

# The Historical Development of the Conception of the Registered Trade Mark as Property

Rob Batty

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## Abstract

Trade marks were recognised as property by the English Courts of Chancery in the 19<sup>th</sup> century. The advent of registration legislation in 1875 furthered the notion that registered trade marks were a species of property. However, it was not until the Trade Marks Act 1994 (1994 Act) was enacted that legislation explicitly declared that “a registered trade mark is personal property”.

Adopting a legal historical approach, this thesis examines what it originally meant when courts declared that a trade mark was property, and how and why the conceptualisation of trade marks as property has changed over time. It is argued that the original conceptualisation of trade mark as property meant a trader had authority over the activity of using a particular sign as an indication of origin for particular goods. As a result, property rights in a trade mark were narrowly construed and restricted in scope. A trade mark was considered to be a species of “qualified property”, sharing some broad similarities with property rights in wild animals and water.

Registration legislation and the process of recording a representation of an abstract sign on a Register introduced a different object-based conceptualisation of trade marks as property. However, the potential for the law to conceptualise registered trade marks as “things” was diminished by legislators and the English courts, who fettered the property rights in trade marks, and continued to give emphasis to an activity-based conceptualisation.

The rise of the brand concept in the 1950s and 1960s, in a context of changes to business practices, marketing methods and theoretical thinking about trade marks, was primarily responsible for a shift towards a more object-based conceptualisation of trade marks as property. The 1994 Act reflects such a change and has removed many of the previous legislative and judicial qualifications to property in registered trade marks. As a result, the 1994 Act now maps United Kingdom trade mark law more closely (but not completely) to the notion that property rights in registered trade marks are property rights in and to *things*.

## Dedication

This thesis is dedicated to Sarah.

She has been, and continues to be, my “ever fixed”, and constant, North Star.

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## Chapter One: Introduction

### 1.1 What this Thesis is About

Registered trade marks are declared to be items of personal property under the United Kingdom's Trade Marks Act 1994 (1994 Act). In the lead-up to the enactment of the 1994 Act, it was seemingly already widely accepted that trade marks were property.<sup>1</sup> However, an explicit statement about the proprietary nature of registered trade marks was not found in antecedent United Kingdom legislation. Moreover, it is widely understood that redress for "piracy of a trade mark", prior to trade mark legislation, was originally based on protecting against fraud, rather than on protecting any proprietary interest.<sup>2</sup> This thesis is about the historical origin and development of the conceptualisation of a trade mark *as property*, and the evolution of the meaning – in terms of legal doctrine – associated with conceptualising trade marks as property.

#### 1.1.1 Defining Trade Marks

To ground the subject matter of this thesis it is useful to explain what a trade mark is, and the conventional understanding of the term property. Trade marks are part of the wider genus of signs. A sign conveys information to a person. It can be perceived through any of the senses – sight, hearing, taste, smell or touch. To help sell their products, manufacturers, retailers and

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<sup>1</sup> See, for example, (6 December 1993) 550 GBPD HL 739 at 752 per Lord Strathclyde: "A trade mark is valuable property in terms both of its power to attract customers and of the royalties which can be demanded from licensees".

<sup>2</sup> This is dealt with in more detail in Chapter 2.

other types of traders use various signs to communicate meanings to participants in the marketplace. Some signs used by traders on their products are intended to tell consumers something about the origin or source of products or services they are selling. For example, packaging for cereal may have the KELLOGG'S sign attached. The intention of a trader using KELLOGG'S in this manner is to signal to the marketplace that the trader's products have been put on the market by them and are distinct from cereal put on the market by other traders. Signs that are used in this manner are trade marks.

### 1.1.2 The Legal Protection of Trade Marks

To pre-empt or resolve conflicts – including those involving trade marks – a state uses the law to allocate rights (or entitlements) to particular persons once certain conditions are met.<sup>3</sup> Rights generally correlate with duties.<sup>4</sup> A duty is something someone ought to do, or ought not to do. Therefore, when a *legal* right is allocated to a first person, another person is held subject to a duty.<sup>5</sup> Breach of a duty will be an infringement of a correlative right held by the first person.

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<sup>3</sup> See Guido Calabresi and Douglas Melamed "Property Rules, Liability Rules, and Inalienability: One View of the Cathedral" (1972) 85 Harvard Law Review 1089 at 1090-1092.

<sup>4</sup> See further Wesley Newcomb Hohfeld "Some Fundamental Legal Conceptions as Applied in Judicial Reasoning" (1913) 23 The Yale Law Journal 16 at 30-32. Cf. David Lyons "The Correlativity of Rights and Duties" (1970) 4(1) *Noûs* 45.

<sup>5</sup> Joseph Raz "Legal Rights" (1984) 4 Oxford Journal of Legal Studies 1 at 14.

The allocation of a legal right, and the imposition of a corresponding duty on another person, is founded on protecting an interest.<sup>6</sup> The use of trade marks in the marketing of goods and services gives rise to two convergent interests.

First, is the interest of a trader who has first used the trade mark, for instance KELLOGG'S. If a second trader duplicates the KELLOGG'S trade mark, the second trader may be able to divert customers who have previously used the KELLOGG'S trade mark to identify the first trader's products. Such imitation is seen as unfair, as it allows the second trader to reap where they have not sown.<sup>7</sup>

Second, is the interest of consumers. If the first trader's trade mark is duplicated (or a trade mark nearly resembling it is used) in the marketplace, the trade mark will be unable to function as a reliable indicator that products bearing the trade mark have a single source of origin and consistent quality. For example, if a second trader uses the sign KELLOGG'S for cereal, consumers can no longer be confident cereal bearing the KELLOGG'S trade mark has the same quality as other cereals bearing the KELLOGG'S trade mark that they purchased earlier. Instead, consumers may be confused or deceived and may buy cereal that does not meet their preferences.

The United Kingdom, like most countries, facilitates the granting of rights (and the imposing of duties) in respect of trade marks by using a system of registration. A system of trade mark

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<sup>6</sup> Raz, above n 5, at 12: "legal rights are legally-protected interests".

<sup>7</sup> See *Qualitex Co v Jacobson Products Co* 514 US 159 (1995) at 164.

registration has been in place in the United Kingdom since 1875. Prior to 1875, traders seeking to prevent another trader using the same trade mark had to rely on the common law. Today, such a common law action continues to subsist alongside the registration system and is known as passing off. A successful passing off action requires proof of consumer deception or a likelihood of consumer deception by a trader's use of trade mark. The aggrieved trader does not claim property rights in the trade mark itself.<sup>8</sup> By contrast, the apparent advantage, and a unique feature, of registration is that it creates property rights. For example, s 2 of the 1994 Act states "a registered trade mark is a property right obtained by the registration of the trade mark under this Act". Section 22 then states "a registered trade mark is personal property". Similar statutory declarations can be found in the trade mark legislation of other British Commonwealth countries.<sup>9</sup>

### 1.1.3 Property

The term "property" is a difficult term. In lay terms, "property" is often used to refer to things themselves. Yet, it is generally agreed in legal discourse that the term property should *not* be used to refer to "things" themselves but rather to refer to *relationships* – in the sense of rights and correlative duties – people have *in respect of things*. Thus, as Bentham pointed out, to be clearer one should say a thing (like a car or a pencil) is *the object* of property.<sup>10</sup>

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<sup>8</sup> *Inter Lotto (UK) Ltd v Camelot Group Plc* [2003] EWHC 1256 (Ch), [2004] RPC 8 at [19].

<sup>9</sup> Trade Marks Act 2002 (NZ), s 9(1); Trade Marks Act 1995 (Cth), s 21(1).

<sup>10</sup> Jeremy Bentham *An Introduction to the Principles of Morals and Legislation* (Printed for T Payne and Son, London, 1789) at 228.

What distinguishes *property* rights from other types of legal rights (and other legal relations between people) is that they are real rights (rights *in rem*). This means that such rights (and correlative duties) exist in relation to a thing, rather than in relation to a person. Because property rights and duties relate to a thing, a person's rights and duties depend on the existence of a thing. If the thing does not exist, rights and duties can no longer exist either.<sup>11</sup> A further distinctive feature of property rights is that they are enforceable *ergo omnes* – towards or against everyone.

Precisely what legal rights are associated with holding or owning property in respect of a thing and the nature of such “property” rights has proved to be contentious in jurisprudence and academic literature. In broad terms, there are two schools of thought. One idea that is usually traced to Blackstone,<sup>12</sup> is that the *sine qua non* of property is the right to exclude.<sup>13</sup> A prominent advocate of this view is James Penner. In his 1997 book, *The Idea of Property*, Penner argued that property fundamentally is a right to exclude others from things, which creates a correlative duty on others to exclude themselves from things.<sup>14</sup> These correlative rights and duties have the effect of generating an exclusive liberty for the property holder to engage in a range of uses involving a thing.

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<sup>11</sup> Michael Bridge and others *The Law of Personal Property* (Sweet & Maxwell, London, 2013) at [1.006].

<sup>12</sup> William Blackstone *Commentaries on the Laws of England: Vol 2* (Clarendon Press, Oxford, 1765-1768) at 2: “There is nothing which so generally strikes the imagination, and engages the affections of mankind, as the right of property; that sole and despotic dominion which one man claims and exercises over the external things of the world, in total exclusion of the right of any other individual in the universe”.

<sup>13</sup> Thomas W Merrill “Property and the Right to Exclude” (1998) 77 *Nebraska Law Review* 730 at 730.

<sup>14</sup> J E Penner *The Idea of Property* (Clarendon Press, Oxford, 1997) at 71.

Penner's exclusion thesis was a response to a second school of thought, which has analysed the substance of property as comprising a "bundle of rights". On this view, property is not a fixed and unitary concept, but a collection of different rights (or, metaphorically, "sticks") that exist in relation to a thing.<sup>15</sup> These "sticks" can be unpacked and divided out from each other, and redistributed to others in various ways.<sup>16</sup> In a famous 1961 publication, Honoré identified eleven standard incidents of "ownership".<sup>17</sup> These incidents include the right to possess, the right to use, the right to manage, and the incident of transmissibility. Such standard incidents are often used by scholars to describe the "core bundle of private property rights".<sup>18</sup>

Part of the difficulty in reconciling these two views or putting forward a uniform conceptualisation of property, is that the "things" that can be the subject of property rights differ significantly. For example, in recent times, the courts have grappled with whether frozen semen and cryptocurrencies are objects of personal property.<sup>19</sup> Differences in the property "object", is likely to give rise to different rights, duties and other relationships,<sup>20</sup> and

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<sup>15</sup> As Penner has argued, this conception can be traced to the work of Hohfeld above n 4 and A M Honoré "Ownership" in A G Guest (ed) *Oxford Essays on Jurisprudence* (Clarendon Press, Oxford, 1961) 107, see J E Penner "The 'Bundle of Rights' Picture of Property" (1996) 43 UCLA Law Review 711.

<sup>16</sup> Jeremy Waldron *The Right to Private Property* (Clarendon Press, Oxford, 1988) at 28–29.

<sup>17</sup> Honoré, above n 15.

<sup>18</sup> See, for example, M A Heller "The Tragedy of the Anticommons: Property in the Transition from Marx to Markets" (1998) 111 Harvard Law Review 621 at 663.

<sup>19</sup> *Yearworth v North Bristol NHS Trust* [2009] EWCA Civ 37, [2010] 1 QB; *AA v Persons Unknown* [2020] EWHC 3556 (Comm) [2020] 4 WLR 35 .

<sup>20</sup> Waldron, above n 16, at 30.



indeed whether others have a duty to exclude themselves at all.<sup>21</sup> Further, orthodox accounts of property (and in particular the exclusion view) tend to focus on tangible things and objects, and struggle to provide compelling explanations of property rights existing in resources, activities like hunting and fishing, and property rights associated with intangible things.<sup>22</sup>

Such difficulties have led some to advance the idea that property is an “essentially contested concept”.<sup>23</sup> This idea, from Gallie, suggests that while we may all agree that there is a concept of property, the proper use of the term property is subject to endless disputes and open to various competing interpretations.<sup>24</sup> Waldron, though, suggests that the difficulties associated with defining property may be overcome if one characterises the concept of property in terms of an abstract “single-organising idea”, and at the same time recognise that there exists different conceptions of that abstract idea.<sup>25</sup>

Waldron suggests that the “single organising idea” of property is “that it is for a certain specified person (rather than anyone else or society as a whole) to determine how a specified resource is to be used”.<sup>26</sup> This notion of authority or control is a common theme in the literature. For example, Gray similarly suggests:<sup>27</sup>

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<sup>21</sup> Larissa Katz “Exclusion and Exclusivity in Property Law” (2008) 58 *University of Toronto Law Journal* 275 at 286–287 uses an example of land subject to Aboriginal Title under Canadian law.

<sup>22</sup> Hugh Breakey “Two Concepts of Property” (2011) 42 *Philosophical Forum* 239.

<sup>23</sup> Hanoch Dagan “The Distributive Foundation of Corrective Justice” (1999) 98 *Michigan Law Review* 138 at 148.

<sup>24</sup> WB Gallie “Essentially Contested Concepts” (1955) 56 *Proceedings of the Aristotelian Society* 167.

<sup>25</sup> Waldron, above n 16, at 31 and 52.

<sup>26</sup> Waldron, above n 16, at 60.

<sup>27</sup> Kevin Gray “Property in Thin Air” (1991) 50 *Cambridge Law Journal* 252 at 299.

An extensive frame of reference is created by the notion that 'property' consists primarily in control over access.

Stern also describes property law as affixing an “invisible tag” to a thing that gives a person the authority to decide how to use the thing.<sup>28</sup>

In the vast majority of cases,<sup>29</sup> this authority a person has over a thing manifests itself in the *ability* to exclude others from interfering with a thing or resource in some way.<sup>30</sup> As Harris has noted, without the existence of some “trespassory rules” that surround a thing, it is difficult to conceptualise a thing being “owned” and a thing being “taken”.<sup>31</sup> A similar point is made by Cohen, who has observed:<sup>32</sup>

... a non-exclusive right of way wouldn't amount to anything if you couldn't exclude others from fencing off the right.

It is suggested that this core idea of a person having authority over the use of a thing or resource (which gives some kind of right to exclude) provides a useful starting point. To this

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<sup>28</sup> James Y Stern “Property’s Constitution” (2013) 101 California Law Review 277 at 294.

<sup>29</sup> But see note 21 above.

<sup>30</sup> As Penner, above n 14, at 74 highlights the right to exclude is not the same as exclusion per se. The right to exclude may or may not be exercised by the owner, making it “a gate, not a wall”.

<sup>31</sup> JW Harris *Property and Justice* (Clarendon Press, Oxford, 1996) at 25. Harris, at 5, defines trespassory rules as rules “which purport to impose obligations on all members of society other than an individual or group ... not to make use of that thing without the consent of that individual or group”.

<sup>32</sup> Felix S Cohen “Dialogue on Private Property” [1954] Rutgers Law Review 357 at 370.

point, though, Gray and Gray have a second useful observation – property is a *particular concentration* of power or authority over a thing or resource.<sup>33</sup> As a result, there may be “graduations” of authority over a thing or resource and there may be “graduations of ‘property’” in a thing or resource.<sup>34</sup> This means “property is not a monolithic notion of content and invariable intensity”.<sup>35</sup> The precise meaning of having property rights in relation to a particular thing or resource will depend on context.<sup>36</sup>

## 1.2. Contextualising the Focus of the Thesis, Explaining its Methodology and Scope

### 1.2.1 The Propertisation Thesis

Despite legal protection for trade marks being originally premised on protecting against fraud, existing literature has demonstrated that trade marks were conceptualised as a species of property before, and independently of, registration legislation.<sup>37</sup> Today, trade marks are

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<sup>33</sup> Kevin Gray and Susan Francis Gray “The Idea of Property in Land” in Susan Bright and John K Dewar (eds) *Land Law: Themes and Perspectives* (Oxford University Press, Oxford, 1998) 15.

<sup>34</sup> At 16.

<sup>35</sup> At 16.

<sup>36</sup> *Dixon v R* [2015] NZSC 147, [2016] 1 NZLR 678 at [25]: “The meaning of the word 'property' varies with context”. *Truax v Corrigan* 257 US 312 (1921) at 342 per Holmes J: “Delusive exactness is a source of fallacy throughout the law. By calling a business 'property' you make it seem like land ...” cited in *JT International SA v Commonwealth of Australia* [2012] HCA 43, (2012) 250 CLR 1 at [47].

<sup>37</sup> Keith Lupton “Trade Marks as Property” (1991) 2 AIPJ 29 and Lionel Bently “From Communication to Thing: Historical Aspects of the Conceptualisation of Trade Marks as Property” in Graeme Dinwoodie and Mark Janis (eds) *Trademark Law Theory: A Handbook of Contemporary Research* (Edward Elgar, Cheltenham, 2008) 3 at 5–6. See also Department of Trade and Industry *Reform of Trade Marks Law White Paper* (Cm 1203, 1990) at [2.23]: “... trade marks (for goods) had been recognised in law as property rights even before the 1875 Act provided for their registration” and *General Electric Co Ltd (USA) v General Electric Co Ltd* (1972) 1 WLR 729 (UKHL) at 742.

uniformly considered to form part of the larger category of intellectual property. Intellectual property is recognised as a core, and increasing valuable, subject matter of personal property.<sup>38</sup> Yet, most leading property theorists tend not to pay significant attention to intellectual property, let alone trade marks.<sup>39</sup>

In specialist legal scholarship about trade marks, there has also been a reticence to treat trade marks as “real” objects of property.<sup>40</sup> Such reticence may, in large part, be attributable to a strand of United States scholarship that has lamented the “propertisation” of intellectual property, and trade marks more specifically. For example, Lemley attributes the expansion of trade mark rights to courts and commentators losing sight of the traditional rationale for protecting trade marks – that is safeguarding their role as conveyers of valuable information.<sup>41</sup> Instead, Lemley argues, courts have undesirably and erroneously replaced this rationale with a conception of trade marks as property.<sup>42</sup> Lunney has also written that the expansion of trade mark law to encompass more subject matter, and to broaden the rights conferred by a trade mark, is as a result of the law shifting from a “deception-based”

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<sup>38</sup> Bridge and others, above n 11, at [1-001] and [1.027].

<sup>39</sup> There is limited consideration of intellectual property in Penner, above n 14, Harris, above n 31 and Waldron above n 16. Andreas Rahmatian “Intellectual Property and the Concept of Dematerialized Property” in Susan Bright (ed) *Modern Studies in Property Law: Volume 6* (Hart Publishing, Oxford, 2001) 361 at 361-362 has also noted the intellectual property is often excluded from discussion in leading property texts.

<sup>40</sup> Kenneth L Port “The Illegitimacy of Trademark Incontestability” (1993) 26 *Indiana Law Rev* 519 at 562: “...because trademarks cannot satisfy any of the main elements of Honoré’s incidents of ownership, trademarks differ from other tangible and intangible things that are subject to ownership”.

<sup>41</sup> See Mark Lemley “The Modern Lanham Act and the Death of Common Sense” (1999) 108 *Yale Law Journal* 1687.

<sup>42</sup> At 1697.

framework to a “property-based” framework, where a trade mark is seen as a valuable thing in itself.<sup>43</sup>

Such narratives are linked to normative claims that treating trade marks as property is undesirable because it results in increased private authority.<sup>44</sup> Such increased authority risks freedom of speech and raises competition concerns. Underlying these normative concerns, there is also a causative worry about the rhetorically powerful language of property.<sup>45</sup> To describe something as property implicates a strong moral and normative dimension. For example, those who take or invade property are referred to as pirates, robbers or thieves.<sup>46</sup>

The narrative that the expansion of trade mark law doctrine is as a result of a modern trend of “propertisation” and away from protecting consumers has not stood up to historical scrutiny. For example, McKenna has convincingly shown that early trade mark law had little interest in consumers, but was instead producer orientated.<sup>47</sup> The expansion of trade mark protection in recent decades described by authors like Lemley and Lunney, McKenna argues, has been as a result of courts and the legislature focusing on consumer expectations and trade

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<sup>43</sup> Glynn S Lunney “Trademark Monopolies” (1999) 48 Emory Law J 367 at 371.

<sup>44</sup> Justin Hughes “Copyright and Incomplete Historiographies: Of Piracy, Propertization, and Thomas Jefferson” (2005) 79 California Law Rev 993 at 1047 (discussing copyright).

<sup>45</sup> See *Network Ten Pty Ltd v TCN Channel Nine Pty Ltd* (2004) 218 CLR 273 at [15] [*Network Ten*] referring S M Waddams *Dimensions of Private Law: Categories and Concepts in Anglo-American Legal Reasoning* (Cambridge University Press, New York, 2003).

<sup>46</sup> *Network Ten*, above n 45, at [15] referring to Waddams, above n 46.

<sup>47</sup> Mark McKenna “The Normative Foundations of Trademark Law” (2007) 82 Notre Dame Law Rev 1839. See also Bently, above n 37.

mark owners arguing for broader rights in order to respond to such consumer expectations and the associated need to avoid consumer confusion.

However, even if the propertisation narrative is not historically accurate, it has had a strong influence on trade mark scholarship. One area of influence has been to dissuade commentators from meaningful engagement with the concept of trade marks as property. As a result, and as Mossoff has observed, “trademark law is surprisingly under-theorized as a property doctrine”.<sup>48</sup> Indeed, Mossoff suggests there is confusion about what it means to say a trade mark is property.<sup>49</sup>

### 1.2.2 The Aims of this Thesis

In this thesis, I will address this gap in scholarship about what it means to say a trade mark is property from a United Kingdom legal perspective. The thesis pursues three aims.

First, I seek to determine what meaning was attributed to (and what doctrinal consequences followed from) the notion that trade marks were property that first developed in the 1860s. Second, I seek to determine how this original meaning changed over time and how such changes influenced and shaped legal doctrine. In particular, what was the effect of registration on the conceptualisation of trade marks as property? Third, I seek to explain why a conceptualisation of trade marks as property emerged and why the meaning attributed to the notion of trade marks as property may have changed.

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<sup>48</sup> Adam Mossoff “Trademark as a Property Right” (2019) 107 Kentucky Law Journal 1 at 4.

<sup>49</sup> At 4.

### 1.2.3 Methodology and Scope

The methodological approach taken to pursuing the aims above can broadly be described as a legal historical approach. As Baker has written, “legal history is the study of legal change”.<sup>50</sup> Cognisance of the past, and to what extent the law has changed, can promote a deeper understanding of the shape of our present law.<sup>51</sup> Further, as Baker has also noted, most legal language and conceptual terms “are rooted in a quite remote past”.<sup>52</sup> Language, though, can remain stubbornly fixed, therefore:<sup>53</sup>

... it is important to know how far concepts and institutions have in fact changed beneath words and phrases which remain the same.

When articulating a description of the methodology associated with legal history, Ibbetson provides a useful division between “internal” legal history and “external legal history” – a division also used by Gordon.<sup>54</sup> Internal legal historical research uses sources that are

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<sup>50</sup> Sir John Baker “Why Should Undergraduates Study Legal History” in *Collected Papers on English Legal History* (Cambridge University Press, Cambridge, 2013) 1568 at 1569.

<sup>51</sup> Jim Philips “Why Legal History Matters” (2010) 41 *Victoria University of Wellington Law Rev* 293 at 294.

<sup>52</sup> Baker, above n 50, at 1575.

<sup>53</sup> At 1575.

<sup>54</sup> David Ibbetson “What is Legal History a History Of?” in A D E Lewis and Michael Lobban (eds) *Law and History: Current Issues* (Oxford University Press, Oxford, 2004) 33. See also Robert W Gordon “Introduction: J Willard Hurst and the Common Law Tradition in American Historiography” (1975) 10 *Law & Society Review* 9.

generated by the legal process itself such as legislation, judgments, court reports, articles and legal treatises.<sup>55</sup> This is often referred to as a history of legal doctrine or “doctrinal history”.<sup>56</sup>

Legal doctrine can be defined as authoritative notions that “direct the course of legal decisions”.<sup>57</sup> Legal concepts and ideas are embedded in legal doctrine.<sup>58</sup> There are a number of leading texts which have engaged in historical research into legal doctrine in particular areas of United Kingdom law, such as water law,<sup>59</sup> and the law of obligations,<sup>60</sup> and such approaches have also been used to examine intellectual property law.<sup>61</sup>

In several parts of this thesis I also aim to place the internal or doctrinal legal historical research alongside what has been described as “external” legal history.<sup>62</sup> External legal history seeks to investigate the law as “embedded in its context” and goes beyond traditional legal sources.<sup>63</sup> In this thesis this includes, in particular, material from business and marketing history. Gordon describes the task of the external historian as exploring the “interaction”

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<sup>55</sup> At 34.

<sup>56</sup> Joshua Getzler “Legal History as Doctrinal History” in Markus D Dubber and Christopher Tomlins (eds) *The Oxford Handbook of Legal History* (Oxford University Press, Oxford, 2018) 171.

<sup>57</sup> At 173.

<sup>58</sup> Assaf Likhovski “The Intellectual History of Law” in Markus D Dubber and Christopher Tomlins (eds) *Oxford Handbook of Legal History* (Oxford University Press, Oxford, 2018) 151 at 151.

<sup>59</sup> Joshua Getzler *A History of Water Rights at Common Law* (Oxford University Press, Oxford, 2004).

<sup>60</sup> D J Ibbertson *A Historical Introduction to the Law of Obligations* (Oxford University Press, Oxford, 1999).

<sup>61</sup> Brad Sherman and Lionel Bently *Making of Modern Intellectual Property Law: The British Experience 1760-1911* (Cambridge University Press, Port Chester, NY, 1999).

<sup>62</sup> Michael Lobban “Introduction: The Tools and the Tasks of the Legal Historian” in ADE Lewis and Michael Lobban (eds) *Law and History: Current Legal Issues* (Oxford University Press, Oxford, 2004) 1 at 3.

<sup>63</sup> Ibbertson “What is Legal History a History Of?”, above n 54, at 33.



between internal legal sources and “the wider society of which they are a part, in particular to explore the social context of law and its social effects ...”.<sup>64</sup>

The value of also examining external sources is that it helps one “make sense” of the internal developments and why legal doctrine may have changed.<sup>65</sup> There is a particular value in examining external sources in a thesis about trade marks. Trade marks are creatures of commerce. The nature of markets, business activities, marketing practices, commercial circumstances, and the characteristics of consumers have changed dramatically over time. Yet, it has been asserted:<sup>66</sup>

In contrast with other intellectual property rights, however, scant attention has been given to how the law governing trade marks and other commercial signs has responded to such changing circumstances in trade and commerce.

The methodology employed in this thesis hopes to address, in part, such lack of attention to changing circumstances in the development of the concept of registered trade marks as property.

The thesis concentrates on legal developments from the 1850s to 2010, although there is some consideration of material before and after these dates.

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<sup>64</sup> Gordon, above n 54, at 11.

<sup>65</sup> Lobban, above n 62, at 28.

<sup>66</sup> Neil Wilkof and Eleanor G Wilson “‘Turn and Face the Strange’\* — How Changes in Commercial Circumstances Determined the Outcomes in Scandecor and Starbucks (HK)” (2018) 13 *Journal of Intellectual Property Law and Practice* 36 at 37.

The jurisdictional scope of this thesis is restricted to United Kingdom law. Legal developments in the United Kingdom did not occur in an international or theoretical vacuum. In particular, after the Second World War, United Kingdom trade mark law was increasingly influenced by international developments and trends. Therefore, where relevant to the context of discussion, this thesis examines modes of thinking about trade marks that emerged in other jurisdictions, such as the United States and Europe.

It is recognised that there are some potential drawbacks in delimiting the jurisdictional focus of this thesis to the United Kingdom. Notably, a comparative analysis of similar or deviating legal developments in other countries may have the capacity to provide important insights. That said, the advantage of focusing on a single jurisdiction enables this thesis to provide a comprehensive examination of legal developments over a lengthy period of time. Further, legal developments in the United Kingdom are arguably central to understanding the development of the conceptualisation of trade marks as property in many other countries, and specifically, British Commonwealth countries, such as New Zealand. This is because there was early acceptance that trade marks were property in English common law, and although some countries adopted registration systems prior to the United Kingdom (even in the Commonwealth),<sup>67</sup> the United Kingdom's registration system became a model for registration systems throughout the British Commonwealth.<sup>68</sup>

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<sup>67</sup> See, for example, The Trade Marks Act 1866 (NZ).

<sup>68</sup> See generally Lionel Bently "The 'Extraordinary Multiplicity' of Intellectual Property Laws in the British Colonies in the Nineteenth Century" (2011) 12 *Theoretical Inquiries in Law* 161.

### 1.3. Key Ideas and Conclusions

The main argument of this thesis is that the conceptualisation of trade marks as a species of property that emerged in the 19<sup>th</sup> century centred on the notion of one trader having *authority over the activity* of using a particular sign in trade as an indication of origin for particular goods. This conceptualisation emerged as a pragmatic response to the deficiencies of the fraud-based protection of trade marks. However, the notion that trade marks were property was also partially the result of the transplant of concepts from tangible property law.

The advent of trade mark registration introduced a different, object-based conceptualisation of a trade mark as property – that is, the representation of the sign on the Register as an object in its own right. Registration, therefore, created two conceptions of trade marks as property which co-existed – a conception based on a trader having authority over the activity of using a trade mark as an indication of origin and a conception based on a trader having authority over the representation of a trade mark on the Register as an abstract object. The conceptions were inter-related. The representation of the sign on the Register provided a visual shortcut to a trader’s authority over the activity of using the sign as an indication of origin.<sup>69</sup> However, the relationship between both conceptions that was created was not static – but dynamic and potentially antagonistic. Emphasis on one conception resulted in the

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<sup>69</sup> Rahmatian, above n 39, at 378 expresses a similar idea and also identifies that such a dual conception aligns with the fact that a sign itself may be subject to copyright protection.

diminishment of the other.<sup>70</sup> Early registration legislation and judicial interpretation of such legislation emphasised the original activity-based conceptualisation, and this conceptualisation was more visible in legal doctrine. The object-based conception of trade marks as property was diminished (and less visible in legal doctrine) up until the mid to late 20<sup>th</sup> century.

The development and promotion of the brand concept was responsible for a rise in prominence of a more object-based conceptualisation of the property rights in a trade mark. The seeds of this change were sown after the First World War. From the 1950s, the concept of the “brand” combined with other contextual changes, resulted in pressure for an object-based conception to be given increased emphasis in trade mark law. This pressure was initially resisted by the English courts. However, international harmonisation initiatives overtook such resistance. The Trade Marks Act 1994 (1994 Act) now maps trade mark law to more closely reflect the idea that a registered trade mark owner has authority over a brand *as a thing* rather than having authority over a particular activity. As a result, the object-based conception of the property rights in a trade mark has taken on prominence in legal doctrine. The activity-based conception of the property right in a registered trade mark has likewise

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<sup>70</sup> Patricia Loughlan “Trade Marks: Property Rights and Their Limits” (2005) 31 Monash University Law Review 273 has advanced a broadly analogous idea about co-existing interests and tensions in trade mark law. Drawing on the Australian High Court judgment in *Campomar Sociedad Limitada v Nike International Ltd* (2002) 202 CLR 45 she has argued that the “newly emerging property status” of trade marks has created a dynamic between three interests – traders’ interests in their registered trade marks as personal property; consumers interests reflected in the role of trade marks as badges of origin; and the public interest in the role of trade marks as cultural resources. She notes at 276 that “the more that one of those interests is protected and enhanced, the more that the other[s] may be weakened or denied”.

been de-emphasised. However, this conception has not completely disappeared and important aspects of trade mark law illustrate its continuing role in shaping legal doctrine.

The core ideas underlying this argument can be summarised under the following four headings.

### 1.3.1 Trade Marks Emerged as a Species of “Qualified Property” in the 19<sup>th</sup> Century

In the 19<sup>th</sup> century the English Courts of Chancery conceptualised trade marks as a species of “qualified property”. Property rights in a trade mark were conceptualised as being tied to use of a particular symbol on vendible goods in the marketplace as a truthful indication that the origin of those goods were from a particular trader. I argue that the “qualified model of property” can be understood as meaning the holder of property rights in a trade mark had authority over *the activity of using a sign as a truthful and reliable indication of origin*.

This conceptualisation of trade marks as qualified property rights explains three crucial areas of 19<sup>th</sup> century trade mark doctrine. First, the acquisition of property rights was contingent upon a trader *engaging in the activity of using a trade mark*. Second, a trade mark “owner’s” right to exclude was limited to excluding others from engaging in *the activity of using a sign as an indication of origin*. Third, a trade mark owner could not transfer property rights to a trade mark unless he or she transferred their entire business, i.e. *transferred the right and means to carry on that activity*.

This conceptualisation of trade marks as qualified property was largely a pragmatic and remedially driven response to the limitations of the extant law at the time. However, I argue that this development was also facilitated by doctrinal borrowings and adaptations from common law property regimes involving fugacious things (like water and wild animals). A justification for property rights based on a reward for labour also helped intellectually legitimise such borrowing.

### 1.3.2 Challenging the Conceptualisation of Trade Marks as Qualified Property

Existing literature has argued that trade mark legislation promoted the idea that trade marks as they were represented on the Register were themselves *objects* of property.<sup>71</sup> I agree with this assessment, however, I argue that an object-based conception of trade mark as property was not well appreciated by English courts at the time. When interpreting early trade mark legislation, English courts attempted to apply the previous understanding of trade marks as qualified property. As a result, both conceptions co-existed, but the activity-based conception predominated. The symbols as represented on the Register were primarily seen as providing a shortcut to the activity of a trader. This, in part, can be attributed to implicit unease with the notion that registration could confer rights without a trader engaging in the activity of using the trade mark as an indication of origin in the marketplace. It can also be attributed to a related concern that registration should not confer monopolies on traders (which could harm other traders' legitimate activities) or result in the public being deceived.

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<sup>71</sup> Chris Dent "Registers of Artefacts of Creation—From the Late Medieval Period to the 19th Century" (2014) 3 Laws 239 and Bently, above n 37.

### 1.3.3 The Consolidation of the Conceptualisation of Trade Marks as Qualified Property

The Trade Marks Act 1905 (1905 Act) sought to consolidate and codify the judicial norms that has developed under earlier legislation that prioritised the qualified model of trade marks as property. The 1905 Act linked the acquisition and maintenance of property rights to a trade mark to the activity of using (or intending to use) a sign as a reliable and truthful indication of origin in the marketplace. The legislation also limited transfers of registered trade marks and negated licensing. The courts continued to interpret the law in accordance with the qualified/activity-based model of trade marks as property. For example, it was held that a registered trade mark owner's right to exclude only extended to preventing a third party engaging in the activity of using a sign as an indication of origin.

The predominance of the conceptualisation of property rights being attached to the activity of using a sign as an indication of origin consolidated by the 1905 Act endured under the Trade Marks Act 1938 (1938 Act). The 1938 Act liberalised dealings with trade marks. However, the legislation as a whole, and judicial interpretation of it, continued to reflect the predominance of the qualified/activity-based model of trade marks as property.

### 1.3.4 The Brand Concept Began to Erode the Predominance of the Notion of Trade Marks as Qualified Property Culminating in the Trade Marks Act 1994

Developments from the 1950s saw a dramatic change to the trading environment in the United Kingdom. Reflecting these changes, the late 1950s also saw the emergence of the concept of a "brand". A brand was conceptualised as being more than a label that allowed consumers to identify goods and services – a brand was a symbol that announced ideas,

attributes and values about goods and services to the public.<sup>72</sup> Brands developed a personality or character, which was untethered from any link to particular goods and services or any particular activity. For example, today the Red Bull brand is associated with speed, energy, power and risk-taking.<sup>73</sup> As brands developed, their value increase and such value was not necessarily associated with a particular trading activity.

The rise of brands, and other social and economic changes were accompanied by a change of thinking about trade marks, which emphasised the benefits, rather than harms, of trade marks in terms of competition. This was part of a larger trend towards favouring the market as the key determinant in shaping property rights. This changing context also influenced international harmonisation efforts, which presented a framework for trade mark law that treated registered trade marks as conferring more *absolute* property rights, less tethered to a particular activity.

Such developments put pressure on the dominant conceptualisation of registered trade marks as a species of qualified property – i.e. protecting the activity of using a sign as an indication of origin. Pressure to recognise property in trade marks as stand alone “things” was resisted by the English judiciary and initially by the legislature, due to the strong hold of the qualified/activity-based conception. The advent of a European Directive on Trade Mark law and the passing of the 1994 Act created a break from the past and such resistance. The 1994

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<sup>72</sup> See generally, Jeremy Phillips *Trade Mark Law: A Practical Anatomy* (Oxford University Press, Oxford, 2003) at 7-8.

<sup>73</sup> S Adam Brasel and James Gips “Red Bull ‘Gives You Wings’ for Better or Worse: A Double-Edged Impact of Brand Exposure on Consumer Performance” (2011) 21 *Journal of Consumer Psychology* 57.



Act reflects an increased emphasis on an object-based conception of registered trade marks as property. This is illustrated in the approach to dealing with trade marks, the liberalisation of registrability and the expansion of a trade mark owner's right to exclude by dint of new anti-dilution protection. Jurisprudence from the Court of Justice of the European Union has, particularly in relation to the law of dilution, further shifted the dynamic between the conceptions in favour of a more object-based perspective. Yet, despite this shift, in the areas of acquisition of ownership, maintenance of ownership and in the interrelationship with unregistered rights, the qualified/activity-based conception continues to play a role in shaping legal doctrine.

#### 1.4. Roadmap

This thesis adopts a chronological structure. It begins in Chapter 2 by explaining the early history of trade mark protection before the English courts. The chapter explains how and why the notion of trade marks as a species of qualified property emerged in the Courts of Chancery in the 19th century. Chapter 3 considers the advent of the first registration legislation in 1875, and its impact on the conception of trade marks as qualified property. Chapter 4 then explains how the 1905 Act consolidated the predominance of the qualified/activity-based conception that emerged in jurisprudence after 1875. Chapter 5 demonstrates how the emphasis given to the qualified/activity-based conception endured under the 1938 Act. Chapter 6 traces developments after the Second World War leading up to the Government's 1990 White Paper on the reform of United Kingdom trade mark law that put pressure on the qualified/activity-based conception. Chapter 7 considers how the 1994 Act, and the European Trade Mark Directive mapped out a new framework which prioritised the conceptualisation of the

property rights in registered trade mark law as property rights in “things”. Chapter 8 concludes and highlights a number of recurrent themes in the thesis, including the role of the English judiciary and the role of the legislature.

## Chapter Two: The Emergence of Trade Marks as a Species of Property Before Registration Legislation

### 2.1 Introduction

In this chapter I argue that in the 1860s the English Courts of Chancery conceptualised trade marks as a species of “qualified property”. On this model, property rights in a trade mark protected a trader’s activity of using a particular symbol on vendible goods in the marketplace as a truthful indication those goods originated from that trader. This meaning of “trade marks as property” was reflected in how the law addressed the acquisition, maintenance, scope and enforceability of property rights in trade marks.

In making this argument, I first explain various legal developments that led to trade marks being conceived of as a species of property. I show that the emergence of the property concept was a pragmatic, remedially driven response to deficiencies in the law. However, I also argue that the emergence of the notion of trade marks as a form of property can be attributed, in part, to implicit borrowings and adaptations from the law of tangible property.

I also argue that the intellectual foundations for applying (and adapting) concepts from tangible property law to trade marks had been laid much earlier in respect of the law regarding literary works. Such foundations provided the justificatory answer as to why the

activity of using a mark “should do the job” of conferring property rights.<sup>1</sup> Use of a trade mark in the marketplace was a proxy for the expenditure of labour.

## 2.2 Early Origins of Trade Mark Protection

The story of the origin of English common law protection for trade marks is a murky one.<sup>2</sup> An oft-cited starting point is the 1617 case, *Southern v How*.<sup>3</sup> The import of *Southern v How* lies in the fact that in Popham’s report of the case, Dodderidge J is said to have referred to a clothier case. An “action on the case” was brought in the Court of Common Pleas by a clothier with a “great reputation” against another clothier who “used the same mark to his ill-made cloth on purpose to deceive him”.<sup>4</sup> The clothier case has been subsequently identified as the 1584 case of *J.G. v Samford or Sandforth’s Case*.<sup>5</sup>

An action on the case (or action for trespass on the case) grew out of the writ of trespass. In early English common law, “trespass” simply meant a wrongdoing. The writ of trespass alleged a wrong by force and arms (*vi et armi*), which amounted to a breach of the king’s

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<sup>1</sup> Carol M Rose “Possession as the Origin of Property” (1985) 52 University of Chicago Law Review 73 at 73 [Possession].

<sup>2</sup> See Frank Schechter *The Historical Foundations of the Law Relating to Trade-Marks* (Columbia University Press, New York, 1925).

<sup>3</sup> *Southern v How* (1617) Popham 143 (KB). Other reports of the case include *Southern v How* (1617) Croke, Jac 468 (KB). Schechter, above n 2, at 6-9 identifies three other different reports from Popham’s report.

<sup>4</sup> At 144.

<sup>5</sup> Sir John Baker *Baker and Milsom Sources of English Legal History: Private law to 1750* (2nd ed, Oxford University Press, Oxford, 2010) at 673.

peace.<sup>6</sup> Such actions initially could only be brought in the king's court. However, in the 14th century this requirement was dropped and "private" trespasses were also admitted.<sup>7</sup> This "basic story" was complicated because plaintiffs fictitiously used the writ of trespass to allege wrongs, which in truth, did not involve force or a breach of the king's peace.<sup>8</sup> Moreover, over time, other kinds of wrongs were admitted under the general writ of trespass. In respect of these other kinds of wrongs, the writs were specially composed so plaintiffs provided details of their loss in the pleadings, without including allegations of force or a breach of the king's peace.<sup>9</sup> These writs became known as writs for trespass *on the case*. As Ibbetson stresses, one of the consequences of the development of an action for trespass *on the case* was to contribute to an expansion of the "wrongs" that plaintiffs could seek to remedy.<sup>10</sup> In particular, actions on the case developed to encompass deceit.<sup>11</sup>

In the 15<sup>th</sup> and 16<sup>th</sup> century, deceit was used as a generic term for various types of wrongs, such as fraud in litigation or a defendant forging a document.<sup>12</sup> A predominant category of cases of deceit arose in relation to contractual bargains. These cases were, in essence, claims

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<sup>6</sup> D J Ibbetson *A Historical Introduction to the Law of Obligations* (Oxford University Press, Oxford, 1999) at 43.

<sup>7</sup> S F C Milsom *A Natural History of the Common Law* (Columbia University Press, New York, 2003) at 81 [*Natural History*].

<sup>8</sup> See S F C Milsom "Trespass from Henry III to Edward III - Part III: More Special Writs and Conclusions" (1958) 74 LQR 561 at 585 and Milsom, *Natural History*, above n 7, at 81-83.

<sup>9</sup> See Ibbetson, *A Historical Introduction*, above n 6, at 48-56 and Milsom, *Natural History*, above n 7, at 81.

<sup>10</sup> Ibbetson, *A Historical Introduction*, above n 6, at 56.

<sup>11</sup> Michael Lobban "Trespass, Case and Negligence" in Peter Cane and Joanne Conaghan (eds) *New Oxford Companion to Law* (Oxford University Press, 2008) at 1193.

<sup>12</sup> See generally Sir John Baker "Deceit" *The Oxford History of the Laws of England: Volume VI 1483–1558* (Oxford Scholarship Online, 2012) at 769-773.

that a plaintiff had been tricked into a bargain.<sup>13</sup> Plaintiffs made complaints about the falseness of a representation made by a defendant.<sup>14</sup>

In the 1789 case of *Pasley v Freeman* a claim for deceit was successful beyond two contracting parties.<sup>15</sup> A defendant had made a false statement about the credit worthiness of a third party, which induced the plaintiff to supply goods to the plaintiff's detriment. The Court in *Pasley v Freeman* held that there was no action in respect of a lie or false statement *as such* (a "naked lie").<sup>16</sup> However, there was an action for deceit when a defendant made a false representation with the intent to defraud the plaintiff, and damage was suffered by the plaintiff.

The foregoing context helps explain the significance of Dodderidge J's reference to *J.G. v Samford* and the link with deceit.<sup>17</sup> Later common law court decisions addressing complaints about the use of trade marks took *Southern v How* as confirming that it was possible to take an action on the case, in the nature of deceit.<sup>18</sup> The "lie" was not a false written or oral statement, but a false use of trade insignia.

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<sup>13</sup> At 772.

<sup>14</sup> At 772.

<sup>15</sup> *Pasley v Freeman* (1789) 3 TR 51 (KB).

<sup>16</sup> At 56.

<sup>17</sup> Edward Lloyd "On the Law of Trade Marks" (1861) 5 Solicitors' Journal and Reporter 486 at 486 wrote that the clothier case "gives us all the elements of the law which govern the subject". See also *Magnolia Metal Co v Tandem Smelting Syndicate Ltd* (1900) 17 RPC 477 (UKHL) at 484.

<sup>18</sup> *Leather Cloth Co v American Leather Cloth Co* (1863) 4 De G J & S 137 (Ch) at 139 [*Leather Cloth*].

Schechter identifies the 1824 case, *Sykes v Sykes*,<sup>19</sup> to be “the first reported case squarely involving the protection of trade-marks by an English common law court”.<sup>20</sup> Abbott CJ held that even when the defendant was not selling goods directly to consumers (but through third party retailers), this was sufficient for liability. It “was established most clearly” that the defendant put the impugned trade marks on their goods in order to denote that the plaintiff had manufactured their products, and the defendant had sold them to retail dealers for the “express purpose” of onselling to the public.<sup>21</sup> Abbott CJ did not cite any authority, apparently regarding “the law as settled”, and the reference to authority “unnecessary”.<sup>22</sup>

Early jurisprudence involving false use of trade insignia was developed further by *Blofeld v Pane* where the Court found that damages could be awarded even though the defendant’s products were not found to be inferior and the plaintiff had not sustained any specific damage.<sup>23</sup> Patterson J found that the defendant’s “had no right” to pretend the plaintiff’s products were their own and the plaintiff should get some damages as a consequence.<sup>24</sup>

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<sup>19</sup> *Sykes v Sykes* (1824) 3 B & C 541 (KB).

<sup>20</sup> Schechter, above n 2, at 137.

<sup>21</sup> *Sykes v Sykes*, above n 19, at 543.

<sup>22</sup> Schechter, above n 2, at 138.

<sup>23</sup> *Blofeld v Payne* (1833) 4 B & Ad 410 (KB) [*Blofeld*].

<sup>24</sup> At 412.

*Blofeld v Pane* thereby suggested that the law responded to an invasion of a plaintiff's right, and that invasion itself should be remedied.<sup>25</sup> As Littledale J said in that case:<sup>26</sup>

The act of the defendants was a fraud against the plaintiff; and if it occasioned him no specific damage, it was still, to a certain extent an injury to his right.

A feature of *Sykes v Sykes*, and similar actions on the case before the common law courts during the first half of the 19<sup>th</sup> century, was the use of a jury.<sup>27</sup> A jury's role was, in theory, confined to determining facts rather than matters of law.<sup>28</sup> Questions of fraudulent intent, though, could be questions of fact or of law, or mixed questions of fact and law.<sup>29</sup> In trade mark cases, the jury was left to determine on the facts whether the defendant had a

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<sup>25</sup> See also *Rodgers v Nowill* (1847) 5 CB 109 (Comm Pleas) at 123-124 [*Rodgers*]: noting the trial judges comment that the "plaintiffs did not come into court for the mere purpose of recovering the amount of damage in the particular case, but to try whether the defendants might with impunity adopt the plaintiff's mark". See further Theodore Sedgwick, Arthur George Sedgwick & Joseph Henry Beale *A Treatise on the Measure of Damages* (9<sup>th</sup> ed, Baker, Voorhis, New York, 1912) at 176.

<sup>26</sup> *Blofeld*, above n 23, at 411.

<sup>27</sup> The role of the jury was to decline in the 19<sup>th</sup> century, however, it was still as W Swain *History of the Law of Contract 1670-1870* (Cambridge University Press, Cambridge, 2015) notes at 173 "at the heart of litigation in the central Common law courts". See further, Sir John Baker *Introduction to English Legal History* (5<sup>th</sup> ed, Oxford University Press, Oxford, 2019) at 100 and Michael Lobban "The Strange Life of the English Civil Jury, 1837-1914" in Grant Macleod & John W Cairns (eds) *The Dearest Birth Right of the People of England: The Jury in the History of the Common Law* (Hart Publishing Ltd, Oxford, 2002) at 173-215.

<sup>28</sup> W Forsyth *History of Trial by Jury* (John W Parker, London, 1852) at 259.

<sup>29</sup> At 291.



fraudulent intent.<sup>30</sup> The jury was also responsible for determining the amount of damages to be awarded – though with direction from a judge.<sup>31</sup>

The 1842 decision of *Crawshay v Thompson* provides an illustration of the role of a jury and the legal principles that applied.<sup>32</sup> The plaintiff marked iron bars they manufactured with their initials placed in an oval. The plaintiff complained that the defendant, who also manufactured iron, was using markings that were similar and sold its bars “with the intention that they should pass in the market as bearing the plaintiff’s mark”.<sup>33</sup> Two questions were left to the jury. First, whether there was sufficient resemblance between the marks to be deceptive. Second, whether the defendant acted with a fraudulent intention – that is, with an intention to deceive (or whether the defendant acted innocently – without such an intention).<sup>34</sup> The jury were instructed that unless there was a fraudulent intention the defendants would not be liable.

The jury found for the defendants and the plaintiff obtained a rule nisi for a new trial on the ground of misdirection. Coltman J, Maule J and Cresswell J found that there was no misdirection to the jury.<sup>35</sup> Maule J characterized the “gist of the action” as the selling of iron

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<sup>30</sup> See generally Anon “Of the Function of the Judge as Distinguished from those of the Jury” (1845) 2 Law Review and Quarterly Journal of British and Foreign Jurisprudence 27 at 39.

<sup>31</sup> See also Roshana Kelbrick “Damages and Interdicts for Trade Mark Infringement - How These Remedies Developed” (2000) 6 Fundamina 52 at 58.

<sup>32</sup> *William Crawshay v William Thompson* (1842) 4 Manning Granger 357 (Comm Pleas) [*Crawshay*].

<sup>33</sup> At 377 per Coltman J.

<sup>34</sup> At 385.

<sup>35</sup> At 377 per Coltman J, at 382-384 per Maule J, at 385 per Cresswell J.

made by the defendant as the plaintiff's iron.<sup>36</sup> If the defendant "falsely and knowingly represented their iron as the plaintiff's manufacture" the plaintiff would be entitled to the verdict.<sup>37</sup> Cresswell J also found that the essence of the case was whether the defendant falsely represented "their iron to be of the plaintiff's manufacture".<sup>38</sup> If the defendant knowingly made such a false representation this would constitute the necessary fraudulent intent.<sup>39</sup>

*Crawshay* makes it clear that an intent to deceive the plaintiff's customers (that is, the public) was an essential ingredient of the action. The courts, though, were not protecting or "vindicating the rights" of the public.<sup>40</sup> The courts were seeking to address a wrong committed against the plaintiff, which indirectly resulted from the deception of the public.<sup>41</sup> This is consistent with the approach of awarding damages in *Blotfeld v Payne* and Littledale J's statement that the defendant's actions were a "fraud against the plaintiff".

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<sup>36</sup> At 380.

<sup>37</sup> At 382.

<sup>38</sup> At 386-387.

<sup>39</sup> At 387.

<sup>40</sup> A point made by Mark McKenna "The Normative Foundations of Trademark Law" (2007) 82 Notre Dame Law Review 1839 at 1857-1858. There is, though, some ambiguous language during this time and Robert Bone "Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law" (2006) 86 Boston University Law Review 547 at 561 reads early English trade mark cases as being concerned with fraud "perpetrated on the public at large". Also see César Ramirez-Montes "A Re-Examination of the Original Foundations of Anglo-American Trade Mark Law" (2010) 14(1) Marquette Intellectual Property Law Review 91 at 108-109 who provides further examples of ambiguous language and critiques the position taken by McKenna. Ramirez-Montes goes on to argue, at 123, that the "overriding interest that the courts were vindicating" was "free competition".

<sup>41</sup> See McKenna, above n 40 at 1857: "[plaintiffs] were making claims based on injuries to their own interests that resulted indirectly from deception of consumers".

The “right” infringed by a defendant’s fraud was not considered to be a property right in a particular trade mark. For example, in *Crawshay* Cresswell J doubted that a trader had an “abstract right” in a particular mark.<sup>42</sup> Similarly, in *Rodgers v Nowill* Wilde CJ said:<sup>43</sup>

The plaintiffs do not claim any abstract right to the exclusive use of the mark in question. They merely say, that, having adopted a particular mark, the public have been led to believe goods so marked, to be of their manufacture.

This notion – that a plaintiff had no property rights in a trade mark – flowed from the ingredients of an action on the case, akin to deceit. The wrong of the defendant was not a “taking” or “appropriating” of the plaintiff’s property. In short, the wrong of the defendant was telling a lie about the origin of goods.<sup>44</sup> Plaintiff traders did not have authority over the use of a particular mark.<sup>45</sup> The next section will show that the Courts of Chancery – at least initially – also focused on fraud.

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<sup>42</sup> *Crawshay*, above n 32, at 387.

<sup>43</sup> *Rodgers*, above n 25, at 122.

<sup>44</sup> See *Reddaway v Banham* [1896] AC 199 (UKHL) at 216. Lionel Bently “From Communication to Thing: Historical Aspects of the Conceptualisation of Trade Marks as Property” in Graeme Dinwoodie and Mark Janis (eds) *Trademark Law and Theory: A Handbook of Contemporary Research* (Edward Elgar, Cheltenham, 2008) 3 at 5 [“Communication to Thing”] has described judicial intervention in these cases as being “communication based”.

<sup>45</sup> See *Burgess v Burgess* (1853) 3 De G M & G 896 (Ch) [*Burgess*] further discussed below.

## 2.3 Development of a “Trade Marks as Property” Theory in the Courts of Chancery

Matters of fraud, accident and trust (or confidence<sup>46</sup>) were considered to fall within the traditional jurisdiction of the Courts of Chancery.<sup>47</sup> In the 19<sup>th</sup> century, Snell and others further divided Equity’s jurisdiction into exclusive, concurrent and auxiliary jurisdiction.<sup>48</sup> The court’s concurrent jurisdiction captured situations where the common law did not afford adequate relief.<sup>49</sup> The Courts of Chancery could grant injunctions, which typically sought to prevent a future wrong, rather than to redress an injury.<sup>50</sup> Injunctions were available under each of Equity’s heads of jurisdiction.<sup>51</sup> However, Equity would not intervene if the common law would provide adequate relief.<sup>52</sup>

Lord Hardwicke’s judgment in *Blanchard v Hill* provides a starting point in the development of Chancery jurisprudence regarding the fraudulent use of trade marks.<sup>53</sup> A plaintiff sought an injunction in the Courts of Chancery to stop a defendant using the “Great Mogul” stamp on playing cards. Lord Hardwicke refused the injunction. The plaintiff’s complaint was based on a charter granted by the Crown, which the plaintiff alleged gave him the sole right to use

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<sup>46</sup> Edward Coke *The Fourth Part of the Institutes of the Laws of England* (Printed by M. Flesher for W. Lee, and D. Pakeman, London, 1644) at 84.

<sup>47</sup> See Joseph Story *Commentaries on Equity Jurisprudence: as Administered in England and America* (2<sup>nd</sup> ed, CC Little and J Brown, Boston, 1839) at 67.

<sup>48</sup> Edmund Snell *The Principles of Equity* (Steven & Haynes, London, 1868) at 10.

<sup>49</sup> At 10.

<sup>50</sup> Story, above n 47, at 155.

<sup>51</sup> Story, above n 47, at 155.

<sup>52</sup> Snell, above n 48, at 11.

<sup>53</sup> *Blanchard v Hill* (1742) 2 Atk 484 (Ch).

the mark. Lord Hardwicke's refusal to grant an injunction was primarily founded upon the law against monopolies.<sup>54</sup> However, in the course of his judgment, Lord Hardwicke also observed:<sup>55</sup>

Every particular trader has some particular mark or stamp; but I do not know any instance of granting an injunction here, to restrain one trader from using the same mark with another; and I think it would be of mischievous consequence to do it (sic).

When *J G v Samford* was raised with him by the Attorney-General, Lord Hardwicke appeared to distinguish the case by emphasising that it involved the clothier acting with "fraudulent design". For Lord Hardwicke, the mere use of a trade mark by a defendant was not sufficient to maintain an action.<sup>56</sup> *Blanchard v Hill* became significant because counsel subsequently drew on the observations of Lord Hardwicke to argue that the Courts of Chancery should grant injunctions to traders in cases involving the misuse of identifying marks where a defendant *did have* a fraudulent intention.<sup>57</sup> Chancery Courts too began to draw on *Blanchard*

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<sup>54</sup> At 486.

<sup>55</sup> At 485.

<sup>56</sup> At 485. Subsequently, in *Earl of Chesterfield v Janssen* (1750) 2 Ves Sen 125 (Ch) Lord Hardwicke proposed five categories of fraud. His fourth category of fraud was imposition of deceit on other persons not parties to a fraudulent agreement. This category seems the most analogous to trade mark cases. However, Lord Hardwicke at 155 noted that the Courts of Chancery "had undoubted jurisdiction to relieve against every species of fraud". His intention was not to fix a definition of fraud, see further Warren Swain "Reshaping Contractual Unfairness in England 1670-1900" (2014) (35(2) The Journal of Legal History 120 at 130-131.

<sup>57</sup> See, for example, *Motley v Downman* (1837) 3 My & Cr 1 (Ch).

*v Hill*, and the concepts of “fraudulent design”, to justify the need for equitable intervention in appropriate cases.<sup>58</sup>

An injunction ordered by the Chancery Courts was advantageous to traders concerned about the misuse of their trade marks because it was not a remedy available in the common law courts. However, the process of obtaining an injunction was lengthy and cumbersome. This was because the common law courts had jurisdiction over the determination of legal rights, and the Courts of Chancery’s ability to grant an injunction in trade mark cases came within its concurrent ancillary jurisdiction.<sup>59</sup> Therefore, an injunction would not normally be granted by a Chancery judge unless a plaintiff had established that they had “good title” to a trade mark.<sup>60</sup> If the Courts of Chancery had factual doubts as to the legal title of a plaintiff seeking an injunction, they sent the matter to the common law courts to determine.<sup>61</sup>

The basis of the intervention of the Courts of Chancery in the 1850s and 1860s in cases involving trade marks was premised on preventing fraud.<sup>62</sup> For example, in *Croft v Day* Lord

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<sup>58</sup> *Collins Co v Brown* (1857) 3 K & J 422 at 428.

<sup>59</sup> *Perry v Truefitt* (1842) 6 Beav 66 (Ch) at 72. See also *Motley v Downman*, above n 57, at 14.

<sup>60</sup> *Perry v Truefitt*, above n 59, at 72. See also Christopher Wadlow *The Law of Passing Off* (4th ed, Sweet and Maxwell, London, 2011) at [1-045].

<sup>61</sup> William Griffith *Institutes of the Jurisdiction and of the Equity Jurisprudence and Pleadings of the High Courts of Chancery* (H. Sweet, London, 1868) at 18-19. See also Leoni Levi “On Trade Marks” (1859) 7 *Journal of the Society of Arts* 262 at 264.

<sup>62</sup> *Perry v Truefitt*, above n 59, at 73.

Langdale MR said that the action rested on the principle “that no man has a right to sell his own goods as the goods of another”, and to do so was to commit a “very gross fraud”.<sup>63</sup>

In framing equitable intervention on the basis of fraud, the Chancery judges – consistent with the observations of Lord Hardwicke in *Blanchard v Hill* – refuted the idea that property existed in a name or a mark. For example, in *Knott v Morgan* Lord Langdale said the plaintiff had no exclusive rights to the words at issue in that case.<sup>64</sup> As a result, and as indicated above, this meant that one trader did not have authority over the use of a particular mark. For example, in *Burgess* an injunction was refused against a defendant using the same name as his father had used for many years for the same product.<sup>65</sup> Turner LJ observed that it was a “question of evidence in each case whether there is a false representation or not”.<sup>66</sup> The evidence in the case indicated no such false representation.

The willingness of the Courts of Chancery to grant injunctions, but to deny property existed in a trade mark, created a conceptual tension.<sup>67</sup> The ancillary jurisdiction of the Courts of Chancery to grant injunctions was conceived of as being primarily founded on the protection of property rights.<sup>68</sup> However, as explained above, Chancery Court judges did not consider that a trader had property rights in a trade mark. This explained why in the case of *Clark v*

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<sup>63</sup> *Croft v Day* (1843) 7 Beav 84 (Ch) at 88.

<sup>64</sup> *Knott v Morgan* (1836) 2 Keen 213 (Ch) at 219 (“Conveyance Company” and “London Conveyance Compnay”).

<sup>65</sup> *Burgess*, above n 45.

<sup>66</sup> At 905.

<sup>67</sup> See also Wadlow, above n 60, at [1-046].

<sup>68</sup> William Williamson Kerr *A Treatise on the Law and Practice of Injunctions in Equity* (William Maxwell & Son, London 1867) at 1-2 and see *Gee v Pritchard* (1818) 2 Swans 402 (Ch).

*Freeman*, for example, an injunction was refused.<sup>69</sup> The plaintiff was an eminent physician. The defendant had started advertising pills which he called “Sir J Clarke’s Consumption Pills”. Evidence suggested that members of the public had been led to believe he was involved with the sales of the pills. Lord Landale MR described the conduct as “disgraceful”, but there was no injury to the plaintiff’s “property” and granting an injunction was beyond Equity’s jurisdiction.<sup>70</sup>

Taking into account the above context, the 1838 case of *Millington v Fox* can be seen as significant in opening the way for law to adopt a proprietary focus.<sup>71</sup> In *Millington v Fox*, the plaintiff was granted an injunction to stop the defendant’s use of the terms CROWLEY and CROWLEY MILLINGTON. The plaintiff had been manufacturing steel for many years and their steel was known in the market under these terms. The defendants, though, were not aware of the plaintiff manufacturing company and further believed the impugned terms were descriptors of particular qualities of steel. Lord Chancellor Cottenham observed that the defendants’ lacked a fraudulent intention in using the impugned terms but held that this did not disentitle the plaintiff “of their right to the exclusive use of those names” and accordingly granted an injunction.<sup>72</sup>

The fact that an injunction was granted in *Millington v Fox* in light of the defendants’ ignorance of the plaintiff and lack of fraudulent intention, created a suggestion identified by

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<sup>69</sup> *Clark v Freeman* (1848) 11 Beav 112 (Ch).

<sup>70</sup> At 119.

<sup>71</sup> *Millington v Fox* (1838) 3 Myl & Cr 338 (Ch).

<sup>72</sup> At 352.



contemporary commentators, that the plaintiff must have rights akin to property in the terms CROWLEY and CROWLEY MILLINGTON. For example, Lloyd observed that situations like *Millington v Fox* “can then only be considered to proceed on the ground of protecting property against injury”.<sup>73</sup>

The inference that traders may have had property in the trade marks they used was not uniformly embraced by other Chancery judges. As Bently has also noted, Vice-Chancellor Page Wood still maintained in the 1853 case *Edelsten v Vick* that before the Court would intervene: “there must be an intention to deceive the public”.<sup>74</sup> In *Collins v Brown* Vice-Chancellor Page Wood also described it as “settled law that there is no property whatever in a trade mark”.<sup>75</sup>

In the light of the immediate equivocation as to the import of *Millington v Fox*, it was left to Lord Westbury (Richard Bethell), as Lord Chancellor, to lead a forceful move towards basing the jurisdiction of the Courts of Chancery on the idea that property rights existed in a trade mark. The 1863 case, *Leather Cloth Co Ltd v American Leather Cloth Co Ltd*, illustrates Lord Westbury’s view and reasoning.<sup>76</sup> In his judgment, Lord Westbury criticised the language of previous cases heard by Lord Langdale, and the observation of the Vice-Chancellor Page Wood in the case before him, which suggested that liability was based on a defendant’s

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<sup>73</sup> Lloyd, “On the Law of Trade Marks”, above n 17, at 487. See also Francis H Upton *A Treatise on the Law of Trade Marks* (Weare C Little, Law Bookseller, Albany, 1860) at 10 and Anon “Trade Marks” (1850) 14(2) *The Jurist* 223 at 224.

<sup>74</sup> Bently, “Communication to Thing”, above n 44, at 14 citing *Edelsten v Vick* (1853) 11 Hare 77 (Ch) at 84.

<sup>75</sup> *Collins Co*, above n 58, at 426.

<sup>76</sup> *Leather Cloth*, above n 18.

fraud.<sup>77</sup> For Lord Westbury such language provided “an inaccurate statement” of the law.<sup>78</sup> Lord Westbury reasoned that a defendant’s false representation can only be made by a defendant “appropriating” the property a plaintiff has to “use a particular mark or symbol”.<sup>79</sup> Lord Westbury said “the true principle” was that “the jurisdiction of the Court in the protection given to trade marks rests upon property”.<sup>80</sup> Lord Westbury drew support for his analysis from *Millington v Fox*, which he identified as establishing that a remedy was available when there was no proof of fraudulent intention on the part of the defendant.<sup>81</sup>

The House of Lords heard an appeal in *Leather Cloth*.<sup>82</sup> Both Lord Cranworth and Lord Kingsdown appeared to endorse Lord Westbury’s property approach to trade marks. Lord Kingsdown in particular stated that “a man may have property in a trade mark, in the sense of having a right to exclude any other trader from the use of it in selling the same description of goods”.<sup>83</sup>

In the 1891 case of *Pinto v Badman*, Fry LJ said Lord Westbury’s move towards conceptualising trade marks as a species of property “surprised the profession”.<sup>84</sup> However, this

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<sup>77</sup> At 140.

<sup>78</sup> At 140.

<sup>79</sup> At 142.

<sup>80</sup> At 142.

<sup>81</sup> At 141-142. See also *Edelsten v Edelsten* (1863) 1 De GJ & S 185 (QB) at 199.

<sup>82</sup> *Leather Cloth Co v American Leather Cloth Co* (1865) 11 HL Cas 523 [*Leather Cloth HL*].

<sup>83</sup> At 544. See also subsequently *Somerville v Schembri* (1887) 4 RPC 179 (Privy Council Malaysia) at 182.

<sup>84</sup> *Pinto v Badman* (1891) 8 RPC 181 (EWCA) at 194. See also *Bow v Hart* [1905] 1 KB 592 at 593 where Stirling J in argument said “Lord Westbury frequently said that there was property in a trade-mark, and Lord Watson used

jurisprudential development was recognised and welcomed by a number of contemporary commentators.<sup>85</sup> For example, the *Solicitors' Journal and Reporter* praised the Lord Chancellor's doctrine of property in trade marks as removing some of the uncertainties of previous jurisprudence.<sup>86</sup> In a paper delivered in 1866, the barrister E M Underdown drew on Lord Westbury's judgments in *Leather Cloth, Hall v Barrows* and *McAndrew v Bassett* to record how Chancery Courts had moved "more and more in favour of recognition of the property in a trade mark".<sup>87</sup> W Wybrow Robertson similarly wrote in a paper on trade marks that a significant point for notice "is that a trade mark is property".<sup>88</sup> In his treatise on trade marks, after referring to *Leather Cloth* and *Hall v Barrows*, Lloyd observed the question whether trade marks were a species of property had been concluded.<sup>89</sup> He declared "the right to use a trade mark may therefore be considered as a property".<sup>90</sup> Similarly, in his text, *A Treatise on the Law of Trade Marks*, Adams wrote:<sup>91</sup>

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similar language in *Somerville v Schembri*, but the point was never treated as definitely settled" (this statement is also cited in Ramirez-Montes, above n 40, at fn 159).

