A Re-Examination of the Original Foundations of Anglo-American Trade Mark Law"

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“A RE-EXAMINATION OF THE ORIGINAL FOUNDATIONS OF ANGLO-AMERICAN TRADE MARK LAW”

INTRODUCTION

According to traditional accounts of the normative basis of Anglo-American trade mark law, the purpose of the law was to protect the interests of consumers in not being misled by the unauthorised use of others’ marks. In recent work, McKenna has offered a different account of the law, as having developed to protect the interests of traders in not having their customers diverted to competitors using their marks. According to McKenna, early trade mark law served one master only, the trader, with any additional benefit to consumers being incidental and unintended. In this article I challenge both accounts. Through an extensive analysis of the common law and chancery decisions from the 19th century, I argue that early trade mark law was not driven by a judicial desire to vindicate any specific private interest, but rather by a concern on the part of the courts with balancing the interests of consumers and traders in pursuit of a different goal, namely, honest competition.

This article proceeds in four parts. Part I sets the scene for the discussion by describing the modern narrative of trade mark law heavily influenced by economic principles. Part II goes on to revisit the early development of trade mark law in England. From this historical analysis, the notion of fraud as the original basis of the doctrine, both at Law and in Equity, clearly emerges. It then chronicles the assault of the property basis, largely instigated by the decisions and legal thinking of mainly Lord Westbury, and the consequent breakaway of the legal doctrine from its common law origins. In this connection, I critique the decisions often cited for the proposition that consumer interests were secondary and suggest that those decisions must be read in their own context. Part III continues to examine the evolution of the law in America and reveals, perhaps unsurprisingly, that the legal theory underwent a similar normative upheaval in the middle of the nineteenth century. It will emerge, however, that there were many considerations underlying the early intervention of American courts.

Finally, Part IV will outline the longstanding debate over which master trade mark law actually sought to serve: the trader or the consumer. In this regard, I argue that there has never been an absolute master and, for this reason, academic suggestions to the contrary are questionable. Instead this article will conclude that, notwithstanding the jurisdictional basis, the law has always sought to accommodate between many relevant interests: the traders’, consumers’ and competitors’.

PART I

The Modern Narrative of Trade Mark Law

It has become customary for contemporary legal scholars to explain trade mark law by reference to the economic function that trade symbols perform in the marketplace. On the one hand, trade marks are said to enable consumers to identify confidently goods or services that have been satisfactory
in the past and reject those that have failed to live up to their expectations.\textsuperscript{1} By unequivocally identifying the source of the goods consumers want to purchase, trade marks are also said to aid in minimising consumers search costs because once satisfied consumers come to identify a reliable and satisfactory mark, they will have no need to shop further and try other goods of the same kind. Trade marks are considered particularly useful in helping consumers to identify the unobservable features of marked products;\textsuperscript{2} thus, they provide truthful information, in easily accessible form, on which consumers rely to make purchasing decisions.\textsuperscript{3} On the other hand, by assuring the trade mark owner that satisfied consumers will keep looking for those goods bearing her mark, trade marks encourage the owner to invest in the goodwill represented by her mark; the resources that the producer is prepared to spend in improving and maintaining product quality in the knowledge that it will be her, and not someone else, who will recoup the expenditures simultaneously promote consumer interests. Accordingly, the interests of both consumers and producers would appear harmoniously accommodated. But ultimately, under this modern narrative, the normative goal of trade mark law is to foster the flow of information in markets and thereby reduce search costs for consumers.\textsuperscript{4}

Nonetheless, for trade marks to achieve these "basic" objectives, it is essential that the law intervenes to ensure that the flow of accurate product information and reduction in consumers' shopping costs remains undistorted. Distortion may arise when dishonest traders, using someone else's mark, seek to mislead the public about the source of the goods by selling their own goods as the goods of another. As a result of unauthorised uses, the trade mark owner is deprived of the benefits of her efforts and investments as reflected in her product reputation while consumers are tricked into buying an item they did not intend to buy. To avoid this undesirable situation, the law recognises that some degree of exclusivity or control ought to be available for the trade mark owner.\textsuperscript{5} Thus the legal scope of protection of a trade mark against infringement by others is defined by the likelihood of confusion.\textsuperscript{6} In this context, trade mark law seeks to prevent the existence of identical or confusingly similar marks whose use will create confusion in the mind of consumers. This concern for preventing consumer confusion is said to have been the "lynchpin" throughout the evolution of the legal doctrine\textsuperscript{7} and is understood to anchor the law to policies that protect the quality of information transmitted to consumers.\textsuperscript{8} Conversely, competition is ensured as third party uses are not prohibited absent misrepresentation regarding the product or confusion as to the origins of the goods. That is, the

\textsuperscript{1} J McCarthy, \textit{McCarthy on Trademarks and Unfair Competition} §2.3. (4ed US, 2008) (hereinafter \textit{McCarthy})
\textsuperscript{2} Nicholas, "Economides The Economics of Trademarks" (1988) 78 TMR 523, 526.
\textsuperscript{3} Stacey Dogan & Mark Lemley, "The Merchandising Right: Fragile Theory or Fiat Accompli?" (2005) 54 Emory LJ 461, 466.
\textsuperscript{4} Stacey Dogan & Mark Lemley, "Trademarks and Consumer Search Costs on the Internet" (2004) 41 Houston LR 777, 778.
\textsuperscript{5} William Landes & Richard Posner, "Trademark Law: An Economic Perspective" (1987) JL & Econ 265, 269 ("To perform its economising function a trademark or brand name....must not be duplicated.")
\textsuperscript{6} \textit{McCarthy} note 1, §2:10
\textsuperscript{7} David Welkowitz, "Reexamining Trademark Dilution" (1991) 44 Vand LR 531, 532.
scope of exclusivity of a trade mark finds its limits in the prevention of consumer confusion.\(^9\)

More recently, however, it has been observed that the economic view that trade mark law was designed to lower consumer search costs is rampant in the legal literature.\(^{10}\) Essentially, the economic theory of trade mark law posits that “trade mark law...can best be explained on the hypothesis that the law is trying to promote economic efficiency.”\(^{11}\) The modern account of the law described above draws heavily on this theory. Some commentators view the economic arguments as “forceful,”\(^{12}\) while others regard them as the “classic” justification for recognising enforceable rights in trade marks.\(^{13}\) Similarly, other opinions would appear to consider the economic paradigm as appropriate to explain the early tortious elements of trade mark law.\(^{14}\) Yet the influence of these economic doctrinal analyses in the US is hardly surprising when we look at the statutory considerations for enacting trade mark legislation in the last century. When the Senate passed the Lanham Act, the federal trade mark statute in the US, the Report of the House stated that trade marks are indeed the essence of competition, because “they make possible a choice between competing articles by enabling the buyer to distinguish one from the other” while, at the same time, “encourage the maintenance of quality by securing to the producer the benefit of the good reputation which excellence creates.”\(^{15}\)

Likewise in Europe, similar language can be found in the Memorandum on the Creation of an EEC Trade Mark which outlined the reasons for a Community system of trade marks. Having recognised that trade marks are an indispensable means of promoting trade, the Memorandum then proposed a trade mark system in which, by preserving its distinguishing function, the trade mark can fulfil its further rôle “as an instrument of sales promotion and consumer information” and, at the same time, “its function of protecting the proprietor against injury to the reputation of his trade mark.”\(^{16}\) Furthermore, in discussing the basic objectives of trade mark law, the same view seems to have been echoed in the decisions of the highest court in the United States\(^{17}\) and by

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\(^9\) *McCarthy supra* note 1, §2.10.

\(^{10}\) Mark McKenna, “The Normative Foundations of Trade Mark Law” (2007) 82 Notre Dame LR 1839, 1845.

\(^{11}\) Landes & Posner *supra* note 5, 266. (The theory rests on the premise that a trademark induces its owner to invest in maintaining uniform product quality in order for the consumer to spend less time searching for the quality he wants.); Peter Mims, “Promotional Goods and the Functionality Doctrine: An Economic Model of Trademarks” (1984) 63 Texas LR 639, 656 (“Trademark law protects interests easily analysed with economic principles.”)


\(^{14}\) Simone Rose, “Will Atlas Shrug? Dilution Protection for Famous Trademarks: Anti-Competitive Monopoly or Earned Trademark Right?” (1995) 47 Florida LR 653, 697 (“The Posnerian paradigm, which narrowly protects trademark property against uses which are likely to confuse or deceive neatly defines traditional trademark protection grounded in the tort of deceit...”)

\(^{15}\) H.R. 1333 (1946) 1274, 1275.


\(^{17}\) *Qualitex Co v Jacobson Products* 514 U.S. 159, 163-164 (1995) (“In principle, trade mark law, by preventing others from copying a source-identifying mark, reduces the customer's costs of shopping and making purchasing decisions...At the same time, the law helps assure a producer
the opinions of the advocate generals to the ECJ.\textsuperscript{18} It is small wonder therefore that Barton Beebe had recently indicated that “the influence of this [economic] analysis is now nearly total….No alternative account of trade mark doctrine currently exists.”\textsuperscript{19}

The supporters of the economic account have therefore described the goal of trade mark law as serving a dual purpose: firstly, economising consumers’ search costs; and secondly, rewarding the producers’ investment. Nonetheless, they generally argue that, while the interests of the producers are part of the rationale behind trade mark protection, the interests of the consumers are far more important and should be the only concern motivating the protection. These remarks are frequently made in the context of the debate that pits dilution law against “traditional” trade mark protection. For instance, in referring to the apparent conflict between the two theories, it has been argued that dilution law is “in tension with the traditional justification for trademark protection in the United States, which is based not on the interests of the trade mark owner, but on the interests of consumers in the marketplace.”\textsuperscript{20} Some commentators go a bit further and argue that “the consumer protection model of trademark rights constitutes not only the traditional basis for trademark protection, but also its only rational basis.”\textsuperscript{21} Yet when making these arguments, these commentators usually fail to define or offer little elaboration on what they mean by the “traditional”,\textsuperscript{22} “historical”\textsuperscript{23} or “classical”\textsuperscript{24} foundation of trade mark law. In the light of their “traditional” understanding, they nevertheless conclude that the concept of consumer confusion is and has always been the touchstone of trade mark infringement.\textsuperscript{25}

In much the same vein, Lemley has deplored the increasing talk of trade marks as valuable property which in his view has contributed to a fundamental shift in trade mark law. He has complained that “these changes have loosened trade mark law from its traditional economic moorings and have often offered little of substance to replace them.”\textsuperscript{26} The most obvious example of these

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\textsuperscript{18} AG Jacobs in Case C-10/89 SA CNL-SUCAL v HAG GF [1990] ECR I-3711 para. 18 (“Trade marks reward the manufacturer who constantly produce high-quality goods and they thus stimulate economic progress.”)


\textsuperscript{22} Mark Lemley, “The Modern Lanham Act and the Death of Common Sense” (1999) 108 YLJ 1678, 1697 (“Courts seem to be replacing the traditional rationale for trademark law with a conception of trademarks as property rights…”)

\textsuperscript{23} Philippe Gillieron, “Online Advertising Business Models and Distinctive Signs –Should One Rethink the Concept of Confusion” (2008) 6 IIC 688 (“Trademarks historically function as an identifier rather than as property. Their goal is to protect consumers against any likelihood of confusion and decrease users’ search costs”)

\textsuperscript{24} Clarissa Long “Dilution” (2006) 106 Col LR 1029, 1034 (“Classical trademark law is based on the proposition that consumers rely on a particular mark to identify a product possessing a particular mixture of attributes.”)

\textsuperscript{25} Klieger note 21, 795; Mermin note 20, 208.

\textsuperscript{26} Lemley note 22, 1688. (Emphasis added).
doctrinal changes Lemley has in mind is dilution laws which, to the extent that such laws operate on the premise that consumers need not be confused, “represent a fundamental shift in the nature of trademark protection.” Indeed, for some commentators there is a clear divide between the two theories of trademark protection: dilution law is producer-focused while trademark law is consumer-focused.

Recently, however, the economic consumer-orientated account of the legal doctrine has come under attack on various fronts. McKenna, the most vocal critic of this approach, has observed that this characterisation of modern law is premised on a “falsely imagined past.” Firstly, he argues that traditional trademark law was in fact “unapologetically” producer-orientated, primarily concerned with the promotion of commercial morality and the protection of producers from illegitimate attempts to divert their trade. In this regard he claims that “consumer confusion was relevant to the traditional determination of infringement not for its own sake, but because deceiving consumers was a particularly effective way of stealing a competitor’s trade.” Secondly, he concludes that if, as he contends, traditional trademark law was in fact designed to protect primarily producers and not consumers, the fact then that modern trademark law seems producer-orientated should not raise “damning criticisms.” Far from it, according to his account, one would have to agree that this development is actually consistent with the original conception of the law.

Although McKenna’s “revealing” account does not appear to represent an attempt to justify more recent and controversial developments of the law, such as dilution protection, the logical implication of it all is that, if accepted, it then becomes a potentially powerful argument to support the legitimacy of dilution’s still unclear bases. His theory undoubtedly raises important questions that are worth addressing before engaging in a discussion of the purpose of trademark law, in general, or of dilution theory, in particular. On the one hand, the criticism levelled at those who argue that consumer interests are the sole province of trade mark law does seem to carry some weight. Indeed, when passing the Lanham Act, Congress unequivocally stated that the purpose underlying any trade mark statute is two-fold: to protect the public and trade mark owner. There is also high judicial authority endorsing this two-fold purpose. Similarly in Europe, trade mark law is considered to find its justification “in a harmonious

27 Ibidem 1698
28 Long note 24, 1034 (Describing trade mark infringement in terms of an increase of consumers’ information costs about the goods).
29 Mark Bartholomew. “Advertising and the Transformation of Trademark Law” (2008) 38 New Mexico LR 1, 2 (“Because the debate over modern trademark protection has been focused on questions of economic efficiency, historical evaluation of trademark law has been deemed largely unnecessary.”); Chad Doellinger, “A New Theory of Trademarks” (2007) 111 Penn State LR 823, 835 (“The central problem with the economic theory is that it has become normative, and, in the process, has jettisoned trademark philosophy from its true normative underpinning…..”); Mohammad Naser, “Rethinking the Foundations of Trademarks” (2007) 5 Buffalo Int Prop LJ 1, 35.
30 McKenna note 10, 1848.
31 Ibidem.
32 Ibidem.
33 H.R. 1333 (1946) 1274.
34 Park ‘N’ Fly v Dollar Park 469 U.S. 189, 198 (1985)
dovetailing between public and private interests.” Consequently, those who argue that trade mark law is solely concerned with consumer interests are actually neglecting one aspect of the modern underlying purpose of the law.

On the other hand, the conclusion that, inasmuch as the initial judicial concern was the interests of traders - the protection of which might sometimes have yielded secondary benefits to consumers - trade mark law has been largely misunderstood is highly problematic. Firstly, by arguing that the “traditional” concern of the law lay solely with traders, McKenna’s conclusion essentially falls into the same error of those he vilifies. That is, he loses sight of the balance of conflicting interests that, this article argues, courts have from the very beginning sought to create in granting relief. Secondly, while it is true that some of the early cases appeared to reject claims for protection on the sole ground of deception of the public, it is also true that, when we look closely, there appears a legitimate justification for these rejections in the light of the normative foundations of the law. Notwithstanding the apparent disregard for the interests of purchasers, there are numerous instances in which the courts took the completely opposite view and interfered solely for the vindication of the public interest, without considering the private interest of the trader. Thus, as recently pointed out by Bentley, the early history of trade mark law is too “messy” to appeal to a “traditional” or “original conception” of the law.

Indeed, in reviewing the early case law, it is sometimes hard to find consistency in the motivations for protection and all too frequent one finds judges complaining about the questions of law being mixed up with the questions of fact. What clearly does emerge is a pattern in which the legal theory was constantly changed and transformed by the personal views of the judges, instead of following the established principles. More importantly, this re-examination of the early cases will seek to demonstrate that those cases rejecting the protection of the public as a ground for interference of the court must be read in the context of what was actually being claimed.

Part II
An Historical Overview of Trade Mark Law: Another Look

A. The Early Development of Trade Mark Law in England

1. Fraud as the Normative Basis of the Early Intervention.

Commentators have always bemoaned the dearth of information on the origins of trade mark law. Although Frank Schechter, author of the most

35 AG Jacobs in Case C-10/89 note 18, para. 18
36 Lionel Bently, “Communication to Thing: “Historical Aspects to the Conceptualisation of Trade Marks as Property” 3, 4 footnote 5, in G. Dinwoodie & M. Janis (eds), Trademark Law and Theory: A Handbook of Contemporary Research (Cheltenham Edward Elgar, UK 2008) (hereinafter “Communication to Thing”)
37 Reddaway v Banham [1896] AC 199 (HL) 204 (Lord Halsbury)
38 Frank Schechter, The Historical Foundations of the Law Relating to Trade Marks (Columbia, US 1925) 4 (“Nowhere in the obscurity of the origins and at the same time the touching absence of curiosity concerning these origins more apparent than in the field of the law of trade marks.”); L Bently and B Sherman, Intellectual Property Law (2ed Oxford, UK 2004) (“The history of the
influential treatise on the subject, takes the regulations of the mediaeval guilds as the starting point in the sources of the legal protection of trade marks, other commentators have often, albeit in passing, pointed out that some earlier references may be found in the advanced commercial laws of the Romans. In Roman law, a man who took another’s name for gain could be criminally prosecuted under the Lex Cornelia. Most notably, a purchaser of goods fraudulently marked had two civil actions available to him to obtain relief: the “actio injuriam” and “actio doli.” Nevertheless, there is no evidence of marks also being protected under the Lex Cornelia, nor is there any record of whether civil actions were equally available to the owner of the mark. Whilst it is possible to find statutory laws in mediaeval times banning the imitation of marks, the legal protection of trade marks is in fact the creation of the common law courts. In this regard, it is generally acknowledged that the historical origins of trade mark law and the law of unfair competition lie in the common law action of fraud and deceit. Indeed, the cause of action against the infringing use of trade symbols arose out of the common law action for a false representation; the representation was made by putting another man’s trade mark or trade name on the goods which the wrongdoer sold. The effect of this deceitful act was that persons meaning to deal with one tradesman were, by fraud, induced to deal with another.

The first identified case, called Samford’s Case, long considered nothing more than an “irrelevant reminiscent dictum,” dates back to the sixteenth century and involved a complaint brought before the Court of Common Pleas by the aggrieved trader against the defendant’s piratical use of the latter’s mark on cloths of poor quality. The pleadings of this first case make light reading and have a familiar ring to it, something that any modern trade mark lawyer would certainly recognise and, on the facts pleaded, would be more than happy to prosecute. Although the decision itself is fraught with ambiguities, the least of which is the fact that there are two slightly divergent reports of the trial, it is clear that the action being invoked is one of deceit. Indeed, this is borne out by the fact that the claimant’s pleadings contain at least eight allusions to deceit.

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legal protection of trade marks has been less well charted than most areas of intellectual property, and the early developments are particularly obscure.”)

