

CONFLICTS BETWEEN COMMERCIAL NAMES AND TRADEMARKS UNDER THE POLISH LEGAL SYSTEM

I. General remarks

Both a trademark and a commercial name belong to the same category of distinctive marks. It is commonly known that a trademark is used to differentiate products (services) of one enterprise from the same kind of products (services) of other ones. Whereas a commercial name individualizes the enterprise and distinguishes it from other ones on the market.

These functions result directly from the form of using the marks. A trademark is, first of all, placed on products or their packages, whereas a commercial name as an identification of an enterprise is used mainly as a designation of the place of economic activity.

A trademark must be able to distinguish products. Therefore, it cannot consist of strictly descriptive words or expressions. This requirement does not concern the commercial name - that is why it may be composed of descriptive words, like for example Polish Telecom S.A. (Telekomunikacja Polska S.A.)¹.

Apart from the mentioned differences, there are also some similarities between a trademark and a commercial name. Needless to say, these parallel points may be reasons for various conflicts taking place between the mentioned distinctive marks. These conflicts may appear when both marks are:

- identical or confusingly similar (similar to such extent that there is a risk that a consumer may misunderstand the identity of a company using these marks),
- used by entrepreneurs conducting a similar or identical economic activity,
- fulfilling the similar functions (it is worth emphasising that a commercial name may be placed on products fulfilling the function which is characteristic of a trademark).

The second of the mentioned premises has a minor meaning for renowned marks. In the case of these denominations conflicts may arise regardless of types of products for which conflicting marks are used.

In the Polish legal system the legal basis for the protection of commercial names can be found, first of all, in the Law on Counteracting Unfair Competition (LCUC)². Provisions of this law protect also trademarks.

¹ M. K_pi_ski in a gloss to sentence of the Supreme Court from 14th June 1988 II CR 367/87. OSP 1990, no 9, item 328.

² The Law on Counteracting Unfair Competition dated the 16th April 1994. (Dz.U No. 47, item 211 amended).

Moreover, a commercial name as personal interest is protected by the Civil Code provisions (CC)³.

As far as a commercial name protection is concerned, also the Commercial Code (CmC)⁴ provisions of a business name (*ger. die Firma*) can be mentioned. According to these provisions a business name is the particular type of the commercial name – the denomination under which only the companies and the partnerships can conduct economic activities. Therefore, protection of Commercial Code provisions refers only to these subjects (limited liability company, joint – stock company and all kinds of partnerships).

Furthermore, a commercial name, as well as a trademark, can be protected on the basis of the Industrial Property Law (IPL)⁵.

Premises of gaining legal protection on the basis of the mentioned legal acts are not homogenous especially for trademarks.

The regulations of the Industrial Property Law protect:

- registered trademarks (registration of the mark in the Patent Office is the condition for gaining protection),
- well known trademarks (the possession of notoriety character is the condition for gaining protection). Well known trademarks are the only example of unregistered trademarks protected by IPL provisions,
- renowned trademarks (they are protected by IPL if they are registered or well known),

The Law on Counteracting Unfair Competition protects:

- unregistered used trademarks (common ones and renowned ones)⁶.

The condition for gaining protection in the light of LCUC is the priority of using a denomination on the market.

This principle refers also to commercial names protected by CC.

It is worth notifying that the first act of mark's use provides protection only to these marks which possess original distinguishing character. Other marks gain protection while gaining ability to be distinguished by a long-term use⁷.

Commercial names are protected from the moment they are used by an entrepreneur regardless of the date of their registration. The registration of a name (most often together with the registration of an entrepreneur) in the Domestic Judicial Register⁸ does not constitute legal protection of the names.

³ The Civil Code dated the 23rd April 1964. (Dz.U No.16, item 93 amended).

⁴ The Ordinance of the President of the Polish Republic dated the 27th June 1934. (Dz.U No. 57, item 502 amended); provisions concerning a business name maintained in force by art. 632 of the Trading Companies Code dated the 15th September 2000. (Dz.U No. 94, item 1037 amended).

⁵ The Industrial Property Law dated the 30th June 2000. (Dziennik Ustaw [Dz.U] No. 49, item 508).

