

Thesis Collection

**Trade Mark Licensing In England and Greece**  
**A Comparative Approach**

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This work is dedicated to my parents Thanassis and Angela for their unfailing love and support, and as the smallest act of gratitude to two people who dedicated their lives to providing their children with far more than education only.

## PREFACE

I would like to take this opportunity to express my deep and sincere gratitude to my supervisor, Professor John N. Adams, for his support and valuable guidance throughout my research.

As this thesis is the highest step in the course of my education and research in law, I also feel obliged to express my gratitude to Professor Thanassis Liakopoulos of the University of Athens who first introduced me and made me interested in the law of Industrial Property.

Many thanks are due to Stamos Mylonas for the great help he gave me concerning the technicalities of the preparation of this thesis.

Finally I should also dedicate this work to three special people who had an important influence in my everyday life and who unfortunately are no more amongst us. My late grandmother Lambrini K. Kalambokia, George M. Makris and Helen G. Kanta.

The interpretation of the Civil Code and the Greek Trade Marks Act is made by G. Taliadoros and the interpretation of the Unfair Competition Act by Professor Rokas and E. Perakis in *World Unfair Competition Law*, New York, 1983

In this thesis, the law is taken as until June 1, 1993.

## ABSTRACT

This is a comparative study of trade mark licensing in English and Greek law.

Trade mark licensing is an activity which is fully compatible with the origin theory of trade marks. This theory is followed in both systems we examine. The understanding of the underlying theory of trade marks is necessary in order to understand the function of licensing, the conditions set by the law and the extent to which licensing is allowed. Ultimately the comparison made does not reveal considerable differences between the two legal systems. The English law seems to be rather more liberal, but in both legal systems there is room for alterations towards simplifying the procedure of licensing without endangering the ability of the trade mark to indicate a single source. Such alterations are proposed. Following the EC Directive and the White Paper, English law seems to be nearer to making such alterations. On the contrary no such sign is visible in Greek law

The two legal systems differ substantially regarding licensing of unregistered trade marks. This is due to the fact that the tort of passing off protects goodwill while in Greece the Unfair Competition Act protects the ability to indicate origin and reputation. The comparison of the different attitudes, and especially of goodwill and reputation, is necessary in order to understand the differences between the two systems and their ability to respond to new challenges such as merchandising etc. At this point no indication of harmonisation exists as no tort of unfair competition seems to be developing in England.

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### Table of Abbreviations, Reports and Periodicals

<b>AC, App. Cas</b>	Law Reports, Appeal Cases
<b>Adv.Mark.LP</b>	Advertising and Marketing Law and Practice
<b>ALL ER</b>	All England Law Reports
<b>AP</b>	Greek Supreme Civil and Criminal Court
<b>Armenopoulos</b>	(Greece)
<b>ATPR</b>	Australian Trade Practices Reports
<b>Beav.</b>	Beavan
<b>Buffalo LR</b>	Buffalo Law Review
<b>Calif.LR</b>	California Law Review
<b>Catholic Univ. LR</b>	Catholic University Law Review
<b>CC</b>	Civil Code
<b>CCP</b>	Code of Civil Procedure
<b>ChD, Ch</b>	Law Reports, Chancery Division
<b>CLR</b>	Commonwealth Law Review (Australia)
<b>CLRev</b>	Commercial Law Review (Greece)
<b>CPR</b>	Canadian Patent Reporter
<b>DES</b>	Administrative Committee of Trade Marks (Greece)
<b>DDDS</b>	Second Instance Administrative Court of Trade Marks (Greece)
<b>Dickinson LR</b>	Dickinson Law Review
<b>DLR</b>	Dominion Law Reports (Canada)
<b>Drake LR</b>	Drake Law Reports
<b>EA</b>	Court of Appeals (Greece)
<b>EIPR</b>	European Intellectual Property Review
<b>F.Supp.</b>	Federal Supplement (USA)
<b>FSR</b>	Fleet Street Reports
<b>Greek Justice</b>	
<b>GLJ</b>	Greek Lawyers' Journal
<b>GRUR</b>	Gewerblicher Rechtsschutz und Urheberrecht, Inlandsteil
<b>Harv.LR</b>	Harvard Law Review
<b>JBL</b>	Journal of Business Law
<b>JGFJ</b>	Journal of Greek and Foreign Jurisprudence
<b>J&amp;H</b>	Johnson and Hemming
<b>JoLegHist</b>	Journal of Legal History
<b>JSPTL</b>	Journal of the Society of Public Teachers of Law
<b>IIC</b>	International Review of Industrial Property and Copyright Law
<b>Legal Issues</b>	(Greece)
<b>LQR</b>	Law Quarterly Review
<b>Legal Studies</b>	
<b>LeT</b>	Legal Tribunal (Greece)
<b>LT</b>	Law Times Reports
<b>Mich. LR</b>	Michigan Law Review
<b>MLR</b>	Modern Law Review
<b>MPA</b>	One Member Court of First Instance of Athens, Th.- Thessaloniki etc (Greece)
<b>NL</b>	New Law (Greece)
<b>NSK</b>	Legal Council of the State (Greece)
<b>PD</b>	Presidential Decree
<b>PDDS</b>	First Instance Administrative Court of Trade Marks (Greece)
<b>Pir.Jur.</b>	Piraeus Jurisprudence
<b>PPA</b>	Three Members Court of First Instance of Athens (Greece)

<b>PrA</b>	President of the Athens Court of First Instance
<b>RIntPIndP</b>	Review of Intellectual and Industrial Property
<b>RPC</b>	Reports of Patent Cases
<b>QB, KB</b>	Law Reports Queen's Bench, King's Bench
<b>SA</b>	South African Reports
<b>SE</b>	Supreme Administrative Court (Greece)
<b>Sydney LR</b>	Sydney LR
<b>Texas LR</b>	Texas Law Review
<b>TLR</b>	Times Law Reports
<b>TMR</b>	Trademark Reporter
<b>Trademark World</b>	
<b>Un.W.Aust.LR</b>	University of Western Australia Law Review
<b>US</b>	United States Supreme Court Reports
<b>USPQ</b>	United States Patent Quarterly
<b>WLR</b>	Weekly Law Reports
<b>Yale LJ</b>	Yale Law Journal

## 1. The Scope of this Thesis

The basic question with which we shall attempt to deal in this thesis is whether licensing is a practice compatible with the law of registered and unregistered trade marks in Greece and the UK. The necessary first step is to define what the law protects through the machinery of the respective Trade Marks Acts, and the tort of passing off and unfair competition law, in relation to unregistered trade marks. By defining the extent of a proprietor's rights, we will be able to ascertain the extent to which marks can be licensed. Moreover, a thorough understanding of what the law protects is essential in order to define the nature of the legal problems created through the application of the law as it stands now. In addition to this, as this is a comparative study, it is necessary to understand the rationale behind the law in order to point up the differences between the legal systems examined, explain them, and of course propose possible reforms to the law.

It must be noted that examining aspects of the free movement of goods and competition law is beyond the scope of this paper. **The sole purpose of this thesis is to examine the conditions under which trade marks law allows licensing of trade marks.** An agreement for licensing of trade marks may be perfectly valid as far as trade mark law is concerned, yet create an economically unacceptable situation. For instance Art.8 of the First Council Directive on Trade Marks<sup>1</sup>, allows licensing of a trade mark for a part only of a Member State. It is not the granting of a licence for a certain geographical area that is prohibited, but the effects it may have on the free movement of goods. Such effects are the subject of another body of law, while the licence, as far as trade marks law is concerned (quality control, relation of the parties etc.), may be perfectly good. Understanding the distinction between the roles of these two branches of the law is of considerable importance, otherwise there may be serious misconceptions about the law. We shall have the opportunity to deal in passing with some such problems, for example compulsory trade mark licensing and the extended "connection in the course of trade"

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1. 89/104/EEC, OJ No. L 40/1

invented by the courts in some UK parallel imports cases<sup>1a</sup>.

## 2. The function of Trade Marks: Origin or Quality?

Although the question "how trade marks function" and accordingly how and to what extent they should be protected by the law, is one that has been the subject of exhaustive inquiries, it is still debated. The main reason for this seems to be the development of trade and commerce and the adaptability of old doctrines to such developments. The primary consideration is whether a trade mark is an indication of origin pointing to the source through which the goods reach the public, or an indication of quality. The one sure thing about this subject is that it seems to have created confusion that is reflected both in theoretical discussions and in some decisions of the courts.

At the moment, the origin theory seems to prevail in most legal systems<sup>2</sup>, and the first misconception is related to the question as to what exactly does the origin theory mean? Is the purpose of a trade mark to indicate a specific and known source through which the goods emanate or is it to indicate that the goods which bear the same trade mark emanate from the same source but one which is one not necessarily known to the public? Especially in relation to licensing, this may have considerable importance as it may imply that if the goods bearing the mark do not emanate from the specific known source, the mark will not be used properly. However, it is well established, that **the trade mark does not identify a specific trader**. As Fry J. put it Siegert v. Findlater<sup>2a</sup>

"The reference to the maker arises only when there is superadded to the thought of the thing the thought of the person that makes it; a thought which seldom arises in the mind of the purchaser, who cares nothing about the maker, but only about the thing which he is buying"

There is another important point that should be made. The right in a trade mark is a

1a. Revlon Inc. v. Cripps and Lee Ltd [1980] FSR 85

2. For the historical development of trade marks see: F.I.Schechter, *The Historical Foundations of the Law Relating to Trade Marks*, Columbia University Press, 1925; S.A.Diamond, "The Historical Development of Trademarks" 65 TMR 265 (1975); *Kerly's, The Law of Trade Marks and Trade Names*, by T.A.Blanco-White and R.Jacob, 10th Edition, Sweet & Maxwell, London 1972, ch.1; H.P.Behrendt, "Trademarks and Monopolies - Historical and Conceptual Foundations" 51 TMR 853 (1961); E.S.Rogers, "Some Historical Matters Concerning Trademarks" 62 TMR 239 (1962); R.Francesceli, "Trade Marks as an Economic and Legal Institution" [1977] IIC 293; J.N.Adams, "The Intellectual Property Cases in Lord Mansfield's Court Notebooks" [1987] Jo.Leg.Hist. 18

2a. (1878) 7 Ch.D. 801

property right owned by a certain person. Its object is to serve a private interest and not a public interest, though of course it cannot be used in a manner which endangers the public interest. In the words of Lord Chancellor Westbury in Hall v. Barrows<sup>2b</sup>

"imposition on the public is indeed necessary for the plaintiff's title, but in this way only, that is a test of the invasion by the defendant of the plaintiff's right of property."

The problems caused by the reference to a known source of the trade mark had led to the suggestion that a trade mark does not distinguish goods as being from a certain source, it just distinguishes different kinds of goods<sup>3</sup>. It is submitted, however, that if the law recognised this as the main function of trade marks, then imitating a trade mark and putting it on goods of the same quality and with the same external characteristics would not be an infringement of the trade mark. Indeed, as long as the public were able to distinguish the goods from other goods, no problem would arise. Such, indeed, is the function of certification trade marks. On the contrary, according to the origin theory, the function of ordinary trade marks that the law should regulate, is the right of each proprietor to use his trade mark upon his goods so that it is demonstrated that they emanate from a different source than do equivalent goods. In this context, identifying a product would only be a consequence of using a trade mark as an indication of origin and protecting the rights of the proprietor. It is essential to note once more that the rights conferred by trade mark law are private rights having as their purpose first and foremost the protection of the proprietor and not the consumer.

Regarding the function of the trade marks as means of identifying quality, similar observations could be made. The question here is whether or not there is an independent "quality function" of trade marks. As we have seen, for the purchaser, a trade mark is an indication that the goods which bear it are similar to goods he had bought before. If he is satisfied with the product, he will repeat his purchase. Up till this point everything seems to be fairly clear. The problem is that the purpose of trade mark law is to protect the

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2b. (1863) 9 LT 561

3. Schecter, "The Rational Basis of Trademark Protection" 40 Harv. LR 813 (1933); A. Michaels, "The Function of Trade Marks. The Law and Reality" [1980] EIPR 13

proprietor. If the trade mark indicated only a degree of quality, then the products bearing it could originate from different sources as long as the quality was the same, as is the case in respect of certification trade marks. Again, the proprietor would not need a trade mark of his own. It could, thus, be argued that the public treats a trade mark as a quality indicator only in the sense that, as long as the goods which bear it emanate from a specific source, those goods are likely to have the same quality. The ultimate object is to indicate origin, to protect the right of the proprietor to put his goods on to the market and to distinguish them from those of his competitors so that a good profit is made out of the whole process<sup>4</sup>. As Bowen L.J. put it in Powell's Trade Mark<sup>4a</sup>

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

The trend towards emphasising the importance of trade marks as indications of quality, causes problems from the consumer's point of view. It is argued that since the trade mark indicates a certain quality, certain limitations should be imposed on the proprietors' ability to change the quality of the goods that bear the trade mark<sup>5</sup>. However, consumer protection laws, and Acts regulating trade, deal with the problem of products that should not be circulated in the market and consumed by the public for reasons that mainly have to do with the quality or constituents of the goods, or a false description of their ingredients etc. On the other hand, trade marks do not necessarily indicate good quality but a certain degree of quality, whether bad or good. While the former laws set product standards, trade marks indicate the quality of a product within those standards. If the goods do not meet the prescribed standards, the machinery for the protection of consumers will be set in motion. It is difficult to understand though, why the proprietor of a trade mark should be denied the right to decide the kind of quality his goods should have within the relevant standards. If that quality deteriorates, the public will associate the

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4. Th.Liakopoulos, *Parallel Use of Trade Marks*, Athens 1974, p.92 seq; Th.Liakopoulos, *Industrial Property*, Athens 1989, Part I, p.40 seq; B.Antonopoulos, *Trade Mark Licensing*, Thessaloniki 1980, 9 seq

4a.[1893] 2 Ch 388 at 403

5. I.Hussey, "Product Liability and Trade Marks" [1979] EIPR 329; E.W.Hanac III, "The Quality Assurance Function" 65 TMR 318 (1975); Z.Chafee Jr. "Coming into Equity with Clean Hands" 47 Mich. L.R. (1949); Michaels, *op.cit*; and in, *A Practical Guide to Trade Marks*, ESC, Oxford 1982, ch.1

trade marks with goods of bad or variable quality, and stop purchasing them<sup>6</sup>. In this way, the proprietor will be "punished" by the market. In any single market, there are products of good and bad quality. As long as all products have a share in the market, they justify their existence. An additional factor that must be considered is that trade marks do not only indicate quality and, in turn, goods are not always bought on the basis of their quality only<sup>7</sup>. There are a number of reasons that may lead a person to make a purchase and quality is one, perhaps the most important one, yet it is not the only one. Speaking in economic terms, one should also consider the cost of maintaining a stable quality given the fact that such a maintenance is not always possible due to external factors such as the increase of the price of raw materials etc. Eventually, that will be reflected in the final price of the product. If they were obliged by quality maintenance, traders would almost certainly reflect the cost of it in the price of the product from the outset and, consequently, the prices of goods would increase. Finally, it is extremely doubtful whether the courts could or should function as evaluators of quality of different goods. This would most probably, prove an "intolerable burden for the courts"<sup>8</sup> and will create additional confusion. As it was observed by R.S.Brown Jr<sup>9</sup>,

"Talk about the guarantee function of trade symbols is thus a somewhat overblown attempt to escape from the strict doctrinal requirement of a **known source** and it should not obscure the legitimate informational value of labels pointing to an established reputation"

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6. W.R.Cornish-J.Phillips, "The Economic Function of Trade Marks - An Analysis with Special Reference to Developing Countries" (1982) IIC 41

7. Buying goods merely because they bear a prestigious brand is quite a widespread practice especially in underdeveloped economies. Cornish-Phillips, *ibid*.

8. D.Shanahan, "The Trademark Right: Consumer Protection or Monopoly?" 72 TMR 233 (1982)

9. "Advertising and the Public Interest: Legal Protection of Trade Symbols" 57 Yale L.J. 1165 (1953) at 1181



### 3. The development of the Law of Registered Trade Marks in the UK and Greece

#### 3.1 Trademark Licensing: A Forbidden Trade Practice

As we have seen the origin theory presupposes the existence of single source responsible for the goods. Licensing is a practice that presupposes existence of more than one enterprise applying the trade mark and, accordingly, it seems to be a practice which is in conflict with the crucial underlying principle. How did the law in Greece and the UK deal with the problem?

In Greece licensing was not allowed. The philosophy behind this was that since the law grants the right to a specific source, if another source is created, deception to the public will be caused. Following the origin and one trade source doctrines, sec.17(1) of Act 1998/39 provided that "the use of trade mark shall only be allowed on the owner's own products" and more clearly sec.17(5) stated that "in any other case the use of one's own trade mark shall not be allowed on another person's products **even if the owner consented**". One case in which this was illustrated is case PA 2507/1950 CLRev 1951, 372. The first defendant was a French company that manufactured sewing-thread and socks and the second defendant was a Greek subsidiary of the first defendant that manufactured and circulated in Greece the same products using the same trade mark under licence. The French company had already been established in the Greek market before using the subsidiary. The plaintiffs were a company trading in the same market. They took action under section 1 of the Unfair Competition Act, claiming that the second defendants should stop using the trade marks on products made by them in Greece as this could lead to deception or confusion. The court held that the plaintiffs had the right to take action, since sec.17 was introduced not only to protect the interests of the proprietor, but also those of the public<sup>1</sup>. It was also held that, following the provisions of sec.17(5), a licence could not be granted, and thus the second defendant should cease using the trade mark on its goods. The fact that the second defendant was a subsidiary of the first one

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1. What section 16(1) of the 1955 Act is supposed to do now.

was of no use to them as the court held that they both still had an identity of their own.