40 Idem.
41 Idem; J Kohler “Das Recht des Markenschutzes” (Arguing that there is no trace of such an action in the commentaries of the Roman jurists) as cited in Paster Benjamin, “Trademarks – Their Early History” (1969) 59 TMR 551, 555.
43 Singer v Wilson [1875-76] LR 2 Ch D 434 (CA) 453-454. (Mellish LJ observed that the action differed from an ordinary action for false representation in that the latter is generally brought by the person to whom the false representation is made; but in the former the Common Law courts allowed the manufacturer whose mark was improperly used to bring an action.)
44 Schechter note 38, 6 (The reason why Schechter dismissed this case as a reliable source was because it appeared as a fleeting reference made by Justice Doderidge in Southern v How (1656) Cro Jac 469).
What is also very important about the Samford’s Case is that not only does it illuminate the “obscure” reference to it attributed to Dodderidge in *Southern v How*\(^{47}\) - a case heavily criticised for being inconsistently reported.\(^{48}\) but it also fully vindicates the early reliance by the English courts on this reference to support their intervention in order to make the deceitful use of a trader’s mark actionable and, thereby, provide a remedy. Thus the academic suggestion that, because of the inconsistencies in its reports, the reliance on the dictum uttered in *Southern v How* was detrimental to the conceptual development of trade mark law is unfounded.\(^{49}\)

But for all its relevance, the Samford’s Case alone reveals very little about the fundamental questions in relation to the very nature of the trade mark right and the true basis for relief.\(^{50}\) Nonetheless, the Courts of Law were the first to hear trade mark complaints, called actions on the case in the nature of deceit, and proof of defendant’s fraudulent intention was of the essence of the action to recover.\(^{51}\) In *Blanchard v Hill*,\(^{52}\) though a Chancery case, Lord Hardwicke articulated and explained the true basis of the jurisdiction as one depending on fraud. There, a card-maker owner of the Great Mogul mark brought an action to stop the defendant from using the same mark on his own cards on the basis that the claimant had a property right under a Royal Charter. In stark contrast to Samford’s Case, the pleadings did not state that the defendant card-maker was deceitfully selling his own cards as and for the cards made by the claimant; rather, it was argued that the claimant had invented and appropriated to himself the mark in question in accordance with the Charter. In distinguishing between the Samford’s Case, as mentioned in *Southern v How*, and the case before him, Lord Hardwicke is reported as holding that “it was not the single act of making use of the mark that was sufficient to maintain an action, but doing it with a fraudulent design…”\(^{53}\) The “fraudulent design” he read into the Samford’s Case was one by which the defendant attempted “to put off bad cloths by this means” or “to draw away customers from the other clothier.”\(^{54}\) In the absence of any fraudulent intention, Lord Hardwicke saw nothing wrong in an innkeeper putting up the same sign and making use of the same mark as those used by another innkeeper.\(^{55}\)

\(^{47}\) *Southern v How* note 44, 471. (A case brought by the deceived purchaser of counterfeit jewellery against the seller’s master). Although the significance of the case remains controversial as there are divergent accounts of it, the case was certainly heavily influential in supporting the jurisdiction of the courts to intervene in trade mark infringement actions. See Schechter note 38.

\(^{48}\) McKenna note 10, 1851.

\(^{49}\) Ibidem.

\(^{50}\) Wadlow Christopher *The Law of Passing-off* (3rd ed Sweet & Maxwell, London 2004) 19 (“Samford’s case is an isolated example and does not appear to have contributed much to the development of passing-off, either then or later.”)

\(^{51}\) Craswray v Thompson (1842) 4 MAN & 357, 386 (Cresswell J).

\(^{52}\) (1742) 2 Atk. 484

\(^{53}\) *Blanchard v Hill* (1742) 2 Atk. 484, 485 (Lord Hardwicke was prompted to make this distinction by the Solicitor General insistence and reference to a case mentioned in *Southern v How*, the Samford’s Case, where an action at law was brought by a cloth-maker against another of the same trade for using the same mark and that it was held that an action would like)

\(^{54}\) Ibidem.

\(^{55}\) Ibidem 486.
A similar case arose in the eighteenth century in which the claimant sought to recover from injuries allegedly suffered through the unauthorised use of his mark by another. The claimant’s father had invented a medicine, called “Dr Johnson’s Yellow Ointment”, for which no patent existed and, upon his death, the claimant had continued to sell it using the same mark. Lord Mansfield rejected the action but accepted that “if the defendant had sold a medicine of his own under the plaintiff’s name or mark, that would be a fraud for which an action would lie.” But since in the present case, both the claimant and the defendant sold the medicine under the same name, which had become the general appellation of the ointment, and since “no evidence was given of the defendant having sold it as if prepared by the plaintiff”, no action could lie.

Later decisions regarded *Blanchard v Hill* as the leading case that established the law as to trade marks, but whether or not this is entirely accurate, these early cases do strongly suggest that fraud on the public to the detriment of the claimant was the foundation of the action at law and, in the absence of that, the courts would not intervene. The Courts of Law quickly showed a remarkable willingness to extent the action for infringement in order to give redress for dishonest commercial behaviour different from those appearing in earlier cases.

Firstly, in *Sykes v Sykes*, a King’s Bench decision of 1824, it was held that providing fraudulently-marked goods to a third party who would then knowingly and fraudulently resell them to customers as and for the claimant’s genuine manufacture was “substantially the same thing”; thus, on this evidence offered an action for damages could lie. As in so many other cases, in this early period, the complaint was that the goods deceitfully passed off by the defendant as the claimant’s were of inferior quality and, as a result, the claimant’s sales had decreased. The trial judge held that the defendants, despite one of them having the same name as the claimant, had no right to mark their goods as and for the goods manufactured by the claimant and made also some observations that clearly embraced the whole law on this subject. He directed the jury to say “whether the defendants adopted the mark in question for the purpose of inducing the public to suppose that the articles were not manufactured by them, but by the plaintiff.” These observations were later supported by the Court.

Secondly, in *Blofeld v Payne*, another King’s Bench decision of 1833, the four-judge court affirmed the verdict of the trial judge in favour of the claimant, despite the jury’s finding that the defendant’s goods were not of inferior quality.

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56 *Singleton v Bolton* (1783) 3 Dougl. 293 (The judge explicitly said that, aside from the evidence that both the claimant and the defendant used the name of the original inventor, there was proof of the defendant actually having sold the medicine as if prepared by the claimant.)

57 All of them were made by VC Page-Wood in *Farina v Henry Silverlock* (1855) 1 K&J 509, 514; *Collins Co v Brown* (1857) 3 K&J 423, 427; *Collins Co v Cohen* 3 K&J 428, 429; cf *Hall v Barrows* (1862) 32 LJ Ch 548, 550. (Romilly MR held that “I doubt very much, notwithstanding the high authority of Lord Hardwicke’s name, whether this case would be followed at this day.”)

58 (1824) 3 B & C 541, 543

59 Ibidem.
and despite the absence of any evidence of damage to the claimant’s trade.\textsuperscript{60} It had nevertheless emerged at the trial that the defendants had indeed obtained some of the claimant’s envelopes and used them fraudulently to sell their own goods. In his opinion, Littledale J took the view that “the act of the defendant 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.”\textsuperscript{61} Exactly what the nature of that right was, the judge did not elaborate on as this concern was not apparently important in the analysis of the courts at this stage. Nevertheless, from the very beginning the gist of the action was whether the defendant had imitated the plaintiff’s mark for the purpose of misrepresenting the defendant’s goods as those of the plaintiff, the result of which was an imposition upon unwary customers and injury to the claimant’s trade.\textsuperscript{62}

Shortly after these judicial interventions, the Chancery Courts, through equitable actions, actively began to lend their support to the Common Law courts, which could grant a remedy in the form of damages but could not grant injunctions. The Chancery Courts were able to provide injunctive relief so that by 1803, Lord Eldon had observed that “the principle of granting the injunction...is that damages do not give adequate relief and [the defendant’s acts] may injure [the plaintiff] to an incalculable extent...”\textsuperscript{63} The greater suitability of this remedy enabled Chancery to adjudicate the majority of trade mark cases and, thereby, overtake the common law. In practice, however, the only difference between law and equity, it seems, lay in what the claimant had to prove to obtain relief: while at law a claimant needed to prove actual injury, in equity a threat of future harm arising from the defendant’s misrepresentation was sufficient.\textsuperscript{64} The jurisdiction of the Equity Courts was, nevertheless, of an auxiliary nature -and hence limited- as the courts only proceeded, whether by injunction or otherwise, upon a showing of an established legal right; in case of “a fair doubt” over the right, the Chancery judge would not act until the action had been tried at law first.\textsuperscript{65} Indeed, early decisions show that the Chancery courts would only assume jurisdiction by injunction in “a very strong case,”\textsuperscript{66} that is, one in which the legal right asserted by the claimant was “very clear”.

\textsuperscript{60} (1833) 4 B & AD 410.
\textsuperscript{61} Ibidem 411.
\textsuperscript{62} Crashway v Thompson\textsuperscript{\textendash}note 51, 357 (Colman J stated that “an intention to deceive is a necessary ingredient in this case...and fraud must be made out by proof of an intention existing in the mind of the party.” Maule J held that “I rather think that the gist of the action is selling iron of the defendant’s manufacture as and for iron of the plaintiff’s manufacture.” Cresswell J, in referring to one of the questions left to the jury, “whether there was such a close resemblance in the mark used by the defendant to that of the plaintiff as to be calculated to impose on the unwary, and injure the plaintiff’s sale.”)
\textsuperscript{63} Hogg v Kirby (1803) 8 Ves 336, 340.
\textsuperscript{64} Singer v Loog (1882-83) LR 8 AC 15 (HL) 30 (Lord Blackburn.)
\textsuperscript{65} Wilkins v Aikin (1810) 17 VES JUN 422; Cruttwell v Lye (1810); Knott v Morgan (1836) (Lord Langdale noted that the only question here is whether the defendant fraudulently imitated the title and insignia by the plaintiff’s for the purpose of injuring them in their trade.); Perry v Truefit (1842) 6 Beav 65, 72 (“The question is cases of this kind is, whether the Court should grant an injunction in the first place, or should withhold its interference until the matter has been tried in a Court of Law, to which jurisdiction the determination of the legal right properly belongs.”);
\textsuperscript{66} Motley v Downman (1837) 3 MY & CR 1, 14.
\textsuperscript{67} Spottiswoode v Clarke (1846) 2 PH 154, 156 (Lord Cottenham discussing the principles governing injunctions.)
But contrary to some academic opinions, a claimant whose trade symbol had been allegedly infringed did not prove its right at law simply by producing evidence of defendant’s attempts to divert the claimant’s customers, in the absence of any exclusive rights. Courts were very clear that at law a claimant established a right to the use of his mark if he could prove that he had used it for a length of time and, as a result, his goods were known in the market by that trade mark. Further, the legal right that Equity sought to make more effectual in the form of preventive justice was early defined as being “a right to have a particular trade mark to designate a commodity.” Lord Cranworth elaborated on the nature of this legal right by distinguishing it from other intellectual property rights: “This [trade mark] right cannot be properly described as a copyright, it is in fact a right which can be said to exist only and can be tested only by its violation, it is the right which any person designating his wares or commodities by a particular trade mark, as it is called, has to prevent others from selling his wares which are not his with that trade mark in order to mislead the public and so incidentally to injure the person who is owner of the trade mark.” The right of action, therefore, was primarily given to target a wrong on purchasers and, indirectly, redresses a private harm to the trader; it was not intended to protect a private interest in the trade symbol as such.

Despite the difference in relief available, the overriding principle upon which both Equity and Common Law originally operated was, for most of the nineteenth century, the same, namely, fraud with the legal doctrine being conceived of as preventing the commission of a wrong. The principle was succinctly summarised by Lord Langdale when he stated that “a man is not to sell his own goods under the pretence that they are the goods of another man; he cannot be permitted to practise such a deception, nor to use the means which contribute to that end.” He stated very clearly that this was the principle on which both Courts of Law and Equity proceeded in granting relief and protection, explicitly rejecting the suggestion that the foundation of the law was premised on any exclusive right. More importantly, Lord Langdale specifically identified the two chief concerns underlying the basis for the Court’s  

68 McKenna note 10, 1857, cites the appeal in Farina v Silverlock (1) (1855) 1 K&J 509. Yet the judge in that case never discussed this issue. In Farina v Silverlock, a case involving the defendant’s printing for his own use and selling of the claimant’s labels to third parties, the defendant denied any fraud as he was merely manufacturing the labels for the legitimate use of retailers who resold the claimant’s products, and contested the claimant’s allegation of exclusive right in the labels. The judge found no evidence of the fraudulent passing-off but was satisfied that the evidence overwhelmingly established the claimant’s right and, on this basis, an injunction followed. On appeal, Farina v Silverlock (2) (1856) 6 De G.M.&G. 214, 220, Lord Cranworth dissolved the injunction as he found no evidence of passing-off. He also accepted the defendant’s argument that there were persons who might use the claimant’s labels for legitimate purposes. He held that “[the lower court] has, as it appears to me, taken a course which, though it will stop the fraudulent use, may also stop the legitimate use of the label.”  
69 Ford v Foster [1871-72] L.R. 7 Ch.App. 611, 630-31. (“The declaration at law always begins by setting out that the plaintiff had used for a length of time a certain particular trade mark and that this goods were known by that trade mark...” (Mellish LJ)); Farina v Silverlock (1), note 68, 517 (VC Page-Wood held that long use and the existence of no other similar mark proved the claimant’s right.)  
70 Farina v Silverlock (2) note 68, 217.  
71 Idem.  
72 See the discussion in Part IV  
73 Perry v Truefit note 65, 73.
intervention: “I have no doubt that another person has not a right to use [another’s name] for the purpose of deception [on the public] and in order to attract to himself that course of trade, or that custom, which without the improper act, would have flowed to the person who first used [that name].”\(^74\)

Just a year later, Lord Langdale reaffirmed this principle and, in doing so, widened the ambit of actionable wrongs by stating that the same principle could be expressed in a different form: “that no man has a right to dress himself in colours, or adopt and bear symbols, to which he has no...exclusive right, and thereby impersonate another person, for the purpose of inducing the public to suppose that he is that other person, or that he is connected with and selling the manufacture of such a person, while he is really selling his own.”\(^75\) In his view, a trader found to be doing this was committing a “very gross fraud.”\(^76\) Nonetheless, although Lord Langdale constantly referred to the “right” of a trader, we must not lose sight of the fundamental truth that such a right was merely a right to have one’s goods distinguished; the law, as explained by Lord Cranworth, was there chiefly to prevent a wrong and, incidentally, recognise that right.\(^77\) Admittedly, the legal intervention envisaged both public and private interests but the courts were not explicit about this. In *Croft v Day*\(^78\) a claim was brought against the defendant, Charles Day, who had deceitfully entered into a partnership with a friend, Richard Martin, for the purpose of using the name Day & Martin -the claimants’ trade name- as manufacturers in the same trade. It also transpired that the defendant had set up his business very close to the claimants’ address and adopted a similar livery to the one used by the claimants. Lord Langdale found the defendant guilty of fraud and decided to grant an injunction to “prevent [the defendant] from using [his name] in such a way as to deceive and defraud the public, and obtain for himself, at the expense of the plaintiffs’, and undue and improper advantage.”\(^79\)

In keeping with the early origins of the law in deceit, courts attached great importance to the notion of fraud which they refrained from defining as that concept was believed to be “so multiform”\(^80\) and “infinite in variety”.\(^81\) This circumstance did not stop Lord Langdale from devising a rather broad test to ascertain fraud, based on the original notion of deceit practised on the public and the unfair benefit thereby obtained by the defendant.\(^82\) Regardless, fraud was broadly understood to consist in “knowingly asserting that which is false in fact, to the injury of another.”\(^83\) This broad understanding immediately raises the question as to who was injured by such a false statement. Some commentators have asserted that in these early cases courts “invariably” described the

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\(^74\) Ibidem.
\(^75\) *Croft v Day* (1843) 7 Beav 84, 88.
\(^76\) Idem.
\(^77\) *Farina v Silverlock* (2) note 68.
\(^78\) Note 75.
\(^79\) Idem.
\(^80\) *Frank v Weaver* (1847) 10 Beav 297, 304 (“Nobody has been able to define what fraud is, it is so multiform.”)
\(^81\) *Reddaway v Banham* note 37, 221 (Lord Macnaghten).
\(^82\) *Croft v Day* note 75, 88.
\(^83\) *Crawshay v Thompson* note 51, 387 (Cresswell J).
defendant as having practised fraud against the plaintiff.\textsuperscript{84} It is true that in some cases the courts observed that the defendant’s attempt to mislead the public amounted to a “palpable” fraud on the plaintiff\textsuperscript{85} whilst in others they felt the need to intervene to prevent plaintiffs being “cheated.”\textsuperscript{86} Similarly, courts considered the defendant’s attempt to set up a similar business under a similar designation to the one already established by the claimant as “a fraud on the person who established the trade.”\textsuperscript{87} Nevertheless, one also finds numerous cases in which the courts regarded the defendant’s use of his own name, being the same as that of the claimant, as an “avowed” fraud on the public\textsuperscript{88} whilst in other instances they found no evidence of fraud on the claimant’s customers to intervene.\textsuperscript{89} Sometimes courts, even in the same decision, referred to the right of the claimant to be protected against fraud but described the defendant’s wrongful conduct as fraud on the public.\textsuperscript{90} Yet some judges also said that the defendant could be guilty of fraud towards the buyer as well as towards the claimant.\textsuperscript{91} In the light of these findings, it is hardly accurate to assert that the defendant’s conduct was “invariably” described as fraud on the claimant.

2. Fraud Under Attack

Once the principles and the interests to be protected had been established, it became increasingly common for the courts to stop a wide range of illegitimate commercial dealings.\textsuperscript{92} More crucially, the principle on which these cases were decided appeared in many other judicial decisions throughout this formative period and effectively laid the foundations upon which the Courts would later develop the tort of passing-off.\textsuperscript{93} However, at this point the limits of the action were still being tested with the result that its boundaries were pushed still further when a Chancery Court, in \textit{Millington v Fox},\textsuperscript{94} decided that evidence of fraudulent intent was not necessary to support an injunction. At the outset, Lord Cottenham was quick to observe that the case before him was very different from the ordinary cases of this kind which usually involved fraudulent use by one person of another’s trade marks or names.\textsuperscript{95} The Solicitor General and the defendant had argued forcefully that no injunction should be granted because the claimants had failed to prove that defendants had used the

\textsuperscript{84} McKenna supra note 10, 1853.
\textsuperscript{85} Frank v Weaver note 80, 304.
\textsuperscript{86} Braham v Bustard (1863) 1 H&M 447, 455.
\textsuperscript{87} Lee v Haley (1869) LR 5 Ch. App. 155, 161.
\textsuperscript{88} Holloway v Holloway (1850) 13 Beav 209, 213.
\textsuperscript{89} \textit{Cellular Clothing v Maxton & Murray} [1895-9] HL All ER Ext 1444, 1448 (per Lord Watson)
\textsuperscript{90} \textit{Croft v Day} note 75, 88-90.
\textsuperscript{91} Singer v Loog [1880-81] LR 16 Ch.D. 395 (CA) 425 (Lush LJ)
\textsuperscript{92} \textit{Croft v Day} note 75 88.( the manufacturing of blacking using the same labels previously used by the claimant); \textit{Knott v Morgan} (1836) 2 Keen 213, 219 (the running of an omnibus service displaying not only the same trade name as that of the claimant but also painting the coaches and dressing the staff with the same colours as the claimant’s); \textit{Edelsten v Vick} (1853) 11 Hare 78, 85 (the selling of pins); \textit{Shrimpton v Leight} (1854) 18 Beav 164, 165. (The selling of needless wrapped in the same colour and product configuration as those of the claimant); \textit{Collins Co v Brown} note 57, 427; \textit{Collins Co v Cohen} note 57, 430.(the stamping of the names and address of a foreign company on tools not manufactured by the claimant and sold in the England)
\textsuperscript{93} \textit{Leather Cloth Co v American Leather Cloth} [1865] XL HLC 523 (HL) 536 (Lord Cranworth).
\textsuperscript{94} (1833) 3 MY. & CR. 338.
\textsuperscript{95} Ibidem 352.
claimants’ marks knowingly and wilfully. The judge himself was satisfied that there had been no fraudulent intention on the part of the defendants in the use of the claimants’ names Crowley Millington. Yet, he decided, without citing any authority, to grant a perpetual injunction by holding that “that circumstance...does not deprive the plaintiffs of their right to the exclusive use of those names.”

