further into the economic analysis we need to point at the fact that the economic function of the trademark are indelibly linked to providing information relating to the good in question and not to the trader. The information mentioned first above, usually qualified as the essential function of trademarks (to indicate origin of the goods) does not mean indication of the actual source but merely the possibility of identifying that source as being the single source for the good in question.

Advocate-General Jacobs has indicated in his Opinion in HAG II<sup>31</sup> that “The function of a trade mark is to signify to the consumer that all goods sold under that mark have been produced by, or under the control of, the same person and will, in all probability, be of uniform quality”.

Therefore information as to origin provided by trademarks is not information of identification of the trader but only as to the existence and uniqueness of said trader.

We need to note though that in more recent times both the literature and the courts have tended to approach trademarks from a more “proprietary” standpoint<sup>32</sup> and put more emphasis on

<sup>28</sup> William M. Landes and Richard A. Posner, *The economic structure of intellectual property law*, The Belknap Press of Harvard University Press (Cambridge, London - 2003), p. 174

<sup>29</sup>  $\gamma$  represents the other factors that can strengthen the trademark and  $W$  the index of the availability of words and other symbols that the firm can use as its trademark.

<sup>30</sup> William M. Landes and Richard A. Posner, *The economic structure of intellectual property law*, The Belknap Press of Harvard University Press (Cambridge, London - 2003), p. 174

<sup>31</sup> *SA CNL-SUCAL NV v Hag GF AG* (C-10/89) [1990] ECR I-3711 par. 24

<sup>32</sup> For a critique of proprietarianism as guiding principle in intellectual property policy-making see Peter Drahos, *A Philosophy of Intellectual Property*, Dartmouth (Aldershot- 1996), pp. 205-213

the reputational function of trademarks<sup>33</sup> which would seem to fit well with the second type of information Landes and Posner indicate is generated by the trademark – i.e. information about the product itself, - in the sense that information regarding the reputation of the trader which would, in turn, spillover into the presumed quality of the good.

Two important points should be noted here:

1. Even in this case the association made by the customer is in direct relation to the good and not the trader (he assesses the quality of the good by means of implying it from the reputation of the trader); and

2. The reputation of the trader is, although possibly implied by the information the trademark conveys, built in tandem with his past performance in the market, i.e. based on the linking of the identity of the trader with his performance in trading the goods in question (or other goods). This point is further supported by the model proposed by Tadelis<sup>34</sup> indicating that in order for a name with a reputation to be traded the reputation it has built needs to result out of its readily-observable past performance. Thus information regarding the identity of the trader, while necessary for the building of a reputation around that identity, is not to be confused with reputation since that reputation only occurs in time, depends on the performance of the trader and, should it be a bad reputation it can be easily discarded and thus become irrelevant from the analytical point of view<sup>35</sup>.

Although the majority of the literature indicates that trademarks have more functions than merely that of indicating origin (usually reference is made to the function of guarantee of quality, consumer protection and advertising) we will not lengthen the present study so as to include those as well into our analysis since all these functions are, we believe, manifestations of the essential function of the mark, itself a legal coding of the economic function of the trademark.

Without disputing the alternative justifications for the existence of intellectual property rights in general and trademark rights in particular we will assume, in the present study, that the “orthodox” argument grounding the existence of intellectual property rights in the economic justification built around the “market failure” theory is valid<sup>36</sup>.

As a first conclusion we propose that trade indicators are different from trademarks in their purpose inasmuch as they merely indicate the trader and the locations of his trade while trademarks, by distinguishing between goods, indicate the commercial origin of those goods. While both have a reputational possibility attached to them, for each reputation is built in time by the historical association consumers create between the identity of the trader and the identity of the goods (as per their unique origin) respectively and the performance or quality of the trader and goods respectively.

### 3. Trademark use

Though there is debate surrounding the exact definition the general view in the literature is that use of a sign as a trademark means using it to indicate origin<sup>37</sup>. That is any use of a sign to indicate the commercial origin of goods is use of that sign as a trademark.