Section 3 of the 1905 UK Trade Marks Act defined "trade marks" as follows:

"A trade mark shall mean a mark used or proposed to be used upon or in connection with goods for the purpose of indicating that **they are the goods of the proprietor** of such trade mark by virtue of manufacture, selection, certification, dealing with, or offering for sale."

The Act did not contain a provision expressly prohibiting licensing, but section 22 prohibited assignment in gross, i.e assignment without the goodwill. In the most celebrated case decided under the 1905 Act, Bowden Wire Co. Ltd v. Bowden Brake Co.Ltd<sup>1a</sup>, the licence was treated as an assignment in gross. The plaintiffs were the owners of a letters patent for "Bowden Wire". In 1903, they registered a trade mark for brakes for velocipedes and licensed it to the defendants to use it in connection with brakes for pedal cycles, the licence being limited to the continuance of the letters patent. After the expiration of the patent, the defendants continued using the trade mark for brakes for pedal cycles and also for motor cycles. The plaintiffs brought an action against the defendants and the latter moved to expunge the trade mark from the Register. Lord Shaw addressing the plaintiffs' argument that they had licensed the trade mark stated<sup>2</sup> that:

"I need not point out to your Lordships that the argument submitted is in flat violation of the very definition of a trade mark in this Act of Parliament"

In fact, in all British statutes since the 1875 Act, it was provided that a trade mark could only be assigned or transmitted in connection with its goodwill. However, the Patents, Designs and Trade Marks Act 1883 included also a controversial reference to trade mark licensing. Section 87 provided that the proprietor of a trade mark

"... shall, subject to the provisions of this Act and to any rights appearing from such Register to be vested in any other person, have power absolutely to assign, grant licenses as to, or otherwise deal with, the same and to give effectual receipts for any consideration for such assignment, license or dealing..."

This has led to the argument<sup>2a</sup> that licensing was not prohibited before it was specifically provided by the 1938 Act, it was simply not referred to by the previous Acts apart from

1a. (1914) 31 RPC 385

2. *ibid.*, at 395

2a. S.Lane, *The Status of Licensing Common Law Marks*, Dareheath Ltd, London 1991.

the 1883 Act. On the other hand, it is also argued that section 87 of the 1883 Act had no effect at all<sup>3</sup>. The problem was considered in Bowden Wire Co. Ld v. Bowden Brake Co. Ld<sup>3a</sup>, where Buckley L.J expressed the opinion that section 87 when coupled with section 70, which prohibited assignment in gross, did not give power to grant a licence.

In interpreting a statute, the literal interpretation is of great importance. The court must infer the intention of the Parliament from the letter of the statute<sup>4</sup>. Section 87 uses very strong language (...the proprietors...have power absolutely to assign, grant licenses...) that seems to leave no room to doubt. Moreover, "any interpretation of a provision which would render nugatory (or more obscure) any other provision of an Act will normally be rejected"<sup>5</sup>. Therefore, it seems likely that section 87 did allow licensing.

In Hanson & Others v. Game, Harrison and Larner Ltd<sup>5a</sup>, it was held that licensing was allowed under the 1883 Act, but it did that in a very restrictive way which indicates that the court was not very comfortable with the notion of licensing. In this case, Mr. Evison along with two other persons were awarded by a consent order, the right to use the trade mark for themselves and for their future partners. Stirling J., though he generally accepted licensing, adopted a very conservative approach and found that Mr. Evison could not license that trade mark to a company in which he was not a partner though he was a shareholder and director. The use of the trade mark by a third person was allowed only if that person was or became a partner of one of the three persons who had the common use of the trade mark. The latter could not be "in liberty to grant licences to all the world to use this trade mark"<sup>6</sup>. Because of the restrictive interpretation put on it, it must be admitted that section 87 had very limited use<sup>7</sup>

Section 3 of the 1905 UK Act, cited above, includes the first statutory definition of

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3. J.N.Adams and K.V.Prichard Jones, *Franchising*, Butterworths, London, 3rd edition 1990, para. 1.09

3a. (1913) 30 RPC 580 at 587

4. R.Cross, *Statutory Interpretation*, London 1977, p.42-43

5. W.Twining and D.Miers, *How to do things with Rules*, London 1982, Weidenfeld and Nickolson, p.335

5a. (1892) 9 RPC 186

6. *Ibid.* at 188. The editors of Kerly's also accept that licensing was allowed under the 1883 Act; *op.cit.*, p.254

7. A.Michaels, *A Practical Guide to Trade Marks*, ESC, Oxford 1982, p.130 - footnote 28

a trade mark. This clearly indicated that the goods bearing the trade mark must be the goods of the proprietor. When the 1938 Act allowed licensing, it also changed, as we shall see, the definition of a trade mark. Under section 68(1), the trade mark need not show that the goods are the goods of the proprietor, but only that there is a connection in the course of trade between the proprietor and the goods. The change was the result of permitting licensing. Furthermore, if licensing was already considered acceptable before the 1938 Act, the Goschen Committee would probably have proposed, and the Parliament could have enacted, a provision allowing licensing without the strict requirements contained in section 28. But they did no such thing. The new proposal was considered a considerable innovation, and the Committee cautiously chose an intermediate solution.

There were cases in which the "licence" prohibited was effectively an assignment in gross. As we shall see, "Bowden Wire" is a case in point. However, in this case the court condemned generally the practice of<sup>8</sup>

"Contractually conferring upon the defendants the right to put upon the goods, which were not manufactured by the plaintiffs, and which were not the goods of the plaintiffs, the registered trade mark of the plaintiffs, with the object and intent and effect, so far as the Trade Marks Act is concerned, of informing the public that those were goods of the plaintiffs, which of course they were not"

The court did not make the distinction between a licence and an assignment in gross because they were considered to have the same effect. There are though other cases in which a more liberal approach was adopted.

In Radiation Ltd's Application<sup>8a</sup>, it was held that a parent and its subsidiaries could use the same trade mark as they constituted in effect one entity and the trade mark had become a house mark. In fact, "Radiation" was not treated as a case of licensing and was distinguished from the "Bowden Wire" on the grounds that "in that case each of the companies was independent of the other in so far as the manufacture and marketing of each goods were concerned" while in this case "the applicants control not only the general policy of the associated companies but the design and the quality of the goods". In this

8. (1913) 30 RPC 580 at 592

8a. (1930) 47 RPC 37

way, the trade mark "becomes in effect the house mark of the whole group, in addition to which each associated company (or branch) may properly use its own individual mark". The group was seen as a whole, as the proprietor to whom section 3 of the 1905 Act applied. The arguments used to support this decision are very close to the philosophy underlying section 28 of the 1938 Act. The fact of a close relationship and quality control were stressed along with the non-existence of confusion. Despite the effort of the court to reconcile Radiation with previous cases, it obviously adopted a broader interpretation than might have been expected<sup>9</sup>.

The above suggests that licensing was not allowed under the 1905 Act, but that subsequently, the courts followed a more flexible approach, paving the way to the introduction of section 28 of the 1938 Act. All Acts, however, before the present one, apart from the 1883 Act, treated licensing as an assignment in gross. Developments in common law which stress the limits or exceed the provisions of statute law, may not be unusual, but regarding systems based on Roman Law they are rare, - if not prohibited. This is a considerable problem when comparing the development of the law in the two countries. Thus, while a more liberal view was adopted in some cases under the 1905 UK Act, the courts in Greece ruling under the 1939 Act, held that even a licence granted to a Greek company in a foreign country, under that country's rules, was not valid in Greece<sup>10</sup>.

### **3.2 Permitting licensing**

In both England and Greece the main reason for allowing licensing was the need to follow established trade practices. This need was felt even more in Greece because it was thought that licensing would be crucial in the effort the national economy was making at the time to attract foreign capital. But this also caused considerable criticism. It has been argued<sup>11</sup> that by making it easier for foreign capital to establish itself in Greece, given the

9. See also Coles Proprietary Ltd v. Need [1934] AC 82; Somerlite v. Brown (1934) 51 RPC 205 which we shall discuss later

10. G.Fragoulis, "An Official Opinion of the Legal Council of the State" GLJ 1954, 871; P.Mamopoulos, "The Trade Mark Act 1998/39" CLRev 1950, 153; G.Mpalis-P.Perakis, "Licensing of a Foreign Trade Mark by a Greek Enterprise" GLJ 1951, 580

11. P.Perdikas, "The Present Law of Trade Marks" GLJ 1954, 713

obvious inability of the Greek industry to compete with foreign enterprises, it would inevitably lead to the market being dependendent upon, and controlled by, foreign decision-making centres. The result of permitting licensing suggests that such fears were exaggerated, and in any case, it may be observed that at the time of the enactment of the new Act, in practice, licensing was widespread, in spite of the civil and criminal penalties threatened by the Act<sup>12</sup>.

In 1934, in Britain, a committee chaired by Viscount Goschen submitted its proposals which led to the enactment of the 1938 Act<sup>13</sup>. After stating that under the 1905 Act licensing was prohibited and would render the registration invalid, they went on to make two radical proposals. Firstly, it was proposed that the assignment of a trade mark without the goodwill - a practice that was forbidden under the 1905 Act - should be accepted. The Committee also suggested that the conditions of modern commerce made it necessary to allow licensing as a trade practice, and that "this could be introduced without any serious risk of deception or other results contrary to the public interest".

An intermediate position was taken between both extreme proposals made to the Committee, and according to which either unrestricted licensing should be allowed or licensing should only be allowed between a parent and a subsidiary company. It was instead proposed by the Committee that a system of "registered users" should be adopted. The granting of a licence was only to be allowed after a decision of the Registrar, based on information about the relationship of the parties and the control that the licensor would be able to exercise over the goods which would be produced by the licensee and which would be circulated bearing the trade mark. Special consideration should always be paid to the public interest. Major alterations to the definition of "trade mark" were also proposed so that it could be reconciled with the new situation created by permitting licensing. It was even suggested that in two cases no actual intention on behalf of the proprietor to use the trade mark should exist, one of them being when an application for registration was made

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12. P. Mamopoulos, "The New Trade Marks Act" CLRev 1955, 18

13. Cmd 4568

accompanied by an application to register a licensee. This proposal was adopted in section 28(1)(b) of the Act<sup>13a</sup>.

In Greece licensing was introduced by Act 3205/1955. It is important to note that although the Act amended several provisions of the 1939 Act mainly dealing with the procedure for trade mark registration, it only added the provisions referring to licensing. As a result of this, the provisions of the old Act that prohibited licensing and those of the new Act that allowed it, are both still in effect causing some problems with interpretation<sup>13b</sup>.

### **3.3 The 1938 Act and older Common Law**

As it has already been pointed out, the proposals of the Goschen Committee led to the enactment of the 1938 Act which provided amongst other for trade mark licensing. One would think that the old law, prohibiting trade mark licensing would be superseded. But things were not as simple as that. In a fairly recent case<sup>14</sup> the leading authority prohibiting licensing under the 1905 Act, Bowden Brake Co. Ltd v. Bowden Wire Co. Ltd was still treated as good law.

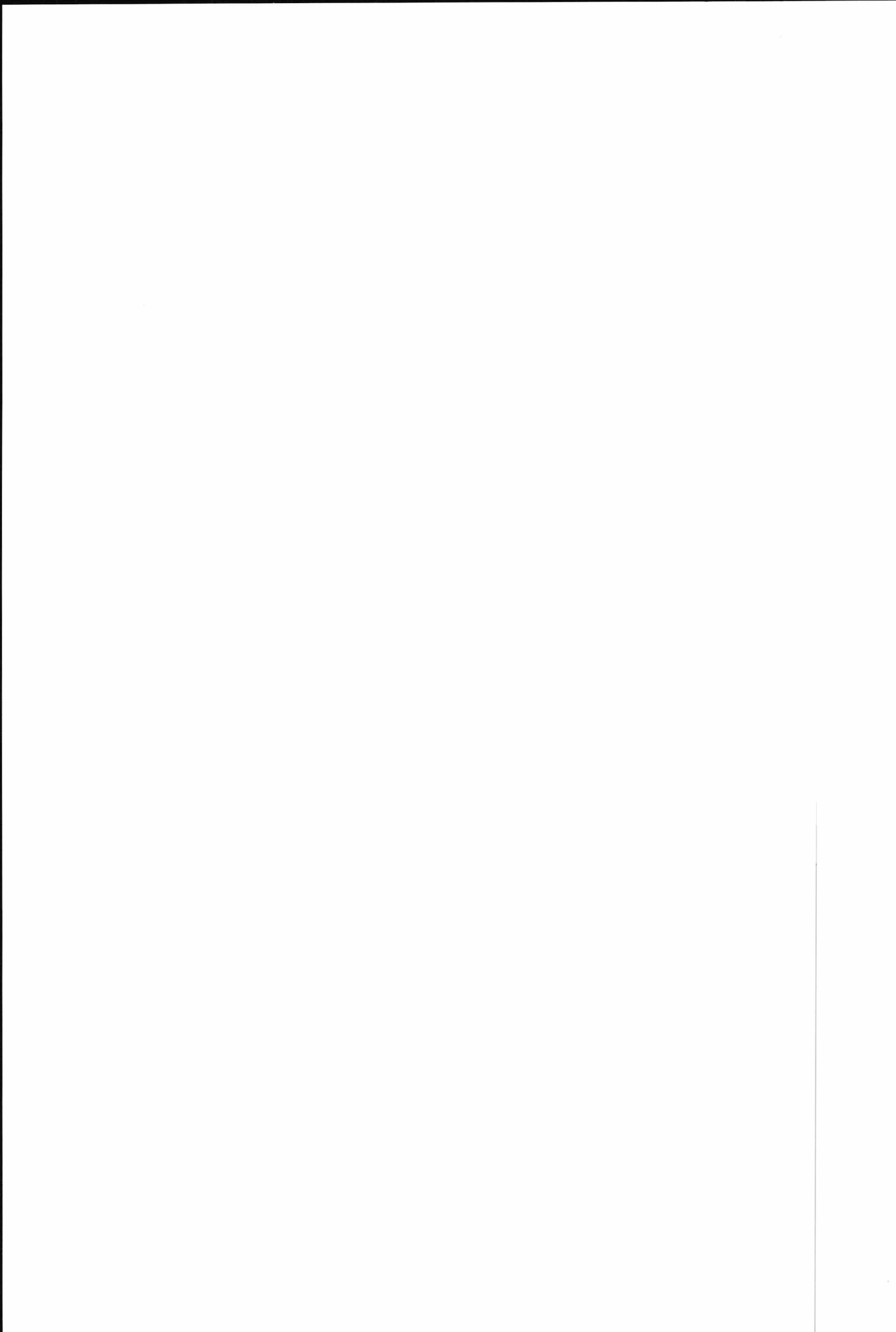
We have already referred to the facts of the "Bowden Wire" case. It is necessary at this point to stress the fact that the owners of the trade mark in this case did nothing to ensure that the public would not be deceived. They assigned a part of their business, undertaking not to trade in cables for bicycles themselves and along with that granted a licence for their trade mark. In fact, the licensors had never used, nor could they use, the trade mark themselves for cables for bicycles. The result was that, as the court held, the public came to relate through years the trade mark, as far as cables for bicycles were concerned, with the licensee<sup>14a</sup>. It seems, as D.R.Bereskin observes<sup>15</sup>, that the purpose of

13a. The other case, where the applicant intends to assign the mark to a company not yet formed, is embodied in sec.29(1)(a)

13b. This has not changed after the Presidential Decree 317/92 which implemented the EC Directive. PD 317/92 does not abolish the 1939 Act but only amends it and completes it.

14. "Holly Hobbie" [1984] RPC 329

14a. We shall have the opportunity to examine a similar situation, which occurred in Diehl Trade Mark [1970] RPC 435, later





the licensor was to allow the licensee to build up a goodwill in the trade mark and, then, use it for his own purposes. The licensor's action effectively amounted to an assignment of the trade mark in gross.

In Re Pan Press Publications Ltd Applications<sup>15a</sup> it was suggested that since the provision prohibiting assignment of a trade mark without goodwill was abolished in the 1938 Act<sup>16</sup>, and the decision in the Bowden Wire was based on it, it should not be considered good law any more. The Pan Press decision, however, does not seem to solve the problem. Firstly it was decided on narrow grounds<sup>17</sup>. Secondly if one accepts that the practice of the plaintiff in Bowden Wire should not be prohibited, now that section 22 of the 1905 Act is abolished, one should also accept that there should be no bar to licensing, but the 1938 Act permitted licensing only subject to certain conditions

In Aktiebolaget Manus v. R.J.Fullwood and Bland Ltd<sup>17a</sup> the defendants imported goods produced by the plaintiffs in Sweden and bearing a trade mark registered also by the plaintiffs. During the war the defendants ceased importing and started manufacturing such goods using the mark "Manus" at first under a patent licence from the plaintiffs and later independently. The plaintiffs sued for passing off and for trade mark infringement and succeeded in both. Evershed, L.J. referring to the Bowden Brake case distinguished it from Manus, arguing that in Manus no licence existed and that here the plaintiffs' intention was to keep their goodwill in the trade name rather than the trade mark alive, while the Bowden Brake dealt with a trade mark. This distinction, if made, would have no effect in the outcome of the agreement. As J.N.Adams puts it

"...had they (*the defendants*) attempted to use the name Manus without the licence they could have been restrained, as indeed eventually they were, because it would have been an infringement of the mark. The agreement whatever its object therefore had effect as a licence of a trade mark<sup>18</sup>."

