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The Inception of Trademark Protection and its Transition

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ABSTRACT

This paper tries to examine the concept of trademark, its origin and development. The notion of trademark has very much changed from its inception. The main underlying principle behind the trademark law was to ensure the quality of goods thereby ensuring that the consumers are protected and guided in purchasing the most suitable goods for them. The purpose of using mark on products was to identify the source of product which protects the consumer from confusion. Thus protecting consumers from confusion and thereby ensuring the quality of the product has been the main rationale behind trademark protection.

The concept of attaining good will associated with the trademark also changed with the transition of time. The good will which was obtained through age old use and recognition of the consumers are now so easily attained through promotions. Industrialization fuelled for such changes with new inventions and the world became so closer that goods started to cross borders. The businessmen or the brand owners then wanted to protect their mark across these borders. Hence, there was a shift in which trademarks were recognized as property. The emergence of the concept of well-known mark was in parallel to the development of recognizing property concept in trademarks.

Keywords: Trademark, Good Will, Well-Known Mark.

I. INTRODUCTION

Marks, signifying an entity have been important throughout history.² The words and symbols which are used as trademarks by companies to distinguish their products are indispensable in modern commercial transactions and serve several important trade functions.³ Today a trademark has turned to be something which makes tomorrow's business more than an

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² See Benjamin G. Paster, *Trademarks-Their Early History*, 59 TRAD, REP. 551, 551 (1969) ("Trademark usage dates from the times of our very earliest recorded knowledge.").

³ See I J. Thomas McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETMON § 3.01[2] (3d ed. 1996) (describing the functions of a trademark as identifying symbol, source indicator, quality signifier, and advertising agent).

accident.⁴

Trademarks were not initially in use in the market in which the purchasers were able to deal directly with the original producers of the goods. Branding cattle, putting marks on pottery, bricks, files, clothes, books, etc. were very common in ancient days.⁵The main purpose was to find out the ownership of the property. The marks were used to help the illiterate clerks to identify the goods of their owners and to trace out the goods in case of shipwreck or piracy.⁶

With the expansion of trade in the middle ages, trademarks could be associated with the guild system and municipal legislation. Marks were used to identify the origin of goods as early as in 2700 BC. This can be traced in Chinese; Greek and Roman pottery. The guild system insisted for a compulsory marking of property manufactured by their artisans. This was primarily done to fix responsibility on the person who has made poor quality merchandise.⁷The guild system thus was paving way for the modern trademark system.⁸

Infringement of a trademark was considered as a form of deceit and was classified as committing fraud. Common law Courts considered deceit as consisting actual guilt and guilty intend. Equity Courts didn't have much importance to whether misrepresentation was made knowingly or not. From 16th to 18th century, Courts strictly followed principles of deceit whereas in 19th century there was a shift in concept of deceit and slowly the property concept of mark began to be recognized.

II. THE INITIAL CONCEPT OF TRADEMARK PROTECTION

Trademark protection has been variously justified as necessary to protect the business good will which is represented by the mark, to prevent competitors from unfairly appropriating the owner's good will by passing off goods as those of the owner, to uphold standards of commercial morality, and to prevent confusion or deception of the public.⁹

⁴ Robert N. Kliger, Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection, 58 U. PITT. L. REV. 789 (quoting United States Trademark Association, Trademarks in Advertising and Selling 1 (1966)).

⁵ See Sidney A. Diamond, "The Historical development of Trademarks", Trade Mark Reporter, 267 et. seq; Edward S. Eogers, "Some Historical Matter Concerning Trade Marks", 62 Trade Mark Reporter, 239; Gerald Ruston, "On the Origin of Trade Marks", 45 Trade Mark Reporter, 127.

⁶ See Frank I. Schechter, "The Rational Basis of Trade Mark Protection", 40 Harv. L. Rev. 813, 814 (1926-27).

⁷ Ibid. See also Edward S. Rogers, "The Lanham Act and the Social Function of Trade Marks", 14 Law and Contemporary Problems, 173 (1949); Sidney A. Diamond, supra n. 303., pp. 277-80.

⁸ Id. Sidney A. Diamond summarizes the development thus: "In summary, the guild marks which were the principal development of the medieval period very largely were compulsory marks whose primary purpose was to fix the blame for inferior workmanship. They evolved into trade marks in the modern sense when goods began to be shipped for substantial distances. There no longer was direct contact between the consumer and the artisan in his workshop. Preferences for particular workmanship began to develop and, as in modern times, the trade mark on the goods made it possible for the consumer to identify a product with its source."

