



AMERICAN UNIVERSITY OF ARMENIA

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LL.M. Program

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TITLE

**Protection of Interior and Exterior Design as a Trade Dress (Trademark).
International Best Practice and Armenian Legislation.**

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NUMBER OF WORDS

7801

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INTRODUCTION

WHAT IS A TRADE DRESS?

“Trade dress is a type of trademark that refers to the image and overall appearance of a product. Trademarks protect brands and the goodwill associated with the brand. A trademark is used to identify the source of goods or services and is used to distinguish the goods and services of one seller or provider from another. Trade dress can include customized boxes for your brand, product shape and color, and the look and feel of a restaurant or retail store”¹.

“A trademark offers legal protection for a logo, symbol, phrase, word, name, or design used to show the manufacturer of a product. Trade dress protects all elements used to promote a specific service or product. Examples of trade dress include packaging and the atmosphere or décor within a place of business.

The term "trade dress" comes from a 1992 court ruling and refers to the way a product is "dressed" to go to market. Since then, the term has expanded to include other elements, such as specific themes used in decoration or styling of a business location. The updated definition focuses on the total image instead of the way a product is "dressed up"².

“The term “trade dress” is the “total image” of a business, good or service by its overall composition and design, including size, shape, color, texture and graphics. In the retail arena, trade dress might include distinctive counters or point of sale displays, overall store layout, signage or exterior building features”³.

Trademarks are a huge part of intellectual property and have different types of legal protection, however rights to trademarks very often are violated and intellectual property right holders are obliged to start an expensive process of defending their rights.

“A claim for infringement requires showing that the plaintiff’s trade dress is distinctive, that it is not functional and that the defendant’s trade dress is confusingly similar to the plaintiff’s.”⁴

According to the statements above we can see that the whole concept of trade dress in its broad sense also refers to unique interior and exterior designs that companies usually create in order

¹ Julie Hopkins, *The Differences Between Design Patents and Trade Dress*, IPWatchdog, June 3, 2016, available at <http://www.ipwatchdog.com/2016/06/03/differences-design-patentstrade-dress/id=69591/>

² *Trademark vs. Trade Dress: Everything You Need to Know*, UpCounsel, Inc., available at <https://www.upcounsel.com/trademark-vs-trade-dress>

³ *Trade Dress Protection for Retail Store Designs*, by Erica J. Weiner and Monica Richman, September 2014

⁴ *Trade Dress Protection for Retail Store Designs*, by Erica J. Weiner and Monica Richman, September 2014

to give the consumers that “look and feel” of their brand. Interior and exterior designs are an important part of intellectual property and are legally protected through trademark laws.

WHY IS IT IMPORTANT TO PROTECT THE TRADE DRESS?

Many businesses, especially the small ones choose not to protect their intellectual property rights for various reasons, one of which is the huge cost. This type of mentality leads to unsuccessful business and inability to protect the rights in case of intellectual property infringement.

All businesses have intellectual property, and it does not matter how big the company is or the field in which it acts.

“Thus, it goes without saying that all businesses have intellectual property, regardless of their size or sector. This could be the name of your business, copyright, designs, patents, and trademarks. Your Intellectual property is likely to be a valuable asset. Securing and protecting it could be essential to your business’ future success. In the other words, Intellectual property often translates directly to monetary gain. If you don’t know how to adequately protect your intellectual property, your business is at risk”⁵.

By stating “intellectual property often translates directly to monetary gain” it means that properly registering and protecting all types of intellectual property objects of the business will gain money and value of the company. In cases of infringement of the rights, selling the company or franchise, the owner of the business shall have all the basis to demand huge compensation of damages (in case of infringement) and in case of selling or franchise the company will worth more if all the intellectual property objects are protected.

“The importance of protecting your Intellectual property can be more easily understood as follows: if you do not protect it, you will have to risk the losing one of the following:

1. **Branding:** Establishing a strong brand is pivotal to business success. Protecting that brand is equally important. The name of your company and its logo are part of the branding that sets your business apart. Elements of your brand, from your company name to your logo can be subsumed and eroded. This can damage perceptions in the market of your quality, products, and reputation.

⁵ Jessica Suotmaa, *The Importance of Protecting your Intellectual Property*, Lum Law Group, 2017, available at <http://www.lumlawgroup.com/importance-protecting-intellectual-property/>

2. **Products:** Unique investments that you've made developing technologies may be compromised; only through proper patenting, etc. can you ensure that you control and can market the products you develop.
3. **Ideas and thought leadership:** Protecting original contributions to the thinking around your industry can be an important step to establishing your company as a market leader. Copyrights ensure proper attribution of your materials.