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15. D.R.Bereskin, "The Source Theory of Trade Mark Law - Its effect on Licensing" 16 Trademark World 47

15a. (1948) RPC 193

16. Assignment without goodwill is allowed under section 22 of the 1938 Act

17. Kerly's, *op.cit.*, p.254

17a. (1949) RPC 71

18. Adams, *op.cit.*, para. 1.10

It seems that, taking into consideration the special circumstances of war, the proprietors of the trade mark in the Manus case acted properly in their effort not to leave their trade mark open to attack, and the question of whether the other party knew that "Manus" was a trade mark is irrelevant. The learned judge dealt with Bowden Wire as being still good law. In the Holly Hobbie<sup>18a</sup>, Lord Brightman referred again to the Bowden Wire case but only, and this is important to note, in approving some general principles stated by Lord Loreburn. He went on to state that the Goschen Committee had those principles in mind when referring to "trafficking" as a barrier to trade mark licensing<sup>19</sup>. And indeed the passage of Lord Loreburn's speech to which Lord Brightman referred states the actual core function of trade marks, the reason why, as Lord Brightman put it, the concept of "trafficking" exists.

What is the relation between a statute and previous case law? How do the courts treat cases whose outcome is reversed by a statute? The problem has not been given much consideration. Professor Cross<sup>20</sup> and P.S.Atiyah<sup>21</sup> are two of the authors who had taken interest in the problem. P.S.Atiyah observes that "as a general rule, the courts tend to regard the statutory reversal of judicial decisions as not affecting the underlying principles of those decisions"<sup>22</sup> It should be noted that Lord Brightman in Holly Hobbie took into consideration a general principle of trade mark law as stated in the Bowden Wire case. It was not the specific subject matter of the case (trade mark licensing) which was considered, but the underlying principle that a trade mark cannot be dealt with as a commodity in its own right<sup>23</sup>. That principle is still current. The difference is that in the social and commercial reality that the 1905 Act reflected, it led to the belief that trade mark licensing should be prohibited, while according to the reality reflected in the 1938 Act, trade mark licensing presents no problem as long as no deception or confusion is

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18a. [1984] RPC 329

19. *Op.cit.*, at 355

20. R.Cross, *Precedent in English Law*, London 1977

21. "Common Law and Statute Law" [1986] MLR 1

22. Atiyah, *Ibid.*, p.12

23. Holly Hobbie, *op.cit.*, at 355

caused and there is no "trafficking"<sup>24</sup>. Under such conditions it seems that if "Bowden Wire" was brought in a court today the trade mark would still be struck off the register. If we dealt with it as an assignment without the goodwill in accordance with the requirements of section 22, the plaintiffs obviously could have no claim at all. If it is treated as a case of licensing, the absence of quality control and the loss of distinctiveness and subsequent deceptiveness, would again lead to a decision against the plaintiff. If the above remarks are correct, the Bowden Wire case as far as the question of whether licensing is allowed or not is reversed. However, the general principles, are still applicable and in accordance with the reality reflected in the 1938 Act.

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24. The correctness of the interpretation of trafficking made in this case will be discussed later.

#### 4. The Origin Theory in Greek and English Law

We have until now referred to the different functions of trade marks and attempted to clarify the scope of what is known as the origin theory. We have also seen that the Trade Marks Acts in Greece and the UK, both followed the origin theory and that **this was the reason why** licensing was considered to be prohibited. The current Acts in both countries allow licensing. Obviously, this makes it necessary to examine what effect this has on the function of trade marks which is protected by the law. **Is the origin theory still followed or is something else protected? What is the trade mark supposed to indicate when licensed? To what extent is licensing allowed? What is the object of the extensive provisions regulating licensing?** In order to do this we must examine how the relevant Acts define the right in a trade mark and what are they designed to protect through the infringement provisions.

##### 4.1 The new definition of Trade Marks

As we have seen<sup>1</sup> the main reason for prohibiting licensing under both the Greek and English law, was that it presupposed the existence of more than one business being related to the circulation of the goods which bore the trade mark in the market, something that conflicted with the one trade source and origin doctrines. Accordingly, it could be expected that the introduction of licensing would result in some alteration to the definition of "trade marks" since in such a definition the meaning that the law attributes to a certain legal concept is usually demonstrated, the kind of the right that is regulated and the extent to which it is protected. In other words, **we can find which of those functions that a trade mark can perform is protected by the law, by interpreting the definition.**

In both Greek and UK law the "source theory" of trade marks was followed. The section of the UK 1905 Act which provided so was sec.3, with which we dealt above. Section 1(1) of the 1939 Greek Act is similar. It provides that

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1. See Ch. 3.1

"Any mark that is useful for determining that given products originate from a certain industrial, agricultural or stock-breeding enterprise and also determining that given objects in the trade originate from a certain commercial enterprise, shall be considered a trade mark "

This definition has changed following the implementation of PD 317/92. In the new sec.1, as amended by sec.2 of the PD, it is stated that

"A trade mark is any sign capable of being represented graphically, which is capable of distinguishing the goods or services of one undertaking from those of other undertakings"

Though the wording has changed it seems to be quite clear that the new definition remains anchored to the origin theory. The PD follows, using virtually the same wording, the Directive. One should note that apart from any other point which might be made, the text presenting the Directive states that "the protection afforded by the registered trade mark, **the function of which is in particular to guarantee the trade mark as an indication of origin....**" On the other hand, section 17(5) upon which the prohibition of licensing trade marks was based has not been amended. These provisions must be reconciled with sec.16 of the 1955, Act which regulates licensing. The PD has added some provisions to this section, but as we shall see, they introduce no substantial change. They define rather the old provision than amend it. Despite all these, the important observation at this point is that as far as the definition is concerned, it is quite obvious that the law seems to follow the origin theory.

In UK law, after the 1938 Act, the problem is slightly different. Here the question is the extent to which the new definition has altered the law. Section 68(1) of the 1938 UK Act, includes the new definition of trade marks according to which

"Trade mark means, except in relation to a certification trade mark, a mark used or proposed to be used in relation to goods for the purpose of indicating, or so as to indicate, a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the mark, whether with or without any indication of the identity of such a person..."

The most important observation is that instead of the phrase "**for the purpose of indicating that they are the goods of the proprietor of such trade mark by virtue of manufacture, selection, certification, dealing with or offering for sale.**" of the 1905 Act, the phrase "**for the purpose of indicating, or so as to indicate, a connection in the**

**course of trade "** is used. Both these phrases are the key phrases of the two definitions, and that of the old definition is the one through which the "source theory" was established. What is then the effect of the change of the wording?

We referred in a previous chapter to the proposals of the Goschen Committee<sup>2</sup> that led to the enactment of the new Act. Those proposals were in many cases followed to the letter by the legislature and it seems that they might be considered as indicative of the legislature's intentions. It was suggested, however, in Bismag Ltd v. Amblins (Chemists) Ltd<sup>2a</sup>, that the proposals of a Government Committee must not be examined when an Act is interpreted. This opinion was criticized later in Aristoc v. Rystac<sup>3</sup>, and it really seems quite unreasonable not to consider the situation that existed before the enactment of the Act for such a purpose, given the fact that the proposals were entirely accepted and included in the Act. Furthermore, as we shall later see, it may lead to serious misconceptions of the law since the interpreter of the law is in a position of trying to build on the provisions of the law no matter how narrow the intention of the legislature was, but he cannot base his interpretation on a totally false conception of what the intention of the legislature was. In the specific case of the Trade Marks Act, the fact that the proposals were followed, makes it even more necessary to examine them. There is another point. In very technical pieces of legislation, which need specialised knowledge, Parliament tends to follow the proposals of the Committees which have such a knowledge<sup>3a</sup>.

The Goschen Committee, though it introduced a number of considerable innovations, did make it absolutely clear that the old principle of trade origin was not to be abolished. The intention was to reconcile the proposed changes with the existing doctrines to which no substantial change was made<sup>4</sup>. This is the conclusion reached in the most cases since the enactment of the Act. In Saville Perfumery Ltd v. June Perfect Ltd<sup>4a</sup>

2. See Ch. 3.2

2a. (1940) 57 RPC 209. This was an established rule of interpretation.

3. (1945) 62 RPC 65

3a. In the recent Pepper v. Hart [1993] 1 ALL ER 42, this rule was relaxed. The House of Lords held that parliamentary material can be used where the legislation is ambiguous and if such material is clear. This seems to be the case here.

4. See ch.3.2

4a. (1941) 58 RPC 147

it was stated that "infringement consists in using a mark as a trade mark, that is as indicating origin" The leading case however is Aristoc v. Rysta where Lord Wright, referring to the specific words of the new definition under examination, stated that<sup>5</sup>

"They undoubtedly changed the law to some extent, but they did not, in my opinion, change the fundamental idea of the function of a trade mark, which was to indicate the origin of goods"<sup>5a</sup>.

The only question that remains is how much wider the "source theory" is under the new definition. We shall discuss this later.

#### **4.2 Infringement and the function of Trade Marks**

Section 4 of the 1938 Act which provides for infringement and describes the exclusive right of a proprietor, is a very complex one, using wording that is far from clear, and frequently criticised. It provides that

"... the registration of a person in Part A of the register as proprietor of a trade mark (other than a certification trade mark) in respect of any goods, shall if valid , give , or be deemed to have given , to that person the exclusive right to the use of the trade mark in relation to those goods..."

Similarly sec.16(1) of the 1939 Greek Act<sup>6</sup> provides that

"the registration of the trade mark shall afford to the depositor alone the exclusive right of using the trade mark, and especially the right of affixing the trade mark on the same products or goods which it is intended to distinguish thereby, of distinguishing the services which the proprietor provides ..."

From this point on, there are considerable differences between the provisions.

Section 4 of the 1938 Act goes on

"...without prejudice to the generality of the foregoing words, that right shall be deemed to be infringed by any person who, not being the proprietor of the trade mark or a registered user thereof using by way of the permitted use, uses in the course of trade a mark identical or nearly resembling it, in relation to any goods in respect of which it is registered , and in such manner as to render the use of the mark likely to be taken either-

a) as being used as a trade mark; or

5. Op.cit., at 82

5a. Art. 2 of the Directive seems to be following the origin theory also. In a more clear manner it is stated in the Introductory Statement that the function of the trade mark "is in particular to guarantee the trade mark as an indication of origin". See also art. 4(3) of the Draft Regulation for the Community Trade Mark, Doc. 4595/91

6. As amended by sec.6 of PD 317/92

b) in case in which the use is use upon goods or in physical relation there to or in an advertising circular or other advertising issued to the public. as importing a reference to a person having the right either as proprietor or as registered user to use the trade mark, or to goods with which such a person as aforesaid is connected in the course of trade"

#### **4.2.1 Section 4(1)(b) and the origin theory.**

Section 4(1)(b) was introduced to meet the problems arising from Irving's Yeast-Vite Ltd v. F.A Horsenail<sup>6a</sup>. The plaintiffs in this case were the proprietors of the trade mark "Yeast-Vite" for medical preparations of yeast for human use. The defendants sold a similar preparation which they advertised as "Yeast Tablets, a substitute for Yeast-Vite." The plaintiffs took action for infringement of their trade mark. Under sec.39 of the 1905 Act infringement could only occur if confusion as to the origin of the goods that bore the infringing trade mark was created. That was a logical result of the definition that was given in sec.3 and which provided that the trade mark should indicate the origin of the goods. Obviously no such deception occurred here and Lord Tomlin in the House of Lords, basing his decision on the above grounds, found no infringement. The defendants did not even bother to appear at any stage in the proceedings.

What seems to have happened in this case is that the defendants intended to build their own reputation upon the substantial goodwill of the plaintiffs without creating deception as to the origin and being liable to an action for infringement. An action for passing-off, as Lord Tomlin also pointed out<sup>7</sup> could be of little help for the plaintiffs in such a case since deception must be proved<sup>8</sup>. So the legislature when drafting the Trade Mark Act 1938 knew that a solution could be given only through a statutory provision. The problem at this point is that the inclusion of a provision of this kind in the Trade Mark Act would contradict the principles of the old Act that led to the "Yeast-Vite" decision. Following from this, two possible alternatives exist. Either the old principles were altered dramatically, as it was held in Bismag Ltd v. Amblins (Chemists)Ltd<sup>8a</sup>, or the section

6a. (1934) 51 RPC 110. Recommendation of the Goschen Committee, Cmnd 4568, para. 184-185

7. At p.116

8. See also G.Dworkin, "Knocking Copy. Comparative Advertising - A Survey of UK Practice" [1979] EIPR 41

8a. (1940) 57 RPC 209



included to regulate the above situation must be read restrictively, on its own, as a mere addition to the Act. We should once more repeat that the inclusion of such a provision in the Trade Marks Act was the only way to deal with the problem since common law afforded no substantial help.

As noted above, the leading case concerning sec.4(1)(b) is Bismag Ltd v. Amblins (Chemists) Ltd. The defendants manufactured and sold medicinal preparations. Amongst other products they manufactured one called "Bismuthated Magnesia Tablets". The plaintiffs manufactured a well known product of the same substance and marketed it by the registered trade mark "Bisurated Magnesia Tablets" which was sold in a higher price. The defendants sold both the products and advertised both in their catalogue stressing the fact that though they were of the same description and equally good, their own product was cheaper. It was stated, among other, that "for too many years have sufferers been exploited by manufacturers of branded medicines and charged shillings for medicines that cost pence to make" . The plaintiffs took action claiming that their trade mark was infringed, but they did not succeed. An appeal was lodged and the Court of Appeal gave a majority decision in their favour.

The decision of Sir Wilfrid Greene M.R was based on the following line of thinking. First he pointed out that the defendant was in pains to show that he did not use the trade mark in respect of his own goods, but only of those of the plaintiffs'. Then he accepted that since in section 4(1) two different sub-sections are set out, they must provide for two different things<sup>9</sup>, something that seems logical. He then stated that section 4(1)(a), referred to the type of infringement for which the 1905 Act provided, that is the case where the infringing mark indicates that the goods originate from the proprietor<sup>10</sup>. He continued by noting that the phrase "used...in relation to goods" which in the 1938 Act was used instead of the phrase "upon or in connection to goods..." which existed in the corresponding section of the 1905 Act. He argued that the new wording is wider and went

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9. At 233

10. At 233

on to state that

"moreover as this type of use [*the one described in section 4(1)(b)*] is use "in relation to" the goods of the infringer it follows that the words "use in relation to" in both parts of the definition cannot be confined in the infringer. Once it appears that there may be a wrongful use of a trade mark in relation to goods (namely the goods of the alleged infringer) which is not a use as a trade mark in reference to those goods, that is, as indicating the origin of those goods in the alleged infringer, all reasons for giving a limited construction to the words "in relation to" disappear."<sup>11</sup>

After giving such a wide interpretation to "use in relation to" the learned judge concluded by saying that the trade mark of the plaintiffs was not only used by the defendants "in relation to" the former's goods, but also "in relation to" the defendant's goods. Accordingly, the learned judge found that even sec.4(1)(a) was infringed<sup>12</sup>. Section 4(1)(b) was also found to be infringed since a reference to the plaintiffs goods was made<sup>13</sup>.

But there was a problem with this interpretation. If somebody managed to register a trade mark that included a descriptive word or phrase then any reference to such a term would be an infringement. For example<sup>14</sup>, if "Crocodile" was registered for shoes made from crocodile skin any mention of the word "crocodile" for shoes would be considered to be an infringement. This consequence was avoided as it was suggested that the infringing mark must be used "**in a trade mark sense**", which means to be used

"not of course as a trade mark for the infringer's own goods [that is provided for in paragraph (a)] but as a trade mark identifying the complainants' goods, as the trade mark Yeast-Vite was used in the "Yeast - Vite" case and as the trade mark "Bisurated" is used in the present case."<sup>15</sup>

For an infringement to occur according to section 4(1)(b) the mark must be used in such a trade mark sense and not as a descriptive word or phrase.

When examining whether section 4(1)(b) was also infringed the judge had to deal with the provision of section 4(3)(a) which allows the use of the trade marks in relation to the goods of the proprietor as far as he or a registered user has applied or consented to the

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11. At 233

12. At 233

13. At 233-4

14. At 234

15. At 234

application of the mark on the goods

Here a distinction was drawn between the use of the trade mark in the catalogue, or on the goods in a shop window, that was allowed by section 4(3)(a) and that made by the defendants, by referring to the ingredients, quality, and price, which is "entirely different in character and purpose"<sup>16</sup>, and to which section 4(3)(a) did not apply.

It is obvious that by such an interpretation the Master of the Rolls accepted that a **considerable departure from the old doctrine of origin was introduced by the new Act.** As he put it

**"...a radical alteration has been effected in the law relating to registered trade marks"** and "It [the registration] confers upon the proprietor a novel type of monopoly for which **no consideration is given to the public**, -as it is in the case of patents - beyond the fees payable on registration"<sup>17</sup>.

The actual effect of this proposition seems to be that, while according to the "source theory" only the function of the trade mark as an indication of origin was protected, now, under the above approach, we must accept that the law tends towards giving not just an exclusive right but also an extended monopoly to the proprietor to **prevent any unauthorised use of the phrase or sign, no matter whether such use is made in order to indicate origin or not.** While in the first case the law protects the function of the sign as an indication of origin, in the other it protects the sign per se.

Surprisingly enough, **neither the courts nor most legal commentators have pointed out the importance of such an interpretation for licensing.** If the trade mark is to be protected, no matter whether indicating origin or not, why bother including section 28(2) for example, or stressing the necessity for quality control? Why does section 28(5) refer to the protection of the public interest? These provisions, as we shall see, serve the purpose of guaranteeing that only one trade source will exist; that the public will not be deceived. If the trade mark does not indicate origin but something different, why should such provisions exist? What meaning should they be attributed?