⁶ The doctrine in majority represents the cumulative or complementary use of IPL and UCA. Thus, pursuant to UCA provisions, registered and renowned trademarks can be protected if they are actually used on the market. UCA protects only these marks that are used on the market by an entrepreneur. Because of the fact that the relationship between both statutes is very complex, its precise and detailed analysis goes beyond the frames of this paper.

⁷ R. Skubisz – 'Ochrona zagranicznej nazwy handlowej w Polsce' (Foreign Commercial Name Protection in Poland) in Visitors' Book. The First Congress of the Polish Notaries, Kluczbork 1993, pp. 233-247, 239-240.

⁸ The Domestic Judicial Register Act dated the 20th August 1997. (Dz.U [2001], No. 17, item 209 amended).

The only exception to the rule is the protection of a business name on the basis of the CmC provisions. The legal act gives protection to this kind of name from the date of its registration or its application to the register. According to the CmC it is required that a business name cannot be identical or confusingly similar to an earlier ones recorded in or applied to the local register.

The range of the protection under the CmC provisions: objective, subjective and territorial is, unfortunately, very narrow, so in practice it has marginal significance as far as resolving conflicts between a trademark and a commercial name is concerned.

Thus, various conflicts between the mentioned marks are sorted out in the Polish law according to the principle: *prior tempore potior iure*. The protection is given to the entrepreneur who, as the first one, has started to use a denomination on the market or registered it in the Patent Office. Therefore, these conflicts can be divided into two categories – conflicts which appear when:

- an entrepreneur uses a commercial name that may be identical with or similar to an earlier trademark,
- an entrepreneur registers and/or uses a trademark that may be identical with or similar to an earlier commercial name.

Taking all these legal conflicts into consideration, an expression ‘an earlier trademark’ means, in the light of IPL provisions, that the trademark was registered earlier in the Patent Office (before using the commercial name on the market). But according to LCUC this is a mark used earlier on the market (before starting to use a name). An expression ‘an earlier commercial name’ stands for the name used on the market before starting to use the trademark or before its registration.

II. The use of a commercial name that may be identical with or similar to an earlier trademark

As it has been mentioned before, under the Polish legal system, the right to a trademark is protected on the basis of IPL and LCUC provisions. According to particular provisions (art. 296 (2) and 158 IPL and art. 10 and 3 LCUC) of the mentioned acts, the use of a commercial name identical with or similar to an earlier trademark may be evaluated as an infringement of the right to this mark.

However, before I pass on to analyse in details the premises of the mentioned infringement, it seems significant to answer one crucial question: is there a possibility of elimination of a conflict between a trademark and a commercial name at the stage of the name registration? In other words, should the court registering the name in the Domestic Judicial Register examine whether an infringement of the right to the trademark takes place? Under the current legal system there are no specific regulations which standardise this matter. Therefore, there are no legal grounds that a body registering the name would examine it as far as a similarity to trademarks already registered in the Patent Office is concerned. There is a rule saying that the court should register the name if it fulfils the formal requirements and the construction of the name is in accordance with the principles of its

creation. A legal dispute concerning the right to use the mark as a trademark or a commercial name may only take place in a civil suit before a common court (district court).

In such a legal suit, a person entitled to a trademark can demand protection for the right to the mark according to IPL and LCUC provisions.

One can ask what premises have to be fulfilled to infringe the right to an earlier trademark when an identical or similar name is used.

According to art. 296 (2) IPL and art. 158 IPL such an infringement may take place if these two conditions are fulfilled at the same time:

- there is a possibility of the misleading of consumers about the origin of products, especially because of the similar (identical) subject of activities of both entrepreneurs or the similar (identical) territorial range of using a name and a trademark.
- an entrepreneur uses the name for marking their products.

The analogous premises of infringement of the right to a trademark can be formulated on the basis of art. 10 LCUC according to which, a deed of unfair competition is such product (service) marking which may mislead customers about their origin. Therefore, using a name identical with or similar to an earlier trademark may infringe the right to this mark if:

- there is a danger, that an average consumer may identify products coming from an infringer with those which are offered by a person entitled to the mark.
- an entrepreneur uses the name for marking their products.