As such, there is no doubt that, in a business, intellectual property is everywhere. The name that you choose will be your trademark, even the smallest new process created within your firm may be patentable, and much of the creative work of your employees will be protected by copyright. Protecting your intellectual property rights is protecting your business, so you must claim your intellectual property rights before it's too late".⁶

"To exploit your IP fully, it makes strong business sense to do all you can to secure it. You can then:

- protect it against infringement by others and ultimately defend in the courts your sole right to use, make, sell or import it
- stop others using, making, selling or importing it without your permission
- earn royalties by licensing it
- exploit it through strategic alliances
- make money by selling it"⁷

So, as we may see, intellectual property rights are very important assets of a business and providing legal protection gives many advantages, security and value for running a successful business and also making money in case of infringement of the rights or selling the company.

Despite trade dresses being so common and widely used internationally, the protection of Interior and Exterior Design is relatively a new institute in the Republic of Armenia, the legislation of which needs further development to effectively regulate legal relations arising in the field. Until nowadays, the Law on "Inventions, Useful Models and Industrial Designs" of the RA has granted Companies the opportunity to register an interior design, which the Intellectual Property Agency has been registering as an **Industrial Design**. For example, the IP Agency of the RA has registered interior designs under Certificate numbers 99, 270, 406.

⁶ Jessica Suotmaa, *The Importance of Protecting your Intellectual Property*, Lum Law Group, 2017, available at <http://www.lumlawgroup.com/importance-protecting-intellectual-property/>

⁷ Protecting intellectual property, <https://www.nibusinessinfo.co.uk/content/importance-protecting-intellectual-property>

In the United States of America the practice of registering an interior and exterior design is adequately regulated and widely used. Big companies usually invest much of their funds on the protection of all kinds of their intellectual property. For example, Apple Inc. has acquired protection not for the design or packaging of its products, but for the store where they sell the products⁸. This means that the Company wants consumers to differentiate the brand not only by the electronics it sells, but also by the “looks” of its stores.

The US Patent and Trademark Office has a different experience in regard to such kind of registrations as compared to the practice applied in Armenia. It provides registration of an Interior as a **Trademark** and not as an **Industrial Design**. This is exactly the way of protection that the Republic of Armenia shall adopt because of many gaps in the legislation that do not allow to properly secure the rights to trade dresses.

According to the RA law on Trademarks, registrations of a typical category of intellectual property as a **trademark** provide Companies with broader and more effective protection rather than the one under **industrial designs**, even though both of these have many similarities, but trademarks, under the RA legislation are conceptually narrower as compared to the ones specified by the US legislation.

Therefore, the RA legislation should be amended to provide a wider conceptual background for a trademark and more effective protection for interior and exterior designs.

⁸ Growth & Co, *Protection of interior design through trademarking*, 15 Sep 2014, available at <http://groth.eu/news/protection-of-interior-design-through-trademarking/> (last visited Feb. 11, 2018)

CHAPTER 1

International Best Practice and Case Law

In the United States the protection of trade dresses are carried out respective to Trademark Act of 1946 which is also known as the Lanham act. According to the Lanham Act, the trade dress of a product can be protected without formal registration with the U.S. Patent and Trade Office. Unregistered trade dress may be protected by federal and state competition laws.

U.S. Patent and Trademark Office offers two types of registration forms. Trade dress may be registered as a trademark in either the Principal Register or the Supplemental Register. As mentioned, even though registration is not required, a registered trade dress provides several advantages. These advantages are guaranteed under the trade dress law of the U.S.

When registered under the Principal Register, the trade dress acquired nationwide constructive use and constructive notice. This prevents other from using the trade dress. In addition, registering under the Principal Register gives the trade dress an incontestable status after five years. This status prevents another party from legally challenging the registration in its attempt to acquire the ownership of the trade dress.

On the other hand, the trade dress can also be registered as a trademark under the Supplemental Register. However, Principal Register offers more protection than the Supplemental Register.

There are many similarities and differences between Trademarks and Industrial Designs (Design Patent). Both intellectual property protections give owners the legal capacity to prevent others from making, using, or selling a product that so resembles his or her patented and trademarked product.

Hence, both trade dress and design patent are legal concepts intended to promote the non-existence of similar-looking products in the market (the term "product" in this context also refers to interior and exterior designs).

Another similarity between a design patent and trade dress is that both take into consideration the aesthetic and visual characteristics of a product. These intellectual property protections are applicable if they do not serve a utilitarian function, and must be “distinctive” or that they must identify the source or manufacturer of the product.

With design patent and trade dress thereby, dual protection from both patent law and trademark law may coexist. This also means that the owner of the patent and trademark rights can also charge an alleged infringer with multiple offenses.