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16. At 235

17. At 231

The other member of the Court who found infringement of the trade mark was Clauson L.J, but his approach, though similar to that of Sir Wilfrid Greene, had certain differences. Clauson L.J based his interpretation on the difference between the phrase "used upon or in connection with goods" of the 1905 Act and "used in relation to goods" of the 1938 Act. He explained, that the new wording was intended to make it clear that a trade mark can be used in advertisements<sup>18</sup>, something not clear under the old Act, and accordingly it meant that an infringement can occur even if the infringing mark is not used in physical relation to the goods. He stated that

"If my observations on the phrase "in relation to" as it appears in the new definition of trade marks are correct, the first seven lines of sub-section (1) would appear to confer on the registered owner of the trade mark not only a monopoly in the word composing the trade mark where that word is used upon or in connection with a specific physical object, but also a monopoly of the use of that word where it appears, divorced altogether of any connection with a specific physical object, in an advertisements which mentions the products of the owner of the trade mark"<sup>19</sup>.

Nevertheless this interpretation is far narrower than that given by the Master of the Rolls and led the learned judge to state that since section 4(1)(a) presupposes a use of the trade mark as an indication of origin in the way the old law required, in contrast with the Master of the Rolls' interpretation, this section was not infringed<sup>20</sup>. According to the learned judge not all advertisements referring to the trade mark will be prohibited. This is because section 4(3)(a) is interpreted as referring only to "existing" goods<sup>21</sup>. Accordingly, if the advertisement is referring to "the specific articles existing in the defendants' stock", "to specific existing goods on which the plaintiffs had placed their mark"<sup>22</sup> no infringement occurs. The defendant merely advertises the goods he has to offer. In this specific case though,

"the defendants in the advertisements go beyond that and proceed to make a further statement in terms which are plainly to be gathered from a comparison between the preparatory matter and the tabulated list and might well be gathered from the mere arrangement of the tabulated list of medicines in parallel columns"<sup>23</sup>

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18. At 240

19. At 241

20. At 242

21. At 242

22. At 243

23. At 243

It is evident from the above that the interpretation made by Clauson L.J deals better with the problem, since it also refers to the effect of the comparison. The learned judge went on to limit the wide meaning of the word "reference" by using section 4(3)(a).

It seems that the conclusion that section 4(1)(a) must be different from section 4(1)(b) is right. But the Master of the Rolls while accepting this, by the wide interpretation he gave to the phrase "in relation to" reached in fact the opposite conclusion and found that both sec.4(1)(a) and 4(1)(b) applied. This is a first indication that something is wrong in his decision<sup>24</sup>. Since two different sub-sections exist it follows that logically two different situations are regulated<sup>25</sup>. An argument that one of them has a wider meaning so that it includes the other, is also unacceptable because it simply means that the one subsection would not be needed. Clauson L.J avoided this problem by the narrower interpretation he gave, finding that sec.4(1)(a) was not infringed. Yet his interpretation had a different flaw. He based his argument on the accurate observation that the alteration in the wording of the two Acts, as far as "in relation to goods" is concerned, was made in order to clarify the position of the law in respect of use of a trade mark on advertisements<sup>26</sup>, but he then went on to make a restrictive interpretation of section 4(3)(a). This section provides that no infringement will occur in respect of goods to which the trade mark has been applied with the consent of the proprietor. This includes any kind of goods no matter whether "existing" stock or not. A restrictive interpretation of section 4(3), constraining it to existing goods, has no basis at all. The mere inclusion of the goods in the same catalogue would constitute an infringement of the trade mark had the first part of Clauson L.J interpretation been right. What is more, the defendants in "Bismag" would not had infringed the trade mark since there is no reason to suppose that they did not refer generally to the goods upon which the proprietor himself put the mark, no matter whether in stock or not<sup>27</sup>. However, **Clauson L.J did not doubt that section 4(1) still follows the**

24. Kerly's, *op.cit.*, p.264.

25. See the recent Chanel Ltd v. L'Arôme (UK) Ltd [1991] RPC 335 which we shall discuss later. Confirmed on appeal Chanel Ltd v. Triton Packaging Ltd [1993] RPC 32

26. Kerly's, *op.cit.*, p.10

27. The argument of Clauson L.J. that while a simple list of goods to offer refers to existing goods, a comparison does not refer to existing goods does not seem very persuasive

**origin theory**<sup>28</sup>. According to him a limited and not an extended monopoly in the sense Greene MR suggested, is granted including also the special case of section 4(1)(b)<sup>29</sup>

Finally, the proposition put forward by Simmonds J. and upheld by Mackinnon L.J that no change was intended to be introduced by the different wording seems unreasonable. It is quite difficult to accept, as the latter argued, that the legislature just "appears to have a liking for the phrase"<sup>30</sup>

#### **4.2.2 Applying the "Bismag" test**

The "Bismag" decision was criticised in the House of Lords but, despite the criticism, it was applied and is considered the leading authority in this field of the law. It was only recently, that Millett J., in Chanel v. L'Arome<sup>30a</sup>, criticised the interpretation made by Sir Greene and did not follow it, basing his judgment solely on the test formulated by Clauson L.J.

At this point it should be noted that there are more obscure results of the "Bismag" decision. In Pompadour Laboratories Limited v. Stanley Frazer<sup>30b</sup>, Plowman J. following the "Bismag" case, reached the conclusion that section 4(1)(b) is infringed when the plaintiff's trade mark is used in a "trade mark sense" but not when used in relation to the plaintiffs' name or business. In this case the defendants had been manufacturers of hair lacquer for the plaintiffs for a number of years. They advertised their own products, that did not include lacquer, by the phrase "Frazer Chemicals have manufactured hair lacquer for Pompadour Laboratories Ltd for several years". The plaintiffs were the proprietors of the trade mark "POMPADOUR" and took action against the defendants alleging infringement. The learned judge found that

"For the purposes of this motion all which I think it is necessary for me to

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28. Op.cit., at 240

29. See as to this Chanel v. L'Arome, op.cit., at 347-8

30. At 238

30a. [1991] RPC 335

30b. [1965] RPC 7

say is that the plaintiffs have failed to satisfy me that the defendants have used the plaintiffs' trade mark in a trade mark sense - and I use that expression in the way Sir Wilfrid Greene was using it - at all."<sup>31</sup>

It should be remembered that section 4(1)(b) states that the infringing **mark** must be the same or a nearly resembling the trade mark and that it must import a reference to "some person having the right either as proprietor or as registered user to use the trade mark or to goods with which such a person as aforesaid is connected in the course of trade." Section 68(2) provides that

" mark includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof".

In this sense "Pompadour Laboratories Limited" can certainly be a resembling **mark** to the trade mark, "Pompadour". And such resembling marks certainly import a reference to the persons who have the right to use the trade mark or to their goods<sup>32</sup>. In fact the curious invention of "use in a trade mark sense" is not necessary. The Master of the Rolls had to refer to it because, after the wide interpretation he had given to the phrase "in relation to goods" the danger existed that by putting two similar products in a shop window, the shopkeeper would had been liable for infringement.

#### 4.2.3 What is the object of section 4(1)(b)?

The whole problem seems to lie on the fact that both learned judges of the Court of Appeal attributed to the phrase "in relation to", an importance greater than that they should. Sir Wilfrid Greene especially, read it out of its natural context, and of course a phrase read out of its natural context can be given the widest possible interpretation. The learned judge considered that "in relation to" in the text preceding subsections (a) and (b) applied to both subsections. But is that so? According to section 68(2) "in relation to goods" means use of the goods "upon or in physical or other relation to goods". "Other

31. At 12. And see decision to the same effect, by the same judge, in AUTODROME Trade Mark [1969] RPC 564

32. Duracell International INC and Another v. Ever Ready LTD. [1989] FSR 71 is interesting. Mr. Robin Jacob QC for the plaintiffs observed that "the sense in which the reference to "Duracell Batteries Limited" is to be found in the sentence in question is exactly the same as the sense that one would find if there had simply been a reference to Duracell Batteries" The judge seemed to accept this but did not decide this point as this was an action for an interlocutory injunction.

relation to goods" includes advertising, but is wider than that. The draftsman's intention seems to have been to limit the scope of section 4(1)(b)<sup>33</sup>. What other effect does this have to the interpretation of section 4(1)? It can arguably be said that "in relation to" in the text preceding subsections (a) and (b) refers only to subsection (a). Subsection (b) should read "or (b) in a case in which the use is not generally use in relation to goods but only use upon the goods or in physical relation thereto or in an advertising circular or other advertisement issued to the public ..." <sup>34</sup> Thus "in relation to" does indeed have the same meaning as if when used at the first part of section 4(1), where the exclusive right is described, and in both cases it is limited only to use as a trade mark, that means as an indication of origin. Therefore, the conclusions of Greene MR are for this further reason questionable as he considered "in relation to" applying to both subsections and having the same meaning throughout section 4(1) and it was this which led him to refer to an extended monopoly in the trade mark.

There is another point that is worth mentioning. According to section 3 of the 1905 Act "a trade mark shall mean a mark used or proposed to be used upon or in connection with goods for the purpose of indicating that they are the goods **of the proprietor** of such trade mark by virtue of manufacture, selection, certification, dealing with or offering for sale." The wording of this definition clearly points to the fact that the only function that was protected under the 1905 Act is the origin function. The crucial phrase is "**for the purpose of indicating that they are the goods of the proprietor**". This is the key phrase, and the whole section is actually built around it. The trade mark will be able to indicate an origin **only when it is connected with some goods**. This second phrase if read out of context, on its own, could certainly mean that any connection would be enough. Nevertheless the key phrase that describes the purpose of the law qualifies it by saying "**in connection with goods for the purpose of....**".

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33. *Chanel Ltd v. L'Arôme (UK) Ltd* [1991] RPC 335 at 348-9

34. In *Chanel, ibid.*, at 349 unfortunately this observation which we make, was not made by Millett J. though his interpretation had in effect the same result as the one made here, treating sec.4(1)(b) as a separate, exceptional case and dealing with the exclusive right granted by registration as a right to use a mark as an indication of origin, in conformity with Clauson LJ in *Bismag*



The 1938 Act defines "trade mark" in section 68(1). It is now provided that a trade mark is used **"for the purpose of indicating, or so as to indicate, a connection in the course of trade between the goods and a person having the right either as proprietor or as registered user to use the trade mark"**. This is the new key phrase. It is also provided that the trade mark must **"be used in relation to goods"** instead of **"upon or in connection with goods"**. In "Bismag" Greene MR, following the arguments that were presented to him by the parties, made the crucial mistake of interpreting the phrase "in relation to goods" out of its natural context, without examining the purpose of the law that was indicated out in the next phrase.

After the above observation regarding section 68(1), we should proceed to examine the relation of the definition provided in this section and section 4(1). It is provided at the first part of this section that

"... the registration of a person in part A of the register as proprietor of a trade mark (other than a certification trade mark) in respect of any goods, shall if valid, give, or be deemed to have given, to that person the exclusive right to the use of the trade mark in relation to those goods"

We have seen that section 68(1) defines a trade mark as a mark used to indicate the existence of a connection in the course of trade between the proprietor and the goods. So how would section 4(1) read if instead of the phrase "trade mark" it included its definition provided in sec.68(1)? "The registration ... of a mark as an indication of a connection in the course of trade between the goods and the proprietor, when made in respect of any goods, shall if valid, give, or be deemed to have given, to that person the exclusive right to the use in relation to those goods, of the mark as an indication of a connection in the course of trade between the goods and the proprietor." According to section 4(1)(a) this right will be infringed whenever a similar mark is used in respect of the same goods as a trade mark, ie as an indication of a connection in the course of trade. But there will be one exceptional case in which an infringement will occur even if the similar mark is not used as a trade mark. That is sec.4(1)(b). It is important to note that sec.4(1)(b) makes no reference to a trade mark or use of a mark as a trade mark or in a trade mark sense. It refers to use of a mark as importing a reference. As a conclusion it can be stated that the

exclusive right consists in using the mark as an indication of origin. The rule is that this right is infringed if a similar mark is used in relation to the same goods as a trade mark, i.e. as an indication of origin, but exceptionally it is also infringed if a similar mark is used as importing a reference in the manner prescribed by sec.4(1)(b).

Section 68(1) provides that the expressions it defines will have the meaning attributed to them "unless the context otherwise requires". It seems extremely unlikely that "trade mark", as defined in section 68(1), differs from the way it is used in the section describing the exclusive right, which, in turn, differs from the way used in subsection (a) of the same section. What is more, this first part of section 4 of the 1938 Act reads in virtually the same way as the equivalent section of the 1905 Act reads. Section 39 of the 1905 Act provided that

"... the registration of a person as proprietor of a trade mark shall, if valid, give to that person the exclusive right to the use of such trade mark upon or in connection with the goods in respect of which it is registered..."

It seems therefore that in both sections, as in the case of the sections including the definitions, the same thing was stated. The 1938 Act only included the exceptional case of infringement provided for in sec.4(1)(b). This also seems to indicate that **sec.4(1)(b) should be read restrictively, on its own, and as having no effect whatsoever on the scope or nature of the exclusive right acquired as a result of the registration.**

How does sec.4(1)(b) function? The first thing one could do is to try and answer the question, as to what the objectionable act of the defendants was in the Yeast Vite case? Or, to put it in another way, why did the defendants bother making the comparison they made and not directly refer to the merits of their own product instead of comparing it or referring to the plaintiffs' product? The plaintiffs product was through its quality and advertising a well established product, with a considerable reputation. The defendants' product on the other hand was a new product, possibly of equal quality, but certainly far less known. It seems thus quite clear that the defendants chose to climb upon the train of the plaintiffs reputation, and profit from such existing reputation. There seems to be no

other logical explanation<sup>35</sup>. This means that not every kind of reference will fall under section 4(1)(b) but only one the purpose of which is to take advantage of the reputation of the plaintiff. Confusion is not a factor to be considered. As it is demonstrated in Yeast Vite which led to the adoption of section 4(1)(b) the goods are distinguished. Section 4(3) cannot be of any help to the defendant simply because it is irrelevant. That section states that the plaintiff cannot object to the use of his trade mark as an indication that the goods which bear it and which he circulated originate from him. In the case of section 4(1)(b) though, the complaint is not one of using the trade mark as an indication of origin, but one of taking advantage of the reputation of the trade mark despite the fact that it is not used as an indication of origin of the goods from the proprietor. There is no need for the curious invention of "use in a trade mark sense" or of the distinction of goods in stock or not. This approach will be made even clearer if the proposals of the White Paper<sup>36</sup> are included in the new Act. As it is stated there<sup>37</sup>, after it is noted that no equivalent provision exists in the EC Directive

"Section 4(1)(b) has, however, been criticised as obscure. It will be replaced by a provision allowing a trade mark owner to restrain use in advertising which is contrary to honest practices in industrial or commercial matters and would take unfair advantage of or be detrimental to the distinctive character or repute of the trade mark"

In my view, this clearly identifies the purpose of section 4(1)(b). What we have is in fact an unfair competition provision in the Trade Marks Act. Similar cases in Greece, for example, are dealt with through the Unfair Competition Act 146/14<sup>38</sup>.

The concept of unfair competition as such, has never been accepted in UK law<sup>38a</sup>. Passing off presupposes confusion. In many cases falling under section 4(1)(b) this will not be found and damage of the goodwill will not easily be established<sup>39</sup>.

35. Reference to the intention of the infringer to appropriate the reputation of the plaintiff was made also in Bismag, *op.cit.*, at 230, but it was stated that "it is irrelevant to consider the action from the point of view of commercial morality. See also Broad & Co. Ltd v. Graham Building Supplies Ltd (no.1) [1969] RPC 286 at 293; British Northop Ltd v. Texteam Blackburn Ltd [1974] RPC 57; Montana Wines Ltd v. Villa Maria Wines Ltd [1985] RPC 412 at 419; News Group Newspapers Ltd v. The Mirror Group Newspapers (1986) Ltd [1989] FSR 126. But all eventually applied the Bismag test

36. Reform of Trade Marks Law, Cm 1203

37. *Ibid.*, para. 3.28

38. Sections 1,3 and 11. See appendix 4

38a. "Pub Squash" [1981] RPC 429; Adidas KG v. O'Neil & Co. Ltd [1983] FSR 76; Harrods Ltd v. Schwartz -Sackin and Co. Ltd [1986] FSR 490

39. See ch.7.1. Burberrys v. Raper and Pulley (1906) 23 RPC 170 is the nearest one can go. The defendants were advertising their waterproof

The tort of injurious falsehood can also be of limited help in many cases falling under section 4(1)(b)<sup>39a</sup>. For such an action to succeed the plaintiff must prove that the allegations made against him are false, that special damage is caused and in addition that the allegations were maliciously made<sup>40</sup>.