It is also worth emphasising, that the use of a commercial name in the function of a trademark (distinctive function) cannot be identified with the duty of placing names on products or their packages in an informative function (information about an entrepreneur) according to requirements of art. 12 of the Economic Activity Law⁹. In practice, however, it is not easy, in many cases, to define in which character a commercial name has been placed on a product.

This problem could easily be observed in the case of ‘LUDWIK’ – (concerning the denomination of the washing up liquid), in which the Court of Appeal in Warsaw¹⁰ claimed that “while evaluating actual character of the word marks (whether it is a trademark or a commercial name), one needs to remember about the criterion of the function which both denominations fulfil in the market”. This particular case shows that the evaluation of the character in which a commercial name was used on products is very important as far as the infringement of the right to a trademark is concerned.

In this case, the plaintiff was first to use and to register two trademarks: word mark – “LUDWIK” and word – figurative mark “LUDWIK” with a stylised effigy of a swan. These marks have been registered and used for marking washing up liquid.

The defendant – named Wytwórnia Chemii Gospodarczej “LUDWIKA” (Household Chemistry Factory “LUDWIKA”) has also produced and sold washing up liquid and placed on its packages the

⁹ The Economic Activity Law dated the 19th November 1999. (Dz.U No. 101, item 1178 amended).

name of the factory with exposed the word “LUDWIKA”. The colouring and graphic of the labels of washing up liquid used by both parties was analogous.

The plaintiff treated such an action as unfair competition and appealed to the court for interdiction of the defendant to use the word “LUDWIKA” for denominating washing up liquid.

The line of defence was reduced to an assertion that the defendant does not infringe the plaintiff’s right to the trademark, but performs his own right – the right to the commercial name “LUDWIKA”, so he does not act illegally.

The court declared in this case that the defendant has used his denomination on the products as the trademark – not as the commercial name and took into consideration the fact that the identity of the products of both parties and the similarity of the denominations and the labels may lead to a situation that an average consumer may assume that all the products come from one source. According to the court, it is also difficult to presume that the full name of the defendant’s enterprise written with the small letters and placed on the packages of his products could eliminate mistakes. In consequence, the court prohibited the defendant from using the conflicting mark “LUDWIKA” for denominating the washing up liquid.

In the Polish legal system all kinds of trademarks are protected against the risk of confusion. However, the renowned trademarks are protected additionally against the risk of parasitism, depreciation and dilution. According to IPL (art. 296 (2) (3)), the use of a commercial name identical with or similar to a renowned trademark infringes the right to the mark if it may bring a user an undue profit or may be harmful to the distinctive character of the mark or its good reputation.

Such actions may be also treated as an act of unfair competition according to art. 3 LCUC saying that “each illegal action or an action inconsistent with good manners, which endangers or infringes interests of another entrepreneur or consumer is an act of unfair competition”. Parasitism, depreciation or dilution of a renowned trademark can be, undoubtedly, treated as an action inconsistent with good manners, which endangers or infringes the interests of another entrepreneur.

Parasitism, depreciation or dilution of a renowned trademark may appear regardless of the fact whether the subject of an infringer’s activity is similar to an activity performed by a person entitled to the renowned mark.

Moreover, according to LCUC provisions, the right to a renowned trademark may be infringed irrespective of the way of using a commercial name. It means that it does not matter if a name is used only as a denomination of the entrepreneur or if it is also put on the products’ packages fulfilling the function of a trademark.

III. The registration and/or the use of a trademark that may be identical with or similar to an earlier commercial name

¹⁰ Sentence dated the 19th December 1995. (I Acr 1013/95); ‘Monitor Prawniczy’ No. 1/1997, p. 31 and next.

The deliberations elaborated in this part of the paper refer to these cases of conflicts between a trademark and a commercial name that may occur in a situation when an entrepreneur uses or/and registers a trademark comprising an earlier name of another entrepreneur. The registration or/and using such a trademark may infringe the right to the commercial name.