Of course, there are critical differences between trade dress and design patent.

“The first is difference in legal justification. Design patent is intended to encourage inventors or businesspersons to develop novel ornamental designs for their products. The legal justification is merely ornamental and thus, to encourage design novelty and progress in the market. On the other hand, trade dress is intended to prevent the public from being confused due to similar-looking products. The legal justification is to position design as an indicator of source and thus, to prevent competitors from passing off a product using an identified of an established source. The second difference between trade dress and design patent is tenure. Design patents grant a would-be owner exclusive rights to the product for a period of 14 years. However, at the end of this period, the exclusivity of the design characteristics becomes available to the public.

On the other hand, trade dress being a category of trademark, can exist forever through proper maintenance.

The third difference between trade dress and design patent is infringement determinant. Infringement of design patent is determined by two stages. In the first stage, one determines what ornamental features of the patented design are not shown in the prior art and whether one or more of these were appropriated by the product alleged to infringe. If not, there is no infringement.

In the second stage, if there was appropriation of one or more of the unique features, then a second test is applied. One looks at both the similarities and differences between the two products to determine if there is sufficient overall similarity to deceive the ordinary observer. If so, infringement exists”⁹.

On the other hand, infringement of trade dress is determined by three factors: non-functionality, secondary meaning, and likelihood of confusion.

⁹ Profulus, An overview of Trade Dress Law in the United States, 2 May, 2017, available at <https://www.profolus.com/topics/trade-dress-law-united-states/> (last visited 31 April 2018)

Between design patent and trade dress, the latter has stringent infringement determinant. To be specific, the “secondary meaning” determinant factor is not something that the owner of rights can easily create. This factor is normally acquired after several years through marketing and advertising

¹⁰.

Taking into consideration all of the mentioned above differences, similarities and the type of legal protection the Lanham Act provides, one may conclude that protection of interior designs should be carried out under Trademark law.

Some recent court decisions offer excellent examples of retail trade dress distinctiveness and protection. In *Best Cellars, Inc. v. Wine Made Simple, Inc.*, 320 F. Supp. 2d 60 (S.D.N.Y. 2003), a wine retailer claimed that a competing shop copied its distinctive trade dress, which centered around organizing wines by taste category rather than by grape type or country of origin, and selling modestly-priced wines in a modern store with a color coded “wall of wine” that stored the wines horizontally in tubular racks according to eight taste categories. The court found that the plaintiff’s trade dress was inherently distinctive, because, on the whole, the elements made up a distinct and arbitrary total visual image to consumers¹¹.

Another case is *Pure Power Boot Camp, Inc. v. Warrior Fitness Boot Camp, LLC*, 813 F.Supp.2d 489 (2011), which is worth mentioning for indicating the level of development of interior design protection. An owner of a marine boot camp style gym brought breach of contract and loyalty claims and trade dress infringement claims, among others against a competing gym founded by ex-employees. The trade dress (Reg. No. 3,580,542) consisted of an exercise facility mimicking a military boot camp training course, replete with a camouflage wall, crushed rubber flooring, a tire run, climbing walls and hurdles. The court initially commented that the plaintiff’s assertion of trade dress was too expensive and improperly included concepts and innovations centering on merely being the first boot camp exercise facility. The court stated that such a general concept, however, was not protectable as a trade dress, rather it was the particular “look and feel” of Pure Power’s facility that was protectable. Looking at the mark, the court found that Pure Power’s arrangement of obstacles, in combination with its military-inspired design elements, was inherently distinctive and that the look and feel of the trade dress was source indicating and unique. However, in finding no infringement, the court held that the similarity of the marks was not likely to cause consumer confusion. The court held that the look and feel of the two gyms was not confusingly similar, nor

¹⁰ Profulus, An overview of Trade Dress Law in the United States, 2 May, 2017, available at <https://www.profolus.com/topics/trade-dress-law-united-states/> (last visited 31 April 2018)

¹¹ *Best Cellars, Inc. v. Wine Made Simple, Inc.*, 320 F. Supp. 2d 60 (S.D.N.Y. 2003)

was there any meaningful proof of actual confusion: “Pure Power enjoys protection only with respect to its own distinctive blend and manner of implementing these elements and concepts, and that implementation is quite different from the ‘look and feel’ of [Warrior Fitness].” Id. at 543. ¹²

A trade dress dispute also involving competing pizzerias is instructive for the retail environment, and an interesting counterpoint to the aforementioned cases. In *Happy’s Pizza Franchise, LLC v. Papa’s Pizza, Inc.*, 2013 WL 308728 (E.D. Mich. Jan. 25, 2013), the plaintiff’s trade dress comprised its big menu, granite countertops, black industrial-style rugs, back-lit signage, neon signage, steel shelving, stacked pizza boxes, and ceramic tiled floors and walls. In finding that the plaintiff failed to establish distinctiveness and non-functionality for its restaurant decor, the court stressed that generic elements creatively combined might form a protectable trade dress, but that an ordinary retail environment is far from the distinctive design evidenced in *Best Cellars*.