<sup>85</sup> Bently also asserts that "after 1863 most commentators were quick to embrace Lord Westbury LC's theory of trade marks as property", "Communication to Thing", above n 44, at 26.

<sup>86</sup> "Trade Names and Marks" (1864) 8 *Solicitors' Journal and Reporter* 175.

<sup>87</sup> EM Underdown "On the Piracy of Trade Marks" (1866) 14 *Journal of the Society of Arts* 370 at 372.

<sup>88</sup> W Wybrow Robertson "On Trade Marks" (1869) 17 *Journal of the Society of Arts* 414 at 416.

<sup>89</sup> Edward Lloyd *The Law of Trade Marks* (2<sup>nd</sup> Ed, Yates and Alexander, London, 1865) at 7 [*Law of Trade Marks*].

<sup>90</sup> At 8.

<sup>91</sup> F M Adams *A Treatise on the Law of Trade Marks* (Butterworths, London, 1874) at 13 (Adams then notes that historically some judges appeared to consider that the jurisdiction of the court was based on the prevention of fraud).

... there can be no doubt at the present day that the true ground for interference of a court of equity for the protection of a trade mark is, with respect to the plaintiff property and the protection of property.

The language of such treaties, and the views expressed by academic commentators, suggest there was some consensus that trade marks were property amongst the legal community.<sup>92</sup> The degree of consensus that trade marks were a species of property, though, should not be overstated.<sup>93</sup> Not all courts appeared to agree that trade marks were definitively property.<sup>94</sup> Nor did all commentators. For example, in discussing a paper delivered in 1875, Campin still considered the copying a trade mark to be analogous to forgery, rather than interfering with a “private right of property”.<sup>95</sup>

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<sup>92</sup> Bently, “Communication to Thing”, above n 44, at 26-27. Cf, William Cornish “Industrial Property: Trade Marks and Unfair Competition” in *Oxford History of the Laws of England: Vol XIII 1820–1914 Fields of Development* (Oxford Scholarship Online, May 2010) [“Industrial Property”] at 998 has downplayed the significance of Lord Westbury’s property theory of trade marks, suggesting that the terminology might have been inconsequential in substance over passing off actions. However, as explained in Chapter 3, a distinct passing off action was still developing at this time and focused on fraudulent misrepresentations.

<sup>93</sup> See also R Lloyd and F Bray *Kerly’s Law of Trade Marks and Trade Names* (7<sup>th</sup> ed, Sweet & Maxwell, 1951) at 389. Ramirez-Montes, above n 40, at 117 has also noted that it was “controversial” that property was the “sole basis of intervention” in trade mark cases and identifies some potentially conflicting court decisions. Ramirez-Montes, though, makes no reference to views of the wider legal community in the 1860s and 1870s.

<sup>94</sup> *Singer Manufacturing Company v Loog* (1879) 18 LR 395 (EWCA) at 412 per James LJ: “...there is no such thing as a monopoly or a property in the nature of a copyright, or in the nature of a patent, in the use of any name”.

<sup>95</sup> Campin “Discussion”: H Trueman Wood ‘The Registration of Trade Marks’ (1875) *Journal of the Society of Arts* 17 at 28.

## 2.4 Where did the Property Theory Come From?

### 2.4.1 Economic and Social Context, Institutional Developments and International Influences

At the time such legal developments in the field of trade marks were occurring, Britain was celebrating itself as the “workshop of the world”. In 1851, London hosted “The Great Exhibition of the Works and Industry of All Nations”.<sup>96</sup> Richards has portrayed this spectacle as “pioneering” a new “commodity culture”.<sup>97</sup> This new focus on consumption of commodities, he argues, was cemented by a growth in advertising. Advertising in newspapers, specifically targeting working and lower middle-class readers, increased with an expansion of readership and the removal of newspaper duty in 1855.<sup>98</sup>

Retailing in 1850 was still localised and adapted to the circumstances of small towns. Poverty was also widespread.<sup>99</sup> However, more and more people had surplus income to spend on new commodities.<sup>100</sup> Traders started to take opportunities to supply such goods. For example, Alfred Bird released his baking powder in 1843.<sup>101</sup> As Church notes, this coincided with

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<sup>96</sup> William J Ashworth “Industry and Transport” in Chris Williams (ed) *A Companion to Nineteenth-Century Britain* (Malden MA, Blackwell Publishing 2004) 223 at 223.

<sup>97</sup> See Thomas Richards *The Commodity Culture of Victorian England: Advertising and Spectacle, 1851-1914* (Stanford University Press, Stanford, 1990). But cf. Roy Church “Advertising Consumer Goods in Nineteenth-Century Britain: Reinterpretations” (2000) 53(4) *The Economic History Review* 621 at 641.

<sup>98</sup> Church, above n 97, at 630-632.

<sup>99</sup> R Fitzgerald Rowntree *and the Marketing Revolution, 1862-1969* (Cambridge University Press, Cambridge, 1995) at 19.

<sup>100</sup> At 18.

<sup>101</sup> At 19.

growing public concern about the adulteration of food and drink products. Traders began to advertise their products as genuine and free from taint – such as Fry’s “Pure Cocoa”.<sup>102</sup> Such products, and the strategies and advertising used to promote them, encouraged the use of trade marks and arguably enhanced their value to traders.

British industry at this time was also characterised by the existence of distinctive and specialised industries in certain geographical areas.<sup>103</sup> For example, Manchester and Lancashire for cotton, Sheffield and Yorkshire for cutlery, Bradford for worsted goods and Leeds for wool. Export markets were of growing importance to many manufacturers in these regional clusters.<sup>104</sup> Platt, for example, puts the total value of exports from British and Irish Manufacturers at 135 million GBP in 1860, up from 52 million GBP in 1850. This context also arguably amplified the importance and value of trade marks. For example, a writer in the *Jurist* in 1850 argued that as “national and international intercourse extends the value of commercial and manufacturing character” this will increase the importance of trade marks and spur the development of the law.<sup>105</sup>

Lord Westbury’s development of property theory of trade marks was helped by the fact that the United Kingdom legislature had contemporaneously been taking steps to streamline the course of litigation through the Courts of Chancery. In 1858, the Chancery Amendment Act

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<sup>102</sup> Church, above n 97, at 632.

<sup>103</sup> Ashworth, above n 96, at 225.

<sup>104</sup> D M Higgins and Geoffrey Tweedale “The Trade Mark Question and the Lancashire Cotton Textile Industry, 1870-1914” (1996) 27(2) *Textile History* 207 at 207.

<sup>105</sup> See Anon “Trade Marks”, above n 73, at 223.

enabled the Courts of Chancery to call juries to determine matters of fact. Yet, as Lobban notes, despite the Chancery Amendment Act, the courts were cautious in exercising their new powers.<sup>106</sup> The subsequent Chancery Regulation Act 1862 responded to the fact that the Courts of Chancery were still referring matters of fact to the common law courts.<sup>107</sup> The 1862 Regulation Act provided that, in matters involving remedies contingent on the establishment of a legal right or title, the Courts of Chancery would determine matters of fact and law.<sup>108</sup> Such a change enabled Chancery Courts, in cases like *McAndrew v Bassett*, to adjudicate on whether a plaintiff had acquired title to a particular trade mark.<sup>109</sup>

In asserting that the jurisdiction for protecting trade marks “rested upon property” there is also evidence to suggest that Lord Westbury (Richard Bethell) was practically motivated. Bethell appeared to be well-versed in the defects of the existing civil and criminal law involving trade marks at the time. For example, he had been Chair of a meeting of the Society of Arts in 1859 where Professor Levi had delivered a paper on trade marks, identifying how the existing law did not recognise a trader as having property in a trade mark.<sup>110</sup> After Levi’s address, Bethell advocated that the fraudulent use of trade marks should be covered by the criminal law and argued that when such activity occurred “it is not merely that my property is invaded, but the whole public are injured by the imposition”.<sup>111</sup>

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<sup>106</sup> Michael Lobban “Preparing for Fusion: Reforming the Nineteenth-Century Court of Chancery, Part II” (2004) 22 Law and History Review 565 at 590.

<sup>107</sup> At 593.

<sup>108</sup> Chancery Regulation Act 1862 25 & 26 Vict c 42, s 1.

<sup>109</sup> *McAndrew v Bassett* (1864) 4 De GJ & S 380 (Ch).

<sup>110</sup> Levi, above n 61.

<sup>111</sup> “Discussion” (1859) 7 Journal of the Society of Arts 262 at 268.

Lord Westbury's evocation of property language may therefore have been partly a rhetorical device to strengthen the claims and the remedies available to traders concerned about the fraudulent use of trade marks. The previous fraud-based model of intervention relied on establishing a fraudulent intention – an ingredient the judiciary were already realising could be difficult, if not impossible, to determine in some situations.<sup>112</sup> Further, Lord Westbury's judicial style was described as being "impatient of the authority of cases",<sup>113</sup> and not "very deferential" to existing authority.<sup>114</sup> He was said to prefer to "ground his decisions on elementary principles" and logic, even where this resulted in judicial ingenuity.<sup>115</sup>

Lord Westbury's recharacterisation of Equity's intervention in trade mark cases to focus on property also solved the dilemma posed by *Millington v Fox* (where an injunction was granted absent a fraudulent misrepresentation). Solving this dilemma was pragmatically significant in justifying injunctive relief. This is because, as has been noted by Wadlow and Bently, Lord Westbury's judgments were delivered not long after the high-profile case of *The Emperor of Austria v Day*, where it was reemphasised that the Courts of Chancery's jurisdiction to award an injunction rested on injury to *property*.<sup>116</sup>

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<sup>112</sup> Ramirez-Montes, above n 40, at 114 making reference to *Edelsten v Vick* (1853) 11 Hare 77 (Ch) at 85.

<sup>113</sup> Thomas Arthur Nash *Life of Richard Lord Westbury, Formerly Lord High Chancellor, with Selections from His Correspondence: Vol 2* (R. Bentley and Son, London, 1888) at 25.

<sup>114</sup> At 29.

<sup>115</sup> At 25-26.

<sup>116</sup> *The Emperor of Austria v Day* (1861) 2 Giff 627 (Ch), noted by Wadlow, above n 60, at [1.046] and Bently, above n 44, at fn 144.



International influences also appeared to influence thinking about trade marks as property. France took an early lead in passing trade mark legislation. It passed a law against counterfeiting of goods and trade marks in 1803.<sup>117</sup> Then, in 1857, France passed trade mark legislation that “unequivocally asserted a property right in marks”.<sup>118</sup> The French law of 1857 also contained a reciprocity clause, which extended the protection of trade mark law to citizens of countries which had established “reciprocity for French marks”.<sup>119</sup> The Commerce Treaty of 1860 stated in article 7:<sup>120</sup>

The subjects of one of the two High Contracting Powers shall, in the dominions of the other, enjoy the same protection as native subjects in regard *to the rights of property in trade-marks* and in patterns of every description (emphasis added).

Duguid has argued that it was principally international pressure from France following the enactment of its legislation and the 1860 Treaty which prompted calls for the development of the law relating to trade marks in the United Kingdom.<sup>121</sup> Bently in his research also presses the importance of international treaties in solidifying the notion that trade marks were

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<sup>117</sup> Paul Duguid “French Connections: The International Propagation of Trademarks in Nineteenth Century” (2009) 10(1) *Enterprise and Society* 3 at 24.

<sup>118</sup> Duguid, above n 117, at 24. On the influence of French law, see William Henry Browne *A Treatise on the Law of Trade-marks and Analogous Subjects* (Little Brown, Boston, 1873) at 57.

<sup>119</sup> Translated version of French Law of June 23, 1857 from Browne, above n 118, at 570.

<sup>120</sup> Treaty Stipulations between Great Britain and Foreign Powers on Trade Marks (C-633, 1872) at 5 referring to *Treaty of Commerce Between Her Majesty and the Emperor of the French* (Signed at Paris, 23 January 1860). On this treaty generally see A A Iliasu “The Cobden-Chevalier Commercial Treaty of 1860” (1971) 14(1) *The Historical Journal* 67.

<sup>121</sup> Duguid, above n 117, at 24.

property.<sup>122</sup> Making reference to treaties with Austria, Belgium, Denmark and Spain, as well as the 1860 Treaty with France, he identifies that the language of property was becoming more common in bilateral treaties at the time.<sup>123</sup>

As the next subsection discusses, a wider context also suggests the propertisation of trade marks can be attributed to a growing recognition of analogies between tangible and intangible objects of property.

#### 2.4.2 The Property Characterisation of Copyright

The intellectual foundations for the emergence of trade marks as property had been laid years earlier in the extensive consideration of the existence of literary property that culminated in the 1768 decision in *Millar v Taylor* and the 1774 decision in *Donaldson v Beckett*. The background to these decisions involves consideration of the Statute of Anne. This statute had limited the rights to print and reprint books to 14 years for new books and 21 years for books published after 1710.<sup>124</sup> The Statute of Anne created the perception that there was a property right in printing books that was assignable and licensable.<sup>125</sup> Faced with the potential expiry of rights to print, the Stationers Company – which had a monopoly over printing books – sought to argue the property rights conferred by the Statute of Anne merely supplemented

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<sup>122</sup> Bently, “Communication to Thing”, above n 44, at 19.

<sup>123</sup> At 19.

<sup>124</sup> Statute of Anne 1710 c 19/c 21, s 1.

<sup>125</sup> William Cornish “Copyright” in Cornish et al (eds) *The Oxford History of the Laws of England: Volume XIII: 1820–1914 Fields of Development* (Oxford Scholarship Online, 2010) at 881 [Copyright].

common law rights.<sup>126</sup> This in turn spurred public debate and the publication of extensive literature arguing for the existence of common law literary property and how the existence of such literary property could be justified.<sup>127</sup>

Those in favour of common literary property turned to general property law to explain and justify the acquisition of ownership of literary property.<sup>128</sup> Occupancy was the dominant method that explained the original acquisition of ownership to tangible things. For example, in Blackstone's second volume of his *Commentaries*, published in October 1766, he had claimed that occupancy was the "true ground and foundation of all property".<sup>129</sup> Blackstone's ideas concerning occupancy reflected *occupatio*, a method of original acquisition of tangible things under Roman Law. *Occupatio* was achieved by a person taking physical possession of a thing and it applied to a narrow range of things considered to belong to no one (things considered *res nullius*).<sup>130</sup> Given *occupatio* required physical control of the thing, ownership under this method only lasted while a person was effectively in control of the thing.<sup>131</sup> For common lawyers accustomed to the permanent feudal system of land ownership, occupancy

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<sup>126</sup> See Brad Sherman and Lionel Bently *The Making of Modern Intellectual Property Law* (Cambridge University Press, Cambridge, 1999) [*The Making*] at 12-13.

<sup>127</sup> See generally M Rose "The Author as Proprietor: *Donaldson v Beckett* and the Genealogy of Modern Authorship" in *Of Authors and Origins: Essays in Copyright Law* in Brad Sherman and Alain Strowel (eds) (Clarendon Press, Oxford, 1994) 48-51 and Isabella Alexander *Copyright Law and the Public Interest in the Nineteenth Century* (Hart Publishing, Oxford, 2010) at 31.

<sup>128</sup> See, for example, Francis Hargrave *An Argument in Defence of Literary Property* (2nd ed, London, 1774).

<sup>129</sup> William Blackstone *Commentaries on the Laws of England: Volume 2* (Clarendon Press, Oxford, 1765-1769) at 258 (see also 3 and 8).

<sup>130</sup> WW Buckland *A Textbook of Roman Law from Augustus to Justinian* (2nd ed, Cambridge University Press, Cambridge, 1932) at 184 and 205-206.

<sup>131</sup> Buckland, above n 130, at 206.

provided a compelling answer to why and how ownership in non-permanent things like wild animals could be created.<sup>132</sup>

The principles of occupancy were difficult to directly transplant to literary “property” because of the intangible subject matter. In particular, it was difficult to conceive of one possessing, capturing and occupying an intangible thing. As Sherman and Bently note, those in favour of literary property therefore shifted their explanatory and justificatory emphasis towards the expenditure or mixing of labour that had been advocated by John Locke.<sup>133</sup> Locke had argued that a person owned his person and by mixing their labour with a thing held “in common”, they became entitled to ownership of that thing.<sup>134</sup> Locke applied his labour thesis in respect of a person expending labour to gather acorns,<sup>135</sup> hunting and killing a deer,<sup>136</sup> in improving, tilling and cultivating land,<sup>137</sup> and appropriating water.<sup>138</sup>

The emphasis given to labour resulted in a subtle shift in thinking about occupancy as means of appropriation. Labour became the justificatory source for ownership acquisition, and

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<sup>132</sup> J H Baker “The Law of Property” (1977) 94 The Selden Society 178 at 210-211.

<sup>133</sup> Sherman and Bently, *The Making*, above n 126, at 23.

<sup>134</sup> John Locke *Two Treatises of Government: A Critical Edition with an Introduction and Apparatus Criticus* by Peter Laslett (Cambridge University Press, New York, 1960) at [27].

<sup>135</sup> At [28]

<sup>136</sup> At [30].

<sup>137</sup> At [32].

<sup>138</sup> At [33].

labour “subsumed” physical occupancy.<sup>139</sup> The adaptation of occupancy – to become a “specific instance of a more general claim” about labour expenditure<sup>140</sup> – enabled such principles of acquisition to extend beyond tangible, fixed things to embrace fugacious and intangible things. This made it possible for proponents of literary property to argue that authors had a natural right of ownership in their literary compositions as a result of their labours.<sup>141</sup> Significantly, when Blackstone turned to ownership of literary compositions in his *Commentaries* he also utilised labour arguments. Blackstone stated: <sup>142</sup>

There is still another species of property, which, being grounded on labour and invention, is more properly reducible to the head of occupancy than any other; since the right of occupancy itself is supported by Mr Locke, and many others, to be founded on the personal labour of the occupant. And this is the right, which an author may be supposed to have in his own original literary compositions

Blackstone was not alone in this line of thinking. Francis Hargrave also argued that literary property fell within the notion of occupancy.<sup>143</sup>

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<sup>139</sup> Sherman and Bently, *The Making*, above n 126, at 24. Blackstone also observed that “bodily labour, bestowed upon” things in common was the “fairest and most reasonable” of conferring ownership to things, Blackstone, above n 129, at 5. See also Eaton Sylvester Drone *A Treatise on the Law of Property in Intellectual Productions in Great Britain and the United States* (Boston, Little, Brown and Company, 1870) at 3: “Occupancy implies labor”.

<sup>140</sup> Sherman and Bently *The Making*, above n 126, at 23-24.

<sup>141</sup> William Enfield *Observations on Literary Property* (London, 1774) at 21.

<sup>142</sup> Blackstone, above n 129, at 405.

<sup>143</sup> Hargrave, above n 128, at 35.

Blackstone's views on occupancy are not surprising as he had acted for the plaintiff in the rehearing of *Tonson v Collins*, which considered the existence of common law copyright in detail.<sup>144</sup> Blackstone based his arguments for the existence of common law copyright explicitly on the writing of Locke.<sup>145</sup> Several years later Blackstone also represented the plaintiff in *Millar v Taylor*, where at issue was whether the plaintiff had property in the copyright associated with a book called *The Seasons* arising from the common law.<sup>146</sup> In considering whether the plaintiff had property in the copyright associated with *The Seasons*, Aston J specifically drew on the property theories of Locke, Grotius and Pufendorf and "great truths and propositions" about property.<sup>147</sup> He then observed that the rules of property must be adapted to modern circumstances,<sup>148</sup> and argued that the mental labour of the author justified property existing.<sup>149</sup> Justice Yates – who had acted for the defendant in *Tonson v Collins* – dissented. Yates J was troubled by the notion of occupancy conferring on a person ownership of "mere intellectual ideas".<sup>150</sup> Lord Mansfield, though, found in favour of the existence of common law copyright. He rested his decision on a "reap/sow impulse".<sup>151</sup> Lord

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<sup>144</sup> *Tonson v Collins* (1761) 1 Wm Bl 301 (KB); *Tonson v Collins* (1762) 1 Wm Bl 321 (KB).

<sup>145</sup> At 321-322 referring to Chapter V: Of Property in Locke's *Two Treatises of Government*.

<sup>146</sup> *Millar v Taylor* (1768) 4 Burr 2304 (KB).

<sup>147</sup> At 2338-2339.

<sup>148</sup> At 2340

<sup>149</sup> At 2345.

<sup>150</sup> At 2357.

<sup>151</sup> See Wendy Gordon "On Owning Information: Intellectual Property and the Restitutionary Impulse" (1992) 78 Virginia Law Review 149.

Mansfield observed that it was “just” that “an author should reap the pecuniary profits from his own ingenuity and labour”.<sup>152</sup>

Several years later, in *Donaldson v Beckett*, the issue of common law copyright arose again. This time, the House of Lords voted against the existence of perpetual copyright in published books, differing from the position taken by the King’s Bench.<sup>153</sup> However, this decision did not negate the fact that copyright in published books was a form of property. Rather, the decision helped embed the notion that literary copyright was property, but was “peculiarly circumscribed by the limitations on its term as set by the Statute of Anne”.<sup>154</sup> Sherman and Bently make this point as well, arguing that debate around literary copyright “normalised” and embedded the notion that such copyright *was property*.<sup>155</sup> Cornish similarly stresses how the literary debate helped “sketch out” the property characterisation of copyright.<sup>156</sup>

More fundamentally, Sherman and Bently also have highlighted that the literary copyright debate contributed to growing acceptance that mental labour could give rise to a species of property.<sup>157</sup> Secondly, recognising literary copyright as property laid the foundations for the further legal transfer of property concepts and theories to other legal categories. Such

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<sup>152</sup> At 2398.

<sup>153</sup> *Donaldson v Beckett* (1774) 2 Bro PC 129 (UKHL).

<sup>154</sup> Cornish, “Copyright”, above n 125, at 884.

<sup>155</sup> Sherman and Bently, *The Making*, above n 126, at 40.

<sup>156</sup> Cornish “Copyright”, above n 125, at 907.

<sup>157</sup> Sherman and Bently, *The Making*, above n 126, at 40.

foundations made it easier to argue by analogy that other items of intangible property could be a species of property.<sup>158</sup>

### 2.4.3 Trade Marks as Intellectual Property

Sherman and Bently have argued that the first half of the 19<sup>th</sup> century was an important period where patents, designs and copyright “crystallised” into distinct and separate areas of the law. They point out that by 1850, these areas of law were also seen as coming within a more general description of intellectual property law.<sup>159</sup> The justificatory element that unified these areas of law was that they were created by mental, rather than manual labour.<sup>160</sup> In the realm of copyright, in particular, treatise authors like Copinger asserted that copyright was “founded on labour and invention”.<sup>161</sup>

Trade marks in the middle of the 19<sup>th</sup> century, though, were not considered to fall within this nascent general category of intellectual property law.<sup>162</sup> One reason was the difficulty in pinning down the contours of the law.<sup>163</sup> Edward Lloyd writing in 1861, said that whereas

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<sup>158</sup> At 40-41.

<sup>159</sup> At 98.

<sup>160</sup> See Richard Godson *A Practical Treatise on the Law of Patents for Inventions and of Copyright* (W Benning, London, 1851) at viii and 1.

<sup>161</sup> William Copinger *The Law of Copyright in Works of Literature and Art* (Stevens and Haynes, London, 1870) 1 and Drone, above n 139, at 8.

<sup>162</sup> Sherman and Bently, *The Making*, above n 126, at 170-172.

<sup>163</sup> See further Lionel Bently “The Making of Modern Trade Mark Law: The Construction of the Legal Concept of Trade Mark (1860-1880)” in Lionel Bently, Jennifer Davis and Jane C. Ginsburg (eds) *Trade Mark and Brands: An Interdisciplinary Critique* (Cambridge University Press, Cambridge, 2008) 3 at 5-6 [“The Construction”].



copyright and patent were a “species of property” governed and defined by statute, the law relating to trade marks had to be derived from messy and contradictory case law.<sup>164</sup> Another reason why there was a reluctance to treat trade marks as falling within the rubric of intellectual property at this time was that there were doubts that one could analogise trade marks with patents and copyright.<sup>165</sup> For example, in 1862 – and as further detailed in Chapter 3 – William Hindmarch QC, a leading patents lawyer, in evidence before a select committee opined that there was nothing “parallel” between trade marks and the law of patents and copyright.<sup>166</sup> For Hindmarch, unlike copyright and patents there was nothing *new* created as the quid pro quo of granting proprietary type rights for trade marks. There was no perceived creativity or public benefit with trade marks as there was with copyright and patents.<sup>167</sup>

The growing acceptance that the exertion of mental labour as well as physical labour justified the acquisition of property rights, though, meant that drawing an analogy between copyright and patents and trade marks was becoming a small step to take. Moreover, as Bently has recounted, the 1860s saw an upsurge in trade mark litigation.<sup>168</sup> The judiciary and leading

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<sup>164</sup> Lloyd, “On the Law of Trade Marks”, above n 17, at 486.

<sup>165</sup> See, for example, Upton, above n 73, at 14.

<sup>166</sup> *Report from the Select Committee on Trade Marks Bill, and Merchandize Marks Bill* (6 May 1862) at Q.2772.

<sup>167</sup> See further Sherman and Bently, *The Making*, above n 126, at 171-172. See also Chadwyck Healey “Discussion: H. Trueman Wood “The Registration of Trade Marks” (1875) 24 *Journal of the Society of Arts* 17 at 28: “[trade marks are] not an artificial creation in the nature of a premium upon discovery, but a natural outcome of the law which ever protects the industry of a man against the attack of cheats” (sic).

<sup>168</sup> Bently, “The Construction”, above n 163, at 11. This is congruent with the rise in the rate of litigation generally during the mid-19<sup>th</sup> century, see Christopher W Brookes “The Longitudinal Study of Civil Litigation In England 1200-1996” in Wilfrid R Prest and Sharyn L Roach Anleu (eds) *Litigation: Past and Present* (University of New South Wales Press, Sydney, 2004) 24 at 37 (and figure 2.3).

counsel during this time of increased litigation was stable, and this helped produce an increasingly consistent and coherent set of general principles.<sup>169</sup> The 1860s was also a time where the first texts on trade mark law appeared. Commentaries that developed in the light of the increasing case law helped feed the development of more reasoned and coherent caselaw.<sup>170</sup> Some of these commentaries did see (at least tentative) analogies between copyright and patents and trade marks. For example, Lloyd's treatise *On the Law of Trade Marks* published in 1865 began by discussing the origin of patent rights.<sup>171</sup> He then mentioned the exclusive property of authors, artists and designers "in the productions" of their invention, before turning his attention to trade marks.<sup>172</sup>

Most significantly, Lord Westbury reasoned by analogy from copyright and patents to support his property theory. In *Leather Cloth* he observed that a defendant's misrepresentation using the plaintiff's trade mark was "a violation of such right of property, corresponding with the piracy of copyright or the infringement of the patent".<sup>173</sup> In the House of Lords, Lord Cranworth followed this lead and also observed if the term property is appropriately used with reference to copyright – "I see no reason for doubting that it may with equal propriety be applied to trade marks".<sup>174</sup>

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<sup>169</sup> Bently, "The Construction", above n 163, at 12-13.

<sup>170</sup> Bently, "The Construction", above n 163, at 15.

<sup>171</sup> Lloyd, *The Law of Trade Marks*, above n 89, at 1.

<sup>172</sup> At 2.

<sup>173</sup> *Leather Cloth*, above n 18, at 142.

<sup>174</sup> *Leather Cloth HL*, above n 82, at 534.

There is also evidence that the analogy between recognising property rights in copyright and patents on one hand and property rights in trade mark on the other could be underpinned by a similar Lockean labour-based justification. Further, preventing the misuse of the same trade mark by another trader could also be justified by the natural rights argument that one should not take the product of another's labour. As Ibbertson has observed, natural law ideas were part of the "intellectual baggage of educated people".<sup>175</sup> In turn, natural law was used in a variety of ways in English court practice.<sup>176</sup> For example, it was used to argue that a thing *res nullius* became the property of the person taking the thing into possession.<sup>177</sup>

For Lord Westbury, who preferred to "ground his decisions on elementary principles",<sup>178</sup> such notions may have provided an obvious foundation to develop trade mark law.<sup>179</sup> For example, before Richard Bethell became Lord Chancellor he had remarked before the Society of Arts that the fraudulent use of trade marks was:<sup>180</sup>

... in reality the theft of a man's reputation. The thief obtains at once the fruits, probably, of a life of labour, invention, and industry.

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<sup>175</sup> David Ibbetson "Natural Law and Common Law" (2001) 5 *Edinburgh Law Review* 4.

<sup>176</sup> See generally R H Helmholz *Natural Law in Court: A History of Legal Theory in Practice* (Harvard University Press, Cambridge, 2015).

<sup>177</sup> Helmholz, above n 176, at 123-124.

<sup>178</sup> Nash, above n 113, at 25-26.

<sup>179</sup> See further Ibbertson, "Natural Law and Common Law" above n 175, at 9-10 on the foundational use of natural law.

<sup>180</sup> "Discussion" (1859) 7 *Journal of the Society of Arts* 262 at 268.

It is true that it is not possible to detect the explicit use of labour-based arguments in trade mark cases as had occurred in cases involving literary copyright. However, arguably, the influence of both Locke and a “reap/sow impulse” is detectable in Lord Westbury’s judgments. For example, in *McAndrew v Bassett* Lord Westbury intimated that the plaintiff had expended labour in creating “acceptance and reputation whereby the stamp gets currency as an indication of superior quality”,<sup>181</sup> and this labour justified ownership.<sup>182</sup> Further, in *McAndrew v Bassett* Lord Westbury implied that the defendant had sought to unfairly piggy-back on the plaintiff’s labours by deliberately imitating its mark. He observed:<sup>183</sup>

The fact of the adoption of the stamp by the Defendants is itself pregnant with proof of their estimate of so stamping their liquorice...

Some writers in the 1860s were also more explicit in highlighting that ownership of property rights in a trade mark was justified as a reward for a trader’s labour and effort in producing quality products in association with that identifying mark.<sup>184</sup> For example, Lloyd’s treatise about trade marks begins by stating that there is a “natural right” of every person to

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<sup>181</sup> At 386.

<sup>182</sup> Bently, “Communication to Thing”, above n 44, at 37 and fn 140 notes the linkages with the expenditure of labour and effort. Bently cites an excerpt from Daniel QC who speaking Royal Society of Arts in 1866 said that “Lord Westbury...held that if a man had a particular emblem by which he denoted *the results of his own* labour, the law protected him in the exclusive use of that emblem, and to that extent it became a property” (emphasis in Bently).

<sup>183</sup> *McAndrew v Bassett*, above n 109, at 388.

<sup>184</sup> See also Underdown, above n 87, at 370 describing the misuse of trade marks as destroying “the fruits of honest industry and skill”.

exclusively enjoy the profits from his or her invention.<sup>185</sup> The same natural right could be “assumed to exist” in respect of trade marks. Lloyd observed:<sup>186</sup>

By attaching to any article of his manufacture a trade mark or device by which it is known to the trade, or the public in general, a manufacturer acquires, as the result of his ingenuity and skill, a special preference in the market for goods so marked.

As a result, Lloyd suggested there could be no other grounds for the right to a trade mark to “have sprung into existence” than “those which are afforded by the sentiment of natural equity”.<sup>187</sup> Even Upton who in 1860 did not think it was “safe to reason from any supposed analogies” between trade marks and patents and copyright, described trade marks as enabling traders to secure “such profits as result from a reputation for superior skill, industry or enterprise”.<sup>188</sup>

It must be noted that there was still a view that trade mark law involved preventing a “species of forgery”,<sup>189</sup> rather than protecting a species of property. Nevertheless, as outlined above there is arguably sufficient evidence that analogies from copyright law at least helped lay the foundations for the transfer of property concepts to trade mark law and for the conceptualisation of trade marks as property. Moreover, natural law and labour theories had

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<sup>185</sup> Lloyd, *The Law of Trade Marks*, above n 89, at 1.

<sup>186</sup> At 2.

<sup>187</sup> At 2.

<sup>188</sup> Upton, above n 73, at 2.

<sup>189</sup> Arthur Ryland “The Fraudulent Imitation of Trade Marks” (1859) *Transactions of the National Association for the Promotion of Social Science* 229.

a role in explaining and justifying such a transfer. The next section considers the adaptations made to the transplantation of property notions and concepts to the common law of trade marks.

## 2.5 Explaining Trade Marks as a Species of Qualified Property

### 2.5.1 The Qualified Property Model

Those who welcomed the conception of trade marks as property did not see the character of property in a trade mark as being absolute. That is, such property rights were not seen as providing “sole and despotic dominion” over a symbol.<sup>190</sup> For example, Adams contended that “property is not the ownership of the symbols which constitute the trade mark”, but ownership in terms of an exclusive right to apply the symbol as a trade mark to particular products.<sup>191</sup> Ludlow and Jenkyns expressed a similar view stating that a trade mark conferred a right “not in the symbol itself, but in the application of the symbol to a particular description of goods”.<sup>192</sup> Some commentators characterised such a difference as reflecting a distinction between “qualified” and “absolute” property. For example, Lloyd in 1861 had declared trade

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<sup>190</sup> Blackstone, above n 129, at 2.

<sup>191</sup> Adams, above n 91, at 16. See also Lloyd, *The Law of Trade Marks*, above n 89, at 487 and Robertson, above n 88, at 416.

<sup>192</sup> Henry Ludlow and Henry Jenkyns *A Treatise on the Law of Trade-Marks and Trade-Names* (1<sup>st</sup> ed, London, W Maxwell, 1873) at 3.

marks as a “species of property qualified rather than absolute”.<sup>193</sup> In *McAndrew v Bassett* Vice-Chancellor Wood also characterised trade marks as “qualified” property.<sup>194</sup>

All property rights are limited or qualified in different respects.<sup>195</sup> The notion of “qualified property”, as employed by the commentators above, was used to distinguish between property rights that existed in tangible, non-fugacious things. The term “qualified property” had been utilised by Blackstone in his *Commentaries*. For Blackstone, qualified property was property that was not permanent, which “may sometimes subsist, and at other times [does] not subsist”.<sup>196</sup> Wild animals were considered to be objects of qualified property because they could escape from occupation, and if they did, they became “free and open to the first occupant that has the ability to seize them”.<sup>197</sup> Property rights to flowing water, given its “vague and fugitive nature”,<sup>198</sup> was also considered “qualified”. Water could be occupied by first use or “detainment”,<sup>199</sup> and property rights would last as long as there was actual use and occupation.<sup>200</sup> Indeed, Lord Westbury utilised such language and concepts when he

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<sup>193</sup> Lloyd, “On the Law of Trade Marks”, above n 17, at 487. See also Bently, “Communication to Thing”, above n 44, fn 143.

<sup>194</sup> *McAndrew v Bassett* (1864) 33 LJ Ch 561 at 566.

<sup>195</sup> See, for example, the discussion in Michael Carrier “Cabining Intellectual Property Through a Property Paradigm” (2004) 54 Duke Law Journal 1.

<sup>196</sup> At 391.

<sup>197</sup> At 393.

<sup>198</sup> At 395.

<sup>199</sup> At 402-403, see also Joshua Getzler *A History of Water Rights at Common Law* (Oxford University Press, Oxford, 2004) at 175.

<sup>200</sup> At 395.

decided *Blades v Higgs* in 1865.<sup>201</sup> At issue was who owned property rights in relation to 90 rabbits which had been killed on land owned by the Marquis of Exeter. Lord Westbury referred to a “qualified or special right in game”.<sup>202</sup> Such property in game did not exist while the game were in a state of nature and not reduced to possession – they only become property once they were killed or captured.<sup>203</sup>

It is suggested that property in a trade mark was considered to be a species of qualified property in broadly similar respects. First, property rights to trade marks were considered to be transitory.<sup>204</sup> Property rights only existed when a trade mark was applied or attached to vendible goods.<sup>205</sup> Property in a trade mark was therefore tied to ongoing use of trade mark in trade.<sup>206</sup> Second, and relatedly, ownership was limited to *the particular vendible goods* to which the trade mark was applied. As Lord Westbury explained in *Hall v Barrows* no one trader obtained “exclusive ownership of any symbols or marks universally *in the abstract*”:<sup>207</sup>

... thus, an iron founder who uses a particular mark for his manufactures in iron could not restrain the use of the same mark when impressed on cotton or woolen goods.

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<sup>201</sup> *Blades v Higgs* (1865) 11 HL Cas 631.

<sup>202</sup> At 631.

<sup>203</sup> At 633.

<sup>204</sup> A point identified subsequently by the House of Lords in *Spalding v Gamage* (1915) 32 RPC 274 (UKHL) at 284.

<sup>205</sup> *Leather Cloth*, above n 76, at 142.

<sup>206</sup> See “The Marking of Merchandise in Equity” (1864) 39 *The Law Times* 123 at 123

<sup>207</sup> *Hall v Barrows* (1863) 4 De G J & S 150 (Ch) at 158. See also *Leather Cloth*, above n 18, at 144.



Third, and most significantly, property was a species of qualified property because it was tied to use of the trade mark to indicate a connection “with a *particular* manufacturer or vendible commodity”.<sup>208</sup> As the House of Lords observed in *Leather Cloth*, a trader’s property in a trade mark was the:<sup>209</sup>

... exclusive right to use it for the purpose of indicating where, or by whom, or at what manufactory, the article to which it is affixed was manufactured.

The foregoing notion of a trade mark as “qualified property” does not fit comfortably with the general “thing” orientated perspective on property rights in property scholarship. Given the explicit rejection of the notion that property rights did not attach to the symbol itself, what “thing” did a trader have authority over? One argument is that the object of such qualified property was “goodwill”.<sup>210</sup> In the 1810 case of *Crutwell v Lye*, Lord Chancellor Eldon provided the first legal description of goodwill as “nothing more than the probability, that the old customers will resort to the old place”.<sup>211</sup> In *Churton v Douglas*, Wood VC

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<sup>208</sup> *Leather Cloth*, above n 18, at 144.

<sup>209</sup> *Leather Cloth HL*, above n 82, at 534.

<sup>210</sup> Adam Mossoff “Trademark as a Property Right” (2017) 107 Kentucky Law Journal 1 has argued that the relationship between a trade mark and goodwill explains a trade mark as property under United States trade mark law. He argues that trade mark law is a use-right regime in a similar conceptual way as an easement. Trade mark law he argues “secures the exclusive use and enjoyment of a mark as representative of the exclusive use and enjoyment of the underlying property right in the goodwill in the commercial enterprise”. This argument is not dissimilar to the one presented in this thesis. However, as explained below it will be evident that it fails to accurately map on United Kingdom registered trade mark law in a number of respects.

<sup>211</sup> *Crutwell v Lye* (1810) 17 Ves Jun 334 (Ch). This has been claimed as the first case law definition of goodwill, see Ian Tregoning “What's in a Name: Goodwill in Early Passing-Off Cases” (2008) 34 Monash Law Review 75 at fn 97.

extended this definition to include every “affirmative advantage” associated with the carrying on of a business, including things associated with the premises and the name of the business.<sup>212</sup> As these early definitions attest, and as the House of Lords would later confirm, the *source* of goodwill was seen as comprising different elements.<sup>213</sup>

By the mid-19<sup>th</sup> century, courts were treating goodwill as an object of property rights.<sup>214</sup> This too was soon to be put on firmer ground when the House of Lords decided *Inland Revenue Commissioners v Muller & Co's Margarine Ltd*.<sup>215</sup> Significantly, such property rights attached to the goodwill of a business, and to that business *as a whole*.<sup>216</sup> Thus, despite being comprised of different elements, goodwill was a single object of property rights.

Use of a trade mark could “engender” goodwill.<sup>217</sup> However, it would be wrong to say there was goodwill in or attached to a specific mark.<sup>218</sup> Certainly, in trade mark cases, the defendant’s use of the same or a similar trade mark was the *means* in which a plaintiff’s goodwill in their business was damaged. However, a plaintiff trader did not always appear to be vindicating *existing* goodwill. As will be explained below, the courts would sometimes award an injunction before the trader had gained any reputation in the marketplace associated with a trade mark.

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<sup>212</sup> *Churton v Douglas* (1859) Johns 174 (QB) at 188.

<sup>213</sup> *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (UKHL) [*IRC v Muller*].

<sup>214</sup> See *Potter v The Commissioners of Inland Revenue* (1854) 10 Ex 147 (Exch) at 159.

<sup>215</sup> *IRC v Muller*, above n 213, at 223 per Lord Macnaghten.

<sup>216</sup> At 224 per Lord Macnaghten.

<sup>217</sup> See *General Electric Co Ltd (USA) v General Electric Co Ltd* [1972] 1 WLR 729 (UKHL) at 742.

<sup>218</sup> See Wadlow, above n 60, at [3.006].

Hugh Breakey offers a conception of property that arguably maps better onto 19<sup>th</sup> century case law.<sup>219</sup> This is the idea that property rights can attach to an *activity*. Breakey is the first to admit that this is not a novel idea, there are analogies to easements and usufruct.<sup>220</sup> However, Breakey has explained how this concept applies across various areas of the law. On his model, he explains that for one person to hold property rights over an activity means that such a person has a right to exclude others from carrying out that activity, and others have a duty not to carry out such an activity.<sup>221</sup> The holder of the property rights therefore has an exclusive liberty to engage in that activity. The delineation of the activity is crucial to identifying the scope of the “trespassory rules” that attach to the activity.<sup>222</sup> However, there is no need to necessarily evaluate the harm to the property holder. The property right holder’s rights are infringed whenever a non-owner, without consent, engages in the particular activity.<sup>223</sup>

It is suggested that the above model maps well onto the notion of trade marks as a species of qualified property. When the Chancery Courts declared trade marks as qualified property they were conceptualising property rights in a trade mark as being tied to use of a particular symbol on vendible goods in the marketplace as a truthful indication that the origin of those

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<sup>219</sup> See Hugh Breakey “Two Concepts of Property” (2011) 42 *Philosophical Forum* 239 and Hugh Breakey “Properties of Copyright: Exclusion, Exclusivity, Non-interference and Authority” in Helena R Howe and Jonathan Griffiths (eds) *Concepts of Property in Intellectual Property Law* (Cambridge University Press, Cambridge, 2013) 137. In “Two Concepts of Property” Breakey concentrates on “property protected activities”. This is further explained and explored in 7.4.5 below.

<sup>220</sup> See also Mossoff, above n 210.

<sup>221</sup> Breakey, “Properties of Copyright”, above n 219, at 148.

<sup>222</sup> Breakey “Two Concepts of Property”, above n 219, at 244.

<sup>223</sup> Breakey, “Properties of Copyright”, above n 219, at 155.

goods were from a particular trader. This meant one trader had *authority over the activity* of using a *particular* sign in trade as an indication of origin for *particular* goods. Other traders had a duty not to engage in the activity of using a particular sign as an indication of origin of particular goods. As the next section explains, this conceptualisation of trade marks as a species of qualified property helps explain three crucial areas of 19<sup>th</sup> century trade mark doctrine.

### 2.5.2 Acquisition of Property Rights

As explained above, ownership of copyright was considered to arise as a result of an author's creation. Creation implied the expenditure of labour.<sup>224</sup> With a trade mark, though, nothing was created. The advent of the notion of a trade mark as property was accompanied by adapting occupancy to *use of the trade mark* in the marketplace.<sup>225</sup> This fitted well with the conceptualisation of property rights to a trade mark attaching to an activity – the acquisition of property rights was contingent upon a trader *engaging in the activity of using a trade mark*. Trade mark law's move towards the activity of use as a method of occupancy was similar to the adaptation Blackstone argued for in respect of water – which, for a while, became the dominant theory applied by English courts in water disputes in the early 19<sup>th</sup> century.<sup>226</sup> Blackstone considered that flowing water could be occupied by first use or “detainment”.<sup>227</sup>

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<sup>224</sup> Hargrave, above n 128, at 35-36, Enfield, above n 141, at 17-18.

<sup>225</sup> For early recognition of this see Anon, “Trade Marks”, above n 73, at 224.

<sup>226</sup> Getzler, above n 199, at 207–208. See in particular *Bealey v Shaw* (1805) 6 East 208 (KB). See also Lady Justice Arden “Water Matters: A Study of Water-Related Problems in Property Law” in Susan Bright (ed) *Modern Studies in Property Law* (Hart Publishing, Oxford and Portland, Oregon, 2011) at 64–65.

<sup>227</sup> Blackstone, above n 129, at 403, see also Getzler, above n 199, at 175.

Ownership of flowing water was qualified as it only lasted as long as there was “actual use and occupation”.<sup>228</sup> On this “appropriation” theory, use was also the proxy for labour expenditure.<sup>229</sup>

Adapting occupancy to use of the trade mark fitted well with the previous “fraudulent communication” model of protection of trade marks. There needed to be some use of a trade mark in the marketplace before there could be a misrepresentation by another trader – whether fraudulent or not. In such cases, it was intimated that a plaintiff had to show a substantial period of use.<sup>230</sup> For example, in *Crawshay* Cresswell J wrote of a “long user in a trade of a mark” producing “a general impression that goods bearing such [a] mark are of a particular manufacture”.<sup>231</sup> As the notion that trade marks were property emerged, Chancery courts rejected the idea that a long period of use was always necessary. For example, in *Hall v Barrows* Romilly MR observed that the interference of the court “cannot depend on the length of time the manufacturer has used it”.<sup>232</sup> Romilly M.R. continued:<sup>233</sup>

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<sup>228</sup> Blackstone, above n 129, at 395. See *Moore v Rawson* (1824) 3 B & C 332 (KB) at 336 where Bayley J linked ownership of water, light or air with an idea of ongoing use and enjoyment – and the notion that ownership could be lost with non-use. This case is cited in Getzler, above n 199, at 222-223.

<sup>229</sup> Cf, the development of water law in the Western states of America. See *Irwin v Phillips* 5 Cal 140 (1855, Supreme Court of California). As Nicole Johnson “Property Without Possession” (2007) 24 Yale Journal of Regulation 205 at ft 58: “Appropriation as a rule of capture rewards personal effort and therefore fits well with the individualism of the West as well as the Lockean notion of labor as the justification for property rights”.

<sup>230</sup> See *London and Provincial Law Life Assurance Society v London and Joint-Stock Insurance* (1847) 11 Jurist 938 at 938.

<sup>231</sup> *Crawshay*, above n 32, at 387.

<sup>232</sup> *Hall v Barrows* (1863) 32 LJ Ch 548 at 551.

<sup>233</sup> At 551.

... although the mark may not have been adopted a week, and may not have acquired any reputation in the market, his neighbours cannot use that mark.

On appeal, Lord Westbury did not interfere with Romilly MR on this point.<sup>234</sup> However, Lord Westbury did refer to property in a trade mark being dependent on having “a currency in the market”.<sup>235</sup>

In *McAndrew v Bassett*, Lord Westbury said that property in a word came into existence “the moment” when a vendible article bearing the trade mark “by way of stamp” is put on a market:<sup>236</sup>

... and there *obtains acceptance and reputation* whereby the stamp gets currency as an indication of superior quality, or of some other circumstance which renders the article so stamped acceptable to the public (emphasis added).

Some contemporary commentators read these judgments as indicating that a long period of use of trade mark was not necessary to entitle a plaintiff to restrain a defendant from using the same trade mark.<sup>237</sup> However, Lord Westbury’s reference to “the moment” in contradistinction to his reference to “acceptance and reputation” makes his judgment

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<sup>234</sup> *Hall v Barrows*, above n 207, at 156.

<sup>235</sup> At 157.

<sup>236</sup> *McAndrew v Bassett*, above n 109, at 386.

<sup>237</sup> Lewis Boyd Sebastian *The Law of Trade Marks and their Registration* (Stevens and Sons, London, 1878) at 48-49.

unclear as what degree or extent of use was sufficient to amount to occupancy.<sup>238</sup> Lord Westbury did, though, explicitly reject the argument that there needed to be a general notoriety and reputation associated with a trade mark in the marketplace.<sup>239</sup> As intimated above, this is another indicator that it may be a slight misstep to necessarily treat goodwill as the object of property rights. The general tenor of Lord Westbury's judgments suggests that mere adoption of a trade mark was not sufficient to acquire ownership. Rather, acquiring property rights to a trade mark depended on a trader engaging in the activity of using that trade mark in the marketplace.

The reading above also suggests that the use of the trade mark must have been sufficient to amount to what Blackstone described as a "declaration" that a person "intends to appropriate the things to his own use".<sup>240</sup> Carol Rose writing about the classic United States wild animal case of *Pierson v Post* has also argued that in occupancy cases courts have required that potential owners of things must "speak clearly" before their labours are rewarded and ownership is conferred.<sup>241</sup> In *Pierson v Post*, at issue was the ownership of a fox, which, while being pursued by the plaintiff, was killed and captured by the "interloper" defendant.<sup>242</sup> The majority found for the interloper as "mere pursuit" was considered insufficient to amount to

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<sup>238</sup> One contemporary article suggested that "the essential and primary thing seems to be that the use of the mark upon an article has rendered the article acceptable in the market" "Discussion of *McAndrew v Bassett*" (1864) 39 *The Law Times* 348.

<sup>239</sup> *McAndrew v Bassett*, above n 109, at 384.

<sup>240</sup> Blackstone, above n 129, at 9.

<sup>241</sup> Rose, "Possession", above n 1, at 82, clarifies that such "speaking clearly" by an appropriator "must be in a language that is understood, and the acts of 'possession' that communicate a claim will vary according to the audience".

<sup>242</sup> *Pierson v Post* 3 Cai R 175 (1805, Supreme Court of Judicature of NY) .

occupancy.<sup>243</sup> Similarly, in *Young v Hichens* the Court of Queen's Bench refused to uphold a verdict for trespass against a defendant who disturbed a shoal of pilchards where the plaintiff had *almost* – but not completely – closed a net around the shoal.<sup>244</sup>

The concept of “speaking clearly” in a trade name case can be illustrated by *Maxwell v Hogg*.<sup>245</sup> Hogg conceived of the name “Belgravia” for a magazine and registered it at the Stationers Hall in 1863, but did not end up publishing the magazine. Three years later, Maxwell, in ignorance of Hogg's actions, made preparations to bring a magazine out under the same name. Maxwell extensively advertised the magazine at great expense. Hogg hastily brought out his magazine under the name “Belgravia” before Maxwell did. Maxwell argued that he had a right of property in the name by virtue of his advertising, expenditure or both combined, and sought to restrain Hogg selling his magazine under the name “Belgravia”. The Court observed that had Mr Maxwell not been “interfered with” he would have obtained ownership of the exclusive right to use “Belgravia” through the occupancy style doctrine of use.<sup>246</sup> However, the Court found that Maxwell's actions were not sufficient. Property in a word could only be acquired when a vendible article bearing the trade mark was put on the market.<sup>247</sup> Maxwell's advertisements were characterised as simply an announcement that he would “endeavour at a future time to acquire property”.<sup>248</sup>

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<sup>243</sup> At 178.

<sup>244</sup> *Young v Hichens* (1844) 6 QB 606.

<sup>245</sup> *Maxwell v Hogg* (1867) LR 2 Ch App 307 (CA).

<sup>246</sup> At 319-320.

<sup>247</sup> At 314.

<sup>248</sup> At 315.



The proposition that ownership could be potentially acquired only after a short period of use, though, created a difficulty with trade marks that comprised of words with an ordinary descriptive meaning.<sup>249</sup> In *Wotherspoon v Currie* the House of Lords, for the first time, spoke of descriptive or geographically connotative signs needing to develop a “secondary signification” before the trade mark could become capable of ownership.<sup>250</sup> In that case, the plaintiff sought to restrain the use of GLENFIELD by the defendant. The defendant argued that GLENFIELD was the name of where he lived and where the starch product was made.<sup>251</sup> Lord Westbury observed that through long antecedent use of the name GLENFIELD the name “had acquired a secondary signification or meaning in connection with a particular manufacture”.<sup>252</sup> As a result, GLENFIELD was “taken out of its ordinary meaning” and “became the property” of the plaintiff in connection with starch.<sup>253</sup>

This approach to secondary meaning can arguably be fitted within the general principles of occupancy. One could see a descriptive word or words in common use as akin to common property that were available to all to use in the activity of selling goods.<sup>254</sup> However, through use the descriptive or common word could become capable of appropriation, as the trader had created a new meaning associated with *the activity of trading in particular goods*. This new meaning became something that could belong exclusively to one trader.

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<sup>249</sup> See the subsequent observations of Lord Parker of Waddington in *Spalding v Gamage*, above n 204, at 284.

<sup>250</sup> *Wotherspoon v Currie* (1872) LR 5 HL 508 at 521.

<sup>251</sup> At 511.

<sup>252</sup> At 521.

<sup>253</sup> At 521-522.

<sup>254</sup> Bone, above n 40, at 563–565.

### 2.5.3 The Exclusionary Right

The development of trade marks as a species of property eliminated the need for a plaintiff to prove fraud on the part of the defendant in order for the Courts of Chancery to grant an injunction.<sup>255</sup> However, it is suggested that a trade mark holder's authority was nevertheless tethered to an activity. That is, a trade mark holder's right to exclude was limited to excluding others from engaging in *the activity of using a sign as an indication of origin for particular goods*.

To elaborate, although the Courts of Chancery referred to "invasion of property", they looked for evidence of a false representation leading to a likelihood of consumer deception before intervening.<sup>256</sup> As Lord Westbury explained in *Leather Cloth*, unless the defendant used a mark on the "same kind of goods" in a way which could lead to consumer deception there could be "no invasion of the plaintiff's right".<sup>257</sup> Thus, courts looked to a mistake on the part of consumers that defendant's goods were the goods of the plaintiff.<sup>258</sup> In *Leather Cloth* Lord Westbury opined that it was:<sup>259</sup>

... the mistake of buyers in the market under which they in fact take the Defendant's goods as the goods of the Plaintiff, that is to say, imposition on the public, becomes the test of the property in the trade

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<sup>255</sup> In *Edelsten v Edelsten*, above n 81, at 199 Lord Westbury explained that knowledge of the part of the defendant was only material to determining whether the plaintiff was entitled to an account of profits.

<sup>256</sup> Proof of *actual* deception was not necessary, if the Court was satisfied the resemblance between the marks "would be likely to cause the one mark to be mistaken for the other" - *Edelsten v Edelsten*, above n 81, at 200.

<sup>257</sup> *Leather Cloth*, above n 18, at 141.

<sup>258</sup> *Hall v Barrows*, above n 207, at 159

<sup>259</sup> *Leather Cloth*, above n 18, at 141.

mark having been invaded and injured.

As McKenna has argued the way English courts conceived of infringement emphasises that the concern was to prevent the harm of a defendant diverting trade from a plaintiff.<sup>260</sup> However, it should be stressed that proof of *actual* deception was not necessary, if the Court was satisfied the resemblance between the marks “would be likely to cause the one mark to be mistaken for the other”.<sup>261</sup>

Such a formulation of infringement helps reinforce the idea that property rights in a trade mark were qualified in conferring on a trader the exclusive right to use a trade mark in connection with particular vendible goods. Thus, what was being protected was the activity of using the trade mark as an indication of origin for particular goods and services. Other traders were under a duty not to engage in that *activity*. Nevertheless, the courts recognised that a “trespass” into such an activity could occur not only with straight replication of a trade mark but also with “colourable imitation”.<sup>262</sup> In *Seixo v Provezende* Lord Cranworth LC described the degree of resemblance required to find a case for relief as being “incapable of definition *a priori*”.<sup>263</sup>

All that courts of justice can do is to say that no trader can adopt a trade mark so resembling that of a rival, as that ordinary purchasers, purchasing with ordinary caution, are likely to be misled.

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<sup>260</sup> McKenna, above n 40, at 1857-1858. *Edelsten v Edelsten*, above n 81, at 199-200 “The injury done to the Plaintiff in his trade by loss of custom is sufficient to support his title to relief”.

<sup>261</sup> *Edelsten v Edelsten*, above n 81, at 200

<sup>262</sup> *Seixo v Provezende* (1865-66) LR 1 Ch App 192 (Lord Chancellor) at 196.

<sup>263</sup> At 196.

#### 2.5.4 Transfers of Property Rights

The courts have usually identified that a usual incident of holding property rights over a thing is the ability to transfer such property rights to a third party.<sup>264</sup> This incident flows from the fact that the types of things that are subject to property rights must be capable of being transferred to others. For example, in *National Bank Ltd v Ainsworth*, Lord Wilberforce said that for a thing to be subject to a property right it must be “capable of assumption by third parties”.<sup>265</sup> The ability to transfer also arguably reflects an exercise of authority over a thing, and some theorists have also considered transferability a key incident of “ownership”.<sup>266</sup>

In the House of Lords judgment in *Leather Cloth*, Lord Cranworth further considered the question of when a trade mark used by a particular manufacturer was devolved by law or sold to a third party.<sup>267</sup> The plaintiffs had purchased a business from a United States company. The plaintiff continued to use the label trade mark of the vendors on goods it was selling. The trade mark referred to “tanned leather cloth” and a patent. Lord Westbury refused the plaintiff relief on the basis that the trade mark relied upon contained a number of untrue statements.<sup>268</sup> Lord Westbury said that selling goods “stamped with a false statement is, pro tanto, an imposition on the public”.<sup>269</sup> He found that the plaintiffs’ mark falsely represented

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<sup>264</sup> Michael Bridge et al *The Law of Personal Property* (Sweet & Maxwell, London, 2013) at [1.004].

<sup>265</sup> *National Provincial Bank Ltd v Ainsworth* [1965] AC 1175 (UKHL) at 1248.

<sup>266</sup> AM Honoré “Ownership” in AG Guest (ed) *Oxford Essays in Jurisprudence* (Clarendon Press, Oxford, 1961) 107.

<sup>267</sup> *Leather Cloth HL*, above n 82, at 534.

<sup>268</sup> *Leather Cloth*, above n 18.

<sup>269</sup> At 144.

that the goods it was producing was patented and tanned leather (when it was untanned) and was produced by the United States vendor company. Lord Cranworth said the enforceability of property in a trade mark would depend on whether the purchaser, according to the ordinary usages of trade, would:<sup>270</sup>

... be understood as saying more than that he was carrying on the same business as had been formerly carried on by the person whose name constituted the trade mark.

Lord Kingsdown expressed a similar idea, observing, that in general the use of the trade mark of a previous firm by its new owners would not amount to a “fraud upon the public” because it just amounts to a statement that goods bearing the trade mark come from a particular firm.<sup>271</sup> However, in some cases, the assignment and subsequent use of some trade marks could go further and make statements that “materially affect the value of goods”.<sup>272</sup> Lord Kingsdown used the example of an artisan who had acquired a special reputation in the marketplace giving his right to use the trade mark or name on goods to another trader.<sup>273</sup> In such cases, the use of a trade mark by the purchaser resulted in an untrue statement likely to deceive the public.

Second, a concern for protecting the public also influenced legal doctrine concerning the sale of trade marks. As highlighted above, it was contemplated that trade marks could be sold.

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<sup>270</sup> At 534.

<sup>271</sup> At 543.

<sup>272</sup> At 543.

<sup>273</sup> At 545

However, a trade mark could not be sold or transferred independently from the underlying business with which it was associated.<sup>274</sup> Where a trade mark was sold independently from the business this transaction would amount to a fraud upon the public.<sup>275</sup> This notion that trade marks could not be sold “in gross” also differentiated trade marks from others species of property, such as ordinary chattels and patents. It recognised that the proprietary nature of a trade mark did not mean that all the usual incidents of property ownership necessarily applied.<sup>276</sup> It served to embed the qualified nature of property in a trade mark, and how ownership was linked to use of a mark in indicating origin for a business.

## 2.6 Conclusion

In this chapter, I have explained how the law relating to the protection of trade marks morphed from a law based on protecting against fraud to a law that considered trade marks as a species of property. This development led by Lord Westbury was partially a practical and remedially driven evolution. However, in part, this development was congruent with the transfer of concepts from tangible property to intangible property in the law of copyright. Viewing use as a proxy for the expenditure of labour and a reap/sow impulse helped justify that trade marks should similarly be classed as a species of property.

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<sup>274</sup> *Leather Cloth HL*, above n 82, at 534.

<sup>275</sup> See *Cotton v Gillard* (1874) 44 LJ Ch 90 (Ch) (sale of trade mark in bankruptcy to the plaintiff. The plaintiff applied the trade mark to a sauce but was unaware of the original recipe of the sauce).

<sup>276</sup> Cf. “Trade Names and Trade Marks” (1864) 8 *The Solicitors’ Journal and Reporter* 175 at 177.

I have argued that trade marks were conceptualised as *qualified* species of property in a broadly similar way as wild animals and water. This “qualified model of property” can be understood as meaning the holder of property rights in trade mark had authority over *the activity of using a sign as a truthful and reliable indication of origin*. I have demonstrated that this conceptualisation explains three crucial areas of 19<sup>th</sup> century trade mark doctrine – acquisition of rights, the extent of a trade mark holder’s right to exclude and restrictions on the transfers of trade marks.

Lord Westbury was not able to develop his property theory further, as he was forced to resign because of his connection with scandals in the summer of 1865.<sup>277</sup> Moreover, the advent of trade mark registration stalled further development of his property theory of trade marks at common law. The next chapter considers in detail the enactment of the first registration legislation.

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<sup>277</sup> See “The Death of Lord Westbury” *The Times* (21 July 1873).

## Chapter Three: The Advent of Registration Legislation<sup>1</sup>

### 3.1 Introduction

This chapter examines the impact of the advent of registration legislation on the conceptualisation of trade marks as property. I explain how registration legislation created a bureaucratic system which promoted the idea that trade marks as registered were *themselves* independent *objects* of property. However, I demonstrate that when interpreting such legislation, the English judiciary gave little weight to such a notion and applied the previous understanding of trade marks as a species of qualified property, which protected the activity of using a sign as an indication of origin. As a result, while both conceptions of trade marks as property co-existed, the qualified/activity-based conception predominated in legal doctrine.

The final part of the chapter also examines the set of unique challenges that arose from registration legislation conferring property rights to a registered trade mark on-top of a use-based system of trade mark protection. I argue that the legislative and judicial responses to mediating these challenges further qualified the nature of the property rights conferred by a trade mark registration. The holder of property rights in a trade mark registration did not have absolute authority over the use of a sign as an indication of origin.

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<sup>1</sup> Some of the material in this chapter, principally in section 3.5.2 has appeared in Rob Batty “The Rise, Fall and Convolution of the Intent to Use Requirement under New Zealand Trade Mark Law” (2020) 10(1) Queen Mary Journal of Intellectual Property 87.



### 3.2 Developments Leading Up to the First Registration Legislation

By the 1860s, British traders had become increasingly concerned that their trade marks were being fraudulently copied, both at home and abroad. For example, a manufacturer of saws and steel files complained that its trade marks were “imitated extensively” in France and in Prussia.<sup>2</sup> Letters to the editor,<sup>3</sup> and newspaper articles complained vigorously about the fraudulent use of trade marks and the “disgraceful” practice of forgery of trade marks.<sup>4</sup>

As examined in Chapter Two, existing English law provided a degree of protection for traders against the misuse and forgery of their trade marks. However, such protection was considered by traders to be practically ineffective.<sup>5</sup> Although there was nascent recognition that trade marks were a species of property, seeking an injunction before the Courts of Chancery was lengthy and costly,<sup>6</sup> and of no use in preventing the fraudulent use of British trade marks in Europe. In this context, publications referred to the “general feeling of the

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<sup>2</sup> See Report from the Select Committee on Trade Marks Bill, and Merchandize Marks Bill (6 May 1862) at Q.8 per Mr R Jackson [1862 Select Committee Report]. (Note that the Report appears to use the American spelling of “merchandise” (with a “z”), whereas the Bill itself uses the English spelling).

<sup>3</sup> Edward Mappin “Letter to the Editor: Fraudulent Trade Marks” *London Evening Standard* (30 January 1861).

<sup>4</sup> See “Forgery of Trade Marks” *Bell's Weekly Messenger* (26 May 1860) and “Trade Marks” *The Sheffield Daily Telegraph* (14 March 1860).

<sup>5</sup> See HB Poland *The Merchandise Marks Act 1862* (John Crockford, London, 1862) at 5.

<sup>6</sup> See D M Kerly *The Law of Trade -Marks, Trade-Name, and Merchandise Marks* (Sweet & Maxwell, London, 1894) [Kerly’s 1894] at 6 also refers to litigation reported in *Rodgers v Nowill* (1847) 5 CB 109 (Comm Pleas), *Rodgers v Nowill* (1847) 6 Hare 325 (Ch) and *Rodgers v Nowill* (1853) 3 De G M & G 164 (Ch), which lasted 5 years and costed the plaintiff 2,211 pounds. More generally, see Patrick Polden “The Court of Chancery, 1820-1875” in William Cornish et al (ed) *The Oxford History of the Laws of England: Volume XI: 1820–1914 English Legal System* (Oxford Scholarship Online, 2010) 646-691.

country” for the need for a legislative intervention to stop fraudulent practices.<sup>7</sup> In particular, driving a call for legislative reform was the Chambers of Commerce in industrial centres such as Birmingham and Sheffield.<sup>8</sup>

In 1862, a select committee was called on to consider a Bill to strengthen the criminal law relating to the misuse of trade marks. This Bill was called the Merchandise Marks Bill and was drawn up for the Government by William Hindmarch.<sup>9</sup> The Merchandise Marks Bill sought to make it a misdemeanor for a person to forge or counterfeit a trade mark on articles themselves or on wrappers and labels with the intent to defraud or deceive.<sup>10</sup> The Merchandise Marks Bill built on the existing law that had developed at common law.<sup>11</sup> That is, it sought to criminalise rights that already existed. The Merchandise Mark Bill therefore reflected a fraud-based, rather than a property-based model of protection.<sup>12</sup>

At the same time as considering the Merchandise Marks Bill, the select committee was also asked to consider the Trade Marks Bill put forward by Mr Roebuck and Mr Hadfield, members of Parliament for Sheffield. This Trade Marks Bill was drafted by William Smith, a solicitor and

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<sup>7</sup> (1862) 8 The Jurist 469 at 472.

<sup>8</sup> Lionel Bently “From Communication to Thing: Historical Aspects of the Conceptualisation of Trademarks as Property” in Graeme Dinwoodie and Mark Janis (eds) *Trademark Law and Theory: A Handbook of Contemporary Research* (Edward Elgar, Cheltenham, 2008) 3 at 16 and fn 53 [“Communication to Thing”].

<sup>9</sup> See further William Cornish “Industrial Property: Trade Marks and Unfair Competition” in *Oxford History of the Laws of England: Vol XIII 1820–1914 Fields of Development* (Oxford Scholarship Online, May 2010) at 1000.

<sup>10</sup> Bill to Amend the Law Relating to the Fraudulent Marking of Merchandise 1862 (Bill No 22) cl 2 and 3.

<sup>11</sup> Elena Cooper “R v Johnstone (2003)” in Jose Bellido (ed) *Landmark Cases in Intellectual Property Law* (Hart Publishing, Oxford, 2017) 317 at 339-340.