#### **4.2.4. Conclusion**

The conclusion drawn from the above is that the 1938 Act **does not grant a new kind of an extended monopoly right to the proprietor, as Greene MR suggested**. Instead section 4(1)(b) is an exception which must be distinguished from, and which has no effect on, the nature of the right protected in the Trade Marks Act. It is an unfair competition provision included in the Trade Marks Act to deal with problems which would not be sufficiently dealt with otherwise

#### **4.2.5 Trade Mark Infringement. The Rule.**

Regarding section 4(1)(a) there are many decisions that accept that it refers to the condition of the law before the 1938 Act, which is use of the infringing mark in order to indicate the goods' origin. The leading case is Saville Parfumery Ltd v. June Perfect Ltd, and F.W. Woolworth & Co. Ltd<sup>40a</sup>. The plaintiffs were the proprietors of a trade mark the essential feature of which was the word "June". The defendants used a mark including the

garments as "identical with Burberry's". Warrington J. stated that if he had to decide whether the advertisement was calculated to deceive he would have agreed with this submission "but I have not got to do that, for what happened was that a farmer named Beresford, seeing the advertisement sent for "one of your Burberry's coats" ..... and in answer to that letter they sent to the writer one of their own manufacture"(at 172) Accordingly the learned judge did not base his decision on the advertisement and thus this case provides very little authority as to the relation of passing off and comparative advertising. Similar observations apply for Bechstein V. Barker & Barker (1910) 27 RPC 484 (Bechstein Model Pianos); Rolls-Royce Motors Ltd & Another v. Zanelli [1979] RPC 148 (use of the TM on altered cars); McDonald's Hamburgers Ltd v. Burgerking (UK) Ltd [1986] FSR 41 ("Big Mac"). An action for passing off failed also in Pompadour, Ibid.; Broad & Co. Ltd v. Graham Building Supplies Ltd [1969] RPC 286; British Northop Ltd & Others v. Texteam Blackburn Ltd & Another [1974] RPC 57; Harrods Ltd v. Schwartz-Sackin & Co. Ltd [1986] FSR 490, all cases involving sec.4(1)(b)

39a. A recent case in which the plaintiff was granted an interlocutory injunction for infringement and injurious falsehood is Compaq Computer Corporation & Another v. Dell Computer Corporation Ltd & Another [1992] FSR 93

40. Royal Baking Powder v. Wright (1900) RPC 95; British Rly Traffic & Electric Co. v. CRC Co. Ltd & LCC [1922] 2 KB 260; Sim v. Strech [1936] 2 ALL ER 1237. The requirement of special damage has been relaxed after the enactment of the Defamation Act 1952

40a. (1941) 58 RPC 147

word "June" in respect of the same goods. The plaintiffs took action for infringement and Viscount Maugham, in the House of Lords, found that

"The case is therefore within the Trade Mark Act, 1938 sec.4, which as Counsel have agreed embodies the previous law. The appellants' use of the word "June" as a mark on the goods in question so nearly resembles the Respondents mark as to be likely to deceive or cause confusion in the minds of purchasers with normally imperfect recollection of the precise picture representing or containing the registered trade mark".

The question whether confusion will be caused from the use of a mark is for the judge to determine. Proof of actual deception or confusion is not needed. The judge however must consider in his decision any evidence pointing to a different direction.

Section 24 of the 1939 Greek Act<sup>40b</sup> provides that

"whoever makes use or counterfeits or imitates a mark belonging to another person may be sued for discontinuation or damages or both"

As with its UK counterpart this section makes no direct reference to the element of confusion. Confusion, however, has been always considered necessary by the courts and this approach is accepted also in theory<sup>41</sup>. A reference to confusion is only made in section 29 which provides that

"The court may order the taking away or destruction of marks even in case of acquittal of the person accused when the court considers that a risk of confusion exists"

Sections 26 to 29 refer to criminal proceedings. The defendant must have known or ought to have known the nature of his wrongdoing in order to be convicted, while in the civil action for the discontinuation of the use, this is not needed. In case this element is absent the defendant will be acquitted although the marks will be destroyed if confusion is proved. Thus, whenever the risk of confusion exists a civil offence will exist even if no criminal offence is proved. Therefore, it seems that in section 24 the legislature considered referring specifically to the condition of confusion as to origin to be unnecessary as the need of proving confusion emerges from the function of the trade mark itself<sup>42</sup>. This is supported by a teleological and systematic interpretation of section 1

<sup>40b</sup>. This section has not changed at all after PD 317/92

<sup>41</sup>. SE 2955/89 CLRev 1990, 716; AP 310/90 CLRev 1990, 709 AP 399/89 CLRev 1990, 711; SE 98/89 CLRev 1989, 302; SE 4508/88 1989, 501.

See also Likopoulos, op.cit., p.89; Pampoukis, *Industrial Property Law: Trade Marks*, p.66; Rokas, op.cit., p.201

<sup>42</sup>. Liakopoulos, op.cit., II, p. 89

which one can argue makes a general declaration as to what is a trade mark and what is the purpose of the law. This declaration serves as a general clause which, when read along with sec.24, defines the necessity of the factor of confusion.

Finally, the Directive<sup>43</sup> refers not only to confusion as to origin but also to "the likelihood of association between the sign and the trade mark". The White Paper<sup>44</sup> does not refer to this. It seems though that Art.5(1)(b) is extending the protection afforded by the law since a mere association does not necessarily amount to confusion as to origin<sup>45</sup>. What is more this cannot be attributed to famous trade marks only, because the Directive refers to them separately in Art.5(2). As Art.2 of the Directive adopts the origin theory no departure from this principle seems to be intended. The same applies for the new section 16 of the 1939 Greek Act, as amended by sec.6 of PD 317/92. The exact wording of Art. 5(1)(b) is adopted but certainly no intention to drop the origin theory exists. We shall have the opportunity to examine this later.

#### **4.2.6 Infringement of Part B Trade Marks**

In English law, there are two additional provisions concerning infringement the equivalent of which cannot be found in the Greek Acts. Since the 1919 Act the Register is divided in two Parts. In Part B, trade marks can be registered that at the time of the application for registration for different reasons are not as distinctive as they are required to be in order to be registered in Part A: they simply have to possess the capacity to distinguish.

In the 1938 Act the division was retained but, according to section 5(1), the proprietor of a Part B trade mark

"shall be deemed to have.....the like right...as if the registration was in Part A".

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43. Art.5(1)(b)

44. Cm. 1203 para.3.13-3.16 and 3.25-3.30

45. Mars v.Cadbury [1987] RPC 387, "treats" - "treat size"

In turn, a Part B trade mark is infringed when a Part A trade mark is, but section 5(2) provides, as did section 4 of the 1919 Act, that no relief for infringement will be granted if

"the defendant establishes to the satisfaction of the court that the use of which the plaintiff complains is not likely to deceive or cause confusion or to be taken as indicating a connection in the course of trade between the goods and some person having the right as the proprietor or as registered user to use the trade mark".

The reference to confusion or deception on the one hand and connection in the course of trade, may create some problems. **Does this mean that confusion in respect of Part B trade marks is not restricted to confusion as to origin i.e as to indicating a connection in the course of trade? Is a connection in the course of trade indicating more than just origin?** Lord Evershed in Tavener Rutledge Ltd. v. Specters Ltd<sup>45a</sup>, referring to section 5(2) stated that "seems, at first sight, to create a queerly topsyturvy effect". One might ask why this is so? The phrase "a connection in the course of trade ..." seems to have the same meaning it has section 68(1) (as the equivalent provision in section 4 of the 1919 Act had a similar relation with the definition included in the 1905 Act). But there is an additional argument. This phrase, as we have seen, indicates that the "source theory" is followed. If the phrase were given a wider interpretation, this would mean that something different would be intended to be protected by the law, as, for instance, the indication of consent without quality control. The result of this would be to confer more protection to a Part B trade mark than that given to a Part A one. This is exactly the opposite of the legislature's intention.

It was held in the New Zealand case of Montana Wines Ltd v. Villa Maria<sup>45b</sup>, that the only "connection in the course of trade" that should be of importance, is one that indicates that the goods emanate from one source". Accordingly, the defendant in order to use section 5(2) must show that no such connection exists as to create deception or confusion as to the origin of the goods! This means that the separate reference to deception or confusion in section 5(2) is not necessary. It is argued that deception or confusion both have double interpretations. They either refer only to deception or

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45a. [1959] RPC 355 at 359

45b. [1985] RPC 412 at 424

confusion as to the origin of the goods or they have the wider meaning of section 11, which, however, includes the former interpretation. There is authority, in Unic S.A v. Lyndeau Products Ltd<sup>45c</sup>, to support the former view. What is more, this would not be the only phrase used with different meanings in the Act. "Bona fide" in section 8 and "bona fide" in section 26 both have had attributed to them different meanings. Even if the second interpretation is favoured the problem still remains, since the reference to confusion or deception within the wider interpretation would once again make it unnecessary to refer to the connection in the course of trade.

The problem remains unsolved even if we accept that the defendant would not have to satisfy both requirements. Graham.J, in Broad and Co. Ltd and Another v. Graham Building Supplies Ltd<sup>45d</sup> held that "the word "or" is used in the section conjunctively and not disjunctively" But even if this is so, the question still remains. What should the defendant prove in each case? The inevitable conclusion seems to be that the two phrases in section 5 mean the same thing.

The purpose of section 5 and its predecessor must have been to make what Lord Evershed<sup>46</sup> described as "a clearly narrow point".

"The plaintiff has first to prove in general that the defendant's mark is likely to cause confusion. But then the defendant may come along and say: The actual use I am making of this mark is not in fact likely to deceive or cause confusion "

This means that while in a Part A infringement, proof of actual deception or confusion is not essential, considering Part B, the plaintiff must better establish a good case of confusion before proceeding. The observation of Wooten J., in Mark Hammond Pty. Ltd. and Others v. Papa Carmine Pty. Ltd.<sup>46a</sup> that only use made by the defendant at the time the action is brought must be considered by the court, seems also to be accurate. Taking into consideration, however, the fact that only in regard of identical marks would somebody proceed to an action for infringement without some evidence, the distinction

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45c. [1964] RPC 37

45d. [1969] RPC 286 at 293

46. Tavener Ruthledge Ltd v. Specters Ltd [1959] RPC 355 at 359

46a. [1978] RPC 697 (Australia)



clearly is very narrow if not unnecessary, something that the Mathys Committee had pointed out when proposing the abolition of Part B<sup>47</sup>. A proposal that seems to have been followed in the new White Paper<sup>48</sup>.

To date, the courts without solving the problem of the wording of section 5(2) had applied it in cases of section 4(1)(a). An additional problem arises in respect of section 4(1)(b)<sup>49</sup>. As we have seen no confusion must be proved for section 4(1)(b) to apply. Given the fact that under section 5(2) the defendant can establish a defence if no confusion exists, it can be argued that section 4(1)(b) does not apply to Part B trade marks<sup>50</sup>. In Unic S.A v. Lyndean Products Ltd the defendants arranged for another company to distribute along with their product, a pen on which, in very little letters was written "Everglide", which was, the trade mark of the plaintiffs, registered for pens and parts thereof. Ungood-Thomas J. was satisfied that section 4(1)(a) was infringed and that "for the reasons which I have already stated, in considering section 4(1)(a) I also consider that the alternative requirements of section 4(1)(b) are satisfied in each case"<sup>51</sup> He went on to find that the defendants failed in relying on section 5(2). The learned judge, however, did not make an extensive reference to section 4(1)(b) and certainly did not consider the effect that section 5(2) had on it.

In Broad & Co. Ltd and Another v. Graham Building Supplies Ltd (No.1), the defendants were supplying manhole covers "as Broadstell 394 F" and the plaintiffs were the owners a trade mark for metal drainage covers including the word "Broadstell". The infringing phrase was not used on the goods but only on invoices. The plaintiffs preferred to base their argument on section 4(1)(b) only following an old case decided in respect of a Part A trade mark. The judge expressed his doubts as to whether "a use in physical relation to the goods existed" but nevertheless went on to state that no confusion had been proved and accordingly the defence of section 5(2) could be used by the defendants. The

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47. Cmnd 5601 p.32-35

48. Cm 1203 para.4.03-4.05

49. N.Dawson, "Trade Mark Infringement by Referential Advertising" (1987) JBL 456.

50. Cornish, op.cit., p.479

51. At 43

same reasoning was followed in Mark Hammond Pty. Ltd v. Papa Carmine Pty. Ltd. In Montana Wines Ltd. v. Villa Maria Ltd., Somers J., though not dealing in extent with the problem stated that "this result seems inevitable, for an infringement under section 8(1)(b) [the equivalent of section 4(1)(b)] does not to arise from the use of a mark as an indication of a trade connection".

One should be reminded that section 4(1)(b) was a new one while the equivalent of section 5(2) existed under previous law. So it may only refer to previous law as described by section 4(1)(a). In addition to this it can be said that since in infringing section 4(1)(b) confusion is irrelevant, the provision of section 5(2) is also irrelevant. In other words, if a mark is used to import a reference to a Part B trade mark and for such reference no confusion is needed, then, the conditions of section 4(1)(b) are fulfilled and section 5(2) need not be considered at all.

It could be stated as a conclusion that despite the complicated language, the right conferred by the registration of a part B trade mark, also consists in indicating origin.

#### **4.2.7. Section 6 and the "source theory"**

There is no equivalent of this section in the Greek law. The Civil Law provides for such cases generally. It is also obvious that the effect of section 6 on the problem with which we are dealing is none.

### **4.3 The connection of the trade mark and the enterprise**

In the Greek 1939 Act the need for a strict connection between the trade mark and the enterprise is stressed. Section 20 provides that the trade mark can only be transferred together with the enterprise or a specific identifiable part of the enterprise<sup>52</sup>. For the same

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52. This is also the approach of the UK courts, Sunbeam Motor Car Co's Application (1916) 33 RPC 389. Partial assignment though can be clearly distinguished from licensing. In the former, even if it is made for a specific time limit, the assignor either intends or in effect has no connection whatever with the goods and the trade mark. That was the situation in Bowden Wire despite the use of the term "licence". The assignor after the

reasons it is provided in section 21 that a person who inherits the enterprise also inherits the trade mark and section 23 declares that a compulsory attachment and liquidation of the trade mark shall only be permitted along with the enterprise. The ratio behind all these provisions is that since the trade mark indicates origin from a specific source, a specific enterprise, it follows the enterprise. Otherwise deception of the public will be caused<sup>53</sup>.

By contrast, in UK law, assignment of the trade mark without the goodwill of the enterprise is allowed. Section 22(1) provides so. Section 22(7) provides that no such assignment will be made if the procedure that this section provides is not followed. According to sec.22(7) an application to the Registrar requesting directions for the necessary advertisement of the assignment must be filed and the advertisement must be made in the manner that is prescribed by the Registrar. By advertising such an assignment the public is able to know of the change and act accordingly without being in any way deceived. There will be again only one source but a new one and no deception will be caused.

In order to ensure this, sections 22(4) and 22(5) provide that the trade mark will be struck off the register if by such an assignment a concurrent exclusive right to use throughout the U.K would be created, that may lead to confusion or deception. Similarly section 22(6) provides that if a concurrent right to use a mark in different areas of U.K is created, the Registrar has the discretion not to allow the assignment if it is contrary to public interest. In the White Paper it is proposed<sup>54</sup> that the whole procedure regarding assignment should be simplified. An assignment which leads to deception or confusion will still be void, but it will be for the parties to decide whether this will happen, though

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time limit is simply re-assigned the trade mark. In the latter, the licensor is connected with the goods and his intention to keep the trade mark is demonstrated from his activity related to the circulation of the goods. That was the situation in "Bostitch" where technical advice, experts and machines were provided. Here, the trade mark is always owned by the licensor. It is also difficult to see why an assignment for a limited time should be considered as trafficking in a trade mark (Lane, *op.cit.*, p.32). Even under the "Holly Hobbie" test, which we shall see later, if the assignment is made in the manner prescribed by the Act and the mark is used as an indication of origin by the assignee, no objection could be raised. The law provides that through the use of the trade mark no deception must be caused and the mark must be used as an indication of origin.

A practice that does not contradict these principles cannot be prohibited from trade mark law.

53. Similar conclusions were reached in Sinclair Trade Mark (1932) 49 RPC 273 and Lacteosote v. Alberman (1927) 44 RPC 211

54. Cm. 1204, para 4-44 to 4-47

they may also have, if they require it, the assistance of the Registrar<sup>55</sup>. It is also proposed that advertising the assignment when a trade mark is assigned without the goodwill should not be required

Is this approach compatible with the origin theory? As we have seen, according to the origin theory the trade mark indicates that the goods which bear it emanate from a specific source, which is not necessarily identified. The public must be able to distinguish the goods and be satisfied that all goods which bear the same trade mark are of the same quality. This will be achieved in so far as there is only one source responsible for the trade mark and the goods that bear it. In an assignment the identity of the source changes but only one source is allowed to carry on using the trade mark. It is in the interest of that new source, the assignee, to ensure that all goods that bear the trade mark will be of the same quality and safeguard in any other way the trade mark. Under these conditions neither confusion nor deception will occur. In Greece, however, no move in this direction is being made<sup>56</sup>. Indeed PD 317/92 made no change to the relevant provisions of the law.

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55. Article 17 of the Draft Regulation provides that an assignment will not be registered if it is likely to mislead the public [art.17(3)]. As registration is a prerequisite for the successor in title to invoke the rights arising from the trade mark [art.17(6)], this in effect means that the assignment will in most cases be the subject of the Office's examination. In any case, however, assignment without the transfer of the undertaking is allowed [art.17(1)]

56. Section 110 of the proposal for the amendment of trade mark law made by Professor Liakopoulos and included in the Draft Commercial Code. See Th.Liakopoulos-A.Psarras, *Towards the New Trade Marks Law*, Athens 1991, p.42., with a comment and proposal to the contrary by Psarras, at p.43

## 5. The Regulation of Licensing in Greek and UK Law

### 5.1 The Origin Theory and Trade Mark Licensing

As we have seen the origin theory is still current in both legal systems. How then is it reconciled with trade mark licensing? The first indication that the legislature had no intention to change the concept of trade origin in UK law is the strong wording used by the Goschen Committee<sup>1</sup> to that effect, bearing also in mind the fact that the recommendations of the Committee were largely followed in the Act. One such recommendation was that included in sec.28(2) of the 1938 Act:

"The permitted use of a trade mark shall be deemed to be use by the proprietor thereof, and shall be deemed not to be use by a person other than the proprietor, for the purposes of section twenty six of this Act and for any other purpose for which such use is material under this Act or at common law".