“Analyzing the above mentioned cases we see that "distinctiveness" is one of the most important elements of protection of an interior design as a trade dress. One of the most common bases for denial is that the trade dress is not inherently distinctive. In seeking to overcome this hurdle by claiming acquired distinctiveness, applicants typically submit additional evidence documenting (1) the length and exclusivity of use of the mark in the United States; (2) the type, expense and amount of advertising of the mark; and (3) the applicant’s efforts, such as unsolicited media coverage and consumer surveys, to associate the mark with the source of the goods and/or services”.¹³

“The interior of a retail chain can have significant value to the company if designed intentionally to achieve this goal. First, it creates a store design that is distinctive and unique. Second, trade dress promotes your distinctiveness which is also an investment in making it a company’s brand. So, obtain a federal trademark registration for your store design, preferably on the Principal Register the company may get the chance to the trade dress from third parties”¹⁴.

One more case worth mentioning is *Two Pesos, Inc. v. Taco Cabana, Inc.* U.S. Supreme Court 505 U.S. 763 (1992) which includes discussions not only about interior but also exterior designs. Taco Cabana, Inc. is a chain of Mexican-style fast-food restaurants in San Antonio, Texas. Taco Cabana described the decor of their restaurants as "a festive eating atmosphere having interior

¹² *Trade Dress Protection for Retail Store Designs*, by Erica J. Weiner and Monica Richman September 2014

¹³ *Trade Dress Protection for Retail Store Designs*, by Erica J. Weiner and Monica Richman, September 2014

¹⁴ *Trade Dress Protection for Retail Store Designs*, by Erica J. Weiner and Monica Richman September 2014

dining and patio areas decorated with artifacts, bright colors, paintings and murals."¹⁵ The interior of the restaurants featured a "patio capable of being sealed off from the outside patio by overhead garage doors."¹⁶ Two Pesos, Inc. opened a restaurant in Houston, Texas with an interior and exterior similar to Taco Cabana's restaurants. Two Pesos' became famous very soon, but the chain did not consider to open a restaurant in San Antonio. However, after that Taco Cabana opened restaurants in Houston and other markets in Texas where Two Pesos operated restaurants. One year later, Taco Cabana sued Two Pesos in federal district court for trade dress infringement under the Lanham Act. The jury at the United States Court of Appeals found that Two Pesos deliberately infringed upon Taco Cabana's trade dress. On appeal, the District Court found the infringement to be deliberate. The US Supreme Court also found an infringement of trade dress and affirmed the decisions of lower instance courts.

This case also shows that the protection of a trade dress directly connects with financial issues as well. The infringement resulted in financial loss for the Company and it had to demand damages. But thanks to the proper type of protection under US law, the company was able to recover its status, financial loss and legal rights and interests.

The Republic of Bulgaria has a different type of protection for trade dresses as compared to the US practice. Bulgarian law does not comprise a legal definition of interior and exterior designs directly, however it provides a broad definition of industrial design under which those types of trade dresses may be referred to.

The protection of industrial design is carried out through the Bulgarian Act on Industrial Design. According to the law "... industrial design, hereinafter referred to as "design", means the appearance of the whole or a part of a product resulting from the specific features of the shape, lines, contours, ornamentation, colors, or combination of such. Within the meaning of paragraph (1), product means any industrial or handicraft article, including parts intended to be assembled into a complex article, sets or compositions of articles, packaging, graphic symbols and typographic typefaces, but excluding computer programs"¹⁷.

This is not the best type of regulation of the field and not the best way to protect the intellectual property rights because the objects of protection have to be directly referred to, in order to refrain from confusion and to successfully carry out the protection of the rights.

¹⁵ *Two Pesos, Inc. vs Taco Cabana, Inc* 505 U.S. at 765, (US 1992)

¹⁶ *Two Pesos, Inc. vs Taco Cabana, Inc* 505 U.S. at 765, (US 1992)

¹⁷ Bulgaria, Law on Industrial Design, September 14, 1999

The absence of court cases in the particular field (on infringement of interior and exterior designs) may also speak about the lack of proper regulation in the national legislation in which case the intellectual property right holders are deprived of their opportunity to effectively claim the restoration of their rights. Bulgarian practice on the protection is not rich enough as compared to the US practice, so the US is considered to be the most experienced in these types of legal relations.