Perhaps inadvertently, Lord Cottenham’s decision had profound implications for the future development of trade mark actions. Firstly, insofar as even an innocent use of a trade symbol could be stopped, this effectively meant that the link of the equitable action to its origins in fraud and deceit was slightly severed; and secondly, as explained later by Mellish LJ, having taken this further step, there was nothing to stop Chancery from considering trade marks as property. Needless to say, both issues dominated the opinions of the courts for the rest of the nineteenth century. As regards the first issue, courts immediately questioned whether there was in fact any judicial precedent to support the ruling in *Millington v Fox*. Lord Langdale tried to make sense of that case by stating that “[i]t seems to have gone this length, that the deception need not be intentional and that a man, though not intending any injury to another, shall not be allowed to adopt [someone else’s marks], if the effect of adopting them would be to prejudice the trade of such other person.” Yet he concluded that he was not aware of any previous case carrying the principle to that extent. Likewise in *Crawshay v Thompson*, an action at Law, Coltman J, after hearing the claimant’s argument that fraud was no longer necessary, replied that “an intention to deceive is a necessary ingredient in this case” while in *Eldesten v Vick*, VC Page-Wood was adamant that “there must be an intention to deceive the public, or this Court will not interfere.” Moreover, in rejecting the argument that fraudulent intent was unnecessary, the courts rejected claimants’ allusions to copyright and patent laws in an attempt to assert property rights in trade marks.

Before moving on to consider the treatment of trade symbols as property, let me make a few observations that emerge from this brief analysis of the case-law and, at the same time, address a few points recently raised by commentators in respect of the historical development of the law. Firstly, at least up until the middle of the nineteenth century, the two actions available for the infringement of trade symbols, Common law and Equity, were firmly wedded to the idea of misrepresentation and a trader who adopted a particular way of designating his goods had a right to bring an action against the fraudulent use of his name or mark if he could prove that another dishonest trader was selling...
his own goods as and for the goods of the claimant. Secondly, the jurisdiction of the court did not depend on any exclusive or property right in the name or symbol but on the need to prevent the defendant from deceitfully using those names or symbols with the intention of misleading the public and, indirectly, unfairly injuring the claimant’s business. And thirdly, either at law or in equity, it was essential to show a fraudulent intention which courts would generally presume from the claimant’s long standing and exclusive use of its trade symbol.\[104\]

More recently, however, there has been some suggestion that there was some confusion as to the true basis of protection arising from the fact that, in early cases, courts usually referred to the same precedents and spoke in same terms regardless of the form of action. It was confusing, for instance, for a court of equity whose jurisdiction depended on property to speak of fraud when deciding cases. McKenna has cited Hogg v Kirby and Croft v Perry to illustrate this point.\[105\] As to first case, it is true that the Chancery Court in that case granted an injunction to restrain the publication of a magazine as a continuation of the claimant’s periodical; yet the relief was not couched in terms of damage to the goodwill of the claimant’s periodical. Instead, Lord Eldon framed the enquiry to determine intervention by injunction in the familiar language of misrepresentation as he is reported as saying: “I shall state the question to be, not whether [the defendant’s] work is the same, but, in a question between the parties, whether the defendant has not represented it to be the same.”\[106\]

With regard to Croft v Perry, a case discussed above, it is also true that an injunction was granted on the basis of deception being practised on the public from which the defendant obtained an undue benefit.\[107\] And the same rationale prompted the courts to intervene in a period in which “instances of tradesmen endeavouring to obtain an advantage to themselves, by the use of the name and reputation of others” became “too common.”\[108\] But any “apparent ambiguity” in these cases disappears when it is recalled that from the very beginning up until the middle of the nineteenth century fraudulent representations, and not property rights, motivated the intervention of both Common Law and Chancery courts.\[109\]

3. The Shift to Property as the Jurisdiction of Chancery

The notion of property in trade marks found its most staunch supporters in VC Bacon and Lord Westbury; the former essentially followed in the footsteps of the latter. Thus, by 1863 in granting an injunction, Lord Westbury was

\[104\] Collins Co v Brown note 57, 428. (“If a man has been in the habit of using a particular mark for his goods for a long time, during which no one else has used a similar mark, and then another person begins to use the same mark, that can only be with a fraudulent intent.”)

\[105\] McKenna supra note 10, 1856.

\[106\] Hogg v Kirby note 63, 225.

\[107\] Croft v Day note 75.

\[108\] Frank v Weaver note 80, 302. (Lord Langdale).

\[109\] Other commentators have reached the same conclusion. Bently “Communication to Thing…” note 36, 7. (“At mid-century…both regimes were premised on the idea that the courts should intervene where one trader fraudulently used a mark associated with another.”)
reported as ruling that “this Court will act on the principle of protecting property alone, and it is not necessary to the injunction to prove fraud in the defendant…”110 Under this model, a court should determine three questions: property in the claimant’s trade mark, substantial similarity between the marks in question and defendant’s knowledge of claimant’s right, though the latter was only relevant to the extent of the relief. Crucially, if defendant’s mark was found to be substantially the same as the claimant’s this would be an automatic “invasion of his property.” Further, under a property analysis, the damage done to the claimant, hitherto considered only incidental to legal redress, became the central focus: “The injury done to the plaintiff in his trade by loss of custom is sufficient to support his title to relief.”111

Later in the same year, on the authority of Millington v Fox, Lord Westbury debunked the early judicial view that the basis of the remedy was based on fraud by stating that courts would impose liability even if the defendant had acted innocently and without knowledge of the claimant’s mark. In Hall v Barrows,112 the defendant had argued that there was no property in a trade mark and that the right to relief was a personal one, founded on the fraud committed when one man sells his goods as the goods of another. As to the first argument, Lord Westbury rightly replied that “there can be no right to exclusive ownership of symbols or marks universally in the abstract...for a trade mark consists in the exclusive right to the use of some name or symbol as applied to a particular manufacture...”113 However, he went further in his answer to the second allegation when he stated that “imposition on the public is indeed necessary for the plaintiff’s title, but in this way only, that it is the test of the invasion...of the plaintiff’s right of property; for there is no injury if the mark used by the defendant is not such as is mistaken, or is likely to be mistaken, by the public for the mark of the plaintiff....”114 Lord Westbury insisted that the true ground of the court’s jurisdiction was property and the necessity to protect it because of the inadequacy of the legal remedy.

At this point, it is not difficult to see that Lord Westbury was growing impatient with the traditional conception of fraudulent intent. In Leather Cloth v American Leather Cloth,115 he became even more vocal in his criticism against those courts that rested their decisions upon fraud on the public, in particular, Lord Langdale’s decisions in Croft v Day and Perry v Truefitt. He explained that that interpretation was hardly an accurate statement of the law as there could be passing-off without giving the aggrieved trader a right to complain unless he suffered or was likely to suffer pecuniary loss or damage.116 As in his previous decisions, he insisted that Equity would interfere even if the defendant had no intention of selling his goods as the goods of the plaintiff, or of practising any fraud either on the plaintiff or the public. But in this case, Lord Westbury went

110 Eldesten v Eldesten (1863) 1 De G.J.&S. 185, 199. (Lord Westbury drew a distinction between the principles underlying Law and Equity. While he acknowledged that fraud was indeed the essence of the action at law, he thought that the same was not necessary in Equity).
111 Ibidem 200.
112 (1863) 4 De G.J.&S 150, 140
113 Ibidem, 158-159.
114 Ibidem, 159.
115 (1863) 4 De G.J.&S 137, 140
116 Ibidem,
even one step further and, oblivious as he might appear to be of previous
decisions to the contrary, held that “the act of the defendant is a violation of
such a right of property, corresponding to the piracy of copyright or the
infringement of the patent.” 117 In the end, however, the injunction was denied on
the footing that the claimant himself was making false statements in relation to
the quality of its goods, which effectively debarred him from any legal
protection.

Two caveats are in order before viewing Lord Westbury’s proprietary
treatment of trade symbols as granting absolute rights to prevent any
unauthorised use. Firstly, under this theory, there is no injury unless the
defendant uses the mark on the same goods as the claimant so that it is
mistaken or likely to be mistaken by the public because of the identity or
similarity between the marks. 118 Secondly, while his conception of property in
trade symbols involves the right to the exclusive use of some mark in
connection with a particular manufacture, such exclusive right may not be
invoked to restrain the use of the same mark by another on dissimilar goods. 119
It is therefore safe to conclude that the property notion was originally a qualified
right. Yet in fairness to Lord Westbury’s radical theory, and much to the
detriment of the original notion based on fraud, in the latter part of the
nineteenth century, there was a growing judicial realisation that it was
impossible “to look into the minds of the defendants or to detect their secret
motives.” 120 Consequently, partly prompted by the decision in Millington v Fox,
courts began to focus not so much on the defendant’s intention as on whether
the defendant’s acts were such as to be likely to result in the public being
deceived. 121 Nevertheless, VC Page-Wood did wonder how far that doctrine
was capable of being reconciled with cases at law in which the scirent was
essential to recover but declined to consider the issue. 122

At this stage the time was ripe for the House of Lords to provide an
exegesis of the true nature of the trade mark right and the basis for relief. That
opportunity came as an appeal against Lord Westbury’s decision in Leather
Cloth Co. In dismissing the appeal on a slightly different ground, namely, the
absence of similarity between the two marks, the House of Lords effectively
gave its imprimatur to the treatment of trade marks as property; yet the lords did
not explicitly say whether or not imposition on the public ought to be considered
a ground of the private action or merely a test as advocated by Lord
Westbury. 123 Although Lord Cranworth observed Lord Westbury’s remark that
the law of trade marks had not been well-defined and lacked underlying

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117 Ibidem.
118 Edelsten v Edelsten note 110, 200.
119 Hall v Barrow note 112,158 (“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
woollen goods.”); Leather Cloth Co v American Leather Cloth note 115, 146 (“the use of the
same mark in connection with a different article is not an infringement of such a property right.”)
120 Edelsten v Vick (1853) 11 HARE 78, 85.
121 Ibidem; Welch v Knott (1857) 4 K&J 747, 751. (Accepting the theory of Millington v Fox
inasmuch that, despite the defendant’s intention, the public was in fact misled.)
122 Welch v Knott (1857) 4 K&J 747, 751.
123 Leather Cloth note 93, 533.
satisfactory principles, he said nothing to countenance that remark. He then went on to state that “the right to a trade mark is a right closely resembling, though not exactly the same as, a copyright”; yet he saw nothing wrong in applying the label of “property” to trade marks. Having characterised trade marks as property, it was then easy for him to hold that such a right might be sold and transferred upon the sale of the manufactory where the goods were made.

For his part, Lord Kingsdown also acknowledged the differences of opinion as to the precise principles underlying the law but considered the rules applicable as sufficiently “clear and simple.” He referred to *Perry v Truefitt*, which had been rejected by Lord Westbury, as laying down the fundamental principle in these cases, namely, that “one man has no right to puff his goods for sale as the goods of a rival trader….” Significantly, Lord Kingsdown’s analysis to determine infringement stressed the tortious elements of the defendant’s conduct rather than the invasion of any property right in the mark. Yet the House of Lords established that the absence of fraudulent intent was not fatal to the complaint, if the result was in fact produced. This was in fact the case here where the House did not find any resemblance between the two labels at issue. But whilst the trade mark might have been described as property, the House of Lords appeared to be saying that the ground for the courts’ interference was still deception of the public.

Despite this first intervention by the House of Lords, the issues of fraudulent intent and property in trade marks looked far from settled with the result that the judicial disagreement rumbled on for the rest of the nineteenth century. But unlike the earlier part of this century, during the second half, there was a flurry of judicial activity in both the lower courts and the House of Lords.

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124 Ibidem.
125 Ibidem 534 (The exclusive right he had in mind, though, was a limited right in that it was used “for the purpose of indicating where, or by whom, or at what manufactory, the article to which it is affixed was manufactured.”
126 Ibidem.
127 Ibidem, 538.
128 Ibidem, 539. In his view, the general rule in infringement cases is whether the defendant’s trade mark so nearly resembles that of the plaintiff as to be calculated to deceive incautious purchasers. This requirement of being “calculated to deceive” is still a fundamental part of the enquiry in modern passing-off cases. See Carty Hazel “Passing-off and Instruments of deception: the Need for Clarity” (2003) 4 EIPR 188
129 Ibidem, 540.
130 Ibidem, 536 (“The gist of the complaint in all these cases is, that the Defendant…has induced persons to purchase [the Defendant’s goods] relying on the trade mark a proving them to be of the Plaintiff’s manufacture.” (Lord Cranworth).
131 Ibidem, 541. (Lord Kingsdown)
that led to more decisions and more elaboration of the applicable principles.\textsuperscript{132} The requirement of fraudulent intent was soon abandoned as the courts decided it was impossible to ascertain the motivations behind infringing acts and, for that reason, it was the consequences flowing from the deceit rather than the intention that entitled the claimant to an injunction.\textsuperscript{133} It was nonetheless acknowledged that a different question might have been asked in an action at law.\textsuperscript{134}

Property as the sole basis for intervention,\textsuperscript{135} however, proved far more controversial and gave rise to a number of contradictory opinions, sometimes even by the same judges.\textsuperscript{136} It is not difficult to see that, by jettisoning fraud, the courts were slowly but surely shifting the focus of their analysis from defendant’s conduct to a consideration of the nature of the claimant’s right,\textsuperscript{137} since the nature of that right was said to constitute property, the inexorable conclusion was that, in preventing unauthorised uses, fraud was irrelevant.\textsuperscript{138} Nevertheless, it was not long before courts began to fear that, in asserting their exclusive right of property against others, traders were effectively seeking to obtain a monopoly in the articles on which their trade marks appeared.\textsuperscript{139}

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\textsuperscript{132} Lionel Bentley “The Making of Modern Trade Marks Law: The Construction of the Legal Concept of Trade Mark (1860-80)” 3. 12 in L. Bentley, Jane C. Ginsburg, Jennifer Davis (eds.) \textit{Trade Marks and Brands: An Interdisciplinary Critique} (CUP, Cambridge 2008) (Observing that this judicial activity resulted in more consistency and coherence.)

\textsuperscript{133} \textit{Singer v Wilson} (1877-78) LR 3 AC 376 (HL) 391 (Lord Cairns held that “the action of the Court must depend upon the injury to the plaintiff, and the injury done to that right. What the motive of the defendant may be, the Court has very imperfect means of knowing.”; Lord O’Hagan similarly took the view that “if the ruling in \textit{Millington v Fox} be law…the fact of misleading, or the tendency to mislead, and not the intention of the proceeding…entitles the person who is injured to the protection of a Court of Equity…”)

\textsuperscript{134} Ibidem, 400 (Lord Blackburn)

\textsuperscript{135} Even prior to Lord Westbury’s decisions arguing that the sole basis for the interposition of Chancery was property, the Court of Appeal, in a non-trade mark case, had already made this point. See \textit{Emperor of Austria v Day} [1861-73] All ER Rep Ext 1597 (CA) 1614 (Turner LJ)

\textsuperscript{136} The various opinions given by Lord Blackburn epitomise this judicial contradiction. While in \textit{Singer v Wilson} note 133, 400, he refused to say whether there was any property in marks or whether fraud was unnecessary as he thought that the House of Lords had never endorsed any of these two positions, in \textit{Archibald Orr Ewing v. The Registrar} (1878-79) L.R. 4 AC. 479 (HL) 494 he stated unequivocally that before the passage of the 1875 Act, it had been established that when a trader uses a mark to distinguish its goods, he acquired property in it to the effect that, for the purpose of preventing infringement, it was not necessary to prove fraud. Yet in \textit{Singer v Loog}, note 64, 37 he accepted the claimant’s assertion of property in its mark, but was not prepared to grant an injunction unless deception of the public was proved.

\textsuperscript{137} \textit{Singer v Wilson} note 133, 391, Lord Cairns holding that the action of the Court must turn on the injury done to the claimant’s right; Restatement (Third) of Unfair Competition Chapter 3, s.9, d; Daniel McClure, “Trademarks and Unfair Competition: A Critical History of Legal Thought” (1979) 69 TMR 305, 314.

\textsuperscript{138} Ibidem, 400, Lord Blackburn thought the proposition of a right of property in a name was the same thing as the proposition that it is not necessary to prove fraud; in a later decision, he took the same approach in \textit{Archibald Orr Ewing v. The Registrar} note 136, 494.

\textsuperscript{139} This concern was raised twice by the Court of Appeal during the litigation involving the trade mark Singer. In both cases the claimant Singer Company sought to prevent the defendants from advertising for sale his own machines as made under the Singer system. \textit{Singer v Wilson} note 43, 456 (“Although it is perfectly right to protect the use of trade marks and trade names, yet it is impossible not to see that persons do try to use their right in trade marks…for the purpose of getting a monopoly in particular articles, just as if they had a patent…” (Mellish LJ); \textit{Singer v Loog} (1880-81) L.R. 18 Ch.D. 395, 412 (James LJ held that “there is no such thing as a
response to this growing concern, courts distinguished between cases of “improper” trade mark use and other “fraudulent” uses; in the former the mere imitation of a trade mark proper, usually a distinct or peculiar symbol aptly affixed to distinguish, was considered an infringement whilst in the latter a fraudulent dealing, without necessarily using a trade mark proper, was contrived for which a false representation had to be made out.\textsuperscript{140} These cases would eventually evolve into actions for infringement -concerning trade marks- and passing-off actions -involving all other trade designations.\textsuperscript{141}

Although courts grudgingly conceded that there was in fact some property in trade symbols in the sense that the right might be sold or transferred, they restricted the right by reverting to the premise of false representation, that the defendant’s goods were those of the claimant, as the basis of relief.\textsuperscript{142} The most candid statement on this limited proprietary right came from Lord Watson in \textit{Singer v Loog}. There, his lordship agreed that the claimants had an exclusive right to use the name “Singer”; yet he held that “there is no authority, and in my opinion, no principle for giving the trader any higher right. If he cannot allege and prove that the public are deceived, or that there is a reasonable probability of deception, he has no right to interfere with the use of the name by another.”\textsuperscript{143}

Similar judicial rebuffs to the rhetoric of property ensued\textsuperscript{144} but it was not until the turn of the century that the issue was eventually settled by recognising that a trader had an exclusive right not in its mark \textit{per se} but in the business goodwill represented by that mark.\textsuperscript{145} Effectively this meant that the focus of the property theory was shifted from the mark itself to the value underlying the mark. But, as a result of the fusion of law and equity in England in 1873, claims of a property right in trade symbols lost their importance as a basis for granting

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\textsuperscript{140} Jessel MR made this distinction which was then endorsed on appeal by James LJ, who thought that fraud was the essence in both cases. See \textit{Singer v Wilson} note 43, 451. The cases, however, was reversed by the House of Lords. Although Lord Cairns did not agree with the requirement of fraud in cases of trade marks, he nonetheless appeared to have supported the distinction. See \textit{Singer v Wilson} note 133, 391; \textit{Reddaway v Banham} note 37, 210 (Lord Herschell also distinguished between these two cases.)

\textsuperscript{141} Infringement actions came to be regulated by the statute whilst passing-off actions were governed by the old-established principles developed by the courts. See \textit{In re Edward’s Trade-Mark} [1884] 30 Ch D 454 (CA) 470 (Cotton LJ); Sebastian \textit{The Law of Trade Marks} (1st Ed, London 1878) 17.