If the infringement takes place, a person entitled to the commercial name can assert the protection of their right either in the Patent Office or in the court. There are alternative ways of the protection of the right to the commercial name:

- in administrative-legal procedure on the basis of the Industrial Property Law provisions,
- in civil-legal procedure where the basis of the claims may be provisions included in two separate legal acts:
 - a. the Law on Counteracting Unfair Competition,
 - b. the Civil Code (personal interest provisions).

In each of these legal acts there are disparities concerning the regulation of the matter in question.

According to the Industrial Property Law “one does not give the title of protection to the trademark whose use infringes personal or material rights of a third party” (art. 131 (1) (1) IPL). The right to the commercial name of another entrepreneur is one of such subjective rights that may be infringed as a result of registration and/or the use of a trademark. The character of the right to a commercial name is a subject of many disputes. In most cases it is said that the right to a commercial name has a personal-material character. However, a detailed analysis of this extremely complex aspect goes beyond the frames of this paper¹¹.

If the infringement takes place, the Patent Office should reject the application of a conflicting trademark or invalidate the registration of a trademark that has been already registered.

Although, it should be emphasised that only the Patent Office can invalidate the registration of a trademark that infringes the right to the name of a third party. Whereas the court on the basis of the provisions included in the legal acts mentioned above, may pass a sentence prohibiting the use of such a trademark. The sentence may decide, in the case of a registered trademark, the basis for a plea to cancel the registration. The court cannot directly order the registering body to make a decision for invalidations the title of protection to a trademark. Apart from the fact whether the registration was invalidated or not, a mark would not have any value because, according to the judgement, it could not be used any more.

Next, on the basis of the mentioned legal acts’ provisions, I would like to answer the following question: in which situations exactly the right to an earlier commercial name may be infringed by the use or/and the registration of a trademark identical with or similar to the name?

¹¹ Vide: T. Opalski – Ochrona nazwy handlowej w Polsce (‘Foreign Commercial Name Protection in Poland’) PUG 1980, No. 11, p. 318 and next.

From art. 131 (5) IPA results *a contrario* that the registration of a trademark may infringe the right to an earlier commercial name if both marks are identical or similar and there is a conflict of interests between a person applying the mark to the register and a person entitled to the name. This conflict may arise from a similar subject of the activity of both entrepreneurs, its range or the similar (identical) forms of the use of both denominations. Unfortunately, the definition of the conflict of interests has not been explained in the legal act. Only the premises of this conflict have been presented.

However, the conflict of interest can be defined with reference to art. 158 IPL. The premises of the conflict are the same as those which, according to art. 158 IPL, imply the risk of the misleading of consumers as far as the origin of products is concerned (risk of confusion). The analogy between the provisions mentioned and an interpretation of the purpose of art. 131 (5) IPL suggests that the conflict of interests appears when there is a possibility of the misleading of consumers as far as the origin of products is concerned.

Therefore, the right to an earlier commercial name may be infringed if the registration and/or the use of a trademark, identical with or similar to the name creates a danger of the misleading of consumers as far as the origin of products is concerned. In such a situation we deal with a conflict of interests between entrepreneurs.

However, it is not clear which of these premises should be fulfilled simultaneously to cause the conflict of interests. It can only be presumed that this conflict concerns mainly competitive entrepreneurs – that is the ones who conduct similar kind of economic activity.

An analogous conclusion can be drawn on the basis of the Patent Office decision from 11th April 2001 (Sp.152/00) that concerns the conflict between the trademark “MOBITEL” and the commercial name “MOBITEL” of two different companies conducting telecom services. The commercial name “MOBITEL” was used earlier than it was applied and registered the word trademark “MOBITEL” by another entrepreneur. In this case the Patent Office maintained that the preference should be admitted to the protection of the subjective right to the commercial name existing at the time of the trademark’s registration, because a subsequent the MOBITEL trademark registration and its use is unlawful in the case when it may mislead consumers as far as the origin of products and services is concerned.