<sup>12</sup> See Bently, “From Communication to Thing”, above n 8.

the secretary to the Sheffield Chamber of Commerce. The Bill also sought to strengthen the criminal law, making forgery and fraudulent use of a trade mark a misdemeanor. Unlike the Merchandise Marks Bill, the Trade Marks Bill proposed a system for registration of trade marks and made registration a condition of protection.<sup>13</sup>

In his evidence before the Select Committee, William Smith attested that the registration system proposed under the Trade Marks Bill was influenced by the extant system of design registration.<sup>14</sup> The registration for designs emerged under the Copyright of Designs Act of 1839. This Act made registration a pre-requisite for protection for new and original designs. Protection extended to two dimensional designs applied to articles of manufacture and also the shape and configuration of any article of manufacture.<sup>15</sup> Registration required a deposit of drawings of the design with a registry.<sup>16</sup>

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<sup>13</sup> Bill to Amend the Law Relating to the Counterfeiting or Fraudulent use or Appropriation of trade marks, and to Secure to the Proprietors of Trade Marks in Certain Cases the Benefit of International Protection 1862 (Bill No 17).

<sup>14</sup> 1862 Select Committee Report, above n 2, at Q. 594.

<sup>15</sup> An Act to secure to Proprietors of Designs for Articles of Manufacture the Copyright of such Designs for a Limited Time (Copyright of Designs Act 1839) 2 Vict c 17, s 1 (with the exception of lace, linens, cottons, calicoes and muslins).

<sup>16</sup> See further Brad Sherman and Lionel Bently *The Making of Modern Intellectual Property Law* (Cambridge University Press, Cambridge, 1999) at 64 [*The Making*]. At the same time the Copyright of Designs Act 1839 extended automatic protection certain fabrics automatically on publication of the design.

The Ornamental Designs Act of 1842 replaced the Copyright of Designs Act 1839, and extended registration to all “ornamental design”.<sup>17</sup> Under this legislation, applications were classified into one of thirteen classes of article. The proprietors of a design were recorded in a separate book, which could be cross-referenced to the record of the representations of the designs.<sup>18</sup> Certificates of registration were also issued.<sup>19</sup> Further minor amendments to the legislation and system of registration were made in 1850.<sup>20</sup>

The registration of ornamental design was enthusiastically taken up by traders.<sup>21</sup> Registration was applauded for allowing traders to efficiently and cheaply obtain remedies to “restrain piracies”.<sup>22</sup> As Sherman and Bently have argued, the system of registering designs reflected a significant shift away from the previous system of *private* proof of title. Registration, and the issuance of certificates of title, reflected a centralised and *public* system of proof of title based

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<sup>17</sup> The Utility Designs Act 1843 (An Act to Amend the laws Relating to the Copyright of Designs 6 & 7 Vict c 65) extended protection to all designs – not just ornamental designs. See generally Lionel Bently “The Design/Copyright Conflict in the United Kingdom: A History” in Estelle Derclaye (ed) *The Copyright/Design Interface: Past, Present and Future* (Cambridge University Press, Cambridge, 2018) 171.

<sup>18</sup> Bently, “The Design/Copyright Conflict”, above n 17, at 182-183. See also National Archives “Registered Designs: 1839-1991” <https://www.nationalarchives.gov.uk/help-with-your-research/research-guides/registered-designs-1839-1991/#2-what-why-and-how-designs-were-registered>

<sup>19</sup> An Act to Consolidate and Amend the Laws Relating to the Copyright of Design for Ornamenting Articles of Manufacture (Ornamental Designs Act 1842) 5 & 6 Vict c 100., s 3 and s 14. See Bently, “The Design/Copyright Conflict”, above n 17, at 182-183.

<sup>20</sup> An Act to Extend and Amend the Acts Relating to the Copyright of Designs (Copyright of Designs Act 1850) 13 & 14 Vict c 104.

<sup>21</sup> See John P Norman *The Law and Practice of the Copyright, Registration and Provisional Registration of Designs* (S. Sweet, London, 1851) at iii (noting that 78,597 ornamental designs were registered between August 1842 to August 1851).

<sup>22</sup> Norman, above n 21, at iv.

on transparent recording keeping.<sup>23</sup> Dent also makes the point that registration of designs “delimited” the property rights of proprietors.<sup>24</sup> As is further explained below, registration promoted the idea that what *was registered* was the subject of property rights.

A system for registration for *trade marks* was also in use in Prussia, France and Russia – a fact well known to British traders. For example, Arthur Ryland – a solicitor from Birmingham and a member of the Birmingham Chamber of Commerce – recounted the registration systems in operation in these countries in a 1859 publication.<sup>25</sup> Ryland argued that in comparison to such a system, British law was deficient “in not requiring a registry”.<sup>26</sup> In France, the trade mark law of 1857 provided for registration with the Tribunals of Commerce. As Duguid has argued, the French system of registering trade marks helped embed the notion that property existed in trade marks.<sup>27</sup>

Under the proposed Trade Marks Bill, registration was also seen as a way of confirming that a trade mark was the “property” of the trader in whose name it was registered.<sup>28</sup> The Trade Marks Bill borrowed language to this effect from design law. Design legislation had long

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<sup>23</sup> Sherman and Bently, *The Making*, above n 16, at 71-72.

<sup>24</sup> Chris Dent “Registers of Artefacts of Creation—From the Late Medieval Period to the 19th Century” (2014) 3 *Laws* 239 at 255.

<sup>25</sup> Arthur Ryland “The Fraudulent Imitation of Trade Marks” (1859) *Transactions of the National Association for the Promotion of Social Science* 229.

<sup>26</sup> At 234. Ryland also emphasized that registration could be a way instigating mutual protection for trade marks overseas.

<sup>27</sup> Paul Duguid “French Connections: The International Propagation of Trademarks in Nineteenth Century” (2009) 10(1) *Enterprise and Society* 3 at 24.

<sup>28</sup> 1862 Select Committee Report, above n 2, at Q. 38 -39 per Mr R Jackson.

reflected the notion that authors of original designs were vested with property rights.<sup>29</sup> Design registration legislation referred to authors as the “proprietor” of designs.<sup>30</sup> Such proprietors were given authority or the “sole right” to apply their designs to articles of manufacture in the United Kingdom for the term of the registration.<sup>31</sup>

The Trade Marks Bill explicitly declared via s 9 that a registered trade mark would be “personal property of the Proprietor, and shall be transmissible according to the ordinary Rules of Law affecting Personal Property”. However, the desirability of treating trade marks as property and the desirability of registration as a mechanism to spur such a development was challenged in the hearings before the Select Committee considering the Merchandise Marks Bills and the Trade Marks Bill. The strongest voice against registration was Hindmarch. He argued that rights to a trade mark must be established by use, not by registration.<sup>32</sup> Hindmarch asserted that the object of existing trade mark law was to “prevent cheats” and not to confer exclusive rights to traders.<sup>33</sup> Hindmarch considered that registration implied that the registrant became the owner of a trade mark.<sup>34</sup> For Hindmarch, this would be a “very inconvenient thing”.<sup>35</sup> Obtaining “ownership” of a trade mark by registration would create an

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<sup>29</sup> See An Act for Encouraging the Art of Making New Models and Casts of Busts, and Other Things therein Mentioned (1798) 38 Geo III, c 71, s 1 (referring to vesting of a sole right and property).

<sup>30</sup> Copyright of Designs Act 1850) 13 & 14 Vict c 104, s 1 and s 2.

<sup>31</sup> See An Act to Consolidate and Amend the Laws Relating to the Copyright of Design for Ornamenting Articles of Manufacture (Ornamental Designs Act 1842) 5 & 6 Vict c 100, s 1.

<sup>32</sup> 1862 Select Committee Report, above n 2, at Q. 2764 and Q. 2771.

<sup>33</sup> At Q. 2757.

<sup>34</sup> At Q. 2823.

<sup>35</sup> At Q. 2825-2826.

injurious monopoly contrary to the spirit of the Statute of Monopolies.<sup>36</sup> For other select committee members and witnesses the idea of trade marks as property raised a concern that a transfer of a trade mark from one trader to another could deceive the public as to the nature of the goods put on the market.<sup>37</sup>

Hindmarch's and others' concerns about registration "carried the day".<sup>38</sup> The Trade Marks Bill was not passed, but an amended version of the Merchandise Marks Bill was enacted. The Merchandise Marks Act 1862 (Merchandise Act) did not provide for registration of trade marks. It made it a criminal offence to imitate another trader's mark "with intent to defraud or to enable another to defraud".<sup>39</sup>

The Merchandise Act, though, did not affect or constrain any right or remedy at civil law. Moreover, Hindmarch's objections to the Trade Marks Bill pre-dated the development of the property theory by Lord Westbury in the Courts of Chancery. As explained in Chapter Two, over the next decade opinion began to shift about whether trade marks were unlike other intellectual property rights. Thus, despite the Select Committee's recommendations in 1862 not to proceed with a registration system, the idea of registration for the civil protection of trade marks in the United Kingdom persisted.<sup>40</sup> For example in a 1866 paper "on the piracy

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<sup>36</sup> At Q. 2772. Samuel Morley at Q. 2430, a trader from London, was also pressed on the issue of trade marks as property by the Select Committee and remarked that he would "decidedly" object to "the creation of a new species of property in trade marks".

<sup>37</sup> At Q. 2373 per Mr S Morley and at Q. 2667 per Mr J T Smith.

<sup>38</sup> See H Trueman Wood "The Registration of Trade Marks" (1875) 24 Journal of the Society of Arts 17 at 21.

<sup>39</sup> The Merchandise Marks Act 1862 25 & 26 Vict c 88, s 2.

<sup>40</sup> See Cornish, above n 9, at 1001.

of trade marks” Underdown recounted the difficulties under the existing law in establishing a fraudulent intention and argued that registration promised to provide an accessible, notorious public record of a trader’s rights.<sup>41</sup> As Bently has argued, a raft of commentaries on trade marks during this time also helped spur calls for legislative reform.<sup>42</sup>

A Bill providing for the voluntary registration of trade mark was introduced in 1869 without success.<sup>43</sup> The 1869 Bill contained 52 clauses. Subsequently in the House of Commons it was described as receiving a “very cool reception”.<sup>44</sup> The idea of registration, though, persisted.<sup>45</sup> Edmund Johnson (the Honorary Secretary of the London Trade Marks Committee) subsequently recounted that registration was consistently urged on the Government by Chambers of Commerce.<sup>46</sup> However, there was a “divergence of opinion” as to whether registration should be voluntary or compulsory.

Another Bill providing for registration was introduced in 1873.<sup>47</sup> This Bill was also relatively detailed and long, containing 58 clauses. It was withdrawn in July 1873, seemingly as a result

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<sup>41</sup> E M Underdown “On the Piracy of Trade Marks” (1865) *Journal of the Society of Arts* 370 at 373.

<sup>42</sup> Lionel Bently “The Making of Modern Trade Mark Law: The Construction of the Legal Concept of Trade Mark (1860-1880)” in Lionel Bently, Jennifer Davis and Jane C Ginsburg (eds) *Trade Mark and Brands: An Interdisciplinary Critique* (Cambridge University Press, Cambridge, 2008) 3 at 15 [“The Construction”].

<sup>43</sup> Bill to provide for Voluntary Registration of Trade Marks 1869 (Bill no. 126).

<sup>44</sup> (6 March 1871) 204 GBPH HC 1381 at 1387. Noted also in Bently, above n 8, fn 51.

<sup>45</sup> See also at this time *Trade Marks (Foreign Countries): Reports relative to Legislation in Foreign Countries on the Subject of Trade Marks* (Cmnd 596, 1872).

<sup>46</sup> Edmund Johnson “Trade Marks” (1881) 29 *The Journal of the Society of Arts* 493 at 505.

<sup>47</sup> Bill to Provide for the Registration of Trade Marks 1873 (Bill no. 133).



of opposition from one member of the House of Commons, and despite a growing view of “the importance of registration and [the] just protection of trade marks”.<sup>48</sup>

Legislation enabling registration did not arrive until June 1875, when Lord Cairns introduced a Bill that was subsequently enacted as the Trade Marks Registration Act 1875 (1875 Act).<sup>49</sup> The House of Lords considered the “necessity” of registration as an idea that was long overdue.<sup>50</sup> The 1875 Act was enacted on 13 August 1875.

### 3.3 The 1875 Act and Later Legislation

#### 3.3.1 The 1875 Act

Unlike the Bills in 1869 and 1873, the 1875 Act was a slim piece of legislation. It contained only 11 sections. In form and structure, the 1875 Act was similar to the Copyright of Designs Act 1850, which also contained only 17 sections. Section 1 of the 1875 Act established a Register of trade marks under the supervision of the Commissioner of Patents. Section 10 listed what could comprise a registrable trade mark under the 1875 Act. Section 2 of the 1875 Act borrowed the idea of classes from design legislation and stated that trade marks “must be registered as belonging to particular goods, or classes of goods”.<sup>51</sup>

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<sup>48</sup> Bently, above n 8, fn 52 citing the comments of Sampson Lloyd *The Times* (London, 24 September 1873) at 12C.

<sup>49</sup> As Bently, in “The Construction” above n 42, at 16 notes, Lord Cairns had extensive experience with trade mark litigation both as a barrister and as a judge.

<sup>50</sup> (22 June 1875) 225 GBPH HL 288.

<sup>51</sup> Trade Marks Registration Act 1875 38 & 39 Vict c 91, s 2.

The meagre form the 1875 Act took suggests that the intention in passing the legislation was not to depart significantly from the existing common law.<sup>52</sup> The 1875 Act authorised the creation of general rules as to administration of the Register and indeed left much to these Trade Mark Rules.<sup>53</sup> The delegation of the majority of the substance of the new law to the Rules may have been a convenient strategy to achieve enactment of the 1875 Act.<sup>54</sup> However, such a strategy generated some criticism and concerns that the Rules would be ultra vires and would depart from the principles of the common law.<sup>55</sup>

It was the Trade Mark Rules which detailed the 49 classes and a miscellaneous class that trade marks had to be registered in.<sup>56</sup> The classes were based on a scheme used in the 1851 Great Exhibition.<sup>57</sup> The Rules also specified the process for filing an application and achieving registration. An application had to contain a statement about the applicant, the trade mark, the class and goods to be covered. An application also had to contain a declaration that the applicant was lawfully entitled to use the trade mark applied for. Two drawings or specimens of the trade mark had to also be provided, and specific rules outlined the nature and the size

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<sup>52</sup> Edward Morton Daniel *The Trade Marks Registration Act, 1875* (Stevens and Haynes, London, 1876) at 37: “[the new legislation] cannot be said to have so much changed the law relating to trade marks ... as to have added to it, by establishing machinery by which the law can be better enforced and carried out”.

<sup>53</sup> Trade Marks Registration Act 1875 38 & 39 Vict c 91, s 1.

<sup>54</sup> Trade Marks Registration Act 1875 38 & 39 Vict c 91, s 7. Under this section, the Lord Chancellor (with the assent of Treasury as to fees) could make, alter, vary or annul the rules. The rules had to be laid before Parliament, and unless objected to within 10 days from the next assembling of Parliament, would be treated as having “the same validity as if they had been enacted by Parliament”.

<sup>55</sup> John Pym Yeatman *A Handy Book on the Law of Registration of Trade Marks* (Effingham Wilson, London, 1876) at 13-14 and 40.

<sup>56</sup> *Kerly's 1894*, above n 6, at 88.

<sup>57</sup> Dent, above n 24, at fn 182.

of such drawings or specimens.<sup>58</sup> The statement, declaration and drawings or specimens all had to be provided to the Trade Marks Registration Office along with a fee.<sup>59</sup> The Rules specified a process of advertising a registration in a “Trade Marks Journal” that is similar to the process in operation today. Three months after advertisement, and payment of the requisite fee,<sup>60</sup> the applicant was to be registered as the proprietor of the trade mark.<sup>61</sup>

### 3.3.2 The 1883 Act

In 1883, trade mark legislation was consolidated with patent law and design law into the Patents, Designs, and Trade Marks Act 1883 (1883 Act). This consolidation of three “industrial property rights” followed the structure of the Paris Convention for the Protection of Industrial Property (Convention), which was agreed in 1883.<sup>62</sup> Britain only joined the Convention in 1884, but s 103 of the 1883 Act had contemplated that she would become a party.<sup>63</sup>

The 1883 Act re-enacted the substance of the law under the 1875 Act with few changes.<sup>64</sup> The 1883 Act did, though, specify the procedures for registering trade marks, moving some

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<sup>58</sup> The Rules Under the Trade Marks Registration Act, 1875-7, rule 8.

<sup>59</sup> The fee was GBP 1 to register one trade mark for one or more articles included in one class.

<sup>60</sup> The fee on registration was GBP 1 for one trade mark.

<sup>61</sup> The Rules Under the Trade Marks Registration Act, 1875-7, rule 20. The Rules also specified a process for dealing with an opposition to registration by a third party.

<sup>62</sup> Paris Convention for the Protection of Industrial Property of March 20, 1883.

<sup>63</sup> Despite art 6 of the Convention providing that a trade mark registered in one of the contracting parties “shall be admitted for registration” in all signatory countries, the English courts found that the Convention did not supersede the requirements of the 1883 Act, see *Re Californian Fig Syrup Co’s Trademark* (1888) 40 Ch D 620 (Ch).

<sup>64</sup> See “The Government Patents Bill in Relation to Trade Marks” (1883) 75 (22) *The Law Times* 405.

of this material from the Trade Mark Rules. The 1883 Act also extended what could be registered by amending the definition of a registrable trade mark to include a “brand” and “fancy words not in common use”.<sup>65</sup> This change was to meet the demand of British traders and also to create parity with overseas definitions of a trade mark.<sup>66</sup>

### 3.3.3 The Herschell Committee and the 1888 Act

Several years after the 1883 Act was enacted, the Board of Trade appointed a committee to conduct an inquiry into the functioning of the legislation as it related to trade marks and designs.<sup>67</sup> The committee was headed by Lord Herschell (Herschell Committee). Its final report made a number of procedural recommendations to improve the operation of the 1883 Act, including a revision of the classes of goods. Significant attention was placed upon the question of what symbols should be capable of being registered as trade marks.

The term “fancy words not in common use” had generated significant litigation.<sup>68</sup> The courts had taken a very rigid interpretation of what comprised a fancy word, disqualifying words from registration unless they were obviously meaningless. For example, in *Van Duzer’s Trade Mark* the Court of Appeal found that MELROSE FAVOURITE HAIR RESTORER for toilet articles and hair preparation products and ELECTRIC VELVETEEN for velvet products were not fancy

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<sup>65</sup> Patents, Designs, and Trade Marks Act 1883 46 & 47 Vict c 57, s 64.

<sup>66</sup> Patent Office *First Report of the Comptroller General of Patents, Designs, and Trade Marks for the Year of 1884* (C-4040, 1884).

<sup>67</sup> Patent Office *Inquiry Report of the Committee Appointed by the Board of Trade to Inquire into the Duties, Organisation, and Arrangements of the Patent Office* (C-5350, 1888) [Herschell Committee].

<sup>68</sup> *Kerly’s 1894*, above n 6, at 10.

words within the section because the former had geographical significance and the latter had descriptive significance.<sup>69</sup> Some witnesses noted that “mercantile community have shown the greatest possible desire” to register word marks,<sup>70</sup> and legislation should permit registration of not only newly coined words, but also arbitrary ones.<sup>71</sup> The existing categorisation of symbols was also causing practical difficulties for the Patent Office.<sup>72</sup> The Herschell Committee recommended that the legislature expand what could be registered to include “invented words”.

Significantly, though, the Herschell Committee declared it “manifest” that “no one ought to be granted the exclusive use of a word descriptive of the quality or character of any goods”.<sup>73</sup> The Herschell Committee considered that it would be wrong for a trader to monopolise descriptive words through registration. This fear of trade mark monopolies was informed by the ongoing tension in contemporary thought about the issue of reconciling morality with capitalism.<sup>74</sup> Early utilitarian thinkers and political economists at the time generally had a similar outlook on human behaviour and agreed in the benefits of the market in increasing the welfare of society. Differences arose as to where to distinguish between illegitimate and

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<sup>69</sup> See *Re Van Duzer’s Trade Mark* (1887) 34 Ch D 623 (EWCA). Cf. the earlier case of *Re ALPINE Trade Mark* (1885) 29 Ch D 877 (Ch) (ALPINE for cotton embroidery).

<sup>70</sup> Herschell Committee, above n 67, at Q. 2639 per Mr J Cutler.

<sup>71</sup> At Q. 1956 – Q. 1980 per Mr P M Justice.

<sup>72</sup> At Q. 117 per Mr H R Lack.

<sup>73</sup> At xi.

<sup>74</sup> GR Searle *Morality in the Market in Victorian Britain* (Clarendon, Oxford, 1998) at 43. See also M Dauntton *Wealth and Welfare: An Economic and Social History of Britain 1851-1951* (Oxford University Press, Oxford, 2007) at 104.

legitimate business practices.<sup>75</sup> There was, though, a general distaste of monopolies.<sup>76</sup> Informed by economic principles, monopolies were seen as raising prices and potentially exploiting the public. For example, J S Mill in criticising socialist writers, wrote:<sup>77</sup>

They forget that wherever competition is not, monopoly is; and that monopoly, in all its forms, is the taxation of the industrious for the support of indolence, if not of plunder.

The Patents, Designs, and Trade Marks Act 1888 (1888 Act) carried forward the recommendations of the Herschell Committee.<sup>78</sup> However, despite the widening of the scope of what could be registered, the substance of the provisions remained largely unchanged.<sup>79</sup>

### 3.4 Registered Trade Marks as Property

#### 3.4.1 Embedding Registered Trade Marks as a Species of Property

Unlike the Trade Marks Bill 1862, which had stated that a trade mark registration was deemed to be personal property, the 1875 Act did not explicitly state that a registered trade mark was property. However, the language used in the 1875 Act – like designs legislation – referred to

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<sup>75</sup> See Daunton, above n 74, at 104.

<sup>76</sup> Searle, above n 74, at 241.

<sup>77</sup> J S Mill *Principles of Political Economy* (Batoche, Kitchener, Ontario, 2000 [original published 1848]) at 909 – this reference is derived from Searle, above n 74, at 43.

<sup>78</sup> Patents, Designs, and Trade Marks Act 1888 51 & 52 Vict c 50, s 10 which revised and amended s 64 of the 1883 Act. “The Law and Lawyers” (1888) 74 The Law Times 240 described these changes as “wholesome and needful” amendments.

<sup>79</sup> See D M Kerly and FG Underhay *The Law of Trade Marks and Trade Name* (3<sup>rd</sup> ed, Sweet & Maxwell, London, 1908) at 10-11.

the registrant of a trade mark as a proprietor. Sections 1, 3, 5 and 7 used the term “proprietor”, the Rules referred to the proprietor, and the marginal note to s 3 of the 1875 Act used the terms “title” and “proprietor”. There was also a suggestion in the House of Commons considering the (then named) Registration of Trade Marks Bill 1875 that the proposed legislation would give “property in” trade marks “on registration”.<sup>80</sup>

The language of a “proprietor” may have helped embed the notion that what was being registered and recorded on the Register was a species of *qualified property* that was already being used in the marketplace, and which was already in existence. That is, there was an assumption that registration was not creating new rights, but rather was a more effective means of protecting *existing* property rights to trade marks.<sup>81</sup> For example, in *Orr Ewing v Registrar of Trade Marks* Lord Blackburn observed that prior to 1875 it had been “established” that there was property in a trade mark and the 1875 Act provided that “every person who could prove that he had a right of property in trade-mark, should be entitled to have it registered...”.<sup>82</sup> Similarly, in *Bow v Hart* Vaughan Williams LJ observed that the later 1883 Act:<sup>83</sup>

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<sup>80</sup> (7 August 1875) 226 GBPD HC 682 at 704 per Mr Cavendish Bentinck.

<sup>81</sup> *Edwards v Dennis* (1885) LR 30 Ch D 454 (EWCA) at 470 and *Re Lyndon’s Trade Mark* (1886) 32 Ch D 109 (EWCA) at 117.

<sup>82</sup> *Orr Ewing v Registrar of Trade Marks* (1879) 4 App Cas 479 (UKHL) at 494. See also *Somerville v Schembri* (1887) 4 RPC 179 (Privy Council Malaysia) at 182 and J E Evans-Jackson “The Law of Trade Marks” (1889) 47 Journal of the Society of Arts 563 at 564 noting how the courts had recognised the right of property in a trade mark for around 35 years before the passing of the 1875 Act.

<sup>83</sup> *Bow v Hart* [1905] 1 KB 592 (EWCA) at 598, also cited in Bently, “From Communication to Thing”, above n 8, at 29, fn 105.

... assumes that in a sense there may be property in a trade-mark, and provides for the protection of that property by a statutory system of registration.

Further, Bently has shown that there is evidence that the enactment of the 1875 Act was “welcomed” by contemporary commentators “in the language of property”.<sup>84</sup> For example, *The Times* stated that the 1875 Act would provide great assistance in mitigating “the enormous costs incurred by owners of trade mark in their attempts to defend *their property*”.<sup>85</sup> Some contemporary texts also saw the 1875 Act as confirming property in trade marks. For example, in Daniel’s introduction to his text on trade marks he referred to Parliament giving full recognition to trade marks as a species of property.<sup>86</sup>

### 3.4.2 A Second Conceptualisation

Despite some contemporary views that registration was merely confirmatory of existing property rights, it is suggested that the bureaucratic system of registration appeared to do more than that. Indeed, Bently has argued that registration cemented the conceptualisation of a trade mark *as an object* capable of being owned.<sup>87</sup> If trade mark registration was seen as *creating* property right in marks themselves – as objects – then this was a departure from

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<sup>84</sup> Bently, “From Communication to Thing”, above n 8, at 29.

<sup>85</sup> “The Legislation of the Session: Trade Marks” *The Times* (London, 10 September, 1875) at 8 cited (and emphasis) from Bently, “From Communication to Thing”, above n 8, at 29.

<sup>86</sup> Daniel, above n 52, at 2. This is also cited by Bently, “From Communication to Thing”, above n 8, at 29.

<sup>87</sup> Bently, “From Communication to Thing”, above n 8, at 29. Bently appears ambiguous on the nature of the property rights cemented. At 28 he writes that the 1875 Act was “widely understood as reinforcing the reconceptualization (developed particularly by Lord Westbury) of trade marks as property”. At 29 he suggests registration helped evolve trade marks from “communications to things”.



the activity-based conception of trade marks as property outlined in chapter 2.<sup>88</sup> It is suggested that it was the influence of design registration legislation which contributed to a different notion of what it could mean to say a registered trade mark was property. As Sherman and Bently have argued, the registered design system had developed a notion of a “representative registration”.<sup>89</sup> Sherman and Bently note that a representative registration diverted attention “towards the surface” of the documentation relating to the design that was filed and put on the Register, and away from how the design was used in the physical world.<sup>90</sup> Sherman and Bently have suggested the process of trade mark registration under the 1875 Act replicated the notion of a “representative representation”. In particular, the furnishing of specimens or drawings with the Trade Mark Registration Office required the trade mark (to be registered) to be isolated from how it would normally appear on a product *in the marketplace*.<sup>91</sup>

The process of registration, then, helped create the notion of a trade mark as a thing. However, what kind of “things” were registered trade marks? Scott et al have explained that a registered trade mark can be seen as an “abstract thing” by employing the distinction between “types” and “tokens” from linguistic theory.<sup>92</sup> A “token” is a particular concrete

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<sup>88</sup> Yeatman, above n 55, at 7 who described the object of the 1875 Act as “to give a ‘property’ to individuals in Trade Marks”.

<sup>89</sup> See Sherman and Bently, *The Making*, above n 16, at 185-186.

<sup>90</sup> Sherman and Bently, *The Making*, above n 16, at 185.

<sup>91</sup> Bently, “The Construction” above n 42, at 17.

<sup>92</sup> Dominic Scott, Alex Oliver and Miguel Ley-Pineda “Trade Marks as Property: A Philosophical Perspective” in Lionel Bently, Jennifer Davis and Jane C Ginsburg (eds), *Trade Mark and Brands: An Interdisciplinary Critique* (Cambridge University Press, Cambridge, 2008) 285.

instance of an utterance. A “type” is the abstract form of that utterance. There may be many tokens, but only a single type.<sup>93</sup> What was being registered as trade marks were types.<sup>94</sup> The use of a trade mark in the marketplace was the use of a token of *that type*. For example, the word ORANGE could be registered and at the same time tokens of ORANGE could be embodied in various physical and perceivable forms in the marketplace.

The requirement for trade marks to be registered in respect of particular classes of goods helped further create the notion that property rights attached to the type (i.e. the sign) as it featured on the Register. Further, the use of classes suggested that the holder of a trade mark registration had property rights defined by the class the mark was registered in, rather than on the basis of a trader’s actual trading activity.<sup>95</sup>

The bureaucratic process of registration, though, did not replace the activity-based conception of trade mark as property. Rather, it is suggested that the advent of registration established a new *concurrent* conceptualisation of the property rights associated with a trade mark. The abstract representation on the Register provided a visual shortcut to a trader’s authority over the activity of using the sign as an indication of origin.<sup>96</sup> At the same time, the abstract representation had the potential to be recognised as an object subject to property rights in its own right. However, as is further explained below, judges did not initially appear

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<sup>93</sup> At 288.

<sup>94</sup> At 288.

<sup>95</sup> See further Dent, above n 24, at 251.

<sup>96</sup> Andreas Rahmatian “Intellectual Property and the Concept of Dematerialized Property” in Susan Bright (eds) *Modern Studies in Property Law: Volume 6* (Hart Publishing, Oxford, 2001) 365 at 378.

to appreciate the potential of this second conceptualisation of trade marks as property *objects*.

### 3.4.3 An Unchanged Understanding of the Meaning of a Trade Mark

Despite the advent of registration, judges continued to define trade marks in similar *functional* terms as they did prior to legislation. For example, in *Re The Australian Wine Importers Ltd* Kay J described a trade mark as:<sup>97</sup>

... the mark under which a particular individual trades, and which indicates the goods to be his goods—either goods manufactured by him or goods selected by him, or goods which, in some way or other, pass through his hands in the course of trade.

Similarly in *Re Powell's Trade-Mark* Bowen LJ said:<sup>98</sup>

The function of a trade-mark is to give an indication to the purchaser or possible purchaser as to the manufacture or quality of the goods—to give an indication in his eye of the trade source from which the goods come, or the trade hands through which they pass on their way to the market.

Commentators suggested a similar idea. For example, Adams writing in 1876 stated:<sup>99</sup>

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<sup>97</sup> *Re The Australian Wine Importers Ltd* (1889) 41 Ch D 278 (EWCA) at 280–281.

<sup>98</sup> *Re Powell's Trade-Mark* [1893] 2 Ch 388 (EWCA) at 403–404.

<sup>99</sup> F M Adams *A Treatise on the Law of Trade-marks* (London, Butterworths, 1876) at 8. This definition is also cited in Daniel, above n 52, at 7. See also *Kerly's 1894*, above n 6, at 25–26; C S Drewry *The Law of Trade Marks* (Knight & Co, London, 1878) at 1–2.

A trade-mark may be said to be any symbol, or mark, or name, or other indication, which, when affixed to goods offered for sale in the market would convey to the minds of purchasers the impression that those goods were the manufacture of some person or firm, or some particular place.

Such a functional definition of a trade mark tied the property rights to the previous activity-based conception of trade marks as property. Property rights in a registered trade mark were still seen as conferring authority over the use of a trade mark as an origin signifying mechanism for particular goods. The next section builds on this idea. It shows that in a number of areas of trade mark law, even where registration legislation appeared to challenge the primacy of an activity-based conception, the judiciary continued to apply the previous understanding of trade marks as a species of qualified property.

### 3.5 The Judicial Prioritisation of Trade Marks as a Species of Qualified Property

#### 3.5.1 Registration and Use

Section 10 of the 1875 Act created an immediate challenge to the activity-based conception of trade marks as property. Section 10 enabled “old marks” — “any special or distinctive word or words or combination of figures or letters used as a trade mark” — in use *before* the enactment of the 1875 Act to be registered.<sup>100</sup> Section 10 thereby gave weight to the assumption that property rights in such trade marks already existed. However, s 10 also provided for the registration of trade marks that consisted of one or more limited “essential particulars”. This list of essential particulars included, for example, a written signature and a

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<sup>100</sup> Trade Marks Registration Act 1875 38 & 39 Vict c 91, s 10.

distinctive label. Significantly, s 10 did not make use of a trade mark a precondition for registration of trade marks comprising of these essential particulars. Section 2 also stated that “registration of a trade mark shall be deemed to be equivalent to public use of such [a] mark”. Equating registration with use also seemed to confirm the possibility of registering new, unused trade marks.

While the 1875 Act was not explicit, the acquiring of an unused trade mark by registration had been clearly proposed by the 1873 Bill to provide for the registration of trade marks. Clause 4 of this Bill stipulated that “any person who intends to adopt and use” a trade mark could apply to register it. Clause 5 of the Bill stated that on registration the trade mark would be “deemed to have been used and to have been known in the market”. The language in cl 5 of the 1873 Bill had also been used in the 1869 Bill.<sup>101</sup> Such language also represented a shift from the earlier 1862 Trade Marks Bill, which intimated that a trade mark must have been put to use before it could be registered.<sup>102</sup>

The notion that the 1875 Act appeared to contemplate the registration of “new” unused trade marks was also raised by some contemporary commentators. For example, Bigland Wood stated that “there seems to be nothing in the Act or rules to prevent registration of a mark intended to be used in a business to be commenced after registration”.<sup>103</sup> Daniel also

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<sup>101</sup> Bill to provide for Voluntary Registration of Trade Marks 1869 (Bill no. 126), cl 7.

<sup>102</sup> Bill to Amend the Law Relating to the Counterfeiting or Fraudulent use or Appropriation of trade marks, and to Secure to the Proprietors of Trade Marks in Certain Cases the Benefit of International Protection 1862 (Bill No 17), cl 11.

<sup>103</sup> John Bigland Wood *The Law of Trade Marks* (Stevens and Sons, London, 1876) at 77.

observed that whereas the basis of protection in the common law was use of the trade mark, under the legislation, it was *registration*.<sup>104</sup>

The effect of s 2 and s 10 on how ownership of a trade mark came to be acquired was tested in *Re Hudson's Trade Marks*, where an applicant attempted to register a trade mark which had not been put to use.<sup>105</sup> After construing the 1875 Act the Court of Appeal came to the conclusion that the legislature must have intended a “great and fundamental change”<sup>106</sup> by creating a new method of acquiring ownership of a trade mark by registration.<sup>107</sup> Fry LJ indicated that this new method stood side by side with the common law method of acquiring ownership of a trade mark by actual use.<sup>108</sup> Similarly, for Cotton LJ a person who “designed” a sign falling within the categories of registrable marks listed in s 10 was considered to be the proprietor of that mark.<sup>109</sup>

The interpretation in *Re Hudson* confirmed that registration legislation, therefore, created not only a system of registration of pre-existing ownership, but also a system of *new ownership by registration*. While Fry LJ identified this as a “fundamental” change, such an interpretation had been hinted at in earlier Bills, and was consistent with the views taken by

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<sup>104</sup> Daniel, above n 52, at 43. See also F M Adams *A Treatise on the Law of Trade-marks* (Butterworths, London, 1877) (Note to Second Issue): “[Section 2] will necessarily diminish the importance of those cases in which the question of duration, and extent of user have constituted the chief consideration in the judgments”.

<sup>105</sup> *Re Hudson's Trade Marks* (1886) 32 Ch D 311 (EWCA).

<sup>106</sup> At 325.

<sup>107</sup> At 318, 325, and 326.

<sup>108</sup> At 324.

<sup>109</sup> At 319-320.

contemporary commentators outlined above. Nevertheless, such an interpretation was a significant challenge to the conceptualisation of trade marks as a species of qualified property that had developed at common law. When a trader obtained property rights to a new, unused trade mark by registration, there was no pre-existing activity that a trade mark was tethered to. Such a method of acquiring rights thereby suggested a more object-based conception of trade marks as property. Seen from this perspective, s 2 of the 1875 Act (and s 75 of the 1883 Act) – which equated registration to use – can be seen as a deliberate attempt to maintain a link to the common law of trade marks where use of a distinguishing symbol in the marketplace was how ownership was acquired.

Section 2, though, was an artificial, statutory fiction. Moreover, s 2 did not answer the fundamental challenge to the narrative that ownership of a trade mark could be justified as a reward for use. On previous understandings, use was a proxy for a trader's labour and effort in producing quality products in association with an identifying mark.<sup>110</sup> Absent "real" use of a trade mark, there was some judicial recognition that ownership by registration was to be justified by practical reasons. For example, in *Van Duzer's Trade Mark Cotton* LJ characterised the object of registration was to:<sup>111</sup>

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<sup>110</sup> As Mark McKenna's research in "The Normative Foundations of Trademark Law" (2007) 82 Notre Dame Law Rev 1839 at 1848 has shown, United States courts awarded ownership of trade marks to protect against trade diversion and "grounded" such ownership on a natural right theory that rewarded productive labour. McKenna argues at 1887 that use as a precondition of ownership was a byproduct of this theory because "use of a mark served as a proxy for a party's labour".

<sup>111</sup> *Re Van Duzer's Trade Mark* (1886) 34 Ch D 623 (EWCA) at 634.

... protect the public, by having a register of marks, so that they might know what it was that was protected by the trade-marks adopted.

Such a justification, though, is not particularly compelling.<sup>112</sup> As further explained below, registration was not compulsory. Registration was also not achievable for all the trade marks in use in the marketplace. During the development of the property theory of trade marks in the Courts of Chancery, there seemed to be no ontological restrictions on what symbols could be acquired as “common law marks”. For example, cases involved words,<sup>113</sup> names,<sup>114</sup> and devices.<sup>115</sup> However, trade mark legislation adopted a highly restrictive approach to what symbols could be registered. Moreover, as will be explained below, registration did not eliminate common law protection of trade marks – even when the trade mark was registered. Registration, therefore, did not provide an accurate picture of what trade marks were protected, and the scope of their protection. Indeed, the difficulty in justifying the new method of acquiring ownership by registration may therefore also explain the restricted approach in s 10 as to what new trade marks could be registered.<sup>116</sup>

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<sup>112</sup> For detailed consideration in a modern context see Robert Burrell “Trade Mark Bureaucracies” in Graeme Dinwoodie and Mark Janis (eds) *Trademark Law and Theory: A Handbook of Contemporary Research* (Edward Elgar, Cheltenham, 2008) 95.

<sup>113</sup> *Braham v Bustard* (1863) 1 Hem & M 447 (KB) (EXCELSIOR WHITE SOFT SOAP).

<sup>114</sup> *Dixon v Fawcus* (1861) 3 El & El 537 (QB) (RAMSAY).

<sup>115</sup> *Edelsten v Edelsten* (1863) 1 De GJ & S 185 (QB) (representation of an anchor).

<sup>116</sup> See Daniel, above n 52, at 40 (discussing the restrictive approach of the legislation to registrability).



### 3.5.2 The Judicial Creation of an Intent to Use Requirement

Despite the effect of s 2 and s 10 of the 1875 Act, the background to the legislation suggested that there was an assumption that registration would not replace the requirement for a trader to actually prove use of a registered trade mark on goods *to obtain court relief* against another trader.<sup>117</sup> This assumption was another strong indication of the dominance of the activity-based conception. In cases prior to 1875, an essential ingredient of a trade mark infringement action was that the plaintiff had applied its trade mark to a “vendible article in the market”.<sup>118</sup> In *Edwards v Dennis* the Court of Appeal interpreted the new legislation in line with this notion.<sup>119</sup> The plaintiff was the assignee of a trade mark registered in respect of all the goods in Class 5. However, the trade mark had only been used on a limited set of goods. The plaintiff brought an infringement action against the defendant, and the defendant responded by seeking to have the plaintiff’s registration narrowed. The Court ordered that the registration be rectified to reflect what goods the trade mark had actually been used upon.<sup>120</sup> Cotton LJ said if an unused trade mark is to be registered it “ought to be restricted to those goods in connection with which it is going to be used”.<sup>121</sup> The Court observed that several key sections of the 1875 Act “assumes there is a trader using the particular mark”.<sup>122</sup> Cotton LJ thought it could not have been “the intention of the Act” for a trader to obtain, by registration, exclusive

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<sup>117</sup> See 1862 Select Committee Report, above n 2, at Q.2764-Q.2772 (W M Hindmarch).

<sup>118</sup> See, for example *McAndrew v Bassett* (1864) 4 DE G J & S 380 (Ch) at 385.

<sup>119</sup> *Edwards v Dennis*, above n 81.

<sup>120</sup> At 479-480.

<sup>121</sup> At 474.

<sup>122</sup> At 473. In particular s 1, which placed restrictions on when infringement proceedings could be brought.

rights to use a trade mark for an entire class of goods when the trader was only using (and was only going to use) the trade mark for certain goods in that class.<sup>123</sup>

The adapted model of occupancy by use that applied under the common law before registration suggested that ownership of a trade mark only lasted while the trade mark was applied to vendible goods in the market. *Edwards v Dennis* indicated that the courts also appeared uncomfortable with the notion that the legislation enabled a trader to *acquire* enforceable rights to a trade mark completely divorced from any connection with use of that trade mark in business.

*Edwards v Dennis* was followed by *Appollinaris Co's Trade Marks* where the Court of Appeal expunged a registration on the basis that there was no intent to use the “new” (not previously used) trade mark.<sup>124</sup> A company applied to rectify the Register by expunging certain registrations.<sup>125</sup> In that case the evidence disclosed, and it was conceded, that one of the trade marks had been registered in order to prevent the importation of water bearing the trade mark into England from Germany.<sup>126</sup> The registrant had no genuine intention of trading under that trade mark in England. Despite no explicit statutory requirement for a trade mark applicant to have an intent to use, the Court of Appeal rejected the argument that a trade

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<sup>123</sup> At 474.

<sup>124</sup> *Appollinaris Co's Trade Marks* (1891) 8 RPC 137 (EWCA).

<sup>125</sup> Under the Patents, Designs, and Trade Marks Act 1883 46 & 47 Vict c 57, s 90, which empowered a Court on the application of an aggrieved person to expunge or vary an entry into the register made “without sufficient cause”.

<sup>126</sup> At 165.

mark could be registered without an intent to use it.<sup>127</sup> The Court said that it may be the case that with new marks an intention may be presumed.<sup>128</sup> However, where it was evident that there was no genuine intention to use a trade mark, a registration would be made “without sufficient cause” and ought to be expunged.<sup>129</sup> The Court in *Appollinaris Co’s Trade Marks* reached its conclusion by adopting an interpretation of the 1875 Act consistent with an activity-based conception of the property rights in a registered trade mark. The Court observed that the object of the registration statute was to register marks “under which the trader trades”.<sup>130</sup>

Subsequently, in *Re the Registered Trade-Marks of John Batt & Co* (the *Batt* case) the Court of Appeal confirmed that acquiring a trade mark under the registration system should be connected with a genuine intention to use the trade mark in the marketplace.<sup>131</sup> John Batt & Co had registered trade marks in class 42 (which covered food substances) as well as in a number of other classes. James Carter & Co applied to remove the trade marks on the basis that John Batt & Co did not deal in food products. Rather, their main business was shipping hardware and machinery. In the High Court, Romer J stated that in order to register an unused new trade mark a person must have a bona fide intention of using that trade mark for the goods specified.<sup>132</sup> Romer J drew on the earlier observations in *Edwards v Dennis*. Romer J

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<sup>127</sup> At 165.

<sup>128</sup> At 165.

<sup>129</sup> At 165.

<sup>130</sup> At 165.

<sup>131</sup> *Re the Registered Trade-Marks of John Batt & Co* (1898) 2 Ch 432 (EWHC and CA).

<sup>132</sup> At 436.

observed that where a trade mark is registered without a real intention to use:<sup>133</sup>

The inconvenience it occasions, the cost it occasions, is very large, and beyond that I cannot help seeing that it would lead in some cases to absolute oppression, and to persons using the position they have obtained as registered owners of trade-marks (which are not really bona fide trade-marks) for the purpose of trafficking in them and using them as a weapon to obtain money from subsequent persons who may want to use bona fide trade-marks in respect of some classes in respect of which they find those bogus trademarks registered.

Romer J was concerned that a system of trafficking was already in widespread use – that is, the buying and selling of trade marks as objects or commodities in themselves.<sup>134</sup>

On appeal, the Court of Appeal agreed with Romer J that the mark ought to be expunged. The Court again interpreted the legislation in line with an activity-based conception of the property rights in a registered trade mark and observed that the legislation still assumed that the trader carried on some trade in respect of the registered trade mark.<sup>135</sup> The Court said a trader, at the time of registration, must have “some definite and present intention to deal in certain goods” and “not a general intention of extending his business at some future time to anything which he may think desirable”.<sup>136</sup> The House of Lords affirmed the Court of Appeal

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<sup>133</sup> At 436.

<sup>134</sup> At 436.

<sup>135</sup> At 440.

<sup>136</sup> At 440.

decision and in the course of argument Lord Halsbury said “The Trade Marks Acts are not for copyright in marks, they are to protect trade marks”.<sup>137</sup>

The line of cases above demonstrates the strong hold of the activity-based conception of the property rights in a trade mark. Registration legislation forced the judiciary to concede that acquisition of property rights in a trade mark could now occur without a trader engaging in the activity of using a trade mark in the marketplace. Yet, despite no explicit statutory provision requiring an intention to use a trade mark, the judiciary imposed one. This requirement for a trader to have a genuine “definite and present intention” to use a trade mark intimated that what was contemplated was only brief window of time between filing and actual use of the trade mark in the marketplace. This intention to use requirement thereby reflected a judicial unwillingness to embrace the notion that the advent of registration legislation had altered the activity-based conception of trade marks as property. Instead, the intention to use requirement illustrates an explicit adaptation to the law to retain a link with such an activity-based conception.

As with the restricted approach to registration, it is suggested that the intention to use adaptation also reflects some judicial unease about the justification for allowing property rights in a registered trade mark to be obtained by *registration*, independently of use. As explained in Chapter 2, use of a trade mark in the marketplace as a proxy for labour expended provided a justification for one trader acquiring property rights over a trade mark. Such a justification was important given the strong distaste in English legal thought for monopolies,

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<sup>137</sup> *John Batt & Co v Dunnett* (1899) 16 RPC 411 (UKHL) at 413.

and the general rule that monopolies should not be granted, unless there was a compelling justification.<sup>138</sup> Romer J's reference to "trafficking" indicates a belief that the acquisition of property rights to a trade mark without a genuine intention to use was unjustified. This notion was also captured by the Court of Appeal judgment, where Lindley LJ said that to allow a trader to register a trade mark for goods with no intention to deal would make the registration statutes "extremely mischievous instead of beneficial to trade and commerce".<sup>139</sup>

### 3.5.3 Transfers of Property and Dealing with Registered Trade Marks

Several provisions in registration legislation also maintained a link with the notion of trade marks as a species of qualified property when addressing transfers of registered trade marks. As with the position taken in the Courts of Chancery, s 2 of the 1875 Act and s 70 of the 1883 Act stated that a registered trade mark could only be transferred with the goodwill associated with the business concerned and was "determinable" with such goodwill.<sup>140</sup> The rationale for preventing so-called "assignments in gross" of trade marks was to retain a link with the business to which the trade mark related in order to prevent consumers from being deceived. Despite the use of the term "goodwill" rather than "activity", such a restriction was consistent with the activity-based conception of trade marks as property. That is, a trade mark holder could not transfer property rights to a trade mark unless he or she transferred their entire

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<sup>138</sup> *Marsden v The Saville Street Foundry and Engineering Co Ltd* (1878) 3 ExD 203 (EWCA) referred to in *Wagamama Ltd v City Centre Restaurants Plc* [1995] FSR 713 (EWHC).

<sup>139</sup> At 440.

<sup>140</sup> Trade Marks Registration Act 1875 38 & 39 Vict c 91, s 2. Cf. the position under the Ornamental Designs Act 1842 5 & 6 Vict c 100 which provided for the free transfer and devolution of property in a design to a third party, provided there was consideration and the transfer was executed in writing.

business, i.e. *transferred the right and means to carry on that activity*. Indeed, in *Pinto v Badman* Fry LJ saw these sections in trade mark legislation as explicitly retaining a connection with the previous common law of trade marks.<sup>141</sup>

It is obvious that the Legislature in so enacting are intending to confine the right of assigning the trade mark after registration within the same limits by which it is confined at law and in equity before registration.

Section 4 of the 1875 Act contemplated the assignment of a registered trade mark and the Rules set out a process for the assignment to be recorded.<sup>142</sup> Section 78 and s 87 of the subsequent 1883 Act provided for the notifications of assignments and transmissions to be recorded on the Register. Notification on the Register helped mitigate concerns that the public could be deceived. The legislation also provided for the application to remove deceptive trade marks.<sup>143</sup>

The 1875 Act was silent on licensing. However, it was considered that the position at common law continued. This meant registered trade marks could also not be licensed to other traders to use in respect of their own goods.<sup>144</sup> The use of a trade mark on goods other than those of the proprietor was considered deceptive. The wording of s 87 of the 1883 Act suggested

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<sup>141</sup> *Pinto v Badman* (1891) 8 RPC 181 (EWCA) at 195.

<sup>142</sup> The Rules Under the Trade Marks Registration Act, 1875-7, rules 23-29.

<sup>143</sup> Patents, Designs, and Trade Marks Act 1883 46 & 47 Vict c 57, s 90.

<sup>144</sup> See *Oldham v James* (1863) 14 Ir Ch 81. The Court refused to enforce an agreement said to authorise and licence future infringements of a trade mark on the basis it would be “a fraud on the public”. This case is cited in *Kerly’s 1894*, above n 6, at 281

licensing was permissible. However, s 87 was in a general section dealing with patents and designs and the view was that the reference to trade marks in this section was a slip.<sup>145</sup> To remove doubt, the Herschell Committee considering the 1883 Act recommended s 87 be amended.<sup>146</sup>

The prohibition on licensing of a trade mark was also thought to be consistent with the notion that a trade mark and goodwill should not be separated.<sup>147</sup> In *Thornloe v Hill* Romer J confirmed this view.<sup>148</sup> A company which had purchased the goodwill of a watchmaker called John Forrest granted a licence to another company for the exclusive right to use that name in relation to the manufacture of watches. Romer J observed that he “need scarcely add” that a “trade name or mark cannot be validly assigned in gross”.<sup>149</sup>

#### 3.5.4 Rights of Exclusion

The final area where the judiciary reinforced the predominance of the activity-based conception of trade marks as property concerned infringement. Although the 1875 Act promised exclusive rights, it did not define what amounted to an infringement of such rights. The subsequent 1883 Act also did not define infringement. By contrast, in the same legislation, actions amounting to the piracy of a design were defined,<sup>150</sup> and the legislation

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<sup>145</sup> See *Kerly's 1894*, above n 6, at 281.

<sup>146</sup> Herschell Committee, above n 67, at [36].

<sup>147</sup> Herschell Committee, above n 67, at Q.1126-1131 per Mr E Johnson.

<sup>148</sup> *Thornloe v Hill* (1894) 11 RPC 61 (EWHC).

<sup>149</sup> At 71.

<sup>150</sup> Patents, Designs, and Trade Marks Act 1883 46 & 47 Vict c 57, s 55.



was seen as “forming a complete code as to actions for [design] infringement”.<sup>151</sup> At first blush, the advent of registration legislation appeared to have altered how courts interpreted a trade mark holder’s right to exclude. This is because before registration legislation, liability for “infringement” depended on consumer deception as to the source of goods.<sup>152</sup> The courts compared the defendant’s use of a symbol to the plaintiff’s symbol to assess whether ordinary purchasers would be likely to be misled.<sup>153</sup> Registration, by contrast, involved abstracting a particular representation of a trade mark. The publication of the representation appeared to suggest that it was *this particular representation* that defined the metes and bounds of the trade mark owner’s authority to a trade mark – as with a registered design. The defendant’s conduct was to be assessed – and a defendant’s *in rem* duty was to be referenced – against what was on the Register.

Consistent with the above suggestion, in *Mitchell v Henry* Jessel MR considered that registration legislation had altered the law of infringement.<sup>154</sup> The plaintiffs had registered a trade mark for “worsted stuffs”. The trade mark was described as having certain colour

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<sup>151</sup> Lewis Edmunds *The Law of Copyright in Design* (Sweet & Maxwell, London, 1895) at 92 citing *Woolley v Broad* (1892) 9 RPC 208 (EWHC). Though, of course, it was still necessary to determine as a matter of fact whether a defendant’s design was the application of the same design, the application of a fraudulent imitation or obvious imitation of the registered design.

<sup>152</sup> Before the common law courts, proof of fraud by the defendant was necessary. Before the Courts of Chancery infringement was conceived of a defendant imitating a plaintiff’s trade mark “for the purpose of passing in the market other articles of a similar description”, *McAndrew v Bassett*, above n 118, at 385. In *Edelsten v Edelsten* (1863) 1 De G J & S 183 (QB) at 200 it was observed that proof of deception was not necessary, if the Court was satisfied the resemblance between the marks “would be likely to cause the one mark to be mistaken for the other”.

<sup>153</sup> See *Seixo v Provezende* (1865-66) LR 1 Ch App 192 (Lord Chancellor).

<sup>154</sup> *Mitchell v Henry* (1880) 15 Ch D 181 (EWHC and CA).

characteristics that accorded with the undyed specimen deposited at the Patent Office. However, when the plaintiffs' goods were dyed and finished for sale the colours changed. The defendants' product was similar in appearance to the plaintiffs' finished product, not its registered trade mark. Jessel MR said the defendants were "entitled to say 'Look at the registered trade-mark'...", and the plaintiffs could "only complain of infringement" of the trade mark on the Register.<sup>155</sup>

The Court of Appeal, though, disagreed with Jessel MR's approach. Cotton LJ said the core question was whether the defendants were "selling their goods as to pass them off as the goods of the Plaintiffs".<sup>156</sup> Subsequently, in *Edwards v Dennis* the Court of Appeal suggested that when a trade mark was registered judges would draw a distinction between two different types of infringement.<sup>157</sup> Where a defendant used a similar mark to the trade mark on the Register the courts had to "proceed on the old principle" of passing off.<sup>158</sup> However, where the defendant used exactly the same mark as that which was on the Register, there could be infringement without the plaintiff establishing a likelihood of deception.<sup>159</sup>

It is suggested that the recognition of two types of infringement in *Edwards v Dennis* represented a tacit acknowledgment that registration legislation had altered the nature of

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<sup>155</sup> At 187.

<sup>156</sup> *Mitchell v Henry*, above n 154, at 193-194.

<sup>157</sup> *Edwards v Dennis*, above n 81.

<sup>158</sup> At 471.

<sup>159</sup> At 471.

the rights of exclusion that were associated with trade marks as property. For example, in *Lambert and Butler Ltd v Goodbody* Farewell LJ said:<sup>160</sup>

The registration shows his title to the trade mark, and if the infringer has absolutely copied the mark and made a facsimile presentation of it you do not want any further evidence. The thing speaks for itself.

However, such an alteration arguably still fitted with an activity-based conception of trade mark as property. Registering a representation of a trade mark in respect of classes provided a shortcut to the activity of the trade mark owner. If the defendant used the same mark for goods within the same class as the registered trade mark it could be said the defendant had “trespassed” on the plaintiff’s activity. This is arguably an example of the influence of what Robert Bone has described as “enforcement costs”.<sup>161</sup> By providing a shortcut to the plaintiff’s activity, registration limited the cost of an in-depth investigation as to whether there was deception (a likelihood of deception) and reduced the “error costs” of a “failing to find liability, when liability should be imposed”.<sup>162</sup>

Viewing the right of exclusion provided by a trade registration in the way described above could have led courts to the view that a trade mark owner had absolute authority over use of symbols identical to the abstract representation of its registered trade mark. However, the potential for such an expansion of the authority of a trade mark owner was not appreciated

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<sup>160</sup> *Lambert and Butler Ltd v Goodbody* (1902) 19 RPC 377 (EWHC) at 381.

<sup>161</sup> See further Robert Bone “Enforcement Costs and Trademark Puzzles” (2004) 90 Virginia Law Review 2099.

<sup>162</sup> At 2102.

at the time. Indeed, as explained in Chapter 4, the extent of a registered trade mark owner's authority would not be fully worked out until a series of cases were decided under the Trade Marks Act 1905.

One of the contributing factors to the continuing ambiguity around the extent of a trade mark owner's right to exclude others was uncertainty about how registration affected the extant protection of trade marks at common law. In caselaw at that time, there was significant "interplay" and cross-over between passing off and registered trade mark law.<sup>163</sup> The next section examines the interrelationship between these two forms of protection and how this affected the conceptualisation of registered trade marks as a species of property.

### 3.6 The Challenge Presented by Concurrent Rights

#### 3.6.1 The Development of Passing Off in light of Registration Legislation

Section 1 of the 1875 Act, as enacted, stated that after 1 July 1876, a trader could not take proceedings for trade mark infringement until a trade mark was registered. Further, the 1875 Act gave no indication as to whether existing remedies at law or equity were affected, in comparison to earlier draft legislation.<sup>164</sup> Initially, there seemed to be the view that registration was now essential if traders wanted to prevent the piracy of their trade marks.<sup>165</sup>

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<sup>163</sup> Robert Burrell and Michael Handler "A Requiem for Champagne Heidsieck: Trade Mark Use and Parallel Importation" (2016) 26 AIPJ 110 at 118.

<sup>164</sup> As Cornish, above n 9, has also noted, the earlier Bill to provide for Voluntary Registration of Trade Marks 1869 (Bill No 126) had done so.

<sup>165</sup> See Yeatman, above n 55, at 7: "The words of the Act, therefore, are not merely permissive, but imperative". Bently "The Construction", above n 42, at 35.

That was the position with designs – there was no protection of unregistered designs outside of the statute.<sup>166</sup> Congruent with this view, there was an understandable rush for traders to register their “old” trade marks already in use.<sup>167</sup>

An amendment to the legislation was quickly made in 1876, which pushed back the date mentioned in s 1 to 1 July 1877.<sup>168</sup> This amendment also stated that in respect of old marks – those in use before the enactment of the 1875 Act (13 August 1875) – infringement proceedings could not be taken unless and until registration of such a trade mark had been “refused”. This implied that there was still protection under the common law for unregistrable old marks.<sup>169</sup> It also implied that there was protection for new marks that were not registrable because they were not “trade marks” as defined under s 10.<sup>170</sup> This amended provision was replicated in s 77 of the 1883 Act.

At common law, the previous communication-based form of protection derived from deceit, (which had subsisted side-by-side with Lord Westbury’s property theory of trade marks) was crystallising into the law of passing off. This doctrinal development can be illustrated by the

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<sup>166</sup> Edmunds, above n 151, at 100.

<sup>167</sup> Phillip Johnson “The Rise and Fall of Honest Concurrent Use” in Ilanah Simon Fhima (ed) *Trade Mark Law and Sharing Names: Exploring Use of the Same Mark by Multiple Undertakings* (Edward Elgar, Cheltenham, 2009) at 35. Bently “The Construction”, above n 42, at 35.

<sup>168</sup> Trade-Marks Registration Amendment Act 1876 39 & 40 Vict c 33.

<sup>169</sup> Henry Ludlow, Henry Jenkyns and James Bryce *A Treatise on the Law of Trade-Marks and Trade-Names* (London, W Maxwell, 1877) at 16. See also Bently, “The Construction”, above n 42, at 36.

<sup>170</sup> Ludlow, Jenkyns and Bryce, above n 169, at 16

*Singer Manufacturing v Loog* litigation.<sup>171</sup> The plaintiffs sought to restrain the defendant's use of the term "Singer" (which was unregistered). At first instance, Bacon VC held that the plaintiffs were entitled to an injunction. Bacon VC reasoned that the plaintiffs possessed property in the name Singer,<sup>172</sup> such property had been invaded,<sup>173</sup> and the plaintiffs were entitled to "an injunction which will protect them in the enjoyment of the property which has been theirs all these years".<sup>174</sup> Before the Court of Appeal, Bacon VC's property-based approach was rejected. James LJ declared:<sup>175</sup>

... there is no such thing as a monopoly or a property in the nature of copyright, or in the nature of a patent, in the use of any name.

The Court of Appeal held that absent a trade mark registration, relief was based on whether there had been a false representation as to the source of the goods.<sup>176</sup> For Cotton LJ this amounted to a question of whether the defendant had made a misrepresentation about the source of the goods, or acted in a way which was reasonably calculated to misrepresent the source of the goods. On appeal, the House of Lords agreed with the Court of Appeal.<sup>177</sup>

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<sup>171</sup> *Singer Manufacturing Company v Loog* (1879) 18 LR 395 (EWCA).

<sup>172</sup> At 402-403.

<sup>173</sup> At 410.

<sup>174</sup> At 411.

<sup>175</sup> At 412. See also at 424 per Lush LJ.

<sup>176</sup> At 417 per James LJ, at 417 per Cotton LJ, at 428 per Lush LJ.

<sup>177</sup> *The Singer Manufacturing Company v Loog* (1882) 8 LR 15 (UKHL).

In *Reddaway v Banham* the House of Lords expanded upon *Singer v Loog*.<sup>178</sup> At issue was the defendant's use of "camel hair belting". The plaintiff had for many years called its belting "Camel Hair Belting" and that name had come to denote the plaintiff's goods. The Court of Appeal, though, found for the defendant, noting the term was descriptive and the defendant was simply telling the truth by using it.<sup>179</sup> The House of Lords reversed the finding of the Court of Appeal and held that the plaintiff was entitled to an injunction.<sup>180</sup> Lord Herschell doubted whether it was "accurate to speak of there being property ... in a trade mark".<sup>181</sup> Lord Herschell opined that the principle controlling such cases was that a trader should not be able to "deceive purchasers into the belief that they are getting what they are not, and thus to filch the business of a rival".<sup>182</sup> This principle could apply even in the case of a descriptive or common word where through use the word or name had taken on a secondary meaning of indicating a trade connection (different from the primary meaning).<sup>183</sup>

Later in *Spalding v Gamage* Lord Parker grappled with what he described as the "considerable diversity of opinion" as to the nature of the right invaded in a passing off action.<sup>184</sup> Lord Parker noted that the 1875 Act "conferred a real right of property on the owner of a registered trade

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<sup>178</sup> *Reddaway v Banham* [1896] AC 199 (UKHL).

<sup>179</sup> *Reddaway v Banham* [1895] 1 QB 286 (EWCA) at 295 per Lopes LJ and 290 and 294 per Lord Esher MR.

<sup>180</sup> *Reddaway v Banham* [1896] AC 199.

<sup>181</sup> At 209.

<sup>182</sup> At 211.

<sup>183</sup> At 213.

<sup>184</sup> *Spalding v Gamage* (1915) 32 RPC 274 (UKHL) at 284.

mark”.<sup>185</sup> However, he considered that passing off protected property residing “in the business or goodwill likely to be injured in the misrepresentation”.<sup>186</sup>

The nature of the relationship between the registration acts and the developing action for passing off was first tested in *Mitchell v Henry*.<sup>187</sup> As explained above, the plaintiff’s motion for an interlocutory injunction was refused by Jessel MR.<sup>188</sup> However, the Court of Appeal discharged that order and directed that matter stand over for a full hearing. In the course of his judgment, Cotton LJ declared that “... the Act in no way interferes with the exercise by a Court of Equity of its old jurisdiction”.<sup>189</sup> Cotton LJ described registration legislation as simply enabling a person to register a trade mark and thereby obtain the benefits of statutorily recognised exclusive rights to use such a trade mark.

The holding in *Mitchell v Henry* that passing off subsisted with trade mark infringement under the registration statutes was followed in *Great Tower Street Tea Co v Lanford and Co*.<sup>190</sup> This proposition was made plainer still in *Faulder (Henry) & Co Ltd v O & G Rushton Ltd*.<sup>191</sup> In the course of litigation concerning infringement of a trade mark, the defendant succeeded in

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<sup>185</sup> At 285.

<sup>186</sup> At 284.

<sup>187</sup> *Mitchell v Henry*, above n 154.

<sup>188</sup> At 188.

<sup>189</sup> At 193.

<sup>190</sup> *Great Tower Street Tea Co v Lanford and Co* (1888) 5 RPC 66 (EWHC). See also *Montgomery v Thompson* (1891) 8 RPC 361 (UKHL).

<sup>191</sup> *Faulder (Henry) & Co Ltd v O & G Rushton Ltd* (1903) 20 RPC 477 (EWCA).



expunging the plaintiff's trade mark registration from the Register.<sup>192</sup> It was argued that s 77 of the 1883 Act (detailed above) "disabled" the plaintiff from bringing a passing off claim based on the same trade mark. This argument was roundly rejected, with Vaughan Williams J observing that all that section did was specify the conditions necessary for someone to take the benefit of registration legislation.<sup>193</sup>

The courts interpreting registration legislation therefore came to hold that registration legislation did not eliminate passing off protection for trade marks. As explained above, the property right being protected by passing off was conceived of being the goodwill and reputation of the trader's business, rather than the trade mark itself. Such a view created some doctrinal tensions. The previous model of acquisition of a *common law trade mark* was contingent on mere use and not the establishment of a reputation in the marketplace. This raised a question as to whether the development of passing off had changed the basis of acquiring rights to a trade mark at common law, i.e. "proprietaryship".<sup>194</sup> When it was argued in *Re Kenrick and Jefferson Ltd's Application* that outside of registration there could be no ownership of a trade mark acquired by mere use, such a contention was rejected.<sup>195</sup> Swinfen Eady J held that the advent of registration did not mean that a user of an unregistered trade mark had no rights without obtaining a registration.<sup>196</sup> Registration merely prevented traders

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<sup>192</sup> *Faulder's Trade Mark* (1901) 18 RPC 535 (EWCA).

<sup>193</sup> *Faulder (Henry) & Co Ltd v O & G Rushton Ltd*, above n 191, at 492.

<sup>194</sup> This seems to be view of Michael Handler "Trade Mark Law's Identity Crisis (Part 2)" (2021) 44(2) UNSW Law Journal 456 at 471-472..

<sup>195</sup> *Re Kenrick and Jefferson Ltd's Application* (1909) 26 RPC 641 (EWHC).

<sup>196</sup> At 650.

from obtaining damages or an injunction for “trade mark infringement” in respect of an unregistered trade mark.<sup>197</sup> This seemed to suggest that common law rights founded on use subsisted and if such use resulted in the creation of goodwill and reputation, such rights could be protected by passing off. This recognition of unregistered rights created further problems in terms of reconciling concurrent registered rights related to the same trade mark. The solutions outlined in the subsections below were to further qualify the property acquired by registration.

### 3.6.2 Passing off Protection Qualified the Acquisition of Ownership

On its face, the 1875 Act and subsequent legislation promised significant security of title for those traders who registered their trade marks. Section 3 of the 1875 Act provided that “the registration of a person as first proprietor” was “*prima facie* evidence of his right to the exclusive use of such trade mark”. Further, s 3 provided that after five years, registration was “conclusive evidence” of a trader’s right to exclusive use of a trade mark.<sup>198</sup>

However, such provisions were significantly circumscribed by other sections. Section 6 of the 1875 Act provided that it was not “lawful” to register a trade mark the exclusive use of which would be “calculated to deceive” or would not “otherwise be deemed entitled to protection in a court of equity”. This section was initially interpreted as a mechanism to prevent

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<sup>197</sup> At 650. See also Ludlow, Jenkyns and Bryce, above n 169, at 16.