\textsuperscript{142} This was certainly the cases in subsequent decisions in the House of Lords. See \textit{Wotherspoon v Currie} (1872) L.R. 5 H.L. 508, 519 (Lord Chelmsford); \textit{Singer v Loog} note 64, 34-38 (Lord Blackburn); \textit{Reddaway v Banham} note 37, 215-216 (Lord Macnahten); \textit{Reddaway v Banham} note 37, 215-216 (Lord Macnahten); cf \textit{Singer v Wilson} note 133, 396 (Lord O’Hagan).

\textsuperscript{143} \textit{Singer v Loog} note 65, 39; cf \textit{Somerville v Schembri} (1887) 12 AC 453 (PC) 457.

\textsuperscript{144} \textit{Singer v Loog} note 65, 27 (Lord Selborne is reported as holding that the argument of property cannot be maintained on any principle.); \textit{Reddaway v Banham} note 37, 209-210 (Lord Herschell held that “the word property has been sometimes applied to what has been termed a trade mark at common law. I doubt myself whether it is accurate to speak of there being property in such a trade mark...”)

\textsuperscript{145} \textit{Spalding v Gamage} [1915] ALL ER. 147 (HL) 150 (Lord Parker)
injunctions. In addition, the passage in England of the 1875 Trade Marks Act came to reinforce, in sharp contrast with the judicial approach, the treatment of trade marks as property by establishing, for the first time, a registration system for marks and, thereby, considering the existence of such registration equivalent to public use. More significantly, under both of these statutory regimes, the rules of the Chancery courts prevailed over those of the common law.

4. Trade Mark Law in the Common Law and Chancery Courts

Before turning to the development of trade mark law in America, let us address a few comments recently made in relation to the allegedly secondary, perhaps even irrelevant, rôle of consumers' interests in the early English cases. What emerges from the historical analysis above is the fact that the legal doctrine underwent a major development triggered, to a great extent, by Lord Westbury's decisions and, to a lesser extent, by Lord Cottenham's decision in Millington v Fox. In particular, those of Lord Westbury were highly influential at the time and, even today, have been used by some contemporary commentators to argue that "traditional" trade mark law was not concerned with protecting consumers but rather with the protection of traders and their interests in not having their trade damaged. These commentators have also argued that deception of the public was not sufficient to warrant relief unless the claimant could tie the confusion to a personal economic loss. Thus the interests of consumers, if ever mentioned, were secondary in the analyses of the courts and, in general, did not motivate any decisions.

Those arguments are, however, misguided. They fail to recognise that Lord Westbury's formulation of trade mark law was at variance with the way the law had originated and developed in the courts of common law and, later, in Chancery. When he expounded his views on property as the character of the right and the ground on which Chancery would intervene, he turned the traditional rule of the common law on its head and, in doing so, truly "surprised the profession." Yet his views, radical as they were, might well have been applicable only to the characterisation of the law in Chancery, but not to the Common law courts, from which trade mark law actually emanated. Indeed, for some courts, Lord Westbury's doctrine remained questionable and, when the doctrine was adopted, it was either rejected on appeal or applied

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146 Wadlow note 50, 29 (The power to grant injunctive relief derived directly from the Judicature Act 1873.)
147 The 1875 Act was by no means the first legislative attempt in England to introduce statutory protection for trade marks. In 1862, the Merchandise Act was passed, creating criminal offences for misdescriptions in trade with intent to defraud. It was nevertheless replaced as it was considered to have failed to give full recognition of marks as property. See Bently note 132, 9-10.
148 Bently “From Communication to Thing...” note 36, 28 (Although the Act did not in fact declare trade marks as property, it did introduce some proprietary language).
149 Sebastian note 141, 9-12.
150 McKenna supra note 10.
151 Pinto v Badman [1891] 3 RPC181 (CA) 194.
152 Bow v Hart [1905] KB 592 (CA) 593 (Stirling LJ observed that “Lord Westbury frequently said that there was property in a trade-mark...but the point was never treated as definitely settled.”)
inconsistently. Furthermore, by accepting Lord Westbury’s view as the only “traditional” paradigm of the law, one is effectively ignoring at least two centuries of decisions in which the Common Law, through the decisions of other judges, breathed life into and shaped the very earliest law of trade marks.

Rather than accepting his views, it is worth revisiting some of the decisions he relied on in his judgements to support his theory. Analysing these cases is also relevant as they were later used to the same effect, without any discussion, by American courts. For instance, in Leather Cloth he cited Clark v Freeman for the proposition that “the goods of one man may be sold as the goods of another without giving to that other person a right to complain, unless he sustains, or is likely to sustain, from, the wrongful act some pecuniary loss or damage.” But Clark v Freeman was hardly a case in point as it was rather a complaint involving slander. In that case, Lord Langdaile, the same judge who decided the cases Lord Westbury was castigating for making “inaccurate” statements of the law, refused to interfere, not because the claimant had failed to show any pecuniary injury, but because the judge found himself unable to liken the claim to cases dealing with fraudulent attempts to pass off a trader’s own goods as the goods of another. Lord Langadale considered the defendant’s act of selling his own pills bearing the name of the claimant, a prominent doctor, very “disgraceful” but, as that the claimant was not in the business of making and selling pills to the public, he thought that a court could not interfere.

Another case Lord Westbury cited was Webster v Webster. That case was one of the earliest cases in Chancery reported. The actual report is rather short and contains scant details as to the pleadings and facts of the case. Nevertheless, the case involved an application by the executors of the deceased partner, John Webster, to restrain the surviving partners, David Webster and James Wedderburn, from using the name of the firm to carry on the trade of the partnership based merely on the ground that, thereby, the estate of the deceased partner might be made liable. There is no indication that the claimants alleged passing-off or any deception being practised on the public to the detriment of the claimant. Not surprisingly, the Lord Chancellor was sceptical that the use of the testator’s name in trade might have the effect that the claimant contended. Yet the claimant insisted that, if that was the case, it then had to be fraud upon the public. The Chancellor’s reply was the proposition

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153 As stated above, VC Bacon was the strongest supporter of Lord Westbury’s property theory. However, VC Bacon’s conception of the law was not always coherent. While in Hirst v Denham [1872] LR 14 Eq 542, 553 his decision was grounded on defendant’s wrongful act resulting in deception of the public, in Singer v Loog note 139, 402, at first instance, he based his interference on property describing the action as “an action of trespass on the case.” Also, in Chevin v Walker [1876] 5 Ch D 850, 858 VC Bacon stated that “the true rule which is established by the cases is that when the right to a trade-mark is established, no man can lawfully interfere with it; no one can take another man’s property”. On appeal, the decision was reversed and Jessel MR restated the rule by holding that “fraud is the foundation of all this branch of jurisdiction, and unless fraud is proved, this Court ought not to interfere.”

154 (1848) 11 Beav 112.

155 Ibidem

156 (1791) 3 Swans 493.
that Lord Westbury would later quote without any elaboration: “the fraud upon the public is no ground for the plaintiff’s coming into this court”.\footnote{Idem.}

A similar statement was made in \textit{Levy v Walker},\footnote{[1878-79] LR 10 Ch. D. 436 (CA)} a case relied on by McKenna without discussion,\footnote{McKenna supra note 10, 1854.} where the question raised also involved the use of the claimant’s name as a trade name, except for the fact that in this case the partnership had been dissolved as an ongoing concern and the goodwill had been purchased by the defendant partner. The claimant had got married, which meant that she had changed her surname, and moved to Paris to start a new business, “Charbonnel et Cie.”, whilst the defendant had carried on the old business in London under the style of Charbonnel & Walker, the dissolved partnership. Much like the contention in \textit{Webster v Webster}, the dubious allegation here was that the use of the name “Charbonnel” in the business would have a prejudicial effect on the business in Paris by indicating to the world that the claimant was a partner in the defendant’s business. At first instance, the judge granted an injunction but based its decision on the ground that goodwill ordinarily does not include the right to use the name of a living person.\footnote{Ibidem 444.}

On appeal, the Court dissolved the injunction, Jessel MR concluding that he could not see any liability being imposed on the claimant by the defendant’s carrying on the old business.\footnote{Ibidem 447.} James LJ agreed but premised his decision primarily on the principle that the assignment of the goodwill did convey the right to use the name of the business and the exclusive right to use the name as between the vendor and the purchaser of that business.\footnote{Ibidem 449.} He nevertheless pointed out that the right in these cases should be treated in the same way as that of trade marks, stressing the fact that only when a fraudulent representation is made, resulting in loss of profits, will a court interfere. James LJ is then reported as stating that “the Court interferes solely for the purpose of protecting the owner of a trade or business from a fraudulent invasion of that business by somebody else. It does not interfere to prevent the world from being misled into anything.”\footnote{Ibidem 448.}

The way one should read this \textit{dictum}, as it appears to have been later interpreted,\footnote{Re David v Matthews [1898] 1 Ch 378 (CA) 384 (Romer J appears to be reading the decision as holding that the assignment of the goodwill of a business conveys the right to use the name of the business sold, but nothing else.)} is not that the interests of the public were completely disregarded, but simply that the \textit{only} sort of representation for which a court would interfere was not, in line with the early origins of the action, mere confusion arising from some act of the defendant.\footnote{Ewing v Buttercup Margarine Co [1917] 2 Ch. 1 (CA) 11 (Lord Cozens-Hardy made this point by relying on \textit{Day v Browning} [1878] 10 Ch D. 294 (CA))} Rather, that representation had to entail some fraudulent dealing which was lacking in \textit{Levy v Walker},
namely, “that your business is my business.”\textsuperscript{166} It is clear that in that, like in \textit{Webster v Webster}, the argument about the deception of the public was used to make a frivolous claim to an exclusive right. The danger with the \textit{dicta} in those cases lies in taking them out of their particular context and applying them to make general statements about the law. Yet if we look closely, it will appear that the overriding interest that the courts were vindicating in these cases is one that underlies the whole law of trade marks, namely, free competition. This was achieved by recognising the principle that the sale of the goodwill of a business does not prevent the seller from setting up again a similar trade, subject to fair and honest dealings; that is, provided the seller exercises his right without exposing the assignor to liability by holding the assignor out to be the real owner of the new business.\textsuperscript{167} As we shall see, the development of trade mark law in America more clearly reflected the true underlying interests the legal doctrine sought to vindicate.

\textbf{PART III}

The American Experience

\textbf{A. Early American Jurisprudence Revisited}

\textbf{1. Fraud as the Normative Basis of Trade Mark Doctrine}

The earliest reported American cases, dating back to the XIX century, show a clear understanding of the grounds upon which it was right for a court to interfere either at law or in Chancery. What emerges is very important: courts did not throw in an injunction or, for that matter, grant damages, simply because claimant’s trade was being injured. That was not a sufficient ground for interference and that certainly was not the only judicial concern in trade mark cases. Courts were fully aware that perfectly legitimate competition might cause damage to the trade of another but, in the absence of evidence showing defendant’s intention to deceive by selling his own goods as and for the claimant’s, it was considered, at law, \textit{damnum abseque injuria},\textsuperscript{168} and, in equity, fair competition.\textsuperscript{169}

The point was clearly made in the very first reported case before Chancery that “the goodwill of an established trade, the custom of an inn, and the right of a publisher of books, may be injured by acts of deception or piracy; but the injury for which redress is given in such cases results from imposture practised upon customers of an existing establishment, or upon the public.”\textsuperscript{170}

Similarly, at law, the underlying concern in legitimate competition was early expressed by stressing that “the right to make and sell is common to all, if no deceit is practised by one in falsely assuming the name and credit of

\textsuperscript{166} Indeed, Bramwell LJ, in the same judgement of \textit{Levy v Walker} at 449, confirmed this view when he said that “it seems to me that no action could possibly lie at common law for that which is made the subject of this injunction.”.

\textsuperscript{167} This principles appears to have been formulated very early on since the decision in \textit{Cruttwell v Lye} [1803-13] All ER 189,192; \textit{Thyne v Shove} [1890] 45 Ch. D. 577, 582. \textit{Re David v Matthews} note 164, 384 (The seller is at liberty to carry on a rival business, but without any right to solicit customers of the old firm);

\textsuperscript{168} \textit{Thomson v Winchester}, 19 Pick 214, 216. (S Ct Mass, 1837)

\textsuperscript{169} \textit{Snowden v Noah}, Hopk Ch 347, 353. (NY, 1825)

\textsuperscript{170} Ibidem, 352.
another." At the foundation of this principle, that no man has the right to represent his goods as the goods sold by another, was the idea of falsehood. To the extent, therefore, that the ground on which courts proceeded for recovery as well as for injunctive relief was predicated upon the wrongful and injurious act of the defendant, the law in America paralleled that of England.

Contrary to some current academic opinions, claims for injunctive relief in trade mark disputes did not initially pose a jurisdictional challenge to courts of equity; these courts understood the tortious bases of trade mark law and, accordingly, assumed their jurisdiction for the suppression of fraud and the prevention of dishonest trade diversion without treating trade marks as property. It was, therefore, to target the counterfeiting of trade symbols that Chancery intervened by tying the hands of the unfair trader. The dispute between *Taylor v Carpenter* was the first successful case in which an injunction was granted, in a Chancery court, and damages awarded, in court of law. In both cases, the gist of the action was the fraudulent use of the “Taylor’s Persian Thread” mark on inferior quality spools made by the defendant for the purpose of defrauding the public to the detriment of the claimant’s sales. But while the claims were brought by the aggrieved trader, and not the cheated consumer, the protection of the law was nevertheless understood to vindicate both interests. As the court in *Newman v Alvord* put it, “the object of the law, in cases of this description, is to restrain and prevent fraud upon the manufacturer, and imposition upon the public.” The court then alluded to the injuries that arise in infringement cases: “Where one person...has created a valuable trade for his goods or wares in the market, and identified such trade by the appropriate use of terms, labels or devices, the party who simulates those terms, labels or devices for the purpose of diverting or securing the trade to himself, is guilty of a double fraud upon the person creating the trade, and also upon the public.”

171 *Thomson v Winchester* note 168, 217
172 Bone note 8, 560 (Bone’s point of departure appears to ignore the earliest cases in which injunction were granted on the basis of fraud without mentioning of property interest.)
173 *Bell v Locke*, 8 Paige Ch 75 (NY, 1840) (Although the injunction was refused, the Court held that to entitle the complainant to the interposition of the court of Chancery, the name of his newspaper must be used in such a manner as to be calculated to deceive the public.);
174 *Amoskeag Mig v Spear*, 2 Sandl 599, 606 (S Ct NY, 1849) (The Court holds that a large portion of its jurisdiction and the purpose of it are founded on the suppression and prevention of fraud that otherwise may prove to be irreparable.);
175 *Samuel v Berger*, 24 Barb 163, 165-166 (S Ct NY, 1856) (“When the power of the court has been invoked, it has been to restrain the defendant from making his goods and selling them as and for the goods manufactured by the plaintiff, on the ground that such a fraud was an injury to the plaintiff, and tended to mislead and deceive the public.”);
176 *Skinner v Oakes*, 10 Mo App 45 (Ct App Miss, 1881) (“In the early English cases it was laid down that courts of equity, in protecting trade marks, proceeded on the idea of fraud, not on the idea of property.”)
177 23 F 742, 744 (Cir Ct Mass, 1844), affirmed 2 Sand Rep 664, 667 (NY, 1846) (A perpetual injunction was granted to prevent the defendant from “defrauding the public and taking from the plaintiff the fair earnings of their skill, labour and enterprise.”);
178 23 F Cas 744, 750 (Cir Ct Mass, 1846) (“The complaint here is not so much taking the mark of the plaintiff as a generic or any other name, as it is selling the thread with such a mark as and for the plaintiffs. That is the gist of the wrong. That is deceit and injury.”).
179 49 Barb 588, 593 (S Ct NY, 1867) affirmed 6 Sickles 189, 193. (Ct App NY, 1872)
180 Ibidem 593.
The basis for the interposition of Chancery, then, did not rest on the recognition of any property interest or right in the trade symbol acquired by the claimant but on equitable tort, and the redress was given for the prevention of a wrong. The only right, if any, the courts recognised at this point was one which arose out of use and promoted legitimate competition, that is, the right of traders to distinguish and sell their own goods to all customers; any false representation calculated to deceive was a violation of this right.\textsuperscript{178} Indeed, much like their English counterparts, American courts very early on concluded that the right of a trader to the exclusive use of a name could not exist alone but was wholly dependent upon the principle that a subsequent use of it amounted to a false representation.\textsuperscript{179} And it was precisely for the violation of this right, and only to the extent in which it was violated, that judicial redress was obtained.

But although the normative basis of the law rested on fraud, there was a variety of assumptions, whether explicitly stated or otherwise, underlying this early intervention: American courts assumed that, by preventing the community from being swindled,\textsuperscript{180} they were thereby securing the honest claimant the fruits of his skill, labour and enterprise\textsuperscript{181} whilst, at the same time, punishing the dishonest trader in the name and promotion of honourable competition.\textsuperscript{182} These considerations would later, either separately or in unison, furnish the various policy rationales on which most judges of the early era operated. Nevertheless, the point I want to emphasise here is that at this initial stage the courts recognised it was the policy of the law to protect and encourage enterprise but not at the expense of superior diligence and industry.\textsuperscript{183} It was in fact in the promotion of fair competition that the true purpose of trade mark law was thought to be realised: “[fraud] defeats the very end and object contemplated by legitimate competition; the choice to the public to select between the articles exposed to sale, and operates as a deception and imposition on the dealer.”\textsuperscript{184} In other words, a violation of a trade symbol by which an honest trader guaranteed to the purchaser the true origin of his goods worked as a violation of the rights of both: “the purchaser has a right to have the very thing which he seeks, and the owner has the right that the very thing sought shall be sold at his profit.”\textsuperscript{185}

That course of dishonest dealing was considered a substantive ground for the claimant to call upon Chancery to prevent a fraud, not only on him, but

\textsuperscript{178} Brooklyn White Lead Co v Masure, 25 Barb 416 (S Ct NY, 1857)
\textsuperscript{179} Corwin v Daly, 7 Bosworth 222, 225. (S Ct NY, 1860)
\textsuperscript{180} Coats v Holbrook, Nelson & Co, 2 Sand Rep 645, 657 (NY, 1845)
\textsuperscript{181} Taylor v Carpenter note 174, 744.
\textsuperscript{182} Taylor v Carpenter note 174, 677 (Senator Lott)
\textsuperscript{183} Messerole v Tynberg, 36 How Pr 14, 18 (NY, 1866) (“If competition, fair and honourable...had alone stimulated the defendant, he should have relied upon the quality or some attribute of his manufacture, and selected some distinctive appellation for it.”)
\textsuperscript{184} Taylor v Carpenter note 174, 677 (Senator Lott)
\textsuperscript{185} Congress & Empire Spring Co v High Rock Congress Spring, 45 NY 291, 297 (Ct App NY, 1871) (While the court appears to be using this principle as a guide, it ultimately based its interference on the protection of property.); Glen & Hall v Charles Hall, 16 Sickles 226 (Ct App NY, 1874) (Although the court recognised this principle, it nevertheless based its jurisdiction on the property the claimant had acquired in its mark.)
Yet the courts were careful enough not to use trademark doctrine to drive competitors out of business; this is why they did not focus on the preservation of only one private interest. As the court in Gillot v Esterbrook put it, “protection will not...be extended to the mere evidence of fraud alone; and the courts are bound to be especially cautious that in the exercise of the power to restrain injustice they do not encroach upon the public interest by giving an improper check to a worthy and laudable spirit of enterprise, emulation and competition.” This concern for honest competition served to accommodate and balance various conflicting interests that from the very beginning courts realised were at the core of trade mark protection: those of the trader, the consumer and competitors. The leading early American case on the subject, Amoskeag Mfg v Spear, clearly illustrates this dominant rationale. There, the complaint involved defendant’s use of the stamp ACA on ticking, the same goods manufactured by the claimant, which was allegedly intended to be a fraudulent imitation of the claimant’s label and a fraud. In setting out the underlying principles applicable to these cases, Duer J recognised the unquestionable economic interest of the trader in securing the benefits of his business reputation, the general public interest in relying on trade symbols for assurance of the quality and integrity of the trader’s products, and the equally important rights of other traders. In this regard, the judge held that “[trade mark law’s] direct tendency is to produce and encourage a competition by which the interests of the public are sure to be promoted; a competition that stimulates effort and leads to excellence from the certainty of an adequate reward.”