⁹ 1 IL Nims, The Law of Unfair Competition and Trade-Marks 6-9a (4th ed 1947).

The tort of passing off had undergone to a rapid expansion due to the demand for its extension through the years. The remedy through passing off was given to the cases only when a misrepresentation on the part of the tortfeasor could be found. The misrepresentation was looked upon by finding out whether there was confusion in relation to the source of the product. The passing off remedy protected the right of property that existed in the goodwill and thus it wasn't designed to protect the trade name or trademark or the get up. The right of property was considered to be vested in the business or the good will, which the producer of the good was able to achieve through customer satisfaction and good name he created over a period. Thus the effort of establishing customer connection of the business was protected. Goodwill has no existence unless it is accompanied by business. Case laws were pointing to the fact that there can be no right of property in the name, mark or get-up that the plaintiff uses.¹⁰ The reputation that has been incurred to the goods or the service is protected rather than the mark. This in turn is protected as the good will. Hence the misrepresentation of source of the product attacking the good will could call for damages.

Though it was the consumers who were deceived through the misrepresentation it was the real owners of the reputed goods who were provided with the damages through the action of passing off and hence the action for passing off was much welcomed by the owners of the trademark. These were the well-established traders who have actually created a space for their product with their long sustenance in assuring the quality of the product, thereby achieving proper satisfaction among the consumers. The public interest was also being protected in these actions. The concept of misrepresentation was initially relating to the source misrepresentation but later this began to evolve into different species. Instead of source misrepresentation, some cases were relied on product misrepresentation or mis-description. Even then, the quality in essence is being misrepresented. The good will which was associated with the reputation of the owner of the product was then being associated with the product itself. The customer connection also was shifted from the reputation of the source to the reputation of the product itself.¹¹ The product goodwill was protected through the remedy of passing off.

The end of the nineteenth and beginning of the twentieth century witnessed three major

¹⁰ A.G.Spalding & Bros v. A.W.Gamage Ltd (1915) 32 R.P.C.273

¹¹ The highest attempt for getting exclusivity of a name started with the Champagne case, there was nearly 64 actions in England since 1960 to get the exclusivity of the name champagne. This was revealed in Taittinger SA v. Allbev Ltd (1993) F.S.R. 641. In the Advocaat case, the alleged misrepresentation was with regard to the product rather than the source. The plaintiffs was manufacturing liquor named *advocaat* which was made with spirit, Brandewijn and egg yolks while the defendant was manufacturing drink named *Keelings Old English Advocaat* made from dried egg powder and Cyprus sherry. The producers of *advocaat* were damaged by reduced sales and the reputation of the product being affected. Even then the classic trinity was being followed i.e, the connection between the misrepresentation, goodwill and damage was maintained.

economic changes of particular importance to trademark law: the nationalization of markets, the diversification of product lines, and the emergence of psychological advertising. Nationalization of markets was made possible by the rapid expansion of railroads and improvements in communication technology during the second half of the nineteenth century, and national marketing elevated the importance of trademarks and advertising. The second major development, the diversification of product lines, was well underway by the early decades of the twentieth century. The use of psychological advertising elevated the importance of trademarks. It was this persuasive advertising gradually gaining importance in this era. The trademark was essential to this marketing strategy, for it conveyed the emotional messages to consumers at the point of purchase. Thus consistent quality for which consumer recognized a product was then given less importance for it was this kind of advertising which persuaded the consumer to opt for a product.

For most of the nineteenth century, marks were protected only against uses on competing goods. Since firms expanded over multiple product lines there was a need to protect existing marks for future use in new product markets. To do this, a firm had to be able to stop others from using its mark in the new market before it entered, and this necessitated extending trademark protection to noncompeting goods.

The doctrine of consumer confusion in no doubt has served as the touchstone for trademark liability. The reworked notion of passing off suggested that the misrepresentation should be made to the prospective consumers, which in turn has injured the goodwill and business of a trader.

III. RECOGNIZING PROPERTY RIGHTS IN A TRADEMARK

The recognition of trademark as a property right gradually happened when the owner of the trade mark acquired a 'value' in the mark by its constant use. The Chancery Court in the case *Millington v. Fox*¹² the Chancery Court granted perpetual injunction for the first time against the false use of trade mark. The Court treated it as species of incorporeal property. It was held that the owner had a right to the exclusive use of the trade mark. Though there was no fraudulent intent or use of the mark in the case, the Court granted a perpetual injunction recognizing the right of the trade mark owner. Since the property right on the title was accepted

¹² 1838) 3 My. & Er. 338:40 E.R. 956. In this case the plaintiff had been carrying on the business of manufacturing steel for sale in the name "Crowley Millington." The method was invented by one Crowley and the business was transferred to the plaintiff's predecessors. It was alleged that the defendants used the marks in the steel manufactured by them. Although the defendant showed that he had never heard of the name of the plaintiff's firm, and that he had acted innocently, injunction was granted restraining the defendant from continuing to use the mark.

by the defendants, the Court did not discuss in detail the basis for the protection.