<sup>198</sup> If a trade mark registration was less than five years old a defendant could try to rebut the plaintiff’s claim to ownership as a way of defending a claim of infringement, see, for example, *Pinto v Badman* (1891) 8 RPC 181 (EWCA).

registration of trade marks that were *inherently* deceptive.<sup>199</sup> This reflected the position before registration legislation explained in Chapter 2, whereby in the Courts of Chancery a plaintiff would be denied protection if its claim to property in a trade mark was deceptive or “not founded on truth”. However, in *Eno v Dunn*, the House of Lords found that the equivalent section to s 6 of the 1875 Act in the 1883 Act (section 73) also captured a situation where the public could be deceived because of the use of a trade mark *by someone else*.<sup>200</sup>

The judicial approach to s 73 was conservative and registrability was affected by the comptroller’s (and the courts’) discretion to refuse registration.<sup>201</sup> If there was doubt about whether the proposed trade mark would be likely to deceive the public, registration could be refused. For example, in *Eno v Dunn* Lord Herschell was not convinced “there would be no reasonable danger of the public being ... deceived”.<sup>202</sup>

Section 5 the 1875 Act also allowed “any person aggrieved” to apply to rectify the Register and remove a registered trade mark that should not have been registered.<sup>203</sup> Judicial

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<sup>199</sup> See *Horsburgh and Co’s Application* [1878] (1885) 53 LJ Ch 237 at 238.

<sup>200</sup> *Eno v Dunn* (1890) 15 App Cas 252 (UKHL). In that case, Mr Dunn’s application to register a mark comprising the words “Dunn’s Fruit Salt Baking Powder” was successfully opposed because FRUIT SALT had come to identify Mr Eno’s product, meaning that Mr Dunn’s registration (and use) of the proposed words would deceive consumers.

<sup>201</sup> See *Re The Australian Wine Importers Ltd* (1889) 41 Ch D 278 at 285.

<sup>202</sup> *Eno v Dunn*, above n 200, at 261.

<sup>203</sup> The “aggrieved person” requirement provided a degree of security to ownership, by preventing busybodies trying to cancel a registration. Even so, in *Powell v Birmingham Vinegar Brewery Co Ltd* [1894] AC 8 (UKHL) the House of Lords suggested the term person aggrieved should not be interpreted narrowly because of the public interest in removing marks that ought not to be there.

interpretation of the inter-relationship between s 3 and s 5 further diluted the “quieting title” effect of s 3 of the 1875 Act. The courts found that s 5 (and its successor, s 90 of the 1883 Act) was not subject to s 3. This meant that even if a trade mark had been registered for more than five years, the Register could be rectified, and the registration removed if an aggrieved person established a trade mark had been improperly registered.<sup>204</sup> These sections reflected the fact that where an *unregistered* trade mark was protected by passing off, such protection could interfere with a person validly acquiring a registration for the same or a similar mark. To use language from land registration, registration of a trade mark only conferred a defeasible title. Pre-existing rights related to an unregistered trade mark would trump registration. Indeed, courts were later to recognise that having a registered trade mark did not amount to a defence for passing off.<sup>205</sup>

### 3.6.3 Exclusivity

A second related problem was determining who could legitimately claim ownership of a registered trade mark. Cornish notes that in the early years, the Registry had to process applications for around 45,000 “old marks” already in use.<sup>206</sup> As intimated in Chapter 2, trade was relatively localised until the 1860s.<sup>207</sup> Indeed, Cornish suggests that given how these old

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<sup>204</sup> *Re J B Palmer’s Application* (1882) 21 Ch D 47 (EWCA).

<sup>205</sup> See *Lyle and Kinahan’s Application* (1907) RPC 249 (EWCA) at 277.

<sup>206</sup> Cornish, above n 9, at 1003.

<sup>207</sup> By the start of 19<sup>th</sup> century, Britain had established a reliable transport infrastructure in terms of roads, outports, and canals that linked towns. However, the development of railways from the 1850s presented a significant change to transport in terms of efficiency and cost - see E J Evans *The Forging of the Modern State: Early Industrial Britain, 1783-1870* (3<sup>rd</sup> ed, Longman, Harlow, 2001) at 150 and William J Ashworth “Industry and

marks had been used separately without the threat of litigation indicates “how local so much trade was”.<sup>208</sup> Registration, though, changed the picture. The 1875 Act purported to grant exclusive rights to use *the trade mark to the person registered as first proprietor*. These rights extended across the United Kingdom. Further, pursuant to s 6, the Registrar could not, without “special leave”, register an identical trade mark “in respect of the same goods or classes of goods” or a trade mark “so nearly resembling” an existing trade mark “as to be calculated to deceive”.

It was soon realised that first in time priority rules of registration, and the promise of exclusive rights, could lead to unjust results when two or more traders had been independently using the same “old” mark for the same goods, but one trader was the first to register it.<sup>209</sup> To address the injustice occasioned by one trader winning the race to acquire property by registration, the Commissioner of Patents developed a three-mark rule, later approved by the courts.<sup>210</sup> Under this rule when a trade mark had been used by up to three persons in the same trade each could register it. If there were more than three traders using the same mark, the mark would be considered to be *publici juris* and lacking distinctiveness and could not be

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Transport” in Chris Williams (ed) *A Companion to Nineteenth-Century Britain* (Malden MA, Blackwell Publishing 2004) at 232. As Simon Ville “Transport” in Roderick Floud and Paul Johnson (eds) *Cambridge Economic History of Britain* (Cambridge University Press, 2008) 295 at 326 argues railway development from the this time, stimulated the integration of national markets.

<sup>208</sup> Cornish, above n 9, at 1003.

<sup>209</sup> See Johnson, above n 167, at 35.

<sup>210</sup> *Kerly's 1894*, above n 6, at 172.

registered.<sup>211</sup> This three-mark rule was applied under the special leave requirement of s 6 of the 1875 Act. The three-mark rule also came to be applied to “new” marks.<sup>212</sup>

A related challenge was where a trader sought to register a *new* trade mark, but the same trade mark was already in use (but not registered). In *Re Hudson’s Trade Mark* the Court of Appeal said that although registration conferred ownership in respect of a new mark this was contingent on no other trader having used the trade mark first.<sup>213</sup> Cotton LJ for example, stated that s 10 envisaged that the person designing a registrable trade mark “can be treated as the person entitled to register, if no one else had so used it as that his user would be interfered with by the registration”.<sup>214</sup>

Section 5 provided that the register could be rectified where a person “who is not for the time being entitled to the exclusive use of the trade mark” was entered on the Register as the first registered proprietor.<sup>215</sup> Kerly in his text stated that if a wrongful claim of proprietorship was made the mark should be refused registration or removed.<sup>216</sup> However, he only provides one supporting authority.<sup>217</sup> The 1884 case of *Mouson v Bohem* contemplated that prior use by

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<sup>211</sup> *Walkden Aearated Waters Co’s Application* [1877] (1884) 54 LR (Ch) 394 at 395.

<sup>212</sup> See Johnson, above n 167, at 38-39.

<sup>213</sup> At 326 per Fry LJ.

<sup>214</sup> At 320.

<sup>215</sup> The Rules under the Trade Marks Registration Act 1875 also made provision for a situation where multiple traders filed applications for the same or nearly identical mark. Rule 17 enabled the registrar to use his discretion to allow the marks to be registered with conditions or variations or to refer the matter to court.

<sup>216</sup> *Kerly’s 1894*, above n 6, at 60.

<sup>217</sup> *Apollinaris Co’s Trade Marks* (1891) 8 RPC 137 (EWCA). Arguably this case is not directly on point either. Fry

another trader could be the basis for removing a registration for the same trade mark.<sup>218</sup> A German soap manufacturer, Boehm had made prior use of the trade mark commencing in 1874. In 1880, in ignorance of Boehm's previous use, Mouson & Co adopted a substantially similar trade mark and sent trademarked products to England. It also registered the trade mark. Chitty J accepted that Boehm, as first user, had first acquired a trade mark "which became his property in connection with toilet soap".<sup>219</sup> Chitty J ultimately decided the case by reference to the "three mark rule", and refused to expunge Mouson & Co's trade mark and allowed Boehm to register his trade mark.

The lack of litigation surrounding proprietorship at this time can be explained by the restricted types of new marks that could be registered, the use of the three-mark rule in relation to both new and old marks, and the existence of s 6 – which envisaged that a user of an unregistered trade mark could oppose registration or remove a registration where use of the trade mark would be calculated to deceive. Moreover, at this time (and as the three-mark rule implied) the issue of multiple uses of the same trade mark was characterised as a problem of distinctiveness and whether a trade mark was common in the trade – not one of "proprietorship".

When the 1883 Act was enacted, s 62 stated that a trade mark may be registered by a person

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LJ observed that "a person who puts another's trade mark on the register cannot be a person entitled under the Act". However, in that case the importer of goods had registered the trade mark of the producer, and if it "had been one which indicated the importer it might have been maintained". Today, one would see this case as the filing of an application in bad faith, rather than proprietorship.

<sup>218</sup> *Mouson & Co v Boehm* (1884) 26 Ch D 398.

<sup>219</sup> At 404.

simply “claiming to be the proprietor”. Sebastian interpreted s 62 as meaning “nothing more” than “claiming to be the first to adopt, whether there has been any user or not”.<sup>220</sup> This suggested that – despite Neville J’s recognition of ongoing ownership of common law trade marks based on prior use in *Re Kenrick and Jefferson Ltd’s Application* – the appropriate way to challenge the legitimacy of a trader registering a trade mark already in use in the marketplace was to challenge registration on the grounds of deception – and not on the basis of proprietorship. Nevertheless, the defeasibility of a registered trade mark in light of use in the marketplace further qualified trade marks as a species of property. On its face, s 3 of the 1875 Act may have appeared to reflect the notion that a registered trade mark owner had “an indefinite power of excluding the world at large from the use” of the object of his or her property.<sup>221</sup> The way the legislation and judiciary approached concurrent use-based claims to rights in a trade mark meant the authority of a registered trade mark owner could, instead, be quite circumscribed.

### 3.7 Conclusion

In this chapter I have identified how registration legislation presented a different conception of trade mark as property. Instead of property rights attaching to the activity of using the trade mark as an indication of origin, registration legislation potentially suggested the property rights may attach to the sign represented on the Register. However, I have also explained that under early registration legislation such a notion was given little weight.

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<sup>220</sup> Lewis Boyd Sebastian *The Law of Trade Marks and Their Registration* (3<sup>rd</sup> ed, London, Stevens and Sons Ltd, 1890) at 361.

<sup>221</sup> See Ludlow, Jenkyns and Bryce, above n 169, at 5



Certain legislative provisions in the 1875 Act and 1883 Act, such as those governing the assignment of trade marks, retained a link with the activity-based conception of trade marks as property. Moreover, the judiciary sought to interpret the law to ensure trade marks were treated as a species of qualified property that sought to protect the activity of using a trade mark as an indication of origin.

In this chapter I have also examined the challenge presented by the fact that trade mark registration legislation was not seen as extinguishing the existence of property rights in unregistered and unregistrable trade marks, nor the ability of traders to obtain remedy under passing off. The legislative and judicial response to mediating between registered and unregistered rights to a trade mark was to give precedence to existing unregistered rights. This further diluted the “absoluteness” of registered trade mark as a species of property.

## Chapter Four: The Consolidation of Trade Marks as a Species of Qualified Property<sup>1</sup>

### 4.1 Introduction

The Trade Marks Act 1905 (1905 Act) made significant changes to existing United Kingdom trade mark law by expanding the types of signs that could be registered as trade marks and by increasing the security of title provided by registration. However, despite these two changes, in this chapter I argue that the 1905 Act was predominantly a conservative piece of legislation. The 1905 Act, and judicial interpretation of the legislation, consolidated the prioritisation of the conception of registered trade marks that had developed in the Courts of Chancery in the 19<sup>th</sup> century. This meant the property rights in a registered trade mark continued to be predominantly conceptualised as protecting *the activity* of using a sign as a truthful and reliable indication of origin. The notion that the property rights conferred by a registered trade mark attached to the sign itself *as an object* was largely ignored.

In making this argument, I explain that while the 1905 Act was an attempt to codify the existing law and the extant understanding of what it meant to say a registered trade mark was property, it was silent or was unclear about several matters of substance. I also demonstrate how the judicial approach to interpreting the legislation was “backward-looking” and attempted to interpret the 1905 Act in line with the previous judicial conceptualisation of the property rights attaching to registered trade marks. Finally, this

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<sup>1</sup> Some of the material in this chapter, principally in section 3.5.2, also appears in Rob Batty ““The Historical Development of the Descriptive Use Defence” (2021) 1 IPQ 22.

chapter identifies that certain provisions in the 1905 Act prevented the registration of a trade mark from trumping unregistered rights associated with origin denoting signs in the marketplace. These provisions cemented the foundations for mediating between registered and unregistered trade marks and provided a delineation and further qualification to the authority conferred by a registered trade mark.

## 4.2 The 1905 Act

### 4.2.1 Background to the 1905 Act

The late 19<sup>th</sup> century was a period of significant change in retailing in Britain.<sup>2</sup> There was a significant increase in department and co-operative stores. By 1900, there were more than two hundred department stores and around 1,000 co-operative societies.<sup>3</sup> As Fitzgerald has argued, consumers, including those from the working-class, started to favour these fixed shops over travelling salesmen and local retail markets.<sup>4</sup> To cater for a growing mass market, consumer goods industries emerged, and buoyed by technological innovation, large scale manufacturers sought to produce consumer goods in high volumes and at accessible price points.<sup>5</sup>

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<sup>2</sup> Richard A Hawkins “The Study of British Retail History” in DG Brian Jones and Mark Tadajewski (eds) *The Routledge Companion to Marketing History* (Routledge, London, 2016) 315 at 321.

<sup>3</sup> John Benson *The Rise of Consumer Society in Britain, 1880-1980* (Longman, London, 1994) at 40.

<sup>4</sup> R Fitzgerald *Rowntree and the Marketing Revolution, 1862-1969* (Cambridge University Press, Cambridge, 1995) at 19.

<sup>5</sup> Fitzgerald, above n 4, at 19.

These changes to retailing coincided with the first appearance of “branded”, mass-produced consumer goods in the British marketplace,<sup>6</sup> and a corresponding increased desire for manufacturers of consumer goods to use words as brand names.<sup>7</sup> For example, Lever Brothers used SUNLIGHT soap from the mid 1880s on wrapped soap, LUX for soap flakes in 1899 and MONKEY for scouring powder in 1899.<sup>8</sup> As Mercer notes, these brand names were used to suggest novelty about substitutable consumer goods in order to gain a competitive advantage over other manufacturers.<sup>9</sup> Such brand naming strategies were combined with marketing practices that focused primarily on “mass promotion”.<sup>10</sup> The aim was to generate brand name awareness associated with products through repeated advertising messages.<sup>11</sup>

Despite the changes to the 1875 Act in 1883 and 1888, registered trade mark law was considered “unsatisfactory” to the commercial and legal community.<sup>12</sup> The major defect identified was that the restrictions on registrability in trade mark legislation had not kept up with changes to marketing practice. Some of the brand names being devised and utilised were

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<sup>6</sup> Stefan Schwarzkopf “Turning Trademarks into Brands: How Advertising Agencies Practiced and Conceptualized Branding, 1890-1930” in T da Silva Lopez and P Duguid (eds) *Trademarks, Brands, and Competitiveness* (Routledge, New York and London, 2010) 165 at 168.

<sup>7</sup> John Mercer “A Mark of Distinction: Branding and Trade Mark Law in the UK from the 1860s” (2010) 52(1) *Business History* 17 at 25 and 35.

<sup>8</sup> Mercer, above n 7, at 29 referring to C Wilson *The History of Unilever: A Study in Economic Growth and Social Change Vol 1* (Cassell, London, 1970, originally published 1954).

<sup>9</sup> Mercer, above n 7, at 35.

<sup>10</sup> Schwarzkopf, above n 6, at 169.

<sup>11</sup> Schwarzkopf, above n 6, at 169

<sup>12</sup> DM Kerly *The Trade Marks Act, 1905* (Sweet & Maxwell, London, 1906) [*Kerly’s 1905*] at 2. HF Moulton *The Life of Lord Moulton* (Nisbet, London, 1922) at 84-85. “Trade Mark Bill No. 53” *The Times* (London, 13 June 1904) at 5.

incredibly valuable to traders. Yet, despite being protected under the law of passing off, such brand names did not comprise a necessary “essential particular” to be registrable trade marks under legislation.<sup>13</sup> The ontological status of a symbol trumped how the symbol may have functioned in the marketplace.<sup>14</sup>

The approach taken to registrability under the legislation also foreclosed traders obtaining reciprocal trade mark protection overseas.<sup>15</sup> A related defect was that, where registration was achieved, a complicated process of disclaimers had been used to restrict the exclusive rights of trade mark owners to only the “enumerated essential particular” in their trade mark registration (even though the registration may have contained other elements).<sup>16</sup>

A further deficiency identified was that the property rights provided by a registered trade mark were not secure. Section 90 of the 1883 Act enabled an aggrieved person to apply to expunge a registration “made without sufficient cause”. In applying this section, courts were concerned about the “purity of the Register”. For example, in *Paine & Co v Daniells & Sons Breweries* Bowen LJ observed that where a trade mark was registered which:<sup>17</sup>

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<sup>13</sup> For example, Fletcher Moulton in *Report and Special Report from the Select Committee on the Trade Marks Bill* (7 July 1905) at Q.83 [Select Committee Report] gave the example of Yorkshire Relish, which was protectable by the law of passing off and was described as the “most unassailable Trade Mark” one could know of — “and yet it cannot be registered”.

<sup>14</sup> For example, in *Ex Parte Stephens* (1876) 3 Ch D 659 (EWHC) registration of the words AEILYTON was rejected even though the mark was said to be factually distinctive

<sup>15</sup> *Kerly's 1905*, above n 12, at 4.

<sup>16</sup> *Kerly's 1905*, above n 12, at 7.

<sup>17</sup> *Paine & Co v Daniells & Sons Breweries* (1893) 14 RPC 217 (EWCA) at 232.

... cannot in law be justified as a trade-mark, it seems to me that the Court's duty may well be, whatever are the demerits of the applicant, to purify the register and to expunge the illegal entry in the interests of trade...

Section 76 of the 1883 Act promised that five years of registration would be “conclusive evidence” of a trade mark owner's exclusive rights to use a trade mark. However, the courts found that s 76 was subject to s 90.<sup>18</sup> This meant there was no time-based restrictions on attacks on registered trade marks by third parties. Registered trade marks could be removed from the Register many years after they were registered.<sup>19</sup>

In 1902, a proposal brought by 97 firms to make title “indefeasible” under trade mark legislation was presented to the Board of Trade. The memorial identified that the existing judicial interpretation of registered trade mark law meant that:<sup>20</sup>

... registered owners have to defend themselves against applications to remove their marks from the register even after twenty-five years of undisputed registered ownership.

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<sup>18</sup> *Re Wragg's Trade-Mark* (1885) 29 Ch D 551 (EWHC) and *Baker v Rawson* (1889) 8 RPC 89 (EWHC).

<sup>19</sup> *Kerly's 1905*, above n 12, at 2-3. See also DM Kerly *The Law of Trade-marks, Trade-name, and Merchandise Marks* (Sweet and Maxwell, London, 1894) [*Kerly's 1894*] at 258-260.

<sup>20</sup> Copy of Memorial Presented to the Board of Trade on 8 May 1902 by Ninety-Seven Firms, Appendix 11 to Select Committee Report, above n 13.

Several Bills were unsuccessfully presented before the House of Commons in the 1900s seeking to reform trade mark law.<sup>21</sup> However, as explained in the next subsection, it was the 1905 Trade Mark Bill promoted by Fletcher Moulton that finally made its way into law.

#### 4.2.2 The Trade Marks Bill and the 1905 Act

Fletcher Moulton's Trade Marks Bill divided trade mark law out from legislation relating to patents and designs into a separate piece of legislation. The Bill contained seventy-four clauses. Fletcher Moulton said he wanted to create a "complete code" for trade marks.<sup>22</sup> Earl Spencer in the House of Lords described it as "principally a consolidation Bill",<sup>23</sup> and Kerly subsequently described the legislation as providing "a detailed and nearly complete code of the law relating to registered trade marks".<sup>24</sup>

This desire for consolidation reflected a wider call from some quarters – particularly businessmen – in the 19<sup>th</sup> century towards codification of commercial law.<sup>25</sup> However,

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<sup>21</sup> For example, Bill to Consolidate and Amend the Law Relating to Trade Marks 1901 (Bill No 79). See also "The Amendment and Consolidation of the Law Relating to Trade-Marks" (1903) 47 *The Solicitors Journal and Reporter* 827.

<sup>22</sup> Select Committee Report, above n 13, at Q.1 - 4].

<sup>23</sup> (1 August 1905) 150 GBPD HL 1053 at 1071. See also M J Riley "The Trade Marks Act, 1905 (1908) 53 *Solicitors' Journal and Weekly Reporter* 15 at 15: "The object of the Act was to codify and improve the administration of a highly important branch of commercial law". This intention for consolidation is also reflected in earlier Bills, such as, A Bill to Consolidate and Amend the Law Relating to Trade Marks 1903 (Bill No 174).

<sup>24</sup> *Kerly's 1905*, above n 12, at 3.

<sup>25</sup> William Cornish, Michael Lobban and Keith Smith "Sources of Law" in Cornish et al (eds) *The Oxford History of Laws of England: Volume XI: 1820-1914: English Legal System* (Oxford Scholarship Online, 2010) at 55-59 and Alan Rodger "The Codification of Commercial Law in Victorian Britain" (1992) LQR 570. Codification attempts generally

Fletcher Moulton went beyond trying to faithfully reproduce the existing law, which had typified other codification attempts in the Bills of Exchange Act 1882 and Sales of Goods Act 1893.<sup>26</sup> His proposed legislation also sought to introduce some significant changes to the existing law – principally the enlargement of the scope of what symbols could be registered and an enhancement to the security of title obtained by registration.<sup>27</sup>

Fletcher Moulton was at the time a Liberal Party member, which sat in opposition. The Trade Marks Bill was therefore a private members Bill, and as the *Life of Lord Moulton* attests, getting the Trade Marks Bill through Parliament was a formidable task.<sup>28</sup> Fletcher Moulton – himself a highly experienced barrister with vast experience in trade mark matters – was the main witness before the Select Committee considering the 1905 Trade Marks Bill and was able to meet most of the objections, without compromising the material provisions of the Bill.<sup>29</sup>

As with the previous legislation, the 1905 Act did not expressly state that a registered trade mark was personal property. However, the tenor of the deliberations before the Select Committee indicated that the new legislation did not alter the previous assumption that

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failed to get through Parliament, with a few notable exceptions, in particular the Sale of Goods Act 1893 56 & 57 Vict c 71.

<sup>26</sup> See M D Chalmers “An Experiment in Codification” (1886) 2 LQR 125 at 126 and M D Chalmers “Codification of Mercantile Law” (1903) 19 LQR 10 at 14.

<sup>27</sup> See Oscar H Behrens “Trade Marks Bill” *The Manchester Guardian* (19 August 1905) suggesting “many drastic changes in the legislation have been effected”.

<sup>28</sup> Moulton, above n 12, at 86. See also Chalmers “Codification of Mercantile Law”, above n 26, at 14 noting the “increasing difficulty in passing any measure of law reform” through the House of Commons.

<sup>29</sup> At 86.



registered trade marks were a species of property. For example, Fletcher Moulton introduced the Trade Marks Bill by saying that:<sup>30</sup>

... in a Bill which is of interest to the commercial community, and closely and supremely affects a *type of property of great value possessed by them*, it is important that the legislation should as far as possible be intelligible even to a layman (emphasis added).

Another witness also described trade marks “as being a valuable property to the owner of them”.<sup>31</sup>

Moreover, it is suggested that the 1905 Act did not seek to alter the predominant conception of trade marks as a species of qualified property. An intention to consolidate the existing conceptualisation of the property rights in trade marks is evident in a number of sections of the 1905 Act. For example, s 22 stated that a trade mark could only be assigned in connection with the goodwill of the business. Fletcher Moulton described the provision as reflecting a fundamental principle of existing trade mark law. The assignment of a trade mark without goodwill would involve “purchasing the right to deceive the public”.<sup>32</sup> Before addressing significant further examples of the consolidation of the qualified model of property, attention will be directed to the two primary changes made by the 1905 Act intimated above.

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<sup>30</sup> Select Committee Report, above n 13, at Q. 3.

<sup>31</sup> At Q. 1091 per Mr Arthur Ashworth.

<sup>32</sup> At Q. 110.

## 4.3 Significant Statutory Provisions

### 4.3.1 Expansion of Registrability and Increased Security

A clear aim of the 1905 Act was to get more trade marks on the Register.<sup>33</sup> To facilitate this intention, the 1905 Act created a tripartite definition scheme of “mark”, “trade mark” and “registrable trade mark”. The term mark was defined to “include a device, brand, heading, label, ticket, name, signature, word, letter, numeral, or any combination thereof”.<sup>34</sup> The definition of “trade mark” was new.<sup>35</sup> Trade mark was defined to mean a “mark used or proposed to be used in connexion with the goods for the purpose of indicating that they are goods of the proprietor of such trade mark, by virtue of manufacture, selection, certification, dealing with, or offering for sale”.<sup>36</sup> The statutory definition left unaltered the core notion that a trade mark was a symbol that served to indicate the origin of goods.<sup>37</sup> However, as further explained below, the statutory definition was seen as explicitly tying the *validity* of a registration to the activity of using a mark as an indication of origin.

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<sup>33</sup> It was said that the aim of the 1905 Act was that all signs that were being used as trade marks be registered, so the public at large could know what marks were free to use, see *Re Apollinaris Trade Mark* (1907) 2 Ch 178 (EWHC) at 180 arguments of Astbury KC and Sebastian. The Registrar had suggested in his evidence to the Select Committee considering the Trade Marks Bill 1905 that there should be as “large an area of registrable trade marks as possible”, Select Committee Report, above n 13, at Q. 936.

<sup>34</sup> Trade Marks Act 1905 5 Edw VII c 15, s 3.

<sup>35</sup> To be clear, early registration has defined what a registrable trade mark was for the purposes of the legislation, but did not purport to define a trade mark per se.

<sup>36</sup> Trade Marks Act 1905 5 Edw VII c 15, s 3.

<sup>37</sup> Select Committee Report, above n 13, at Q. 36. D M Kerly and F G Underlay *The Law of Trade Marks and Trade Name* (3<sup>rd</sup> ed, Sweet & Maxwell, London, 1908) [Kerly’s 1908] at 20.

The 1905 Act continued to provide that a “registrable trade mark” had to comprise one of a list of essential particulars.<sup>38</sup> However, the list of essential particulars was expanded to include words “having no direct reference to the character or quality of the goods”, and a word that was not in “its ordinary signification a geographical name or a surname”.<sup>39</sup> This change thereby opened up registration to a much more extensive array of words that, as explained above, traders were starting to use as brand names.

Further, even if a word or other symbol did not fall within one of the expanded list of essential particulars, the 1905 Act contemplated that it was possible for the Board of Trade or a court to deem, on the merits of a case, that a symbol comprised a “distinctive mark” and authorise registration.<sup>40</sup> “Distinctive” was defined to mean a mark that was “adapted to distinguish the goods of the proprietor of the trade mark from those of other persons”.<sup>41</sup> This definition accorded with the previous understanding before trade mark legislation that to be a trade mark a symbol had to be one that could distinguish and thereby identify the goods of a trader.<sup>42</sup> What was new was that s 9 permitted a court or tribunal to take into account evidence of recognition of a mark in the marketplace in determining whether a mark was “adapted to distinguish”. The 1905 Act, therefore, “abandoned the policy of absolute exclusion” if a symbol did not comprise an essential particular,<sup>43</sup> which was seen as an acute

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<sup>38</sup> Special provision continued to be made for the registration of “old marks” in use before 13 August 1875.

<sup>39</sup> Trade Marks Act 1905 5 Edw VII c 15, s 9. No matter what category the trade mark fell into, a “registrable trade mark” had to be distinctive, *Fanfold Ltd’s Application* (1928) 45 RPC 199 (EWHC) at 204.

<sup>40</sup> Trade Marks Act 1905 5 Edw VII c 15, s 9(5).

<sup>41</sup> Trade Marks Act 1905 5 Edw VII c 15, s 9.

<sup>42</sup> *Kerly’s 1908*, above n 37, at 174.

<sup>43</sup> *Re Joseph Crosfield & Sons Ltd* (1910) 1 Ch 130 (EWCA) at 145 [*Joseph Crosfield*].

failure of earlier trade mark legislation.<sup>44</sup> However, the registrar still retained the discretion over whether to accept or refuse, absolutely, any application.<sup>45</sup>

As well as expanding registrability, the 1905 Act also took steps to respond to the concern about the lack of security of ownership conferred by trade mark registration. The 1905 Act, though, did not go as far as the 1902 memorialists wanted. In response to the 1902 memorial, there was “misgivings” by the Board of Trade about making title to a trade mark indefeasible, seemingly on the basis that it would adversely affect the rights of third parties.<sup>46</sup> The 1905 Act provided something of a compromise. Section 35 allowed an aggrieved person to apply to expunge “any entry made in the register without sufficient cause”. However, the 1905 Act made registration *prima facie* evidence of validity and by s 41 after seven years, the registration was “taken to be valid in all respects” unless such original registration was obtained by fraud or contravention of s 11 (discussed below). With the exception of fraud and contravention of s 11, the presumption of validity under the 1905 Act was not subject to the s 35 rectification provisions. The effect of s 41 was to close the door for a court to say that a registered trade mark (after seven years) was not a sign that was “a proper subject matter” for ownership.<sup>47</sup>

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<sup>44</sup> *Kerly's 1905*, above n 12, at 4, fn 1 quoting an address by Fletcher Moulton to the Chartered Institute of Patent Agents in 1906: “It often seems to me that our Courts have at times considered it as a triumph if they kept a mark off the register, even though it was a mark undoubtedly used and recognised. Every mark that they so kept off the register was an instance of the failure of trade mark legislation”.

<sup>45</sup> Trade Marks Act 1905, 5 Edw VII c 15, s 12(2).

<sup>46</sup> Select Committee Report, above n 13, at Q. 1756 per Sir Francis Hopwood.

<sup>47</sup> *General Electric Co Ltd (USA) v General Electric Co Ltd* (1972) 1 WLR 729 (UKHL) at 749 [*GE Trade Mark*].

#### 4.3.2 A Use Requirement for the Acquisition and Maintenance of Property Rights

Despite the changes described above which sought to further the interests of trade mark owners, in other significant respects, the 1905 Act primarily consolidated the previous understanding of trade marks as a qualified species of property that protected the activity of using a symbol to indicate trade origin. This can first be demonstrated by explaining how the 1905 Act addressed the acquisition and maintenance of ownership of registered trade marks.

The 1905 Act removed the fiction that registration was equivalent to public use, and added the wording “proposed to be used” in the statutory definition of a trade mark. These changes made explicit that registration enabled a person to acquire property rights in a registered trade mark that had not been used.<sup>48</sup> This seemed to support a shift towards greater recognition of the notion that property rights attached to the abstract representation of the mark – that is, the representation recorded on the Register.<sup>49</sup> If there was no use of the trade mark, self-evidently there could be no activity to be protected.

Yet, there were also contrary and significant statutory indications that continued the emphasis on trading activity. In particular, the first part of s 37 of the enacted 1905 Act provided that a trade mark registration could be removed if the proprietor had no bona fide intention to use the mark in respect of the registered goods and the trade mark had not been

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<sup>48</sup> Cf. M J Riley above n 23, at 16: “It is user... not registration – that forms the real title to the proprietorship of a trade mark”. Riley also, at 17, made note of the United States Trade Marks Act of 1881 and 1905 which required previous use of the trade mark by the applicant as a condition of registration.

<sup>49</sup> See Riley, above n 23, at 17: “The permission to register a mark that is not yet used but is only proposed to be used...comes very near to recognising the ownership of trade marks in gross”.

put to bona fide use as a matter of fact. Requiring a bona fide intention to use appeared to tie the grant of property rights to the imminent activity of using the trade mark in the marketplace.

Section 37 also appeared to have been motivated by practical concerns. Fletcher Moulton said that in preparing the 1905 Act he was mindful that “derelict” trade marks could “lumber up the Register”.<sup>50</sup> This seemed to be an early expression of a concern about “trade mark cluttering”.<sup>51</sup> Mr Evans-Jackson, a patent consultant and engineer who had filed more than 10,000 applications, attested to the prevalence of the practice of trade mark “trafficking” and the damage caused to traders by registering trade marks for a whole class when the trader had no intention of using them on such a wide range of goods.<sup>52</sup> The Registrar of Designs and Trade Marks also spoke in favour of the proposed 1905 legislation inducing traders to register trade marks only for the goods they intended to use them for.<sup>53</sup>

In addition, the second part of s 37 provided that a trade mark registration could be removed if there had been no bona fide use for a period of five years, unless the owner could point to special circumstances “and not to any intention not to use or abandon such trade mark in respect of such goods”. This section ensured that a trader could not keep property rights to a trade mark when the trader failed to engage in the activity of using a trade mark in the

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<sup>50</sup> Select Committee Report, above n 13, at Q. 182-186.

<sup>51</sup> See Georg von Graevenitz and others *Trade Mark Cluttering: An Exploratory Study* (Research Commissioned by the United Kingdom Intellectual Property Office, April 2012).

<sup>52</sup> Select Committee Report, above n 13, at Q. 1198– Q.2000.

<sup>53</sup> At Q. 1714.

marketplace as an indication of origin of vendible products. The five-year period operated as a rough rule of thumb, that can be seen as reducing the enforcement costs of courts engaging in a detailed inquiry into whether the activity of using the trade mark had commenced.<sup>54</sup>

#### 4.3.3 Unregistered Rights and Deception

The 1905 Act also attempted to address two interrelated concerns that had developed under earlier law. The first concern was to ensure the grant of property rights to a registered trade mark was contingent on the non-deceptive use of a sign as a *truthful and reliable indication of origin*. The second concern was to ensure the pre-existing activity of traders who had been innocently using trade marks as reliable indications of origin in the marketplace would not be compromised by another trader's registration of the same or a confusingly similar trade mark. The 1905 Act addressed these concerns with several provisions. First, as indicated above, the presumption of validity in s 41 was subject to an exception if the registration offended against section 11. Section 11 originated from s 6 of the 1875 Act and stated:

It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design.

Section 11 captured situations of deception or confusion which would be caused by use of the trade mark itself. For example, where the trade mark itself contained a deceptive connotation. Section 11 also captured deception or confusion caused by use of the trade mark

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<sup>54</sup> See further Robert Bone "Enforcement Costs and Trademark Puzzles" (2004) 90 Virginia Law Review 2099.

in light of the use of an unregistered trade mark by other third parties. Section 11 thereby enabled third parties to oppose or expunge the registration of trade marks because their prior use (and/or registration) of the same or similar trade marks in the marketplace would be likely to deceive or cause confusion. For example, in *Compagnie Industrielle des Petroles Application* the owners of a registered trade mark MOTORINE that had been extensively used for lubricating oils, opposed an application to register MOTRICINE for light mineral oils for driving motor cars and oil engines.<sup>55</sup> The opposition was successful under s 11. Warrington J thought there was a possibility of confusion and deception between the names and a risk to the public if consumers purchased a tin of MOTRICINE thinking it was MOTORINE – including a risk of an explosion.<sup>56</sup> Section 11 therefore reflected the fact that the grant of property rights to a registered trade mark was subject to preventing the public from being deceived – a notion that can be derived from the Chancery courts’ refusal to grant injunctions to protect the owners of deceptive or misleading trade marks.<sup>57</sup>

Second, s 21 of the 1905 Act introduced an honest concurrent use provision which allowed a court, in cases of “honest” concurrent use or special circumstances, to permit the registration of an unregistered trade mark despite the existence of a conflicting registration. Section 21 was described by Fletcher Moulton as giving new statutory powers to the courts.<sup>58</sup> However,

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<sup>55</sup> *Compagnie Industrielle des Petroles' Application* (1907) 24 RPC 585 (EWHC).

<sup>56</sup> At 589.

<sup>57</sup> *Kerly's 1908*, above n 37, at 267.

<sup>58</sup> Select Committee Report, above n 13, at Q.129.



s 21 was essentially an extension of the three-mark rule explained in Chapter 3.<sup>59</sup> Section 21 was further complemented by a part of s 41 which provided a prior continuous use defence. This provision provided that the exclusive rights conferred by a registration did not allow the registered trade mark proprietor to interfere with a person who had used the same or a similar mark prior to use of the trade mark covered by the registration.

The leading case concerning s 21 – *Alex Pirie & Sons Ltd's Application* – emphasised an approach that balanced a number of factors in assessing the relative inconvenience to parties and the public if the applicant's mark was registered.<sup>60</sup> In that case, the applicant knew of the opponent's conflicting mark prior to applying to register its trade mark. However, the applicant's trade mark was honestly adopted, and the opponent's trade mark was not on the applicant's mind when the mark was adopted.<sup>61</sup> This honesty in adopting the trade mark dispelled the significance of the applicant's knowledge of the opponent's mark and the registration was allowed to proceed under s 21.

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<sup>59</sup> Phillip Johnson "The Rise and Fall of Honest Concurrent Use" in Ilanah Simon Fhima (ed) *Trade Mark Law and Sharing Names: Exploring Use of the Same Mark by Multiple Undertakings* (Edward Elgar, Cheltenham, 2009) 31 at 41. Johnson has identified that there were some private misgivings about s 21 as it allowed concurrent property rights to exist in respects of the same trade marks - citing Memorandum of Lord Chief Justice (Alverstone CJ) on Trade Marks Bill 10 June 1905. However, such misgivings were not aired before the Select Committee and s 21 proceeded with little discussion.

<sup>60</sup> *Alex Pirie & Sons Ltd's Application* (1933) 50 RPC 147 (UKHL). See also *John Fitton & Co Ltd's Application* (1949) 5 RPC 110 (Assistant Comptroller) at 112.

<sup>61</sup> At 155.

Third, the previous judicial accommodation of existing users of unregistered trade marks whose marks were protected by passing off was codified by the 1905 Act. Section 45 provided that nothing in the legislation affected passing off actions and remedies.

These provisions illustrated a unique feature of a trade mark registration system that can be highlighted by drawing a comparison to land registration systems that had developed in the 19<sup>th</sup> century, such as the “Torrens” system in Australia and New Zealand.<sup>62</sup> For example, the 1906 New Zealand decision of *Fels v Knowles* described the “cardinal principle” of the Land Transfer 1885 as: “the register is everything”.<sup>63</sup> Only registered interests bound the registered proprietor of land. Except in the case of fraud, a person dealing with the registered proprietor of land, took an “indefeasible title against all the world”.<sup>64</sup> In comparison, despite traders’ attempts to create a more secure title to trade marks under the 1905 Act, the property rights secured by a trade mark registration appeared relatively insecure.

Further, the development of honest current use doctrine reduced the weight given to the evidentiary and notice role of the trade mark Register.<sup>65</sup> In the 1882 case of *J B Palmer’s Application* Jessel MR had declared:<sup>66</sup>

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<sup>62</sup> See further Rob Batty “The Conclusiveness of Trade Mark Registration: A New Zealand Perspective” (2019) 4 IPQ 306.

<sup>63</sup> *Fels v Knowles* (1906) 26 NZLR 604 (NZCA) at 620.

<sup>64</sup> At 620.

<sup>65</sup> See further Batty, above n 62.

<sup>66</sup> *Re J B Palmer’s Application* (1882) 21 Ch D 47 (EWCA) at 58.

A man who sells his goods, and affixes thereto a device that is a real trade-mark is bound to go and look at the register, and see if anybody else is proprietor of that device, and if he does not he must take the consequences.

Jessel MR's observation would have been applicable to a Torrens-based land registration system. Those dealing with property in land were deemed to have constructive knowledge of documents recorded on the register.<sup>67</sup> However, the subsequent development of the honest concurrent use "doctrine" under the 1905 Act, and the prior continuous use defence, negated a trader facing the consequences of not inspecting the Trade Marks Register. The Register helped signpost a trade mark owner's property rights – that is, the right to exclude others from engaging in the activity of using that symbol as an indication of origin. The Register, though, did not translate to third parties' having constructive notice of the trade mark owner's property rights. Indeed, the user of an unregistered trade mark was potentially able to obtain registration even if use of the mark commenced after the same or a similar trade mark had been registered. The combined effect of the provisions further highlighted that the degree of authority conferred by a registered trade mark over the activity of using a sign as an indication of origin was far from absolute.

The provisions also confirmed the essentially negative nature of the property rights in a registered trade mark.<sup>68</sup> Obtaining a trade mark registration did not necessarily provide a trader with a liberty to use the trade mark. A trader could still be prevented from using a

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<sup>67</sup> *Re Goldstone's Mortgage: Registrar-General of Land v Dixon Investment Co Ltd* [1916] NZLR 489 (NZCA) at 504–505.

<sup>68</sup> See, for example, *British American Tobacco UK Ltd & Othes v The Secretary of State for Health* [2016] EWHC 1169 at [737]–[743].

trade mark if use of that trade mark would amount to passing off.<sup>69</sup> As the next section shows, the judiciary's interpretation of the 1905 Act across three other core areas of trade mark doctrine additionally cemented the predominance of the qualified and activity-based conception of the property rights conferred by a registered trade mark.

## 4.4 Judicial Responses to the 1905 Act

### 4.4.1 The Centrality of Use to the Acquisition and Maintenance of Ownership

*Re Ducker's Trade Mark* presented an opportunity for the English Court of Appeal to consider the statutory provisions that tied an intention to use to the acquisition of property rights associated with a registered trade mark.<sup>70</sup> Mrs Ducker had registered the trade mark NOTOX for hair dyes in unusual circumstances. Mrs Ducker, her husband and brother in law were interested in hair dyes. However, her husband and brother in law became embroiled in a criminal investigation, and on the advice of her husband, Mrs Ducker applied to register the trade mark NOTOX "so as to have something to start business with if anything happened to her husband and she were thrown on her own resources".<sup>71</sup> Mrs Ducker had no intention of using the trade mark or starting a business herself. She had registered the mark "as a sort of precaution", and if the occasion arose, she might have assigned the trade mark to a third party, but she had no immediate intention to use the trade mark.<sup>72</sup> An American hair-dye

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<sup>69</sup> *Lyle and Kinahan Ltd's Application* (1907) 24 RPC 249 (EWCA).

<sup>70</sup> *Re Ducker's Trade Mark* (1929) 1 Ch 113 (EWCA).

<sup>71</sup> At 113.

<sup>72</sup> At 114.

company applied under s 37 of the 1905 Act (which provided for the removal of trade marks filed without a bona fide intention to use) to remove Mrs Ducker's registration.

In considering s 37, Lord Hanworth MR "looked backwards" and found that Romer J's earlier decision in the *Batt* case remained good law.<sup>73</sup> When applying to register a trade mark on the basis of proposed use, a trader must have "some definite and present intention to deal" in certain goods.<sup>74</sup> In the course of this judgment, Lord Hanworth MR also referred to the definition of a trade mark. In his view, the very definition of a trade mark under the 1905 Act, which incorporated the phrase "proposed to be used", meant a trader must have "a real intention to use" a mark.<sup>75</sup> This could not be an "uncertain or indeterminate possibility" but a "resolve or settled purpose".<sup>76</sup> Such language intimated only a short window of time between filing an application and use of the mark. Further, the ability to remove a trade mark on the basis of s 37 had a "direct relation to the origin of a trade mark, its nature, its definition".<sup>77</sup> On the facts of the case it was found that Mrs Ducker did not have a bona fide intention to use and there was no bona fide use in fact, so the trade mark registration was removed under s 37.<sup>78</sup>

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<sup>73</sup> At 121-122.

<sup>74</sup> At 121 making reference to *Re the Registered Trade-Marks of John Batt & Co* (1898) 2 Ch 432 (EWCA).

<sup>75</sup> At 121.

<sup>76</sup> At 121.

<sup>77</sup> At 122.

<sup>78</sup> At 122.

In *Neuchatel Asphalte Co Ltd's Application* Sargant J also found that intention to use was central to the definition of a trade mark.<sup>79</sup> This meant that in addition to s 37, an application to register a trade mark could be opposed on the basis that an applicant had no present intention to deal with goods covered by the application. In that case, the applicant had agreed to a contractual restriction from trading in the relevant goods in the United Kingdom. Although noting the contractual restriction was limited in duration, Sargant J still found the applicant's intention to use "was too far off and too remote" and therefore the application did not meet the statutory definition of a trade mark – being a mark that was proposed to be used.<sup>80</sup> Sargant J observed that "there are indications all through the Trade Marks Act, 1905, that what is to be protected is trade or business in goods".<sup>81</sup>

Both *Re Ducker's* and *Neuchatel Asphalte* consolidated the importance of intention to use, which in turn, emphasised the conceptualisation of a registered trade mark as a species of qualified property. Requiring a bona fide intention to use a trade mark linked the acquisition of property rights to the activity of using the mark in the marketplace.

The judicial interpretation of the second component of s 37, which allowed the removal of a trade mark on the grounds of a lack of bona fide use within a five year period, also cemented the centrality of the activity of using a trade mark as an indication of origin in the marketplace to the property rights in a registered trade mark. Section 37 was initially described by Fletcher

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<sup>79</sup> *Neuchatel Asphalte Co Ltd's Application* (1913) 2 Ch 291 (EWHC).

<sup>80</sup> At 302.

<sup>81</sup> At 302.

Moulton as an “abandonment clause”.<sup>82</sup> In *Andrew & Coy v Kuehnrich*, Kerly appearing as counsel also argued that “all that bona fide” meant in s 37 was “that there should no abandonment, or such conduct as the Court will infer constitutes abandonment”.<sup>83</sup>

A closer examination of the subsequent judicial approach to s 37 of the 1905 Act indicates that it did not operate as an abandonment clause, and as indicated above, was a shortcut, reflecting the position prior to registration legislation. To elaborate, abandonment describes the activity of an owner who voluntarily and intentionally divests themselves of ownership of a tangible thing.<sup>84</sup> Abandonment of a tangible item of property requires a person to physically part with a thing and have a clear and unequivocal intent to abandon ownership of it.<sup>85</sup> As explained in Chapter 2, Lord Westbury’s property theory of trade marks intimated that ownership of a trade mark was acquired by use and could be lost by non-use – rather than abandonment.<sup>86</sup> This notion of ownership being lost by non-use was linked to the activity of using a trade mark to indicate and distinguish the trade origin of goods. If a trade mark was not in use, it could not carry out such a function.

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<sup>82</sup> Select Committee Report, above n 13, at Q 194.

<sup>83</sup> *Andrew & Coy v Kuehnrich* (1913) 30 RPC 677 (EWCA) at 684.

<sup>84</sup> See William Blackstone *Commentaries on the Laws of England: Volume 2* (Clarendon Press, Oxford, 1765-1769) at 9.

<sup>85</sup> See *Moffat v Kazana* (1969) 2 QB 152 (Nottingham Assize) at 156: “One does not abandon property merely because one has forgotten where one put it”.

<sup>86</sup> *GE Trade Mark*, above n 47, at 742. See also Anon “Trade Marks” (1850) 14(2) *The Jurist* 223 at 224: “It is obvious that disuse...would vacate the right”.

The enactment of the 1875 Act left matters opaque as to whether property rights acquired by registration were lost simply by non-use.<sup>87</sup> Rule 34 of the Rules made under 1875 Act contemplated that an aggrieved person could apply to the Court to remove a trade mark from the register if, after five years from the date of registration, “the registered proprietor is not engaged in any business concerned in the goods with respect to which a trade mark is registered”. This rule, on its face, suggested a complete cessation of business was required for ownership to be lost, akin to abandonment.<sup>88</sup> Further, in *Mouson & Co v Boehm* Chitty J applied principles of abandonment to determine when ownership of an unregistered trade mark was lost.<sup>89</sup> Relying on an easement case,<sup>90</sup> and the law of larceny,<sup>91</sup> Chitty J found the question was one of abandonment and this turned on whether there was an intention to abandon.<sup>92</sup> The necessary intention could be inferred from the circumstances, but mere non-use of the trade mark would not be sufficient to infer an intention to abandon.<sup>93</sup>

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<sup>87</sup> *GE Trade Mark*, above n 47, at 748: “...under the Act of 1875 had been implicit in the common law meaning of trade mark which involved a requirement that it should be in actual use as such”. This opacity was recognised in *Mouson & Co v Boehm* (1884) 26 Ch D 398 (EWHC) at 404 [*Mouson*] Chitty J observed there was a lack of direct authority under the registration legislation concerning when ownership of a trade mark was lost.

<sup>88</sup> Rule 34 was mentioned in contemporary texts without much commentary. See Lewis Boyd Sebastian *The Law of Trade Marks and Their Registration* (Stevens and Sons, London, 1878) at 8 and Edward Morton Daniel *The Trade Marks Registration Act, 1875* (Stevens and Haynes, London, 1876) at 20 speculating as to whether, irrespective of the rule, the courts would disable the owner of an unused registered trade mark from enforcing it (on that issue see *Edwards v Dennis* (1885) 30 Ch D 454 (EWCA)).

<sup>89</sup> *Mouson*, above n 87.

<sup>90</sup> *Crossley and Sons Ltd v Lightowler* (1867) LR 2 Ch App 478 (Lord Chancellor).

<sup>91</sup> At 405.

<sup>92</sup> At 405.

<sup>93</sup> At 405.



The Trade Marks Rules 1890 under the 1883 Act did not replicate rule 34. However, the principles in *Mouson* were applied under the 1883 Act in *Louise & Co Ltd v Gainsborough*.<sup>94</sup> An application was made to remove a trade mark registered in 1892 on the basis that it had not been used *as a trade mark*. Farewell J said for a trade mark to be removed from the Register there must be abandonment, which was a question of intention.<sup>95</sup>

Judicial interpretation concerning loss of property rights to a registered trade mark, though, changed following the enactment of the 1905 Act. In *James Crean & Sons Ltd Trade Mark*, Sargant J recognised that the new s 37 of the 1905 Act was not akin to abandonment.<sup>96</sup> An application to remove a trade mark was made in 1920. The impugned trade mark had been assigned to a company in 1910. After the assignment, the company had not manufactured or sold products under that trade mark. The applicant argued that there had been abandonment of the trade mark at common law and alternatively that there had been “an abandonment under the Statute”.<sup>97</sup> Referring to *Mouson*, Sargant J was in doubt about whether the trade mark had been abandoned under the common law as this required an “affirmative intention” to abandon.<sup>98</sup> However, Sargant J considered he did not need to decide the point as s 37 differed from common law abandonment. He observed that under the statute, once a lack of bona-fide use was proved, the onus shifted to the owner to establish that there were special

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<sup>94</sup> *Louise & Co Ltd v Gainsborough* (1903) 20 RPC 61 (EWHC).

<sup>95</sup> At 68.

<sup>96</sup> *James Crean & Sons Ltd's Trade Mark* (1921) 38 RPC 155 (EWHC).

<sup>97</sup> At 160. It was also argued that the assignment was invalid.

<sup>98</sup> At 161.

circumstances that prevented use and there was no intention to abandon.<sup>99</sup> Section 37, therefore, made use central and necessary to maintaining ownership.

The judicial approach to interpretation of a lack of bona fide use also continued to confirm a teleological link between ongoing ownership and the activity of using a trade mark as an indication of origin of goods. For example, in *Columbia Gramophone Ltd Trade Marks* Lord Hanworth MR said:<sup>100</sup>

It is not any user which would justify a statement that in fact it has been used; it must be *bona fide* in the sense that there has been a user for the purpose of the trade of the Respondents.

#### 4.4.2 Construing the Scope of a Trade Mark Owner's Right to Exclude

The judiciary's role in maintaining a link with the activity-based conception of a registered trade mark as property was also evident in how the courts determined trade mark infringement. The 1905 Act explicitly stated that registration of a trade mark conferred the exclusive right to use of "such" trade mark upon or in connection with the goods for which the trade mark was registered.<sup>101</sup> However, as with earlier legislation, the 1905 Act did not specify when the exclusive rights were infringed. That is, it gave no indication as to whether a trade mark owner had authority over, and the right to exclude others from all manner of, uses of the trade mark.

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<sup>99</sup> At 161.

<sup>100</sup> *Columbia Graphophone Ltd Trade Marks* (1932) 49 RPC 621 (EWCA) at 628.

<sup>101</sup> Trade Marks Act 1905 5 Edw VII c 15, s 39.

In a series of cases under the 1905 Act the English courts held that a registered proprietor's exclusive rights could only be infringed if the defendant itself used an impugned sign *as a trade mark*. Consistent with the s 3 definition of a "trade mark", a defendant's use of the impugned sign as a trade mark was interpreted to mean use for the purpose of indicating that goods were those of "the proprietor". This judicial interpretation accorded with the previous conceptualisation of a registered trade mark protecting the activity of using a trade mark to indicate the origin of particular goods. Use of the same symbol for other purposes was outside of the authority of a registered trade mark owner.

This series of cases began with *Edward Young & Co Ltd v Grierson, Oldham & Co Ltd*.<sup>102</sup> The plaintiffs had registered a device mark comprising a Portuguese bullock cart loaded with a barrel of wine being pulled by oxen and accompanied by two human figures. The defendants were using a label also comprised of an image of a bullock cart in respect of port wine along with the mark "Regent". The evidence established a representation of the Portuguese bullock cart indicated that the wine came from Portugal. The Court of Appeal allowed an appeal against the original finding of infringement by Astbury J. Warrington LJ said that a trade mark was only infringed if there was use "as a trade mark as defined by Section 3".<sup>103</sup> Where the mark was used – as it was in the case before the Court to indicate the geographical signification of the goods, and not to indicate the trade source of the goods – there was no infringement of the trade mark.

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<sup>102</sup> *Edward Young & Co Ltd v Grierson, Oldham & Co Ltd* (1924) 41 RPC 548 (EWHC and CA).

<sup>103</sup> At 577.

In *J B Stone & Co Ltd v Steelace Manufacturing Co Ltd*, the Court of Appeal found that it was bound by the principle in *Edward Young* that there could be no infringement unless a defendant was using a sign as an indicator of trade origin.<sup>104</sup> However, the Court distinguished the case and found there was infringement of the plaintiffs' registration. At issue was the defendants' use of the expression "Alligator pattern" in relation to steel belt lacing. According to Lord Hanworth LJ, the defendants were not using "Alligator" as a sign of geographical origin like in *Edward Young*, they were trespassing into the "territory of the Plaintiffs".<sup>105</sup> Lawrence LJ found that the defendants were using "Alligator" in conjunction with "pattern" to "indicate their own goods, i.e. belt lacing manufactured by them".<sup>106</sup>

In *Irving's Yeast-Vite Ltd v Horsenail*, the House of Lords confirmed the principle from *Edward Young*.<sup>107</sup> The plaintiffs were the owner of the registered trade mark YEAST-VITE. The defendants used the phrase "YEAST TABLETS a substitute for 'YEAST-VITE'". The House of Lords found that the plaintiffs' exclusive rights only extended to use of the trade mark for the purpose of indicating trade origin.<sup>108</sup> The defendant's use of "Yeast Vite" did not fall within the plaintiffs' exclusive rights and there was no infringement.

Despite the above line of cases, the Court of Appeal's judgment in *Saville Perfumery Ltd v June Perfect Ltd* highlighted one aspect in which registration had impacted the conception of a

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<sup>104</sup> *J B Stone & Co v Steelace Manufacturing Co* (1929) 46 RPC 406 (EWCA) at 412 [*Steelace*].

<sup>105</sup> At 416.

<sup>106</sup> At 419. Slessor LJ at 420 agreed placing weight on the fact that "Alligator" was "a peculiar artificial word".

<sup>107</sup> *Irving's Yeast-Vite Ltd v Horsenail* (1934) 51 RPC 110 (UKHL).

<sup>108</sup> At 116.

trade mark as property.<sup>109</sup> Sir Wilfrid Greene MR explained that once it is shown that a defendant had used a sign as an indication of origin, the “statutory protection is absolute”.<sup>110</sup> By that he meant a defendant could not escape liability by pointing to added matter on its product – such as other symbols or trade marks – that distinguished its goods from those of the trade mark owner.<sup>111</sup>

*Saville Perfumery Ltd v June Perfect Ltd* helped emphasise how the representation of a symbol on the Register provided a shortcut or a “signpost” to the trade mark owner’s authority over the activity of using *that sign* as an indication of origin.<sup>112</sup> If a defendant used the same sign as a trade mark it was not necessary to enquire as to whether there was actual deception or a likelihood of deception.<sup>113</sup> That is, it was not necessary to establish that a trade mark owner’s activity of selling goods bearing the trade mark had been damaged in the sense of lost sales. It had long been established that if a plaintiff proved infringement he or she was entitled to nominal damages.<sup>114</sup>

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<sup>109</sup> *Saville Perfumery Ltd v June Perfect Ltd* (1941) 58 RPC 147 (EWCA).

<sup>110</sup> At 161.

<sup>111</sup> At 162.

<sup>112</sup> Robert Burrell and Michael Handler “Making Sense of Trade Mark Law” (2003) 4 IPQ 388.

<sup>113</sup> Such a requirement would be administratively costly and could result in “erroneous acquittals (false negatives) because of the difficulty of proof”), see Bone, above n 54, at 2136.

<sup>114</sup> See *Blofeld v Payne* (1833) 4 B & Ad 410 (KB) and DM Kerly and FG Underhay *The Law of Trade Marks and Trade Name* (4th ed, Sweet & Maxwell, London, 1913) at 499.

#### 4.4.3 Assessing Registrability

As well as checking the expanse of a trade mark owner's exclusive rights through interpretation of the law of infringement, the courts also kept in check the liberal approach to registrability under the 1905 Act. This judicial response can be seen as ensuring the property rights granted to one trader in relation to the activity of indicating trade origin should not interfere with other traders' ability to trade. This notion is best illustrated by *Re Joseph Crosfield & Sons Ltd*, where the English Court of Appeal considered how s 9 of the new 1905 Act affected registrability.<sup>115</sup> The Court of Appeal was considering three appeals, one of which related to an application to register PERFECTION for soap. The evidence established that a "vast trade round the word" PERFECTION had been built up.<sup>116</sup> Fletcher Moulton LJ – now a Court of Appeal judge<sup>117</sup> – held that the fact a word was descriptive was not "fatal" to it being registered as a trade mark.<sup>118</sup> He rejected the argument that there was a "natural and innate antagonism between distinctive and descriptive" words.<sup>119</sup> A descriptive word could acquire distinctiveness through use in the marketplace.<sup>120</sup>

Yet, despite the observations above, all three of the Court of Appeal judges refused registration of the application. In the Court's view, in some cases, no amount of use would

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<sup>115</sup> *Joseph Crosfield*, above n 43.

<sup>116</sup> At 149.

<sup>117</sup> Lord Moulton was made a Court of Appeal judge on 24th January 1906. See "Lord Justice Moulton" *The Examiner* (London, 26 January 1906) at 5.

<sup>118</sup> *Joseph Crosfield*, above n 43, at 146.

<sup>119</sup> At 146.

<sup>120</sup> At 147.

suffice to make certain marks – ordinary common words – registrable.<sup>121</sup> Accordingly, notwithstanding that a word may be distinctive and that a trade mark applicant could succeed in preventing another trader using the same sign under passing off, this did not justify a court granting a trader registration for the trade mark.<sup>122</sup>

Cozens-Hardy MR thought PERFECTION was a “mere laudatory epithet” and it “would be wrong to allow a monopoly in the use of such a word”.<sup>123</sup> Cozens-Hardy MR’s conclusion that it would be “wrong” was buttressed by him returning to the metaphor of “wealthy traders” trying to enclose “the great common of the English language” suggested in earlier case law. In *Re Dunn’s Trade Mark* Fry LJ had characterised a claim to the words FRUIT SALT:<sup>124</sup>

...as an instance of that perpetual struggle which it seems to me is going on, to enclose and to appropriate as private property certain little strips of the great open common of the English language.

In a similar vein in *Eastman Photographic Materials Co Ltd v Comptroller General of Patents, Designs and Trade Marks*, Lord Herschell had declared the “vocabulary of the English language” as “common property”.<sup>125</sup> Fletcher Moulton LJ concluded PERFECTION should not be registered because registration would “cause substantial difficulty or confusion” for other

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<sup>121</sup> At 149 per Fletcher Moulton LJ, at 153 per Farwell LJ.

<sup>122</sup> At 142.

<sup>123</sup> At 143.

<sup>124</sup> *Re Dunn’s Trade-Marks* (1889) 41 Ch 439 (EWCA) at 455.

<sup>125</sup> At 141. See *Eastman Photographic Materials Co Ltd v Comptroller General of Patents, Designs, and Trade Marks* [1898] AC 571 (UKHL).

traders.<sup>126</sup> Farewell LJ similarly thought that “it would be wrong” for one trader to obtain a monopoly over an ordinary, commonly used and descriptive or laudatory word.<sup>127</sup> Farewell LJ characterised the attempt to register PERFECTION as a “bold attempt by a wealthy firm to deprive their competitors, great and small, of the use of a laudatory term common to all”.<sup>128</sup>

The approach taken in *Joseph Crosfield* was confirmed and cemented by House of Lords in *W & G du Cros Ltd’s Application*.<sup>129</sup> Lord Parker observed that the legislature and the courts had long shown a “natural disinclination” in allowing traders to obtain a “monopoly” in signs that other traders would legitimately desire to use.<sup>130</sup> Drawing on this notion, Lord Parker articulated an oft-cited test for distinctiveness, suggesting that registrability depended on:<sup>131</sup>

... whether other traders are likely, in the ordinary course of their business and without any improper motive, to desire to use the same mark, or some mark nearly resembling it, upon or in connection with their own goods.

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<sup>126</sup> At 148.

<sup>127</sup> At 151.

<sup>128</sup> At 153-154.

<sup>129</sup> *W & G du Cros Ltd’s Application* (1913) 30 RPC 660 (UKHL) [*du Cros*].

<sup>130</sup> At 672. See also *The Gramophone Co’s Application* (1910) 27 RPC 689 (EWHC) at 700 where Parker J was considering an application to register GRAMOPHONE for “gramophones and sound-recording and reproducing instruments”. Parker J described how “the original and legitimate function” of a trade mark is “entirely lost in the idea of a trade mark monopoly in the name of an article”.

<sup>131</sup> At 672.



Lord Parker further observed that under the registration legislation “distinctiveness in fact is not conclusive”.<sup>132</sup>

This test from *du Cros* and the earlier Court of Appeal judgment in *Joseph Crosfield* reflected a continuing concern about the dangers of monopolies to the interests of other traders in carrying out the activity of selling goods in the marketplace.<sup>133</sup> Normative concerns about preserving traders’ access were therefore allowed to trump empirical meaning in the marketplace and “if value, then right” theory of awarding property rights.<sup>134</sup> Ownership of property in a trade mark by registration was subject to an overriding concern for the public interest, which included the rights of other traders to conduct trade.

#### 4.4.4 Evaluating the Judiciary’s Response

Although the 1905 Act may have been intended to be a code (albeit an improved one), the legislation was either silent on certain matters (when a proprietor’s rights were infringed), potentially ambiguous (the use requirements in s 37) or new (the provisions addressing registrability of trade marks in s 9). The judiciary could not, and indeed did not, treat the 1905 Act as a “codifying statute” in the same way as they did in relation to the Sale of Goods Act

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<sup>132</sup> At 673.

<sup>133</sup> Davis has written extensively on this issue see, Jennifer Davis “European Trade Mark Law and the Enclosure of the Commons” (2002) 4 IPQ 342 and Jennifer Davis “Protecting the Common: Delineating a Public Domain in Trade Mark Law” in Graeme Dinwoodie and Mark Janis (eds) *Trademark Law and Theory: A Handbook of Contemporary Research* (Edwards Elgar, Cheltenham, 2008) 345.

<sup>134</sup> Cf. Rochelle Cooper Dreyfuss “Expressive Genericity: Trademarks as Language in the Pepsi Generation” (1990) 65 Notre Dame Law Review 397.

1893 or the Bills of Exchange Act 1882. In respect of the latter, Lord Herschell in *Bank of England v Vagliano Bros* opined:<sup>135</sup>

I think the proper course is in the first instance to examine the language of the statute and to ask what is its natural meaning, uninfluenced by any considerations derived from the previous state of the law, and not to start with inquiring how the law previously stood, and then, assuming that it was probably intended to leave it unaltered, to see if the words of the enactment will bear an interpretation in conformity with this view.

In respect of trade mark law, the existing common law not only “filled in” the statute and resolved areas of ambiguity, but – particularly in the areas of exclusion and registrability – the existing common law qualified the words of the statute.<sup>136</sup> Judges read, or attempted to read where possible, the 1905 Act in conformity with existing common law and in so doing reasserted the notion of trade marks as a species of qualified property.<sup>137</sup>

By adhering to notions of registered trade marks as a species of qualified property when interpreting the 1905 Act, the judiciary also gave effect to the longstanding and implicit

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<sup>135</sup> *Bank of England v Vagliano Bros* [1891] AC 107 (UKHL) at 144-145. Lord Herschell noted at 145 that he did not mean to suggest that “resort” should never be had to the previous state of the law, particularly when a provision was ambiguous or where a term used in a statutory provision had taken on a technical meaning. Moreover, the Sale of Goods Act 1893 56 & 57 Vict c 71, s 61(2) included a specific savings provision preserving the operation of the common law (in so far as it was not inconsistent). See also Bills of Exchange Act 1882 45 & 46 Vict c 61, s 97(2).

<sup>136</sup> Andrew Burrows “The Relationship Between Common Law and Statute in the Law of Obligations” (2012) 128 LQR 232 at 235.

<sup>137</sup> Cf. *Hardwick Game Farm v SAPP* [1969] 2 AC 31 (UKHL) at 92 per Lord Morris of Both-y-Gest: “[The Sale of Goods Act 1893] was an act for codifying the law relating to the sale of goods. If its provisions are clear it should be possible to reach a decision by reference only to the facts that arise in some particular situation”.

principles and policies that underpinned existing trade mark law. For example, and as explained above, the same underlying concerns about granting monopolies that had been prioritised in the earlier court judgments in *Re Dunn's Trade Mark* and *Eastman Photographic* are explicitly detectable in the judicial approach to registrability in cases decided after the passing of the 1905 Act.

In the interpretation of the new 1905 Act the English judiciary's response can be characterised as "backward-looking".<sup>138</sup> This tendency to look backwards may be attributable, in part, to the fact that judges at this time were drawn exclusively from the bar.<sup>139</sup> In the trade mark field, many of the judges deciding cases after the 1905 Act was passed had been leading barristers. The best example is Fletcher Moulton. He appeared as counsel in *Eno v Dunn*, was the architect and main sponsor of the 1905 Act and then sat as a Court of Appeal judge on some of the leading cases that sought to interpret the legislation, such as *Joseph Crosfield*.