CHAPTER 2

Issues and Effectiveness of the Current Status and Protection of Trade Dresses in the Republic of Armenia

According to the law on “Trademarks” of the Republic of Armenia the term trademark is a “symbol” which the a physical or legal person uses to differentiate its products and services from another’s. The protection of a trademark is possible only if it is registered in Intellectual Property Agency.

The 8th article of the law states that these particular things might be registered as a Trademark: words, phrases, names, slogans, letters or numbers, pictures, images or emblems, three-dimensional images, in particular the appearance of the product or its packaging (container); holograms, colors, combinations of colors or compositions and sound signals.

The terms during which the physical or legal person may protect its registered trademark is ten years, with the possibility to prolong the protection each time for ten years.

A certain trademark shall be registered in the Intellectual Property Agency by filing an application and providing all the necessary documents. In case of providing false documents, the IP Agency shall reject the application and cancel the registration of the trademark¹⁸.

The law on "Inventions, Useful Models and Industrial Designs" Law of the republic of Armenia gives the definition of the "industrial design" as the external look of a certain product including its shape, type, color, decorations. Here also, the industrial design has to be registered in order to carry out a certain type of protection.

A registered industrial design shall be protected for 5 years, each time giving the possibility to prolong for 5 years until 25 years starting from the day of the application of registration¹⁹.

First of all the main reason behind the poor effectiveness of protection of trade dresses in the Republic of Armenia is that the law does not provide any type of definition for interior and exterior designs. This means that the concept of interior and exterior design is not included in the legal framework of intellectual property rights protection.

In order to provide an effective legal protection of any type of intellectual property right and object, the State has to directly refer to the specific types of the objects and give the full description and definition for those. In this case the Republic of Armenia does not in any way refer to the concept of interior and exterior design as a legally protectable type of intellectual property object. In this type of legal regime shareholders of companies are either unaware of their rights upon their creations or not interested to create unique designs for their business activities and spend money to register and protect their intellectual property rights.

As a developing country, the Republic of Armenia has to take measures in order to draw the attention of successful and famous brands to establish companies and, of course, to encourage Armenian residents (not only legal but also physical persons) to create and feel fully protected over their intellectual property rights.

Providing an effective legal protection to companies over their intellectual property shall contribute to the development of businesses in the RA and healthy competition which, in its turn, shall stimulate the economic growth and become a reliable platform for businesses all over the world to establish their authorized representations in Armenia.

Adequately regulating legislation is significant for successful businesses to build more creative interiors considering it as a part of their whole brand and in this view, protection will

¹⁸ Trademark Law, April 29, 2010 Republic of Armenia

¹⁹ RA Law on Inventions, Useful Models and Industrial Designs

prevent from others duplicating these ideas, selling as their own, or trying to confuse consumers by putting them into conscientious deception.

Poor regulation of these kinds of legal relations will result in companies establishing businesses and seeking legal protection outside of the country which will bring to serious consequences like degrading social-economic status of the Republic of Armenia.

Besides all of the mentioned facts, there is one more reason behind the poor effectiveness of current type of protection. According to the law on “Trademarks” and the law on “Inventions, Useful Models and Industrial Designs” of the Republic of Armenia, the law provides protection over intellectual property objects only if they are registered according to regulations prescribed by the law. This regime also has a negative impact on legal relations in the field as business owners have to have the opportunity to somehow protect their intellectual rights in case of infringement.

The United States, thanks to its rich experience in intellectual property field, has already solved the above mentioned problems thus becoming a state from which the Republic of Armenia may take examples while building its own legal system.

The US has specifically referred to interior and exterior designs as trade dresses in many of its legal acts and court decisions. As it is mentioned above, the term trade dress "trade dress" comes from a 1992 court ruling and refers to the way a product is "dressed" to go to market. Since then, the term has expanded to include other elements, such as specific themes used in decoration or styling of a business location.

This already means that one of the most important issues-the definition of the term, is solved by fully describing what trade dresses may refer to.

Also, according to the Lanham Act the US provides 2 types of possible registration forms for trademarks- Principal Register or the Supplemental Register. Each of them has its specific way of protection of the intellectual property right, however the Act clearly states that even unregistered trademarks may also be protected through federal and state competition laws. This means that the US does not put the protection of certain type of intellectual property right in the basis of registration of those rights as the latter shall in any way be legally protected in case of infringement even without any kind of registration. The philosophy behind this type of regulation in the United States, I assume, is that if one has created some object as a result of intellectual activity, then the full right over that creation is believed to arise from the moment of its creation and not its registration, which means the owner already believes he has the right to fully and legally protect that object in case of any type of infringement.