From this section it is clear that the use made by the licensee is considered as use made by the licensor. The latter is the sole ultimate source responsible for the trade mark and the goods that bear it. There seems to be no problem arising with the origin theory as far as a relation exists between the licensor and the licensee, as sec.28(4) requires, and through such a relation the former is able to impose control upon the latter so that the goods maintaining a stable degree of quality, and the public is not deceived. The origin theory is perhaps wider under this regime, but no substantial alteration to it seems to have been made.

As far as UK law is concerned, the whole situation was summarised in the best way in a dictum by Whitford, J. in the "McGregor" Trade Mark<sup>1a</sup> case.

"A registered usership is accepted because in one way or another, by reason of financial control or express provisions in the agreement, a registered user is going to be subject to the control of a registered proprietor so far as the quality of the article made by the registered user is concerned. In this way, even if two persons are using the mark - the registered proprietor and the registered user - there is only one source controlling the question of quality; and if a member of the public were interested to find out who bore the ultimate responsibility for the quality of the goods, he or she would be able to do so by inspecting the relevant entries on the register".

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1. Cmnd 4568

1a. [1979] RPC 36

The fact that no equivalent to section 28(2) exists in the Greek Act makes things a little more complicated as regards the attitude of the Greek law to the problem. It has been argued<sup>2</sup> that the enactment of section 16 of the 1955 Act permitting licensing, is a manifestation of the departure of the Greek law from the origin theory and the establishment of the quality guarantee theory. Three requirements are set out in section 16(1) for a licence to be granted: "a close and substantial economic relationship between the licensor and the licensee ", that "the use of the trade mark shall not entail the risk of misleading the general public" and that "such use will not be contrary to public interest". Regarding the first requirement of a close and substantial relationship between the parties, it can be argued that it has the same object with the relevant provision of section 28(4) of the UK Act. The relation between the parties indicates the degree of control that the licensor will have over the licensee, and the ability that the former has, to act as the only source responsible for the goods that bear the trade mark. In DDDS 158/1984 CLRev 1985, 532 it was clearly stated that the object of the close relation required by section 16 of the 1955 Act is the same as would the provision of section 20 of the 1939 Act which states that a trade mark can only be transferred along with the enterprise, establishing thus the relation between the trade mark and the enterprise and the dependence of the former upon the latter. No departure from the origin theory seems to occur at this point<sup>3</sup>. The concept may be wider but essentially it remains the same.

Apart from the above, a supposed introduction of the quality guarantee function would have caused a number of necessary changes in the law which, as we have seen in chapter 4, have not been made. On the contrary Greek law seems to follow the origin theory. In fact sections 17(1) and 17(5) of the 1939 Act that were used to prohibit licensing before the introduction of Act 3205/55 have not changed, and the new Act as far as licensing is concerned did not amend but completed the older Act, something apparent also from the heading of the 1955 Act. Similar is the effect of PD 317/92 as far as

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2. Rokas, *op.cit.*, p.7

3. General discussion of this in B.Antonopoulos, *The Licence to Register and Use Trade Marks*, Thessaloniki 1980; Th.Liakopoulos, *Parallel Use of Trade Marks*, Athens 1974

licensing is concerned. No substantial changes are made

The object of section 17(5), is to prohibit any use by a third person other than that described in section 16 of the 1955 Act, that means any use that does not guarantee the existence of one ultimate source responsible for the goods<sup>4</sup>. If on the other hand the interpretation that advocates the establishment of the quality guarantee function of trade marks is accepted, then a need for the above sections would not be easily. There would be no need of the proprietor's consent to the use of the trade mark as long as the quality remained stable. Indeed even the condition of "close and substantial economic relationship" would not be needed.

In addition to all these, it should be noted that even sec.16(1) - which permits licensing - states that "the leasing of a trade mark shall be prohibited", a declaration the meaning and object of which is similar to that of section 17(5) of the 1939 Act. The difference between these two sections is that while the former refers only to licensing without the requirements imposed by section 16 the latter includes also assignment without the enterprise as section 20(1) demands, etc.

The above discussion suggests that both the UK and Greek law follow the same philosophy. The origin theory is still current since both legal systems treat licensing as a method of use of the trade mark by the proprietor, that is allowed as far as the proprietor remains the sole responsible source for the goods, the ultimate source through which the goods emanate.

## **5.2 How close a relationship is needed?**

The next issue that must be examined is whether both legal systems require the same degree of relationship between the licensor and the licensee. Section 16 of the 1955 Greek Act lists some acceptable types of relationship, in a non-restrictive manner. It

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4. AP 1079/79 28 LeT, 408

provides that:

"As a proper economic relationship may be considered the furnishing of funds or machines or the exploitation of an invention or industrial secret (know how) or basic raw materials ."

No such reference is made in the English Act, section 28(4)(a) demands the furnishing of particulars concerning the relationship between the parties and the degree of control to be imposed, but does not side any examples. A study of the decisions of the courts, however, shows that the cases described in section 16 of the 1955 Greek Act are generally accepted as creating a sufficient degree of quality control<sup>5</sup> in the UK.

As we have seen, as early as 1930, even before the enactment of the 1938 Act, it was accepted in Radiation Trade Mark<sup>5a</sup> that the relation of a parent and a subsidiary company constitutes a sufficient connection for the latter to use the trade mark of the former since in such cases the quality of the goods can be under the control of the parent that is able to impose its policy on the subsidiary by means of the economic control that it has upon the latter<sup>6</sup>.

Another situation in which the English court may be satisfied that the necessary relationship is established, is when the trade mark licence is accompanied by a patent, or know-how licence, and generally when technical information, or a formula for a specific product are licensed. Since all products, no matter whether emanating from a licensor or a licensee, are produced by the same method they all have similar quality. Moreover, the licensor will always have the ability to impose his control upon the licensee since the latter's production will depend on the former's technical advice or patent. In Aktiebolaget Manus v. R.J. Fullwood and Bland Ltd, to which we have already referred, the licensor was a Swedish company that imported in England milking machines. During the war the English importers used at first a trade mark licence that was accompanied by a patent licence but after a period used the trade mark upon products of their own making. After the war, the plaintiffs sued for infringement and passing-off but the defendants argued,

5. See also Kerly, *op.cit.*, p.258

5a. (1930) RPC 37

6. British Petroleum Co. Ltd v. European Petroleum Distributors Ltd [1968] RPC 54



inter alia, that the registration was invalid since they used the trade mark without the patent. The court found that for the period that the trade mark was used along with the patent no problem existed and that the plaintiffs were not responsible for the use made after that, nor did they intend to abandon the use of the trade mark, but they were forced to do so because of the war. By contrast in McGregor Trade Mark<sup>6a</sup> the licensor lost his right in the trade mark because he did not furnish the necessary directions and information that the licence agreement obliged him to give to the licensee.

From the above discussion it could be argued that in both legal systems the requirement of a relationship between the parties is satisfied in similar circumstances. But is this in fact so? The wording of the Greek Act is far stronger demanding a "close and substantial relationship" whereas the UK Act refers only to the need for a relationship. The difference in the wording can be explained by the importance that the two systems pay to the relation of the trade mark with the enterprise. For the Greek law the right conferred by the registration of a trade mark is absolutely connected with the enterprise that has made the registration. Thus, unlike UK law the trade mark can only be assigned along with the enterprise<sup>7</sup>. The connection required by UK law between the trade mark and the enterprise is somewhat looser than that required by the Greek law which emphasizes this point. Thus, Greek law by requiring a closer relationship between the parties intends to ensure that as a result of this relationship, the proprietor will be able to have a closer connection in the course of trade with the goods of the licensee which will bear the former's trade mark.

In DDDS 158/84 CLRev 1985, 532 the parties in the licensing agreement agreed that the products made by the licensee under licence would be of the same quality as those produced by the licensor and, in order to ensure that, the licensor was given a right to control such quality and to be sent samples of such products for examination. The court was not satisfied as it held that it was not possible from the agreement to ascertain what

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6a. [1979] RPC 44

7. Compare sec.20 of the Greek Act and sec.22 of the UK.

kind of relationship existed between the parties, and whether it was close and substantial as required by law, and whether the necessary control could be imposed. UK courts by contrast had said (obiter) that as far as control was exercised even by a third party there would be no problem with the licence<sup>8</sup>. It seems that in UK law a binding contractual relationship may be enough. This approach seems to be closer to modern economic reality.

Thus while the philosophy underlying both legal systems is the same, i.e the doctrine of one ultimate source, Greek law seems to demand more guarantees that one ultimate source will be established and these guarantees are given through a real and close relationship between the parties. It should, however, be noted that since the "Holly Hobbie"<sup>8a</sup>, and no matter whether this case was decided correctly or not, a real connection between the parties may also be required in UK law. We shall examine this question later.

### **5.3 Relationship between the parties and connection in the course of trade with the goods**

The UK Act provides in sec.68(1) that a trade mark must indicate a connection in the course of trade between the goods and the proprietor **OR** the registered user. Could this mean that when licensed the trade mark need indicate no connection with the proprietor? Does the licensee acquire an independent right? The licensee uses the trade mark on his own goods and in such a manner so as to indicate a connection in the course of trade between himself and the goods. This is necessary for the trade mark to function as the law requires. Such a connection must also exist for the same reasons, between the proprietor and the goods no matter whether they are the goods of the licensee or the licensor. It follows that both the licensor and the licensee must be connected in the course of trade with the goods of the licensee. Does this mean that the trade mark indicates a connection in the course of trade with two different sources? The only thing it indicates is

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8. "Molyslip" Trade Mark [1978] RPC 211

8a. [1984] RPC 329

that a product is, for example, manufactured by the licensee but in accordance with the specifications and under the control of the proprietor, who is the only person responsible for the final product. The ultimate source is one. The right in the trade mark is only owned by one party. It seems therefore that the meaning of section 68(1)<sup>9</sup> is that the trade mark must always indicate a connection in the course of trade with the proprietor and if a licence is granted, it must also indicate a connection in the course of trade with the licensee<sup>10</sup>. Though no direct reference is made in Greek law to this, we should accept that a connection in the course of trade plays the same role in this legal system also. Thus, **while a relationship between the parties is needed as a guarantee that the licensor will be able to control the quality, a connection in the course of trade between the licensor and the goods must also exist so that the trade mark can function as an indication of origin.**

The licensee will have a connection by way of manufacture etc with the goods. What kind of connection must there be between the proprietor and the goods? In Greek law this may perhaps be easier since a close and substantial relationship is needed. It may be a necessary result of such a relationship that the licensor will be more connected in the course of trade with the final product which will bear the trade mark. On the contrary in the UK, the parties, as we have seen, need not have such a close and substantial relationship. In this case the connection with the goods in the course of trade will be more difficult to identify. Under Greek law not any kind of connection with the final goods will suffice. It must be such a connection that will allow the public to understand that the ultimate source of the goods is the proprietor. Otherwise the mark will not be functioning as a trade mark. Basing manufacture on a patent does not necessarily mean that the licensee will produce the same quality of goods. The materials used also matter for example. Accordingly it is necessary to define the ultimate type of connection in the course of trade that will be sufficient for section 28 and section 68 of the UK law and their Greek equivalents.

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9. And of most sections in which a similar reference is made

10. See also discussion by Cross LJ in GE Trade Mark [1970] RPC 339 at 395

As we have seen the phrase a "connection in the course of trade" in section 68(1) of the 1938 Act serves the purpose of introducing a wider meaning of the trade origin principle and in no case can it be said that by the new definition the quality guarantee theory is introduced. It is argued that as long as the quality of the goods remains the same the trade mark will indicate one source through which the goods reach the public. Following this it can be said that quality control is the ultimate connection in the course of trade between the proprietor of the trade mark and the goods. It does not matter how and under what conditions, as long as the ability to control the quality is there, the necessary connection in the course of trade is established. This is the prevailing view in case law also. In the well known G.E Trade Mark<sup>10a</sup> the proposition was put forward directly by the appellants, the UK proprietors of the trade mark GEC. They argued that quality control is not a connection in the course of trade. Cross L.J in the appeal court had stated that

"I think that a right to control the standards to be maintained in the manufacture of the goods could, in the absence of some special context, be fairly described as "a connection in the course of trade" between the goods and the person having the right"<sup>11</sup>.

But this opinion is not the only one that can be found in case law.

The main objections to the argument that quality control is a sufficient connection in the course of trade are raised in a line of cases concerning the practice of character merchandising. It is a widespread practice to use well known fictional characters upon different products in order to benefit from the publicity that is connected with them and accordingly to boost the sales of the products which bear them. In "Holly Hobbie"<sup>12</sup> the opinion that quality control is not a sufficient connection in the course of trade was argued forcefully<sup>13</sup>. Holly Hobbie was a fictional character that was used upon different kind of goods in the USA. The owners of the American trade mark applied for a registration

10a. [1973] RPC 297; [1970] RPC 339

11. At 394

12. S.Lane, "Holly Hobbie in No-Man's Land" [1985] EIPR 6; C.Morcom, "Licensing and Character Merchandising. Registration of Trade Marks Proposed to be Used by Licensees" 73 TMR 322

13. The argument that quality control may not be a sufficient connection in the course of trade was also found "arguable" in Sport International Bossum B.V v. Hi-Tec Sports Ltd [1988] RPC 329 at 341. A similar approach is suggested in the Australian Ritz Hotel Ltd v. Charles of the Ritz Ltd [1989] RPC 333 but the question was not decided

under section 29(1)(b) in 12 classes of goods, accompanying their application with registered user agreements, and having no intention to use the trade mark for themselves. The application did not succeed. The House of Lords, assuming that quality control would exist, based its decision on sec.28(6) and interpreted trafficking as "dealing in a trade mark as a commodity in its own right"<sup>14</sup>. The court was reluctant to accept that quality control is "always to be sufficient to establish the connection in the course of trade between the proprietor of the mark and the goods upon which the mark was to be placed"<sup>15</sup> and went on to state that **a real** trade connection must exist **between the proprietor, the goods and the licensee**<sup>16</sup>.

The first objection to the decision of the House of Lords arises from the fact that Lord Brightman referred to the need for a connection to exist between the licensor and the licensee and specifically a real trade connection. Let us deal with the problem from the beginning. As we have seen the phrase "a connection in the course of trade" is used in sec.68(1), and it refers only to the connection of the registered proprietor or the registered user with the goods, but not with each other. The purpose of this phrase, as we have seen in the previous chapter, is to demonstrate that the purpose of the trade mark is to indicate that the goods which bear it emanate from the user and ultimately from the proprietor. The proprietor is the ultimate source responsible for the goods. The question is what does the proprietor expect from the trade mark? That it signifies to the public that the goods which bear it emanate from him and that he is responsible for their quality. And what does the public expect from the trade mark? That the goods which bear it have similar general characteristics and quality. The next question regards the changes brought about with the introduction of licensing. The possibility is thereby created that goods bearing the same trade mark may have different qualities and accordingly the public may be deceived and the trade mark may cease indicating one source only. Ultimately the trade mark may cease to be distinctive of the proprietor. The only way to avoid this is to ensure

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14. *Ibid.*, at 356

15. *Ibid.*, at 356

16. *Ibid.*, at 356-7

that all goods, no matter whether they are those of the licensor or the licensee, will have the same quality. Having the power to preserve a stable quality then is what the licensor should aim for. Quality control is the ultimate connection in the course of trade. How can this control be enforced? That depends on the relationship of the parties. In conclusion it could be said that **a connection in the course of trade with the goods, by way of manufacture, sale, quality control etc, is needed for the mark to function as a trade mark, and the relationship between the parties ensures that, in the case of licensing, quality control on behalf of the proprietor will exist and the connection in the course of trade between the proprietor and the goods will not be disrupted.** The above considerations explain the absence of any reference to the relationship between the parties in section 68(1) and answer the question why the only reference to such a relation is made in section 28(4), where particulars showing the degree of control that the relationship between the parties shall confer are required when the application for a registered usership is filed. In any case no "real trade connection" between the parties is required.

It should be noted at this point that the judgment of Whitford J. differed as far as the required relationship between the parties and quality control were concerned. As he put it<sup>17</sup>

"Mr. Jacob rightly points out that the mere fact that you are applying for a registered user right to be granted to someone who has no connection with you other than that he wants to use your trade mark cannot lead to the conclusion that the grant of the registered usership will facilitate trafficking"

It seems that the learned judge was led to reject the appeal because of the great number of registered users and different classes of goods for which the application was made. But the whole judgment of Whitford J. will be further considered when trafficking is examined. A similar differentiation, though not so clear, is also made in the judgment of Sir Denys Buckley in the Court of Appeal. The learned judge stated that<sup>18</sup>

"This degree of quality control may constitute a sufficient trade connection so far as the existence of some such connection may be necessary for the appellants to secure registration as the proprietor of the mark; it has to my

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17. *Holly Hobbie* [1984] RPC 329 at 337

18. *"Holly Hobbie"* [1984] RPC 329 at 347

opinion, no relevance to the question whether the registration of the permitted user would be liable to lead to deception or confusion of the public, which has always been regarded as a cardinal sin in trade mark law, or would tend to facilitate trafficking in the mark".