Such an inclination to look backwards may also be explicable given the significant involvement of treatise writers in trade mark litigation. For example, Kerly appeared as counsel in a number of important trade mark cases following the enactment of the 1905 Act.<sup>140</sup> Sebastian

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<sup>138</sup> Neil M Gorsuch "2016 Sumner Canary Memorial Lecture: Of Lions and Bears, Judges and Legislators, and the Legacy of Justice Scalia" (2016) 66 Case West Reserve Law Rev 905 at 906. This is referred to in Jill Lepore "The History Test: How Should the Courts Use History" *New Yorker* (20 March 2017) and in turn by Neil Wilkof and Eleanor G Wilson "'Turn and Face the Strange'—how Changes in Commercial Circumstances Determined the Outcomes in Scandecor and Starbucks (HK)" (2018) 13 Journal of Intellectual Property Law and Practice 36.

<sup>139</sup> WR Cornish "General Introduction" in Cornish et al (eds) *Oxford History of the Laws of England Vol XI 1820–1914: English Legal System* (Oxford Scholarship Online, 2010) at 526.

<sup>140</sup> *Re Kenrick and Jefferson Ltd's Application* (1909) 26 RPC 64 (EWHC); *Joseph Crosfield*, above n 40; *du Cros*, above n 126.

also regularly appeared as counsel,<sup>141</sup> often with Kerly.<sup>142</sup> Both Kerly's and Sebastian's texts on trade mark law could be described as "backward-looking". Kerly's 1908 edition, for example, sought to explain the nature of a trade mark by referring to cases such as *Leather Cloth* (1865), *Seixo v Provezende* (1866) and *Ford v Foster* (1872) which were all decided over 35 years earlier.<sup>143</sup> Similarly, the introduction of the 5<sup>th</sup> edition of Sebastian's treatise on trade marks pushed in 1911 primarily refers to cases before registration legislation to describe the nature and function of a trade mark.<sup>144</sup>

Yet, despite the continued deference to trade marks as a *species of qualified property* in interpreting the legislation, it is notable that there was an absence of formalism when it came to application of the label of "property" to trade marks.<sup>145</sup> Trade marks were seen as a different species of property from other items of tangible property, and different consequences flowed from labelling trade marks as property. For example, in *Steelace* Lord Hanworth referred to the a "trespass upon the Trade Marks".<sup>146</sup> However, as explained in 4.4.2 "infringement" of a trade mark was not seen as being akin to trespass on land, which

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<sup>141</sup> For example, *Lewis v Vine and Vine's Perfumery Co* (1914) 31 RPC 12 (EWHC).

<sup>142</sup> *Re New Atlas Rubber Co's Trade Mark* (1918) 35 RPC 269 (EWHC); *Diamond T Motor Car Co's Application* (1921) 38 RPC 373 (EWHC).

<sup>143</sup> *Kerly's 1908*, above n 37, at 35-53.

<sup>144</sup> Lewis Boyd Sebastian, Harry Bird Hemming and S Raymond Sebastian *The Law of Trade Marks: and Their Registration* (5th ed, Stevens and Sons, London, 1911).

<sup>145</sup> See also Lionel Bently "From Communication to Thing: Historical Aspects of the Conceptualisation of Trademarks as Property" in Graeme Dinwoodie and Mark Janis (eds) *Trademark Law and Theory: A Handbook of Contemporary Research* (Edward Elgar, Cheltenham, 2008) 3 at 40.

<sup>146</sup> *Steelace*, above n 104, at 413.

was actionable by merely setting foot on the land.<sup>147</sup> Nor was infringement seen as being actionable on any kind of physical interference with a trade mark as with trespass to goods.<sup>148</sup>

## 4.5 Conclusion

The 1905 Act ushered in changes to United Kingdom registered trade mark law by opening up registration to more signs, and enhancing the security of a trade mark owner's title. However, in this chapter I have demonstrated that the 1905 Act was primarily a consolidating statute in terms of the conceptualisation of registered trade marks as property. It cemented much of the law and judicial learning that had taken place over the thirty years, and in so doing reiterated the nature of trade marks as a species of qualified property that had originally developed in the Courts of Chancery. Property rights in a trade mark served to protect the activity of using a symbol to truthfully indicate the origin of goods.

The consolidation is evident in the judiciary's approach to a number of areas of trade mark doctrine. The acquisition of property rights was tied to the use, or imminent use, of a sign as an indication of origin in the marketplace. Maintenance of ownership was tied to the activity of using a trade mark as an indication of origin. Infringement of such property rights required a defendant to engage in the activity of using the same or a confusingly similar sign as an indication of origin. Transfers were restricted and licensing prohibited. Finally, the authority conferred by ownership of a registered trade mark was subject to, and qualified by, pre-

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<sup>147</sup> *Ellis v Loftus Iron Co* (1874) LR 10 CP 10 (DC) at 12.

<sup>148</sup> See *Kirk v Gregory* (1876) 1 ExD 55 (DC).

existing unregistered trade mark rights. As the next chapter explains, this conceptualisation remained resilient to further changes to trade mark legislation in the 1930s.

## Chapter Five: The Enduring Hold of the Conceptualisation of the Registered Trade Marks as a Species of Qualified Property

### 5.1 Introduction

This chapter critically examines the changes made to United Kingdom registered trade mark law by the Trade Marks Act 1938 (1938 Act). It has been asserted that the changes made by the 1938 Act shifted the law towards recognising registered trade marks as independent objects of property.<sup>1</sup> Certain statutory changes involving licensing and the assignment of trade marks certainly appeared significant in allowing a registered trade mark to be dealt with independently of the activity of selling goods bearing the trade mark in the marketplace. However, in this chapter I argue that the changes made by the 1938 Act did not materially shift emphasis to a more object-based conception of the property rights in a registered trade mark. The *predominant* conceptualisation remained that such property rights were qualified and protected the activity of using a sign as an indication of origin.

In making this argument, I explain how the 1938 Act adapted the extant dominant conceptualisation by subtly expanding a registered trade mark owner's rights of exclusion and by liberalising the ability to deal with registered trade marks. However, several statutory provisions, and the judiciary's interpretation of the 1938 Act, limited the extent to which such changes altered the previous conceptualisation of a registered trade mark as property. These provisions, and the courts' deference to legal doctrine, continued to ensure that the granting of property rights by registration did not confer harmful monopolies, prohibited trafficking in

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<sup>1</sup> See n 64 and accompanying text below.

trade marks and prevented public deception. The 1938 Act and the courts thereby reinforced the primacy of the notion that property rights in registered trade marks protected (and should protect) the activity of using a symbol as a reliable and truthful indication of the source of goods.

## 5.2 Developments Leading to Change

### 5.2.1 1919 Amendments and Inter-War Context

The passing of the 1905 Act was seen as meeting with “a large measure of success” in addressing the defect of previous legislation which was the exclusion of valuable brand names from registration.<sup>2</sup> For the first two years after its enactment, trade mark applications had increased by around 2000 per year.<sup>3</sup> The average previous success rate of registration prior to the 1905 Act was 36 per cent. After the 1905 Act, the success rate had increased to 49 per cent.<sup>4</sup> However, despite the more expansive approach to registrability, it was recognised that the 1905 Act still excluded “a large number” of common law marks in use from registration.<sup>5</sup> These marks were potentially protected by the law of passing off, but it was suggested that it would be a “considerable advantage to the trading community to have a more complete collection and classification of these marks”.<sup>6</sup> A related problem was that the restricted

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<sup>2</sup> M J Riley “The Trade Marks Act, 1905 (1908) 53 Solicitors' Journal and Weekly Reporter 15.

<sup>3</sup> At 15.

<sup>4</sup> At 15.

<sup>5</sup> “Trade Mark Legislation: Manchester Suggestions” *Manchester Guardian* (4 April 1918) 6 [“Manchester Suggestions”].

<sup>6</sup> At 6.



approach to registration affected the ability of traders to get their marks registered overseas.<sup>7</sup>

The 1919 Trade Marks Act (1919 Act) was enacted with a principal motive of addressing continuing difficulties in registering common law marks.<sup>8</sup>

The mechanism to meet the above object was the division of the Register into two. Part A of the Register continued the position under the 1905 Act. However, a new Part B was for marks that had been in use for at least two years, but did not comprise an essential particular. To achieve registration of these marks, the registrar had to be satisfied that the relevant mark was "capable of distinguishing" and would not offend against s 11 or conflict with an existing trade mark on the Register under s 19. Trade marks registered under Part B of the Register had slightly different levels of protection. A defendant could escape a court order for relief in an infringement proceeding if it could establish that its use of the impugned sign was not likely to deceive.<sup>9</sup>

Despite the passing of the 1919 Act, traders lobbied for further changes.<sup>10</sup> Pressure to change the legislation stemmed from the growing promotion and recognition of the persuasive value

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<sup>7</sup> Before registration of a foreign mark, many countries required proof that the mark had been registered in its country of origin, see "Manchester Suggestions" above n 4.

<sup>8</sup> (12 November 1919) 37 GBPD HL 203 at 240 the Lord Chancellor (Lord Birkenhead) described the changes to facilitate the registration of common law marks as "long overdue"

<sup>9</sup> Trade Marks Amendment Act 1919 9 & 10 Geo 5 c 79, s 4.

<sup>10</sup> Richard A Hawkins "Marketing History in Britain" in DG Brian Jones and Mark Tadajewski (eds) *The Routledge Companion to Marketing History* (Routledge, London, 2016) 315 at 324.

of brand names that had started in the late 19<sup>th</sup> century.<sup>11</sup> Such recognition occurred in a context where “new” sectors of industry – food and beverage, tobacco, electrical and chemical – were expanding, and “old sectors” of textiles, coal, engineering, steel and shipbuilding were contracting.<sup>12</sup> As Fitzgerald has observed, these new sectors looked to supply a growing mass consumer market that had been created by rising living standards.<sup>13</sup> Large manufacturers turned to packaging as a way of distributing their goods to this growing market. In turn, a focus on packaging made manufacturers take a greater interest in brand names as a way of allowing consumers to identify their products and the quality of such products.<sup>14</sup>

A significant change after the First World War was also an expansion of advertising expenditure to draw consumers’ attention to such brand names. For instance, the estimated expenditure on advertising in the United Kingdom increased from 12.5 million pounds in 1907 to 36.5 million pounds in 1922.<sup>15</sup> Several American advertising agencies also established branch offices in London following the First World War. Schwarzkopf highlights how one of

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<sup>11</sup> Stefan Schwarzkopf “Turning Trademarks into Brands: How Advertising Agencies Practiced and Conceptualized Branding, 1890-1930” in T da Silva Lopez and P Duguid (eds) *Trademarks Brands Competitiveness* (Routledge, New York and London, 2010) 165 at 183.

<sup>12</sup> R Fitzgerald *Rowntree and the Marketing Revolution, 1862-1969* (Cambridge University Press, Cambridge, 1995) at 5.

<sup>13</sup> Fitzgerald above n 12, at 5.

<sup>14</sup> Fitzgerald above n 12, at 25.

<sup>15</sup> Fitzgerald, above n 12, at 627 (Appendix IX).

these agencies, J. Walter Thompson, helped reinvent LUX branded soap as a household British “lifestyle brand”.<sup>16</sup>

Advertising also became more sophisticated and, buoyed by the emergence of cinema advertising, focused on emotional appeal, narratives and personalities.<sup>17</sup> Fitzgerald describes this as a shift from “push” advertising of shop displays and discounts, to “pull” advertising and marketing.<sup>18</sup> Goods began to be purchased by consumers because of the appeal generated by brand names and advertising, and less on price.<sup>19</sup> Brand names and the consumer loyalty they engendered, in turn, were becoming increasingly valuable to traders.

### 5.2.2 The Goschen Committee

In 1933, the Board of Trade appointed a committee to consider whether any changes to the existing law and practice of trade marks were desirable. The “Goschen Committee”, as it has been referred to, was headed by Viscount Goschen and included Sir Duncan Kerly. It heard a number of witnesses and sat over 42 days. The essence of the evidence presented to the Goschen Committee was that trade mark law “was not adequate to serve the present needs of modern business”.<sup>20</sup>

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<sup>16</sup> Schwarzkopf, above n 11, at 120.

<sup>17</sup> Hawkins, above n 10, at 323. Fitzgerald, above n 12, at 30.

<sup>18</sup> At 34.

<sup>19</sup> Fitzgerald, above n 12, at 30.

<sup>20</sup> (28 January 1937) 104 GBPD HL 12 at 20 per Viscount Goschen.

The Goschen Committee's report was published in 1934.<sup>21</sup> Some of its recommendations were described as "fundamental changes to existing trade mark law".<sup>22</sup> The Trade Marks (Amendment) Act 1937 sought to give effect to the Goschen Committee's recommendations. The subsequent Trade Marks 1938 Act consolidated such changes to the 1905 Act.

### 5.3 The Fundamental Changes of the Trade Marks Act 1938

#### 5.3.1 Expansion of the Right to Exclude

The first asserted fundamental change in the 1938 Act flowed from the Goschen Committee being persuaded that the decision in *Irving's v Yeast-Vite* had undesirably narrowed the property rights conferred by a registered trade mark. The Goschen Committee noted that there was "force in [the] contention" that a registrant's exclusive rights should include the right to prevent the use of its trade mark, whether used as a trade mark or used in some other manner.<sup>23</sup> The Goschen Committee recommended detailed sections be included in new legislation to capture infringement where there was unauthorised use of a trade mark on "or in relation" to goods for which the mark was registered, whether or not the use would lead to the belief that there was a connection in the course of trade with the registered proprietor.<sup>24</sup>

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<sup>21</sup> Board of Trade *Report of the Departmental Committee on the Law and Practice Relating to Trade Marks* (Cmd 4568, 1934) [Goschen Report].

<sup>22</sup> At 5-6.

<sup>23</sup> At 50.

<sup>24</sup> At 50.

Section 4 of the subsequent 1938 Act, for the first time in trade mark legislation, defined when a registered proprietor's exclusive rights were infringed. Section 4(1) stated that a registrant had the exclusive right to use its trade mark for the registered goods and that such exclusive right would be infringed by a person's unauthorised use of an identical mark or a confusingly similar mark to the registered trade mark in two situations. First – under s 4(1)(a) – where such use would be likely to be taken as use “as a trade mark”. Second – under s 4(1)(b) – where there was use of a mark upon goods or “in physical relation” to goods “or in an advertising circular or other advertisement issued to the public” and such use would be likely to be taken as “importing a reference” to the registrant or to goods connected with the registrant in the course of trade.

In *Bismag Ltd v Amblins (Chemists) Ltd*, the Court of Appeal tried to discern the nature and effect of this legislative change.<sup>25</sup> The defendants (the respondents on appeal) had issued a pamphlet which compared the plaintiffs' (the appellants) products with their own by using the plaintiffs' registered trade mark. In evaluating the new s 4, Mackinnon LJ doubted that there was another piece of legislation with a section of an “equal length which is of more fuliginous obscurity”.<sup>26</sup> Dissenting from Sir Wilfrid Green MR and Clauson LJ, Mackinnon LJ refused to find that the defendants infringed.<sup>27</sup> Mackinnon LJ did not think the plaintiffs could point to sufficiently clear language to indicate an alteration to the law.

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<sup>25</sup> *Bismag Ltd v Amblins (Chemists) Ltd* (1940) 57 RPC 209 (EWCA) [*Bismag*].

<sup>26</sup> At 237.

<sup>27</sup> At 238: “The Appellants have failed to satisfy me that the language of dark and tortuous prolixity in this Section 4 makes that which the Respondents did, in issuing their pamphlet, a breach of a newly-created legal right of the Appellants ... “.

Wilfrid Greene MR recognised that the right claimed by the plaintiffs to be infringed was “an entirely new departure in the law of registered trade marks”. This departure:<sup>28</sup>

... confers upon the proprietor a novel type of monopoly for which no consideration is given to the public as it is in the case of patents beyond the fees payable on registration. It gives to the proprietor of a registered trade mark a privilege in which the proprietor of an unregistered mark does not share and prohibits for his benefit a form of trading which had previously been considered unobjectionable and is still unobjectionable except in the one case where a registered trade mark is in question.

However, Wilfrid Greene MR thought it was not useful to consider how such a fundamental change “eluded the vigilance of Parliament”, and instead constrained himself to construing the language of the statute.<sup>29</sup> In this exercise, Wilfrid Greene MR opined that s 4(1)(a) was designed to capture “the old type of infringement” – that is, use by the defendant of a trade mark which would be taken as indicating the origin of its goods.<sup>30</sup> By contrast, s 4(1)(b) was designed to capture referential use. Along with Clauson J, Wilfrid Greene MR found the defendants had infringed.<sup>31</sup>

The majority of the Court of Appeal’s interpretation in *Bismag* signaled an expansion of the scope of the trespassory rules attached to a registered trade mark. The conduct in *Yeast-Vite* would now fall within the exclusive rights of a registered trade mark owner and amount to

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<sup>28</sup> At 231.

<sup>29</sup> At 231

<sup>30</sup> At 233.

<sup>31</sup> Wilfrid Greene MR surprisingly found that there was infringement on the basis of s 4(1) generally and s 4(1)(b), at 233-234. Clauson LJ, more appropriately, found infringement only on the basis of s 4(1)(b), at 242.

infringement. Moreover, as with the situation in *Bismag*, the registered trade mark owner could prevent certain uses, even though there was no likelihood of consumer deception as to the source of the goods.

It is suggested that, despite some concerns that the 1938 Act had created something akin to a “limited form of copyright”,<sup>32</sup> the changes were not as fundamental as intimated by some members of the Court of Appeal.<sup>33</sup> There were important limitations to the operation of s 4(1)(b).<sup>34</sup> Further, in *Bismag* Greene MR was careful to explain that a defendant’s use still had to be use in a “trade mark sense”.<sup>35</sup> This interpretation – that infringement required a defendant’s use of an impugned sign to be use in a “trade mark sense” – was followed in several cases.<sup>36</sup>

In explaining the scope of s 4(1)(b) in *Bismag* Greene MR used the example of a defendant using “crocodile” in relation to shoes in light of a trade mark registration for CROCODILE. The

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<sup>32</sup> At 214 per Simonds J.

<sup>33</sup> The lack of subsequent case law arguably bears this out, see further Guy Tritton “Comparative Advertising: Scents and Sensibility? Chanel Ltd v L’Arome” (1991) 13 EIPR 482 at 482 (noting how cases concerning s 4(1)(b) were rare). But cf. Robert Burrell and Michael Handler “A Requiem for Champagne Heidsieck: Trade Mark Use and Parallel Importation” (2016) 26 AIPJ 110 at fn 30 who suggest that with the passage of s 4(1)(b), United Kingdom law began to “restrict the scope of the protection afforded by the trade mark use doctrine”.

<sup>34</sup> See discussion in *Chanel Ltd v L’Arome (UK) Ltd* [1991] RPC 335 (EWHC) at 343 noting that s 4(1)(b) “applies only where the use complained of is a use ‘upon goods or in physical relation thereto or in an advertising circular or other advertisement issued to the public’” and only applied to use of the trade mark in the course of trade.

<sup>35</sup> At 234: “...[it is] only use in a trade mark sense which falls under paragraph (b)”.

<sup>36</sup> *Pompadour Laboratories Ltd v Stanley Frazer* [1965] RPC 7 (EWHC) (finding no infringement) and *British Northrop Ltd v Texteam Blackburn Ltd* [1973] FSR 241 (EWHC) (finding infringement) and *Ind Coope v Paine & Co* [1983] RPC 326 (EWHC) (finding infringement).

statement that shoes are made of crocodile skin would not infringe. However, the statement the shoes were as good as the crocodile brand of shoes would infringe. Greene MR's illustration helps explain that the scope of a trader's exclusive rights were essentially broadened by the 1938 Act to include both *origin denoting use* and *origin describing use*.<sup>37</sup> The exclusive right of a trade mark registrant would be infringed by comparative or other advertising that attempted to "exploit the goodwill" of a trade mark,<sup>38</sup> and possibly the parallel importation of trade marked goods.<sup>39</sup> However, s 4(1)(b) did not capture use that was not use in a trade mark sense and did not capture use that would not be taken either to be origin denoting or origin describing.<sup>40</sup>

The enactment of s 4(1)(b) can be seen as an early indication of a move to conceptualising a registered trade mark as a less qualified property right. However, *origin describing use* arguably still broadly fitted with the conception of property rights in a registered trade mark protecting the activity of using a sign as an indication of origin. The trade mark owner's right of exclusion had simply been expanded to include the right to prevent a third party using a

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<sup>37</sup> The term "origin describing" is from Andrew Griffiths "The Trade Mark Monopoly: An Analysis of the Core Zone of Absolute Protection Under Art. 5.1(A)" (2007) 3 IPQ 312 at 334.

<sup>38</sup> The language used in the Goschen Report, above n 21, at 50.

<sup>39</sup> See the New Zealand case *South Pacific Tyres NZ Ltd v David Craw Cars Ltd* (1989) 24 IPR 99 (NZHC) at 104. The English cases involving parallel imports were usually analysed in light of s 4(1)(a) and arguments based on a consent under s 4(3)(a), see, for example, *Colgate Palmolive Ltd v Markwell Finance Ltd* [1989] RPC 497 (EWCA).

<sup>40</sup> For example, R Lloyd and F Bray Kerly's *Law of Trade Marks and Trade Names* (7<sup>th</sup> ed, Sweet & Maxwell, 1951) at 404 suggesting that the defendants use complained about in *Edward Young & Co Ltd v Grierson, Oldham & Co Ltd* (1924) 41 RPC 548 (EWHC and CA) would not be likely to be understood as importing a reference under the Trade Marks Act 1938. The defendants use in that case was held to be indicate the goods came from Portugal. A further example is *Pompadour Laboratories Ltd v Stanley Frazer* [1965] RPC 7 (EWHC) at 12 where it was found the defendant's use was a reference to the plaintiffs' name not the plaintiffs' trade mark.



sign to indicate the origin of its goods *or the trade mark owner's goods*. Further reflecting how the 1938 Act did not extend a trade mark owner's right to exclude beyond protecting the activity of using a sign as an indication origin, the legislation continued to provide a defence for defendants who made bona fide use of their own name or who used a bona fide description of the character or quality of their goods.<sup>41</sup>

### 5.3.2 The Liberalisation of Assignment and Licensing of Trade Marks

The other changes made by the 1938 Act usually identified as fundamental related to trade mark assignments and licensing. The 1905 Act had consolidated the common law position and provided that although a trade mark proprietor had the power to assign a trade mark, any assignment had to be in connection with the goodwill of the business.<sup>42</sup> Further, in *John Sinclair's Ltd Trade Mark* it was held that an assignment of only part of the goodwill associated with the goods covered by a trade mark registration (rather than the whole of the goodwill) was invalid.<sup>43</sup> These provisions accorded with the activity-based conceptualisation of a registered trade mark as property – to effect a transfer of property rights, the owner had to transfer *the means of carrying out that activity*.

The 1905 Act did not address licensing. However, the activity-based, qualified model of property rights in a trade mark negated the practice of licensing. This was reflected in the very definition of a trade mark, which referred to use of a trade mark “for the purpose of

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<sup>41</sup> See Rob Batty “The Historical Development of the Descriptive Use Defence” (2021) 1 IPQ 22.

<sup>42</sup> Trade Marks Act 1905 5 Edw VII c 15, s 22.

<sup>43</sup> *John Sinclair's Ltd Trade Mark* (1932) 49 RPC 123 (EWHC).

indicating that they are the *goods of the proprietor of such mark*".<sup>44</sup> Use of a registered trade mark in connection with goods other than those of the trade mark proprietor appeared to be contrary to the definition, cause deception and would make the trade mark invalid.<sup>45</sup>

In the 1914 case of *Bowden Wire Ltd v Bowden Brake Co* the House of Lords confirmed that licensing of a registered trade mark could result in deception of the public.<sup>46</sup> A company had purported to grant a licence to use its registered trade mark to another company, who used the trade mark on goods it manufactured. The Court of Appeal had held that the trade mark should be removed from the Register on the basis that the trade mark would cause consumers to be deceived.<sup>47</sup> In the course of his judgment, Vaughan Williams LJ observed:<sup>48</sup>

The whole object is that by registering a Trade Mark you should be able to represent to the public: -  
"You may rely upon it that all goods which bear this registered Trade Mark are the goods manufactured or sold by me, the registered proprietor of the mark".

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<sup>44</sup> As identified by Lord Nicholls in *Scandecor Developments AB v Scandecor Marketing AV* [2001] UKHL 21, [2002] FSR 7 at [25] [*Scandecor*].

<sup>45</sup> *Scandecor*, above n 44, at [25].

<sup>46</sup> *Bowden Wire Ltd v Bowden Brake Co Ltd* (1914) 31 RPC 385 (UKHL) [*Bowden*]. However, there is a view expressed in *Pioneer Electronic Corporation v Registrar of Trade Marks* (1977) 137 CLR 670 at 681: "...all that case decided was that if a registered trade mark is licensed it may become invalid if it ceases to show a connexion in the course of trade with the registered proprietor or otherwise becomes deceptive".

<sup>47</sup> *Bowden Wire Ltd v Bowden Brake Co Ltd* (1913) 30 RPC 580 (EWCA).

<sup>48</sup> At 590.

The House of Lords agreed. Lord Shaw considered that use of the mark was confusing, “troublesome” and “assigned contrary to law”.<sup>49</sup> He stated that a trade mark “is simply an intimation upon goods that they are goods of the owner of the mark”.<sup>50</sup> Lord Dunedin found that the situation involved “an attempt to assign a Trade Mark in gross, a thing which cannot be done”.<sup>51</sup> The trade mark owner was consenting to goods bearing their trade mark being put on the market when such goods were not manufactured by them. Earl Loreburn observed that the law of trade marks is not designed to help a trade mark owner dispose of his or her trade mark “itself a marketable commodity, independent of his goodwill, to some other trader”.<sup>52</sup>

The 1938 Act altered the law of assignment by relaxing the law described above. Section 22(1) of the 1938 Act provided that a trade mark could be assigned either in connection with goodwill *or not*. Section 22(2) also provided for a partial assignment of a registered trade mark for some of the goods for which it was registered. The reason for these changes was that it was considered that “under modern conditions of trading” trade marks were valuable in themselves.<sup>53</sup> Further, since the 1880s there had been significant developments in corporate law and practice. There was increased use of *private* limited liability companies.<sup>54</sup> The period was also one where there was a growth in mergers in many industries and the creation of

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<sup>49</sup> *Bowden*, above n 47, at 396.

<sup>50</sup> At 395.

<sup>51</sup> At 392.

<sup>52</sup> At 392.

<sup>53</sup> Goschen Report, above n 21, at 27.

<sup>54</sup> See generally Michael Lobban “Joint Stock Companies” in Cornish et al (eds) *The Oxford History of the Laws of England: Volume XII: 1820–1914: Private Law* (Oxford Scholarship Online, 2010) 613 at 667–670.

large corporate groups.<sup>55</sup> With growth of limited liability companies operating in group structures the position regarding the assignment of trade marks under the 1905 Act was seen as “artificial”.<sup>56</sup> As Bray and Underlay noted, with the transfers of shares the control of a business could be changed without an assignment of a trade mark.<sup>57</sup> However, as was held in *John Sinclair's Ltd Trade Mark*, it was not possible to validly assign a trade mark when a business wanted to transfer only part of its business to a subsidiary company.

In addition, the 1938 Act expressly permitted the licensing of the use of a trade mark to third parties under a “registered user” system.<sup>58</sup> Evidence before the Goschen Committee stressed that in modern industry it was desirable for trade mark owners to be able to licence their trade marks.<sup>59</sup> The registered user system mandated that an application to be a registered user had to be filed and details recorded on the Register. The definition of a trade mark was also changed to refer to a mark used to indicate a connection in the course of trade between goods and the proprietor or a *registered user of the trade mark*. Section 28 provided that permitted use by the registered user would count as use of the trade mark for the purposes of resisting a claim that the trade mark had not been put to use. Section 29(1)(b) also provided that an application to register a trade mark should not be refused if it was accompanied by a registered user agreement and the tribunal was satisfied that the proprietor intended for the trade mark to be used by the registered user.

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<sup>55</sup> Lobban, above n 54, at 670.

<sup>56</sup> F E Bray and F G Underlay *Trade Marks Act 1938* (Sweet and Maxwell, London, 1938) at 30.

<sup>57</sup> At 30-31.

<sup>58</sup> Trade Marks Act 1938 1 & 2 Geo 6 c 22, s 28.

<sup>59</sup> Goschen Report, above n 21, at 30.

The changes were said to have received “practically the unanimous approval” of those in trade and were considered to be of significant benefit to traders.<sup>60</sup> The changes were even noted abroad. For example, a 1938 American publication commended the changes on the basis that such changes accorded with modern commercial reality and practice.<sup>61</sup> The author called on United States courts to “emancipate” the law from outdated principles which prohibited assignments in gross.<sup>62</sup>

The changes in the 1938 Act and the reasons for such changes indicated a willingness to change the law to meet changing circumstances under which products were sold and businesses operated. The changes altered previous legal doctrine that had held that if the link between a trade mark and the business of a particular trader was severed, it would be against public policy for the law to “recognise the continuance of any exclusive right” to the trade mark.<sup>63</sup> Such changes also appeared to weaken the notion that trade marks were a species of qualified property in the sense that property rights in a trade mark protected the activity of using (or imminent using) a mark on vendible goods to indicate that goods come from a *particular* trader. Indeed, the changes brought about by the 1938 Act have been said to represent:<sup>64</sup>

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<sup>60</sup> See “Trade Marks Law” *The Times* (London, 29 January 1937) (reporting on speeches in the House or Lords).

<sup>61</sup> A.W.S. “The English Trade Marks Act: Assignment in England and the United States” (1938) 24(4) *Virginia Law Review* 440 at 446.

<sup>62</sup> At 446.

<sup>63</sup> Bray and Underlay, above n 56, at 30. See also Goschen Report, above n 21 at 27.

<sup>64</sup> Mark Davison and Ian Horak *Shanahan's Australian Law of Trade Marks and Passing Off* (6<sup>th</sup> ed, LawBook Co, Sydney, 2016) at 7.

... a marked shift towards acknowledging the value of registered trade marks as property in their [own] right, separate and independent from any goodwill that may be associated with them.

However, on closer inspection it is suggested the changes effected by the 1938 Act to assignments and licensing were not as “far-reaching and significant” as some thought – and did not materially alter the dynamic between the activity and object-based conceptions of registered trade marks as property.<sup>65</sup> It is submitted that the changes merely *adapted* the notion of registered trade marks as a species of qualified property by giving explicit credence to a theory of “anonymous source”.<sup>66</sup> This adaptation meant that property rights in a trade mark were still seen as being qualified in the sense of being tied to the activity of using a mark to indicate an exclusive source of goods. It was simply now recognised that it no longer mattered that consumers knew the precise source of the goods.

The roots of this “anonymous source” theory is detectable in a line of case law. For example, in the 1894 case of *Thorneloe v Hill* Romer J had observed that in “most cases” a trade mark:<sup>67</sup>

... might fairly be held to be only a representation that the goods were manufactured in the course of business without any course of representation as to the persons by that business was being carried on ...

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<sup>65</sup> *R J Reuter Co Ltd v Mulhens* (1953) 70 RPC 235 (EWCA) at 250.

<sup>66</sup> See generally Neil Wilkof and Daniel Burikitt *Trade Mark Licensing* (2<sup>nd</sup> ed, Sweet & Maxwell, London, 2005) at 27-28.

<sup>67</sup> *Thorneloe v Hill* (1894) 11 RPC 61 (EWHC) at 70.

In *McDowell's Application* Warrington LJ considered that trade mark law should be concerned about deception concerning the source of goods, but it should not matter whether “the public do, or do not, know what that source is”.<sup>68</sup> Finally, in *Bismag* Wilfred Greene MR asserted that “the public who buy branded goods are for the most part ignorant of the name of the manufacturers”.<sup>69</sup>

The 1938 Act recognised the subtle adaptation underlying the anonymous source theory in the statutory definition of a trade mark. Section 68 of the 1938 Act defined a trade mark as a mark used or proposed to be used:

... to indicate a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the mark, *whether with or without any indication of the identity of that person* (emphasis added).

The new definition of a trade mark therefore indicated that in terms of validity what mattered was that there were no other traders using the same mark as an indication of origin. Where there was no such exclusivity there was a prospect of consumer deception as to the source of goods. In short, an anonymous source still needed to be an exclusive source.

The slight adaptation of the qualified, activity-based conception under the 1938 Act was confirmed by the House of Lords in *Aristoc Ltd v Rysta Ltd*.<sup>70</sup> Rysta Ltd was in the business of

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<sup>68</sup> *McDowell's Application* (1926) 43 RPC 313 (EWHC and CA) at 337.

<sup>69</sup> *Bismag*, above n 25, at 230.

<sup>70</sup> *Aristoc Ltd v Rysta Ltd* [1945] AC 68 (UKHL).

repairing stockings and the Assistant Comptroller (acting for the Registrar) authorised its trade mark application for RYSTA in respect of stockings to proceed to registration. One of the issues before the House of Lords was whether the mark came within the meaning of “trade mark”. Lord MacMillan found that the Assistant Comptroller’s decision was “unsound” and “inconsistent with the true function of a trade mark”.<sup>71</sup> Rysta Ltd’s repair service for stockings did not amount to carrying on trade in stockings.<sup>72</sup> Lord MacMillan observed:<sup>73</sup>

In construing [the] definition [of a trade mark] it is essential to bear in mind what is the function of a trade mark. If there is one thing that may be described as fundamental in this branch of law it is that the function of a trade mark is to indicate the origin of the goods to which it is applied.

Moreover, on a closer inspection, the previous concern to avoid consumer deception remained woven throughout the sections that liberalised licensing and the assignment of trade marks. This suggests that relaxation on assignments and liberalisation to licensing should be seen as only a minor adaptation to the dominant conceptualisation of trade marks as a species of qualified property.

To elaborate, first, in terms of the assignment of trade marks, s 22(4) provided that a registered trade mark owner could not assign its trade mark if such an assignment would result in concurrent rights to the same or similar trade marks for the same goods being held by different parties, where use of the trade mark would result or be likely to result in

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<sup>71</sup> At 96.

<sup>72</sup> At 97.

<sup>73</sup> At 96.



deception or confusion. This section was bolstered by provisions dealing with “associated trade marks”. Identical or similar trade marks registered by the same trade mark owner were required to be marked as associated trade marks on the Register.<sup>74</sup> Such associated trade marks could not be assigned separately to ensure there would be no resulting deception or confusion. Additionally, s 22(7) provided that for any assignment of a registered trade mark without associated goodwill, such an assignment had to be advertised within six months of the date of being assigned. Concern to prevent deception of the public, therefore, curbed the full exercise of the power of alienability or transferability, usually seen as an incident of property ownership.<sup>75</sup>

Second, in terms of licensing, the registered user system was implemented to curb a fear that licensing of a trade mark could be deceptive. The Goschen Committee was “apprehensive” that an unrestricted system of licensing would result in deception.<sup>76</sup> The resulting s 28 required the registered trade mark owner and the proposed registered user to file an application including details of the relationship between the parties and the degree of control the proprietor had over the permitted use.<sup>77</sup> The Registrar had to be satisfied that the registration of a registered user would not be contrary to the public interest and empowered the Registrar to refuse an application if it would appear there was a risk of trafficking.<sup>78</sup> Moreover, s 32 allowed an aggrieved person to apply to expunge “any entry wrongly

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<sup>74</sup> Trade Marks Act 1905 5 Edw VII c 15, s 24. Trade Marks Act 1938 1 & 2 Geo 6 c 22, s 23(2).

<sup>75</sup> See Michael Bridge (et al) *The Law of Personal Property* (Sweet & Maxwell, London, 2013) at [1.004].

<sup>76</sup> Goschen Report, above n 21, at 31.

<sup>77</sup> Section 28(4)(a).

<sup>78</sup> Section 28(5) and 28(6).

remaining on the register”, which included licensed trade marks that had become deceptive contrary to s 11.

The prohibition on trafficking in s 28 ensured the law did not shift to fully embracing the notion that a registered trade mark was an object of property in itself. The requirement of a proprietor’s control over the goods being put on the market by a licensee was seen as obviating the risk of deception. The proprietor’s control maintained a “connection in the course of trade” between the goods put on the market by the licensee as arguably required in the definition of a trade mark. This emphasis on a connection in the course of trade and protecting the public from deception continued the notion of trade marks as a species of qualified property by circumscribing what a proprietor could do with a registered trade mark.

## 5.4 Recurrent Themes Under the 1938 Act

### 5.4.1 Continued Concern About Monopolies

The Goschen Committee heard various proposals to adopt a more liberal approach to registration. In particular, it was proposed that the requirement for marks to comprise an essential particular be dropped in favour of a general requirement of distinctiveness.<sup>79</sup> The Committee also heard a proposal that the definition of a “mark” be expanded to include containers. It was submitted that the “shape of a container often serves to distinguish the origin of particular goods”.<sup>80</sup> However, the Goschen Committee was not persuaded of the

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<sup>79</sup> Goschen Report, above n 21, at 13.

<sup>80</sup> At 7.

merits of such a change. It rejected the proposal to expand the definition of a mark on the basis that the registration for the shape of a container would be the grant of a monopoly that “might prove embarrassing to other traders and to the public generally”.<sup>81</sup>

The 1938 Act accordingly made little substantive change to what “marks” could be registered as trade marks. It also continued to provide significant discretion to the Registrar. Section 17(2) provided that the Registrar may refuse or accept any application, subject to any modifications, amendments, conditions or limitations “as he may think right”.

#### 5.4.2 Intention to Use and Bona Fide Use

The 1938 Act, and its interpretation by the courts, also continued to reflect a concern that traders only be able to acquire ownership of registered trade marks they genuinely intended to use. Section 26(1)(a) broadly replicated s 37 of the 1905 Act. Third parties could apply to remove trade marks that were registered without any bona fide intention to use, and were in fact, not put to bona fide use. Section 26(1)(b) also provided that a trade mark could be removed if there had been a continued period of five years or more during which there had been no bona fide use of the trade mark.

In interpreting s 26(1)(a), the principles from *Re Ducker’s* continued to be applied by the courts.<sup>82</sup> This meant a trader had to have a definite and present intention to use the trade

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<sup>81</sup> At 7.

<sup>82</sup> See, for example, *THERMAX Trade Mark* [1985] RPC 403 (Trade Mark Registry).

mark.<sup>83</sup> If, for example, a trader filed an application in a class of goods disconnected with the trader's business, this factor could count against a bona fide intention.<sup>84</sup> The courts thereby continued to recognise that the intention requirement was linked to the predominant activity-based conception of property rights in a registered trade mark.

The activity-based conception also informed the approach to the meaning of "bona fide use" under s 26(1)(b). In *Electrolux Ltd v Electrix Ltd* the plaintiff wanted to rely on its registration for ELECTRUX in an infringement action against a competitor using ELECTRIX.<sup>85</sup> The plaintiff had not made much use of the mark, so it delayed issuing proceedings until it had made greater use of ELECTRUX. Once the plaintiff issued proceedings, the defendant sought to remove the ELECTRUX registration on the grounds that the use by the plaintiff was not bona fide. The Court of Appeal found that the plaintiff's use was bona fide. As each judge delivered a separate judgment, deriving a precise ratio from the case is difficult. Sir Raymond Evershed MR found that the plaintiff's use could not be "described as pretended", it was not "merely sporadic or temporary", it was "substantial" and "commercially speaking" it could not be shown the use "was not an ordinary and genuine use".<sup>86</sup> Jenkins LJ was of the view that the use by the plaintiff was "a real commercial use on a substantial scale and in that sense genuine" and could not be regarded other than bona fide.<sup>87</sup> Morris LJ thought that by bona

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<sup>83</sup> At 408.

<sup>84</sup> *AA Byrd and Co Ltd's Application* (1953) 70 RPC 212 (Trade Mark Registry).

<sup>85</sup> *Electrolux Ltd v Electrix Ltd* (1954) 71 RPC 23 (EWCA). The case is further discussed by the author in Rob Batty "How Much Use Should Amount to "Genuine Use" of a Trade Mark?" (2014) 20 NZBLQ 93 at 99-100.

<sup>86</sup> At 37.

<sup>87</sup> At 41.

fide the legislature had in mind a “real or genuine use”, and not one that is “really only some fictitious or colourable use”.<sup>88</sup> The thrust of the statements in *Electrolux Ltd v Electrix Ltd* suggests that to maintain a registration, a registrant had to be genuinely carrying on the activity of using the trade mark in the marketplace.

Despite the tenor of the judgment in *Electrolux Ltd v Electrix*, other decisions suggested the standard of use necessary to convince a court a registrant was carrying on the activity of using a trade mark was low. For example, in *NODOZ Trade Mark* the registrant relied upon one isolated transaction.<sup>89</sup> Wilberforce J suggested that in some cases where there was “overwhelmingly convincing proof”, a single act of use of the trade mark “may be sufficient”.<sup>90</sup> Further, in *HERMES Trade Mark* it was found that the references to the relevant trade mark when the registrant placed orders for parts to make 2,900 complete watches with its component suppliers was sufficient to amount to bona fide use.<sup>91</sup>

On its face, *NODOZ Trade Mark* and *HERMES Trade Mark* are difficult to reconcile with some of the statements in *Electrolux Ltd v Electrix*, such as “use on a substantial scale”. However, arguably such cases simply reflect “problems of application” of the law to different circumstances, rather than a separate line of authority deviating from an activity-based

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<sup>88</sup> At 42.

<sup>89</sup> *NODOZ Trade Mark* [1962] RPC 1 (EWHC).

<sup>90</sup> At 7 (Such proof was found not to be present by Wilberforce J on the facts before him, and the trade mark was ordered to be expunged from the Register). See also *BON MATIN Trade Mark* [1989] RPC 537 (EWHC).

<sup>91</sup> *HERMES Trade Mark* [1982] RPC 425 (EWHC) at 432.

conception of the property rights in a trade mark.<sup>92</sup> For example, in *HERMES Trade Mark* Falconer J observed that bona fide use of a trade mark under s 26(1)(b) had to constitute use on or in relation to goods *in the course of trade*.<sup>93</sup> The judge then endorsed the view that the phrase “course of trade” was wide enough to capture the steps taken to produce goods, as well as actually putting them on the market.<sup>94</sup> The focus in interpreting s 26(1)(b) thereby still centred on protecting use of trade mark in trading activity – it was just that some courts were prepared to take a broad view of what counted as a trading activity.<sup>95</sup>

A second caveat to the continuing centrality of active trading to the acquisition and maintenance of trade marks was the introduction of defensive registrations. This change under the 1938 Act allowed the owners of well-known trade marks to obtain trade mark registrations covering classes of goods they did not intend to use their trade mark for.<sup>96</sup> The rationale for this change was that certain trade marks were so well-known that any use by another trader of the same or a similar trade mark could lead to a likelihood of confusion.<sup>97</sup> Section 27 provided that defensive registrations were not liable to be removed under s 26 (on the basis of a lack of bona fide use and intention to use). As a result, traders could obtain rights of exclusion that went beyond their trading activity.

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<sup>92</sup> See *Gerber Products Company v Gerber Foods International Ltd* [2002] EWHC 428 (Ch), [2003] RPC 1 at [21].

<sup>93</sup> At 430.

<sup>94</sup> At 432.

<sup>95</sup> *HERMES Trade Mark* additionally illustrates the impact of the Registrar’s (or a court’s) discretion to preserve a registration.

<sup>96</sup> Trade Marks Act 1938 1 & 2 Geo 6 c 22, s 27. For further detail see Robert Burrell and Michael Handler “Dilution and Trade Mark Registration” (2008) 17 *Transnational Law & Contemporary Problems* 713 at 729 to 731.

<sup>97</sup> Goschen Report, above n 21, at 21.

The introduction of defensive registrations demonstrates that trade mark owners had some level of success in broadening their trade mark rights, and that in respect of such registrations, untethering rights from the activity of using a trade mark in the marketplace. However, such defensive registrations were recognised as conferring an “exceptional” privilege,<sup>98</sup> and a number of conditions were attached to their registration. In particular, defensive registrations were only possible for invented words. Other conditions included the fact that such marks could not be licensed to registered users, and that registration was subject to removal if it no longer met the conditions of a defensive registration.<sup>99</sup> Moreover, and as explored in section 6.2.2, in practice, the courts and the Registry adopted a cautious attitude to registration of defensive marks, which curtailed their prevalence and impact.<sup>100</sup>

#### 5.4.3 Unregistered Rights and Concern About Deception

The 1938 Act took some limited steps to reduce the impact of unregistered trade mark rights circumscribing the property rights acquired under the registered trade mark system. In particular, the 1938 Act removed references and the special allowances given to “old marks”, including the special provision for registrability in s 9. The Goschen Committee noted that if owners of old marks had not “availed themselves” of this provision they “have only

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<sup>98</sup> Goschen Report, above n 21, at 21.

<sup>99</sup> Trade Marks Act 1938 1 & 2 Geo 6 c 22, s 28.

<sup>100</sup> See Committee to Examine British Trade Mark Law and Practice *Report of the Committee to Examine British Trade Mark Law and Practice* (Cmnd 5601 1974) at 28 noting that since s 27 had been introduced there “had been applications for defensive registration in respect of some hundred different trade marks, most of them household names” and “the tendency in recent years has been for defensive registration to be sought in respect of a limited range of goods closely related to those for which the trade mark concerned has been used”.

themselves to blame”.<sup>101</sup> Despite this change, the 1938 Act continued to provide a privileged place to unregistered rights. It was argued before the Goschen Committee that in order to obtain a reliable and complete record of trade marks in use, no relief should be given under passing off for misuse of an unregistered trade mark.<sup>102</sup> The Goschen Committee was disinclined to adopt this suggestion observing that they did not want to “embarrass a trader in the exercise of his common law right”.<sup>103</sup> The 1938 Act retained the provision that registration legislation did not affect passing off actions, but that no person was entitled to institute proceedings or recover damages in relation to the infringement of an unregistered trade mark.<sup>104</sup>

Further, the Goschen Committee rejected two proposals that the honest concurrent use provision should be limited in order to provide more security of title for registered trade mark owners and for the Register to represent a more complete record of trade marks. First, the Goschen Committee rejected the idea that honest concurrent use should be limited to situations where an applicant applies to register within five years from the date of the existing registrant filing its trade mark application. Second, the Goschen Committee rejected a proposal that the honest concurrent use provision be amended so it could not be relied upon by a person trying to register the same (or a practically identical) mark they commenced using for the same goods *after the date* of an earlier registration. The rationale for this proposal was that it should be incumbent on the unregistered trade mark user to search the Register,

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<sup>101</sup> At 16.

<sup>102</sup> At 53.

<sup>103</sup> At 54.

<sup>104</sup> Trade Marks Act 1938 1 & 2 Geo 6 c 22, s 2.



and that concurrent use occurred after the date of an earlier registration, the security of title conferred to a registered trade mark owner was being eroded.<sup>105</sup> Making reference to *Alex Pirie & Sons Ltd's Application*, and the flexibility the case espoused, the Goschen Committee recommended retaining the honest concurrent use section in its extant form.<sup>106</sup>

The 1938 Act retained s 11 of the 1905 Act, which prohibited the registration of trade marks likely to deceive or cause confusion.<sup>107</sup> The combined effect of s 11 and s 32 amounted to an important exception to a registrant's security of title in relation to the rights of third parties. A poignant illustration of this came in *Berlei (UK) Ltd v Bali Brassiere Co Inc*.<sup>108</sup> Berlei UK Ltd had manufactured and sold brassieres, corsets and corselettes under the trade mark BERLEI since 1930. Bali Brassiere Co Ltd applied to register BALI for brassieres, corsets and corselettes in 1959. In 1960, Berlei UK Ltd applied to expunge the registration for BALI on the grounds that registration was contrary to s 11. The House of Lords upheld the High Court's decision that the Register ought to be rectified. Lord Upjohn emphasised that s 11 and its predecessor sections were designed to protect the public.<sup>109</sup> To succeed under s 11, it was not necessary to establish a likelihood of deception that would result in a finding of passing off.<sup>110</sup> According to Lord Upjohn, it was enough if an ordinary person has some doubt that the products came from the same source.<sup>111</sup>

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<sup>105</sup> At 25.

<sup>106</sup> At 26.

<sup>107</sup> Section 11 was amended to add the words "or cause confusion".

<sup>108</sup> *Berlei (UK) Ltd v Bali Brassiere Co Inc (No 1)* [1969] 1 WLR 1306 (UKHL).

<sup>109</sup> At 1322.

<sup>110</sup> At 1324.

<sup>111</sup> At 1324.

## 5.5 Conclusion

The post-First World War period saw traders give more emphasis to brand names in their selling and marketing of goods. The 1938 Act did usher in some important changes to the United Kingdom trade mark law in response. The scope of the exclusive rights conferred by a registered trade mark were enlarged, and for the first time, licensing was permitted and the rules around assignments of trade marks were relaxed. These changes did shift registered trade mark law to a more object-based conception of registered trade mark as property. However, I have argued that such changes did not markedly alter the dynamic between the object and activity-based conceptions. Rather, the changes can be seen as adaptations to the qualified, activity-based model of property cemented by the 1905 Act. Indeed, the 1938 Act and the interpretation of it by the judiciary, continued to reflect core notions in previous jurisprudence. Accordingly, the predominant conception continued to be that the property rights in a registered trade mark protected the activity of using a sign as an indication of origin.

## Chapter Six: The Move Towards, and Judicial Resistance to, the Conceptualisation of Registered Trade Marks as Objects of Property<sup>1</sup>

### 6.1 Introduction

This chapter explains how the dominant conceptualisation of a registered trade mark as a species of qualified property consolidated by the Trade Marks Act 1905, and largely continued by the Trade Marks Act 1938, came under pressure in the 1950s and 1960s. I argue that the main force of change was the rise of the “brand” concept, which arose in the context of significant changes in marketing practices and the environment in which traders operated. More tacitly, and as a manifestation of a larger trend toward neoliberalism in the 1980s, there was a change in thinking about the benefits and costs of trade marks in terms of their effects on competition. This diluted some of the longstanding concerns about conferring undesirable monopolies to registered trade mark owners.

These pressures created an impetus for the law to recognise property rights in registered trade marks as stand-alone “things”, rather than property rights connected with, and protecting, the activity of using the trade mark as a truthful indication of the origin of goods. Such pressures also suggested the law should adopt a less regulated and more market orientated approach to regulating trade mark registration, and in particular, suggested that the benefits of property rights should be extended to a broader array of symbols.

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<sup>1</sup> Some of the material in this chapter, in particular, in section 6.3.1 also appears in Rob Batty “Restrictions on Ownership under New Zealand Registered Trade Mark Law” (2020) 20 Oxford University Commonwealth Law Journal 1.

Despite these forces of change, this chapter explains how the United Kingdom legislature was initially reluctant to change the law to accord with changing commercial circumstances. More significantly, the English courts resisted pressure from traders to embrace a wider conceptualisation of the property rights associated with registered trade marks. In a series of cases, the English judiciary reasserted core tenets of the jurisprudence that had developed under previous registration legislation which supported the notion that trade marks were a species of qualified property.

Several international harmonisation initiatives, including principally the European Trade Mark Directive, set in train developments that would override such resistance. The final part of this chapter examines these events, culminating in the British Government's proposal for reform of United Kingdom trade mark law. Such developments, underpinned by neoliberal economics and European legal traditions relating to trade marks, gave more prominence to the conceptualisation of registered trade marks as property rights attaching to, and protecting, *things*.

## 6.2 Changing Contexts

### 6.2.1 Developments in Marketing, Branding and Advertising

After the Second World War, the United Kingdom was heavily in debt. The immediate post-war period was characterised by austerity measures.<sup>2</sup> An economic revival coincided with a

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<sup>2</sup> Richard A Hawkins "Marketing History in Britain" in DG Brian Jones and Mark Tadajewski (eds) *The Routledge Companion to Marketing History* (Routledge, London, 2016) 315 at 325. See also TR Nevett *Advertising in Britain* (Heinemann, London, 1982) at 178.

number of important developments in the marketing of goods, and consumer goods in particular.

The 1950s witnessed the growth of self-service retailing in the United Kingdom.<sup>3</sup> The retail market was also becoming more competitive. Resale price maintenance had been prevalent until the mid-1950s, but collective resale price maintenance began to break down after the Restrictive Trade Practices Act 1956 was passed.<sup>4</sup> In 1964, the Resale Price Act prohibited resale price maintenance, unless an exemption was obtained.<sup>5</sup> In addition to increased price competition, retailers started to promote more “own label” goods, which were marketed alongside the goods of manufacturers.<sup>6</sup>

From a manufacturer’s perspective, self-service retailing and increased competition spurred innovation in terms of the packaging of goods. Development in packaging was seen as allowing for “greater individualisation of merchandise”.<sup>7</sup> This individualisation phenomenon gave manufacturers more scope to give emphasis to brand names. Development in packaging also provided an opportunity for manufacturers to utilise particular colours and shapes to promote their goods. Manufacturers also began to use elements of packaging to enhance the

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<sup>3</sup> Hawkins, above n 2, at 326. Dan Hancox “How Britain Became a Self-Service Nation” *The Independent* (15 March 2011); Paul du Gay “Self-Service: Retail, Shopping and Personhood” (2004) 7 *Consumption Markets and Culture* 149 at 153.

<sup>4</sup> Helen Mercer “The Abolition of Resale Price Maintenance in Britain in 1964: a Turning Point for British Manufacturers?” [1998] LSE Working Papers in Economic History 39/98.

<sup>5</sup> J F Pickering “The Abolition of Resale Price Maintenance in Great Britain” (1974) 26 *Oxford Economic Papers* 120.

<sup>6</sup> At 156.

<sup>7</sup> du Gay, above n 3, at 156.

appeal of products and to identify the source of their products, independently from labels and other brand names on products.<sup>8</sup> For example, Coca-Cola Company created a distinctive bottle recognisable in the dark and started promoting the shape of the bottle in its advertisements from 1916.<sup>9</sup>

From the consumer's perspective, self-service retailing and the increase in competition greatly enhanced choice in terms of which products they could buy. Davies and Elliot's use of oral testimony of women shoppers in the post-war period found that shoppers turned to brand names to help them navigate through the environment of increased choice.<sup>10</sup> Moreover, consumers began to select brand name goods not simply on the basis of their functional characteristics.<sup>11</sup> Indeed, Davies and Elliot have linked consumers' changing interactions and attitudes to brand names with "symbolic consumption". They suggest that in the post-war period consumers started to use their consumption of branded products to signal values and status about themselves.<sup>12</sup> Holt has also suggested that in the post-war period consumers began to take a more independent and autonomous view of the value of brand names, and their consumption of them.<sup>13</sup>

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<sup>8</sup> See Ronald A Fullerton "How Modern Is Modern Marketing? Marketing's Evolution and the 'Myth of the Production Era'" (1988) 52(1) *Journal of Marketing* 108 at 114.

<sup>9</sup> Thomas D Drescher "The Transformation and Evolution of Trademarks—From Signals to Symbols to Myth" (1992) 82 *Trademark Reporter* 301 at n 110.

<sup>10</sup> Andrea Davies and Richard Elliott "The Evolution of the Empowered Consumer" (2006) 40 *European Journal of Marketing* 1106 at 1114.

<sup>11</sup> Davies and Elliott, above n 10, at 1114.

<sup>12</sup> At 1115.

<sup>13</sup> Douglas B Holt "Why Do Brands Cause Trouble? A Dialectical Theory of Consumer Culture and Branding" (2002) 29 *Journal of Consumer Research* 70 at 82.

The 1950s also saw changes to the nature and scope of advertising. One of the most pronounced changes was the launch of a commercial independent television channel, and the commencement of television advertising in 1955.<sup>14</sup> As indicated in Chapter 5, image-based advertising was already being utilised in the 1930s.<sup>15</sup> However, television advertising provided a more effective and striking medium, and a method of using images and narratives to convey the idea that consumerism and status expenditure was available to all.<sup>16</sup> By 1960, almost two thirds of households owned a television, and commercial television advertising expenditure began to dominate total advertising expenditure.<sup>17</sup> The growth in advertising helped manufacturers promote their brand names.

The emphasis given to brand names by local manufacturers in advertising was complimented by the further expansion of international trade in the 1950s and 1960s.<sup>18</sup> Multinational companies started to increase their market shares in many sectors of the United Kingdom economy.<sup>19</sup> As Patsiaouras has suggested, for United Kingdom consumers:<sup>20</sup>

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<sup>14</sup> Georgios Patsiaouras “The History of Conspicuous Consumption in the United Kingdom: 1945-2000” (2017) 9 *Journal of Historical Research in Marketing* 488 at 493.

<sup>15</sup> Stefan Schwarzkopf “Turning Trademarks into Brands: How Advertising Agencies Practiced and Conceptualized Branding, 1890-1930” in T da Silva Lopez and P Duguid (eds) *Trademarks, Brands and Competitiveness* (Routledge, New York and London, 2010) 165.

<sup>16</sup> Patsiaouras, above n 14, at 493.

<sup>17</sup> Hawkins, above n 2, at 325–326.

<sup>18</sup> A G Terborgh “The Post-War Rise of World Trade: Does the Bretton Woods System Deserve Credit?” (2003) IDEAS Working Papers Series from RePEc noting that: “During the two decades after the Second World War, international trade expanded at its most rapid pace of the twentieth century”.

<sup>19</sup> Hawkins, above n 2, at 327.

<sup>20</sup> Patsiaouras, above n 14, at 493.

... the arrival and heavy promotion of American products like Heinz ketchup, Kraft and Kodak for example broadened consumers' brand awareness and knowledge around the use and display of [a] product's name or logo as [a] marker of social positioning.

The growing developments in the use of brand names coincided with an increasing awareness of branding in the literature, and attempts to conceptualise what was occurring in practice. In particular, in 1955 Gardner and Levy published "The Product and the Brand".<sup>21</sup> In this influential article, Gardner and Levy articulated how a brand name was more than a label, but a "complex symbol that represents a variety of ideas and attributes".<sup>22</sup> They referred to a brand as a "public image", a character or personality", that went far beyond the characteristics of the product.<sup>23</sup> "The Product and the Brand" was followed up by Levy's 1959 article "Symbols for Sale" where he wrote "people buy things not only for what they can do, but also for what they mean".<sup>24</sup> Schwarzkopf suggests that such literature was an inspiration for David Ogilvy and other advertising agencies, as it conceptualised a practice they had been developing in using advertising to promote "brand personalities".<sup>25</sup> For example, Schwarzkopf recounts how LUX was described in a 1924 conference as being "gay, spontaneous, care-free".<sup>26</sup>

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<sup>21</sup> Burleigh B Gardner and Sidney J Levy "The Product and the Brand" [1955] Harvard Business Review 33.

<sup>22</sup> At 35.

<sup>23</sup> At 35.

<sup>24</sup> Sidney J Levy "Symbols for Sale" [1959] Harvard Business Review 117 at 118.

<sup>25</sup> Schwarzkopf, above n 15, at 188.

<sup>26</sup> At 180.



The development of “brand personalities” were seen as highly valuable for manufacturers as it allowed for the differentiation of products. The economic literature suggested that such product differentiation via branding allowed manufacturers to charge higher prices.<sup>27</sup> It also helped generate consumer loyalty to particular products. For example, in a 1956 publication, Cunningham argued that there was a significant amount of brand loyalty in respect of individual products.<sup>28</sup> The economic literature at the time also viewed brand loyalty as valuable (and potentially anti-competitive) as it allowed established manufacturers to erect barriers to entry and charge higher prices to consumers.<sup>29</sup>

Indeed, “brands” were already beginning to be more readily recognised as valuable independently from the business from which they were associated.<sup>30</sup> For example, Petty refers to Royal Brand baking powder being valued at \$5 million in 1905 and similar valuations

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<sup>27</sup> On the economic literature, see Ioannis Lianos “Brands, Product Differentiation and EU Competition Law” in Deven R Desai, Ioannis Lianos and Specer Weber Waller (eds) *Brands, Competition Law and IP* (Cambridge University Press, Cambridge, 2015) 146 at 151-152. As Lianos notes at 149 the development of brand involves fixed costs and manufacturers would not invest in developing a brand unless they could charge higher prices to recoup such fixed costs.

<sup>28</sup> Ross Cunningham “Brand Loyalty” [1956] *Harvard Business Review* 116 at 121.

<sup>29</sup> See Joe S Bain *Barriers to New Competition: Their Character and Consequences in Manufacturing Industries* (Harvard University Press, Cambridge, 1956) at 204 finding that product differentiation to be the greatest barrier to entry in certain manufacturing industries.

<sup>30</sup> Da Silva Lopes has suggested that brands explicitly valued by accountants in company’s balance sheets in the 1980s, Teresa Da Silva Lopes “Brands and the Evolution of Multinationals in Alcoholic Beverages” (2002) 44 *Business History* 1 at 3. Jennifer Davis “The Value of Trade Marks: Economic Assets and Cultural Icons” in Ysolde Gendreau (ed) *Intellectual Property Bridging Aesthetics and Economics* (Éditions Thémis, Montreal, 2006) 97 at 102 notes the common story that in 1988 Rank Hovis McDougall was the first listed company to have a non-acquired brand valued on its balance sheet.

were claimed in this period for Coca-Cola and Nabriso's Uneeda brand.<sup>31</sup> By 1986, the Coca-Cola brand was estimated to be worth \$7 billion.<sup>32</sup>

The recognition of the value of brand personalities gave rise to increased licensing opportunities for traders.<sup>33</sup> These opportunities included the trade mark owner seeking to permit another trader to make use of its trade mark in the manufacture and sale of goods. For instance, one of the earliest examples was soft drink manufacturers arranging for the bottling and distribution of soft drinks under a licensed trade mark.<sup>34</sup> There were also opportunities for trade mark owners to utilise the brand personality they had developed for one category of goods and licence the use of a brand name to *new categories of goods*. These were opportunities to licence and leverage the value of a "brand image". In some cases, this could involve the use of a trade mark on promotional products, such as T-shirts, pens and keyrings.<sup>35</sup> As Calboli notes, the goal with such a practice was not to increase the level of production and supply of goods to the market, but to "build and enhance brand image and consumer affiliation".<sup>36</sup>

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<sup>31</sup> Ross D Petty "A History of Brand Identity Protection and Brand Marketing" in DG Brian Jones and Mark Tadajewski (eds) *The Routledge Companion to Marketing History* (Routledge, London, 2016) 97 at 106.

<sup>32</sup> "COCA-COLA: Things Better Go Better" *The Economist* (10 May, 1986) at 98 cited from Drescher, above n 9, at 1.

<sup>33</sup> Jerre B Swann, David A Aaker and Mark Reback "Trademarks and Marketing" (2001) 91 *Trademark Reporter* 787 at 810–812.

<sup>34</sup> Neil Wilkof and Daniel Burkitt *Trade Mark Licensing* (2nd ed, Sweet & Maxwell, London, 2005) at 80.

<sup>35</sup> Irene Calboli "What if, After All, Trademarks Were Traded in Gross" [2008] *Michigan State Law Review* 345 at 356.

<sup>36</sup> At 356.

Reflecting the value of brand personalities there was a growth in franchising in the 1950s.<sup>37</sup>

Traders – and United States traders in particular – sought to expand into foreign markets using franchising as a business model. The first business format franchises were established in the United Kingdom in the 1950s.<sup>38</sup>

The value of brand names was arguably further enhanced when firms entered into arrangements to sell their trademarked goods in overseas markets.<sup>39</sup> Reaching international consumers required the creation of long distribution chains. Wilkins has argued that brand names, or trade marks, became a valuable asset to solve the problem of quality uncertainty that emerged with the separation from the original manufacturer.<sup>40</sup> Wilkins suggests this created impetus for a trade mark to be viewed as an “essential property right”, to prevent third parties “free-riding on, or debasing, this asset”.<sup>41</sup>

The development and value of brand names and “brand personalities”, though, highlighted a potential disjoint between a “trade mark” on the one hand and a “brand” on the other. Brand names and trade marks could be seen as roughly synonymous.<sup>42</sup> They both essentially served

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<sup>37</sup> Wray O Candilis “The Growth of Franchising” (1978) 13 Business Economics 15.

<sup>38</sup> Brian Smith, Peter Stern and Martin Mendelsohn “Franchising in the 1990s” (1990) 138 RSA J 542 at 544.

<sup>39</sup> Mira Wilkins “The Neglected Intangible Asset: The Influence of the Trade Mark on the Rise of the Modern Corporation” (1992) 34 Business History 66.

<sup>40</sup> David M Higgins *Brands, Geographical Origin, and the Global Economy: A History from the Nineteenth Century to the Present* (Cambridge University Press, Cambridge, 2018) at 15.

<sup>41</sup> Wilkins, above n 39, at 68-69 and 71. See also David Brennan “The Trade mark and the Firm” (2006) 3 IPQ 283.

<sup>42</sup> This is the view taken by William M Landes and Richard A Posner “Trademark Law: An Economic Perspective” (1987) 30 Journal of Law and Economics 265 at 269.

to indicate trade origin, and more indirectly, the nature and quality of goods. However, the wider concept of a “brand” was more amorphous. As Gardner and Levy suggested, a brand – which is identified by a brand name or trade mark – also indicated to consumers certain associations, personalities, and values associated with a product.<sup>43</sup>

The growing recognition that a brand could be associated with a whole range of products, and that the values and associations of the brand could be transferred across a range of products, suggested that there was no need for a brand to be anchored to a particular trading activity.<sup>44</sup> A brand could function, and a brand could have value, severed from a particular trading activity. In other words, as an independent *thing*. As trade marks and brand names provided the link to such associations, personalities and values, there was nascent recognition that trade marks were also starting to function in ways that went beyond indicating the origin and quality of goods. For example, writing extra-judicially in 1993, Alex Kozinski wrote of the growing tendency of consumers to use trade marks: “not just to identify products but also to enhance or adorn them, even to create new commodities altogether”.<sup>45</sup> Some trade marks, therefore, could also function separately from a particular trading activity. Such trade marks could also be transferred and exploited by third parties and had independent value as

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<sup>43</sup> See further Kevin L Keller *Strategic Brand Management: Building, Measuring and Managing Brand Equity* (4<sup>th</sup> ed, Pearson, Boston 2013) at 6-7. As intimated above, consumers were increasingly playing a more active role in the creation of such associations, personalities and values. See further Davies and Elliott, above n 10, at 1117 and Andrew Alexander and others “The Co-Creation of a Retail Innovation: Shoppers and the Early Supermarket in Britain” (2009) 10 *Enterprise and Society* 529 at 536.

<sup>44</sup> Davis, “The Value of Trade Marks”, above n 30, at 110 noting “Another commonly attributed feature of a brand is that it may usefully be applied to more than one product”.

<sup>45</sup> Alex Kozinski “Trademarks Unplugged” (1993) 68 *New York University Law Review* 960.

“things”. As the next subsection identifies, similar observations about the evolving role of trade marks had been used to argue that the property rights associated with trade marks should be expanded.

### 6.2.2 Calls for Expanded Rights of Exclusion

It is recalled that the 1905 Act confined the exclusive rights of a trade mark owner to the goods in respect of which the trade mark was registered. The Trade Marks Act 1938 also provided that the “trespassory rules” attached to a registered trade mark (or a trade mark owner’s right to exclude) only extended to situations where a defendant used an identical sign or a confusingly similar sign *as a trade mark* on or in relation to *the registered goods*. This accorded with the dominant conceptualisation of the property rights in a registered trade mark protecting the activity of using that trade mark to indicate the origin of particular goods.