Thus, these cases strongly suggest that, in granting protection to the aggrieved trader, the courts did not focus solely on preserving his honest labour and enterprise, the protection of which might well sometimes have yielded additional benefits to consumers. Rather, the courts repeatedly engaged in a balancing act of interests under which none of those interests was absolute and each of them was as important as any other in the courts’ ultimate determination: not to interfere with the lawful pursuits of anyone.

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186 Taylor v Carpenter note 174, 679 (Senator Lott); Tyack v Brumley 1 Barb Ch 519 (NY, 1846) (Observing that the courts both in the US and in England have promptly interfered to prevent deception and fraud on the public.); Palmer v Harris, 60 Pa 156 (S Ct Penn, 1869) (“The ground on which the jurisdiction of equity in such cases is rested, is the promotion of honesty and fair dealing, because no one has a right to sell his own goods as the goods of another.”) Taylor v Carpenter note 174, 47 Barb 455; and the same concern was expressed in Taylor v Carpenter note 174, 682 (Senator Spencer) ([Defendant] is at full liberty to manufacture and vend the same kind of [article] to any extent he pleases...He is only required to depend for his success on his own character and fame.)

187 Note 173, 599

188 Ibidem, 605. (To protect [the trader] therefore, in the exclusive use of a mark that he appropriates, is not only the evident duty of a court as act of justice, but the interests of the public as well as the individuals, require that necessary protection shall be given.)

189 Ibidem.

190 Howard v Henriques, 3 Sanford 725, 727 (S Ct NY, 1851) (“Every man may, and ought to be permitted, to pursue a lawful calling in his own way, provided he does not encroach upon the rights of his neighbour or the public good.”; Clark v Clark 25 Barb 76, 79 (S Ct NY, 1857) (While the court finds the defendant guilty of infringement, it nevertheless did not restrain him completely from carrying on his trade but ordered him to distinguish his goods sufficiently from those of the claimant.) ; Gillott v Esterbrook note 187, 455.
2. The Shift to Property Interests

Although the requirement of intentional fraud was soon abandoned, the normative basis of the law remained anchored to the notion of fraud. However, in or about the second part of the XIX century American courts, essentially following the approach of some English decisions, began to gravitate towards property interests to justify not only their interference by injunctions but also to describe the foundation of the whole doctrine. The ultimate effect of this was the actual distortion of the balanced approach they had originally adopted. In *Partridge v Menk*, the claimant was the manufacturer of matches labelled “A. GOLSH’S Friction MATCHES” and, over the years, had acquired great reputation. Defendants, trading as Menck & Backes, subsequently began to manufacture their own matches and labelled them with their trade name, including the words “made by Backes late chemist for A. Golsh”. The Trial Judge had found that one of the defendants had in fact worked for the claimant’s company. But, inasmuch as the defendants’ label did not suggest that the matches originated from the claimants, the judge felt that a court did not interfere where ordinary attention would allow purchasers to discriminate. Therefore, the Trial Judge concluded that there was no risk of fraud being practised on the public. On appeal, the Chancellor agreed that the difference between the labels was great enough to dispel any deceit or imposition on the public. Nevertheless, when referring to the jurisdiction of the court, the Chancellor stated that “the court proceeds upon the grounds that the complainant has a valuable interest in the goodwill of his trade or business; and having appropriated to himself a particular label, or sign or trade-mark...he is entitled to protection against any other person who attempts to pirate upon the goodwill of...[his] trade or business, by sailing his flag without his authority or consent.”

Before long, some courts began to hold that it was possible for a trader to acquire property by appropriation of trade symbols and that it was well-settled that their jurisdiction was based on property rights, the invasion of which entitled claimants to damages at law and an injunction in equity. The earlier cases deciding otherwise, that is, basing their jurisdiction on fraud were considered “overruled”. The New York court in *Clark v Clark* went a bit further by

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192 Coats v Holbrook, Nelson & Co, note 180, 657; Coffeen v Brunton 5 F Cas 1184, 1185. (Cir Ct Ind, 1849)
193 2 Sand Rep 687 (NY, 1847)
194 Ibidem, 691
195 2 Sand Rep 692 (NY, 1847)
196 Ibidem.
197 Stokes v Landgraff 17 Barb 608 (NY 1853); Bradely v Norton 87 Am Dec 200, 202 (S Ct Conn, 1865) (“That this species of property —the exclusive right to a trade-mark- exists and is recognised by law is beyond question.”); Derringer v Plate 29 Cal 292, 295 (S Ct Cal, 1865) (Holding that the right of property in trade marks has been has been uniform for many years.); Burnett v Phalon 5 Abbott 212, 217 (Ct of App, NY 1867) (“The plaintiffs have adopted, appropriated and used a certain trademark. This has become their property, and, for its protection from invasion or use by other, the plaintiffs are entitled to invoke the aid of the courts of justice.”); Colman v Crump 25 Sickles 573 (Ct App NY, 1877)
198 Glen & Hall v Charles Hall note 185, 230 (“The court in each case acts on the principle of preserving a property in the goodwill or trade-mark.”)
199 Note 191, 79.
declaring that “the law of trade marks is of recent origin and may be comprehended in the proposition that a dealer has a property in his trade marks.” More importantly, under this new characterisation of the law, equity relief abandoned the accommodation of various interests the law was thought to envisage and, instead, sought to vindicate only one of them: “the purpose to be effectuated by this proceeding is not primarily to protect the consumer, but to secure to the plaintiffs the profit to be derived from sale of [his goods].” Further, courts increasingly described the defendant’s alleged dishonesty as an “infringement” of, or “trespass” on, the claimant’s property rights. While in the early part of the century the question posed was whether the goods put out by the defendant said something about themselves which was not true, in this period the only question was whether the claimant had acquired an absolute right and, if so, whether defendant had infringed that right. Consequently, the nature of the right in trade symbols slowly shifted from prevention of a wrong to protection of the trade symbol itself as a valuable piece of property.

Yet in truth, there was very little analysis of the foundation of this property right, other than references to those English decisions that supported the property theory and the courts’ own mantra that the defendant was attempting to derive an economic advantage from the claimant’s toil or business goodwill. Essentially, courts treated traders as property owners and targeted infringing uses that interfered with the enjoyment of their property by stealing their trade. But the general assumption appears to have been that, because a trader had invested labour in whatever trade symbol he used, Chancery should then protect it. Sure enough, claimants also went with this questionable reasoning and made their claims for protection upon the principle “I created it; hence, I own it.”

But to state that the property theory kept a strong hold on trade mark law for the remaining part of the XIX century is something of an overstatement. Soon there was a backlash from the courts as they flatly rejected the notion that their jurisdiction, in protecting trade marks, was based on property. These courts appeared to be troubled by the complete disregard shown for the other interests involved in trade mark disputes; a disregard largely attributed to the judicial focus on the pecuniary value of the claimant’s mark. As the court in Matsell v Flanagan stated, “the enforcement of the doctrine that trade marks shall not be simulated does not depend entirely upon the alleged invasion of individual rights, but as well upon the broad principle that the public are entitled to the protection of the courts.”

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200 Williams v Brooks 47 Am Rep 642, 646 (S Ct of Errors Conn, 1882)
201 James Williams v William Johnson 2 Bos 1, 8 (S Ct NY, 1857); Colman v Crump note 197, 573
203 Curuis v Bryan 36 How Pr 33, 36 (NY Com Pl, 1867); Stonebraker v Stonebraker 33 Md 252, 268 (Ct App Maryland, 1870) (“Trade-marks are property, and as such the title to them will receive the protection of the courts.”)
204 McKenna note 10, 1874 (Arguing that the theory on which the judges operated was a natural rights theory of property.)
205 Manhattan Medicine v Wood 16 F Cas 605, 607. (Cir Ct, Maine 1878)
206 Walton v Crowley 29 F Cas 138, 141 (Cir Ct NY, 1856) (“Bills of this description are not maintainable upon the ground that the plaintiff has a right of property in the trade-mark.”)
to protection... Indeed, some courts even sought to reconcile the seeming antagonism between the two normative bases of protection, property and tort, by holding that the object of the law in protecting trade marks as property was to protect both the fruits of the trader and the community from imposition.

By contrast, other courts insisted that “the origin of the favour shown to trade-marks was the protection of the public, and not merely the individual trader” and, on this basis, grounded their interference entirely on the prevention of fraud on the public. These reactionary statements are hardly surprising when we consider that, in this period, judges became increasingly concerned about the growing claims for “monopoly”, prompted by the rhetoric of entitlement to one’s toil, over common names and trade symbols that they considered to be owned by all. Their perception was that the doctrine for which equity had seized jurisdiction to prevent repetitions of a wrong was turning into a common law copyright of perpetual duration, or for that matter, a patent for an idea. But while equity was undergoing a significant normative upheaval, the common law courts remained firmly wedded to the notion of tortious fraud, rejecting property notions, as the normative basis of the doctrine.

3. A Compromise between Property and Fraud.

Even after the intervention of the Supreme Court, the question as to the nature of the trade mark right and the bases for protecting that right was far from settled. Much like the lower courts, the highest court in America oscillated between friendship and hostility towards property conceptualisations. In its first trade mark case, decided in 1871, the Supreme Court confirmed that the essence of the wrong for which the law gives protection was the sale of the goods of one manufacturer or vendor as those of another. It then endorsed fraud as the sole ground for interference when it stated that “it is only when this false representation is directly or indirectly made that the party who appeals to the court of equity can have relief. This is the doctrine of all the authorities.” It was also made clear that concept of property in trade symbols had very little analogy to that which exists in copyright and patents. However, in its second

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207 Abbr 459, 461 (Ct Comm Pl NY, 1867)
208 Boardman v Meriden Britannia 35 Conn 402, 414 (S Ct Errors Conn, 1868) (“Consequently, the violation of property in trade marks works a two-fold injury: the appropriator suffers, in failing to receive that remuneration for his labours...and the public in being deceived.”)
209 Corwin v Daly 7 Bosworth 222, 225-226. (S Ct NY, 1860)
210 Kinney v Basch 25 Am Law Reg 596, 597. (S Ct NY, 1877)
211 Town v Stetson 5 Abb 218, 219 (NY Cmm Pl, 1868) (“The Courts have gone a long way, and with plain justice, in protecting the honest and enterprising manufacturer...from the unscrupulous pirating of his special reputation; but they have been equally careful to prevent any attempted monopoly of that which is common to all.”).
212 Burnett v Phalon 9 Bosworth 192, 207 (S Ct NY, 1862) (Robertson J dissenting)
213 Davis v Davis 27 F 490 (Cir Ct Mass, 1886); Harrington v Libby 11 F Cas 605 (Cir Ct NY, 1877) (The law does not recognise an exclusive right to an unpatented package.)
214 Marsh v Billings 7 Cush 322, 332 (S Ct Mass, 1851) (The ground of action against the defendants is that they falsely and fraudulently held themselves out as being in the employment or having the patronage of the claimant); Taylor v Carpenter note 175, 744.
215 Canal Co v Clark 80 US 311, 322 (1871)
216 Ibidem 322-323.
trade mark decision, only six years later, there was a clear shift of opinion as the Court held that “everywhere courts of justice proceed on the ground that the party has a valuable interest in the goodwill of his trade, and in the labels or trade-marks which he adopts to enlarge and perpetuate it.”\(^{217}\) By the time the Supreme Court was called upon to decide on the constitutionality of the Trade Mark Statute of 1870, the first federal law on the subject, the notion of property had firmly taken root.\(^{218}\) Consequently, the Court’s interventions had the effect of shifting trade mark theory from the mark as property to business goodwill as property.

Although the Supreme Court continued to base some of its decisions entirely on fraud, sometimes refusing injunctions in the absence of imposition upon the purchasing public,\(^{219}\) it ultimately made property the jurisdiction for the court’s interference. Nonetheless, it was the determination of the extent and proper boundaries of the trade mark right, by now conceived of as property, which bedevilled the Court well into the first decades of the XX century.\(^{220}\) Not surprisingly, American decisions on the character of such a right have been described as “chaotic”\(^{221}\) and difficult to reconcile.\(^{222}\)

However, a compromise was eventually reached and courts did return, in part, to fraud as the original basis for protection. In addressing the monopoly concern, the courts distinguished between two types of trade symbols, technical trade marks and trade names, which could be protected by two different actions -trade mark infringement or passing-off (also known as unfair competition)- involving different standards of proof.\(^{223}\) The cornerstone of this judicial

\(^{217}\) McClean v Fleming 96 US 245, 252. (1877)

\(^{218}\) Trade Mark Cases 100 US 82, 92 (1879) (The Court confidently held, inter alia, that “[the right to use a symbol] is a property right for the violation of which damages may be recovered in action at law, and the continued violation of it will be enjoined by a court of equity…” and that the “whole system of trade mark property and the civil remedies for its protection” had existed before any act of Congress.)

\(^{219}\) Manufacturing Co v Trainer 101 US 51, 56 (1879) (“There is no such imposition practised upon the public and no such fraud perpetrated upon the manufacturers…as to call for the interposition of a court of equity.”); Goodyear’s Rubber Mfg v Goodyear Rubber Co 128 US 598, 604 (1888); Lawrence Mfg v Tennessee Mfg 138 US 537, 551 (1891); Brown Chemical v Meyer 139 US 540, 544 (1891); Coats v Merrick Thread 149 US 562, 574 (1893)

\(^{220}\) Hanover Milling Co v Allen & Wheeler 240 US 403, 413-14 (1916) (While common law trade marks and the right to their exclusive are classified as property, the trade mark is treated as merely an instrument for protecting business goodwill, and not the subject of property except in connection with an existing business); E.I. Du Pont de Nemours Powder Co v Walter E. Masland 244 US 100, 102 (1917) (The word property as applied to trade marks is merely an unanalysed expression of certain secondary consequences.); United Drugs v Theodore Rectanus 248 US 90, 98 (1918) (“In truth, a trade-mark confers no monopoly whatever in a proper sense, but is merely a convenient means for facilitating the protection of one’s goodwill in trade…) cf Burjoi & Co v Katzal 260 US 689, 692 (1923) (“[The monopoly of a trade mark] deals with a delicate matter that may be of great value but that easily destroyed, and therefore, should be protected with corresponding care.”); Prestonettes v Coty 264 US 359, 368 (1924) (A trade mark is not a copyright that will allow its owner to prohibit the use of the word or words.); Beech-nut Packing v Lorillard 272 US 629, 632 (1927) (Reluctantly agreeing that a trade mark is property but in a qualified sense.)

\(^{221}\) Schechter note 38. 153.

\(^{222}\) Candee, Swan & Co v Deere 54 Ill. 439, 467 (S Ct Illinois, 1870)

\(^{223}\) McClure note 137, 316.
distinction was the etymological differences of the names involved.\textsuperscript{224} Whilst in the former group (covering arbitrary, artificial or fanciful symbols), mere violation of the exclusive right, regardless of fraud, sufficed to establish infringement as it was understood the defendant did not have a natural right to such symbols.\textsuperscript{225} In the latter group (comprising descriptive, generic, geographical and personal names), fraud was the essence of the claim and proof of acquired distinctiveness was vital as these names were regarded as open to public use.\textsuperscript{226}

In the end, technical trade marks came to be protected under the statute and trade names under the general principles of trade mark law: the protection of the former resting entirely on claimant’s property in the mark whilst the protection of the latter rested on the tortious conduct of the defendant. However, irrespective of whether the action was for infringement or passing-off, the underlying principle on which courts proceeded was the same: the unfair trader had no right to dress his goods in such a manner as to deceive the intending purchaser.\textsuperscript{227} Thus, in practice, both actions were commonly pleaded together and, though the infringement claim might have failed, a claimant might still have a chance of success under passing-off.\textsuperscript{228} Yet it was not always easy to know whether, in deciding a particular case, the court was applying or formulating trade mark or unfair competition principles.\textsuperscript{229}

Part IV

A Balanced Trade Mark Doctrine: The True Bases

This historical overview of nineteenth and early twentieth-century trade mark case-law in America shows one underlying concern: the courts’ initial endeavour to protect and balance private and public interests. American courts became less concerned with this accommodation as they turned to property interests to justify their intervention, without ever questioning the English cases that supported this theory. Unhinged from its original tortious basis, the legal doctrine was no longer used to prevent a wrong but to assert an unqualified right in trade symbols, the protection of which showed very little regard for the other interests that the courts had originally said were also at stake in trade mark disputes. Soon, it became evident that the courts still needed to engage in the same accommodation of rights they had first sought to create if the legal

\textsuperscript{224} Ibidem.
\textsuperscript{225} Rogers v Rogers 11 F 495, 499-500 (Cir Ct Mass, 1882); Colman v Crump note 197,(Stating that these general principles are well-established).
\textsuperscript{226} Day v Webster 49 NYS 314, 316 (S Ct NY 1897) (Discussing the differences between technical trade marks and unfair competition.); Dennison Mfg v Thomas Mfg 94 F 651, 659. (Cir Ct, 1899)
\textsuperscript{227} Coats v Merrick Thread note 219, 566; Hanover Star Milling v Allen & Wheeler 208 F 513, 518 (7th Cir. 1913), affirmed 240 US 403, 413 (1916).
\textsuperscript{228} Sawyer v Horn 1 F 24, 31-32(Cir Ct, Maryland, 1880); Putman Neil v Bennett 43 F. 800, (Cir Ct, Penn, 1890); Lawrence Mfg v Tennessee note 219, 548-549; Elgin National Watch Co v Illinois Watch Case 179 US 665, 674.(1901)
\textsuperscript{229} Levy v Wait 61 F 1008, 1011 (1st Cir. 1894) (‘The right to a trade-mark at common law must not be confused, and it too frequently is, with the prima facie right existing under registration statutes.)
doctrinal was going to fulfil its primary function: unfettered, yet honest, competition. The property basis was either narrowly interpreted or circumscribed to the statute with the result that, at the turn of the XIX century, the legal doctrine emerged without a clear definition on the nature of the trade mark right and the proper basis for protecting that right. It is precisely at this juncture that discussions on these questions took place in the academic and judicial spheres.

A. What Master Does Trade Mark Law Serve?

The determination of the proper normative basis on which a court would interfere by injunction is closely linked to the question of what master or whose interests trade mark law really seeks to serve: the private interests of the trader bringing the action or the public interests of purchasing consumers? Undoubtedly, Lord Westbury’s property theory as the normative basis of equity brought this vexing question into sharp relief and it seems that, since then, the decisions of some courts have been dogged by the same question. The debate on this issue became particularly more acute as soon as the boundaries of trade mark law were yet again expanded to cover third party uses of trade symbols in markets where the earlier user had never traded. But, as we shall see, although the question is by no means new, there has never been a satisfactory answer to it. In this regard, the recent academic opinions suggesting that we have lived in a bit of a “falsely imagined past” because the law in fact has traditionally sought to vindicate, not the public interest but the private interests of traders are questionable; the reality was actually far more complex.