One of the basic principles of trademark law is that the first to use the trademark has priority in trademark rights.¹³ Like other areas of intellectual property law, trademark is also considered to be territorial in nature.¹⁴ The priority to the rights in the mark is limited to the defined geographic area of use (territory of use) of the mark under the territoriality principle.¹⁵ Ordinarily protection for trademarks was given only if either the mark is used or is registered within the territory.

IV. THE ORIGIN OF THE CONCEPT OF WELL-KNOWN MARK

The term ‘well-known’ is essentially of judicial origin and later it has been extended to statutes. With the rapid industrialisation, there have been changes in marketing strategy and advertising techniques have found its new ways. With such market expansion, the traditional kind of trademark protection soon was losing the principle of territoriality.

Ordinary dictionary meaning of “well-known” (Merriam Webster) is, “widely known”. The term ‘well-known’ originated in the latter half of 19th century. This was the period when Courts began treating Trademark as a property. The idea of well-known mark goes beyond the traditional standards and objectives of trademark protection. Courts were looking for several factors to treat a trademark as well known. This can be identified while looking into case laws under common law courts and the way in which courts were recognising certain marks as well known marks. There were many changes in the approach of judiciary towards expanding trends in the trademark protection. First of all court expanded the right of the property holder to use the mark which was limited to same kinds of goods to dissimilar and non-competing goods. Secondly, the Court deviated from granting protection to marks which was affixed to goods already in the market to products which were not yet manufactured.

The term ‘well-known’ was first used by Lord Chancellor Lord Westbury in *Edelsten v. Edelsten*.¹⁶ The case was filed against the defendants for infringement of the plaintiff’s trademark¹⁷. The plaintiff here was a wire manufacturer and had for nineteen years carried out business of a wire manufacturer. Plaintiff was not using any peculiar device as his trademark but started using *anchor* (the symbol) as Trade Mark from 1852¹⁸ to distinguish his goods.

¹³ See Srividya Raghavan, Spill over reputation- Comparative study of India and the United States, Published by Penn Law: Legal Scholarship Repository, 2019

¹⁴ See James Faris, The Famous Marks Exception to the Territoriality Principle in American Trademark Law, 59 CASE W. RES. L. REV. 451, 454–55 (2009) (discussing the territorial nature of trademarks law).

¹⁵ Id

¹⁶(1863) 1 DE G. J. & S. 185

¹⁷ Id

¹⁸ Which means that the mark was being used by the plaintiff for Eleven years before the dispute arose.

Since then constantly used the mark on circulars, billheads, and letters and to each bundle of wire denoting a certain quality.

The Equity Court considered several factors which made plaintiff's mark becoming popular in the trade as '*Anchor Brand Wire*'. The court noted that the mark had attained high repute through factors such as superiority of manufacture, excellence in quality. The product was being readily sold in the market to purchasers from all over the world despite its higher price resulted in the trademark becoming well-known.¹⁹ These superior quality anchor brand wires had a place in the foreign market and its high value among the mind of its consumers. Court further stated that the trademark became so well-known that in 1957, a manufacturer who received an order for metal labels with anchor stamped on them had believed the anchor to be the trademark of plaintiff and so wrote to plaintiff for information so that he might not do wrong.²⁰ The Court held that

'The owner of a TM will not be deprived of remedy in equity, even if it be shown that all who bought goods bearing the mark from the Defendant were well aware that the goods were not of the plaintiff's manufacture.'²¹

Lord Westbury had further stated that:

"...right of property in the trade mark... extends to two things, first, the device or emblem of an anchor attached to the wire, and second, the name "Anchor Brand Wire" or "Anchor Wire", which has resulted from the use of the device, and has become the distinctive appellation in the market of the wire manufactured by the Plaintiff."²²

The Court inferred that the defendants had the intention to benefit from the reputation of the mark and held that the acts of the defendant amounts to piracy of the plaintiff's trademark, both in emblem and name.²³ It can be noted that the factors by which a mark becomes well-known is the distinctive appellation or reputation it has in the market. The gradual acceptance of a product in the mind of consumers when they associate such goods with quality assured with long and continuous usage of a product was being recognised by the court.