In 1927, Frank Schechter published “The Rational Basis of Trademark Protection”, in which he advocated that certain unique or distinctive trade marks should be protected against use on goods beyond those associated with the trade mark owner’s present trading activity.<sup>46</sup> Schechter built his case by arguing that trade marks had come to function, not just as indicators of origin, but as agents for generating custom.<sup>47</sup> The more distinctive or unique the trade mark, “the more effective is its selling power”,<sup>48</sup> and the more value the trade mark

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<sup>46</sup> Frank Schechter “The Rational Basis for Trademark Protection” (1927) 40 Harvard Law Review 813.

<sup>47</sup> At 819: “The mark actually *sells* the good”.

<sup>48</sup> At 819.

had.<sup>49</sup> Schechter then argued that where a trade mark was used on non-competing goods the harm amounted to the “gradual whittling away or dispersion of the identity and hold upon the public mind of the mark”. The final plank of Schechter’s argument was that the more distinctive or unique a trade mark was, the greater its need of protection.

There are some indications that Schechter’s justification of the extension of the property rights associated with trade marks was based on a Lockean inspired labour/reward notion. For example, he argued that the degree of protection should depend upon “the extent to which, through the efforts or ingenuity of its owner, it is actually unique and different from other marks”.<sup>50</sup> However, in a nuanced argument Bone has advocated that Schechter was a legal realist and that the:<sup>51</sup>

... thrust of Schechter's justification for dilution was not based on abstract moral theories, but rather on how marks were actually used by companies in the economy of the 1920s and what sort of legal protection was needed to support that use.

Legal realists focused on how the law actually works and what courts actually did.<sup>52</sup> A central idea was that judges decided cases according to a sense of justice based on the facts before

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<sup>49</sup> 825-826.

<sup>50</sup> At 831.

<sup>51</sup> Robert Bone “Schechter’s Ideas in Historical Context and Dilution’s Rocky Road” (2008) 24 Santa Clara Computer & High Tech LJ 469 at 486–487.

<sup>52</sup> Gerald J Postema “Realism and Reaction” in Enrico Pattaro and others *A Treatise of Legal Philosophy and General Jurisprudence Volume 11* (Springer, Dordrecht, The Netherlands, 2011) 81.

them, and were less responsive to rules or legal doctrine.<sup>53</sup> Judges were also open to considering the policy implications of their legal decisions. As Bone notes, and speaking generally, realists considered that the law should be approached “pragmatically and instrumentally with an eye to making legal rules that served social interests well”.<sup>54</sup> In the commercial sphere, judges often referred to typical business or economic practice in determining the normatively right outcome.<sup>55</sup>

Despite Schechter’s arguments that expanded protection would serve “social interests well” and support existing business practice and use of trade marks, his article provoked limited support in the United States and caused no immediate change to legal doctrine.<sup>56</sup> As Bone has noted, there was little reference to Schechter’s article in academic publications, until Rudolf Callman advocated for protection against “dilution” in his 1945 treatise.<sup>57</sup>

In 1947, Massachusetts adopted an anti-dilution statute, and this has traditionally been seen as the genesis of dilution protection.<sup>58</sup> This statute provided that a “likelihood of injury to

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<sup>53</sup> Brian Leiter “American Legal Realism” in Dennis Patterson (ed) *A Companion to Philosophy of Law and Legal Theory* (2nd ed, Wiley-Blackwell, 2010) 249; Brian Leiter “Legal Realism and Legal Doctrine” (2015) 163 *University of Pennsylvania Law Review* 1975.

<sup>54</sup> Bone, “Schechter’s Ideas in Historical Context”, above n 51, at 482. Robert Bone “Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law” (2006) 86 *Boston University Law Review* 547 at 586.

<sup>55</sup> Brian Leiter “Legal Formalism and Legal Realism: What is the Issue?” [2010] *Legal Theory* 111 at 112.

<sup>56</sup> Bone, “Schechter’s Ideas in Historical Context”, above n 51, at 489–492.

<sup>57</sup> Rudolf Callman *The Law of Unfair Competition and Trade-Marks Vol 2* (Callaghan and Company, Chicago, 1945) at 1334–1336.

<sup>58</sup> Michael Handler “What Can Harm the Reputation of a Trademark? A Critical Re-Evaluation of Dilution by Tarnishment” (2016) 106 *Trademark Reporter* 639.

business reputation or of dilution of the distinctive quality of a trade name or trade-mark” was actionable even in the “absence of competition between the parties or of confusion as to the source of goods or services”.<sup>59</sup> Later, Benelux countries incorporated anti-dilution protection in their uniform trade mark law, and as explained below, this would become an important influence for United Kingdom trade mark law.<sup>60</sup> However, these developments concerning dilution in the United States and Benelux had little immediate impact on United Kingdom trade mark law. Consistent with the notion that a trade mark owner’s rights of exclusion were tied to the activity of using a sign as an indication of origin for particular goods, case law remained wielded to the principle of “speciality” of goods when determining infringement.<sup>61</sup>

The reluctance to extend the rights of a trade mark owner beyond the registered goods mirrored the approach taken to the defensive registrations for invented well-known words established by the 1938 Act.<sup>62</sup> As outlined in Chapter 5, defensive registrations provided a

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<sup>59</sup> 1947 Mass. Acts, ch. 307 at 300, cited from Handler above n 58, at 644.

<sup>60</sup> See further Handler, above n 58, at 645-646.

<sup>61</sup> Ilanah Simon Fhima “Same Name, Different Goods—Death of the Principle of Specialty” in Ilanah Simon Fhima (ed) *Trade Mark Law and Sharing Names: Exploring Use of the Same Mark by Multiple Undertakings* (Edward Elgar, Cheltenham, 2009) 101.

<sup>62</sup> Except in rare cases of “fraudulent suggestion”. See *The Eastman Photographic Materials Co v John Griffiths Cycle Co and The Kodak Cycle Co Ltd* (1898) 15 RPC 105 (EWHC): injunction granted against the use of KODAK in relation to bicycles. The 1913 edition of Kerly sought to explain the result of the case on the grounds of fraudulent suggestion, while reiterating that a “plaintiff cannot sue for infringement in respect of goods for which his mark is not registered”: DM Kerly and FG Underlay *The Law of Trade Marks and Trade Name* (4th ed, Sweet & Maxwell, London, 1913) at 436.



mechanism to provide protection beyond a trader's immediate trading activity.<sup>63</sup> However, the approach of the Registry to accepting registrations was conservative and still hinged on establishing a likelihood of confusion. For example, in *Feredo's Ltd's Application* Evershed J upheld the decision of the Assistant-Comptroller to refuse the defensive registration of FEREDO in class 5 and 34.<sup>64</sup> The trade mark was principally used for brake linings and clutches. Evershed J said it was necessary to show that FEREDO had become so well-known in relation to brake linings and clutches that use for goods in class 5 and 34 would lead consumers to think that such goods were put on the market by the same person who sold FEREDO brake linings and clutches – i.e. that there was a risk of confusion.<sup>65</sup> The evidence submitted by the applicant did not satisfy Evershed J that FEREDO had met that standard.

Further, when the Mathys Committee came to consider the ongoing place of defensive registrations within the framework of United Kingdom trade mark law, it did not recommend extending the scheme beyond invented words, because it would risk undermining the “basic principle” of the 1938 Act that the “powerful monopoly” conferred by a registered trade mark should be tied to the specification of goods which relates to the bona fide trade of the owner.<sup>66</sup>

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<sup>63</sup> Robert Burrell and Michael Handler “Dilution and Trademark Registration” (2008) 17 Transnational Law Contemporary Problems 713 at 729–731.

<sup>64</sup> *Feredo Ltd's Application* (1945) 62 RPC 111 (EWHC).

<sup>65</sup> At 121.

<sup>66</sup> Committee to Examine British Trade Mark Law and Practice *Report of the Committee to Examine British Trade Mark Law and Practice* (Cmnd 5601 1974) at 28 [Mathys Report].

### 6.2.3 New Economic Thinking About Trade Marks

As explained in Chapter 3, English judicial and legislative distaste for monopolies was deep rooted, and can be traced at least to the 1600s and the Statute of Monopolies,<sup>67</sup> and subsequently to classical economic thinkers such as Adam Smith and John Stuart Mill. In the United States, the view that trade marks promoted monopolistic behaviour came to reflect a form of economic analysis associated with the so-called “Harvard School” of law and economics.<sup>68</sup> The Harvard School’s approach to competition was characterised by the “structure-conduct-performance” paradigm. The structure (for example, the number of buyers and sellers, barriers to entry) of a specific industry was seen as influencing the conduct of a firm within the industry (for example, in terms of prices, advertising, research and development), which in turn influenced the industries’ performance in terms of producing benefits to consumers.<sup>69</sup> The Harvard School approach was therefore to focus on the relationship between market structure and performance.<sup>70</sup> In some markets, it was argued that uncompetitive structures had developed to the detriment of consumers.<sup>71</sup>

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<sup>67</sup> Statute of Monopolies 1624 21 Jac 1 c 3. See further *The Clothworkers of Ipswich Case* (1615) Godbolt 252 (KB) and Chris Dent “‘Generally Inconvenient’: The 1624 Statute of Monopolies as Political Compromise” (2009) 33(2) Melbourne University Law Review 415.

<sup>68</sup> See generally, Daniel M McClure “Trade Marks and Unfair Competition: A Critical History of Legal Thought” (1979) 69 Trademark Reporter 305 [“Critical History”] and CDG Pickering *Trade Marks in Theory and Practice* (Hart Publishing, Oxford, 1998), Ch 2.

<sup>69</sup> See Manuel Mosca “Industrial Organisation” in Gilbert Faccarello and Heinz D Kurz (eds) *Handbook on the History of Economic Analysis* (Vol III) (Edward Elgar, Northampton, 2016) 291 at 297 and Roger Van den Bergh and Peter Camesasca *European Competition Law and Economics: A Comparative Perspective* (Sweet & Maxwell, London, 2006) at 67.

<sup>70</sup> Van den Bergh and Camesasca, above n 69, at 68.

<sup>71</sup> Andrew Griffiths *An Economic Perspective on Trade Mark Law* (Edward Elgar, Cheltenham, 2011) at 37.

Some authors have suggested that Edward Chamberlin *The Theory of Monopolistic Competition* laid the theoretical basis for the “structure-conduct-performance” paradigm.<sup>72</sup> In his 1938 text, Chamberlin’s model of monopolistic competition viewed trade marks with hostility. Chamberlin argued that trade marks provided a seller of goods with a monopoly,<sup>73</sup> and the protection of trade marks amounted to the “protection of a monopoly”.<sup>74</sup> This argument was based on Chamberlin’s premise that an ideally competitive market required traders to sell standardized and identical goods. Trade marks, Chamberlin argued, distorted such a competitive marketplace. They allowed traders to insulate themselves from price competition by creating brand loyalty and erecting barriers of entry for new traders wanting to enter the market.<sup>75</sup>

Chamberlin’s critique of trade marks was extended by Ralph Brown in his 1948 article *Advertising and the Public Interest*.<sup>76</sup> Brown claimed that advertising had two functions – to inform consumers and to persuade consumers. He argued that advertising that aimed to persuade consumers – rather than inform consumers – distorted consumer choice and impeded competition. Likewise, he argued that claims to protect the persuasive value of trade

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<sup>72</sup> Van den Bergh and Camesasca, above n 69, at 68.

<sup>73</sup> Edward Chamberlin *The Theory of Monopolistic Competition* (1st ed, Harvard University Press, Cambridge, 1938) at 61.

<sup>74</sup> At 270 (Appendix E).

<sup>75</sup> McClure, “Critical History”, above n 68, at 330.

<sup>76</sup> Ralph S Brown “Advertising and the Public Interest: Legal Protection of Trade Symbols” (1948) 57 Yale Law Journal 1165.

symbols and trade marks – i.e., through protection against dilution – should be resisted.<sup>77</sup>

Brown's views on the anti-competitive effects of advertising were also predominant in the economic literature at the time.<sup>78</sup> Advertising was seen as altering consumer preferences and helping firms differentiate their products and elicit brand loyalty. This, in turn, was seen as making demand more inelastic leading to higher prices.<sup>79</sup>

Some trade mark scholars responded to Chamberlin's critique. For example, Beverly Pattishall decried "misconceptions derived from the current 'monopoly phobia'", which he considered were being used to inhibit the protection of trade marks.<sup>80</sup> Such thinking, Pattishall countered, did not accurately reflect the rights involved in trade mark cases. Leslie Taggart also argued that:<sup>81</sup>

... trade-marks are not monopolies in any objectionable sense nor are they restraints of competition.

They are the essence of competition. Their purpose and effect is to distinguish *competitive* goods.

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<sup>77</sup> At 1206.

<sup>78</sup> See Kyle Bagwell "The Economic Analysis of Advertising" in Mark Armstrong and Robert Porter (eds) *Handbook of Industrial Organization: Volume 3* (Elsevier, 2007) 1701 at 1710-1716.

<sup>79</sup> Lianos, above n 27, at 153.

<sup>80</sup> Beverly W Pattishall "Trade-Marks and the Monopoly Phobia" (1952) 42 Trademark Reporter 588.

<sup>81</sup> Leslie D Taggart "Trade-Marks: Monopoly or Competition" (1945) 43 Michigan Law Review 659 at 668, cited from McClure, "Critical History", above n 68, at 332.

As McClure has noted, though, such counter-objections provided “no real refutation of Chamberlin’s theory”.<sup>82</sup> Indeed, it was not until the ascendancy of the “Chicago School” of Law and Economics that Chamberlin’s thesis was refuted on economic terms.

The Chicago School developed its views on competition based on neo-classical economic price theory.<sup>83</sup> In contrast to the Harvard School’s views on competition law, the Chicago School viewed the overriding policy goal of competition law as the promotion of economic efficiency. It was assumed that a firm would try and maximise profits, and in most cases, such an intention to maximise profits was generally conduct that was in the interests of competition in the marketplace. The Chicago School objected to the causal links in the “structure-conduct-performance” paradigm. It was argued that the concentration of market power in a specific industry could be seen as the result of efficiency and good performance.<sup>84</sup> Further, the Chicago School considered concerns about monopolies were often exaggerated. It was asserted that the market would often correct itself when market power became concentrated and price competition reduced. New firms would look to enter the market, or non-price competition measures would emerge to mitigate the lack of price competition.<sup>85</sup>

One of the leading Chicago School thinkers was Richard Posner and the first edition of his book *Economic Analysis of Law* was published in 1972.<sup>86</sup> In it, he extended the ideas of

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<sup>82</sup> McClure, “Critical History”, above n 68, at 332.

<sup>83</sup> These principles are summarised from Van den Bergh and Camesasca, above n 69, at 78–79.

<sup>84</sup> At 84.

<sup>85</sup> At 79–84.

<sup>86</sup> Richard A Posner *Economic Analysis of Law* (Little, Brown and Company, Boston, 1972).

property rights developed by scholars like Harold Demsetz. Demsetz had argued that property rights and the attendant right to exclude others concentrated the benefits and the costs of a resource in a single person's hands.<sup>87</sup> This concentration created incentives to use the resource more efficiently.<sup>88</sup> Efficient use of resources was assumed to maximise wealth. Posner argued that conferring property rights created incentives to use resources or things efficiently.

The economic view of property suggested, normatively, that persons holding private property rights over a thing – as opposed to the thing not being subject to property rights – was preferable from a welfare perspective. When things were in an open access regime or subject to common (not private ownership) this could lead to overuse and inefficiencies – the so-called “tragedy of the commons”.<sup>89</sup> Thus, Posner wrote that “ideally all resources should be owned, or ownable”.<sup>90</sup> Second, the economic view of property normatively suggested that rights of exclusion (or the degree of exclusivity) should be maximally construed. Without strong rights of exclusion, the incentive to develop resources efficiently could be compromised.<sup>91</sup> Third, the efficient use of things and resources also required that such rights must be freely transferable.<sup>92</sup> This enabled holders of property rights to transfer them to persons who valued them the most.<sup>93</sup>

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<sup>87</sup> Harold Demsetz “Toward a Theory of Property Rights” (1967) 57 American Economic Review 347.

<sup>88</sup> At 356.

<sup>89</sup> Garrett Hardin “The Tragedy of the Commons” (1968) 162 Science 1243.

<sup>90</sup> Posner, above n 86, at 11.

<sup>91</sup> At 12.

<sup>92</sup> At 10–11.

<sup>93</sup> Robert Cooter and Thomas Ulen *Law and Economics* (6th ed, Berkley Law Books, 2016) at 84.

Posner, writing with William Landes, sought to apply the principles that arguably explained “other forms of property” to trade marks. In a 1987 article, they argued, contrary to Chamberlin, that trade mark law could be understood as trying to promote economic efficiency.<sup>94</sup> They argued that trade marks helped facilitate competition by reducing consumer search costs and providing consumers with better information about products.<sup>95</sup> Awarding exclusivity to one trader, rather than creating a harmful monopoly, prevented free-riding and incentivized traders to develop a valuable trade mark.

The approach of the Chicago School came to be “widely accepted”,<sup>96</sup> and in the United States has been described as having “long offered a totalizing” and “quite definitive theory of American trademark law”.<sup>97</sup> Consistent with the economic account of property, this view, normatively suggested that most, if not all, symbols should be ownable and a more liberal approach to registrability should be taken lest the “information capital” of the symbol be destroyed.<sup>98</sup>

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<sup>94</sup> See Landes and Posner, above n 42.

<sup>95</sup> The notion that trade marks could cure information asymmetry can be traced to work of George Stigler “The Economics of Information” (1961) 69(3) *Journal of Political Economy* 537 and George A Akerlof “The Market for ‘Lemons’: Quality Uncertainty and the Market Mechanism” (1970) 84 *Quarterly Journal of Economics* 488. See also Nicholas Economides “The Economics of Trademarks” (1988) 78 *Trademark Reporter* 523.

<sup>96</sup> Daniel M McClure “Trademarks and Competition: The Recent History” (1996) 59 *Law and Contemporary Problems* 13 at 32.

<sup>97</sup> Barton Beebe “The Semiotic Analysis of Trademark Law” (2004) 51 *UCLA Law Rev* 621 at 623.

<sup>98</sup> Landes and Posner, above n 42, at 289. However, in other respects the economic view of trade marks underscored the importance of *use* to the property rights associated with trade marks. “First possession” by use as a means of acquiring ownership of a trade mark was (and is) a core tenet of United States trade mark law, and only trade marks used in commerce can be registered see *Columbia Mill Co v Alcorn* 150 US 460 (1893) and *Zazu Designs v L’Oreal, SA*, 979 F2d 499 (United States Courts of Appeals, 7<sup>th</sup> Cir, 1992). Landes and Posner argued this

The Chicago School view of trade marks also readily explained a trade mark owner's rights of exclusion. As Landes and Posner put it: if a trade mark was duplicated it could not perform its economizing function.<sup>99</sup> It also sought to explain and justify wide rights of exclusion to include protection against dilution. Landes and Posner in their original article suggested the use of a well-known mark on unrelated goods could reduce the "communicative value" of the mark.<sup>100</sup> This could occur because, faced with a new use of the same trade mark, the consumer has to "think harder" to recognise a well-known trade mark and the information and connotations it conveys.<sup>101</sup> It could also occur if the new use of the same trade mark creates an unsavoury association, which may make it harder for consumers to associate the well-known trade marks with its usual information and connotations.<sup>102</sup>

A notable exception to the applicability of Posner's general view of property rights and efficiency to trade marks related to assignments "in gross" and licensing of trade marks without control. United States trade mark law prohibited both activities. Landes and Posner explained such prohibitions as being consistent with the search cost justification of trade

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system was economically efficient and fitted the "social function of trademarks in identifying and distinguishing goods" without the problem of "banking" trade marks that was seen in countries with pure registration systems.

<sup>99</sup> Landes and Posner, above n 42, at 269.

<sup>100</sup> Landes and Posner, above n 42, at 307.

<sup>101</sup> See *Ty Inc v Perryman*, 306 F3d 509 (United States Courts of Appeals, 7<sup>th</sup> Cir, 2002) at 511 [*Perryman*] where Posner referred to consumers having higher "imagination costs" .

<sup>102</sup> *Perryman*, above n 101, at 511



marks.<sup>103</sup> This is because without such rules, there was a risk of adding to consumer confusion as consumers could no longer rely on the trade mark as an indication of quality.<sup>104</sup>

Despite its influence in the United States, law and economics was not particularly influential on British legal thought during the 1970s and 1980s. For example, Ogus has suggested that the first discussion of some of the applications of law and economic principles by Posner did not appear in a leading published journal article until 1977.<sup>105</sup> However, in some respects, the notion that trade marks facilitated rather than hindered competition had been anticipated by some British academics, and indeed legislators.<sup>106</sup> In 1982, Cornish and Phillips published an article on the economic function of trade marks.<sup>107</sup> They argued that “trade marks provide a cipher linking information” to a product.<sup>108</sup> Cornish’s text on Intellectual Property in 1981 also

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<sup>103</sup> Landes and Posner, above n 42, at 284-287.

<sup>104</sup> Stacey Dogan and Mark Lemley “A Search-Costs Theory of Limiting Doctrines in Trademark Law” in Graeme Dinwoodie and Mark Janis (eds) *Trademark Law Theory Handbook of Contemporary Research* (Edward Elgar, Cheltenham, 2008) 65 at 82–83 [“Search Costs”].

<sup>105</sup> A I Ogus “Law and Economics in the United Kingdom: Past, Present, and Future” (1995) 22 *Journal of Law and Society* 26 at 27.

<sup>106</sup> See Mathys Report, above n 66, at 5 describing the role of trade mark in helping consumers purchase goods they wish to buy and also incentivising traders to “maintain and build up the goodwill he has generated”.

<sup>107</sup> W R Cornish and Jennifer Phillips “The Economic Function of Trade Marks: An Analysis With Special Reference to Developing Countries” (1982) 13 *IIC* 41.

<sup>108</sup> At 46-47.

drew heavily on economics and competition principles.<sup>109</sup> Cornish described trade marks as “nothing more nor less than the fundament of most market-place competition”.<sup>110</sup>

Despite the further limited (explicit) academic uptake of law and economics principles in the discussion of trade marks, the rise of the Chicago School of Law and Economics was arguably a manifestation of a larger trend of “neoliberalism”.<sup>111</sup> Indeed, it has been suggested that the Chicago School of Law and Economics laid the intellectual foundations for the promotion of neoliberal ideas to be promulgated.<sup>112</sup>

The term neoliberalism is a contested one. However, one central idea is the importance of liberty and the notion that the market enables such liberty.<sup>113</sup> Thus, it has been suggested that neoliberalism can be “broadly defined as the extension of competitive markets into all areas of life”.<sup>114</sup> The role of the state in neoliberal theory is to support and promote the

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<sup>109</sup> William Cornish *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights* (Sweet & Maxwell, London, 1981) [*Intellectual Property*]. In Jeremy Phillips “Review of Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights” (1982) 2 Legal Studies 128, Phillips identified that Cornish had long argued that “no intellectual property student can afford to ignore the role of economics”.

<sup>110</sup> At 460.

<sup>111</sup> William Davies “Economics and the ‘Nonsense’ of Law: the Case of the Chicago Antitrust Revolution” (2010) 39 *Economy and Society* 64 at 64.

<sup>112</sup> Edward Nik-Khah and Robert Van Horn “The Ascendancy of Chicago Neoliberalism” in Simon Springer, Kean Birch and Julie MacLeavy (eds) *Handbook of Neoliberalism* (Routledge, London, 2016) 27; David Tyfield “Science, Innovation and Neoliberalism” in Simon Springer, Kean Birch and Julie MacLeavy (eds) *Handbook of Neoliberalism* (Routledge, London, 2016) 340 at 341.

<sup>113</sup> Damien Cahill and Martijn Konings *Neoliberalism* (Polity Press, Cambridge UK and Medford MA, 2017) at 26.

<sup>114</sup> Simon Springer, Kean Birch and Julie MacLeavy “An Introduction to Neoliberalism” in Simon Springer, Kean Birch and Julie MacLeavy (eds) *Handbook of Neoliberalism* (Routledge, London, 2016) at 2.

market and strong individual property rights.<sup>115</sup> Indeed, extending property rights to things is seen as a mechanism to protect against the “tragedy of the commons” highlighted above.<sup>116</sup>

The election of Margaret Thatcher’s Conservative Party in 1979 ushered in an era of British politics underpinned by a belief in the need for a “free economy and a strong state”.<sup>117</sup> Thatcher was an admirer of important neoliberal intellectuals.<sup>118</sup> The neoliberalist inspired reforms of Thatcher’s government, such as deregulation of the finance sector, also affected consumption. As Patsiaouras has suggested “laissez-faire economic policies” helped facilitate an increasing “spirit of individualistic materialism”.<sup>119</sup> This manifested itself in increased demand for goods with brand names associated with luxury or status. In turn, this enhanced the value of brand names, trade marks and their associated “personalities”.

Yet, some neoliberal ideals of the benefit of private property and the wisdom of the market,<sup>120</sup> and the supporting precepts associated with the Chicago School of Law and Economics appeared (to some extent) to stand in contrast to the extant approach taken to some areas

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<sup>115</sup> David Harvey *A Brief History of Neoliberalism* (Oxford University Press, Oxford, 2007) at 64.

<sup>116</sup> At 65.

<sup>117</sup> Andrew Gamble “Privatization, Thatcherism, and the British State” (1988) 16 *Journal of Law and Society* 1 at 5.

<sup>118</sup> Cahill and Konings, above n 113, at 10.

<sup>119</sup> Patsiaouras, above n 14, at 502.

<sup>120</sup> See Friedrich A von Hayek *The Road to Serfdom* (Routledge & Kegan Paul, London, 1962) in particular, at 27-29.

of the law of trade marks in the United Kingdom.<sup>121</sup> As explained in Chapter 5, the 1938 Act had provided only a few modifications to trade mark law in response to traders wanting liberalisation and an expanded conception of the property rights associated with registered trade marks. The next section shows the English judiciary were resistant to the idea that the changing economic thinking about trade marks and changes associated with branding practice in the post-Second World War period should affect their interpretation of the law. They continued to emphasise that property rights in a registered trade mark protected, and should only protect, the activity of using a trade mark as a reliable (and non-deceptive) indication of source.

## 6.3 Areas of Judicial Resistance

### 6.3.1 Registrability

A first area of judicial resistance was to the notion that the property rights associated with registered trade marks should be extended to a wider array of symbols. Both the 1905 Act and the 1938 Act contained an inclusive, rather than a restrictive, definition of what symbols could be a “mark”. Further, as explained in Chapter 4, the legislation provided scope for marketplace recognition to determine whether a “mark” should be registrable. However, the courts had interpreted the registrability provisions of the legislation as requiring some marks to be “left free” for other traders to use. English courts were not persuaded that the contextual developments that had given emphasis to brands and branding described above

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<sup>121</sup> Landes and Posner’s analysis did support a relatively expansive view of what symbols could be “appropriated” as a trade mark. However, as explained above in n 98, it should be noted that Landes and Posner’s economic account of trade mark law also supported limits to the acquisition and sale of property rights in trade marks based on actual use of trade marks on goods. See further Landes and Posner, above n 42.

should translate to an expanded approach to the meaning of a “mark” and to the registrability of trade marks under the 1938 Act.

To elaborate, in the early case of *Re James’s Trade Mark* the English courts had indicated that for a symbol to be a registrable trade mark, the symbol had to be distinct from the product marked – it could not be the “thing” itself.<sup>122</sup> In *Goodall & Son Ltd v Waddington Ltd* Sargant LJ appeared to confirm the continuing relevance of the “separability principle” under the 1905 Act, when he observed:<sup>123</sup>

A trade mark is something which is extra, which is added to the goods for the purpose of denoting the origin of the goods.

However, *Goodall & Son Ltd v Waddington Ltd* was preceded by *Reddaway’s Application*, which suggested a broader approach.<sup>124</sup> In *Reddaway’s Application*, the mark consisted of two blue lines and one red line of colour woven into fabric. Despite this symbol being integral to the goods rather than added to them, Warrington J, after noting the inclusive definition of mark under the 1905 Act, held the symbol was a mark.<sup>125</sup>

The conflict of authority as to the meaning of “mark”, and the ongoing applicability of the separability principle in light of manufacturers use of aspects of packaging to denote origin,

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<sup>122</sup> *Re James’s Trade Mark* (1886) 33 Ch D 392 (EWCA) at 395.

<sup>123</sup> *Goodall & Son Ltd v Waddington Ltd* (1921) 41 RPC 658 (EWCA) at 668.

<sup>124</sup> *Reddaway’s Application* (1914) 31 RPC 147 (EWHC).

<sup>125</sup> At 153.

was tested under the 1938 Act when the House of Lords heard an appeal in *Smith Kline & French Laboratories Ltd v Sterling-Winthrop Group Ltd*. Smith Kline & French Laboratories Ltd (SKF) had applied to register various colour combinations used on pharmaceutical products sold in pellet form within capsules. For instance, one of the applications was described as the colour maroon being applied to one half of the capsule at one end, the other end being transparent and pellets being coloured yellow, blue and white.

SKF's applications were opposed on the basis that they were attempts to register the external appearance of the goods and therefore did not come with the meaning of a "mark". Both the Assistant Registrar,<sup>126</sup> and Graham J rejected this ground of opposition.<sup>127</sup> However, the Court of Appeal upheld the opposition, and found, consistent with earlier authorities, that to be registrable a mark had to be something "presented or described separately from the goods".<sup>128</sup> When the House of Lords heard an appeal they appeared to open the door slightly to a more expansive approach to the meaning of "mark".<sup>129</sup> Lord Diplock found the meaning of the term "mark" captured a thing applied to the surface, or incorporated in the structure of, the goods.<sup>130</sup> As the colour combinations in SKF's applications were applied to the visible surface of the goods, the applications comprised registrable "marks".<sup>131</sup>

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<sup>126</sup> *Smith Kline & French Laboratories Ltd's Trade Mark Applications* [1972] RPC 247 (TM Registry).

<sup>127</sup> *Smith Kline & French Laboratories Ltd's Trade Mark Applications* [1974] RPC 91 (EWHC).

<sup>128</sup> *Smith Kline & French Laboratories Ltd's Applications* [1974] 1 WLR 861 (EWCA) at 871.

<sup>129</sup> *Smith Kline & French Laboratories Ltd v Sterling-Winthrop Group Ltd* [1975] 1 WLR 914 (UKHL).

<sup>130</sup> At 917-918.

<sup>131</sup> At 918. See also Audrey A Horton "Designs, Shapes and Colours: a Comparison of Trade Mark Law in the United Kingdom and the United States" (1989) 11 EIPR 311 at 316.

Subsequently, in *Coca-Cola Trade Marks*, the House of Lords prevented the finding in *Smith Kline* from being applied too broadly. The House of Lords rejected an attempt to register the shape of the Coca Cola bottle on the basis that it was not a mark.<sup>132</sup> Lord Templeman found that “mark” under the 1938 Act described something “which distinguishes goods rather than the goods themselves”.<sup>133</sup> For Lord Templeman the application was for a container, not a mark.<sup>134</sup> Lord Templeman effectively distinguished *Smith Kline* on the basis that the bottle shape could not be said to be *applied* to the goods, or sufficiently separated from the “thing marked” – the liquid sold in the container.<sup>135</sup>

Lord Templeman also supported his decision by making reference to the longstanding judicial concerns about registered trade marks conferring undesirable monopolies on traders (explained in Chapter 4). Such concerns were premised on ensuring one trader’s property rights in using a sign to carry out the activity of indicating origin should not interfere with other traders’ trading activities. Lord Templeman commenced his judgment by characterising the application as an “attempt to expand the boundaries of intellectual property and to convert a protective law into a source of monopoly”.<sup>136</sup> It was assumed that the shape of the bottle Coca-Cola was attempting to register was distinctive – that is, it was recognised in the marketplace as distinguishing and indicating source. However, Lord Templeman declared that distinctiveness was not sufficient. This was because, in Lord Templeman’s view, registration

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<sup>132</sup> *Coca-Cola Trade Marks* [1986] RPC 421 (UKHL) at 457.

<sup>133</sup> At 457.

<sup>134</sup> At 457.

<sup>135</sup> Horton, above n 131, at 316.

<sup>136</sup> At 456.

would give rise to the risk of a “total and perpetual monopoly in container and articles”, and rival traders had to be free to sell containers or articles of a similar shape with other distinguishing indicia.<sup>137</sup>

The notion that distinctiveness of a symbol in the marketplace was not, and should not be, the sole arbiter of registrability was also confirmed in cases involving words. The House of Lords in *Yorkshire Copper Works Ltd v Registrar of Trade Marks* confirmed the ongoing applicability of the “need to keep free policy” when determining registrability. The mark in issue in that case consisted of the word “Yorkshire” in a special font and the application covered copper “solid drawn tubes and capillary fittings”.<sup>138</sup> It was accepted that the mark was 100 per cent distinctive. However, drawing on Sir Herbert Cozens-Hardy’s warning about wealthy traders attempting to “enclose the common” in *Joseph Crosfield*, and Lord Parker’s speech in *du Cros*, the House of Lords held that just because a mark was 100 per cent distinctive in fact was not sufficient to obtain registration under the 1938 Act.<sup>139</sup> The House of Lords observed that the legislation required that the Registrar consider whether the symbol had a *degree* of inherent distinctiveness as well as *degree* to which it was distinctive in fact. The degree of inherent distinctiveness could be “1 per cent or a 100 per cent”, but it had to be present.<sup>140</sup>

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<sup>137</sup> At 457.

<sup>138</sup> *Yorkshire Copper Works Ltd’s Application* [1954] 1 WLR 554 (UKHL).

<sup>139</sup> At 560-561 per Lord Asquith of Bishopstone and at 562 per Lord Cohen.

<sup>140</sup> At 561.



The policy of ensuring the property rights granted to one trader in relation to the activity of indicating trade origin should not interfere with other traders' ability to trade, was further acutely illustrated when the House of Lords heard an appeal in *YORK Trade Mark*.<sup>141</sup> An application had been made to register a stylised representation of the word YORK under Part B of the Register. The application was rejected on the basis that it was a geographical name. Lord Wilberforce explained that the principle that 100 per cent distinctiveness is not conclusive was equally applicable to applications to register under Part B.<sup>142</sup> Lord Wilberforce explained that the words "capable of distinguishing" meant capable in fact and capable *in law*.<sup>143</sup> The relevant law being the principle that traders could not obtain monopolies in certain symbols like laudatory words and geographical names.<sup>144</sup>

These decisions served to reflect how embedded the model of qualified property was. However, these two strands of judicial resistance to the expansion of the meaning of "mark" and the continuing policy of keeping marks free were met with criticism by those in the profession. For example, a case comment in the *European Intellectual Property Review* criticised *Coca-Cola Trade Marks* for failing to convincingly explain why protection could not be conferred on something that was already recognised in the marketplace as a trade mark.<sup>145</sup>

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<sup>141</sup> *YORK Trade Mark* [1984] RPC 231 (UKHL).

<sup>142</sup> At 255.

<sup>143</sup> At 254.

<sup>144</sup> At 254.

<sup>145</sup> Frank Kindred "When is a Trade Mark not a Trade Mark? - a Commentary on the Coca-Cola case" (1986) 8 EIPR 377.

Further, Stephen Gratwick QC found the *YORK* decision as underpinned by the “erroneous principle” that certain brand names were forever unregistrable.<sup>146</sup>

### 6.3.2 Intention to Use and Non-Use

A second strand of resistance was evident in how English courts approached the acquisition and maintenance of property rights associated with a registered trade mark. With the growth in international trade, franchising and multi-national companies, some international companies reportedly started to engage in the practice of “stockpiling” registered trade marks to ensure a trade mark was available for use in a country when a new product was launched.<sup>147</sup> When applications were filed, such companies did not have an immediate commercial intention to use the trade mark. In some countries, such as Germany, this did not necessarily present problems as there was no intent to use requirement.<sup>148</sup> However, under United Kingdom trade mark law, it had been suggested under earlier legislation in the *Batt* case, *Neuchatel Asphalte Co Ltd’s Application* and *Re Ducker’s* that if a trade mark applied for was never genuinely proposed to be used, it would not meet the definition of a trade mark.

In *Imperial Group Ltd v Phillip Morris* the Court of Appeal confirmed this principle continued to apply under the 1938 Act, despite the growth in traders selling goods internationally and

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<sup>146</sup> Stephen Gratwick QC “Case Comment: The York Trailer Case” (1983) 2 EIPR 45 at 49.

<sup>147</sup> Martin Howe “Imperial Group Limited v Philip Morris & Co: ‘Ghost Marks’ and ‘Stockpiled’ Trade Marks” (1981) 7 EIPR 213 at 215.

<sup>148</sup> WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications *Summary of Replies to the Questionnaire on Trademark Law and Practice* (SCT/11/6) (2010) at 42. Martin Wassermann “The Protection of Unused Trade-Marks” (1944) 34 Trademark Reporter 131 at 131.

the alleged “widespread practice” of stockpiling trade marks.<sup>149</sup> Imperial Group Ltd wanted to register MERIT, but given the difficulties registering this mark, applied to register NERIT instead. The Court of Appeal found that the registration should be expunged from the Register on the basis that it was entered without sufficient cause under s 32. “Intent to use” under s 26(1)(a) and “proposed to be used” in the statutory definition of a trade mark were equated.<sup>150</sup> Consistent with the requirements set down in *Re Ducker’s*, Imperial Group lacked a “real intention to use” the NERIT trade mark.<sup>151</sup> The Court of Appeal then reasoned that the plaintiff lacked an intention to use NERIT which meant NERIT fell outside the definition of a trade mark under the 1938 Act.<sup>152</sup> In the course of his judgment, Shaw LJ went further, highlighting that the intention must be related to the creation of goodwill, stating that where there is no course of trading “there is no interest to be protected by a trade mark, and no such mark can subsist in vacuo”.<sup>153</sup>

The decision in *Imperial Group* generated criticism. For instance, the authors of *Kerly’s* suggested that “proposed to be used” in the definition of a trade mark should be read more widely to encompass the registration of trade marks that may be used one day in the future.<sup>154</sup> They argued that equating proposed to be used with a definite and present

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<sup>149</sup> *Imperial Group Ltd v Philip Morris & Co Ltd* [1982] FSR 72 (EWCA).

<sup>150</sup> At 87.

<sup>151</sup> At 88. Though *Re Ducker’s* was a case about the removal of a trade mark, rather than the definition of a trade mark.

<sup>152</sup> At 78 per Lawton LJ, at 83-84 per Shaw LJ and at 88 per Brightman LJ.

<sup>153</sup> At 80-81.

<sup>154</sup> T A Blanco White and R Jacob *Kerly’s Law of Trade Marks* (12<sup>th</sup> edn, Sweet & Maxwell, London, 1986) at [2-04].

intention to use the trade mark made s 26(1)(a) “surplusage”. However, the remarks of Shaw LJ, and the interpretation of “proposed to be used” in *Imperial Group*, reiterated a key feature of the conception of registered trade marks as a species of qualified property. That is, property rights to a registered trade mark should only be conferred for the benefit of conducting the *activity of active trading*.

Similar adherence to the conception of trade marks as a species of qualified property in the area of maintaining ownership can also be illustrated by the *KODIAK Trade Mark* case.<sup>155</sup> A company applied to remove Kodak Ltd’s registration for KODAK in respect of clothing. Kodak Ltd claimed it had used KODAK on t-shirts. These t-shirts carried the wording “Do it! Use Kodak films and plates”. The High Court, though, found that Kodak Ltd had not used KODAK as a trade mark in relation to clothing. The Court referred to the Bowen LJ’s 1893 judgment in *Re Powell’s Trade Mark*, which had articulated a functional test for determining whether a symbol was used as a trade mark.<sup>156</sup> Bowen LJ had said a symbol had to function as an indication of trade source to be a trade mark. The High Court found that Bowen LJ’s test was still applicable under the 1938 Act,<sup>157</sup> and that Kodak’s use did not meet this test. The sole purpose of the phrase on the t-shirts was to advertise film and plates, its “avowed purpose ... was as promotional material”.<sup>158</sup> Drawing on *Imperial Group*, the Court also found that the use by Kodak Ltd was not a bona fide use as there was no “true trading in T-shirts” and the

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<sup>155</sup> *KODIAK Trade Mark* [1990] FSR 49 (EWHC).

<sup>156</sup> *Re Powell’s Trade-Mark* (1893) 2 Ch 388 (EWCA) at 403-404.

<sup>157</sup> At 57 referring to *Aristoc Ltd v Rysta Ltd* [1945] AC 68 (UKHL).

<sup>158</sup> At 56.

distribution of T-shirts was not undertaken “as an end itself” but to help sell photographic products.<sup>159</sup>

### 6.3.3 Licensing and Dealing with Trade Marks

A third area of resistance, and further evidence of the adherence to the qualified/activity-based property conception of a registered trade mark, is apparent in the judicial approach to licensing and dealing with registered trade marks. A leading case concerning licensing under the 1938 Act, *Bostitch Trade Mark*, illustrated the importance of a connection in the course of trade being maintained between the licensee and the proprietor, independently of the statutory requirements relating to registering registered user agreements.<sup>160</sup> In that case, a foreign registered proprietor of a trade mark had sold goods in Britain through a distributor, but due to import problems caused by the Second World War, started to assist the distributor to manufacture the trademarked goods locally. The parties fell out and the proprietor sought to prevent the distributor from continuing to sell goods bearing its trade mark. The distributor sought to remove the trade mark on the basis that it had become deceptive and pointed to the fact that there was no registered user agreement between the parties. Lloyd-Jacob J held that that the registered user provisions in the 1938 Act were permissive, rather than being mandatory.<sup>161</sup> Lloyd-Jacob LJ then said the key question was whether a connection in the course of trade remained.<sup>162</sup> On the facts, Lloyd-Jacob J found that through advertising

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<sup>159</sup> At 61.

<sup>160</sup> *Bostitch Trade Mark* [1963] RPC 183 (EWHC).

<sup>161</sup> At 195

<sup>162</sup> At 197.

themselves as distributors, and through use of the registered proprietor's designs and manufacturing know-how, a sufficient connection in the course of trade had been maintained.<sup>163</sup>

Precisely what was required to maintain the necessary connection in the course of trade between a proprietor and a licensee was not always easy to discern.<sup>164</sup> However, as Whitford J explained in *McGregor Trade Mark* it was clear “a bare licence” of a trade mark “has never been countenanced”.<sup>165</sup> Thus, there had to be some degree of control by the registered proprietor. A degree of control ensured that even where both the proprietor and a licensee were using the trade mark there would be one entity in charge of the quality of the goods.<sup>166</sup> If there was no control, the public could be deceived into thinking that the registered proprietor had responsibility for the quality of the goods, when it did not.

The strong hold of the notion that the property rights in a registered trade mark were qualified was also evident in the House of Lords decision in *Holly Hobbie*.<sup>167</sup> American Greeting Corp was in the business of greeting cards. One of the designers at the company had produced a childrens character dubbed “Holly Hobbie”, which became popular. American Greeting Corp wanted to licence the name “Holly Hobbie” to third parties to use on goods beyond their normal business. The company filed an application for HOLLY HOBBIE in 12

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<sup>163</sup> At 197.

<sup>164</sup> *Scandecor Developments AB v Scandecor Marketing AV* [2001] UKHL 21, [2002] FSR 7 at [31].

<sup>165</sup> *McGregor Trade Mark* [1979] RPC 36 (EWHC) at 53.

<sup>166</sup> At 53.

<sup>167</sup> *HOLLY HOBBIE Trade Mark* [1984] RPC 329 (UKHL).

classes, together with registered user agreements. The case turned on whether the registered user applications should be accepted in light of s 28(6), which prohibited registered user arrangements that “tend to facilitate trafficking”.

In defining the meaning of trafficking, Lord Brightman returned to the *Batt* case, which he said established that trade mark law did not entitle the “owner of a trade mark to deal with it, like a patent, as a commodity in its own right”.<sup>168</sup> Lord Brightman accepted that the practice of character merchandising – whereby a famous mark is used under a licence on a wide variety of goods – was a widespread practice and “in most cases probably deceives nobody”.<sup>169</sup> Despite this, Lord Brightman did not think this commercial practice compelled him to interpret “trafficking” as merely meaning the stockpiling of trade marks without an intention to use.<sup>170</sup> He referred to Sir Denys Buckley’s definition of trafficking in the Court of Appeal which he said extended to:<sup>171</sup>

... any conduct carried out or intended to be carried out in respect of a mark or a proposed mark with a view to commercial gain which is not a bona fide exploitation of that mark in pursuance of the true function of a trade mark.

Lord Brightman then provided his own definition of trafficking as:<sup>172</sup>

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<sup>168</sup> At 355. Reference was made to Romer J’s judgment and the Court of Appeal’s judgment in *Re the Registered Trade-Marks of John Batt & Co* (1898) 2 Ch 432.

<sup>169</sup> At 356.

<sup>170</sup> At 356.

<sup>171</sup> At 347.

<sup>172</sup> *HOLLY HOBBIIE*, above n 167, at 356–357.

... the notion of dealing in a trade mark primarily as a commodity in its own right and not primarily for the purpose of identifying or promoting merchandise in which the proprietor of the mark is interested.

Lord Brightman found that on the facts, American Greetings Corp's applications would facilitate trafficking and refused the applications.<sup>173</sup>

The judgment generated criticism.<sup>174</sup> In particular, it was highlighted that Lord Brightman's conclusion was based on his view that there was "no real trade connection between the proprietor of the mark and the licensee or his goods".<sup>175</sup> Yet, the registered user agreements contained quality control provisions and the means for the exercise of such control. Morcom has suggested that in this respect, Lord Brightman's conclusion on trafficking was simply wrong.<sup>176</sup> Morcom though, did go on to suggest that the decision was justified on another ground. He suggested that it would have been open for the House of Lords to find that the HOLLY HOBBIE mark was not a trade mark.<sup>177</sup> He observed that Sir Deny Buckley's definition of trafficking captured this idea. That is, the registration of the HOLLY HOBBIE mark was not consistent with the true function of a trade mark. The HOLLY HOBBIE mark could not be used as a reliable (and non-deceptive) indication of source, because it would provide no indication of source to consumers whatsoever.

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<sup>173</sup> At 357.

<sup>174</sup> John N Adams "Merchandising Intellectual Property: Part 2" [1987] *Journal of Business Law* 471; Christopher Morcom "The Trade Marks Act 1938—Twenty Years of Decisions of the House of Lords" (1994) 16 *EIPR* 67 ["Twenty Years"].

<sup>175</sup> At 356-357.

<sup>176</sup> Morcom, "Twenty Years", above n 174 at 72.

<sup>177</sup> Morcom, "Twenty Years", above n 174 at 72 .



#### 6.3.4 Infringement

The final area where there is evidence of judicial resistance was in the area of infringement. In the late 1970s the English Courts began to turn away from seeing a “common field of activity” as a requirement for passing off relief.<sup>178</sup> Yet, the ongoing requirement for a misrepresentation still meant that passing off law did not extend into the realm of dilution suggested by Schechter.<sup>179</sup> Registered trade mark law was even more circumspect. Infringement of a registered trade mark law was limited to use on goods for which the registered was registered.<sup>180</sup> Further, the English courts continued to conceptualise infringement as an interference with the activity of using a sign to distinguish and indicate source. For example, in *Mothercare UK Ltd v Penguin Books Ltd* the plaintiff owned the trade mark MOTHERCARE and brought an action against the defendants for selling a book entitled “Mothercare/Other Care”.<sup>181</sup> Applying *Bismag*, the Court of Appeal found that “mothercare” was the title of the book and was not being used in a trade mark sense.<sup>182</sup> The Court of Appeal found there was not even a serious question to be tried about infringement. Dillon LJ’s response was illustrative that infringement required interference with the activity of using a sign as an indication of origin.<sup>183</sup>

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<sup>178</sup> See *Lyngstad v Anabas Products Ltd* [1977] FSR 62 (EWHC) and *Lego System Aktieselskab v Lego M Lemelstrich Ltd* [1983] FSR 155 (EWHC). On the previous “common field of activity” requirement see *Derek McCulloch v Lewis A May (Produce Distributors) Ltd* (1948) 65 RPC 58 (EWHC). See also Ilanah Simon Fhima “Exploring the Roots of European Dilution” (2012) 1 IPQ 25 at 27.

<sup>179</sup> See Fhima, above n 178, at 26.

<sup>180</sup> Trade Marks Act 1938 1 & 2 Geo 6 c 22, s 4(1).

<sup>181</sup> *Mothercare UK Ltd v Penguin Books Ltd* [1988] RPC 113 (EWCA).

<sup>182</sup> At 119.

<sup>183</sup> At 119.

[there can only be infringement] ... if those words are used by the offender as a trademark or in a trademark sense; if descriptive words are merely used descriptively, the mark is unaffected.

### 6.3.5 The Reasons for Such Judicial Resistance?

The English courts' judicial resistance to contextual forces of change provides an interesting point of contrast to the rise of legal realism in the United States that began in the 1930s and 1940s and which continued to be highly influential thereafter. In United States trade mark law, the realists advocated for a "more explicit policy analysis of trademark doctrine".<sup>184</sup> Trade mark scholars from the realist tradition, such as Cohen, considered that the policy focus should be on the prevention of consumer confusion.<sup>185</sup> This notion was influential, and the judicial embrace of a "protecting against consumer confusion rationale" to trade mark law fitted well with the emerging economic justification of trade mark protection. Avoiding consumer confusion caused by the duplication of trade marks preserved the integrity of the information being conveyed by trade marks, and this in turn facilitated a truthful and competitive marketplace.<sup>186</sup>

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<sup>184</sup> Bone, "Schechter's Ideas in Historical Context", above n 51, at 553.

<sup>185</sup> Bone, "Schechter's Ideas in Historical Context", above n 51, at 558; Felix S Cohen "Transcendental Nonsense and the Functional Approach" (1935) 35 Columbia Law Review 809 at 814.

<sup>186</sup> Dogan and Lemley, above n 104, at 69.

English courts, lawyers and academics, though, were sceptical of legal realism, and the ideas associated with realism “gained little traction in England”.<sup>187</sup> Moreover, generally speaking, the English judiciary led relatively “cloistered lives”, which made them less prone to external influences compared to their American counterparts.<sup>188</sup> For example, Alan Paterson’s empirical work in *The Law Lords* suggested that Law Lords had very little interaction with legal academics, other members of the judiciary, barristers, the legislature and the media.<sup>189</sup> Further, Paterson’s interviews indicated that only four of the nineteen Law Lords sampled regularly read “prestige law reviews”.<sup>190</sup>

As outlined in 4.4.4 above, the English judiciary had a tendency to look backwards to existing doctrine when interpreting early trade mark legislation. This tendency was understandable given that legislation like the 1905 Act was built on a considerable body of case law. Further, despite the lofty aims for codification, such legislation was silent on some fundamental matters and the language used in the legislation was not clear as to the underlying policy sought to be achieved by the legislation.<sup>191</sup>

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<sup>187</sup> Brian Leiter “Legal Realism and Legal Doctrine”, above n 53, at 1982. See also Neil Duxbury “Postrealism and Legal Process” in Dennis Patterson (ed) *A Companion to Philosophy of Law and Legal Theory* (2nd ed, Wiley-Blackwell, Malden, 2010) 279 at 280.

<sup>188</sup> At 12.

<sup>189</sup> Alan Paterson *The Law Lords* (Palgrave Macmillan, London, 1983).

<sup>190</sup> At 14.

<sup>191</sup> See *General Electric Co Ltd (USA) v General Electric Co Ltd* [1972] 1 WLR 729 (UKHL) at 742 [*General Electric*]: “My Lords, it may well be a legitimate criticism of our methods of drafting legislation that in order to ascertain the meaning of an Act of Parliament passed in 1938, it should be necessary not only to consider its legislative history over the previous 63 years but also to engage in what in other systems of law might be regarded as antiquarian research, namely the state of the common law as it existed before the first Act to alter it was passed nearly 100 years ago”.

It is suggested that this commitment to doctrine was underpinned by the strong hold of the qualified model of property on the judiciary. This model was reinforced by precedent, but also in how leading texts addressed trade mark law. The observation of Thomas Blanco White QC and Robin Jacob in the preface to the 1983 edition of *Kerly's Law of Trade Marks* is significant. The authors noted that they had removed some historical material and observed:<sup>192</sup>

*Kerly's* continual harking back to the position under the 19<sup>th</sup> century Acts bears some responsibility for the characteristic refusal of some English Courts to recognise that Parliament has, in the past 80 years altered the law of trade marks rather a lot.

*Kerly's Law of Trade Marks* was not alone in this. In *General Electric Co Ltd (USA) v General Electric Co Ltd* at issue was the meaning of the language used in s 11 of the 1938 Act.<sup>193</sup> Lord Diplock found that "recourse must be had" to previous legislation to "ascertain the underlying policy".<sup>194</sup>

More generally, the consensus concerning the appropriate approach of the English judiciary, at least until the 1960s, was typified by what Robert Stevens has coined "Substantive Formalism".<sup>195</sup> As Paterson has summarised, this term describes an approach which favours

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<sup>192</sup> T A Blanco White & Robin Jacob *Kerly's Law of Trade Mark and Trade Names* (11<sup>th</sup> ed, Sweet & Maxwell, London, 1983) (Preface).

<sup>193</sup> *General Electric*, above n 191.

<sup>194</sup> At 741.

<sup>195</sup> Robert Stevens *Law and Politics: the House as a Judicial Body, 1800-1976* (University of North Carolina Press, Chapel Hill, 1978) at 320.

precedent, seeks to refine the law (rather than rationalising it) and endeavours to apply the law as it is “not as it ought to be”.<sup>196</sup> This approach was famously articulated by Viscount Simonds in *Scruttons Ltd v Midland Silicones Ltd*:<sup>197</sup>

The law is developed by the application of old principles to new circumstances. Therein lies its genius. Its reform by the abrogation of those principles is the task not of the courts of law but of Parliament.

Such a conception of the judicial role by a senior Law Lord likely contributed to inclining the English courts towards looking-backwards to fill in the gaps in the legislation and “ascertain the underlying policy” of the law. As the next section shows, the legislature was also predominantly adverse to radically reforming United Kingdom trade mark law in light of changing contexts outlined in Section 6.2 above .

## 6.4 Legislative Responses and International Developments

### 6.4.1 The Mathys Committee

In 1972, the House of Commons set up a departmental committee to consider British trade mark law and practice “in light of present day trading conditions and international developments”. The “Mathys Committee” as it was known delivered its report in 1974 (Report).<sup>198</sup> The Report noted the growth of self-service retailing and calls for more consumer protection, which was a significant issue for Edward Heath’s Conservative government at the

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<sup>196</sup> Paterson, above n 189, at 132 referring to *Jacobs v London County Council* [1950] AC 361 (HL) at 373 per Lord Simonds.

<sup>197</sup> *Scruttons Ltd v Midland Silicones Ltd* [1962] AC 446 (UKHL) at 468.

<sup>198</sup> Mathys Report, above n 66.

time.<sup>199</sup> The Report attributed the growing interest in the legal protection of consumers to some of the factors outlined in 6.2.1 above – that is, higher levels of consumption, a rise in advertising and more self-service retailing and the decline of independent retailers.<sup>200</sup> However, the Report, as with the judicial reactions described in 6.3, was cautious in response. The Report found that despite the changes in “trading conditions”, the function of a trade mark remained “substantially unaltered”.<sup>201</sup> The Report stated:<sup>202</sup>

The main function of the trade mark is seen by all as a means of enabling the customer to identify goods for both the initial purchase and repeat orders ...

This statement was emblematic of the strong hold of the conception of registered trade marks as a species of qualified property on the authors of the Report. As Cornish puts it, the Report was “decidedly satisfied in tone”.<sup>203</sup>

Such a fundamentally conservative outlook dictated the Report’s response to more specific issues. For example, the Mathys Committee heard evidence from traders that the definition

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<sup>199</sup> Paul Novak “Davies's Dilemma: Consumer Protection and Company Freedom” (1972) 72 *Industrial Management* 7. For instance, in 1972, Heath appointed Sir Geoffrey Howe to be a new Minister for Trade and Consumer Affairs, “Heath Shifts Cabinet, Naming Consumer Official” *New York Times* (6 November 1972) 4. In 1974, the Consumer Credit Act was passed following an extensive review, *Consumer Credit: Report of the Committee* (Cmnd 4596, March 1971).

<sup>200</sup> See R Flickinger “The Comparative Politics of Agenda Setting: The Emergence of Consumer Protection as Public Policy Issue in Britain and the United States” (1983) 2 *Policy Studies Review* 429 at 435.

<sup>201</sup> Mathys Report, above n 66, at 5.

<sup>202</sup> At 5-6.

<sup>203</sup> Cornish *Intellectual Property*, above n 109, at 467.

of “mark” should be expanded to include colours, shapes and the shapes for containers of goods. As it had been attested before the Goschen Committee, some colours (and by implication, shapes) “had achieved a special significance” and were acting as trade marks in the marketplace.<sup>204</sup> Despite such evidence, the Report stated that no single trader should be able to obtain a monopoly for a characteristic of goods, like a colour or shape, even if arbitrarily selected.<sup>205</sup> Colours, shapes and smells should not be accepted for registration as trade marks, as registration would place an “unacceptable restraint on other traders”.<sup>206</sup>

The Report was equally conservative in respect of its evaluation of the extent of the exclusive rights provided by a trade mark registration. Witnesses before the Mathys Committee highlighted “difficulties” where third parties used a registered trade mark on goods outside of the trade mark specification.<sup>207</sup> However, the Report stressed the fundamental importance of the specification of goods in terms of legal certainty.<sup>208</sup> The Report stated that it was unable to find a way to make a trade mark owner’s right of exclusion broader “without introducing uncertainty”.<sup>209</sup>

There was also support among witnesses for a trade mark owner to have more authority over the unauthorised use of its trade mark beyond that provided under existing law, and for an

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<sup>204</sup> At 16.

<sup>205</sup> At 15

<sup>206</sup> At 16.

<sup>207</sup> At 21.

<sup>208</sup> At 20.

<sup>209</sup> At 21.

infringement section to deal with “unfair trading practices”.<sup>210</sup> Examples discussed in the Report included use of registered trade marks on T-shirts and as names of an entertainment group. Such uses were claimed to devalue trade marks.<sup>211</sup> However, noting that the “monopoly right given by registration is already very substantial both in breadth and length of time”, the Report did consider that there was sufficient justification to enlarge the exclusive rights of trade mark owners.<sup>212</sup> The Report recommended that the rights of exclusion specified in s 4 of the 1938 Act should remain unchanged.

The one area where the Report did make significant recommendation was in relation to making provision for the registration of trade marks to distinguish *services*. This recommendation was given effect by the Trade Marks (Amendment) Act 1984, which provided a separate code for such service marks.

As Cornish notes, the Report made “virtually no comparisons with other systems ... save by implication”.<sup>213</sup> During the 20th century, some European countries had started to more explicitly treat the property rights attached to a registered trade mark as akin to the property rights attached to tangible things.<sup>214</sup> The French trade mark system, for instance, which had

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<sup>210</sup> At 25.

<sup>211</sup> At 26.

<sup>212</sup> At 26.

<sup>213</sup> Cornish, *Intellectual Property*, above n 109, at 580.

<sup>214</sup> Friedrich-Karl Beier “Basic Features of Anglo-American, French and German Trademark Law” [1975] IIC 285 at 295 describing the characteristic feature of trade marks under French law as forming the “subject of an absolute property right”. See also Alexander Tsoutsanis *Trade Mark Registrations in Bad Faith* (Oxford University Press, Oxford, 2010) at 31.



been recently reformed by the French Trademark Act of 1964, had developed an emphasis on “formal” protection of trade marks by way of registration, rather than use.<sup>215</sup> Any symbol could be registered as a trade mark by way of a deposit system that eschewed formal examination of the trade mark application. There was no requirement for a bona fide intention to use the trade mark applied for. A trade mark could be registered for all types of goods, irrespective of whether the owner currently dealt or intended to deal with such goods.<sup>216</sup> As Beier described, under the French trade mark system:<sup>217</sup>

... the mark is an independent asset of his business enterprise and, like any other piece of property, subject to exploitation by transfer and licensing.

The lack of comparison with other European systems is significant, as the Report did comment on several international developments – including the United Kingdom’s involvement with the European Economic Community (EEC), which is further described below.

#### 6.4.2 International Development and the European Directive

In 1973, the United Kingdom joined the EEC, after France had blocked its membership twice in the 1960s. The creation of a European “common market” was a central goal of the original members of the EEC. This economic goal was also premised on achieving greater political integration in Europe. It was thought that with economic integration, political integration

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<sup>215</sup> Beier, above n 214, at 296.

<sup>216</sup> Beier, above n 214, at 296.

<sup>217</sup> At 296.

would follow.<sup>218</sup> To further the creation of a common market, a fundamental principle of the Treaty of Rome establishing the EEC was the promotion of the free movement of goods and services.<sup>219</sup> The Treaty of Rome sought to remove obstacles and disparities which impeded the free movement of goods and services.<sup>220</sup>

Differences in intellectual property law, including trade marks, was identified as one potential disparity. In 1959, the Commission of the European Communities announced an initiative aimed at creating a unitary European intellectual property law, which would supplement national laws.<sup>221</sup> In 1964, a working party from the original six members of the EEC prepared a preliminary draft agreement on European Trade Mark Law. Further work on the agreement about European Trade Mark Law fell into abeyance and was not picked up until another working group was established in 1974.<sup>222</sup> In 1976, the Commission of the European Communities announced it would be pursuing a “two road strategy”, comprising an autonomous “Community Trade Mark” system and the harmonisation of national trade mark law in the Member states.<sup>223</sup>

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<sup>218</sup> Neil Fligstein, Alina Polyakova and Wayne Sandholtz “European Intergration, Nationalism and European Identity” (2012) 50(s1) *Journal of Common Market Studies* 106.

<sup>219</sup> Treaty Establishing the European Economic Community 298 UNTS 11 (signed 25 March 1957, entered into force 1 January 1958) [Treaty of Rome].

<sup>220</sup> Treaty of Rome, above n 219, art 3.

<sup>221</sup> For more on this background, see Charles Gielen “Harmonisation of Trade Mark law in Europe: the First Trade Mark Harmonisation Directive of the European Council” (1992) 14 *EIPR* 262 at 262 and Tsoutsanis, above n 214, at 48.

<sup>222</sup> Tsoutsanis, above n 214, at 48.

<sup>223</sup> Tsoutsanis, above n 214, at 48.

Negotiations related to the two road strategy initially focused on the Community Trade Mark system. As a result, a preliminary proposal for a harmonisation directive authored by the Commission of the European Communities was not published until 1980.<sup>224</sup> An amended proposal was published in 1985.<sup>225</sup> After then, as Tsoutsanis puts it, negotiations for a harmonisation directive “really took off”.<sup>226</sup> A working group commenced the first round of negotiations in 1986, and a new text was produced in October 1986.<sup>227</sup> As Gielen has described, this new text was “heavily discussed and negotiated”.<sup>228</sup> The United Kingdom actively participated in such negotiations, and consulted with representatives of commerce and industry, consumers and the legal profession.<sup>229</sup> Progress was relatively swift from that point,<sup>230</sup> and the First Council Directive to approximate the laws of the member states relating to trade marks was adopted on 21 December 1988.<sup>231</sup>

The First Directive did not seek full scale harmonisation of trade mark law, and included a number of optional provisions. However, it did seek to harmonise significant “substantive

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<sup>224</sup> European Commission *Proposal for a First Council Directive to Approximate the Laws of the Member States Relating to Trade Marks* (OJ C 351/1 1980).

<sup>225</sup> European Commission *Amended Proposal for a First Council Directive to Approximate the Laws of the Member States Relating to Trade Marks* (OJ C 351/4 COM (85) 793 final 1985).

<sup>226</sup> Tsoutsanis, above n 214, at 54.

<sup>227</sup> *Note from General Secretariat to Working Party on Intellectual Property Attaching Consolidated Text of Amended Proposal Resulting from Working Party's First Reading* ((9377/86), 15 October 1986).

<sup>228</sup> Gielen, above n 221, at 262.

<sup>229</sup> Department of Trade and Industry *Reform of Trade Marks Law White Paper* (Cm 1203, 1990) at [1.01] [*White Paper*].

<sup>230</sup> Tsoutsanis, above n 214, at 55.

<sup>231</sup> First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks [1989] OJ L40/1 [First Directive].

rules of central importance”.<sup>232</sup> These rules were arguably underpinned by a neoliberal approach to trade mark law,<sup>233</sup> and a pro-competition perspective on the benefits of trade marks. Even before the adoption of the First Directive, the European Court of Justice began to shift its attitude towards trade marks and their benefits in terms of competition. In the early 1970s cases of *Sirena Srl v Eda Srl* and *Van Zuylen v HAG*, the Court had described trade marks as leading to the partitioning of markets and impairing the free movement of goods and services.<sup>234</sup> However, in the 1990 judgment, *SA CNL Sucal NV v HAG GF AG*, the Court of Justice described trade marks as being “an essential element in the system of undistorted competition which the Treaty [of Rome] seeks to establish and maintain”.<sup>235</sup> Further, Advocate General Jacobs in his opinion referred with approval to the passage in Cornish’s intellectual property text (outlined above), which described trade marks as the foundation of marketplace competition.<sup>236</sup>

The harmonisation of the substantive rules also tended to reflect norms from European trade mark systems such as France and the Benelux countries.<sup>237</sup> These European norms embodied a conceptualisation of property rights in trade marks as being more closely aligned with

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<sup>232</sup> Case C-482/10 *Budejovický Budvar, národní podnik v Anheuser-Busch Inc* [2011] ECR I-08701 at [30].

<sup>233</sup> Jennifer Davis “A European Constitution for IPRS-Competition, Trade Marks and Culturally Significant Signs” (2004) 41 Common Mark Law Review 1005 at 1012: “... implicit in the Trade Mark Directive is a neo-liberal approach...”.

<sup>234</sup> Case 40-70 *Sirena Srl v Eda Srl* [1971] ECR 69 at [7] and Case 192/73 *Van Zuylen v HAG* [1974] ECR 731 at [11].

<sup>235</sup> Case C-10/89 *SA CNL Sucal NV v HAG GF AG* [1990] ECR I-3711 at [13].

<sup>236</sup> Case C-10/89 *SA CNL Sucal NV v HAG GF AG* [1990] ECR I-3711 (Opinion of AG Jacobs) at [17] and see n 110 above.

<sup>237</sup> Gielen, above n 221, at 262: “... Benelux has had quite some influence on the Directive”.

property rights in an object, rather than protecting an activity. While the First Directive was not explicit, there is a strong underlying assumption that it sought to equate registered trade marks with other items of personal property.<sup>238</sup> The Regulation governing the Community Trade Mark, which was negotiated at the same time as the Directive was explicit in this regard.<sup>239</sup> The recitals in the Regulation stated that a Community Trade Mark:

... is to be regarded as an object of property which exists separately from the undertakings whose goods or services are designated by it.

Further, art 16 provided that a Community Trade Mark was an object of property and art 24 even provided that an application was an object of property.

The first example of the emphasis on a more absolute conception of property rights attaching to registered trade marks is that the First Directive did not include a specific requirement for the trade mark applicant to have a bona fide intention to use the trade mark applied for.<sup>240</sup> Second, the First Directive appeared to open up all symbols to registration by defining a trade mark as “any sign capable of being represented graphically” and “distinguishing the goods or services of one undertaking from those of other undertakings”. The definition also specifically

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<sup>238</sup> James Mellor QC et al *Kerly's Law of Trade Marks and Trade Names* (16th ed, Sweet & Maxwell, Online edition, 2020) at [15–012].