Another point could be made if we go back to the proposals of the Goschen Committee. The Goschen Committee in its proposals referred to the two cases that now constitute section 29 as cases in which the applicant and proprietor to be, of the trade mark, need not trade at all. The question at this point is how can somebody have a real connection in the course of trade with somebody else, in the manner implied in "Holly Hobbie", without trading.

This last observation raises the problem of the utility of section 29(1)(b) if the conclusions of the "Holly Hobbie" are followed. Should it be used in cases where the licensor has a real trade connection with the licensee and accordingly trade in the same or similar field but wished to register a trade mark that he does not intend to use? Apart from violating the letter of the law this would considerably narrow the possible use of the section and lead to the question as to why the legislature intended to allow a person who may trade in a specific area and own a trade mark, to register another that he does not intend to use himself in his trade. Could it be argued that only in the case of section 29(1)(b) is quality control a sufficient connection in the course of trade? Is section 29(1)(b) an exception of a stricter rule? Section 29(1)(b) does not refer to a different type of registered usership but to that described in section 28. It provides a specific exemption in the procedure for registration of a mark and not an exemption from the rule in section 28. On the contrary, as far as the conditions for a valid licence are concerned section 29(1)(b) directs us back to section 28. Accordingly, there is no difference between the two sections, as to what constitutes a connection in the course of trade.

From the above arguments one could suggest that the views expressed in "Holly Hobbie" was wrongly made. Quality control is the ultimate connection in the course of trade, as it was accepted in a number of previous cases which the court did not overrule, but treated as being based on their specific facts. And indeed, given the fact that uniformity of all goods that bear the same trade mark is essential in order to avoid

deception and constitutes a prerequisite for the function of a trade mark as an indication of origin, the establishment and enforcement of quality control emerges as the one and only route to be followed. These observations apply to both legal systems. The uneasiness of the courts in Holly Hobbie seems to have been caused by three factors. The large number of applications made, the novelty of the practice, and the existence of section 28(6). As Lord Bridge of Harwich put it "If this is not trafficking then what is?"<sup>19</sup> We shall try to answer this in another chapter. The important point here, in comparing the Greek and UK law, is that quality control under both legal systems, is the ultimate connection in the course of trade between the licensor and the goods. However, Greek law requires a rather stricter relationship between the parties in order to ensure the existence of quality control

Finally regarding future developments in both countries after the Directive, the following must be noted. The Directive provides in Art.8(2) that the trade mark will be infringed if the goods manufactured by the licensee are not of the appropriate quality. This indicates the importance paid to keeping a stable quality. What is more, it is proposed in the White Paper (para. 4.40) that section 28(6) will be repealed. In Greek law though, where it is not doubted that quality control is the ultimate connection in the course of trade, the requirement of a "close and substantial relationship" seems not to be going to be dropped<sup>20</sup>.

#### **5.4 What degree of control must exist?**

The first question at this point is whether actual control must exist<sup>21</sup>. As we have seen quality control is the ultimate connection in the course of trade between the proprietor of the trade mark and the goods<sup>22</sup>. If no control is exercised, no connection exists and accordingly the trade mark cannot be said to be functioning as an indication of

19. Holly Hobbie, *op.cit.*, at 350

20. Indeed PD 317/92 introduced no alteration sec.16 at this point. See also proposals by Liakopoulos, sec.111 in Liakopoulos-Psarras, *op.cit.*, and comments to the contrary by Psarras, p.47

21. A.M.Marks, "Quality Control Towards a More Flexible Standard" 78 TMR 641 (1988); Note: Trademark Licensing. The Problem of Adequate Control" Duke L.J 875 (1968); Note: "Quality Control and Anti-Trust Laws in Trade Mark Licensing" 72 Yale L.J 1171 (1963)

22. In "Holly Hobbie" this was not accepted but the decision is questionable



origin, nor is the proprietor the ultimate source. The whole philosophy underlying trade mark licensing collapses. One should also consider that the quality control provisions serve also the public interest and if no control exists this is endangered. This line of thinking is clearer in UK law as it stands now. The use of the trade mark must be the "permitted use" within the meaning of sec.28(2). If the proprietor does not enforce quality control the use made is not the permitted. In McGregor Clothing Co's Trade Mark this led to loss of the trade mark due to non-use. We shall return to the effects of the absence of a connection in the course of trade later.

We have seen that the relationship between a parent and a subsidiary is enough for the requirement of quality control to be satisfied. The question is whether such relationship secures ipso facto the existence of quality control, or must actual quality control be shown. In "Radiation" the parent did impose actual control over the subsidiary. In "Kidax" Trade Mark<sup>22a</sup> the two companies were owned by the same persons and had the same board of directors. They manufactured shirts and clothing. The application for the registration of the trade mark was accepted, but the court had regard to the fact that the concurrent use was limited in time and that the applicants undertook to grant a licence to the other company as soon as the trade mark was registered. In "Firemaster" Trade Mark<sup>22b</sup>, for ten years the business was carried on by a subsidiary which had the same board of directors and used the trade marks for ten years, without though any actual control of the parent. It was held that due to the absence of control the trade mark had ceased to be distinctive of the parent company and accordingly their application to register the trade mark failed.

"Astronaut" Trade Mark<sup>22c</sup>, is interesting to contrast with the above cases. In this case the trade mark, registered for watches or other goods, was used by a wholly owned subsidiary which had the same directors. The difference was that the parent company "were not, throughout the whole of the period in question, a trading company in any

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22a. [1959] RPC 295

22b. [1965] RPC 40

22c. [1972] RPC 655

ordinary sense of the words: they had no books of account and they neither made watches nor acted as factors for watches"<sup>23</sup>. Accordingly the parent company was not in a position to have any quality control over the subsidiary. In applications under section 29(1)(b) the proprietor does not intend to use the mark, but an entity controlling the quality of the goods must exist. In this case that entity, the parent company, was dormant. The court, however, accepted that there was no problem since the watches were selected by the "principal officers" of the registered proprietor.

It emerges from the "Radiation", "Kidax" and "Firemaster" that the relationship between the companies of itself is not enough and **actual** quality control must be shown. Indeed, though two enterprises are owned by the same persons, it is not a necessary consequence of this that the two enterprises will produce goods of the same quality if no quality control exists. The two enterprises are independent entities. The only barrier to an intention of a subsidiary to circulate goods of a different quality is the control by the parent company and certainly not their relationship per se. Though it has been recently argued that in some aspects the parent and the wholly owned subsidiary must not be treated as different entities<sup>24</sup>, the burden not to manufacture goods of different quality cannot be imposed on them. A problem will arise only if they use the same trade mark, which they may not necessarily do. It follows that the relationship of the two companies does not guarantee the existence of the same quality. It guarantees that the parent and proprietor of the trade mark will have the ability to impose its control over the subsidiary - licensee and thus guarantee the existence of the same quality. So actual control must be shown. This brings us back to the different function served by the requirement of the relationship between the parties and the connection of the proprietor with the goods. A parent company may have the necessary relationship with a subsidiary but it will not always have a connection in the course of trade with its goods if no quality control is exercised. Under this the scope the decision in "Astronaut" is questionable. The criteria

23. At p.669

24. The Albazero [1975] 3 WLR 491, D.H.N. Food Distributors Ltd v. Tower Hamlets London Borough [1976] 1 WLR 852, Revlon Inc. v. Cripps & Lee Ltd [1980] FSR 99 But in Colgate-Palmolive v. Markwell Finance [1989] RPC 497 Slade L.J found that use by a subsidiary can only be considered as use by the parent if an agency relationship exists between the parties.

for selecting goods used by the parent company are not necessarily the same with those used by the subsidiary. That is even more so if the parent has never traded.

Revlon Inc v. Cripps & Lee Ltd<sup>25</sup> is interesting to consider at this point. In this case the proprietor of the UK trade mark was a Swiss company which was not involved in trading. Both the proprietor and its UK licensee were subsidiaries of a US company. The US and the Swiss company took part in an action to stop the unauthorised circulation of the former's products in the UK by the defendant, claiming, inter alia, that the trade mark of the Swiss company was infringed. The court accepted that if a trade mark indicates that the goods originate from a group of companies there is no need to point towards a specific company in the group<sup>26</sup>. This in effect means that whenever the licensor and the licensee are part of a group of companies, it is irrelevant to consider whether the licensor imposes quality control as long as some company of the same group does so, and the connection in the course of trade is somehow established. It must be noted that in the "Radiation" case, it was not just any company which imposed quality control, but the parent company, when though in this case the parent company was not even a part in the licensing agreement. As it was pointed out by McLelland J. in the Australian The Ritz Hotel Ltd v. Charles of the Ritz & Another<sup>27</sup> when referring to Revlon,

"to say, with Buckley LJ, that the mark has become in effect a "house mark of the whole group", indicating that the goods originate from the group but not from any particular part of the group, does not seem to me to solve the difficulty, because the group considered as an entity (as it must be in this approach) is necessarily not the same as any particular company within the group, yet it is a particular company, namely the proprietor of the mark, between which the relevant goods and the mark must, by definition, indicate a connection in the course of trade.

"Revlon" is a case of parallel imports. In dealing with the problem the court had to determine whether the case fell within the scope of section 4(3)(a). The first point which was made by Buckley LJ was that the "proprietor" to whom section 4(3)(a) refers was the Swiss company, the proprietor of the UK trade mark<sup>28</sup>. The next step was to show that the

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25. [1980] FSR 85. Followed in Winthrop Products Inc v. Sun Ocean (M) SDN. BHD. [1988] FSR 430

26. At 106. Passing off was also alleged and this observation applied also in relation to this.

27. [1989] RPC 333 at 378

28. Op.cit., at 105

trade mark was used in relation to goods which were connected in the course of trade with the proprietor or the registered user and that it was applied to the goods by either of them or with their consent. In trying to establish such a connection in the course of trade with the US products, Buckley LJ was satisfied that the activities of the Swiss company and its UK licensee, within the group, were enough for a connection in the course of trade to be established between them and the US company's goods<sup>29</sup>.

Section 68(1) provides that a trade mark must indicate a connection in the course of trade between the goods and either the proprietor or a licensee. This means that the goods which bear the trade mark must have a connection with the proprietor in the course of trade. The latter must somehow be involved in the circulation of such goods, either directly or, at least, through quality control, through a licensee. That is the meaning of "a connection in the course of trade" in the Act. The Act grants the right to a specific source<sup>30</sup>, in this case the Swiss company. Neither the Swiss company nor its licensee had any say at all in the circulation of the US products. Those products were the products of their US parent company and nothing more. The parent company may, depending on the circumstances of each case, be considered as having a connection in the course of trade with the subsidiary's goods, by way of the quality control it might have over a subsidiar<sup>y</sup><sup>31</sup>.

**The relation between the parties existed but a connection in the course of trade between the subsidiaries and the parent's goods did not.** In fact while Buckley LJ accepted that "a connection in the course of trade" existed between the US goods and the subsidiary's, he was not ready to accept that the Swiss or UK company applied the trade mark to the goods. But a connection in the course of trade as far as the Act is concerned means that either the proprietor or the licensee are able at least to, at least, control the quality of the goods that are circulated and therefore that either of them directly or indirectly (through a manufacturing agent for example) must apply the trade mark on the

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29. *Op.cit.*, at 107

30. We shall have the opportunity to discuss the situation regarding passing off later. It worth only mentioning that there, it is the goodwill that is protected and not the trade mark and any one of a group of companies may have a right to take action if the goodwill is attributed to the group.

31. The subsidiary might be considered the unregistered licensee of the parent.

goods<sup>32</sup>.

The whole approach of the court did not attribute the necessary importance to the fact that a UK and a US trade mark are two separate things. Therefore, **not only the Swiss and UK company had no connection in the course of trade with the US goods, but not even the UK trade mark was used on them**<sup>33</sup>. The court, in its effort to deal with the problem of parallel imports, had made a serious error of trade mark law.

Regarding Greek law, actual quality control is required since the object of both legal systems on this point is not just to establish the relationship between the parties but to ensure that the goods which bear the trade mark are of the same quality. The decision of the Greek court in PDDS 5774/73 CLRev 1974, 280 is interesting. In this case the licensor applied to the court along with the company that was created by the merger of a subsidiary-licensee and another company, asking for either the recognition of the existing licence or the granting of a new licence. The court refused both, because, inter alia, it found that the application did not include all necessary information for it to ascertain the relationship between the licensor and the new company in which the licensee was incorporated.

Another question is whether quality control can be exercised by a person other than the licensor. In The Ritz Hotel Ltd v. Charles of The Ritz Ltd and The Registrar Of Trade Marks<sup>33a</sup>, a South African case<sup>34</sup>, the quality control was provided by an American parent company of the licensor which was not part in the licensing agreement between the licensor and the licensee. The court held that

"The real question is whether in performing the function of quality control, the Technical Services Division is a third party acting independently of the respondent, or whether it is the respondent's agent, using the word not in a precise legal sense but loosely, in the sense that it is acting on behalf of the

32. Op.cit., at 107. Templeman LJ though was even ready to accept that the subsidiaries actually applied the trade mark on the US goods (at 116).

33. See as to this Colgate-Palmolive Ltd v. Markwell Finance Ltd [1989] RPC 497; Castrol Ltd v. Automotive Oil Supplies Ltd [1983] RPC 315. Fyfes Plc v. Chiquita Brands International Inc [1993] FSR is worth mentioning here. It was held that if two co-subsiaries are "separate businesses, serarately administered" and operating in geographically different markets using different sources, they cannot be considered as the same business or share the same goodwill. Further discussion of parallel imports would be out of the scope of this work

33a. [1988] FSR 549

34. J.Cullabine, "The Ritz on Appeal" 14 Trademark World 20

respondent."<sup>35</sup>

It went on to state that

"any services provided by the US company to African Sales, and any control exercised, could only be as a result of a request, either express or tacit, by the respondent to the US company"<sup>36</sup>.

Accordingly, it was found that sufficient control was imposed. It might be argued that the fact that the licensor was a wholly owned subsidiary played an important role in the decision of the court. Though the court obviously gave sufficient weight to this factor<sup>37</sup> it made a general statement that

"it was rightly not contended on behalf of the appellant that it was requisite that quality control should have been exercised by the respondent itself. It was sufficient if this was done by somebody else on the respondents' behalf: qui facit per alium facit per se."<sup>38</sup>

The important thing therefore was to prove that the US company acted on behalf of the licensor. Similar conclusions were reached in "Molyslip" Trade Mark<sup>38a</sup>. In this case the third party had no relationship with the proprietor of the trade mark, but followed the specifications provided by the proprietor and the latter was allowed by the contract to terminate the agreement if such standards were not met.

Is this approach right? The law requires that the licensor must control the quality of the goods. As we have seen actual control must always exist. The way this will be achieved is irrelevant as long as it is achieved. The proprietor, however, must be in a position always to ensure that the third party acts in the prescribed manner. If the relationship between the licensor and the third party is such that it allows the proprietor to "control the controller" no problem would exist: indirect quality control would be acceptable. In "Molyslip" the contract allowed the proprietors to terminate the contract if they were not satisfied with the quality of the goods. In "The Ritz Hotel" the proprietor had no such right. In fact no agreement existed between it and the US company. The former, however, was wholly owned by the latter. It was in both parties' best interests to

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35. Op.cit., at 566

36. Op.cit., at 566

37. Op.cit., at 564

38. Op.cit., at 565

38a. [1978] RPC 211

observe quality control, but, if for any reason the US company did not act as expected, the licensor would have been unable to react. In other words, certainly the US company could technically control the quality of the goods but the licensor could not "control the controller". If the object of the law is also to protect public interest, that public interest could not have been safeguarded, because the proprietor would not have had the ability to impose its will upon the US company. This line of thinking seems to have been adopted by the court in the Australian "Ritz Hotel" case<sup>39</sup>

Of course things would be different if the licensor was the parent company and the third party was a subsidiary or a contractual relationship existed between the parties allowing the licensor to "control the controller". A dictum (obiter) of Buckley LJ in Revlon Inc v. Cripps and Lee Ltd<sup>39a</sup> is interesting on this point:

"I find it more difficult to say that an act of a parent company can legitimately be regarded as the act of a wholly-owned subsidiary who cannot in any way control the parent company. An act of the hand may be caused or permitted by the brain, but actions of the brain cannot be caused or permitted by the hand"

What seems to emerge from the above is that a third party can perform the necessary quality control, but only if the licensor is in a position to impose its conditions upon the third party. Why then would the licensor choose to entrust to another person the control of quality if it had to control the third party also? The situation in "Molyslip" is one example. The trade mark there was used by the proprietor and his registered and unregistered licensees on a selection of goods made by a third party in accordance with the directions and specifications of the proprietor. Franchising might be another area in which this might be useful, as well as for large multinational holding companies.

What if the licensee is the party responsible for the control? In the American case Land O'Lakes Creameries Inc. v. Oconomowoc Canning C.<sup>39b</sup> the licensee himself selected the goods in relation to which the trade mark was to be used. In Winnebago

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39. [1989] RPC 333 at 377 seq. & 396 seq.

39a. [1980] FSR 85 at 107

39b. 330 F.Supp 2nd 945 (1964)

Industries Inc. v. Oliver & Winston Inc.<sup>39c</sup> reliance on the licensee's reputation and quality control methods was considered adequate. On the contrary in First National Bank of Omaha v. Autoteller Systems Service Corp.<sup>39d</sup> maintenance of whatever quality standards the licensee had established was not considered as enough. The object of quality control in trade mark licensing is not to ensure that the goods will be of good quality, but that all goods that bear the trade mark will have the same quality. Thus though reliance on the licensee's methods may not lead to the production of goods of bad quality, it may lead to goods of different quality. What is more, keeping a stable quality is not necessarily in the licensee's interests. The licensee may intent to claim the benefit of the trade mark for himself. In "MacGregor" the absence of quality control was put forward by the licensees themselves. Moreover, if quality control is totally left to the licensee and the licensor has nothing to do with it, he has no connection in the course of trade with the goods. The trade mark will not be used as the law requires. If on the other hand the licensee is obliged to follow the directions or specifications of the licensor in checking the quality, it is not in fact acting on its own account but under the control of the licensor.