Moreover, as far as renowned commercial names are concerned, it should be assumed that the reason for the conflict of interests may be either the risk of confusion or the infringement of a commercial name’s good reputation. It is worth noticing that the catalogue of premises that create the conflict of interests mentioned in art. 131 (5) IPL is not closed. Although in opposition to the notion “a renowned trademark” the legal notion “a renowned commercial name” does not exist in the Polish legal system, it cannot be denied that there are many commercial names which are the

M. Pó_niak – Niedezielska – Nazwa osoby prawnej, jako przedmiot ochrony prawa cywilnego (‘ The Name of a Legal Person As a Subject of Civil Law Protection’), p. 295 and next, in Rozprawy z Prawa Cywilnego (‘Civil Law Divagations’), W-wa 1985; R. Skubisz – Prawo do firmy i jego ochrona (‘The Right to a Business Name and its Protection’), PiP 1993, No. 1, p. 32.

symbols of the enterprises that offer products (services) of the highest quality. Thus, some parallel between the protection of renowned trademarks and particularly famous commercial names seems to be justified. According to this assumption, parasitism, depreciation and dilution of a renowned commercial name as well as the risk of confusion may be regarded as the infringement of a renowned commercial name under the art. 131 (1) (1) in connection with art 131 (5) of IPL.

If the registration and/or using a trademark infringes the right to the name of another entrepreneur, the Patent Office should refuse the trademark's registration. However it can be done only at the request of an entitled person.

At the stage of registration proceedings before the Patent Office, a person entitled to a commercial name can express reservations that hinder from granting the registration of a trademark. Infringement of the right to the commercial name may be one of the circumstances.

If, however, such a trademark infringing the right to a commercial name was registered, which may happen because the person interested might show no activity, a person entitled to the name could raise a justified objection against the valid decision of the Patent Office to grant the title of protection to the trademark. It can be done within six months after such information about the registration is published in "The Patent Office News" ("Wiadomo_ci Urz_du Patentowego") (art. 246 IPL).

Moreover, within five years from the trademark's registration, a person entitled to a commercial name can file a petition to the Patent Office for invalidation the registration of the trademark, if the right to the name has been infringed by the registration of the trademark (art. 165 (1) (1) IPL). The time limitation, however, cannot be applied if the registration of a trademark has been obtained in bad faith (*mala fide*) (art. 165 (2) IPL). The adjudicative board for disputed cases (kolegium orzekaj_ce do spraw spornych) is the right body to conduct the invalidations actions (art. 279 IPL).

A person entitled to a commercial name can lodge a complaint to the Supreme Administrative Court for the decision of the Patent Office.

It ought to be emphasised, however, that according to the Board of Appeal at the Patent Office¹² decision from 23rd September 1993: "the Patent Office should take into consideration the fact of the infringement of the right to a commercial name as an absolute registration obstacle only when it is undoubted. If the parties disagree about personal rights' infringement, only the court can be the adjudicator"¹³.

Therefore, a person entitled to a commercial name can assert at the court the protection of their right on the basis of the Civil Code and the Law on Counteracting Unfair Competition.

In the light of adequate provisions of these acts, the right to an earlier commercial name may be infringed by the use of a similar (identical) trademark, if the risk of confusion exists (art. 24 in connection with art. 43 CC and art. 10 LCUC).

¹² The body entitled to decide the appeals against the decisions of the Patent Office that functioned before the Industrial Property Law has been introduced.

Furthermore, renowned commercial names, as well as renowned trademarks, are protected either against the risk of confusion or against the acts that may infringe their good reputation. According to the provisions of CC (art. 24 in connection with art. 43) and LCUC (art. 3) the use of a trademark identical with or similar to an earlier renowned commercial name may infringe the right to the name if it is an act of parasitism, depreciation or dilution. The rules of a renowned commercial name's protection are the same as the ones I discussed as far as the renowned trademarks were concerned

Thus, it can be affirmed that in the aspect of legal conflicts between entrepreneurs, the protection of a commercial name under CC is similar to the one provided by LCUC. However, a commercial name is protected only on the basis of CC provisions when the infringement concerns the use of the name outside of the economic activity.

¹³ Decision of the Board of Appeal at the Patent Office dated the 23rd September 1993. (Odw. 1187/93 – 'Locum'), WUP 1994, No. 7, item 196, p. 817 and next.