Taking into consideration all the above-mentioned facts, the Republic of Armenia has to make proper amendments in the laws in order to provide effective legal protection for intellectual property rights. The recommendations on this matter shall be made in Chapter 4-the final chapter.

CHAPTER 3

Analysis and Customization of Laws and Current Situation of RA Based on the International Best Practice

As already mentioned in Chapter 2, USA provides a broad protection of interior designs as a Trademark. It has a large range of court cases and rather developed protection of interior design. Bulgaria provides interior protection through Act on Industrial Design, which means the interiors are protected through design Patent and not as Trademark. It does not directly use the term “interior” in the Act, but the concepts mentioned in the law may be analyzed as interior as well.

However the Bulgarian example is mentioned because even though interiors are protected through industrial design, the Act provides broader protection of it as compared to the Armenian way of protecting the interior as an industrial design. According to Bulgarian Act on Industrial Design “industrial design, hereinafter referred to as “design”, means the appearance of the whole or a part of a product resulting from the specific features of the shape, lines, contours, ornamentation, colors, or combination of such.

Within the meaning of paragraph (1), product means any industrial or handicraft article, including parts intended to be assembled into a complex article, sets or compositions of articles, packaging, graphic symbols and typographic typefaces, but excluding computer programs”²⁰.

Armenian law provides narrower description for industrial design, thus it is more difficult to carry out the interior design protection properly. Article 22 of the law on “Inventions, Useful Models and Industrial Design” of the Republic of Armenia states that industrial design refers to the external look of a product and by saying "external look" it includes the shape, size, color or outline only²¹. This is a very narrow and poor description of industrial design, moreover this can not provide a proper protection for interior design, because interior design does not fall under this type to description of industrial design. So, it is merely impossible to sustain a proper type of prevention and protection for a company's interior or exterior design. In case of an infringement of these types of intellectual property right a huge problem will occur because of no proper law and description of what the term interior design is under trade dress or even under industrial design laws. Currently there are no court cases on this matter, but taking into consideration the fact that the Republic of Armenia is a developing country, many companies in the RA are just starting to enter in big and small businesses, international companies are starting to invest and open branches in RA. This means that these types of legal relations are starting to occur and the area has to be clearly regulated so that the protection of companies' rights over their intellectual property is built on solid grounds. According to the US law company's trade dress like the trademark is legally protected by the Lanham Act, under section 43(a) of the Lanham Act, a trade dress can be protected without formal registration with the United States Patent and Trademark Office. In relevant part, section 43(a) states the following:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false

²⁰ Law on Industrial Design, 15 December 1999, Bulgaria

²¹ Law on “Inventions, Useful Models and Industrial Design” 10 June 2008, Armenia

designation of origin, false or misleading description of fact, or false or misleading representation of fact, which is likely to cause confusion, or to cause mistake, or to deceive [...] as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such an act²².

This statute allows the owner of a particular trade dress ("container for goods") to sue any person who shall violate section 43(a) without registering that trade dress with any formal agency or system. It is commonly seen as providing "federal common law" protection for trade dress (and trademarks).²³

The term "product" has a big use in the context, but it does not only mean the good or service the company provides to its customers. It may also refer to the object of intellectual property right which is subject to protection, for example, the interior design. Product is something people create, so interiors are also created and the designs or decors of the interior are also the result of intellectual activity.

All the above mentioned facts prove that the American practice of protection of trade dresses is the type of practice that the Republic of Armenia needs to develop. From all the court cases mentioned in the chapters above one may conclude that the violated rights of intellectual property holders were restored as a result of court applications. This shows that the US provides effective protection through state and federal legislations according to which business owners have the opportunity to apply to court and have real chances to win the case and restore the infringed rights. Armenia has to go through many changes and legislative reforms in order to have a developed legal system like the US does.

CHAPTER 4

Recommendations, Legislative Reforms and Amendments

In order to ensure effective protection for interior and exterior designs not only amendments shall be introduced in the national legislation, but also some activities shall be organized to raise

²² Lanham Act, 15 U.S.C. § 1051 July 5, 1946

²³ Lanham Act, 15 U.S.C. § 1051 July 5, 1946

awareness of these types of legal relations, possible ways of infringements and also protection of trade dresses.

As already mentioned above, many people, even those who act in business fields and those who own different types of companies carrying out different types of business activities are unaware that interior and exterior designs of their stores or offices are objects of protection under intellectual property law and that trade dresses are also valuable assets of their business. Another group of people tend to not spend money on registration and protection of intellectual rights in the Republic of Armenia taking into consideration the poor effectiveness of protection and the very many gaps in the law.