Retrospectively this use can turn an otherwise unprotectable sign into a registrable trademark<sup>38</sup> and, if the sign used is identical or similar to a registered trademark, it can constitute infringement of the rights in that trademark if, as the European Court of Justice indicated in

<sup>33</sup> *L'Oréal SA, Lancôme parfums et beauté & Cie SNC, Laboratoire Garnier & Cie v. Bellure NV, Malaika Investments Ltd., Starion International Ltd (C-487/07) [2009] ECR I-05185*

<sup>34</sup> Steven Tadelis, “What’s in a name? Reputation as a tradable asset” in *The American Economic Review*, vol. 89, No. 3 (June 1999), pp. 548-563

<sup>35</sup> Tadelis, quoted above, proves that the only names that can be assets are names with a good reputation, there being no market for names with bad reputation, assuming of course, an infinite supply of names.

<sup>36</sup> Michael Spence, *Intellectual Property*, Oxford University Press (Oxford – 2007), pp. 63-67

<sup>37</sup> Lionel Bently and Brad Sherman, *Intellectual Property Law*, 3<sup>rd</sup> ed., Oxford University Press (Oxford – 2009), p. 923

<sup>38</sup> Jeremy Phillips, Ilanah Simon, „Conclusion: What use is use?” in Jeremy Phillips, Ilanah Simon (ed.) *Trade Mark Use*, Oxford University Press (Oxford – 2005), p. 344

*Arsenal*<sup>39</sup>, the use affects or can affect the functions of the trademark, particularly the function of guaranteeing to consumers the origin of the goods.

As shown above trade indicators are not meant to be used as trademarks *per se* since their role is to identify the trader or locations of his trade. However, in *Céline*<sup>40</sup>, the European Court of Justice has indicated that (citations omitted):

“The purpose of a company, trade or shop name is not, of itself, to distinguish goods or services. The purpose of a company name is to identify a company, whereas the purpose of a trade name or a shop name is to designate a business which is being carried on. Accordingly, where the use of a company name, trade name or shop name is limited to identifying a company or designating a business which is being carried on, such use cannot be considered as being ‘in relation to goods or services’ within the meaning of Article 5(1) of the Directive.

Conversely, there is use ‘in relation to goods’ within the meaning of Article 5(1) of the Directive where a third party affixes the sign constituting his company name, trade name or shop name to the goods which he markets.

In addition, even where the sign is not affixed, there is use ‘in relation to goods or services’ within the meaning of that provision where the third party uses that sign in such a way that a link is established between the sign which constitutes the company, trade or shop name of the third party and the goods marketed or the services provided by the third party.”<sup>41</sup>

In conclusion, drawing from the above, a trade indicator is used as a trademark only when diverted from the purpose it was designed for, i.e. to identify a company or designate a business which is being carried on.

The question then arises: What rights can such use give rise to? And what liabilities?

#### 4. Trade indicators used as trademarks

In order to answer this question we must turn into the title under which such use takes place. In order to properly qualify it we can only look at three possibilities: it could be a use of a trade indicator, it could be use of a trademark (albeit not registered) or it could be use covered by no right whatsoever.

It is clear that the owner of a trade indicator is entitled to make use of it. But the exercise of a right must always be carried on within the limits of that right, both internal and external.

In the situation described at par. 23 of the *Céline*<sup>42</sup> judgment the use made of a trade indicator might be within the external limits of the right to the trade indicator but it is clearly outside the internal limit of the right at it diverts the purpose of the right from the one envisaged by the law to a new purpose for which the law envisaged a different type of right i.e. a right to a trademark.

Given the above it is that much clear that use of the kind described at paragraph 22 of the *Céline*<sup>43</sup> judgment is outside both the internal and external limits of the right to a trade indicator.

If it is now obvious that usage of the trade indicator outside the external limits of the right can't be thought of as use as a trade indicator the solution must be the same for using the trade indicator outside the internal limits of the right since that would amount to an abuse of right and such abuse of right cannot, by definition, have a legal title to it.