In *Hall v. Barrows*²⁴, the issue was with regard to the existence of property in a trademark and the existence of goodwill as a distinctive subject of value. The trademark in this case, was

¹⁹*Edelstenv.Edelsten*, (1863) 1 DE G. J. & S. 186

²⁰*Id*

²¹ *Id* at p. 184

²² *Id* at p.201

²³ *Id* at p.202

²⁴ (1863) 1 DE G. J. & S. 150

used to denote iron and the mark involved was the letters ‘BBH’ surmounted by a crown, which represented the names of certain partners.²⁵

Lord Westbury considered the scope of valuation- whether it was to include the trademark ‘BBH’, held that; ‘I am of opinion that these initial letters surmounted by a crown, have become and are a trademark properly so called, that is, a brand which has reputation and currency in the market as a well-known sign of quality....’

The court opined that the mark has become a trademark which means - ‘a brand which has reputation and currency in the market as a well-known sign of quality’.²⁶ Considering the fact that the iron was of superior quality, Court stated that the brand became ‘well-known’ in the market; and the right to use it is represented as now being of considerable value.²⁷ Owing to the quality of the product the mark has become well known in the market, the mark has since then accrued a value than what it had prior to becoming well-known. With regard to the question of how much is the extend of property right, the Court answered that trademark consists in the exclusive right to use of a name or symbol as applied to a particular manufacture or vendible commodity²⁸ which means, an iron manufacturer who uses a particular mark for iron cannot restrain the use of the same mark on cotton or woollen goods²⁹.

The Court also held that the impression created by a name upon a vendible commodity is an assurance that the commodity has been manufactured by a particular person. The Court would not sell and transfer to another person the right to use the name simply and without any addition but if it sold business on by the owner of the name, it might give to the purchaser the right to represent himself as the successor in business of the first maker.³⁰ The point that there can be right to a mark i only with respect to the particular good manufactured is pressed by the Court.

In *Ainsworth v. Walmsley*,³¹ the plaintiff was a manufacturer of sewing thread at Cleator Mills, Cumberland and defendants were another group of lace and trimming manufacturers. The Well-known mark status of the mark was not discussed in the case as the court considered the mark as a descriptive one.

Lord Chancellor Lord Hatherly stated as:

“If he (proprietor) does not carry on a trade in iron, but carries on a trade in linen, and stamps

²⁵ Id

²⁶ Id at p. 157

²⁷ Id at p. 154

²⁸ Id at p. 158, 159

²⁹ Id at p. 158

³⁰ Id at p.156

³¹(1866) L.R. Vol.1, 518

a lion on his linen, another person may stamp a lion on iron³²” Court stated; but there is no evidence before me that any other person than the plaintiff has ever been heard of as manufacturing Ainsworth’s thread. The mark was considered as just descriptive³³. ‘He has no property in that mark per se, any more than in any other fanciful denomination he may assume for his own private use, otherwise than with reference to his trade.’³⁴

Another case was *William Wotherspoon v. John Currie*³⁵ which was filed to restrain Currie from using the name ‘Glenfield’ in connection with starch manufactured by him. The Appellants claimed that such name belongs exclusively to them. In this case, Court held; ‘the word ‘Glenfield’ had acquired a secondary signification or meaning in connection with a particular manufacture- in short, it had become the trade denomination of the starch made by the appellants...³⁶’ Further the Court held that ‘it was wholly taken out of its ordinary meaning and in connection with starch had acquired that particular secondary signification to which I have referred.’³⁷ The word Glenfield, therefore, as a denomination of starch, had become the property of the Appellants. It was their right and title in connection with the starch.’ Lord Chancellor Lord Hatherly has not used the term ‘well-known’ as such, but he finds that the mark ‘*Glenfield*’ though merely the name of a place did get a ‘particular celebrity’ owing to the large quantity of starch produced under the mark. Hence Courts were also considering the quantity of the goods produced with the mark affixed to as a factor to determine whether it is well-known or not.