While saying activities should be organized in order to raise awareness of infringements and protection of trade dresses, I understand organizing seminars, conferences inviting people who are anyhow involved in business field and raise the topic of possibility to ensure the legal protection of interior and exterior designs. Another activity might be organizing groups of lawyers who shall provide free legal consulting on this matter, help business owners to prepare documents for registration application, file law suits in case of infringements of intellectual property rights (in this case mainly infringements of interior and exterior designs).

In case of carrying out these activities many people will learn their rights, will understand the importance of intellectual property in business and in a few years the Republic of Armenia will have no issue concerning legal awareness of the issues.

Before we can organize events on intellectual property rights awareness, we shall first of all pay attention to changes in the national legislation.

As the above mentioned facts and statements showed, the protection of interior and exterior design protection is not carried out properly in the Republic of Armenia due to lack of legal norms and definitions of the sphere. There should be some reforms and amendments in Trademark Law of the RA.

The process shall have 2 steps:

1. including the concept of interior and exterior design in the description of a trademark,
2. strengthening the protection of trademark.

Step 1: inclusion of the concepts of trade dress.

According to the 8th article of the RA law on “Trademarks”:

1. Characters which may be graphically illustrated are subject to registration under trademark, in particular:

- 1) words, phrases, names, slogans,
- 2) letters or numbers,
- 3) pictures, images or emblems,
- 4) three-dimensional images, in particular the appearance of the product or its packaging (container);
- 5) holograms, colors, combinations of colors or compositions and
- 6) sound signals.
- 7) the combination of the listed characters from 1-6 of the given article.

As we see, there is nothing in the listed items which may be referred to the interior and exterior design, so there should be added one more point in the article which will directly be applied for trade dresses mainly. So, the added part shall be structured this way:

Trade dresses, in particular the internal and external decoration or design of a specific location in whole or in part.

While referring to trade dresses, the United State's example includes the packaging and appearance of a product besides the interior or exterior design, but as long as the law on "Trademarks" of the Republic of Armenia has already directly stated the product packaging in the 4th point of the given article, there is no need to repeat the same thing when referring to trade dresses.

After the addition is made, the whole article shall look like this:

1. Characters which may be graphically illustrated are subject to registration under trademark, in particular:

- 1) words, phrases, names, slogans,
- 2) letters or numbers,
- 3) pictures, images or emblems,
- 4) three-dimensional images, in particular the appearance of the product or its packaging (container);
- 5) holograms, colors, combinations of colors or compositions,
- 6) sound signals.
- 7) the combination of the listed characters from 1-6 of the given article,

8) trade dresses, in particular the internal and external decoration or design of a specific location in whole or in part.

This type of regulation shall not cause any confusion while referring to interior and exterior designs because the law will directly describe the concepts and let people know that designs shall be protected under this particular law.

Step 2: strengthening the protection.

According to part 1 of the 7th article of the RA Law on "Trademarks":

1. In the area of the Republic of Armenia the legal protection of trademarks is provided:

- 1) based on state registration as prescribed by this law,
- 2) based on recognition as popular in RA as prescribed by this law,
- 3) based on Madrid Agreement or international registration according to Madrid Agreement.

As we see the legal protection of a trademark is provided in limited cases only: state registration, international registration and recognition. The framework of the protection is very narrow which causes many issues in cases of intellectual property infringements. In order to eliminate the problems arising in the sphere we should follow the practice of the United States, which mainly concerns to providing legal protection for trademarks even without formal registration. Of course, the protection of unregistered trademarks shall not be sufficiently effective and might not always work out for the benefit of the party whose rights had been violated, however people shall never be deprived of their right to at least try to protect their intellectual property. This is why a small amendment shall be implemented in this particular field also by adding a point in the law which will enable the protection of unregistered trademarks as well. The article stated above should have a separate part after part 1 which will mainly state:

Unregistered trademarks shall be provided with legal protection under state competition laws. As a whole, part 1 and part 2 of the articles shall look like this:

1. In the area of the Republic of Armenia the legal protection of trademarks is provided:
 - 1) based on state registration as prescribed by this law,
 - 2) based on recognition as popular in RA as prescribed by this law,
 - 3) based on Madrid Agreement or international registration according to Madrid Agreement.
2. Unregistered trademarks shall be provided with legal protection under state competition laws.

By providing this type of regulation the state leaves on the people to bear the risk and losses of unregistered trademarks, at the same time giving the opportunity to act in defense of their intellectual property rights and lawful interests.