Using the trade indicator as a trademark can lead, as shown above, to the acquirement of distinctiveness sufficient for the registration of the sign the trade indicator is comprised of. But such possibility is recognized for any sign, be it a trade indicator or not so this would appear to be, at least until the registration of the sign as a trademark, to be in fact a use under no title at all, defensible

<sup>39</sup> *Arsenal v Reed*, C-206/01 [2002] ECR I-10273

<sup>40</sup> *Céline SARL v Céline SA* C-17/06 [2007] ECR I-07041

<sup>41</sup> *Céline SARL v Céline SA* C-17/06 [2007] ECR I-07041, par. 21-23

<sup>42</sup> *Céline SARL v Céline SA* C-17/06 [2007] ECR I-07041

<sup>43</sup> *Céline SARL v Céline SA* C-17/06 [2007] ECR I-07041

only by means of a claim of unfair competition under the higher standard requiring intentional deceit of the traders and customers (in Romania).

If on the other hand, the trade indicator, when used as a trademark, has gained recognition in the relevant public sufficient to warrant said sign being a well-known or famous mark such use would be made under the title of trademark but only because the right itself to trademark would exist, in parallel to the right to the trade indicator.

The conclusion here would be that use of a trade indicator as a trademark, with no trademark right existing, is done with no legal title whatsoever and should therefore not allow the user to benefit from a protection extended out of his right to the trade indicator in order to protect such use.

#### 5. Conflicts

Given the above we now move on to consider what would the outcome be in conflicts between trade indicators and trademarks where the use is likely to create confusion in the mind of the relevant public.

##### a. Trademarks used as trade indicators

When trademarks are used as trade indicators i.e. to identify the company or its place of doing business and the trademark right is anterior to the right in the trade indicator difference should be made between the jurisdictions protecting trade indicators without the need for prior registration and the ones requiring such prior registration. Where no requirement of registration exists the use itself is deemed to give rise to the right in such trade indicator and thus the owner of the trademark may oppose the use of the later trade indicator (since the trademark owner himself has a right in a trade indicator). This is also the case where the conflict occurs between two traders belonging to different countries members of the Paris Union by virtue of direct application of article 8 of the Paris Convention for the Protection of Industrial Property.

In the case of jurisdictions requiring registration of the trade indicator for it to be protected and where the two owners are both nationals of that jurisdiction the later trade indicator would prevail since use of the trademark as a trade indicator would amount to an abuse of right and thus could not gain legal recognition.

##### b. Trade indicators used as trademarks

Leaving aside the case of trade indicators amounting through use to well-known or famous marks (which do not need to be registered in order to be protected) we believe that no matter the anteriority of the trade indicator or the trademark the trademark owner should prevail unless use of the trade name would be an honest commercial practice as defined by the European Court of Justice in *Anheuser-Busch*<sup>44</sup>, *Inc.*, *Bayerische Motorenwerke (BMW)*<sup>45</sup>, *Gerolsteiner Brunner GmbH*<sup>46</sup> and in *Gillette*<sup>47</sup>.

### Conclusion

The present study has determined the nature of trade indicators in opposition to trademarks and has proposed that the differences existing between them justifies their regulation as different rights granted for different purposes. Although each can be used for the purpose of the other doing so would appear to bring no benefit in terms of legal protection, situations where protection under the other regime being granted by use left aside.

We believe future research should further delineate these differing signs based on an instrumental approach to policy-making in intellectual property as a whole and industrial property especially so as to clarify the benefits and liabilities of gaining protection under each of these differing regimes and to clearly set out the points of interference and possible outcomes.

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<sup>44</sup> *Anheuser-Busch Inc. v. Budejovický Budvar, Národní Podnik*, C-245/02 [2004]

<sup>45</sup> *Bayerische Motorenwerke AG (BMW) and BMW Nederland BV v. Ronald Karel Deenik*, C-63/97 [1999]

<sup>46</sup> *Gerolsteiner Brunnen GmbH & Co. v. Putsch GmbH*, C-100/02 [2004]

<sup>47</sup> *The Gillette Co. and Gillette Group Finland Oy v. LA-Laboratories Ltd. Oy*, C-228/03 [2005]

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