The controversy centred around the following arguments. At one end of the spectrum are those opinions arguing that, to the extent that a complaint is brought as a private action, the remedy thereby granted is primarily designed to redress private injuries. It follows that, if the purpose of an injunction is to protect against the invasion of private interests, namely, those of the aggrieved trader, injury to the public by way of deception without more cannot constitute an independent ground for private action. Therefore, a trader is allowed to recover primarily for the vindication of his own right and protection of the public is seen as merely incidental to the enforcement of a private right. Yet at the other end are those opinions for which the private remedy is in fact granted primarily to vindicate the interests of the public and to protect it from fraudulent imitations. In this regard, the protection of the trader becomes secondary and the infringement is considered only an indirect injury to the individual trader. Thus the trader’s private rights, and any benefit to him, are only incidental to the realisation of the primary purpose of preventing public fraud. This

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230 See Part II
231 See McKenna supra note 10, 1848.
232 Edward Rogers “Predatory Price Cutting as Unfair Competition” (1913) 27 Harvard LR 139, 148.
233 NOTE “Equity: Trade-Marks; Nature of Infringement” (1922) 4 Cornell LQ 373, 374; Weener v Brayton 152 Mass 101, 103 (S Ct Mass, 1890) (“A remedy is afforded only to the owner of the right of property in such trade-marks, on account of the injury which is thus done to him.”)
234 NOTE “Equity: Trade-Marks; Nature of Infringement” (1922) 4 Cornell LQ 373
235 Levy v Wait note 229, 1012.
characterising of the legal right has the longest pedigree in that this how it was originally conceived of by the earlier cases.\textsuperscript{236}

1. The Private Interests of Traders

All the American cases denying the protection of the public as the primary concern for the court’s intervention invariably based their jurisdiction on property and relied entirely on Lord Westbury’s decisions, with two results: Firstly, their reasoning did not break any new ground as far as the law was concerned, apart from repeating or quoting his decisions verbatim; and secondly, they are best understood in the context of what was being claimed.

The most cited case is \textit{American Washboard v Saginaw},\textsuperscript{237} where a claim was brought for the exclusive use of the descriptive word “Aluminium” for washboards made of that material. The claimant argued he had been the first manufacturer to use the name “aluminium” for those goods and that the superior quality of his washboards had acquired a high reputation, with the result that the public had come to recognise his rubbing face washboards by that name. There was no allegation of passing-off, save for the fact that defendant, by using “aluminium” on his washboards actually made of zinc, was thereby misrepresenting the nature of his goods. Thus the claimant alleged that consumers intending to buy a genuine washboard, of which he was the sole manufacturer, were led to purchase a falsely described article. The court’s reply to this allegation was that “plaintiff comes into a court of equity in [these] cases for the protection of his property rights. The private action is given not for the benefit of the public, although that may be its incidental effect, but because of the invasion by the defendant of that which is the exclusive property of the complainant.”\textsuperscript{238} This statement, however, must not be taken out of context; the court did try to see, to no avail, whether the pleadings contained any facts from which fairly to infer that the defendant was fraudulently imposing his goods on the public. Thus the true \textit{ratio decidendi} of the case, in line with the historical origins of the tort, came in following statement: “It is true that in these cases it is an important factor that the public are deceived, but it is only where this deception induces the public to buy the goods as those of complainant that a private right of action arises.”\textsuperscript{239}

A fairly similar denial of protection was repeated in \textit{Borden Ice Cream v Borden’s Condensed Milk},\textsuperscript{240} where a milk manufacturer, trading under the name of Borden, sought to stop the defendant from unfairly using the former’s corporate name for ice cream. The main allegation was defendant’s attempt to trade on the well-established reputation of the claimant and the consumer confusion likely to arise thereby, despite the parties trading on different goods. The court’s true motivation for denying relief was the absence of competition

\begin{footnotes}
\item \textsuperscript{236} \textit{Farina v Silverlock} (2) note 68, 217. (Lord Cranworth).
\item \textsuperscript{237} 103 F 281 (6\textsuperscript{th} Cir. 1900)
\item \textsuperscript{238} Ibidem, 284.
\item \textsuperscript{239} Ibidem, 285.
\item \textsuperscript{240} (7\textsuperscript{th} Cir Ct, 1912) 201 F 510.
\end{footnotes}
between the products;\textsuperscript{241} yet the language used by the court to dispose of the case was unwarranted. Having quoted from the decision in \textit{American Washboard}, the court then conceded that “it is morally wrong for a person to proclaim, or even to intimate, that his goods are manufactured by some other and well-known concern; but this does not give rise to a private action, unless the property of that concern is interfered with.”\textsuperscript{242} The court was adamant that, unless claimant’s property interests were jeopardised, “a court of equity cannot punish an unorthodox or immoral, or even dishonest, trader; it cannot enforce as such the police power of the state.”\textsuperscript{243} Moreover, conclusions to that effect were also reached in \textit{Munn & Co v Americana},\textsuperscript{244} and \textit{Aunt Jemima Mills v Rigney}.\textsuperscript{245}

Notably, American courts that decided to follow Lord Westbury’s doctrine did so inconsistently. One of the first cases to discuss the basis and test of infringement in the light of that theory was \textit{Avery & Sons v Meikle}.\textsuperscript{246} There the court described the object of trade mark law as being to prevent two injuries that arise from the selling of someone’s goods as those of another, namely, to the trader and to the public.\textsuperscript{247} Yet when the court referred to the ground of its jurisdiction, it decided that equity proceeded “on the principle of protecting property alone”, and, therefore, the protection of the public alone was not a sufficient ground, but rather an element to be considered.\textsuperscript{248} But although it made property the ground for interference, the court then went on to state that equity did not require that a claimant should establish an exclusive title because of the “well-understood jurisdiction of courts of equity which they now exercise in preventing the unjust work of deceit…”\textsuperscript{249} On this latter point, the existence of exclusive title, one also struggles to find consistency between these cases. In \textit{Schneider v Williams},\textsuperscript{250} some members of a voluntary association called the Cigar-Makers International Union of America brought an action against the counterfeiting of their label by the defendant who was not a member of the association. The Union allowed its members to use its label on boxes containing their own cigars simply to certify that those cigars were made by a member of such a Union. It was the finding of the court that the defendant was clearly deceiving and cheating all those who dealt with him by holding himself out as a member.\textsuperscript{251} Nevertheless, it held that “this court has no power to correct moral

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\textsuperscript{241} Ibidem, 514. ("The phrase "unfair competition" presupposes competition of some sort. In the absence of competition the doctrine cannot be invoked.")
\textsuperscript{242} Ibidem.
\textsuperscript{243} Ibidem.
\textsuperscript{244} 83 NJ Eq 309, 310 (Ct App NJ, 1914) ("The basis of the suits of this character is the damage or possibility of damage to the complainant, not the damage or probability of damage to the public.")
\textsuperscript{245} 234 F 804, 806. (Dist Ct NY, 1916) ("If, however, the rights of the original proprietor are in no wise interfered with, the deception of the public is of no concern of a court of Chancery.") This decision is discussed in Part IV but suffice to say that it was reversed and the appeal allowed on different grounds but without mention of this discussion. See \textit{Aunt Jemima Mills v Rigney}, 247 F 407 (2\textsuperscript{nd} Cir, 1917)
\textsuperscript{246} 81 Ky 73 (Ct App Kent., 1883)
\textsuperscript{247} Ibidem, 84.
\textsuperscript{248} Ibidem, 90-91.
\textsuperscript{249} Ibidem, 101.
\textsuperscript{250} 17 Stewart 391(NJ, 1888)
\textsuperscript{251} Ibidem, 393
\end{footnotes}
delinquencies, or redress mere moral wrongs." The court insisted that, unless the bill showed that the Union had property in the label or mark, they would have no case. It therefore concluded that “the complainants have not acquired such a title to the mark in question as will enable them to maintain this action.”

There is, however, one particular element in all these cases that is consistently being emphasised to reject consumers’ interests as a substantive ground for relief: the private character of the action and the remedy. The court in *New York & R. Cement v Coplay Cement* addressed this point by holding that “no man can maintain a private action for a public nuisance, though he is injured by it unless his injury is of a special character, different from that which is sustained by the public generally.” There, a suit was brought by cement manufacturers to protect the geographical name “Rosedale Cement” for cement made in Rosedale, New York, on the basis that the name had acquired a marketable local significance that the public understood and expected. Claimants accepted that they had no exclusive right to the use of that name, as the name was equally used by others in the town. Therefore, the only basis of the complaint was the allegation that the defendants’ denomination was untrue but no charge of intentional or actual passing-off was made. On these facts, and bearing in mind the historical requirements of the legal doctrine, it is hard not to predict the outcome of the case. Nevertheless, the court conceded that defendants’ dealing was a “great evil”, “immoral” and perhaps even an “illegal act”; yet the court could not identify an exclusive right in a trade mark or trade name, or distinctive sign, other than a geographical descriptive name, the infringement of which would give rise to a right of action. This finding was fatal to the claim and the court could have disposed of the case on the basis of it. However, the language of the court went further than necessary as it held that “when an injury is a public one it should be prosecuted as a public wrong. So here the wrong, if there is one, is committed against the public.”

The real concern of the court was that, to hold otherwise, “would open a Pandora’s box of vexatious litigation.” But the quickest answer to rejection of the private action as vindicating a public injury came a few years later from the Supreme Court. In deciding whether an equity court had jurisdiction to restrain certain governmental orders amounting to a public nuisance, the Court held that equity did have such power; it then observed that “often that which is in fact a public nuisance is restrained at the suit of a private individual, whose right to

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252 Ibidem. The Court supported this assertion by quoting from *Webster v Webster* and Lord Westbury’s decisions.
253 Ibidem, 396 (The court criticised those cases in which injunctions were granted on general notions of justice and to protect the public against frauds rather than on the ground that the claimant had shown a valid title to a trade mark.). *Cf Carson v Ury* 39 F 777, 779 (Cir Ct Miss, 1889) (A similar action was successfully brought by the same Union but this time, the Court applied a different basis for relief: “Even where no trade-mark was infringed or involved, courts of equity have granted injunctions on more than one occasion against the use upon goods of certain marks, labels, wrappers, etc, when the evident design of such use was to deceive the public by concealing the true origin of the goods…”)
254 44 F 277, 279 (Cir Ct Penn, 1890)
255 Ibidem, (“If a person seeks to restrain others from using a particular trade-mar, trade-name, or style of goods, he must show that he has an exclusive ownership or property therein.”)
256 Ibidem,
relief arises because of a special injury resulting therefrom.”\(^{257}\) The Court was of course dealing with public nuisances, not trade marks, but the point it made clearly goes to show that the law does allow a private person to recover for the benefit of the public at large, and the right of either party is as deserving as one another.\(^{258}\) Indeed, in the trade mark context, the same position was adopted in England. In the *Yorkshire Relish* case,\(^{259}\) the House of Lords agreed with the Court of Appeal that defendants’ sauce sold as Yorkshire Relish, though similar in taste and described as a “good match”, was not the original manufacture as made and sold according to complainant’s secret recipe. Under these circumstances, the House concluded that it was fraud upon the purchasing public to give them the one thing in place of another. Yet the defendants argued that, if that was in fact the case, that might give the purchaser a right to bring an action but the complainant had no right to intervene in the transaction between the parties. Lord Halsbury’s dismissive reply was “I have never heard of such a proposition before.”\(^{260}\)

Nevertheless, a few years later, Learned Hand interpreted the decisions in *American Washboard* and *Rosendale* as establishing the rule that, the reason why the claims in those cases failed, was because the “law does not allow [the allegedly aggrieved trader] to sue as vicarious avenger of the defendant’s customers.”\(^{261}\) I have already dealt with those cases and established that their true *ratio decidendi* accorded with the traditional understanding of passing-off. Nevertheless, Learned Hand’s comment was made in a case similar to the cases I have been discussing: defendant, without attempting to pass off, was lying to the public by falsely describing his safes as containing an explosion chamber which they did not in fact contain; the claimant’s safes did contain such a chamber and, as he made them under a patent, he was the only manufacturer and seller of such safes. The judge recognised that, under the authority of *American Washboard*, the law was with the defendant; yet he declined to follow it as he took the view that “there is no part of the law which is more plastic than unfair competition, and what was not reckoned an actionable wrong 25 years ago may have become such today.”\(^{262}\) Hence, it was considered as unlawful to lie about the quality of one’s wares as about their maker. The judge was nevertheless more persuaded by the fact that, given that the claimant’s monopoly meant that consumers were attracted by the structure of his safes and those only, had the truth been told consumers would probably have gone to the claimant.

The appeal to the Supreme Court in this case is relevant for our purposes because the pleadings were made in such a way as to ask the Court

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\(^{257}\) *In Re Debs* 158 US 564, 593. (1895)

\(^{258}\) Ibidem. (In fact the Court decided that, between private and public nuisance, “the quality of the wrong is the same, and the jurisdiction of the courts over them rests upon the same principles and goes to the same extent.”)

\(^{259}\) *Birmingham Vinegar Brewery Co v Powell*, [1897] AC 710 (HL) 713.

\(^{260}\) Ibidem, 714 (“The rule has been that if you choose to state that which is false and induce another person to deal with you by that falsehood, and so deprive the original maker of the trade which otherwise he would get, that is an actionable wrong, and gives the right to an injunction.”)

\(^{261}\) *Ely-Norris Safe v Mosler Safe*, 7 F2d 603. (2nd Cir. 1925)

\(^{262}\) Ibidem.
to say whether the decision in *America Washboard*, with which Learned Hand disagreed, was in fact good law. Whilst the Court declined to rule on this point, it did however take issue with the findings of fact of the Circuit Court. The Supreme Court reversed the decision because, if as alleged, defendant’s representation was false, “there [was] nothing to show that customers, had they known the facts, would have gone to the plaintiff rather than to other competitors in the market, or to lay a foundation for the claim for a loss of sales.”  

But an opportunity to decide whether or not the consumers’ interests were relevant for the private action, as rejected by *American Washboard*, did arise a few years later. In *FTC v Klesner*, the Supreme Court interpreted the “interest of the public” requirement contained in section 5 of the Federal Trade Commission Act, which the Commission had to satisfy to bring an action. In doing so, Justice Brandeis distinguished between the rôle of the public interest in passing-off actions and in those cases for which the Commission was authorised to act; we need only quote what he said about the former: “It is true that in suits by private traders to enjoin unfair competition by passing-off, proof that the public is deceived is an essential element of the cause of action. This proof is necessary only because otherwise the plaintiff has not suffered an injury. There, the protection of the public is an incident of the enforcement of the private right....”

Justice Brandeis cited with apparent approval *American Washboard* and *Borden Ice Cream*, and his judgement might well be taken to mean that the issue was finally settled: trade mark law and unfair competition are not primarily concerned with the interests of consumers but with those of individual traders. However, the decision in *FTC v Klesner* is hard to reconcile with the decision in *Champion Spark Plug v Sanders*, decided a few years later. There, the Supreme Court was called upon to decide on the adequacy of the relief granted by the Circuit Court, particularly the refusal to require defendants to remove completely the claimant’s “Champion” mark from the reconditioned plugs which defendants resold. The Supreme Court endorsed the findings of the Circuit Court that the defendant resellers were guilty of both infringement and unfair competition. Yet the Court also agreed that, regardless of the inferior quality, the defendants were entitled to sell second-hand plugs made by the complainant and were also able to retain the marks on the goods provided one condition should be met. That condition was one that underlined the interests of the public in being informed so as to avoid being defrauded: “So long as the article is clearly and distinctively sold as repaired or reconditioned rather than as new.”

It was the conclusion of the Court that, beyond this requirement of

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263 *Ely-Norris Safe v Mosler Safe* 273 US 132, 134 (1927)

264 280 US 19 (1929)

265 Ibidem, 27. (But with regard to the action brought by the Commission, the Court said “But to justify the Commission in filing a complaint under section 5, the purpose must be the protection of the public. The protection thereby afforded to private persons is the incident.”)

266 *Champion Spark Plug v Sanders*, 331 US 125, 128. (1947)

267 Ibidem, 130 (But it is fair to say that the Supreme Court also had in mind the trader’s interests as it also held that defendant’s resale was wholly permissible “so long as the manufacturer is not identified with the inferior qualities of the product resulting from wear and tear or the reconditioning by the dealer.”)
full disclosure for the benefit of the public, the claimants could not obtain any more protection.\textsuperscript{268}

But if there was any doubt as to whether or not \textit{FTC v Klesner} had in fact settled the issue, that was clearly dispelled in \textit{Stahly v Jacobs}.\textsuperscript{269} There, the Seventh Circuit decided that defendants could not, by relying on a private contract between them and the claimant whereby the latter had waived all its rights with respect to its defective razors bearing the claimant’s mark, offer such defective goods for sale to the public without any indication as to their actual condition. The defendants had insisted that the waiver was conclusive of their rights to sell the claimant’s goods and the abandonment of all rights the claimant could assert. The Circuit Court rejected this allegation by holding that “it must be remembered that that the trade-mark laws and the law of unfair competition are concerned not alone with the protection of a property right existing in an individual, but also with the protection of the public from fraud and deceit…”\textsuperscript{270} In this regard, the Court continued, “it is obvious that the right of the public to be so protected is a right which transcends the rights of the individual trader-mark owner and is beyond its powers to waive.”\textsuperscript{271}

On petition for hearing, defendants drew the Court’s attention to the decisions in \textit{American Washboard} and \textit{FTC v Klesner} for the proposition that, absent a violation of a private right, the claimant had no standing as a protector of the public interest.\textsuperscript{272} Whilst acknowledging that those cases had a direct bearing on the present case, the Court nevertheless declined to follow them. The Court reminded the defendants that they were not prohibited from selling the razors with the claimant’s trade mark but were merely required to inform the public of the defective condition of those razors. It insisted that the obvious purpose of the directed modification was to protect the public from fraud and deception; yet the Court conceded that whether, as argued by the defendants, “it is the law that the court, because it determined that plaintiff had suffered no legal wrong at the hands of the defendants, was powerless to prevent the perpetration of an admitted fraud upon the public, it would seem that the Supreme Court should be accorded an opportunity so to decide.”\textsuperscript{273}

\section*{2. The Interests of Consumers}

Lord Westbury’s property doctrine was not entirely accepted by American courts. Like in England, some American courts questioned whether such a theory was in line with the development of trade mark doctrine under the common law.\textsuperscript{274} These courts were critical that, although it was true that the

\begin{footnotes}
\item[268] Ibidem.
\item[269] 183 F2d 914, 917. (7\textsuperscript{th} Cir. 1950)
\item[270] Ibidem.
\item[271] Ibidem.
\item[272] Ibidem, 918.
\item[273] Ibidem, 919. \textit{Certiorari} denied.
\item[274] \textit{Chadwick v Covell} 151 Mass 190, 193. (S Ct Mass, 1890) (“When the common law developed the doctrine…it was not creating property in advertisements more absolute than it would have allowed the author of Paradise Lost, but the meaning was to prevent one man from
exclusive right to use certain trade symbols might have a money value as advertisement, such a fact was far from being a conclusive reason for recognising the right.\textsuperscript{275} In an attempt to bring the property doctrine within the traditional tort basis, courts held that “it is plain, upon reading [Lord Westbury’s judgements], that he means no more than the deception which equity will prevent, need not have been intended…”\textsuperscript{276}

But while courts were not entirely agreed on the acceptance of the secondary rôle of consumers, as suggested by Lord Westbury’s theory, academic writers did seem to have been convinced by it. Following this theory, Schechter was perhaps the first to argue that “from the standpoint of the public interest itself, there is no longer a need for regarding deception of the public as one of the bases of trade-mark protection.”\textsuperscript{277} Schechter acknowledged the “historical justification” used by the courts to base their decisions on this ground, which he observed dated from the earliest trade mark disputes and the regulatory system of the guilds. Nevertheless, he flagged up two reasons for abandoning this justification: one was what he considered the sounder basis of protecting a trader from interference with his goodwill or “reasonable expectation of future patronage”; the other one was that the guarding of public interest was best left to an administrative agency.\textsuperscript{278}