Thus, if the Republic of Armenia makes these amendments in the law, it shall have a broad and effective protection for intellectual property rights and, in this case, for ownership of interior and exterior design rights as well, which will bring to many positive changes and development in the huge field of intellectual property in general.

CONCLUSION

Taking into consideration all the facts and statements mentioned above, we may conclude that intellectual property rights are very important assets for any type of business. In order to carry out successful business activities, be famous and distinctive shareholders have to take care about their intellectual property objects and their legal protection.

One of the most important parts of a business is visual appearance of the place where they carry out the business activities.

While speaking about a state's obligation to ensure an effective protection for intellectual property rights and especially interior and exterior designs in this case, we should also consider the people's obligations to refrain from violating rights of others. This is why the American practice in this field offers the 3 types of standards and criterias while choosing a trade dress for a business. Owners of companies and people engaged in business activities have to follow these criterias so that the trade dress may be protectable under state and federal laws. The standards are-1) be inherently distinctive, 2) to have acquired secondary meaning and 3) to be non-functional. Each of the criterias has been fully discussed and explained in the chapters of this paper.

The significance of discussing these issues and the aim of this research paper was also to show how the protection of trademarks was more effective rather than the protection of design patent and how the interior and exterior designs should be protected, even though the concepts of trade dresses and design patents are also very similar to each other while being two different ideas. In order to revise everything that has been said above, a short summery of these concepts shall be introduced.

“A design patent might protect some elements of a particular trade dress. Under federal law, a design patent may issue for a non-functional “ornamental design for an article of manufacture. The main requirements for a design patent are non-functionality and originality. These requirements are very similar to those for trade dress protection, which, as discussed below, include

distinctiveness and non-functionality”²⁴. Here we see that design patent is a narrower concept but also includes some elements of trade dress and the criterias for both of them are almost the same.

“The tests for infringement of design patents and trade dress rights are also similar; both involve comparing the infringing design to the patent or trade dress being asserted. A trade dress plaintiff must show a likelihood of confusion in the minds of consumers, and design patent plaintiff must show that the accused design is substantially the same as the claimed design”²⁵. This is another big similarity as the court has to examine the same issues for both design patent and trade dress in order to find out whether there has been an intellectual property right infringement or not and it also takes the same tests for the intellectual property right holder to show and prove whether there has been a violation or not.

“The main difference between the two types of protection is the longevity of trade dress protection (theoretically unlimited) compared with the limited duration of a design patent (fourteen years from the date of issue). Significant differences also exist at the front end of the process. An applicant for a design patent must get the application on file within one year from the date of its first public disclosure, use, or offer for sale. A trade dress owner need not always choose between these two avenues of protection, as a design patent and trade dress registration can be granted as to the same material or item and rights under each can exist concurrently. Indeed, a trade dress owner might benefit from acquiring a design patent for a new trade dress upon its introduction so that it is protected during the early years of usage while the trade dress acquires “secondary meaning” -an association in the minds of consumers with its source –which generally makes trade dress more easily protectable”²⁶.

So, here we see that the main difference is the way of protection, the effectiveness of protection, the time period during which both of the intellectual property rights shall remain protected and application procedures.

The Republic of Armenia also grants limited time periods of protection for both industrial design and trademark, but the main issue still remains the lack of regulation for interior and exterior design protection. After the state acquires respective amendments in the law, to directly refer to the

²⁴ Protecting and enforcing trade dress, American Bar Association 32nd Annual Forum on Franchising, Linda Stevens, October 14-16, 2009

²⁵ Protecting and enforcing trade dress, American Bar Association 32nd Annual Forum on Franchising, Linda Stevens, October 14-16, 2009

²⁶ Protecting and enforcing trade dress, American Bar Association 32nd Annual Forum on Franchising, Linda Stevens, October 14-16, 2009

concepts of these types of intellectual property, then the development of the legal relations in the field will result in need to develop the legislation for the benefit of intellectual property right holders and also to prolong the time period within which the rights will be protectable.

There are many examples that the Republic of Armenia may use from the practice of the United States as long as the research has shown that during many years the US has developed a very strong and effective system of protection of intellectual property rights and especially for trade dress protection. The legal awareness has been on a high level due to the problems that rose in the field and have been solved by state authorities. All of this has resulted in the rich experience of intellectual property rights protection and may serve as a reliable example for developing the national legislation of the Republic of Armenia.

Intellectual property will have a more important place in planning a business than it currently has and many more people will realize the significance of protection of those rights.

Taking correct measures for developing the national legislation to ensure a broader protection for intellectual property rights will bring to positive changes, result in social-economic growth in the state as many more people will be willing to create, invest start and act in business activities in the Republic of Armenia.

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