<sup>239</sup> Council Regulation (EC) 40/94 of 20 December 1993 on the Community trade mark [1994] OJ L11/1.

<sup>240</sup> There is a conflict in the literature on the nature and impact of this omission compare Tsoutsanis, above n 214 and Phillip Johnson “‘So Precisely What Will You Use Your Trade Mark for?’ Bad Faith and Clarity in Trade Mark Specifications” (2018) 49 IIC 940 at 961-962.

included the “shape of goods or their packaging”.<sup>241</sup> Third, in what has been described as embodying a “market driven approach”,<sup>242</sup> the First Directive established a more liberal framework for assessing the registrability of signs capable of distinguishing. Instead of setting out positive requirements for registrability, art 3 provided for specific grounds for refusing registration – thereby creating a presumption of registration. Further, art 3(3) provided that a trade mark refused registration for a lack of inherent distinctiveness could be registered if it was proved to have *acquired* a distinctive character in fact. This appeared to contemplate that any trade mark that would be appreciated by consumers *in the market* as operating as an indication of origin should be registered.<sup>243</sup>

Fourth, the First Directive gave a trade mark owner the right to exclude third parties using an identical mark on the registered goods or services, without the need to establish a likelihood of confusion or deception.

Fifth, another indicator of the First Directive’s shift toward recognising a registered trade mark as an object of property was its optional provision regarding protecting against dilution for trade marks with a reputation. Article 5(2) provided that members states could make it infringement for a third party to use an identical or similar sign, where such use “without due cause”, “takes unfair advantage of, or is detrimental to, the distinctive character or the repute

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<sup>241</sup> First Directive, above n 231, art 2.

<sup>242</sup> Davis, “European Constitution”, above n 233, at 1012; Johan Verbruggen “Baby-Dry—The Origin Function ‘Revisited’” (2002) 3 GRUR International 213 at 215.

<sup>243</sup> Davis, “European Constitution”, above n 233, at 1013.

of the trade mark". The "template" for this optional provision was Benelux Trade Mark Law.<sup>244</sup> The Benelux delegation strongly argued for its inclusion,<sup>245</sup> despite some concerns that it could extend the "monopoly of the trade mark owner beyond the proper needs of trade mark protection".<sup>246</sup>

Article 5(2) suggested that marks with repute were essentially marks with a "power of attraction".<sup>247</sup> For instance, one of the most famous Benelux cases, *Claeryn/Klarein*, involved a successful attempt by a gin manufacturer to prevent the use of a phonetically identical mark to its registered trade mark in relation to detergent.<sup>248</sup> The Benelux Court of Justice confirmed that under the Uniform Benelux Trademark Act, the rights conferred by a registered trade mark extended to prevent conduct which interfered with the mark's "capacity to stimulate the desire to buy" goods.<sup>249</sup> Unjustified use also included situations where the defendant's use diluted the exclusivity of the mark and meant the plaintiff's mark "no longer has the capacity to create an instant mental association in the public with the goods for which it is registered and used".<sup>250</sup>

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<sup>244</sup> Handler, above n 58, at 662.

<sup>245</sup> Gielen, above n 221, at 267.

<sup>246</sup> European Commission *Memorandum on the Creation of an EEC Trade Mark* (SEC(76) 2462 1976) at [108].

<sup>247</sup> Martin Senftleben "The Trade Mark Tower of Babel-Dilution Concepts in International, US and EC Trade Mark Law" (2009) 40 IIC 45 at 56.

<sup>248</sup> *Lucas Bois v Colgate-Palmolive (Claeryn/Klarein)* Reported in English in (1976) 7 IIC 420.

<sup>249</sup> At 423. See further Handler, above n 58, at 660 and Gielen, above n 221, at 267.

<sup>250</sup> At 423.

### 6.4.3 TRIPs

The Directive's more expansive approach to trade mark protection dovetailed with developments that stemmed from negotiations during the General Agreement on Tariffs and Trade (GATT) Uruguay Round, which commenced in 1986. The GATT Uruguay Round was preceded by the Tokyo Round, where a proposal for an anti-counterfeiting code was first presented.<sup>251</sup> From this starting point a negotiating group was created with a mandate to cover rules relating to "trade-related aspects of intellectual property rights".<sup>252</sup> Between 1989 and 1990, several proposals were submitted, including one from the delegation of the European Union in March 1990.<sup>253</sup> The trade mark components of the proposed draft agreement had strong similarities to the First Directive.<sup>254</sup> For example, the proposed agreement defined a trade mark and the exclusive rights of a trade mark owner in similar terms. As Firth notes, the United States tabled the next significant draft and the next steps involved the melding together of the European Union and United States drafts.<sup>255</sup> A draft "final act" was produced in 1991 (the so-called Dunkel text), and with only two changes to the Dunkel text, a final act was finalised in 1993.<sup>256</sup> The TRIPs agreement, as an annexure to

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<sup>251</sup> Anthony Taubman, Hannu Wager and Jayashree Watal *A Handbook on the WTO TRIPS Agreement* (Cambridge University Press, Cambridge, 2012) at 5–6. For further background see Christopher Wadlow "Including Trade in Counterfeit Goods': the Origin of TRIPS as a GATT Anti-counterfeiting Code" (2007) 3 IPQ 350.

<sup>252</sup> Taubman et al, above n 251, at 6.

<sup>253</sup> European Commission *Draft Agreement on Trade-Related Aspects of Intellectual Property Rights* (MTNGNG/NG11/W/68 1990).

<sup>254</sup> As also noted by Alison Firth "Reception of EU Trade Mark Law in New Zealand" in A Björkdahl and others (eds) *Importing EU Norms: Conceptual Framework and Empirical Findings* (Springer, Cham Switzerland, 2015) 169 at 172.

<sup>255</sup> Firth, above n 254, at 172.

<sup>256</sup> Taubman et al, above n 251, at 8.



the Marrakesh Agreement establishing the World Trade Organisation came into effect on 1 January 1995.<sup>257</sup>

The trade mark section of the TRIPs agreement was significantly less controversial than other sections of the agreement.<sup>258</sup> As Firth has noted, the trade mark section of the TRIPs agreement largely reflects a preference for the European position on trade mark protection.<sup>259</sup> Indeed, Calboli and Farley suggested that many articles in the trade mark section of the TRIPs agreement demonstrate a “de facto preference for the pro-property rights/civil law approach to trademark protection” and reflect “strong pressure on the part of trademark owners”.<sup>260</sup> Such provisions include the definition of a trade mark as any sign capable of distinguishing,<sup>261</sup> the prohibition on making use a condition of filing a trade mark application,<sup>262</sup> the presumption of consumer confusion where an identical trade mark is used in relation to identical goods or services to the registered goods and services,<sup>263</sup> the acknowledged ability of trade mark owners to transfer a trade mark “with or without the

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<sup>257</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights, Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization (opened for signature 15 April 1994, entered into force 1 January 1995) 1869 UNTS 299.

<sup>258</sup> Irene Calboli and Christine Haight Farley “The Trademark Provisions in the TRIPS Agreement” in *Intellectual Property and International Trade TRIPS Agreement* (3rd ed, Wolters Kluwer, Alphen aan den Rijn, 2016) 157 at 158.

<sup>259</sup> Firth, above n 254, at 172. See also Calboli and Farley, above n 258.

<sup>260</sup> Calboli and Farley, above n 258, at 175 and 159.

<sup>261</sup> Art 15(1).

<sup>262</sup> Art 15(3).

<sup>263</sup> Art 16(1).

transfer of the business to which the trademark belongs”, and art 16(3), which is seen by many as requiring some form of anti-dilution protection.<sup>264</sup>

As the TRIPs agreement set minimum standards for trade mark protection for the signatories, the TRIPs agreement can be seen as further pressure for the conceptualisation of trade marks as property to move closer to protecting a trade mark as an independent *thing* itself, untethered from a particular trading activity. As the final subsection of this chapter examines, the United Kingdom legislative response to the First Directive, and other international developments, reflected a changed perspective on registered trade marks.<sup>265</sup>

#### 6.4.4 The White Paper

The First Directive required the United Kingdom to enact laws to comply with the First Directive not later than 28 December 1991. The first step towards such a new law was the British Government’s publication of its White Paper on the Reform of Trade Marks in 1990 (the White Paper). In a number of respects, the White Paper provided the foundations for a different and wider conceptualisation of the property rights associated with registered trade marks.

Unlike the earlier Mathys Report, the White Paper appeared to be more cognisant of the interests of traders and was keener to reflect the realities of the marketplace. The White

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<sup>264</sup> Calboli and Farley, above n 258, at 160 and 169.

<sup>265</sup> As will be further explained in Chapter 6, when the United Kingdom enacted the Trade Marks Act 1994, it was in compliance with the TRIPs agreement, given that the agreement already closely aligned with the Directive.

Paper commenced by observing that companies now regard trade marks “as being among their most valuable assets”, therefore it was important for the United Kingdom:<sup>266</sup>

... to have a legal framework for the protection of trade marks which fully serves the needs of industry and commerce. The law governing registered trade marks is however over fifty years old and has to some extent lost touch with the marketplace.

The White Paper was explicit in acknowledging a registered trade mark as a property right, making the comment that a trade mark is a “valuable piece of property” several times.<sup>267</sup> In several areas, the White Paper also indicated a willingness to embrace a wider conceptualisation of the property rights associated with registered trade marks. While this reflected the impact of the First Directive, it was also arguably a consequence of the influence of the more neoliberal economic view of the property rights and the competitive benefits of trade marks.

First, in terms of registrability, after noting that the First Directive adopted an open-ended definition of what could be a trade mark, the White Paper endorsed the notion that “if a sign functions in the marketplace as a trade mark, it is to be regarded as a trade mark”.<sup>268</sup> The White Paper thereby differed from the Mathys Committee on the registrability of shape of goods or their packaging. It observed that it was “a fact of the marketplace” that some shapes

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<sup>266</sup> White Paper, above n 229, at [1].

<sup>267</sup> For example at [4.11].

<sup>268</sup> At [2.06].

were recognised as indicating origin.<sup>269</sup> It considered that the exclusions in the First Directive concerning utilitarian and aesthetically functional shapes provided a sufficient safeguard.<sup>270</sup>

Second, the White Paper stated that the Government would take the opportunity to clarify that the “distinctiveness in law” requirement created by the judiciary would no longer apply.<sup>271</sup> It also found that the discretion of the Registrar to refuse to register a trade mark was “out of place in a modern trade mark law”.<sup>272</sup> Consistent with a more market-orientated approach a mark should be entitled to be registered unless there are stipulated grounds of refusal.

Third, the White Paper proposed that the new trade mark legislation, in line with the First Directive, extend infringement to capture use by a defendant on *similar* goods and services to those stipulated in the trade mark specification. It also proposed to implement the optional provision of the First Directive allowing for anti-dilution protection.<sup>273</sup>

Fourth, and independently of the requirements of the First Directive, the White Paper proposed a different approach to the licensing of trade marks. The White Paper noted that:<sup>274</sup>

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<sup>269</sup> At [2.18].

<sup>270</sup> First Directive, above n 231, art 3(1)(e).

<sup>271</sup> At [3.08].

<sup>272</sup> At [3.11].

<sup>273</sup> At [3.19].

<sup>274</sup> At [4.36].

Whatever may have been the position in 1938, the public is now accustomed to goods or services being supplied under licence from the trade mark owner... the potential for deception is therefore less.

The White Paper therefore proposed that any new law simply provide that a trade mark may be licensed and details of the licence would be recorded without any checks by the Registrar. The White Paper also indicated that the provision that enabled the Registrar to refuse to record a registered user of a trade mark if it would facilitate trafficking would be repealed. The Government considered that trafficking – such as trying to extort money by speculatively registering trade mark – was not a genuine or substantial problem.<sup>275</sup>

The proposals around licensing and the White Paper, on the whole, gave significantly less emphasis to the protection of the public and exhibited less concern about monopolies that had been so prominent in other legislative reform initiatives. It is suggested that this was symptomatic of a shift in the conceptualisation of the property rights in a trade mark towards recognising trade marks as being untethered from the activity of using a trade mark as an indication of origin. The market recognised trade marks as independent assets, and the tenor of the White Paper suggested that it was time for United Kingdom trade mark law to do likewise.

Despite the indications of a shift, there remained some remnants of the model of qualified property within the White Paper. In particular, the White Paper contemplated that it would be possible under the new law to remove a registered trade mark on the basis that it was

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<sup>275</sup> At [4.41].

applied for without any intent to use and had in fact not been used. However, the White Paper envisaged that this would be under the optional prohibition on bad faith filing provided for in the First Directive.<sup>276</sup>

The White Paper was widely supported by the trade, and lawyers and legal commentators.<sup>277</sup> For example, Morcom suggested that the reform of trade mark law was “largely uncontroversial” and it could be expected to have a smooth “passage to the statute book”.<sup>278</sup> The next Chapter 7 will investigate the fruition of the reform agenda under the Trade Marks Act 1994.

## 6.5 Conclusion

The post-Second World War period brought with it significant and lasting changes to how traders sought to supply and market goods and services to the United Kingdom public. Central to these changes was the rise of the brand concept. Such changes created pressure for trade mark legal doctrine to adapt to reflect the expanded functions of trade marks and the enhanced value of trade marks to traders in such a new marketplace. This pressure was given extra impetus by the emergence of new economic perspectives on the beneficial role of trade marks to enhancing competition, and more generally, the perceived welfare advantages of a more market-oriented, and less regulated, framework of establishing rights and entitlements.

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<sup>276</sup> At [4.27].

<sup>277</sup> Christopher Morcom “Reform of Trade Marks Law: the White Paper of September 1990” (1990) 12 EIPR 391 [“Reform”]; Alison Firth “Reform of Trade Mark Law” (1990) 12 EIPR D220; Ruth E Annand “A New United Kingdom Trade Marks Law” (1990) 19 Anglo-American Law Review 261.

<sup>278</sup> Morcom, “Reform”, above n 277, at 396.

The English courts resistance to adapting legal doctrine to embrace a wider conceptualisation of the property rights associated with registered trade marks indicates how entrenched the model of qualified property in registered trade marks was in English legal thought. The legislature too was, at least initially, reluctant to move too far from the predominant conception of registered trade marks as property that was consolidated by the 1905 Act and continued by the 1938 Act.

However, the First Directive, and the TRIPs agreement – a so-called “pillar of the neoliberal Washington Consensus”<sup>279</sup> – provided both an obligation but also a legitimisation for United Kingdom trade mark law to change. The First Directive, in particular, mapped out a new framework in several areas for United Kingdom trade mark law to prioritise the conceptualisation of property rights associated with registered trade marks as protecting “things”, more than an activity. The next chapter will consider this framework in more detail.

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<sup>279</sup> Tyfield, above n 112, at 343.

## Chapter Seven: The Trade Marks Act 1994: A New Framework for the Property Rights Associated with a Registered Trade Mark<sup>1</sup>

### 7.1 Introduction

This chapter examines how the different statutory framework governing registered trade mark law established by the Trade Marks Act 1994 (1994 Act) affected the conceptualisation of registered trade marks as property. I argue that the 1994 Act, and judicial interpretation of the legislation, now gives significantly more emphasis to an object-based conception of the property rights in registered trade marks. As a correlative, the notion that the property rights associated with registered trade marks protect the activity of using a trade mark as an indication of origin has been diminished (but not eliminated).

I make this argument by first demonstrating how the 1994 Act established, and judicial interpretation cemented, a more liberal approach to registrability, and a more expansive approach to what signs could be registered. This shift dovetailed with traders' increased promotion of, and desire to protect, various elements and signifiers of their brands. These developments contributed to an untethering of the registration of trade marks from the specific activity of using the trade mark on particular goods and services. Second, the approach to licensing and assignments under the 1994 Act removed previous restrictions based on a registered trade mark owner retaining control over the activity of using its trade mark or transferring the means of carrying out the activity of using its trade mark. Third, the

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<sup>1</sup> Some of the material in this chapter, principally section 7.5, also appears in Rob Batty “The Historical Development of the Descriptive Use Defence” (2021) 1 IPQ 22. On registrability, also see Rob Batty “Unravelling the Distinctiveness Knot in New Zealand’s Trade Marks Act” (2017) 23 NZBLQ 36.



Court of Justice of the European Union's (CJEU) guidance on the interpretation of new anti-dilution provisions in the 1994 Act has given trade mark owners authority over the use of certain signs that go beyond the activity of using such signs as indicators of origin.

The final part of the chapter demonstrates how important remnants of the qualified, activity-based conception of the property rights in a registered trade mark remain. In particular, the acquisition and maintenance of property rights in a registered trade mark still remained tethered to use, or intended use, of a trade mark.

## 7.2 Background

### 7.2.1 The Trade Marks Bill

Although the White Paper on the Reform of Trade Marks (the White Paper) was published in September 1990, the Trade Marks Bill (Bill) was not introduced into the House of Lords until November 1993.<sup>2</sup> The Bill sought to give effect to the proposals in the White Paper, implement the First Directive and achieve “a general modernisation of the law on trade marks”.<sup>3</sup> Lord Strathclyde (the Minister of State, Department of Trade and Industry) introduced the Bill in its second reading with a speech that emphasised that the focus of the Bill was to meet the interests of business:<sup>4</sup>

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<sup>2</sup> It was “widely known” that the Government had prepared a Bill at the end of 1992, however, due to a lack of parliamentary time, it was not made public, see Linklaters & Paines “The Trade Mark Directive: Can I Prevail if the State has Failed?” (1993) 15 EIPR 91 at 91.

<sup>3</sup> Trade Marks Bill 1993 (No. 73) (Explanatory and Financial Memorandum).

<sup>4</sup> (6 December 1993) 550 GBPD HL 739 at 749.

It is of great practical importance to business. We know this because business has been telling us so.

The reason businesses want it is that it will save them money estimated at around £30 million a year.

Lord Strathclyde described the implementation of the Directive as helping to “achieve a level playing field” and remove distortions of competition within the European single market.<sup>5</sup> In terms of conducting trade in the United Kingdom, the Bill was claimed to meet the interests of business by implementing the “deregulatory promises in the White Paper”.<sup>6</sup> Referring to changes made to licensing, Lord Strathclyde said:<sup>7</sup>

It could be said that the framers of the 1938 Act and its predecessors saw the Registrar of Trade Marks as having a consumer protection role. In our view, this should no longer be the case ... there are other bodies, official and unofficial, which are much better placed to perform such a role. Moreover, modern consumers are more sophisticated than was the case half a century ago.

The Bill was referred to a Public Bill Committee in December 1993. Several amendments flowed from this process. However, these were not extensive and the Bill was described as having a “fairly trouble free passage through Parliament”.<sup>8</sup>

The Bill not only reflected a shift to prioritising the interests of business, the House of Lords debates also indicated the influence of the new economic thinking about trade mark protection. Lord Preston, for example, explained that instead of being harmful to

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<sup>5</sup> At 750 and 751.

<sup>6</sup> At 751.

<sup>7</sup> At 752.

<sup>8</sup> Howard Johnson “Trade Marks: The New Law” (1995) 37 *Managerial Law* 1 at 4.

competition, trade marks “promote competition” and were “advantageous to the consumer”.<sup>9</sup> The reference to consumers is significant in the context of the 1990s, as the passage of the Bill coincided with the further rise of consumerism.<sup>10</sup>

### 7.2.2 The Consumer and Consumerism

The average disposable income of Britons rose by 37 per cent between 1982 and 1992.<sup>11</sup> Taxes were lower and obtaining credit was easier. Large shopping precincts in the centres of urban cities, such as Newcastle and Birmingham emerged, in response to the decline of the high-street.<sup>12</sup> Consumers took advantage of their increased disposable income and the liberalisation of credit by spending in these new and large shopping centres. As Black puts it, such centres “were the moulders of taste” and became “spheres of spending activity at the centre of the consumer society”.<sup>13</sup>

Consumers’ spending habits were also evolving. Consumers had increased demand for “new luxury goods”.<sup>14</sup> These goods – cars, appliances, shoes, apparel – had quality and

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<sup>9</sup> (6 December 1993) 550 GBPD HL 739 at 755.

<sup>10</sup> Jeremy Black *Britain Since the Seventies: Politics and Society in the Consumer Age* (Reaktion, London, 2004) at 11.

<sup>11</sup> At 28.

<sup>12</sup> Georgios Patsiaouras “The History of Conspicuous Consumption in the United Kingdom: 1945-2000” (2017) 9 *Journal of Historical Research in Marketing* 488 at 498; Black, above n 10, at 13.

<sup>13</sup> At 13.

<sup>14</sup> Giana M Eckhardt, Russell W Belk and Jonathan AJ Wilson “The Rise of Inconspicuous Consumption” (2015) 31 *Journal of Marketing Management* 807; Michael J Silverstein and Neil Fiske “Luxury for the Masses” (2003) 81 *Harvard Business Review* 48.

workmanship elements of luxury goods and attracted a price premium, but were able to be provided to consumers en masse. In some product categories, consumers sought to “trade-up” to new luxury goods, such as buying a STARBUCKS coffee instead of their usual coffee. This “trading-up phenomenon” was inextricably linked to the appeal and value of brands.<sup>15</sup> For example, in terms of shoes, the “brand” and the message and meaning it conveyed – be it DR MARTENS, AIR JORDANS or VANS – were arguably more important than the functional characteristics of the shoe itself.

Increased overseas travel was a focus for, and driver of, consumerism.<sup>16</sup> Improved transport links to Europe – such as the Channel Tunnel – and inexpensive package holidays provided the British public with increased access to Europe and increased exposure to foreign brands.<sup>17</sup> In the 1990s, the number of television channels also increased, and was augmented by the arrival of satellite and cable television.<sup>18</sup> By 1994, around 95 per cent of households had a colour television.<sup>19</sup> This increase in access to televised and global content brought with it more advertising and more content that emphasised consumption. As Patsiaouras described it, such developments “strengthened a commercially induced homogeneity” focused on the consumption of “foreign brands, tastes and lifestyles”.<sup>20</sup>

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<sup>15</sup> Silverstein and Fiske, above n 14, at 51.

<sup>16</sup> At 15.

<sup>17</sup> Patsiaouras, above n 12, at 498. As Black notes, above n 10, at 15, the number of Britons taking holidays overseas increased by from 4.2 million in 1971 to 20.8 million in 1991.

<sup>18</sup> Black, above n 10, at 32.

<sup>19</sup> Patsiaouras, above n 12, at 500.

<sup>20</sup> Patsiaouras, above n 12, at 500.

A further significant change was the growth of online selling associated with the rise of the Internet. The products sold online expanded with the arrival of Amazon in the mid-1990s and the commencement of Internet grocery shopping.<sup>21</sup> The growth in online selling was accompanied by a significant shift to online marketing.<sup>22</sup>

Changes to retailing, marketing and advertising made Britain a “society focused on choice”.<sup>23</sup> However, consumers also sought convenience.<sup>24</sup> In important areas of trade, such as the grocery sector, certain traders were able to capitalise on this demand for convenience by dominating the marketplace. In 1999, 88 per cent of food was purchased by one of the large supermarket chains, such as Tesco or Sainsbury’s.<sup>25</sup> Further, these chains sought to stock a full range of products, from magazines to alcohol.<sup>26</sup>

Supermarket retailers also utilised their position of power by increasing the supply and quality of their “own label” goods.<sup>27</sup> These goods were sold alongside branded goods, but at a cheaper price. Supermarkets became a focal point for manufacturers to argue that their brands needed more protection. The Bill was debated at the same time as the advent of what

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<sup>21</sup> Richard A Hawkins “Marketing History in Britain” in DG Brian Jones and Mark Tadajewski (eds) *The Routledge Companion to Marketing History* (Routledge, London, 2016) 315 at 328.

<sup>22</sup> Hawkins, above n 21, at 328.

<sup>23</sup> Black, above n 10, at 31.

<sup>24</sup> Black, above n 10, at 14: “Convenience became a key term of the period in both word and thought; and it was adopted as a description, as in convenience foods”.

<sup>25</sup> Black, above n 10, at 14.

<sup>26</sup> Black, above n 10, at 14.

<sup>27</sup> Hawkins, above n 21, at 327.

the United Kingdom media called the “Cola Wars”.<sup>28</sup> Sainsbury’s had launched a look-a-like product dubbed “Classic Cola” in its 341 stores.<sup>29</sup> Coca-Cola Company was unhappy with the product, claiming the Sainsbury’s product had copied elements of its product, which would lead to consumer confusion. Sainsbury’s backed down and agreed to alter the design of its product.<sup>30</sup> However, the “Cola Wars” were seen by manufacturers as an example of a larger trend of retailers seeking to copy elements of their products. Such manufacturers, including Unilever, Kellogg’s and Mars, attempted to persuade the Government to amend the Bill to combat lookalike products. An amendment introducing an “unfair competition clause” garnered support from some members of the House of Lords.<sup>31</sup> However, such an amendment was ultimately withdrawn. As Baroness O’Cathain (a non-executive Director of Tesco) observed in the House of Lords debates, such an amendment appeared contrary to the aims of a government supportive of deregulation.<sup>32</sup>

### 7.2.3 The Property Label

The Trade Marks Act received Royal Assent on 21 July 1994. As outlined in the introduction chapter, unlike earlier legislation, the 1994 Act contains several explicit references to trade marks as property. Section 2 of the 1994 Act states:

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<sup>28</sup> Johnson, above n 8, at 4.

<sup>29</sup> “British Cola Boasts ‘Original American Taste,’ but Is It Real Thing?” *Los Angeles Times* (20 April 1994).

<sup>30</sup> Heather Cannon “Sainsbury gives in to Coke: Retailer will change design of its own-brand cola cans after ‘amicable discussions’” *The Independent* (11 May 1994).

<sup>31</sup> (24 February 1994) 552 GBPD HL 719 at 749-756.

<sup>32</sup> (14 March 1994) 553 GBPD HL 1 at 79.

A registered trade mark is a property right obtained by the registration of the trade mark under this Act and the proprietor of a registered trade mark has the rights and remedies provided by this Act

Section 22 then states “a registered trade mark is personal property”.<sup>33</sup> Section 22 is preceded by the heading “Registered trade mark as object of property”. These sections suggest a shift in emphasis towards conceptualising trade marks as objects of property. However, as the Australian High Court has observed:<sup>34</sup>

The term “property” is not a term of art with one specific and precise meaning. It is always necessary to pay close attention to any statutory context in which the term is used.

The next sections of this chapter use such a statutory context to explain the various ways in which the 1994 Act gives significantly more emphasis to an object-based conception of the property rights associated with registered trade marks.

## 7.3 Expansion of Registrability

### 7.3.1 Statutory Scheme

The statutory provisions concerning registrability in the 1994 Act aptly illustrate the deregulatory approach of the legislation to the acquisition of property rights.<sup>35</sup> As enacted,

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<sup>33</sup> Trade Marks Act 1994, s 27 also provides that applications for registration of a trade mark are objects of property.

<sup>34</sup> *Kennon v Spry* (2008) 238 CLR 366 at [89] per Gummow and Hayne JJ.

<sup>35</sup> Mark Elmslie “The New UK Trade Marks Bill” (1994) 16(3) EIPR 119 at 120 and 119: “There is throughout the Bill a change in emphasis from legislative regulation to self-regulation”.

s 1(1) of the 1994 Act defined a trade mark as being *any sign* capable of distinguishing goods or services of one undertaking from those of other undertakings. It then provided examples of signs that could be trade marks – words, designs, letters, numerals or the shape of goods or their packaging. In *Philips v Remington* Jacob J confirmed what the White Paper had indicated about the term “sign” – the term meant anything that could convey information and the list of examples of what could constitute a sign under the 1994 Act was not limited.<sup>36</sup>

In addition to expanding what symbols could be registered, s 3 of the 1994 Act appeared to accord with the White Paper’s suggestion that if any symbol was functioning as a trade mark and was distinctive as a matter of fact, it should be registrable.<sup>37</sup> Section 3(1)(a) provided that signs not meeting the requirement in s 1(1) could not be registered. Section 3(1)(b)-(d) then provided that trade marks devoid of distinctive character, trade marks consisting exclusively of descriptive signs or indications, or trade marks consisting of generic signs or indications should not be registered. However, the legislation provided that objections under s 3(1)(b)-(d) could not be maintained if it was established that the trade mark had acquired distinctive character through use (at the date of application).

Seemingly, the only exception to these permissive and ultimately fact-based registrability provisions was s 3(2). This section provided that a sign should not be registered if it consisted of a shape resulting from the nature of the goods; a shape that was necessary to obtain a

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<sup>36</sup> *Philips Electronics NV v Remington Consumer Products Ltd* [1998] RPC 283 (EWHC) at 298 [*Philips HC*].

Department of Trade and Industry *Reform of Trade Marks Law White Paper* (Cm 1203, 1990) at [2.08] [White Paper].

<sup>37</sup> White Paper, above n 36, at [2.12] and [3.08]. See also (6 December 1993) 550 GBPD HL 739 at 750.



technical result; or a shape that gave substantial value to the goods. This section responded to the longstanding concern about monopolisation of the shape of a product itself.<sup>38</sup>

### 7.3.2 The End of the Distinctiveness at Law Requirement

One of the first cases to consider the new statutory scheme was *British Sugar Plc v James Robertson*.<sup>39</sup> At issue was whether “Treat”, originally registered under the 1938 Act for dessert sauces and syrups, was a valid trade mark under the 1994 Act. Jacob J started his judgment by referring to Sir Herbert Cozens Hardy J’s warning about wealthy traders trying to enclose the commons from *Joseph Crosfield*. However, Jacob J found that the new 1994 Act had “swept away the old law” of refusing to register trade marks that were 100% distinctive in the marketplace because they were not distinctive at law.<sup>40</sup> Jacob J found there was no longer any legal barrier to registering trade marks. Any sign could be registered, provided a person was able to prove it was sufficiently distinctive.<sup>41</sup>

A quirk of the statutory scheme in the 1994 Act is that it appears that an objection under s 3(1)(a) – which refers back to the definition of a trade mark in s 1(1) – refers to “signs” rather than “trade marks”. Further, on the face of the wording, establishing acquired distinctiveness

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<sup>38</sup> See further Robert Burrell, Huw Beverley Smith and Alison Coleman “Three-Dimensional Trade Marks: Should the Directive Be Reshaped?” in Norma Dawson and Alison Firth (eds) *Trade Marks Retrospective* (Sweet & Maxwell, London, 2000) 139. For reasons of space, this chapter does not consider the operation of this section. The author has considered the issues in detail in Rob Batty “Restrictions on Ownership under New Zealand Registered Trade Mark Law” (2020) 20 Oxford University Commonwealth Law Journal 1.

<sup>39</sup> *British Sugar PLC v James Robertson & Sons Ltd* [1996] RPC 281 (EWHC) [*British Sugar*].

<sup>40</sup> At 285.

<sup>41</sup> At 305.

cannot overcome an objection under s 3(1)(a) – only objections under ss 3(1)(b)-(d). In *British Sugar*, Jacob J dismissed this quirk by finding that the phrase “capable of distinguishing” did not “add anything” to the requirement of distinctive character.<sup>42</sup> Jacob J reasoned that if a mark had distinctive character then it must be capable of distinguishing. Thus, if an applicant is attempting to register a descriptive mark it need only prove its mark is distinctive through use or otherwise. The 1994 Act contained no separate legal bar to registration. However, Jacob J suggested that in some cases there could be a *factual* bar to establishing a sign is a trade mark.<sup>43</sup>

Several subsequent High Court decisions, though, suggested that s 3(1)(a), in conjunction with s 1(1), created an initial threshold that had to be crossed before a *sign* was considered a trade mark, and this threshold was (implicitly) based solely on the inherent characteristics of the sign.<sup>44</sup> This threshold requirement was portrayed as a low one – a sign simply had to be not *incapable of distinguishing*. However, this requirement did not seem to align with what Jacob J said in *British Sugar*, as arguably, it signalled that there was a legal (rather than a factual) barrier which prevented some signs from ever being trade marks. In *Philips Electronics NV v Remington* Aldous LJ took such analysis one step further and arguably (re)erected a distinguishing at law requirement.<sup>45</sup> Philips Electronics NV had registered a picture of a three-

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<sup>42</sup> At 305.

<sup>43</sup> At 305

<sup>44</sup> *AD2000 Trade Mark* [1997] RPC 168 (EWHC) and *Dualit Ltd's (Toaster Shapes) Trade Mark Applications* [1999] RPC 890 (EWHC).

<sup>45</sup> *Philips Electronics NV v Remington Consumer Products Ltd* [1999] RPC 809 (EWCA) [*Philips CA*]. This was an appeal from Jacob J's decision in *Philips HC*, above n 36. Jacob J had found that the sign could never be capable of distinguishing and was also devoid of distinctive character, at 300-303.

headed rotary shaver. After noting that use of a trade mark did not appear relevant to an objection under s 3(1)(a), Aldous LJ said that to be registrable a shape sign had to have some form of capricious addition which gave the sign “trade mark significance”. Aldous LJ said that this meant the shape of the product itself – such as the representation of the shape of Philips Electronics NV’s three-headed rotary shaver – was not registrable.<sup>46</sup> In a passage that resembled the approach taken by the courts under the 1938 Act, Aldous LJ said that allowing registration:<sup>47</sup>

... would enable a few traders to obtain registrations of all the best designs of an article and thereby monopolise those designs.

The matter, though, did not end there as questions were referred to the CJEU. One question referred was whether there was a category of marks which could not be excluded from registration by art 3(1)(b), (c) and (d) and art 3(3), but which could none the less excluded from registration by art 3(1)(a). The point of the question was to determine whether there remained a distinguishing at law requirement, as suggested by Aldous LJ. The answer provided by the CJEU was:<sup>48</sup>

... there is no category of marks which is not excluded from registration by Article 3(1)(b), (c) and (d) and Article 3(3) of the Directive which is none the less excluded from registration by Article 3(1)(a)

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<sup>46</sup> At 818.

<sup>47</sup> At 818.

<sup>48</sup> Case C-299/99 *Koninklijke Philips Electronics NV v Remington Consumer Products Ltd* (Case [2002] ECR I-05475 at [40]).

thereof on the ground that such marks are incapable of distinguishing the goods of the proprietor of the mark from those of other undertakings.

The English Court of Appeal in *West (t/a Eastenders) v Fuller Smith & Turner Plc* interpreted the CJEU's guidance as meaning the term "capable of distinguishing" in the definition of a trade mark added no additional requirement to distinctiveness – thereby signalling that the notion of distinguishing at law had no further place in United Kingdom trade mark law.<sup>49</sup>

### 7.3.3 Others Indications of a Liberalisation

The CJEU's guidance in other areas concerning registrability of trade marks suggested that the First Directive had established a more liberal regime than had existed under the 1938 Act. First, in *Procter & Gamble v OHIM* the CJEU suggested that the scrutiny given to deciding whether a descriptive word or term should be registered should be relatively low.<sup>50</sup> The CJEU observed that the equivalent provisions of the European Trade Mark Regulation, which barred the registration of descriptive signs (art 7(1)(c)), needed to be interpreted alongside the limitation or "defence" in art 12 of the Regulation,<sup>51</sup> (embodied in s 11(2)(b) of the 1994 Act) which provided a trade mark owner could not prohibit a third party from using:

... indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services.

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<sup>49</sup> *West (t/a Eastenders) v Fuller Smith & Turner Plc* [2003] EWCA Civ 48, [2003] FSR 44 at [35]. The exception to distinctiveness being determinative are those trade marks, in particular shape trade marks, falling within s 3(2), see note 38 above.

<sup>50</sup> Case C-383/99 *Procter & Gamble Company v OHIM* [2001] ECR I-06251.

<sup>51</sup> At [37].

According to the CJEU, art 7(1)(c) was only designed to prevent the registration of words that were, in normal usage, *exclusively* descriptive of characteristics of goods or services.<sup>52</sup> This implied that traders could argue that a descriptive use defence would protect the legitimate interests of third parties and therefore a liberal approach to registrability should be taken.

The English courts were not persuaded that the existence of a defence should imply a minimal review of whether a mark should be barred from registration by dint of being descriptive.<sup>53</sup> However, arguably the CJEU's statements, and the English courts' acceptance that registrability should be determined through the lens of the "average consumer", helped facilitate a more liberal approach to registration than under previous legislation.

To elaborate, whether a sign is devoid of distinctiveness is assessed by reference to the average consumer of the goods or services covered by the application.<sup>54</sup> Further, whether a sign is descriptive of characteristics of goods or services covered by the application is also considered from the consumer's point of view.<sup>55</sup> The CJEU has articulated some characteristics of this "average consumer". For example, he or she is regarded as being reasonably well-informed and reasonably observant and circumspect.<sup>56</sup> The English courts

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<sup>52</sup> At [39].

<sup>53</sup> "CYCLING IS ..." *Trade Mark Applications* [2002] RPC 37 (Trade Mark Registry) at [42] ["CYCLING IS"].

<sup>54</sup> "CYCLING IS", above n 53, at [58]-[59].

<sup>55</sup> Case C-383/99 *Procter & Gamble Company v OHIM* [2001] ECR I-06251 at [39]. This is despite the fact that the provision has been identified as pursuing the public interest that descriptive signs be kept free for all traders to use, see Case C-191/01 P *OHIM v Wrigley* [2003] ECR I-12447 at [31].

<sup>56</sup> Case C-342/97 *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [1999] ECR I-03819 at [26].

have emphasised that the average consumer is a “legal construct”,<sup>57</sup> although there remains uncertainty as to what role empirical evidence has to play in determining the views of the average consumer.<sup>58</sup> Davis has argued that the “average consumer” can be traced to the notion of the “representative consumer”, which is used in some macroeconomic modelling.<sup>59</sup> In such contexts, the representative consumer is a fictitious agent that allows assumptions to be made about aggregate preferences of a population of consumers, despite consumers having heterogeneous tastes.<sup>60</sup> Davis argues that similar notions of an average and “representative” consumer “fitted well with trade mark law”.<sup>61</sup> It allows for assumptions about aggregate consumer expectations to determine what signs should be registered as

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<sup>57</sup> *Interflora Inc v Marks and Spencer Plc (No. 2)* [2012] EWCA Civ 1501, [2013] FSR 21 at [44] and [73]. See also *Interflora Inc v Marks and Spencer Plc* [2014] EWCA Civ 1403, [2015] FSR 10 at [113] where Kitchen LJ described the average consumer as a person “who has been created to strike the right balance between various competing interests including, on the one hand, the need to protect consumers and, on the other hand, the promotion of free trade in an openly competitive market and also to provide a standard, defined in EU law, which national courts may then apply”.

<sup>58</sup> See Jennifer Davis “Revisiting the Average Consumer: an Uncertain Presence in European Trade Mark Law” (2015) 1 IPQ 15 and Graeme Dinwoodie and Dev Gangjee “The Image of the Consumer in European Trade Mark Law” in Dorota Leczykiewicz and Stephen Weatherill (eds) *The Images of the Consumer in EU Law: Legislation, Free Movement and Competition Law* (Hart Publishing, Oxford, 2016) 339.

<sup>59</sup> Jennifer Davis “Locating the Average Consumer: his Judicial Origins, Intellectual Influences and Current Role in European Trade Mark Law” (2005) 2 IPQ 183 at 196 also suggests that this idea of a “representative consumer” is particularly favoured by “economists who view the free market as the optimum organising principle for modern economies”. See also Davis “Revisiting the Average Consumer”, above n 58, at 21: “The belief in the existence of an average consumer ... derives from neo-classical economic thinking”.

<sup>60</sup> Davis “Locating the Average Consumer”, above n 59, at 197. See also Simon P Anderson, Andre De Palma and Jacques François Thisse *Discrete Choice Theory of Product Differentiation* (MIT Press, Cambridge, Mass, 1992) at 6 and 63.

<sup>61</sup> At 196.

trade marks. Davis argues that this aligns with “free market principles” and the assumption that a sign should be registered if it is recognised as a badge of origin.<sup>62</sup>

A second source of liberality has emerged in the approach to assessing acquired distinctiveness. Previously it had been asserted that English trade mark law required a descriptive word to have lost its original meaning to be considered to have acquired distinctive character.<sup>63</sup> However, in *Windsurfing Chiemsee* the CJEU said the test was whether a significant proportion of consumers identified products as “originating from a particular undertaking because of the trade mark”,<sup>64</sup> and required an overall assessment of various factors.<sup>65</sup> Such an approach seemed to suggest a primary meaning in a descriptive term could still exist and a trade mark could be considered as having acquired a distinctive character. That is, a trade mark with acquired distinctiveness could be one which designated origin and described the attributes of a product.<sup>66</sup>

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<sup>62</sup> At 196–197.

<sup>63</sup> *The Gramophone Co’s Application* (1910) 27 RPC 689 (EWHC) at 700. See also *Philips HC*, above n 36, at 303.

<sup>64</sup> Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee Produktions-und Vertriebs GmbH v Boot-und Segel-zubehör Walter Huber* [1999] ECR I-2779 at [51].

<sup>65</sup> At [49].

<sup>66</sup> See *Hasbro Inc v 123 Nahrungsmittel GmbH* [2011] EWHC 199 (Ch), [2011] FSR 21 at [169]–[170]. See also Lotte Anemaet “The Public Domain Is Under Pressure – Why We Should Not Rely on Empirical Data When Assessing Trademark Distinctiveness” (2016) 47 IIC 303 at 311.

### 7.3.4 The Objectification of Signifiers

The trends outlined above are not only representative of a more market-based approach to determining registrability,<sup>67</sup> but are also emblematic of a shift to a more object-based conception of property rights attaching to registered trade marks. The distinctiveness at law requirement that judges had applied under the 1938 Act had removed certain signs from registrability, and in doing so, safeguarded the capability of other traders to engage in the activity of selling goods or services. The existence of a descriptive use defence, or the requirement that a defendant engage in use in a trade mark sense, did not derogate from courts considering the interests of other traders in deciding whether a particular symbol should be registered.<sup>68</sup> The 1994 Act, informed by a normative economic view that extending (rather than excluding things from) private ownership was preferable from a welfare point of view, re-orientated the starting point when assessing registrability. No matter what type of sign was at issue, if the sign was able to indicate source then it should be registrable lest the valuable information it conveys be wasted.<sup>69</sup>

Further, with the rise of the brand concept described in Chapter 6 and enhanced by the consumerism of the 1990s, signs used by traders to indicate source and signify their brands were more varied. Traders had embraced the lesson of postmodernism that consumers can

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<sup>67</sup> Johan Verbruggen “Baby-Dry—The Origin Function ‘Revisited’” (2002) 3 GRUR International 213; See Andrew Griffiths “Modernising Trade Mark Law and Promoting Economic Efficiency: an Evaluation of the Baby Dry Judgment and its Aftermath” (2003) 1 IPQ 1.

<sup>68</sup> *COLORCOAT Trade Mark* [1990] RPC 511 (Board of Trade) at 517.

<sup>69</sup> See, for example, *Qualitex Co v Jacobson Products Co* (1995) 514 US 159 at 164. The exception being signs, principally shapes, falling within s 3(2) of the 1994 Act.



and do construct meaning from a range of different symbols and signs.<sup>70</sup> Traders also realised that this meaning construction process could be assisted by controlling what consumers were exposed to. It was recognised that traders were able to “educate” consumers to see symbols as carrying an origin denoting meaning. For example, in *British Sugar* Jacob J recognised that the “power of advertising” could transform “almost anything” into a trade mark.<sup>71</sup>

Traders, in turn, sought to protect such signs as trade marks. Arguably, the battle regarding look-a-like products spurred this desire. Look-a-like products avoided replicating the brand *name* of a product, but instead typically attempted to replicate the get-up, colour scheme or design of the packaging of a product. Traders’ responses in protecting individual elements of a product via trade mark registration echoed Peterson J’s famous statement in *University of London Press Ltd v University Tutorial Press Ltd* – “what is worth copying is prima facie worth protecting”.<sup>72</sup> Coca-Cola Company provides an example. In the 1980s and 1990s, it filed a range of applications to protect shapes,<sup>73</sup> slogans<sup>74</sup> and elements of get-up.<sup>75</sup>

Moreover, what was being registered was increasingly untethered from the activity of selling particular goods or services. Filing activity like Coca-Cola Company’s showed a desire to protect brand elements as “self-referential signifiers”. That is, to protect signifiers to images

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<sup>70</sup> Graeme Dinwoodie “The Death of Ontology: A Teleological Approach to Trademark Law” (1999) 84 Iowa Law Review 611 at 613 and Burrell, Smith and Coleman, above n 38, at 141.

<sup>71</sup> *British Sugar*, above n 39, at 306.

<sup>72</sup> *University of London Press Ltd v University Tutorial Press Ltd* (1916) 2 Ch 601 (EWHC) at 610.

<sup>73</sup> UK Trade Mark Registration no. 00002031894.

<sup>74</sup> DO SOMETHING DIFFERENT, UK Trade Mark Registration no. 00002054674.

<sup>75</sup> UK Trade Mark Registration nos. UK00001330605 and 00001564838.

or connotations of the Coca Cola *brand*, severed from particular product characteristics.<sup>76</sup> As Coombe asserts such signs (in signifying a brand) do not function to signal to consumers information about particular goods or services but seek to “mobilize connotations of affect”.<sup>77</sup> Attempts to obtain registration of such signs, therefore, arguably represented an attempt to obtain ownership of the sign itself as a repository of consumer loyalty and desire, and not as a signifier of the activity of selling goods or services.

Obtaining a United Kingdom trade mark registration still required the applicant to select the goods or services it wanted covered by its application. However, the Community Trade Mark (now European Trade Mark) system introduced in 1996 provided an alternative method to obtain trade mark protection in the United Kingdom. Upon registration, a Community Trade Mark had effect in the United Kingdom as well the other European member states.<sup>78</sup> This was a more expensive route to protection and was therefore favoured by large corporations, which owned “big brands”.<sup>79</sup> Nevertheless, there were a number of features of the Community Trade Mark system which contributed to an untethering of a registered trade mark from the activity of using a trade mark in relation to particular goods or services. First,

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<sup>76</sup> Rosemary J Coombe *The Cultural Life of Intellectual Properties: Authorship, Appropriation and the Law* (Duke University Press, Durham, 1998) at 56: “[brand name and slogan] signifiers serve as the locus of capital's cultural investments and social inscriptions. Through the mass media, the sign increasingly replaces the product itself as the site of fetishism; the focus of commodity fetishism shifts from the product to the sign values invested in products by corporate imagery and marketing's structures of meaning”.

<sup>77</sup> Coombe, above n 76, at 56.

<sup>78</sup> James Mellor QC et al *Kerly's Law of Trade Marks and Trade Names* (16th ed, Sweet & Maxwell, online version) at [1-013] [*Kerly's 16<sup>th</sup>*].

<sup>79</sup> A Kur, R Hilty and R Knaak *Study on the Overall Functioning of the European Trade Mark System* (Max Planck Institute for Intellectual Property and Competition Law, February 2011) at 46.

OHIM's (now EUIPO) filing fee covered up to three classes – the so-called 3-for-1 fee policy.<sup>80</sup> Second, the practice of OHIM was that if the specification included the class heading, it constituted a claim to cover all goods or services in that class.<sup>81</sup> Third, the Community Trade Mark Regulation contained no explicit requirement for an applicant to have a bona fide intention to use the trade mark for the specified goods or services.<sup>82</sup> These features arguably incentivised companies to file for a broader range of goods or services than what was commensurate with their existing trading activity, and in so doing emphasised a more object-based view of the property rights conferred by a trade mark registration.

#### 7.4 Licensing and Dealing with Trade Marks

A second clear indication of how the 1994 Act gave prominence to the conception of the property rights attaching to a registered trade mark as an independent object is evident in its provisions dealing with licensing and assignment of trade marks. As mentioned above, the background to the 1994 Act indicated that the Government wanted to deregulate the approach to licensing and assignments.<sup>83</sup> The previous provisions in the 1938 Act that sought to control and vet licences and assignments were seen as being:<sup>84</sup>

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<sup>80</sup> Georg von Graevenitz, Richard Ashmead and Christine Greenhalgh *Cluttering and Non-Use of Trade Marks in Europe* (Report Commissioned by the UK Intellectual Property Office, August 2015) at 12.

<sup>81</sup> Communication No 4/03 of the President of the Office of 16 June 2003 concerning the use of class headings in lists of goods and services for Community trade mark applications and registrations (OJ OHIM 2003, 1647).

<sup>82</sup> See Case C-000053447/1 *Trillium* (28 March 2000) (Decision of First Cancellation Division).

<sup>83</sup> See (6 December 1993) 550 GBPD HL 739.

<sup>84</sup> (6 December 1993) 550 GBPD HL 739 at 751.

... directed at protecting the public against an unreal danger — that trade mark owners will connive in the devaluation of their property.

#### 7.4.1 Assignments

The 1994 Act provided that a registered trade mark could be transferred by assignment or by operation of law like other items of personal property. Further, such transfers could be independent of the goodwill of the business associated with the registered trade mark.<sup>85</sup> This change removed the previous conditions around assignments under the 1938 Act. Section 24 also confirmed that a registered trade mark could be subject to security interests in the same way as other items of property.

The extent of the liberalisation in terms of assignments was tested in *Elizabeth Emanuel*.<sup>86</sup> Elizabeth Emanuel, a well-known fashion designer, had assigned a trade mark for “Elizabeth Emanuel” to a company, who in turn assigned it to another company. Ms Emanuel applied to revoke the registration on the basis that the mark was likely to deceive or confuse under s 46(1)(b). This section provided that a trade mark may be revoked if in “consequence of use made of it by the proprietor of the trade mark” it has become liable to deceive or mislead the public, particularly about the nature, quality of geographical origin of the goods or services. In particular, it was argued that as Ms Emanuel was no longer involved in the business, the trade mark in the hands of the new registrant would lead consumers to wrongly believe that she was still involved in the design or creation of clothes bearing the trade mark. A reference was submitted to the CJEU. The CJEU responded by observing that a trade mark corresponding to the name of a

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<sup>85</sup> Trade Marks Act 1994, s 24(1).

<sup>86</sup> *Elizabeth Emanuel’s Application for Revocation* O/017/04 (17 January 2004) (Trade Mark Registry).

designer is not “by reason of that particular feature alone, liable to revocation on the ground that that mark would mislead the public”.<sup>87</sup> The CJEU reasoning was slim, but illustrated a shift away from protecting the public from deception.

Despite the decision in *Elizabeth Emanuel* there may be situations where there could be an assignment that gives rise to a risk of revocation under s 46(1)(d). One possibility is where the assignment of a trade mark is restricted to a particular locality.<sup>88</sup> For example, where one trader is assigned a registration for use in Middlesbrough, and the owner retains the registration for the rest of the United Kingdom. A second possibility is where the assignment is limited to only certain goods or services covered by the registration. For example, one trader is assigned a registration for use in respect of clothing, but the owner retains the registration in respect of footwear and headgear. In both situations there seems that there would be the potential for consumer deception. Such situations remain, though, largely hypothetical. There have not been cases which have considered such circumstances. The general ability to assign a trade mark without goodwill provides a strong indication that, in this area at least, United Kingdom trade mark law has moved to conceptualising the property rights associated with a registered trade mark as attaching to the trade mark as an object or thing.

#### 7.4.2 Licensing

The 1994 Act’s provisions regarding licensing also reflects an object-based conception of the property rights in a registered trade mark. Section 28 states that a licence may be general or limited, may be in respect of all or some goods or services and may be restricted to a particular

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<sup>87</sup> Case C-259/04 *Elizabeth Florence Emanuel v Continental Shelf 128 Ltd* [2006] ECR I-03089 at [53].

<sup>88</sup> *Kerly’s 16<sup>th</sup>*, above n 78, at [15-017]–[15–018].

locality. Precisely what effect this seemingly liberal provision had on existing legal doctrine was tested in the House of Lords decision in *Scandecor Developments AB v Scandecor Marketing AV*.<sup>89</sup>

A Swedish company had, over time, split up its business on a territorial basis. In the United Kingdom, the company Scandecor Ltd had been established as a distributor of posters and other goods bearing the name “Scandecor”. The word, and a logo incorporating the word Scandecor had been registered, but were held in the name of a different company. Scandecor Ltd and Scandecor Marketing acted as both licensee and distributor of Scandecor branded products in the United Kingdom. The overall enterprise disbanded. The registered trade mark owner then attempted to restrain Scandecor Ltd and Scandecor Marketing from continuing to use the name Scandecor by relying on its trade mark registrations. Scandecor Ltd and Scandecor Marketing responded by arguing that the trade mark registrations should be revoked relying upon s 46(1)(d). The defendants argued that the registered trade marks had become deceptive because they had been using the name Scandecor on goods in the United Kingdom without quality control from the registered trade mark owner. The defendants pointed to *McGregor Trade Mark* in particular and the view that English law had never countenanced an uncontrolled (“bare”) licence.<sup>90</sup>

Lord Nicholls delivered the lead judgment in the House of Lords. He found that although Scandecor Ltd and Scandecor Marketing had been using the name Scandecor under a bare licence this did not in itself mean the use of the trade marks had become liable to mislead.<sup>91</sup> Lord Nicholls’

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<sup>89</sup> *Scandecor Developments AB v Scandecor Marketing AV* [2001] UKHL 21, [2002] FSR 7.

<sup>90</sup> *McGregor Trade Mark* [1979] RPC 36 (EWHC).

<sup>91</sup> At [41].

judgment represented a radical contrast to the conservative and doctrinal approach taken to licensing under the 1938 Act. The justification for his holding was that “the manner in which business activities” were carried out had changed.<sup>92</sup> The message conveyed by a trade mark had also changed to indicate that goods or services bearing the trade mark are of a “standard which the proprietor is content to distribute ‘under his banner’”.<sup>93</sup> This was reflected in the new definition of a trade mark which referred to signs “distinguishing goods and services of one undertaking from those of other undertakings” – and no longer referred to a “connection in the course of trade”. For Lord Nicholls, this change not only reflected changing business practices, but also freed the law “from the straightjacket imposed by the statutory definitions of a trade mark in the 1905 Act and then the 1938 Act”.<sup>94</sup>

Echoing the legal realist approach of Schechter, Lord Nicholls also thought consumers were now used to the practice of licensing. When they saw goods bearing a trade mark they understood that the goods must have been put on the market with the registered trade mark owner’s consent.<sup>95</sup> Lord Nicholls did not consider that this view undermined the protection which a trade mark is intended to offer to consumers. He reasoned that “for their quality assurance customers rely on the self-interest of the owner” and assume that both the owner and licensee “have an interest in maintaining the value of the brand name”.<sup>96</sup>

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<sup>92</sup> At [12]. “Labour is more mobile, business enterprises are larger and less personal, businesses and parts of businesses change hands more often. With the growth of mass markets and intensive advertising many brand names have become very valuable. In this image-conscious age trade marks are an important marketing tool”.

<sup>93</sup> At [19].

<sup>94</sup> At [40].

<sup>95</sup> At [39].

<sup>96</sup> At [39].

Before applying his views and observations to the facts, Lord Nicholls considered that a reference should be made to the CJEU. However, the case settled and the reference was withdrawn. Despite the fact that the case centred on an exclusive bare licence, the die had seemingly been cast. It was no longer a strict rule that a registered trade mark owner had to maintain control over the use of its trade mark by a licensee to ensure the validity of its trade mark. As such, as with the provisions regarding assignment, the law in this area had firmly moved away from conceptualising the property rights associated with a registered trade mark as attaching to, and protecting, an activity.

## 7.5 Infringement

Unlike the paucity of cases involving licensing and dealing with registered trade marks, the case law on infringement after the 1994 Act was enacted can fairly be described as a “forest of case law where everyone loses their way”.<sup>97</sup> In this section, I concentrate on some of the main themes and explain how, overall, the case law supports the contention that the extent of a trade mark owner’s property rights, and authority, had been expanded to give an owner a right to exclude others from engaging in a broader range of activities, i.e. beyond the use of a sign as an indication of origin. As with registrability and dealing with trade marks, certain aspects of the law relating to infringement have also given prominence to an object-based conceptualisation of trade marks as property.

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<sup>97</sup> *O2 Holdings Ltd v Hutchison 3G Ltd* [2006] EWCA 1656, [2007] RPC 16 at [35].



### 7.5.1 Double Identity Infringement

The First Directive indicated an expansion to the authority conferred by a registered trade mark. The recitals to First Directive stated that mark owner's rights of exclusion were "absolute" where a third party used a sign that was identical to the registered trade mark on identical goods or services to the registered goods or services. Further, art 5(1)(a) – the so called "double identity" infringement provision – did not refer to a likelihood of confusion or detriment to the distinctive character or repute of a trade mark, and did not appear to be contingent on a third party using an impugned sign *as a trade mark*. The 1994 Act gave effect to art 5(1)(a) of the First Directive by virtue of s 10(1). This section provides:

A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.

On the face of the wording, there is no requirement to establish a likelihood of confusion. Further, unlike the Trade Marks Act 1938 (1938 Act), s 10(1) does not refer to a requirement that the defendant's use is "use as a trade mark" or "imports a reference".

*Bravado Merchandising Services Ltd v Mainstream Publishing (Edinburgh) Ltd* provided an opportunity for a Scottish court to consider the extent of a trade mark owner's authority under s 10(1).<sup>98</sup> In the Court of Session, both counsel and Lord McCluskey appeared to accept that the 1994 Act had not changed the infringement requirement that a defendant must

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<sup>98</sup> *Bravado Merchandising Services Ltd v Mainstream Publishing (Edinburgh) Ltd* [1996] FSR 205 (Court of Session OH).

engage in use of a sign *as a trade mark*.<sup>99</sup> The judgment referred to Lord Strathclyde's comments in the House of Lords that it was "implicit that use of a registered trade mark must be trade mark use in order that the rights given by the Bill may be enforced".<sup>100</sup> It was found that the phrase "uses in the course of trade" in s 10(1) incorporated the requirement that a defendant's use must be use in a "trade mark sense".<sup>101</sup>

One year later, in *British Sugar plc v James Robertson & Sons Ltd*, Jacob J rejected the interpretation in *Bravado* that there was a gloss to be put on s 10(1).<sup>102</sup> Paying closer attention to the actual wording of the First Directive, Jacob J considered that there was no reason to limit s 10 to only capture trade mark use.<sup>103</sup> Non-trade mark use would be saved by s 11(2). Subsequently, in *Philips Electronics NV v Remington Consumer Products*, the Court of Appeal agreed that trade mark use was not "essential" for a defendant to fall within s 10(1) of the 1994 Act.<sup>104</sup> The Court of Appeal in *Philips Electronics* also agreed that any use that did not fall within s 11(2) would infringe, and conversely s 11(2)'s list of exceptions would cover any non-trade mark use.<sup>105</sup>

The interpretation in *British Sugar* and *Philips Electronic* represented a break from previous legal doctrine that had only found prima facie infringement where a defendant engaged in

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<sup>99</sup> At 213.

<sup>100</sup> (24 February 1994) 552 GBPD HL 719 at 733.

<sup>101</sup> At 213.

<sup>102</sup> *British Sugar*, above n 39, at 292.

<sup>103</sup> At 291-292.

<sup>104</sup> *Philips CA*, above n 45, at 823.

<sup>105</sup> At 823.

the activity of using a sign as an indication of origin. However, this broad interpretation of what constituted infringement was forced to change following a series of cases where the CJEU considered the nature of a trader's exclusive rights under art 5(1)(a) of the First Directive.

### 7.5.2 CJEU Guidance on Art 5(1)

A convenient starting point to the CJEU's evolving interpretation of art 5(1)(a) is *Bayerische Motorenwerke AG v Deenik*.<sup>106</sup> In this case, the CJEU found a trade mark owner's exclusive rights to use a trade mark "in relation to the registered goods or services" stipulated in art 5(1)(a) only covered use "for the purpose of distinguishing".<sup>107</sup> Use for other purposes – such as descriptive use – fell outside of art 5(1)(a) and was not an infringing use.

Subsequently, in *Hölterhoff v Freiesleben* the CJEU adopted a different analytical approach but came to the same conclusion that use to "denote particular characteristics of goods" would not fall within art 5(1)(a).<sup>108</sup> Instead of focusing on the terms "in relation to goods and services", the CJEU reasoned that a proprietor cannot rely on its exclusive rights to a trade mark where a defendant's use "does not infringe any of the *interests* which art 5(1) is intended to protect".<sup>109</sup> The use of the trade marks in that case were held to be use in

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<sup>106</sup> Case C-63/97 *Bayerische Motorenwerke AG v Deenik* [1999] ECR I-905.

<sup>107</sup> At [38].

<sup>108</sup> Case C-2/00 *Hölterhoff v Freiesleben* [2002] ECR I-4187 at [17].

<sup>109</sup> At [16].

commercial negotiations simply to denote characteristics of semi-precious stones and ornamental stones offered for sale to a potential customer.

The CJEU confirmed and elaborated on the analysis in *Hölterhoff* in *Arsenal Football Club v Reed*.<sup>110</sup> The defendant, Mr Reed, had for several decades sold football merchandise bearing the names and logos of football clubs, including Arsenal Football Club. In so doing, he used identical signs to Arsenal Football Club's registered trade marks. Mr Reed used prominent disclaimers and there was no evidence of confusion. Arsenal Football Club nonetheless complained his actions amounted to trade mark infringement and issued proceedings in the English High Court. Laddie J held that consumers would perceive Mr Reed's use not as indicating origin, but of indicating support, loyalty, or affiliation.<sup>111</sup> However, Laddie J found that the issue as to whether non-trade mark use could infringe was unclear and referred questions to the CJEU.<sup>112</sup>

The CJEU stated that infringement occurs when a defendant's use affects or would be "liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods".<sup>113</sup> According to the CJEU, this occurs where the sign creates an impression of a link between the goods and services being marketed by the

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<sup>110</sup> Case C-206/01 *Arsenal Football Club Plc v Reed* [2003] ECR I-10273 [*Arsenal CJEU*].

<sup>111</sup> *Arsenal Football Club Plc v Reed* [2001] RPC 46 (EWHC) at [42] and [58].

<sup>112</sup> At [64].

<sup>113</sup> *Arsenal CJEU*, above n 110, at [51]. The recitals in the First Directive expressly stated that the function of a trade mark was to guarantee the origin of goods and services.

defendant and the trade mark owner.<sup>114</sup> The CJEU found that *purely descriptive* use fell outside of art 5(1)(a) because such a use does “affect any of the interests which that provision aims to protect”.<sup>115</sup> The CJEU then went on and found that use by Mr Reed in the case still fell within art 5(1).<sup>116</sup> It distinguished *Hölterhoff* finding that the use by the defendant in *Arsenal v Reed* took place “in the context of sales to consumers and is obviously not intended for *purely descriptive* purposes”.<sup>117</sup>

Despite the CJEU’s judgment in *Arsenal*, the previous conception of the extent of a trade mark owner’s authority exemplified in case law under the 1938 Act initially lingered before the English courts. When the matter was referred back to the High Court, Laddie J found that the CJEU had exceeded its jurisdiction as it had disregarded the findings of fact made by him.<sup>118</sup> Laddie J also interpreted the CJEU’s judgment as meaning that if a defendant’s use of a sign would not be understood as an indication of origin – that is, it would not be appreciated as being use as a trade mark – the essential function of a trade mark would not be jeopardized and there could be no infringement.<sup>119</sup> Therefore, Mr Reed did not infringe.

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<sup>114</sup> At [56]. See also Case C-17/06 *Céline SARL v Céline SA* [2007] ECR I-07041 at [23].

<sup>115</sup> At [54].

<sup>116</sup> At [60].

<sup>117</sup> At [55].

<sup>118</sup> *Arsenal Football Club Plc v Reed* [2002] EWHC 2695 (Ch), [2003] 1 All ER 137 at [27].

<sup>119</sup> At [20].

On appeal, the Court of Appeal rejected Laddie J's finding. Instead, the Court interpreted the CJEU's judgment as an indication that the trade mark owner had a property right in a registered trade mark, and the relevant consideration was:<sup>120</sup>

... whether the use complained about was likely to damage that property right or, as the ECJ put it, is likely to affect or jeopardise the guarantee of origin which constitutes the essential function of the mark. That did not depend on whether the use complained of was trade mark use.

The Court of Appeal held that Laddie J should have found that the defendant infringed as his use did jeopardise the essential function of the plaintiff's marks.<sup>121</sup> This finding essentially represented an extension of the scope of a trade mark owner's authority conferred by a trade mark registration. It meant a trade mark owner could exclude others from engaging in the activity of using a sign as an origin denoting or origin describing way – and also any use which *inhibited* such origin denoting or describing use.<sup>122</sup>

The House of Lords judgment in *R v Johnstone* – delivered before the Court of Appeal's judgment in *Arsenal* – created some doubt as to the effect of the CJEU's judgment.<sup>123</sup> *R v Johnstone* was not a traditional infringement case. It involved a prosecution under the criminal offence provisions of the 1994 Act. The House of Lords interpreted the CJEU's guidance in *Arsenal* as essentially maintaining the position under the 1938 Act. Lord Nicholls,

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<sup>120</sup> *Arsenal Football Club v Reed* [2003] EWCA Civ 696, [2003] RPC 39 at [33].

<sup>121</sup> At [48].

<sup>122</sup> The term "origin describing" is from Andrew Griffiths "The Trade Mark Monopoly: An Analysis of the Core Zone of Absolute Protection Under Art. 5.1(A)" (2007) 3 IPQ 312 at 334.

<sup>123</sup> *R v Johnstone* [2003] UKHL 28, [2003] 1 WLR 1736.

in particular, held that the scope of a trade mark owner's exclusive rights were "coterminous with the function of registered trade marks".<sup>124</sup> As a result non-trade mark use did not fall within the infringement provisions.<sup>125</sup> By that Lord Nicholls meant that there was no distinction between use indicating or describing origin and use that was likely to affect or jeopardize a trade mark's guarantee of origin.<sup>126</sup>

The line of CJEU case law described above, and other CJEU judgments,<sup>127</sup> have now come to be interpreted to mean that trade mark infringement under art 5(1)(a) requires the satisfaction of six conditions.<sup>128</sup> The first five conditions require that there must be use of a sign, in the course of trade, without consent and it must be identical to the registered trade mark, and the defendant's use must be *in relation* to identical goods or services. The sixth condition – that the defendant's use is liable to affect the functions of a trade mark – appears to overlap with the fifth condition – that the defendant's use must be *in relation* to identical goods or services (as interpreted by the CJEU in *Bayerische Motorenwerke AG v Deenik*).<sup>129</sup> Despite this overlap, the fifth and sixth condition essentially add the same gloss to the

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<sup>124</sup> At [17].

<sup>125</sup> At [17].

<sup>126</sup> On the facts of that case Lord Nicholls found that Mr Johnstone's use of the relevant trade marks would be seen as descriptive of the contents of the compact discs "and nothing more". See also Noam Shemtov "'Trade mark use' in Europe: Revisiting Arsenal in the Light of Opel and Picasso" (2007) 2 Journal of Intellectual Property Law & Practice 557 at 560.

<sup>127</sup> See Case C-245/02 *Anheuser-Busch Inc v Budějovický Budvar, národní podnik* [2004] ECR I-10989; Case C-17/06 *Céline SARL v Céline SA* [2007] ECR I-07041; Case C-48/05 *Adam Opel AG v Autec AG* [2007] ECR I-1017; Case C-487/07 *L'Oréal v Bellure* [2009] ECR I-05185 [*L'Oréal CJEU*].