In *Borden Ice Cream Co. v. Borden’s Condensed Milk Co*³⁸ the respondents were using the mark ‘*Borden*’ from 1857 for milk and milk products manufactured by them with an exception of what is commercially known as ‘ice cream’.³⁹ The appellants started manufacturing ice cream under the same mark. In this case, the Court looked into the factor of consumer confusion and stated that ‘the universal test question in cases of this class is whether the public is likely to be deceived as to the maker or seller of the goods. This, in our opinion, is not the fundamental question’. Further the Court stated as follows:

“Non-exclusive trade-names are public property in their primary sense, but they may in their secondary sense come to be understood as

³² Id at p.524

³³ Id at p.525

³⁴ Id at p.524

³⁵ (1872) L.R. Vol. 5, 508

³⁶ Id at p.521

³⁷ Id at p.522

³⁸ *Borden Ice Cream Co v. Borden’s Condensed Milk Co.* 201 Fed. 510 (C.C.A., 1912)

³⁹ Ibid

indicating the goods or business of a particular trader. Such trade-names are acquired by adoption and user, and belong to the one who first used them and gave them value in a specific line of business. It is true that the name of a person may become so associated with his goods or business that another person of the same or a similar name engaging in the same business will not be allowed to use even his own name, without affirmatively distinguishing his goods or business. The secondary meaning of a name, however, has no legal significance, unless the two persons make or deal in the same kind of goods.”⁴⁰

This can be taken as a notion of well-known marks which the courts at that point of time wanted to limit the extent of the right to use a mark over the particular goods manufactured (specific line of business). The Court held that the appellants can make anything under the name 'Borden' which the respondents has not already made and offered to the public.

In *The Collins Co. v. Oliver Ames & Sons*⁴¹ as early as in 1882, Court stated that the defendant was enjoined from placing on shovels the name "*Collins & Co.*," which the plaintiff had previously used on axes, though the plaintiff had not used the name on shovels.⁴² Court observed that:

“the fact that it (plaintiff) did not before 1856 make a digging tool such as the shovels on which, in 1856, defendants put the mark ‘*Collins & Co.*’ does not warrant the conclusion that that mark was not in 1856 the mark of the plaintiff’s trade in respect to such shovels”⁴³

An important fact to be taken note about the dispute is that the plaintiff had not yet started manufacturing the product for which plaintiff claimed right to use the mark. This can be seen followed in a number of decisions regarding baking powder and baking soda in 1900⁴⁴, washing powder and sweeping powder in 1916⁴⁵, aluminium cooking utensils and tin wash boilers in 1921 to men’s suits and men’s caps in 1925⁴⁶.

In *Rosenberg Bros. v. Elliott*, the dispute was with regard to the mark *Fashion Park*. The Plaintiff was engaged in the manufacture of men's clothing for more than 50 years with the

⁴⁰ibid

⁴¹18 Fed. 561 (C.C., 1882)

⁴²Edward C. Lukens, *The Application Of The Principles Of Unfair Competition To Cases Of Dissimilar Products*, University of Pennsylvania Law Review. 1927, Vol. 75, No. 3, p. 199

⁴³*The Collins Co. v. Oliver Ames & Sons*, 18 Fed. 561 (C.C., 1882)

⁴⁴*Church & Dwight Co. v. Russ*, 99 Fed. 276 (C.C., 1900)

⁴⁵*Van Zilev. NorubMfg. Co.*, 228 Fed. 829 (D.C., 1916)

⁴⁶*Rosenberg Bros. v. Elliott*, 7 F. (2d) 962 (C.C.A., 1925)

above mark affixed to the product. Defendant started using the same mark on the hats and caps manufactured. In this particular case, the Court gave importance to the role of advertising. For a mark to be well-known, advertisement was also taken as a factor to consider with.

Court had stated that ‘the money expended in advertising is money invested in business and no one should be permitted to step in and appropriate the advantages of such an investment.’⁴⁷ It was also mentioned that both the products flow through the same channels of trade and they are advertised together. And since plaintiff’s trademark is long used to identify the origin & guaranty quality, it should not be used by the respondent in leading the public to believe that his hats and caps are made by the clothing manufacturer with whose trade-mark it is familiar.⁴⁸

V. CONCLUSION

Initially Courts looked into several factors to consider a mark as well- known which included the long usage of the mark, the wide extent of the mark, foreign market, high reputation, superiority of manufacture. Even when it afforded a greater level of trademark protection than the traditional one, it used to cling upon the consumer confusion principle. But later, the importance given to consumer confusion was made a passing reference. Even before market launch of the products, higher promotion was given to products. And more importance was given to advertising, since it made a deep impression upon the mind of consumers so easily. In a way, the consumer confusion was losing its hold when one compares to the original rationale behind trademark protection.

One can also note that the concept of well-known marks emerged parallel with the property concept of trademarks. Each time, with the strengthening of the property concept within the mark gave way to the concept of well-known mark also.

⁴⁷ *ibid*

⁴⁸ *Supra* 25.