Schechter’s proposal, however, was not widely accepted. In \textit{Rosenberg Bros v Elliot},\textsuperscript{279} the Third Circuit Court unequivocally decided that the public had a right to be protected from deception arising from the misuse of trade marks. In doing so, the Court was aware of the controversy as to whether deception of the public was a ground or merely a test of infringement and unfair competition.\textsuperscript{280} Regardless, it reached the conclusion that “whether deception of the public be a substantive ground or an evidential test...it is, without doubt, a factor which enters into every court’s consideration of what it shall find to be dishonest and unfair dealing and of what it shall require for the protection not only of the owner….but those constituting the public...”\textsuperscript{281} This statement captures the essence of a paradox that those suggesting trade mark law was originally producer-orientated fail to account for. That in order to protect the trader and other competitors, the courts had to focus on consumer interests to ascertain firstly, whether the allegedly dishonest act was one for which the law provided a remedy and, secondly, the extent of the redress necessary to preserve adequately the producer’s commercial interests.\textsuperscript{282}

\begin{flushright}
\textsuperscript{275} Ibidem.  \\
\textsuperscript{276} Ibidem, 194.  \\
\textsuperscript{277} Schechter note 38, 164.  \\
\textsuperscript{278} Ibidem, 165 (He was referring to Federal Trade Commission which was specifically charged with the prevention of unfair methods of competition as they affected the public welfare.)  \\
\textsuperscript{279} 7 F2d 962, 965 (3rd Cir Ct, 1925).  \\
\textsuperscript{280} Ibidem, 966 (The Court referred to Schechter’s book to make this point.)  \\
\textsuperscript{281} Ibidem.  \\
\textsuperscript{282} Some commentators have in fact highlighted this paradox. See G Dinwoodie & J Mark “Confusion Over Use; Contextualism in Trademark Law “(2007) 92 Iowa LR 1597, ft 2 (“Even scholars who argue that trade mark law has historically sought to vindicate producer interests recognise that, under that model, focusing on consumer confusion served as a primary means of identifying those circumstances where producers were being undermined.”);  \\
\end{flushright}
Furthermore, the focus on consumers' welfare was paramount in keeping the reach of the law in check. Thus, some courts took the view that “the right of an owner of a trade mark is not a right to its exclusive use everywhere and under all circumstances.”\(^{283}\) They recognised that there was another interest to be considered: “the deceit of the public, and the consequent injury to it, are as much to be regarded by a court of equity as an injury to the plaintiff’s business.”\(^{284}\) In much the same vein, the First Circuit Court in General Baking v Gorman was even more emphatic about the importance of the purchasing public: “It should never be overlooked that trade-mark and unfair competition cases are affected with a public interest. A dealer’s goodwill is protected, not merely for his profit, but in order that the purchasing public may not be enticed into buying A’s product when it wants B’s products.”\(^{285}\) In this regard, the Court’s view was that the protection granted to the private trader also serves to vindicate the interests of consumers: “In meritorious cases of this kind, the plaintiff is acting, not only in his own interest, but in the public interest.”\(^{286}\)

More importantly, whilst it may be possible to find cases in which harm to the public interest *per se* was rejected as a substantive ground for judicial interference by lower courts, the same view does not appear ever to have been endorsed by the highest courts in neither England nor America. On the contrary, what we actually find is that the highest courts in these countries have either explicitly accepted that ground, or have made no flat rejection of it.

For instance, in *Native Guano v Sewage Manure*,\(^{287}\) the claimants sought to restrain the defendants from using the name “Native Guano” as part of their trade name on the basis that such a name had come to be understood by the public manure made under the claimants’ ABC process only. The underlying patent for the ABC process had expired but the claimants kept taking out patents from time to time for improvements. The Trial Judge found that claimants had no more exclusive right to the name “Native Guano” than anybody else and, on this ground, dismissed the claim.\(^{288}\) On appeal, Cotton LJ agreed with this finding and noted also that the only false representation before him, if any, was not one of passing off but one representing that the manure sold by defendants was a product made by the ABC process, which was used by the claimants. The claimants had argued that this was still fraud upon the public and, on this ground alone, asked the Court to grant injunction. Cotton LJ replied that such allegation was “an entirely wrong view of the law”.\(^{289}\) He

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\(^{283}\) *Celluloid Mfg v Read* 47 F 712, 715 (Cir Ct Conn, 1891).

\(^{284}\) *Ibidem* (The Court found that defendant’s use of the word “celluloid” to designate his goods, “celluloid starch”, did not infringe the claimant’s corporate name, Celluloid Mfg, or the latter’s use of the same word for celluloid goods. The Court reached this conclusion by relying heavily on the effect of defendant’s use on the consumers.”). See also *Stone & McCarrick v Dugan Piano* 220 F 837, 841. (5th Cir Ct, 1915)

\(^{285}\) 3 F2d 891, 893. (1st Cir Ct, 1925)

\(^{286}\) *Ibidem.* (In fact, the Court held that unfair competition, of which infringement law is but a part, is grounded on the right of both the dealer and the purchasing public to be protected from frauds.)

\(^{287}\) [1888] 8 RPC 125 (CA)

\(^{288}\) *Ibidem*, 127

\(^{289}\) *Ibidem*, 128.
conceded that in other countries it was possible for a trader to bring actions against another for fraudulently using the name of the earlier trader, on the ground of public policy. However, he continued, “in England, if there is any right at all, it must be a right brought forward by those who represent the public. Here a private trader is not allowed to bring an action and to recover damages, in such a case as this.”

On appeal to the House of Lords, the decision of the Court of Appeal was affirmed. Lord Herschell agreed that, to the extent that the claim was based on the exclusive right to the name of a patent process which had long expired, the action entirely failed. However, with respect to fraud being practised on the public, the House of Lords did not endorse the view taken by Cotton LJ. Lord Herschell held that “although there may be no right to the name in the sense in which I have hitherto used those words, yet no trader can be allowed to deceive the public into the belief that the goods manufactured by him are really the goods manufactured by another.” His lordship continued to state, in language notably showing a concern for the prevention of harm to the consumer as a ground for action, that “if [that dishonest trader] does that by the circumstances under which he uses the name, then, no doubt, application may well be made to the Courts to restrain any trader from deceiving the public.” The House of Lords thought that this ground had not been properly raised in the courts below and it, therefore, left it open for the claimants to do so.

That the protection of consumers’ interests has been considered a priority in judicial interference is also confirmed by the decisions of the highest judicial authority in America as well. In *Manhattan Medicine v Wood*, the Supreme Court noted how valuable a trade mark could be to its owner due to the owner’s efforts in maintaining a high quality in his goods; yet when referring to the reasons underlying trade mark protection, the Court stated that “this protection is afforded not only as matter of justice to him, but to prevent imposition upon the public.” Moreover, without doubt, for the Supreme Court, the interests of consumers were to be put on the same footing as those of private traders: “the foundation of the rule being that the public interest as well as the interests of the owner of the trade-mark requires that protection.”

Notably, the Supreme Court cited in many occasions the decisions of Lord Westbury to support either that trade marks might be considered property or that a claimant coming into equity must do so with clean hands. But never did the Court adopt his views regarding the secondary significance of consumers’ welfare in granting relief.
We have already referred to *Canal Co v Clark* as the first trade mark case before the Supreme Court and concluded that there it was confirmed that the foundation of the legal doctrine was tort and the gist of the action false representations. Reverting briefly to this case is necessary because of some dubious suggestion that the decision actually goes to show that the consumers’ interests, in the absence of some pecuniary harm to the interests of the trader, were never prioritised. The issue in that case was whether the plaintiffs could assert an exclusive right to the geographical term “Lackawanna” for coal mined in the “The Lackawanna Valley” and, thereby, prevent a coal producer whose coal was not mined in the same region from marking it with that name. It emerged that the term had not been devised by the claimants and had long been a recognised description of the region. Tested against the principles of passing-off, the claim was dismissed despite the Court’s belief that, in describing truthfully his product, the use of the second coal producer might have the effect of causing the public to mistake the origin or ownership of the product. The Court reasoned that “if [the second user] is as true in its application to his goods as it is to those of another who first adopted it, and who therefore claims an exclusive right to use it, there is no legal or moral wrong. Purchasers may be mistaken but they are not deceived by false representations...”

There is, however, nothing anomalous in this case when we consider that it was a well-established rule that words merely descriptive of the qualities or of the place where articles are made could not be monopolised. It is also hard to argue that the Supreme Court showed a complete disregard for the interests of consumers if we consider that it had already been established by the English Courts that mere confusion, due to some acts of the defendant, without false pretence is not sufficient to give a right of action. Indeed, American courts have recently held that the common law of unfair competition has always tolerated some confusion arising from the descriptive use of words contained in another person’s trade mark. Rather than being seen as a decision to support the argument that the concern for consumers was secondary, this decision actually reveals a different view, namely, that as between private and public interests, it is the broader public interest in promoting competition that prevails.

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296 Note 215, 313.
297 McKenna note 10, 1868.
298 *Canal Co v Clark*, note 215, 327
299 *Amoskeag Mfg v Spear* note 173, 599 (The Court found that the three letters ACA were used to designate the best quality of ticking, and not the company name of the claimants.); *Lee v Haley* [1869] LR 5 Ch.App. 155 (The Court agreed that the claimant had no exclusive right in the name “Guinea Coal Company” as that term was used by a number of other companies. Yet the Court held that the plaintiff was entitled, as against the defendant, to protection in the use of that name on the ground of defendant’s intention to deceive consumers.); Candee, Swann & Deere note 222 (A manufacturer of an article at a particular town cannot appropriate as his own, to the exclusion of others in the same place, the name of the place.) *Brown Chemical v Meyer* note 219, 542; *Saxlehner v Wagner* 30 S Ct 298, 299 (1910). The exception being when there is evidence of secondary signification. See *Wotherspoon v Currie* note 142, 521.; *Reddaway v. Banham* note 37, 199.
300 *Langridge v Levy* [1835-42] All ER 585, 591 (“Mere naked falsehood is not enough to give a right of action, but if it be a falsehood told with an intention that it should be acted on by the party injured, and that act must produce damage to him.”); *Day v Browning* note 165, 294 (Inconvenience and confusion do not suffice to sustain an action.)
301 *KP Permanent Make-up v Lasting Impression* 125 S Ct 542, 548 (2004)
This view is in fact borne out by the Supreme Court’s insistence that some rules must be observed before anyone can lay claim to exclusive use in descriptive and generic terms, like the one in question; to do otherwise, it was held, “the public would be injured rather than protected, for competition would be destroyed.” Some commentators argue that we must not take this statement out of its context and ignore the rest of the decision, which allegedly focused on the defendant’s legitimate use even in the face of potential consumer confusion. Although this is quite true, it is hard not to see that, by allowing the second user to use a descriptive word which is “the common right of many”, the greater public interest in free competition, the ultimate goal of the trade mark law, was in fact being served.

B. Trade Mark Law as a Balancing Theory of Interests

The discussion above serves to show that it is nigh impossible to state conclusively that, in granting trade mark relief, the courts were solely vindicating a private interest –that of the trader- or a public one -that of consumers. There was no such thing as an absolute dominating interest in the minds of most judges. In this connection, it is hard to argue that the legal doctrine sought to prioritise the interests of consumers or traders alone by considering either of them as a primary or secondary concern. As has been shown, the decisions purporting to vindicate exclusively either interest are exceedingly difficult to reconcile. The bottom line appears to be that, under whichever jurisdictional basis they operated, the courts initially realised that it was desirable to create a proper accommodation between private and public rights, in order to keep a balanced legal doctrine. Thus, rather than trying in vain to ascertain what master the law really sought to serve, it is here submitted that there was never an absolute master; the courts were in fact, either consciously or otherwise, seeking to further another interest, namely, the promotion of honest competition by balancing private and public interests.

Instances of this accommodation between conflicting interests may be found in the earlier English decisions, though the courts were not always explicit about it. The necessity to accommodate these interests stemmed from the very underlying purpose of trade mark law: lawful competition. The point was made very early on by the Court of Appeal when it refused to recognise a cause of action in favour of the complainant against the allegedly unfair activities of the defendants. The claim was that defendants’ agreement to offer low freights was likely to harm the trade of the claimant. Fry LJ is reported as saying: “It was argued that the plaintiff’s have a legal right to carry on their trade, and that to deprive them of that right by any means is a wrong. But the right of the plaintiffs to trade is not absolute but a qualified right, a right conditioned by the like right

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302 Canal Co v Clark note 215, 311
303 Ibidem, 323.
304 McKenna note 10, 1868, fn 126.
305 In fact the Court did state that, the appropriation of merely descriptive and geographical names to the detriment of that which is the common right of many, can only be permitted when the reasons at the foundations of trade mark protection are entirely overlooked.
306 In re Joseph Crosfield & Sons [1909] 1 Ch 130 (CA) 150 (“The object of trade mark law, whether before or after the Trade Marks Act, is to protect honest trading.”)
in the defendants and all Her Majesty’s subjects... This statement captures
the judicial thinking that legal protection was carefully exercised so as to not
interfere with other persons’ rights further than was necessary to safeguard the
interests of the claimant.

We have seen that all too often a complainant, without sufficient
elements to support a case for passing-off, would invoke the public interest to
make a baseless claim for protection. Similar assertions, in much the same
vein, were also often made by defendants. The courts, however, approached
these claims very cautiously by giving due regard to all the conflicting interests
they considered were involved. For instance, in Montgomery v Thomson, the
claimant had been the only brewer of ales at Stone, in Stafford, for more than a
century and his ales had acquired a great reputation in the market as “Stone
Ale”, so much so that anyone asking for “Stone Ale” would expect to get the ale
made by the claimant. The defendant had recently moved to Stone and begun
to sell ales under that name. He complained that the injunction restraining him
from selling “Stone Ale” was too wide in its language as effectively to give the
claimant a monopoly in that name and, thereby, exclude the rest of the public
from using it to describe the place of origin of that beer. The House of Lords
was not persuaded by these arguments and shrugged them off by saying that “it
appears idle...to argue in opposition to the injunction that it is against the public
interest to permit a monopoly of the use of the name of a town for trade
purposes, when the only effect of allowing its use by the person... would be to
deceive the public.” The House was alive to the possibility that the
defendant’s real purpose in moving to Stone was in fact to steal the claimant’s
trade. Yet the loss of trade was by no means the only interest to be
considered. The House held that, if the defendant could honestly use the name
to describe his ale without impinging on the right of the public not to be
deceived, the interest of the claimant would not prevail.

A similar result was reached in Yorkshire Relish, a case discussed
above but to which I want to refer again in order to stress the point that judges
treated trade mark law as serving and accommodating more than one interest.
When that case was before the Court of Appeal, Lindley LJ, speaking for the
majority, made the findings of fact with which the House of Lords agreed and
accepted to reject the appeal. Briefly, he had found that, as the defendants
had yet to find the claimant’s secret recipe, their sauce was not in all respects
like the claimant’s Yorkshire Relish. Nor were the differences in the wrappers

307 The Mogul Steamship Co v McGregor [1889] 23 QBD 598 (CA) 626 (Bowen LJ also agreed
with the opinion of Fry LJ and held that “The substance of my view is this, that competition,
however severe and egotistical, if unattended by circumstances of dishonesty, intimidation,
molestation or such illegalities...gives to no cause of action at common law.”)
308 See Part II.
309 [1891] AC 217 (HL)
310 Ibidem, 220 (Lord Herschell)
311 Ibidem, 223 (Lord Macnaghten)
312 Ibidem, 224 (“The [defendant] is entitled to call his ale what it really is, and to sell it under its
true name, if he takes care that his customers are no induced to believe that it is of the plaintiff’s
manufacture.”)
313 Note 259.
and labels sufficient to prevent mistakes. Lindley LJ, mindful that an accommodation between several rights should be created, concluded that “the defendants can make and sell their sauce as much as they please; they may even sell it under the name of “Yorkshire Relish”, if they can do so without misleading buyers and so injuring the plaintiff. If that is done the plaintiff may lose his trade, but no right of his will be infringed.” In addition, quite recently, in considering the state of the common law as it existed prior to any statutory protection, Lord Diplock noted how the treatment of trade symbols as property made it necessary for equity courts to look beyond the interests of the plaintiff in granting relief. He observed that “a right of property of this character calls for an accommodation between the conflicting interests of the owner...of the general public as purchasers of goods to which the trade mark is affixed, and of other traders. This accommodation had been substantially worked out by the Court of Chancery by 1875.”

In contrast to their English counterparts, American courts were far more explicit about the divergent interests that trade mark law was seeking to accommodate. Much like in England, the bedrock upon which the law was thought to rest was fair competition as well as principles of commercial morality. The law, however, targeted fraudulent or deceitful simulations of trade symbols tending to mislead the public and divert custom from one rival to another; anything short of this was lawful competition. The judicial assumption was that “fair competition in business [was] legitimate, and promote[d] the public good...” Therefore, in granting relief against infringing uses, the courts frequently made clear the various interests the law was carefully balancing and accommodating in pursuit of this ultimate goal. These courts held that “it is the province of equity to interfere for the protection of the purchasing public, as well as of the plaintiffs, and for the suppression of unfair and dishonest competition.” Perhaps the clearest understanding of what the accommodation between conflicting interests entailed was shown by the Supreme Court. In accepting that the geographical name Elgin for watches had acquired secondary meaning, the highest court wrote that “the manufacturer of particular goods is entitled to the reputation they have acquired, and the public entitled to the means of distinguishing between those and other goods, and protection is accorded against unfair dealing.”

However, despite this judicial willingness to accommodate private and public interests, courts lost sight of this desirable accommodation as soon as they were called upon to protect trade symbols on unrelated goods. Hitherto,

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315 Ibidem, 78-79.
316 General Electric v The General Electric [1973] RPC 297 (HL) 326.
317 Apollinaris v Scherer 27 F 18, 22 (Cir Ct NY, 1886) (“The interposition of a court of Equity is frequently invoked and always successfully to restrain unlawful competition in trade.”)
318 Dennison Mfg v Thomas Mfg 94 F 651, 659 (Cir Ct Del, 1899) (“The gradual but progressive judicial development of the doctrine of unfair competition in trade has shed lustre on that branch of our jurisprudence as an embodiment...of the principles of high business morality...”); Sartor v Schaden 101 NW 511, 513 (S Ct Iowa, 1904).
319 Apollinaris v Scherer note 317, 22
320 Celluloid Mfg v Cellonite Mfg 32 F 94, 97 (Cir Ct NJ, 1887)
321 Fischer v Bank 93 Sickels 244, 252. (Ct App NY 1893)
322 Elgin National Watch v Illinois Watch Case note 228, 674.
most trade mark disputes had involved the use of a name or mark for the same or very similar goods or services on which the earlier name or mark was used. A review of the early decisions of the Second Circuit serves to demonstrate how, in the absence of this essential accommodation, the courts struggled to create a balanced legal doctrine and thus to fulfil the doctrine’s ultimate goal.

1. The Judicial Struggle Without the Balanced Approach

At the end of the XIX century, the Second Circuit would refuse to intervene by injunction in the absence of any false representation that resulted in fraud on the public or on the trader. In accordance with the balance of interests found in the earlier cases, the Court had also established that intervention by injunction required an essential “compromise” between different conflicting interests. Under this compromise, even in cases where unintentional confusion arising from the similarities of the appearance of the goods that might potentially damage the claimant’s business was demonstrated, the only remedy available was “to require such changes in appearance as will effectively distinguish the defendant’s wares with the least expense to him” yet always making sure that claimant’s remedy would not drive defendant out of business altogether. Furthermore, the Circuit Court made clear that, under this model of “compromise”, the law was sensitive to a number of different interests and was thereby seeking to balance them properly. In granting a remedy, therefore, the court looked not only to the genuine grievance of the claimant but also to defendant’s “indubitable” rights to compete. At bottom was the courts’ real concern, namely, not to grant a remedy whose effect would effectively terminate or hopelessly cripple any competition between competitors.