<sup>128</sup> See *Interflora Inc v Marks and Spencer Plc* [2014] EWCA Civ 1403, [2015] FSR 10 at [67].

<sup>129</sup> See comments of Arnold J in *L'Oréal SA v eBay International AG* [2009] EWHC 1094, [2009] RPC 21 at [302] [*L'Oréal v eBay*].

wording of art 5(1) and the extent of a trade mark owner's right to exclude. That is, a defendant will only infringe if the defendant's use of the sign is seen as *functioning* as a trade mark.<sup>130</sup> Such a gloss, therefore did not seem to materially affect the conceptualisation of the property rights in a registered trade mark as protecting the activity of indicating origin that existed under the 1938 Act.

Matters became more complicated, though, when in *L'Oréal v Bellure* the CJEU's identified additional trade mark functions beyond guaranteeing origin. According to the CJEU these functions included "those of communication, investment or advertising".<sup>131</sup> In the *Google France* case, the CJEU described the advertising function as the use of a registered trade mark to inform and persuade consumers.<sup>132</sup> In *Interflora v Marks & Spencer Plc* the investment function was described as the use of registered trade mark to "acquire or preserve a reputation capable of attracting consumers and retaining their loyalty".<sup>133</sup> In the *Google France* case, the CJEU found that a trade mark owner could prohibit use of an identical mark under art 5(1)(a) if the origin function *or one of the other functions were adversely affected*.<sup>134</sup>

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<sup>130</sup> *L'Oréal v eBay*, above n 129, at [302].

<sup>131</sup> *L'Oréal CJEU*, above n 127, at [58].

<sup>132</sup> Joined Cases C-236/08 to C-238/08 *Google France, Google Inc v Louis Vuitton Malletier* [2010] ECR I-02417 at [91] [*Google France*].

<sup>133</sup> Case C-323/09 *Interflora v Marks & Spencer plc* [2011] ECR I-08625 at [60].

<sup>134</sup> *Google France*, above n 132, at [79].



The identification of additional economic functions of trade marks was not new. For example, Cornish in his 1996 text on intellectual property had identified and described the investment or advertising function in the following manner:<sup>135</sup>

... marks are cyphers around which investment in the promotion of a product is built and that investment is a value which deserves protection as such, even when there is no abuse arising from misrepresentations either about origin or quality.

As shown in Chapter 6, arguments for the law's recognition of these additional functions coincided with the advent, conceptualisation and promotion of the brand concept. However, legal recognition of such functions added further uncertainty to the scope of art 5(1), and many commentators viewed such recognition as undesirably expanding and convoluting the boundary of a trade mark owner's authority.<sup>136</sup> In particular, the CJEU's guidance attracted significant criticism by the English Court of Appeal, with Jacob LJ suggesting the so-called "functions theory" would lead to overbroad protection.<sup>137</sup> Indeed, it was later recommended, but not enacted, that in double identity cases, the communication, investment and advertising functions should not play an "autonomous role in defining the scope of protection

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<sup>135</sup> William Cornish *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights* (3<sup>rd</sup> ed, Sweet & Maxwell, London, 1996) at [15.21].

<sup>136</sup> A point made by Annette Kur "Trade Marks Function, Don't They? CJEU Jurisprudence and Unfair Competition Principles" (2014) 45 IIC 434 at 438. See also Martin Senftleben "Overprotection and Protection Overlaps in Intellectual Property Law – The Need for Horizontal Fair Use Defences" in Annette Kur & Vytautas Mizaras (eds), *The Structure of Intellectual Property Law: Can One Size Fit All?* (Edward Elgar, Cheltenham, 2011) at 171-175.

<sup>137</sup> *L'Oréal SA v Bellure NV* [2010] EWCA Civ 535, [2010] RPC 687 at [29]-[31].

in art 5(1)".<sup>138</sup> Instead, the role of such functions should be reserved for conduct falling with anti-dilution protection provisions – which I turn to next.

### 7.5.3 Infringement by Dilution

Section 10(3) gave effect to optional art 5(2) of the First Directive, and provides for infringement where a person uses an identical or similar sign to a trade mark with a reputation in the United Kingdom where such use:

... without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

The advent of this provision, whilst recognised as marking the “greatest departure from the current law”,<sup>139</sup> attracted surprisingly little critical attention at the time. The background context suggested that legislature did not envisage s 10(3) as radically expanding the law. First, the White Paper suggested that art 5(2) of the Directive would essentially replace “defensive registrations”.<sup>140</sup> As explained in Chapter 6, the courts approached defensive registrations essentially through a confusion framework.

Second, during deliberations of the Bill attention was directed to whether a far more wide-ranging provision dealing with unfair competition should be added to the legislation. One of

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<sup>138</sup> Kur, Hilty and Knaak, above n 79, at [2.184]. [2.183]-[2.184] and [2.189].

<sup>139</sup> Ruth E Annand “A New United Kingdom Trade Marks Law” (1990) 19 Anglo-American Law Review 261 at 280.

<sup>140</sup> White Paper, above n 36, at [3.19] – dilution is mentioned under the heading “Registered trade marks of wide repute: Defensive registrations”.

the objections to such an amendment was that passing off was an adequate safeguard to traders worried about look-a-like products.<sup>141</sup> Passing off jurisprudence had recently expanded by dint of the Court of Appeal decision in *Tattinger SA v Allbev Ltd*.<sup>142</sup> Several commentators suggested that the new dilution protection provisions therefore perhaps went no further – and simply “legislated” – the newly expanded law of passing off.<sup>143</sup>

In *Tattinger* the Court of Appeal accepted that use of the word “champagne” on products that were not genuine Champagne would debase, dilute or erode the exclusivity of the plaintiffs’ “Champagne” name and would therefore damage the plaintiffs’ goodwill.<sup>144</sup> The Court of Appeal’s decision in *Tattinger* was still premised on finding a misrepresentation though, and without a misrepresentation the action would have presumably failed.<sup>145</sup> Therefore, *Tattinger* was hardly a radical expansion beyond the traditional right to exclude provided by registered trade mark law. Annand perceptively suggested that, in order not to be superfluous to passing off, s 10(3) of 1994 would need to be interpreted as encompassing defendant’s conduct that went beyond a misrepresentation.<sup>146</sup>

Despite Annand’s prediction, the English courts were initially conservative and hewed closely to existing law and the existing activity-based conception of the property rights in a registered

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<sup>141</sup> (24 February 1994) 552 GBPD HL 719 at 755 per Lord Cawley: “when I practised in this branch of the law...we always found that the action for “passing off” in the case of blatant look-alikes was quite satisfactory”.

<sup>142</sup> *Tattinger SA v Allbev Ltd* [1993] FSR 641 (EWCA).

<sup>143</sup> Johnson, above n 8, at 12; Tony R Martino *Trademark Dilution* (Clarendon Press, New York, 1995) at 110.

<sup>144</sup> At 670 (per Peter Gibson LJ), 674 per Mann LJ and 678 per Sir T Bingham.

<sup>145</sup> Ilanah Simon Fhima “Exploring the Roots of European Dilution” (2012) 1 IPQ 25 at 28.

<sup>146</sup> Annand, above n 139, at 285.

trade mark. Two early cases, for example, suggested a plaintiff still needed to establish a likelihood of confusion before the defendant's conduct fell within s 10(3).<sup>147</sup> However, in *CORGI Trade Mark*, Geoffrey Hobbs QC applying the guidance of the CJEU,<sup>148</sup> confirmed that s 5(3) (the equivalent registrability section to s 10(3)) did not require the establishment of a likelihood of confusion.<sup>149</sup> In *CA Sheimer's (M) Sdn Bhd's Trade Mark Application* Geoffrey Hobbs QC took the same view and described s 5(3) as enabling a trade mark owner to prevent others from using the registered trade mark in ways which would carry negative connotations, or by using the registered trade mark to "increase the marketability" of unrelated products.<sup>150</sup>

In *Premier Brands v Typhoon* Neuberger J took more definitive steps to move the interpretation of s 10(3) closer to how anti-dilution protection provisions had been interpreted in Europe.<sup>151</sup> The claimant was the owner of the registered trade mark TY.PHOO, which was well-known in relation to tea. It brought an action against the defendant who was using the sign TYPHOON on kitchen utensils and kitchenware. Neuberger J considered in detail the concept of dilution and how it related to s 10(3), referring to *Tattinger*, the Benelux Court of Justice decision in *Lucas Bois v Colgate-Palmolive*, a German decision and the United States Lanham (Trademark) Act. The lack of reference to confusion in the wording of s 10(3)

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<sup>147</sup> *BASF Plc v CEP (UK) Plc* (1996) 51 ETMR 51 (EWHC); *Baywatch Production Co Inc v The Home Video Channel* [1997] FSR 22 (EWHC); Cf. *British Sugar*, above n 39, at 295.

<sup>148</sup> Case C-251/95 *SABEL v Puma* [1997] ECR I-06191 at [20]; Case C-375/97 *General Motors Corp v Yplon SA* (Opinion of AG Jacobs) [1999] ECR I-05421 at [26].

<sup>149</sup> *CORGI Trade Mark* [1999] RPC 549 (Trade Mark Registry) at 557–558.

<sup>150</sup> *CA Sheimer's (M) Sdn Bhd's Trade Mark Application* [2000] RPC 484 (Trade Mark Registry) at 504-505.

<sup>151</sup> *Premier Brands UK Ltd v Typhoon Europe Ltd* [2000] FSR 767 (EWHC) [*Premier Brands*].

fortified Neuberger J's view that s 10(3) did not require a trade mark owner to establish a likelihood of confusion resulting from the defendant's use.<sup>152</sup>

However, Neuberger J still considered that s 10(3) should have a relatively constrained sphere of operation. Section 10(3) was not designed to provide "sweeping rights" of exclusion if a defendant used a sign in a way that simply reminded consumers of the registered proprietor's trade mark.<sup>153</sup> He considered that there must be some association created leading to detrimental exploitation or positive exploitation of the repute or distinctive character of the trade mark. Further, the wording "without undue cause" meant that s 10(3) did not "confer absolute rights on trade mark proprietors in all circumstances".<sup>154</sup> There could be a justifiable reason for the defendant's use and for the positive or negative exploitation of the trade mark owner's mark.<sup>155</sup>

It was found on the facts of the *Premier Brands v Typhoon* case itself that there was no liability under s 10(3). Neuberger J found that some consumers may have associated TYPHOON with TY.PHOO.<sup>156</sup> However, it was unlikely that the use of TYPHOON would create a connection with the "destructive force of typhoons" and TY.PHOO tea.<sup>157</sup> Similarly, Neuberger J did not think TYPHOON would lessen the capacity of TY.PHOO to identify and distinguish tea.<sup>158</sup>

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<sup>152</sup> At 788.

<sup>153</sup> At 789.

<sup>154</sup> At 790.

<sup>155</sup> At 790.

<sup>156</sup> At 798.

<sup>157</sup> At 800.

<sup>158</sup> At 801.

Nevertheless, the decision had the effect of moving United Kingdom trade mark law away from tying infringement by dilution to a likelihood of confusion. Further steps in this direction occurred following a series of cases before the CJEU.

#### 7.5.4 The CJEU's Approach to Dilution

An important first case that illustrates the CJEU's developing interpretation of art 5(2) is *Adidas-Salomon*.<sup>159</sup> The CJEU considered that it was being asked whether there needed to be similarity between a trade mark with a reputation and the defendant's sign sufficient to give rise to a likelihood of confusion for there to be liability under art 5(2).<sup>160</sup> It answered the (self-defined) question by identifying that there was no need to establish a likelihood of confusion.<sup>161</sup> However, it observed that there must be sufficient similarity between the registered mark and the defendant's sign so that the public "establishes a link between them even though it does not confuse them".<sup>162</sup> Whether such a link is created must be established "globally" taking into account all the relevant circumstances.<sup>163</sup> Further, the CJEU found that anti-dilution protection must extend to situations where a defendant uses a sign in relation to dissimilar *and similar* goods and services to those covered by a mark with a reputation.<sup>164</sup> *Adidas-Salomon* left it unclear what criteria would be sufficient to establish a link and what criteria would satisfy the condition of detriment to the distinctive character of a trade mark.

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<sup>159</sup> Case C 408/01 *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd* [2003] ECR I-12537.

<sup>160</sup> At [24].

<sup>161</sup> At [27].

<sup>162</sup> At [29].

<sup>163</sup> At [30].

<sup>164</sup> At [22].

In *Intel Corp Inc v CPM United Kingdom Ltd* the English Court of Appeal referred further questions to the CJEU about this issue.<sup>165</sup> Intel Corp sought to declare CPM United Kingdom Ltd's registration for INTEL MARK invalid on the basis that it took unfair advantage of and was detrimental to the distinctive character and repute of its INTEL trade mark registrations. Intel Corp argued that a mere bringing to mind was sufficient to give rise to a "link",<sup>166</sup> and where a mark such as INTEL was so well-known and unique, once a link was established, this "compelled" the conclusion that detriment would be caused if the mark (or one resembling it) was used on "virtually any other goods or services".<sup>167</sup> The Court of Appeal were unenthusiastic about such arguments. Jacob LJ observed that trade mark law did not need to be "oppressive and all powerful", and that:<sup>168</sup>

... a "link" requires more than such a tenuous association between the two marks. If a trade mark for particular goods or services is truly inherently and factually distinctive it will be robust enough to withstand a mere passing bringing to mind when it or a similar mark is used for dissimilar goods or services.

In turning to the question of what was required to satisfy the condition of detriment to the distinctive character of a trade mark, Jacob LJ opined that the harm or likelihood of harm must be "real and tangible":<sup>169</sup>

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<sup>165</sup> *Intel Corp Inc v CPM United Kingdom Ltd* [2007] EWCA Civ 431, [2007] RPC 35.

<sup>166</sup> At [21]

<sup>167</sup> At [22].

<sup>168</sup> At [29].

<sup>169</sup> At [37].

A mere possibility or assertion of damage is just too remote and would leave trade mark owners in too monopolistic a position. Trade mark law is there to protect a proper system of competition, not to provide trade mark owners with overreaching rights which may obstruct trade.

In its subsequent judgment, the CJEU described detriment to the distinctive character of a trade mark as occurring when the mark's ability to identify goods or services for which it is registered is weakened.<sup>170</sup> However, proof that this has occurred required evidence of a change or a likelihood of change "in the economic behaviour" of consumers of goods or services for which the mark with a reputation is registered.<sup>171</sup>

This answer was seen as concerning by brand owners, as it appeared to indicate a need to produce evidence that a substantial number of consumers would no longer purchase goods or services bearing the trade mark as a result of the defendant's use.<sup>172</sup> However, such concern was arguably overshadowed by *L'Oréal v Bellure* when the CJEU delivered a judgment that expanded the scope of protection far beyond what may have been contemplated by the courts in 1994 – and arguably eliminated the need to produce evidence of harm.<sup>173</sup>

L'Oréal issued trade mark infringement proceedings in the English High Court against various defendants in relation to their sale of "smell alike" perfumes.<sup>174</sup> The perfumes were sold in packaging and used signs L'Oréal claimed were similar to its registered trade marks. The

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<sup>170</sup> Case C-252/07 *Intel Corp Inc v CPM United Kingdom Ltd* [2008] ECR I-08823 at [29].

<sup>171</sup> At [77].

<sup>172</sup> Christopher Morcom "L'Oreal v Bellure—Who Has Won?" (2009) 31 EIPR 627.

<sup>173</sup> *L'Oréal CJEU*, above n 127.

<sup>174</sup> *L'Oréal SA v Bellure NV* [2006] EWHC 2355 (Ch), [2007] RPC 14.



defendants also distributed comparison sheets, which indicated which of their products corresponded in smell to L'Oréal's products.<sup>175</sup> In terms of whether the packaging infringed under s 10(2), the High Court found that a likelihood of confusion was too remote.<sup>176</sup> However, L'Oréal infringement claim also relied upon s 10(3) and Lewinson J found that it succeeded in respect of two of the defendants' products under the "unfair advantage" limb of s 10(3).<sup>177</sup>

The matter was appealed to the Court of Appeal.<sup>178</sup> In addressing the claim under s 10(3), the Court of Appeal considered that the packaging created a link with L'Oréal's registered trade marks as it served "to tell the consumer that the product concerned smelt somewhat like the 'original'" and thereby influenced a consumer's purchasing decision.<sup>179</sup> There was, though, no detriment to the distinctive character or repute of L'Oréal's trade marks. However, on the issue of whether the defendants had taken unfair advantage of L'Oréal trade marks, Jacob LJ referred a question to the CJEU. That question asked whether it was an unfair advantage if a defendant simply gets a commercial advantage from the similarity of its sign to a trade mark with a reputation. Jacob LJ acknowledged that the defendants were able to charge a higher price for their products by virtue of their packaging producing a "wink" to L'Oréal's trademarked products.<sup>180</sup> However, he did not think the defendants' activities should come

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<sup>175</sup> The High Court found that infringement had been established under s 10(1).

<sup>176</sup> At [68].

<sup>177</sup> At [152].

<sup>178</sup> *L'Oréal SA v Bellure NV* [2007] EWCA Civ 968, [2008] RPC 9.

<sup>179</sup> At [82].

<sup>180</sup> At [87].

within art 5(2). Where there was no harm to the registered trade marks, Jacob LJ did not think a defendant's conduct should be deemed unfair. Echoing what he said in *Intel Corp*, Jacob LJ thought trade mark law did not need to be so "overprotective".<sup>181</sup>

In answering the question referred to it, the CJEU described the concept of "taking unfair advantage of the distinctive character or the repute of the trade mark" as "freeriding" and this occurred where a trader, without paying any financial compensation, sought to ride on the coattails of a trade mark with a reputation.<sup>182</sup> In particular, this occurs where there is a "transfer of the image of the mark".<sup>183</sup> The CJEU confirmed that it was unnecessary to establish a likelihood of confusion or a likelihood of detriment to the distinctive character or repute of the mark.

This answer signalled that a trade mark owner had authority to prevent other traders seeking to freeride on its mark without proof of harm. The decision generated significant attention and criticism.<sup>184</sup> The English courts themselves were particularly hostile. When *L'Oréal* litigation returned to the Court of Appeal the issues were limited to the comparison sheets.<sup>185</sup> Jacob LJ nevertheless opined that the CJEU decision effectively conferred a "pointless

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<sup>181</sup> At [94].

<sup>182</sup> *L'Oréal CJEU*, above n 127, at [41] and [50].

<sup>183</sup> At [41].

<sup>184</sup> See, for example, Dev Gangjee and Robert Burrell "Because You're Worth It: L'Oreal and the Prohibition on Free Riding" (2010) 73 *Modern Law Review* 282 arguing opined that the CJEU had "recognised property rights in reputation per se".

<sup>185</sup> *L'Oréal SA v Bellure NV* [2010] EWCA Civ 535, [2010] RPC 23.

monopoly” on the owner of trade marks with a reputation.<sup>186</sup> In Jacob LJ’s view, the CJEU’s guidance essentially provided that “all free-riding is ‘unfair’”.<sup>187</sup>

This critique was followed by the Court of Appeal’s cautious decision in *Whirlpool Corp v Kenwood Ltd*.<sup>188</sup> That case involved an allegation that Kenwood Ltd, in introducing a food mixer that resembled trade mark registrations covering a graphic representation of Whirlpool Corp’s food mixer, took unfair advantage of Whirlpool Corp’s trade mark. The Court rejected the submission that the effect of the CJEU’s judgment in *L’Oréal* was that any advantage should be deemed an unfair advantage.<sup>189</sup> The Court suggested that there must be some other factor that colours the defendant’s conduct as unfair.<sup>190</sup>

#### 7.5.5 Conceptualising the Extent of a Trade Mark Owner’s Authority

Despite the cautious approach of the English courts, the interpretation given to the anti-dilution provisions in the European Trade Mark Directive and Regulation have expanded the authority given to the owner of a trade mark registration with a reputation. The second limb of s 10(3) (detriment to distinctive character or repute of a trade mark) appear to give a trade mark owner expanded authority in two situations. First, (what is usually referred to as tarnishment) to prevent the use of a sign which affects the attractive force of a trade mark

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<sup>186</sup> At [50].

<sup>187</sup> At [49].

<sup>188</sup> *Whirlpool Corp v Kenwood Ltd* [2009] EWCA Civ 753, [2010] RPC 51.

<sup>189</sup> At [114], [115] and [136].

<sup>190</sup> At [136].

because it generates negative connotations associated with the trade mark.<sup>191</sup> Second, (what is usually referred to as blurring) to prevent the use of a sign which affects the attractive force of a trade mark because it causes the trade mark to lose its “immediate association” with the product for which it is registered and used.<sup>192</sup> It is suggested that this expansion represents a reconceptualisation of how the activity of using a sign as a trade mark is protected.

As Breakey has suggested, one can go beyond conceptualising property in an activity to conceptualising “property protected activities”.<sup>193</sup> A property protected activity gives its holder the right to exclude others from doing things to worsen the holder’s capacity to “garner the natural fruits of that activity”.<sup>194</sup> Breakey uses “natural fruits” to describe the consequences that flow from the activity. Thus, on this view, the extent of a holder’s authority does not necessarily depend on a “boundary-crossing” but whether harm has been occasioned on the property holder through interference with the protected activity.<sup>195</sup> Breakey explains this idea using the example of a stream.<sup>196</sup> The property protected activity could be fishing the stream. Other (non-owners) would have a duty not to harm the fishing activity. A typical way of harming or interfering with fishing activities would be for another

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<sup>191</sup> See further the analysis in *Case C-408/01 Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd* (Opinion of AG Jacobs) [2003] ECR I-12537 at [38].

<sup>192</sup> See *Case C-251/95 SABEL BV v Puma AG* (Opinion of AG Jacobs) [1997] ECR I-06191 at [39].

<sup>193</sup> Hugh Breakey “Two Concepts of Property” (2011) 42 *Philosophical Forum* 239 [“Two Concepts”] and Hugh Breakey “Properties of Copyright: Exclusion, Exclusivity, Non-Interference and Authority” in Helena R Howe and Jonathan Griffiths (eds) *Concepts of Property in Intellectual Property Law* (Cambridge University Press, Cambridge, 2013) 137 at 149 [“Properties of Copyright”].

<sup>194</sup> Breakey, “Two Concepts”, above n 193, at 244.

<sup>195</sup> Breakey “Properties of Copyright”, above n 193, at 149.

<sup>196</sup> Breakey “Properties of Copyright”, above n 193, at 142-143.

person to fish the stream themselves. However, other activities may also interfere with the owner's fishing activities, such as water-skiing or fouling the stream.

This conceptualisation may be helpful in explaining a trade mark owner's right to exclude in cases of infringement caused by the defendant's use which causes detriment to the distinctive character or repute of a trade mark with a reputation. A trade mark owner does not complain that the defendant has itself trespassed upon its activity of using a sign as an indication of origin of particular goods. Rather, it complains that a defendant has worsened its ability to use its trade mark as an indication of origin, and more subtly, quality. In so doing it must prove some kind of harm. The CJEU has said this harm is a change (or a likelihood of change) to the economic behaviour of the average consumer of the goods or services for which its mark is registered.

*L'Oréal* in its interpretation of the first limb of s 10(3) (taking unfair advantage), though, goes beyond this. Infringement by taking unfair advantage requires no proof of harm. Instead, infringement under this head responds to situations where the defendant seeks to take the positive image connotations associated with a trade mark without paying for it. It has been suggested that such an extension of a trade mark owner's authority essentially protects the "brand" concept.<sup>197</sup> This in turn moves trade mark law away from protecting an activity and *closer* to protecting property rights in a trade mark as a *thing* itself.

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<sup>197</sup> Senftleben, above n 136, at 56. See also Dev S Gangjee "Property in Brands: The Commodification of Conversation" in Helena R Howe and Jonathan Griffiths (eds) *Concepts of Property in Intellectual Property Law* (Cambridge University Press, Cambridge, 2013) 29.

To elaborate further on this point, a brand does not exist by virtue of a trade mark registration.<sup>198</sup> A brand is built up by a trader's use and promotion in the marketplace. However, it is the registered trade mark which provides a link to the concept of a brand, and it is the trade mark as it appears on the Register that a plaintiff points to in an infringement action.<sup>199</sup> Indeed, the CJEU has said that the graphic representation defines (or at least helps define) the scope of protection of a registered trade mark.<sup>200</sup> Damage to a brand without use of a sign identical or similar to that appearing on the Register provides no grounds of relief under registered trade mark law. Where the complaint is that the defendant is taking unfair advantage, the trade mark owner does not complain that the defendant has taken or interfered with any activity. The trade mark owner essentially complains that the defendant has taken or interfered with its registered trade mark (and what it represents) as a *thing*.

## 7.6 Remnants of the Qualified Property Model

### 7.6.1 Intent to Use

Despite the increased emphasis given to the object-based conception of the property rights associated with registered trade marks occasioned by the developments described above, the 1994 Act still retained some provisions which gives emphasis to the activity-based conception of registered trade marks as property. One remnant of this conception is the 1994 Act's retention of a use requirement in terms of the acquisition of ownership. Although the First

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<sup>198</sup> Morcom, above n 172, at 634.

<sup>199</sup> But cf. Case C-252/12 *Specsavers International Healthcare Ltd v ASDA Stores* EU:C:2013:497 at [41].

<sup>200</sup> See Case C-273/00 *Sieckmann v German Patent Office* [2002] ECR I-11737 and Opinion of AG Ruiz-Jarabo Colomer.

Directive was not explicit on the requirement for an intent to use,<sup>201</sup> the 1994 Act is. Section 32(3) of the 1994 Act provides that an application needed to be accompanied by a statement that an applicant is using the trade mark or has a “bona fide intention” that it will be used.

The English courts have linked s 32(3) to the prohibition on filing a trade mark application in bad faith. For example, in *Demon Ale Trade Mark* a Mr Moore filed an application to register DEMON ALE for beer and mineral water.<sup>202</sup> Evidence established that Mr Moore had no intention of using the trade mark for drinks products. Instead, Mr Moore sought registration of DEMON ALE to prevent it from being used by manufacturers of “alcopops”. Given Mr Moore’s lack of intention to use, it was found that when he filed the application he made a false declaration under s 32(3), and that was sufficient for a finding of bad faith.<sup>203</sup>

The continuing application of an intent to use requirement reflects the strong hold of an activity-based conception of the property rights conferred by a registered trade mark. The English courts have found it difficult to accept that property rights could be conferred independently of use or future use. As Jacob J observed in *Laboratoire De La Mer Trade Marks*:<sup>204</sup>

... it seems bizarre to allow a man to register a mark when he has no intention whatever of using it.

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<sup>201</sup> See Chapter 6 above.

<sup>202</sup> *DEMON ALE Trade Mark* [1999] RPC 345 (Trade Mark Registry).

<sup>203</sup> At 356. See also *Ferrero SpA’s Trade Marks* [2004] RPC 583 (Trade Mark Registry).

<sup>204</sup> *Laboratoire De La Mer Trade Marks* [2002] FSR 51 (EWHC) at [19].

Later in the 2011 edition of *Kerly's Law of Trade Mark* Jacob repeated a similar sentiment when criticising the approach in Europe to the registration of European Trade Marks, including the “three for the price of one” fee arrangement.<sup>205</sup>

The enormity of selling monopolies as though they were like goods in a supermarket is actually breathtaking.

More recently the notion that it constitutes bad faith – at least in certain circumstances – to file a trade mark without an intention to use has been cemented by the *Skykick* litigation. The CJEU held that it can constitute bad faith if an application is filed without an intention to use the trade mark if the applicant had the intention of undermining the rights of third parties or obtaining “an exclusive right for purposes other than those falling within the functions of a trade mark”.<sup>206</sup> Applying this guidance, the English High Court has held that it is bad faith to file applications “purely as a legal weapon against third parties”.<sup>207</sup>

### 7.6.2 Genuine Use

A second remnant of the qualified, activity-based model of property rights is the approach taken to the maintenance of ownership. Section 46(1)(a) provides that after five years, if a

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<sup>205</sup> James Mellor and others *Kerly's Law of Trade Marks and Trade Names* (15th ed, Sweet & Maxwell, London, 2011) at v–vi.

<sup>206</sup> Case C-371/18 *Sky plc v Skykick UK Ltd and Skykick Inc* EU:C:2020:45 at [77].

<sup>207</sup> *Sky Plc v Skykick UK Ltd* [2020] 990 (Ch) EWHC at [22]; Rob Batty “Is it Bad Faith to Apply for a Trade Mark You Do Not Intend to Use?” (2020) 9 NZIPJ 79.



trade mark has not been put to genuine use it can be removed from the Register. Section 46(1)(b) captures a situation where use had been *suspended* for a period of five years.<sup>208</sup>

The CJEU's guidance on the meaning of genuine use in *Ansul BV v Ajax Brandbeveiliging BV* has linked genuine use to use that is "consistent with the essential function of a trade mark" to indicate origin.<sup>209</sup> Accordingly, the CJEU has held that use must be more than internal use by a trader, and must not be use that is merely token. The use must be congruent with a trade mark's "commercial raison d'être, which is to create or preserve an outlet for the goods and services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings".<sup>210</sup> Such use need not necessarily be the sale of products bearing the trade mark. Activities such as advertising campaigns to secure customers could suffice if it is in relation to products marketed or about to be marketed.<sup>211</sup> The CJEU has emphasised that consideration should be given to all the circumstances to determine whether the "commercial exploitation of the mark is real" and "warranted in the economic sector concerned to maintain or create" a market or outlet for goods or services bearing the trade mark.<sup>212</sup>

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<sup>208</sup> See also more recently s 11(a) of the Trade Marks Act 1994 which provides a registered trade mark owner cannot rely on its trade mark registration in infringement proceedings, if its trade mark is liable to be revoked for non-use "at the date the action for infringement is brought".

<sup>209</sup> C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-02439 at [36]. For further detailed consideration of this issue see Rob Batty "How Much Use Should Amount to "Genuine Use" of a Trade Mark?" (2014) 20 New Zealand Business Law Quarterly 93.

<sup>210</sup> At [37].

<sup>211</sup> At [37].

<sup>212</sup> At [38].

Shortly after *Ansul*, the CJEU issued a Reasoned Order in *La Mer Technology Inc v Laboratoires Goëmar SA*.<sup>213</sup> The CJEU stated that it was clear from *Ansul* that genuine use could be established even with slight or minimal use.<sup>214</sup> The CJEU rejected a de minimis rule. It observed that a pre-set de minimis rule would not allow an adjudicator to assess all the relevant facts and circumstances before it.

The English courts have purported to follow the CJEU's guidance about genuine use in numerous cases.<sup>215</sup> However, the English courts have arguably taken a narrow interpretation of the CJEU's guidance as to the standard of use required to maintain a trade mark registration. As a result, a low standard of use applies under the 1994 Act.<sup>216</sup> This is best illustrated by the Court of Appeal's judgment in *LABORATOIRE DE LA MER Trade Mark*.<sup>217</sup> The registered trade mark owner in that case, a French company, had appointed an agent to sell goods bearing the trade mark in the United Kingdom. The trade mark owner relied upon sales of 800 GBP worth of goods to the agent. There was no direct evidence of sales to the public. In the High Court, Blackburne J focused on whether the products bearing the trade mark were offered for sale or brought to the attention of "end-user or consumers" in order to create "a

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<sup>213</sup> Case C-259/02 *La Mer Technology Inc v Laboratoires Goëmar SA* [2004] ECR I-01159.

<sup>214</sup> At [21].

<sup>215</sup> At [25]. See, for example, *Pasticceria e Confetteria Sant Ambroeus Srl v G & D Restaurant Associates Ltd* [2010] RPC 28 (Trade Mark Registry) and *Stichting BDO v BDO Unibank Inc* [2013] EWHC 418 (Ch), [2013] FSR 35. It should also be noted that in *Premier Brands*, above n 151 it was found there was no discretion to not to revoke an unused trade mark. Cf. the position under the Trade Marks Act 1938 1 & 2 Geo 6 c 22 as illustrated in *HERMES Trade Mark* [1982] RPC 425 (EWHC).

<sup>216</sup> Reflecting the approach taken under the Trade Marks Act 1938 in cases like *NODOZ Trade Mark* [1962] RPC 1 (EWHC).

<sup>217</sup> *LABORATOIRE DE LA MER Trade Mark* [2005] EWCA Civ 978., [2006] FSR 5.

share of the market” for such products.<sup>218</sup> Blackburne J found that the evidence of use was insufficient to amount to genuine use.<sup>219</sup> However, the Court of Appeal found Blackburne J had placed too much emphasis on the retail or end user “market” for the products. It found the arms-length sales to the agent by the trade mark owner sufficed.<sup>220</sup> The Court held, in essence, that any use which was non-token use or external to the trade mark owner’s business will be genuine use.<sup>221</sup>

The approach put forward by the Court of Appeal in *LABORATOIRE DE LA MER Trade Mark* has been subject to criticism and arguably may not accord with the guidance of the CJEU.<sup>222</sup> However, such an approach still appears to reflect an activity-based conception of the property rights associated with a registered trade mark. As with the approach taken under the 1938 Act, a broad view of trading activity necessary to maintain a trade mark registration has been taken. Nevertheless, trading activity – and extant trading activity – remains central. For example, in *The London Taxi Corporation Ltd v Frazer-Nash Research Ltd* at issue was whether the sale of second-hand taxis, in principle, could comprise genuine use. Arnold J in the High Court had focused on the “nature of the activity relied upon”.<sup>223</sup> He saw the activity of selling second-hand taxis as merely “recirculating” goods that had already been on the market under the trade mark. This did not help create or maintain a share in the market for

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<sup>218</sup> *LABORATOIRE DE LA MER Trade Mark (No 2)* [2004] EWHC 2960 (Ch), [2005] FSR 29 at [39].

<sup>219</sup> At [40]-[41].

<sup>220</sup> At [34].

<sup>221</sup> At [33]-[34]; *Kerly’s 16<sup>th</sup>*, above n 78, at [12-063].

<sup>222</sup> See *Kerly’s 16<sup>th</sup>*, above n 78, at [12-064]. See also Rob Batty, ‘How Much Use Should Amount to “Genuine Use” of a Trade Mark?’ (2014) 20 NZBLQ 93.

<sup>223</sup> *The London Taxi Corp Ltd v Frazer-Nash Research Ltd* [2016] EWHC 52 (Ch), [2016] FSR 20 at [234].

taxi bearing the trade mark.<sup>224</sup> The English Court of Appeal agreed – the production of the taxi had long ceased – the second-hand sales were held not to constitute genuine use.<sup>225</sup>

### 7.6.3 Unregistered Rights

The final sign of the remnants of the qualified property model established by the 1905 Act to be covered in this chapter is the 1994 Act's approach to addressing unregistered rights to a trade mark. Section 2(2) continues to provide that registered trade mark legislation does not affect the law of passing off. Therefore, property rights conferred by a registered trade mark continue not to necessarily provide an owner with a liberty to use the trade mark covered by its registration. Section 2(2) is complemented by s 5(4) which provides that a trade mark should not be registered if its use is liable to be prevented by the law of passing off.

While s 2(2) and s 5(4) continue to qualify the nature of property conferred by registration of a trade mark, the 1994 Act does not include an equivalent to s 11 of the 1938 Act. Section 3(3)(b) provides that a trade mark should not be registered if it is of such a nature to deceive the public. However, unlike s 11 of the 1938 Act, this section is only concerned with deceptiveness that is created by the trade mark itself. It does not capture deceptiveness created by similarity to an unregistered trade mark of another trader.<sup>226</sup> Therefore, the owner of an unregistered trade mark who considers a registration will conflict with its interests has to rely on s 5(4) to prevent or invalidate the registration of a trade mark. Establishing that use

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<sup>224</sup> At [234].

<sup>225</sup> *The London Taxi Corp Ltd v Frazer-Nash Reserach Ltd* [2017] EWCA Civ 1729, [2018] ETMR 7 at [81].

<sup>226</sup> *Kerly's 16<sup>th</sup>*, above n 78, at [10–216].

of a trade mark amounts to passing off is sufficient to uphold an objection under s 5(4). However, this is a higher standard than what was required under s 11 of the 1938 Act.<sup>227</sup> The 1994 Act has in this sense, therefore, increased the security provided by a trade mark registration.

Given the removal of s 11, it is perhaps surprising that the 1994 Act included an honest concurrent use provision.<sup>228</sup> The First Directive did not include such a provision, and simply provided for the exclusion of registration in the event of a conflict with an earlier trade mark registration. The introduction of an honest concurrent use provision was a late amendment to the Bill. It was framed as “a procedural mechanism” which allowed the Registrar to accept an application on proof of honest concurrent use.<sup>229</sup> However, in *Road Tech Computer Systems Ltd v Unison Software (UK) Ltd* it was held that an application accepted on the basis of honest concurrent use must be refused if the owner of the earlier registered trade mark objects.<sup>230</sup> This holding provided little scope for the provision to apply. Subsequently, following changes to examination practice, the applicability of honest concurrent use has now been effectively killed off.<sup>231</sup>

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<sup>227</sup> *Berlei (UK) Ltd v Bali Brassiere Co Inc (No 1)* [1969] 1 WLR 1306 at 1324.

<sup>228</sup> Trade Marks Act 1994, s 7.

<sup>229</sup> (14 March 1994) 553 GBPD HL 1 at 70.

<sup>230</sup> *Road Tech Computer Systems Ltd v Unison Software (UK) Ltd* [1996] FSR 805 (EWHC) at 813.

<sup>231</sup> The Trade Marks Act (Relative Grounds) Order 2007. See further Philip Johnson “The Rise and Fall of Honest Concurrent Use” in Ilanah Simon Fhima (ed), *Trade Mark Law and Sharing Names: Exploring Use of the Same Mark by Multiple Undertakings* (Edward Elgar, Cheltenham, 2009) at 35.

## 7.7 Conclusion

This chapter has demonstrated a shift in balance between an object-based and activity-based conception of the property rights associated with a registered trade mark. The groundwork for such a shift had been laid in the lead up to the 1994 Act by the rapid growth and conceptualisation of brands, untethered from trading in specific goods and services. The economic and social context of the 1990s provided extra impetus for registered trade mark law to untether trade mark protection from a specific trading activity.

Following the enactment of the 1994 Act, doctrinally, the shift was witnessed by the more liberal approach to registrability, which helped objectify brand elements as protectable signs and the liberalisation of dealings with trade marks. However, it was perhaps the advent of dilution protection, and in particular the interpretation given to the term “unfair advantage”, which gave the most significant emphasis to a registered trade mark as conferring property rights over a thing.

Bently et al suggest that trade mark law under the 1994 Act treats registered trade marks as “forms of property in their own right”.<sup>232</sup> This chapter has shown that such a statement is perhaps only half-right. Under the 1994 Act, the notion that property rights to a trade mark attach to a *thing* and the notion that property rights to a trade mark relate to an *activity* co-exist. The shift in this dynamic towards the notion of a trade mark as a thing has not eliminated the conception of a trade mark as an activity. The activity of using a trade mark as

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<sup>232</sup> Lionel Bently, Brad Sherman, Dev Gangjee and Phillip Johnson *Intellectual Property Law* (5<sup>th</sup> ed, Oxford, Oxford University Press, 2018) at 1166.

an indication of origin still shapes how such property rights are acquired and maintained. What has changed, is that for the first time, there is more emphasis given to the notion that property rights in registered trade marks are property rights in *things*.

## Chapter Eight: Conclusion

### 8.1 Introduction

This thesis's first objective was to determine the original meaning associated with the notion that trade marks were property that first developed in the 1860s. The second objective was to determine how this meaning changed over time and affected legal doctrine. This thesis's final objective was to explain *why* trade marks emerged as property and *why* the conceptualisation of trade marks as property changed over time. The introductory chapter has already summarised my answers to these questions. In this final chapter, I will identify the significance of my findings, relate such answers to some broader themes and briefly explore some implications of my conclusions.

### 8.2 Trade Marks as Property

#### 8.2.1 What it Meant to Say a Trade Mark was Property

Despite warnings to the contrary, it can be tempting to seek to posit a uniform definition of property and apply it to all manner of things and resources.<sup>1</sup> This tendency to treat property as a “monolithic notion” can be misleading as it ignores how the meaning of property is

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<sup>1</sup> See, for example, Kenneth Port “The Illegitimacy of Trademark Incontestability” (1993) 26 Indiana Law Review 519 at 554: “Whether trademarks themselves are property subject to ownership should be analyzed using one of the well-accepted definitions of the concept of ownership...”.



shaped by context.<sup>2</sup> It therefore does not follow that trade marks are not really “property”<sup>3</sup> simply because the orthodox understanding of property associated with one type of “thing”, such as land, does not map well on to trade mark legal doctrine. Such a mis-step, though, is understandable. Orthodox accounts of property are “thing-centric” in the sense that they focus on rights that relate to *objects*. There can be difficulty mapping such an orthodox account to intangibles.<sup>4</sup>

In light of the above, this thesis has explained how the notion of trade marks as a species of *qualified property* – and more specifically the notion that property rights reside in the *activity* of using a trade mark as an indication of origin – provides a descriptive tool to understand what was meant by the courts in the 19<sup>th</sup> century when they declared trade marks were property. It is a *significant* contribution because it helps explain core facets of trade mark jurisprudence in the 19<sup>th</sup> century. Other accounts, such as the notion that property rights resided in goodwill, express a generally similar idea. However, the notion of “goodwill as property” does not adequately explain features of trade mark law at the time.

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<sup>2</sup> Kevin Gray and Susan Francis Gray “The Idea of Property in Land” in Susan Bright and John K Dewar (eds) *Land Law: Themes and Perspectives* (Oxford University Press, Oxford, 1998) 15 at 16.

<sup>3</sup> See, for example, Jessica Litman “Breakfast with Batman: The Public Interest in the Advertising Age” (1999) 108 Yale Law J 1717 at 1721.

<sup>4</sup> See, for example, J E Penner *The Idea of Property* (Clarendon Press, Oxford, 1997) at 119 discussing copyright and patents: “Whatever rights the inventor or the artist has, when we start speaking of property rights in ideas and artistic works, things begin to lose sense. A true property right in an idea or an expression would constitute a right of exclusion from that idea or that expression itself”. See also Port, above n 1, at 554-555.

Determining what courts meant by declaring trade marks as property in the 19<sup>th</sup> century continues to be relevant to an understanding of modern registered trade mark law. Normatively, and as both Bently and McKenna have stressed in their work, such an understanding indicates that the expansive tendencies of modern trade mark law should not be blamed on the “propertisation” of trade marks. Trade marks were considered property well before such expansion occurred. As further explained below, what changed and what explains the expansion of modern trade mark law, is a change to the meaning behind the conceptualisation of trade mark as property.

Existing United Kingdom trade mark law does not resemble trade mark law of the 19<sup>th</sup> century. Nevertheless, the significance of 19<sup>th</sup> century conceptions of what it meant to say a trade mark was property helps make sense of certain features of modern United Kingdom registered trade mark law. For example, although legislation refers to a strict five-year period of non-use, the requirement that a trade mark be put to genuine use in order for property rights to be maintained reflects a core principle of 19<sup>th</sup> century trade mark law. The influence of 19<sup>th</sup> century conceptions of what it meant to say a trade mark was property can also still be acutely demonstrated under modern New Zealand and Australian trade mark law, which continue to apply a law of “proprietaryship”.<sup>5</sup> The first person to use a trade mark is considered the true owner of the trade mark and is able to prevent registration of the same trade mark by another person or invalidate an existing trade mark registration for the same trade mark.

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<sup>5</sup> See further Rob Batty “Loss of Property Ownership and Registered Trade Mark Law” (2018) 28(4) AIPJ 118.

### 8.2.2 Why Trade Marks Emerged as Property

Bently has presented a compelling case that the shift to treating trade marks as property in the 1860s occurred in a context where a growing appreciation of foreign law fed into legislative reform, which fed into commentaries about trade mark law, which in turn fed into case law.<sup>6</sup> In this thesis, I have also highlighted that practical remedial reasons help explain why a proprietary model of trade marks emerged in the 19<sup>th</sup> century.

A further novel contribution of this thesis has been to advance the idea that such a development also resulted, in part, from the transplant of concepts from tangible property law to trade mark law. I have also sought to demonstrate that traditional justifications for property rights in tangible things – principally the idea of a reward for labour expenditure – provided a justification for trade marks to be treated as property. The significance of this contribution is two-fold.

First, it adds to the idea that although the rights associated with the term property will differ depending on context and the thing or activity involved, there is also a structural unity

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<sup>6</sup> See Lionel Bently “The Making of Modern Trade Mark Law: the Construction of the Legal Concept of Trade Mark (1860-1880)” in Lionel Bently, Jennifer Davis and Jane C Ginsburg (eds) *Trade Marks and Brands: An Interdisciplinary Critique* (Cambridge University Press, Cambridge, 2008) 3 at 15 and more generally Lionel Bently “From Communication to Thing: Historical Aspects of the Conceptualisation of Trademarks as Property” in Graeme Dinwoodie and Mark Janis (eds) *Trademark Law and Theory: A Handbook of Contemporary Research* (Edward Elgar, Cheltenham, 2008) 3 [“From Communication”]. See also Paul Duguid “French Connections: The International Propagation of Trademarks in Nineteenth Century” (2009) 10(1) *Enterprise and Society* 3.

between trade marks as property and other items of property.<sup>7</sup> Trade marks are property, and come with all the advantages and “dangers which originate from that quality”.<sup>8</sup> Second, it may explain some of the uncomfortableness United Kingdom trade mark law has long had with registered trade mark being acquired without an intention to use, and traders’ acquiring trade marks with overly broad specifications of goods or services that do not equate to traders’ actual use of them in the marketplace. There remains a strong feeling that there should be a valid justification for the conferring of property rights to trade marks. As the late Justice Laddie said in respect of copyright: “we should not be handing out monopolies like confetti while muttering ““this won't hurt””.<sup>9</sup>

### 8.3 The Effect of Registration

As well as tracing the advent of the conceptualisation of trade marks as property to the 19<sup>th</sup> century, existing literature has argued that the first registration legislation created a notion that the abstract representation of a trade mark on the Register was an independent object of property.<sup>10</sup> This argument has also presented a puzzle. Legal doctrine after the first registration legislation was enacted was highly resistant to such a notion. Indeed, trade mark

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<sup>7</sup> Richard Epstein “The Structural Unity of Real and Intellectual Property” (October 2006) The Progress & Freedom Foundation [http://www.pff.org/issues-pubs/pops/pop13.24RAE\\_9\\_26.pdf](http://www.pff.org/issues-pubs/pops/pop13.24RAE_9_26.pdf) (This is an expanded version of a speech delivered on 21 August 2006 at the Aspen Summit organised by the Progress & Freedom Foundation).

<sup>8</sup> Andreas Rahmatian “Intellectual Property and the Concept of Dematerialized Property” in Susan Bright (ed) *Modern Studies in Property Law: Volume 6* (Hart Publishing, Oxford, 2001) 361 at 362.

<sup>9</sup> Justice Laddie “Copyright: Over-Strength, Over-Regulated, Over-Rated” (1996) 18(5) EIPR 253 at 260.

<sup>10</sup> See Bently, From Communication, above n 6, at 29 and Chris Dent “Registers of Artefacts of Creation—From the Late Medieval Period to the 19th Century” (2014) 3 Laws 239.

law appeared to resemble the activity-based conceptualisation of trade marks as property before registration legislation.

A major contribution of this thesis has been to offer an explanation for this puzzle. Rather than seeing registration as ushering in an object-based conceptualisation of trade marks as property that *replaced* the activity-based conceptualisation, I have suggested that they both sat side-by-side – that is, both conceptions co-existed. Moreover, the abstract representation of a sign related back to the activity of using a trade mark in the marketplace in the sense that what was on the Register became a short-hand signifier to a trader’s activity.<sup>11</sup>

I have further explained that the duality of the conceptions of trade marks as property was not well understood by English courts at the time. The interpretation of early registration legislation revealed that the judiciary did not fully appreciate the notion that property rights might attach to the abstract representation of a trade mark on the Register. Instead, in interpreting registration legislation, courts gave emphasis to the activity-based conception that emerged in 19<sup>th</sup> century cases. Such an approach reflected an assumption at the time that registration legislation was not affecting a fundamental change to the nature of a trade mark or trade mark law.<sup>12</sup>

The interpretations of early trade mark legislation also revealed the relationship between the activity-based and object-based conceptions was potentially antagonistic. As emphasis was

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<sup>11</sup> Rahmatian, above n 8, at 378 expresses a similar idea.

<sup>12</sup> As S F C Milsom *A Natural History of the Common Law* (Columbia University Press, New York, 2003) at 76 has observed, legal history “depends upon the assumptions with which the materials are read”.

given to the activity-based conception, the object-based conception was diminished and had little impact on trade mark doctrine.

Such insights about the effect of registration on the conceptualisation of trade marks as property, judicial assumptions, and the role of the judiciary in giving emphasis to the activity-based conception of trade marks as property, are useful in helping make sense of legal doctrine at the time. For example, although the Trade Marks Act 1905 (1905 Act) was silent about the requirement that for a defendant to infringe he or she must have used the impugned sign as a trade mark, the courts imposed such a requirement. Trade mark law could have been interpreted in a different way. For example, the simple replication of the sign as it appeared on the Register could have triggered liability. However, courts were adamant that trade mark law did not provide registered trade mark holders with authority that went beyond the activity of using a trade mark as an indication of origin.<sup>13</sup>

## 8.4 The Role of the Judiciary

### 8.4.1 Interpretation of Trade Mark Statutes

As intimated above, this thesis has shown that the English judiciary has played a significant role in cementing the dominance of the activity-based conception of trade marks as property. This started under early trade mark legislation. For example, despite early registration

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<sup>13</sup> *John Batt & Co v Dunnett* (1899) 16 RPC 411 (UKHL) at 413 per Lord Chancellor Halsbury in argument: “The Trade Marks Acts are not for copyright in marks, they are to protect trade marks”.

legislation not requiring an applicant to have a genuine intention to use a trade mark, the courts created and imposed such a requirement.

Further, even though it was intended to be a “complete code” of trade mark law, the 1905 Act was not a true codifying statute like the Sales of Goods Act 1893, and the judiciary did not treat it as one. The judiciary were far more inclined to “look backwards” in interpreting the law. An apt illustration of this occurred in *Re Ducker’s*, where Lord Hanworth MR referred back to the *Batt* case to inform the meaning of s 37 of the 1905 Act.<sup>14</sup> A further illustration is *Yorkshire Copper Works Ltd’s Application* where Lord Cohen referred back to *Joseph Crosfield & Sons Ltd*.<sup>15</sup> Even in the 1996 case, *British Sugar Plc v James Robertson & Sons Ltd*, Jacob J prefaced his judgment by reference to Cozens-Hardy MR’s comments in *Joseph Crosfield & Sons Ltd*.<sup>16</sup>

In looking backwards the judiciary read the 1905 Act in conformity with existing common law, and the extant conceptualisation of a registered trade mark as a species of qualified property. For example, in construing a trade mark owner’s exclusive rights, the judiciary interpreted the law of infringement to align with the existing understanding of a proprietary trade mark as protecting the activity of using a trade mark to indicate origin of particular goods. Such an approach was also evident in the judicial interpretation of the 1938 Act. For example, despite the legislative expansion of a trade mark owner’s exclusive rights affected by s 4, the courts

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<sup>14</sup> *Re Ducker’s Trade Mark* (1929) 1 Ch 113 referring to *In Re the Registered Trade-Marks of John Batt & Co* (1898) 2 Ch 432.

<sup>15</sup> *Yorkshire Copper Works Ltd’s Application* (1954) 1 WLR 554.

<sup>16</sup> *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281 at 284.

found that a defendant's use still had to be use in a "trade mark sense" in order to constitute infringement.<sup>17</sup>

#### 8.4.2 Looking Backwards

The English courts, arguably unlike the judiciary in the United States, were far less inclined to interpret the law in light of actual trading and commercial practices involving trade marks. That, though, is not to say that English court decisions were not influenced by policy considerations. It is just that such policy considerations were rooted in past legal doctrine, and in implementing such policy, the courts were looking backwards rather than forwards.

Moreover, the English judiciary appeared to be naturally inclined to look backwards. As Paterson's work indicates, up until the 1960s the general approach of English Law Lords could be described as "Substantive Formalism", which was typified by applying the law as it already existed.<sup>18</sup> Such an approach was supported by leading trade marks texts which referred extensively to older authority. It also meant that judicial interpretation of legislation often stood in conflict with the intentions of the legislature. An apt illustration is Mackinnon LJ's judgment in *Bismag Ltd v Amblins (Chemists) Ltd* where he was unconvinced the 1938 Act had altered the law of infringement under the 1905 Act, despite the clear intentions of the legislature to do so.<sup>19</sup>

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<sup>17</sup> *Bismag Ltd v Amblins (Chemists) Ltd* (1940) 57 RPC 209 at 234 [*Bismag*].

<sup>18</sup> Alan Paterson *The Law Lords* (Palgrave Macmillan, London, 1983) at 132 referring to Robert Stevens *Law and Politics: the House as a Judicial Body, 1800-1976* (University of North Carolina Press, Chapel Hill, 1978) at 320.

<sup>19</sup> *Bismag*, above n 17.



### 8.4.3 Proactive Approach

Dinwoodie has written about the choice between trade mark law taking a reactive approach – meaning it should strive to protect consumer understanding – or proactive approach – meaning the law should seek to shape consumer understanding and mould how traders obtain rights.<sup>20</sup> In “looking backwards”, and refusing to tailor the interpretation of the law to reflect marketplace reality in a number of areas, English courts exhibited a “proactive” approach – albeit one informed by views on the “original and legitimate function” of a trade mark.<sup>21</sup> The clearest example of this trend is in the area of registrability. Under the 1905 Act and the Trade Marks Act 1938 (1938 Act), the judiciary refused to register trade marks that were 100% distinctive in fact. Instead, the courts applied a “distinctiveness at law” requirement, which prevented certain signs from becoming the private property of one trader. This proactive approach was driven by a longstanding fear of monopolies, and a corresponding concern to ensure all traders had access to certain symbols.

At a more fundamental level, the proactive approach of the English courts represented a reassertion of the activity-based conception of trade marks as property. Through formulating an intent to use requirement, and its construing the extent of a registered trade mark owner’s right to exclude in cases like *Edward Young v Grierson Oldham* and *Irving’s Yeast-Vite Ltd v Horsenail*, the English courts sought to proactively shape the property rights to a registered

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<sup>20</sup> Graeme Dinwoodie “Trademarks and Territory: Detaching Trademark Law from the Nation-State” (2004) 41 Houston Law Review 885 at 889-890.

<sup>21</sup> See *The Gramophone Co’s Application* (1910) 27 RPC 689 (EWHC) at 700.

trade mark to ensure such rights remained tethered to the activity of using a trade mark as an indication of origin.

## 8.5 The Role of the Legislature

The extent of the changes to United Kingdom trade mark legislation from 1875 through to 1994 indicate that the legislature was receptive to calls from industry to consider reform of trade mark law to meet changing conditions in which businesses operated and to reflect changing commercial practices and marketing methods. Inquiries into the functioning of United Kingdom trade mark law were conducted in 1887, 1934, 1974 and 1990. At each of these inquiries, traders pushed for trade mark law to allow more kinds of symbols to be registered and privately “owned”, and for the resultant property rights to confer greater authority over their trade marks. As Annand and Norman note, there were 10 legislative changes between 1875 to 1938.<sup>22</sup> I have demonstrated that such legislation responded, to an extent, to this pressure. For example, the Patents, Designs, and Trade Marks Act 1888 and the 1905 Act expanded what could comprise a registerable trade mark and the 1938 Act liberalised the approach to the licensing and assignment of registered trade marks. However, up until 1994, a more predominant theme in such reviews was that trade mark law should take a circumspect approach.

In the sphere of legislative reviews, the influence of the judiciary can also be seen. For example, the 1887 review of United Kingdom trade mark law was headed by Lord Herschell

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<sup>22</sup> Ruth E Annand and Helen E Norman *Blackstone's Guide to Trade Marks Act 1994* (Blackstone Press Ltd, London, 1994) at 7.

and the committee included Lord Macnaghten. Both were formidable trade mark law judges, and the same concerns about monopolies over descriptive English words expressed in the Herschell Committee's Report could later be detected in their judgments in the House of Lords decision of *Eastman Photographic Materials Co Ltd v Comptroller General of Patents, Designs, and Trade Marks*. There are other notable examples. Fletcher Moulton shaped the form of the 1905 Act and went onto to be a Court of Appeal judge. Kerly – though not a judge – was engaged as counsel in a large number of trade mark cases, wrote the leading treatise on trade mark law and was recruited to be a member of the 1934 Goschen Committee. It is perhaps understandable that the reports produced following the reviews of United Kingdom trade mark law, and the resulting legislation, were circumspect and not as progressive as traders hoped for and continued to express concerns about monopolies and public deception.

The concern to prevent public deception, which expressly manifested itself in legislation up until 1994, dovetailed with the privileged place given to unregistered rights to trade marks. As I have explored in an earlier article,<sup>23</sup> it is possible to envisage a registered trade mark system, akin to the one operating in Japan, for example, which does not have such deference to those who neglect or refuse to register signs they are using in the marketplace (as indicators of origin) as trade marks. The law could, for instance, ensure rights to a trade mark could only be acquired by registration. Under the 1994 Act the person who registers a trade mark is considered the owner, and there are now more limited avenues for the holders of rights in unregistered trade marks to interfere with rights conferred by registration. However, United Kingdom law has never countenanced that a registered owner's property rights should

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<sup>23</sup> See Rob Batty "The Conclusiveness of Trade Mark Registration: A New Zealand Perspective" (2019) 4 IPQ 306.

prevail over common law rights to the same trade mark. The development of the law in this area appears to be a unique product of the development of a registration system *on top* of a pre-existing use-based system of protecting trade marks. For instance, the mechanisms that have been historically used to manage the interrelationship between registered and unregistered property rights to trade marks in the United Kingdom trade mark system – such as honest concurrent use and s 11 of the 1938 Act – appear to stem from the co-existence of two forms of protecting trade marks.

## 8.6 The Rise of the Brand Concept

The advantage of taking a historical approach to examining United Kingdom trade mark is that it is suited to exploring change and the reasons for change.<sup>24</sup> As Milsom has observed, legal change tends to be slow and fundamental changes happen “by stages so small that nobody at the time could see them as in any way important”.<sup>25</sup> Moreover, what can “camouflage” developments is where words or language remain the same, but the underlying concepts or meanings alter.<sup>26</sup> Such observations are apposite for the subject matter of this thesis. I have shown that the statutory declaration that “a registered trade mark is personal property” under the 1994 Act means something different to when the House of Lords in *Leather Cloth* declared that a trade mark was property.<sup>27</sup> The main underlying catalyst for this change was

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<sup>24</sup> Sir John Baker “Why Should Undergraduates Study Legal History” in *Collected Papers on English Legal History* (Cambridge University Press, Cambridge, 2013) 1568 at 1569.

<sup>25</sup> Milsom, above n 12, at 75.

<sup>26</sup> At 83.

<sup>27</sup> *Leather Cloth Co v American Leather Cloth Co* (1865) 11 HL Cas 523.

the rise of the brand concept, and the gradual embrace of a brand by registered trade mark law.

The seeds for the emergence of the concept of a brand had been sown after the First World War, when the increase in the marketing and sale of branded products, and a growth in advertising, gave emphasis to brand *names*. This development towards the concept of a brand gathered significant pace after the Second World War when traders and advertisers turned to the promotion of brand *personalities*. It was a further short step for there to be recognition of a brand as an intangible *object*, which could act as a repository of meanings and connotations not necessarily tethered to particular products.

Such meanings and the sales and loyalty brands engendered with consumers were also swiftly recognised as being highly valuable. Trade marks provided a means of both signifying the “brand” and was also the main means of protecting such value. As had occurred in the past when trading practices had changed, the growing importance and value of brands led to pressure for trade mark law to expand the authority conferred on trade mark owners to more closely map onto the brand concept. A contribution of this thesis has been to explain the context and background to such developments and how the law responded to demands caused by changing trading circumstances.<sup>28</sup> Chapter 6 of this thesis has also shown that trade mark law’s response to such pressure was not automatic or inevitable. Rather, Chapter 6 demonstrated how changes to trade mark legal doctrine was resisted by the English courts.

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<sup>28</sup> A gap identified by Neil Wilkof and Eleanor G Wilson “‘Turn and Face the Strange’\*—how Changes in Commercial Circumstances Determined the Outcomes in Scandecor and Starbucks (HK)” (2018) 13 Journal of Intellectual Property Law & Practice 36 at 37.

This resistance served to highlight how entrenched the activity-based conception of the property rights to a trade mark was. It also further highlighted the “proactive” approach of the English judiciary to ensure the law was not simply a handmaiden to the interests of “wealthy traders”.

Chapter 6, though, also showed English judicial resistance in light of an increasingly globalised economy, and the different surrounding legal and political context underpinning the harmonisation of European law, was not sustainable. European harmonisation initiatives, and in particular, the enactment of the European Trade Mark Directive, *did* map trade mark law more closely to the expanded authority conferred by registered trade marks that brand owners wanted. Such initiatives forced the United Kingdom to take steps to alter its trade mark law.

## 8.7 Trade Marks as Property Under the 1994 Act

The nature of the change to the property rights in a registered trade mark from 1865 to today has been drastic. It would have been inconceivable to the House of Lords in 1865 that the holder of property rights in a trade mark could acquire such rights without engaging in the activity of using the mark as an indication of origin. Neither would an 1865 court have thought that property rights in a trade mark gave the trade mark holder authority over the use of the same sign beyond the trader’s current trading activity or indeed beyond the activity of using the sign as an indication of origin. As the *Leather Cloth* case itself makes plain, the ability of a trade mark holder to transfer his or her property rights in a trade mark to another trader

without also transferring the business associated with the trade mark would have been unthinkable.

This thesis has explained that the change to the nature of property rights in a registered trade mark under the 1994 Act has resulted from a change in emphasis given to the two co-existing but competing conceptualisations of trade marks as property – property in an object and property in an activity. After the 1994 Act the notion that property rights attach to the sign represented on the Register *as an object* (untethered from a particular activity) has gained traction and emphasis in legal doctrine. This is most transparently evident in respect of assignments and dealings with trade marks. However, such a change is also reflected in the new scope of a trade mark owner’s right of exclusion – in particular, the right of an owner of a trade mark with a reputation to bring infringement proceedings if a third party takes unfair advantage of its trade mark. This change of emphasis has meant United Kingdom registered trade mark law now maps more closely onto the concept of a brand.<sup>29</sup>

That said, it would be wrong to conclude that the 1994 Act solely reflects an object-based conception of a registered trade mark as property. There remain important aspects of registered trade mark law that acutely reflect the activity-based conception of the property rights in a registered trade mark. In particular, the “use requirement” continues to play an important role in the functioning of the European and United Kingdom registered trade mark

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<sup>29</sup> As Mark McKenna “The Normative Foundations of Trademark Law” (2007) 82 Notre Dame Law Review 1839 notes at 1896: “Modern trademark law, by contrast, seeks to protect brands, construed broadly”.

systems.<sup>30</sup> Further, the 1994 Act has retained an explicit requirement for an applicant to have a bona fide intention to use the trade mark applied for. This requirement, which has its roots back to the 19<sup>th</sup> century cases of *Edwards v Dennis* and *Appollinaris Co's Trade Marks*, appears to have recently taken on new significance under European and United Kingdom trade mark law.<sup>31</sup>

In some respects, the activity-based conception of registered trade marks as property has also evolved. The rights of exclusion under the 1994 Act now appear to protect the “natural fruits” of using a trade mark as an indication of origin, rather than giving a trade mark holder exclusivity over (solely) the activity of using a trade mark as an indication of origin.<sup>32</sup> For example, “double identity” infringement (same mark, same goods or services) captures use which has an adverse effect on the functions of a trade mark. Further, s 10(3) of the 1994 Act responds to harm to the natural fruits of using a trade mark caused by a defendant blurring or tarnishing a trade mark with a reputation.

## 8.8 Future Directions

Tracing the development of the conception of a registered trade mark as property has also revealed that the relationship between the activity-based and object-based conceptions are dynamic, rather than being static. For those who begrudge the more recent trajectory of trade

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<sup>30</sup> Justice Macken “Use and Intention to Use in EU Trademark Law” (Annual Sir Hugh Laddie Lecture, University College London, 22 June 2011).

<sup>31</sup> See Rob Batty “Is it Bad Faith to Apply for a Trade Mark You Do Not Intend to Use?” (2020) 9 NZIPJ 79.

<sup>32</sup> This term is from Hugh Breakey “Two Concepts of Property” (2011) 42 The Philosophical Forum 239.



mark law,<sup>33</sup> the findings in this thesis should not necessarily be met with pessimism. Indeed, it may help persuade legislators and the judiciary “that they have free(er) hands” to shape the law than they initially may have thought.<sup>34</sup> History has the advantage of showing that there is nothing pre-ordained about the current law and its interpretation.<sup>35</sup> As explained above, the English judiciary have also long exhibited a proactive approach to trade mark law.

The original trajectory towards the United Kingdom adopting a registration system, and to a lesser extent, treating trade marks as property, was influenced by European trade mark law, and in particular French trade mark law.<sup>36</sup> The United Kingdom’s formal exit from the European Union on 31 January 2020 provides an opportunity for United Kingdom trade mark law to diverge from European norms and CJEU interpretations.<sup>37</sup> As Dinwoodie and Dreyfuss note, any such divergence spurred by the United Kingdom’s new autonomy will likely need to occur over a long time.<sup>38</sup> United Kingdom trade mark law has been regulated by European law for over twenty-five years, and European norms and regulation are embedded both within the 1994 Act and in case-law. Moreover, practically, the extent of any such change is

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<sup>33</sup> For example, from a United States perspective, see Mark Lemley “The Modern Lanham Act and the Death of Common Sense” (1999) 108 Yale Law Journal 1687.

<sup>34</sup> “Maitland to AV Dicey, c. July 1896” in PNR Zutshi (ed) *The Letters of Frederic William Maitland*, Volume II (Selden Society, London, 1995) 105 cited from Jim Phillips “Why Legal History Matters” (2010) 41 Victoria University of Wellington Law Review 293. The same point is made in Rob Batty “The Historical Development of the Descriptive Use Defence” (2021) 1 IPQ 22.

<sup>35</sup> Phillips, above n 34, at 295.

<sup>36</sup> See Duguid, above n 6.

<sup>37</sup> Although a transition period was agreed upon until 31 December 2020.

<sup>38</sup> Graeme Dinwoodie and Rochelle Cooper Dreyfuss “Brexit and IP: The Great Unravelling” (2018) 39 Cardozo Law Review 967 at 983.

unlikely to be extensive. United Kingdom's trade mark law would still need to conform with the TRIPs agreement and other bilateral trade agreements.<sup>39</sup> That said, there could be still be areas – in particular in the area of infringement and limitations<sup>40</sup> – where the dynamic between the object-based and activity-based conceptions of the property rights in a registered trade mark could change. A return to emphasis on the notion that property rights protect the activity of using a trade mark as an indication of origin may be welcomed to arresting wealthy traders' ongoing quest for ever more expansive rights covering an ever more expansive range of symbols.

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<sup>39</sup> As noted by Dinwoodie and Dreyfuss, above n 38, at 984.

<sup>40</sup> Batty "The Historical Development", above n 34.

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