As we rolled into the XX century, the balanced approach adopted by the Second Circuit was slowly replaced by a different concern: the complainant’s property interests embodied in the economic value of his mark. Inevitably, like in England, a change of focus also meant a change in the rationale of trade mark protection. The Aunt Jemima decision in 1917 is a turning point not only because it broadened the scope of protection beyond goods of the same descriptive properties but also because, in deciding that trade reputation and business extension were “property rights” deserving equitable protection, the court described its interference in terms of trespass on property. Consequently, the court reignited the longstanding controversy over the true basis on which equity would intervene in trade mark actions: the protection of the trader’s interests or the protection of the public from imposition. Indeed, the District Court in the Aunt Jemima case had addressed this question by relying

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323 Russia Cement v Frauenhar 133 F 518, 520 (2nd Cir. 1904) (“A court of equity will not enjoin a person from affixing to goods sold by him their true name and description, in the absence of any evidence of an attempted fraud…”)
324 Crescent Tool v Kilborn & Bishop 247 F 299, 301. (2nd Cir. 1917)
325 Florence Mig v Dowd 178 F 73, 75 (2nd Cir. 1910) (“the law has a three-fold object: First, to protect the honest trader in the business which fairly belongs to him; second, to punish the dishonest trader who is taking his competitor’s business away by unfair means; and, third, to protect the public from deception.”)
326 Shredded Wheat v Humphrey Cornell 250 F 960, 964 (2nd Cir 1918) (“Under the guise of protecting against unfair competition, we must be jealous not to create perpetual monopolies.”)
327 Aunt Jemima Mills v Rigney note 245, 409-411.
heavily on the principles formulated by Lord Westbury. Not surprisingly, the District Court held that interference of the court was based on an “invasion” of private rights, favouring the prevention of the private loss of the complainant as the fundamental basis of the private remedy.\textsuperscript{328} It seems, however, that the decision of the District Court was primarily motivated by the belief that, in the absence of competition between the products sold by the parties, no harm could arise.\textsuperscript{329}

On appeal, the decision was reversed on the basis that, the goods being commonly used together, the public might in fact attribute their origin to the complainant; the Circuit Court nevertheless did not address the issue of the proper basis for relief.\textsuperscript{330} Yet the Court, by stressing the damage arising from the unlawful benefit that the defendant obtained from the claimant’s reputation and advertisement -something the lower court thought did not constitute a ground for relief- signalled a concern for the economic interests of traders as the basis for judicial interference.\textsuperscript{331} Nevertheless, at this stage it was not at all clear that that concern was interpreted as establishing the true basis of protection. Soon after this decision Judge Hugh, in a dissenting opinion, stated that “it is not yet settled whether a trade mark is to be primarily regarded as protecting the mark owner’s business from a species of unfair competition, or protecting the public from imitations.”\textsuperscript{332} Before the court was the issue as to whether the defendant had the right to repackage and resell the claimant’s face powder under a mark which truly indicated its origin. The majority agreed that he did, in view of the fact that, if the face powder sold was the genuine powder covered by the trade mark, the rights of the owner were not infringed. The majority appeared to have reached this result by balancing the claimant’s interests against those of the defendant, having regard also to the public interest. Thus the Second Circuit returned to its previous balance of interests approach as it concluded that “trade marks...are intended to show without any time limit the origin of the goods they mark, so that the owner and the public may be protected against the sale of one’s man’s goods as those of another man.”\textsuperscript{333}

It was in that context that Judge Hugh expressed his dissent as he felt that the law should be primarily concerned with protecting the owner’s business and, therefore, the sole control of the mark embodying that business goodwill should lie with the owner. On appeal, the Supreme Court reversed the decision, effectively agreeing with Judge Hugh’s dissent, but left the question as to the basis for relief unanswered. Speaking by the majority, Justice Holmes reasoned the claimant’s rights were in fact infringed because ownership of the goods did not carry the right to sell them with a specific mark.\textsuperscript{334} However, by highlighting

\textsuperscript{328} Aunt Jemima Mills v Rigney note 245, 806 (“That the public is deceived may be evidence of the fact that the original proprietor’s rights are being invaded. If, however, the rights of the original proprietor are in no wise interfered with, the deception of the public is no concern of a court of chancery.”)
\textsuperscript{329} Ibidem, 808.
\textsuperscript{330} Aunt Jemima Mills v Rigney note 245, 410.
\textsuperscript{331} Ibidem.
\textsuperscript{332} Bourjois & Co v Katzel 275 F 539, 543. (2\textsuperscript{nd} Cir. 1921)
\textsuperscript{333} Ibidem.
\textsuperscript{334} Bourjois & Co v Katzel note 220, 692.
the claimant’s expenditure in advertising and its correspondent business success, Justice Holmes appeared more concerned with the same private interests recognised by the Aunt Jemima decision.\textsuperscript{335}

Yet in the second part of the century the Second Circuit wavered between a concern for protecting the claimant’s interests in the commercial value of its mark and a concern for weighing those interests against the public interest. In \textit{Coty v Prestonettes},\textsuperscript{336} the Court was faced yet again with a similar question, namely, whether defendant had a right to sell the claimant’s rebottled perfume displaying the claimant’s “L’Origan” mark but under defendant’s own package and trade mark clearly stating that repackaged perfume had no commercial connection with the claimant. Unlike previous instances, in this case the Court was called upon to determine whether the defendant’s acts constituted infringement under the Trade Mark statute. Speaking for the majority of the Court, Judge Rogers announced that “the courts have not authoritatively and finally determined whether a trade-mark is to be primarily regarded as protecting the trade-mark owner’s business or as protecting the public against imposition…”\textsuperscript{337} But although he recognised that the Trade Marks Acts served a two-fold purpose, he held that the primary concern was to protect the mark owner’s business.\textsuperscript{338} Nonetheless, after citing those English cases holding that fraud on the public cannot be ground for the private action, Judge Rogers decided that “whatever difference of opinion may have existed on this subject, we think that the Trade Marks Acts operate...for the protection of the business owner…and also for the protection of the public against imposition…”\textsuperscript{339} Bearing these two interests in mind, it was decided that, due to the delicate nature of perfume, an injunction should be granted to protect adequately the claimant and the purchasers.\textsuperscript{340}

By contrast, if there was any doubt about the true basis for relief in the mind of Judge Rogers, those doubts had certainly dispelled by the time he decided a passing-off case only a year later. In \textit{Goldwyn Pictures v Goldwyn},\textsuperscript{341} Judge Rogers refused to extend the injunction in order completely to restrain the defendant from using the name “Goldwyn”. The basis of this refusal was the

\textsuperscript{335} Ibidem, (“The monopoly of a trade mark, so far as it goes...deals with a delicate matter that may be of great value but that easily destroyed, and therefore should be protected with corresponding care.”)

\textsuperscript{336} 285 F 501 (2\textsuperscript{nd} Cir. 1922)

\textsuperscript{337} Ibidem, 513.

\textsuperscript{338} Ibidem, (The judge thought this was the most logical conclusion in the light of the private, rather than public, nature of the remedy: “If the sole purpose of the act be the protection of the public, that certainly cannot constitute a round reason for affording a private remedy.”)

\textsuperscript{339} Ibidem.

\textsuperscript{340} On appeal to the Supreme Court, the decision was reversed as it was held that the defendant was only telling the truth and that the existence of a trade mark had no bearing on the question of infringement. However, in stark contrast to his decision in \textit{Bourjois & Co v Katznel} note 220, Justice Holmes held that “[A trade mark] does not confer a right to prohibit the use of the word or words. It is not a copyright.” Interestingly, Justice Holmes stressed the importance of the public interest in determining whether the interests of the trader were undermined: “When the mark is used in a way that does not deceive the public, we see no such sanctity in the word as to prevent its being used to tell the truth. It is not a taboo.” See \textit{Coty v Prestonettes} note 220, 368.

\textsuperscript{341} 296 F 391 (2\textsuperscript{nd} Cir. 1924)
absence of any fraud on the part of the defendant—the foundation of passing-off claims. But more importantly, Judge Rogers referred to the multiple interests that form the basis of the protection when he held that “the court acts to promote honest and fair dealing... [It] seeks to protect the purchasing public from deception and also the property rights of the complainant.”

Seemingly, unlike his decision in Coty v Prestonettes where he appeared more concerned with the damage to the proprietary “value” of the mark, in this case Judge Rogers stressed the need to protect the public from imposition as well as the preservation of the defendant’s trade without detriment to the claimant’s own business.

2. The Return to Balancing Conflicting Interests.

Eventually, the Aunt Jemima doctrine became settled law in the second circuit, which meant that commercial reputation and business extension were two sufficiently substantial grounds on which a claimant could maintain an action against the unauthorised use of the same mark in the fields where he had yet to trade. The theory was described as an “outgrowth” of the general principles of unfair competition, of which trade mark law was a part; yet the wrong proved incredibly difficult to rationalise as it was not defined in terms of the “traditional” diversion of trade by fraudulent means.

Unhinged from the original balance of interests, the Second Circuit struggled to pinpoint the damage suffered by the claimant but ultimately settled for the seemingly unlawful benefit defendant derived from the value of the claimant’s advertising success. This approach was, however, short-lived. First, the degree of exclusive appropriation became dependent on the sort of mark for which protection was sought. Secondly, it was soon recognised that there was indeed a limit to the Aunt Jemima doctrine where the unauthorised use of the mark was too remote from those goods sold or likely to be sold by the claimant. But more importantly, the Second Circuit signalled an abandonment of the notion of property, steadily returning to the prevention of a wrong as the
original basis of the action\textsuperscript{350} and to the balance of interests approach adopted earlier in the century.\textsuperscript{351}

The epitome of this retreat is the decision in \textit{Johnson v Johnson},\textsuperscript{352} where Judge L. Hand backtracked on his position adopted in previous cases. In this case, the claimant sought to restrain the use of his Johnson mark on fabric cleaners, a market he had yet to enter, on the ground that he had established considerable business goodwill in his own market. Judge Hand acknowledged the existence of the \textit{Aunt Jemima} theory which the claimant invoked, but found that he could not see any basis for relief if the claimant’s sole desire was to guard the new market as a possible preserve for future exploitation.\textsuperscript{353} The claimant had nonetheless insisted there was consumer confusion caused by the defendant’s use. The judge’s response was that “the public may be deceived, but [claimant] has no right to be his vicarious champion.”\textsuperscript{354} This statement, however, must not be taken out of its proper context. The wrong alleged was not a ground for which the law gave protection as it is clear from Judge L. Hand’s statement that “we are nearly sure to go astray in any phase of the whole subject, as soon as we lose sight of the underlying principle that the wrong involved is diverting trade from the first deal with him.”\textsuperscript{355} In the end, the result reached was one in which the defendant was entitled to some measure of relief by requiring the defendant clearly to distinguish the origins of its products in order to avoid consumer confusion; hence, no absolute interest prevailed, but rather an accommodation of the various interests at stake.

A most interesting discussion on the economic matrix out of which trade mark law developed took place towards the middle of the XX century in the Second Circuit Court. In a number of decisions Judge Frank highlighted the seemingly inherent conflict between free competition and the protection of trade symbols. In his view, at the heart of competition lay the widely-held belief that it was beneficial to consumers. Nevertheless, he expressed serious misgivings as to whether the legal protection of trade marks in fact promoted competition. He described trade mark law as the creation of “lawful monopolies” or “immunities from competition”, the legal protection of which might often, but certainly not always, benefit the consumer.\textsuperscript{356} Judge Frank captured his thinking in the following statement: “The protection of such monopolies in names seems… to rest on the social interest in protecting primarily not the consumer, but the businessman who has gained a strategic advantage, through building up of goodwill. The public interest, from that point of view, is primarily in the

\textsuperscript{350} \textit{Dupont Cellophane v Waxed Products} 85 F2d 75, 81 (2\textsuperscript{nd} Cir 1936) (“The rights of the complainant must be based upon a wrong which the defendant has done to it by misleading customers as to the origin of the goods sold and thus away its trade. Such rights are not founded on a bare title to a word or symbol but on a cause of action to prevent a deception.”)

\textsuperscript{351} \textit{Emerson Electric Mfg v Emerson Radio} note 345, 911 (Holding that conflicting interests must always be weighed, so in a case where a defendant who has built a large business in a market not previously occupied by the claimant, the defendant’s interests vastly outweigh the claimant’s.)

\textsuperscript{352} 116 F2d 427(2\textsuperscript{nd} Cir. 1940)

\textsuperscript{353} Ibidem, 429.

\textsuperscript{354} Ibidem.

\textsuperscript{355} Ibidem.

\textsuperscript{356} \textit{Eastern Wine Co v Winslow-Warren} 137 F2d 955, 957. (2\textsuperscript{nd} Cir 1943)
preservation of honesty and fair dealing in business and in procuring the security of the fruits of individual enterprise.” 357 This statement should not be understood, as it seems to have been understood, as a candid repudiation of trade marks but rather as a call for a recalibration of the legal principles underpinning their legal protection. Underlying this protection is the basic common law policy of encouraging free competition, of which the protection of monopolies in names is but a secondary and limiting policy. 358 Judge Frank explained that, although free competition affords a privilege to do acts which may result in financial harm to others, this privilege is limited by other conflicting policy considerations, such as the protection of consumers against unfair business practices which may mislead consumers even to their pecuniary benefit. It was precisely the failure to keep in mind constantly these other policy considerations that Judge Frank thought “has sometimes led to decisions unduly extending the confines of name monopolies.” 359

Judge Frank’s denunciation of the courts’ failure satisfactorily to balance various interests is consistent with my description of the early origins of trade mark law. In a later concurring opinion, Judge Frank elaborated on the nature of the “lawful monopolies” created by trade mark protection, which he identified as being “judge-made”. 360 He questioned the alleged benefit that such protection brings to consumers’ economic welfare, seemingly showing a departure from his previous position. Essentially, his economic account purported to show that, in the early cases of unfair competition, the interests of consumers might have been inadvertently “neglected” as courts came to focus on the adverse effect of unethical business activities on business competitors, but did not stop to verify whether, in protecting first trade mark user by an exclusive judge-made monopoly, their intervention, as a matter of fact, adhered to the free enterprise rule that consumer welfare is paramount. 361 This apparent neglect was soon rectified and the courts, when granting injunctions against unfair use of trade marks, justified their decisions on the ostensible but unverified ground that the customers were being protected against financial harm. Yet courts never seriously questioned whether the policy of preventing financial harm to the consumer was not actually in a collision course with that of preventing loss to the earlier trade mark user. In Judge Frank’s opinion, “they failed to see that the doctrine of so-called unfair competition is really a doctrine of unfair intrusion of a monopoly.” 362

357 Ibidem, 958.
358 Ibidem 959.
359 Ibidem.
360 Standard Brands v Smidler 151 F2d 34, 38. (2nd Cir 1945)
361 Ibidem. Judge Frank refers to Adam Smith as the father of the economic liberalism movement of the early XIX century. That movement promoted the notion that competition, if wholly unhampered by government, would invariably promote the general welfare. In particular, the courts generally accepted the two main assumptions of this theory: 1. that economic well-being of consumers is the paramount end of economic activity, and 2) that competition will further that end far better than governmental protection.
362 Ibidem, 40. Otherwise, Judge Frank argues, courts squarely have faced the question of the value to consumers of such a judge-made monopoly.
Central to Judge Frank’s economic account is the notion that, if conduct is unfair to a business rival, it does not follow that it will harm consumers. Under this model, the logical conclusion is that, if sole purpose of trade mark protection were to protect consumers from direct financial loss, competitor B would have a complete defence provided he showed that his product is just as good as that of the competitor A. Thus the economic account would appear to suggest that trade mark protection affords in fact no “direct economic benefit” to consumers. While this may well be true, it would be wrong to assume that there is no consumer benefit at all. Indeed, Judge Frank’s overall conclusion was that trade mark protection does serve a sufficiently important social interest: the overall policy of not unduly hampering competition.

Judge Frank’s economic model of the law is relevant in underlining the balance of interests that courts must engage in if honest competition –the ultimate goal of the legal doctrine- is to be achieved. His model, however, cannot escape some criticism. For instance, it fails to take into account the overwhelming fact that, in the earliest cases, a business rival would not seek to sell as good a product as that sold by the first trade mark user. Rather, the early complaints show that the goods being passed off were invariably of much poorer quality than those sold by the earlier business rival. As manufacturing methods improved, competitors were also able to improve the quality of their goods so that defendants were often able to argue that the quality of their goods was just as good as those offered by the claimant. But by that time, the principles of the law had already been well established and so the courts did not accept these arguments. Furthermore, it is not entirely clear Judge Frank had a consistent view of the rôle of the consumer interests or the overall interests at stake. Whilst in some cases he opposed any decisions in which there was no evidence of the need to protect consumer interests or, indeed, no consideration of the conflicting social interests at stake, in others he thought that any regard for the consumer interests in the application of a statute was immaterial.

CONCLUSION

Trade mark law has never served the interests of one master; rather, it has always endeavoured to accommodate properly the interests of traders, consumers and competitors. With this accommodation of interests in mind, the courts sought to achieve and preserve the ultimate goal envisaged by trade

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363 Ibidem. If producer A sell washing-up liquid at 75p and a competitor B then begins to sell an identical product at 50p, producer A may lose customers unless he changes his price; but the purchasers are misled to their financial benefit.

364 Ibidem, 41. Therefore “the conventional assumption that trade-name protection importantly adds, in direct fashion, to consumers’ economic welfare has not yet been proved to be true in fact.”

365 Ibidem, 41-43 Accordingly, he constantly decried those instances in which he perceived that complaint’s claim to protection was mere interference with free enterprise, or playing dog-in-the-manger as he put it, from which consumers will not benefit.

366 Cook v Starkweather (S Ct NY, 1872) 13 Abb 392; Godillot v Harris (Ct App NY, 1880) 36 Sickles 263.

367 LaTouraine Coffee v Lorraine Coffee (Ct App 2nd Cir 1946) 157 F2d 115, 124-125

368 Johnson v Johnson (2) (Ct App 2nd Cir 1949) 175 F2d 176, 181.
mark doctrine: fair competition. Whilst the first judicial interventions rested on notions of deception and the sole need to prevent the commission of a wrong, the later introduction of property as the “true” basis of protection led the courts to regard infringing acts as trespass and intervene for the recognition of a right. Inevitably, these philosophical upheavals had the effect of distorting the balance of interests at various stages of the evolution of the law. It is precisely in the property characterisation of the legal doctrine -instigated largely by Lord Westbury’s decisions- that the question arose as to whether the protection was given for the benefit of the trader or the consumer. McKenna’s historical account of the law suggesting that, at the heart of the protection, has traditionally been a concern for the interests of the trader draws heavily from Lord Westbury’s decisions. Yet as my critique of these decisions, and the American ones that applied them, indicates the question on which interests the law has historically sought to vindicate was never conclusively solved.

The focus on the interests of consumers, in particular, was paramount in keeping private claims for protection within the proper remit of trade mark law; at the same time this allowed courts to ensure honesty and high standards of commercial morality in the market as they refused to intervene when the claimant did not come into equity with “clean hands”. The overriding aspiration, however, was to achieve a balanced legal doctrine serving various, sometimes conflicting, interests alike. Thus, current academic opinions suggesting that the sole justification of trade mark law lies in the protection of consumers, and not traders, have lost sight of this historical accommodation of interests that the law sought to create. To this extent, McKenna’s diagnosis of the problem of contemporary trade mark law – namely, that it focuses too much on consumers to the detriment of traders – is right. It is respectfully submitted, however, that his prescription – namely, a rereading of the normative basis of Anglo-American trade mark law orientated around the interests of traders – is wrong.