Finally, it has been argued<sup>40</sup>, that simply following government regulations can amount to quality control. In most cases such regulations merely set a framework within which variation is allowed. Within this framework different goods of different quality may exist. Thus control for ensuring a stable quality is still needed.

### **5.5 Certification Trade Marks: An Answer to Quality Control?**

The main concern of a licensor of a trade mark must be to make sure that all goods upon which his trade mark is used are of a uniform quality. Indicating a certain degree of quality is also the object of Certification Trade Marks. They certify that the goods that are circulated bearing the specific mark are of the same quality. Following this it has been

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39c. 207 USPQ 335

39d. 9 USPQ 2nd 1740

40. Syntex Laboratories Inc. v. Norwich Pharmaceutical Co. 166 USPQ 312



proposed that a person interested in licensing his trade mark should instead register it as a Certification Trade Mark. In fact in Canada this is a rather popular option<sup>41</sup>

British law regulates certification trade marks in sec.37 of the Trade Marks Act 1938. Unlike other trade marks the object of which is to indicate the source through which the goods or services reach the public, a certification trade mark is<sup>42</sup>

"a mark adapted in relation to any goods to distinguish in the course of trade goods certified by any person in respect of origin, material, mode of manufacture, quality, accuracy or other characteristic, from goods not so certified..."

Whereas other trade marks serve as an indication that the goods which bear them emanate from one specific source, certification trade marks indicate that goods which bear them possess certain common qualities or characteristics, no matter whether emanating from different traders and, accordingly, different sources<sup>43</sup>. The certification trade mark is used along with the trade mark of a trader. The purpose of the former is to prevent any trader who pretends that his goods have certain characteristics which they do not possess from deceiving the public. Section 68(1) states clearly that the definition of trade marks does not apply to certification marks<sup>44</sup>. In Greece, where no reference to certification trade marks is made in the Trade Mark Acts, guarantee marks are protected through the machinery of a special Presidential Decree referring to them and distinguishing them from trade marks<sup>45</sup>.

Accordingly, it would seem that using certification trade marks in order to avoid the provisions of section 28 is an attempt to evade the law. The practice however is not new in some jurisdictions. The very argument behind it seems to be that, since in both cases all goods bearing the same trade mark have the same quality, why should not both

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41. C.Akazaki, "Has Guarantee Theory Beaten Source Theory?" 31 *Trademark World*, 40

42. Section 37

43. N.Dawson, *Certification Trade Marks*, London 1988, p.11

44. In fact the proposal that provisions regulating certification trade marks and other trade marks must be separated has been made many times in respect of the British law. The existence of a separate Register and specific rules may be more appropriate than the existing regulation. This though seems unlikely after the White Paper (Para 5.01-5.05)

45. Presidential Decree 318/83 "Performance of Quality Control for the Grant of Quality Trade Marks and the Award of Certifications of Quality to Goods or Materials" See also Liakopoulos, *op.cit.*, I, p.43 seq. Greek law though provides for Collective Trade Marks in sec.17 of the 1955 Act. See Liakopoulos, *Parallel Use of Trade Marks*, Athens 1974

provisions of the law be available. Following such a practice in the UK however would appear to confront considerable obstacles<sup>46</sup>.

At this point, it is necessary to refer to the relevant provisions of the Canadian law.

Sec.2 provides that

"Trade mark" means:

- (a) a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others,
- (b) a certification mark,
- (c) a distinguishing guise, or,
- (d) a proposed trade mark

The definition of certification marks is also given in sec.2. According to that

"certification mark" means a mark that is used for the purpose of distinguishing or so as to distinguish wares or services that are of a defined standard from wares or services that are not of such defined standards"<sup>46a</sup>.

As it was held in Re Brewers Association of Canada and The Registrar of Trade Marks<sup>46b</sup>, the combined interpretation of the above provisions indicates that there are two types of trade marks in Canada: "traditional trade marks" and "certification marks". What is more it is well established that the theory which underlies the law concerning "traditional trade marks" is the origin theory. This is also obvious from the definition which states that the object of a trade mark is to distinguish the wares or services of a specific person from those of another.

In both the British and the Canadian law the owner of a certification trade mark must not himself be involved in the trade concerning the goods in respect of which the registration is made<sup>47</sup>. Accordingly in both legal systems, the owner of a trade mark who wishes to grant a licence and at the same time use the mark himself would not be allowed to register it as a certification mark. This of course would prevent most licensors from

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46. Akazaki though put forward such a proposal.

46a. Canada is about to get a new trade mark law

46b. 132 DLR (3d) 577

47. Sec.37(1) of the British Act and sec.23(1) of the Canadian Act. Some problems were created in Canada from the fact that sec.23(2) states that use of the certification trade mark by the licensee shall be deemed to be use by the licensor. Does that mean that since the licensee will be involved in trading the owner should also be considered to do so? This proposition was not accepted in Mr. Transmission Ltd v. The Registrar of Trade Marks (1979) 42 CPR (2nd) 123.

following this practice. On the other hand the licensor in a character merchandising business or a franchisor that only monitors and controls quality, might benefit from such a practice. The question is whether the franchisor is involved in trading in the goods or services provided by the franchisee. In Canada it is quite clear that it does not do so solely by virtue of franchising. In fact in the Mr Transmission case the court found that the licensor

"Does not perform any of the services referred to in the application. Its function is simply to hold and licence or permit use of this trade mark by others who perform such services"

We should clarify something at this point. The owner of a certification trade mark must not be involved in any way in business himself. It is an independent authority which is not interested directly to make a profit from its activities. Its only activity must be to own the certification trade mark and examine whether somebody fulfills the condition required to use the mark. Apart from this it cannot and should not do anything else. A franchisor on the other hand may not be trading in the goods or services that its franchisees offer but it is certainly involved in business as it actually regulates and controls not only the quality, but also the uniformity, of the activities of all of its franchisees. It also controls the way the franchisee performs, the marketing of the products, and most things related to the characteristics of the relevant goods or the outlet. The user of a certification trade mark may promote its goods in whatever manner he sees fit and can program the expansion of its business as it chooses. The franchisee depends on the franchisor. In fact the former has no identity of its own as far as the public is concerned. The identity of the franchisor is imposed upon it. Nothing of the kind happens in the case of the user of a certification trade mark. A franchisor is not an independent authority which does not actually participate in business, but a commercial enterprise functioning for the purpose of making a profit. Similar observations apply in character merchandising to the activities of the right's owner.

It is further provided by British law that any person that satisfies the regulations related to a certification trade mark must be allowed to use it. If the proprietor

unreasonably prohibits him, an appeal can be launched to the Registrar<sup>48</sup>. This means that the licensor will be unable to control the number of persons that use the certification trade mark. Indeed doing so would be unreasonable as the new certified user will not in any way affect the distinctiveness of the trade mark and endanger the right of the proprietor upon it. No problem of confusion or deception will arise from a new certified user. This is another indication of the different philosophy underlying certification and common trade marks. Canadian law, however, differs at this point. The owner of a certification mark can refuse to a party a licence to use the mark even though all necessary requirements are fulfilled. This brings certification marks in Canada nearer to collective trade marks. On the other hand the owner is only allowed to change the standards concerning the goods in view of which the mark is registered after applying to the Registrar. He also must not trade as we have seen. So in fact we have a collective guarantee mark. What seems to be the principle underlying this approach is that groups of traders, trading in goods that have the same quality, can register certification marks to differentiate these goods from those of other traders. This is similar to British law, though in the UK the legislature did not award to the owner the right to refuse licences.

As far as British law is concerned the most important advantage that the potential licensor would have from following the provisions of section 37 instead of section 28 is that it would not be responsible for the way the licensee uses the trade mark after the certified usership is granted<sup>49</sup>. The proprietor of a certification trade mark is only responsible for ensuring the fulfillment of the conditions by the user to be, when the application is made. After that, it has no other obligations, and the trade mark is in no danger. The mark may be struck off the register if the proprietor did not observe all requirements when considering the application of the intended user, but not if the user misuses the trade mark<sup>50</sup>. Thus, a franchisor for example would not have to bother with an extensive and detailed quality control programme since proving that he followed the

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48. Dawson, *op.cit.*, p.36 seq, p.41 seq.

49. Para.4 of the First Schedule

50. "Sea-Island Cotton" Certification Trade Mark [1989] RPC 87 at 102

regulations to the letter when certifying will be enough for him to ensure that his trade mark will not be endangered. The kind of use made from that point onwards by the certified user-franchisee will be irrelevant. It is quite obvious that such a practice would lead to the evasion of provisions intended to safeguard the public interest, since this is the object of the quality control requirement in section 28.

There are other problems in relation to the proposed use of certification trade marks in licensing in the UK. No registration of Part B trade marks is allowed, and slightly less distinctiveness in relation to Part A trade marks is permitted<sup>51</sup> etc. The fact is that all these differences in the two systems indicate a different philosophy. The practice followed in Canada bends the rules in favour of the licensor but not necessarily in favour of the public.

### **5.6 The risk of misleading the public in Greek law**

The second condition that the Greek law imposes for a licence to be permitted is that the licence "shall not entail any risk of misleading the public" This condition is confused by some writers<sup>52</sup> with other conditions. The fact is that this condition serves its own purpose. The object of this second condition is not to prevent the public from being misled because of the difference in the quality of products that will bear the same trade mark, but to prevent the situations that are described in sec.3(1)(d) of the 1939 Act in which the same term, "risk of misleading" the public, is used. It is provided in this section that

"The following marks will not be admitted for depositing as trade marks:....  
(d) Marks containing declarations or representations which obviously do not correspond to truth and involve the risk of misleading (the public)".

There seem to be three categories of misleading indications<sup>53</sup> that fall under this provision. Misleading descriptions, such as using the head of a cow in relation to

51. *Re Application by The British Cycle and Motor Cycle Manufacturers* (1923) 40 RPC 226; Dawson, *op.cit.*, p.25

52. Antonopoulos, *op.cit.*, p.175.

53. Liakopoulos, *op.cit.*, II, p.96; Rokas, *op.cit.*, p.82

margarine, misleading indications of geographical origin, and misleading references to the proprietor such as it possessing awards that never were awarded etc. In DDDS 241/1980 CLRev 1980, 70 an application to register "Mac Val Blended Whisky" was rejected though the indication "Made in Greece" was used because the court accepted that since Scotland is well known for its whisky and the name used seems Scottish, the public may be misled. After PD 317/92 a different wording is employed but the effect of the provision is the same. The new section 3(1)(g) states that no mark will be registered as a trade mark if "it could mislead the public, for instance as to the nature, quality, or geographical origin of the goods or service".

Of course a phrase used along with the mark by the proprietor may be accurate as far as his products are concerned, but if the same trade mark is used by a licensee upon his products it may be misleading. If for example a trade mark distinguishing a product which is famous because of its geographical origin, and which embodies such information about the product, is licensed to a producer from another part of Greece, that licence would be misleading and in violation of section 16(1). Special consideration is given to products, such as whisky, that are connected with a specific country. According to section 16(4) if such products are made in Greece this must clearly be indicated in the trade mark by the inclusion of the phrase "Made in Greece".

Similar considerations arose in the Australian case of Heublein Inc. and Another v. Continental Liqueurs Pty Ltd<sup>53a</sup>. In this case the trade mark included a phrase indicating an origin in the USA. The proprietor wanted the registered user to use it with an alteration stating that it was made in Australia. The court found this a material alteration and stated that the user must use the trade mark with no such alteration. It went on to state that an additional label could perhaps be used defining the origin of the goods, but held that "if the court has no power to authorize use of part only of the trade mark, it is difficult to understand how we can, or if we can, why we should, permit use of the mark subject to a condition which would involve a flat denial of the statements contained in the mark

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53a. [1977] RPC 175

itself"<sup>54</sup>

### **5.7 Trade Mark licensing and the Public Interest**

In both the English and Greek law the requirement is imposed that a licence shall not be granted if it is against the public interest. Section 28(5) of the UK Act provides that the licence shall only be granted after the Registry is satisfied that from the information furnished according to section 28(4), the public interest will be safeguarded. The object of sec.28(8)(c), and arguably section 28(12), is similar.

Safeguarding the public interest is the third condition imposed by section 16 of the 1955 Greek Act. The existence of a close and substantial relationship between the parties ensures, as we have seen, that the connection between the enterprise of the proprietor and the trade mark exists. The court must also be satisfied that as a result of such a relationship the proprietor will be able to control the licensee and safeguard against the public being deceived into buying goods of different quality.

It can be argued that the third condition imposed by in Greek law may be interpreted as meaning that no licence may be granted if by granting the licence major problems damaging to competition and generally to the national economy may be created<sup>55</sup>. It is very doubtful, however, whether such considerations of competition law are properly dealt with under the Trade Marks Acts. These are designed to regulate quite different situations, and decisions are made through the Administrative Trade Marks Council. What is more, this may lead to serious distortions of the law. In the USA for example, compulsory trade mark licensing was proposed as a remedy for activities that led to the creation of monopolies<sup>56</sup>. In Re Borden Inc.<sup>56a</sup> the Federal Trade Commission Administrative Law Judge ordered the compulsory licensing of the trade mark

54. Op.cit., At.187

55. Antonopoulos, op.cit., p.189

56. V.N.Palladino "Compulsory Licensing of Trademarks" 26 Buffalo L.R 457 (1977), 68 TMR 523 (1978); S.V.Dobb "Compulsory Licensing as Remedy for Monopolization" 26 Catholic University L.R (1977), 68 TMR 505 (1968)

56a. No.8978 (FTC August 19, 1976)

"ReaLemon" for ten years. "ReaLemon" had 70% of the market in processed lemon juice. The proprietors under the compulsory licensing scheme would be obliged to control the quality of the goods so that it would comply with the quality of the original product. How could the proprietor ensure this, however, in a non-consensual transaction? As no precedent existed, the decision was based on compulsory patent licensing. But a trade mark is supposed to indicate a single source and this was not what would happen here. Compulsory trade mark licensing violates basic principles of trade mark law and the analogy with patents is false. A trade mark is a sign that conveys information. Whether the information that it conveys contributes to proper functioning of the market is not the concern of trade mark law, nor can it effectively be dealt with through its machinery. As far as the latter is concerned a trade mark is only protected if and to the extent that it functions as an indication of origin. A trade mark can be used in attempts to create monopolies, but this is something anti-trust law should cater for. Destroying a trade mark cannot be the solution. As J.T.McCarthy put it<sup>57</sup>

"But without searching investigation into the real source of the monopolistic power, remedial provisions which force licensing of a trade mark may have no more real effect upon an economic market than burning a flag has upon the intricate workings of a modern political system"

Finally some remarks should be made regarding future developments in the law. Both Acts seem to pay great importance to the question of possible deception caused to the public before allowing a licence. This can be explained if one considers the cautiousness with which licensing was approached at the time it was permitted. Certainly this must have been one of the most important factors which led to the adoption of a system of licence registration. In practice, however, as we have noted and will see in the following section, there seems to be no reason why it should not be left entirely to the proprietor to take the responsibility for his actions, and pay the price if he fails to do so.

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57. "Compulsory Trade Mark Licensing: Remedy or Penalty" 67 TMR 197 at 207 (1977). See also for a similar approach L.M.Gibson. "The New Game - Trademark Handicapping" 69 TMR 74 (1979)



## 5.8 Licensing for use upon similar products

Section 16(1) of the 1955 Greek Act provides that

"By a decision of the Courts for Trade Marks the depositing of the same trade mark distinguishing the same **or similar** products may be allowed as well as the use only of the trade mark by another person...".

Section 28 of the UK Act clearly refers to the products in respect of which the trade mark is registered. The object of the legislature seems to have been to prevent the use of the trade mark for products for which no registration existed something that would serve as a step towards evading the rules of registration and would unreasonably fortify the exclusive right that the proprietor is granted from such a registration.

The situation regarding the Greek law is complicated. As the law stands, two interpretations are possible. Either the law states that a licence can be granted in respect only of those goods for which the registration exists, or that a licence can be granted for similar goods irrespective of them being included in the registration. The wording is ambiguous, but it should be noted that it is the same as that used in section 3(1)(e) which refers to similarity irrespective of registration<sup>58</sup>. Use upon similar goods not within the registration can also lead to infringement. By contrast section 15(1)(a), (b) and (c) refers only to use made on goods which are included in the registration<sup>59</sup>. The purpose of the former provisions is to avoid the confusion that may be created through or the registration and use of a similar trade mark on similar goods. In this context this interpretation is understandable. In the case of sec.15(1)(a), (b) and (c) a more restrictive view is taken, because here the law is not concerned with confusion, but with the question whether the trade mark is used as it should be. Extensive protection at this point would be meaningless and perhaps even hamper the obligation of use that the law imposes to the proprietor.

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<sup>58</sup>. This section provides that the registration of a trade mark similar to one already registered in respect of the same or similar goods will not be allowed. After PD 317/92, the purpose of this section is served by the provisions of sections 3a(1) and (2) in which similar language is employed. The new sections have the same effect with the old section 3(1)(e) but an objection must be made to the DES now, while under previous law the DES should itself examine whether section 3(1)(e) applied or not

<sup>59</sup>. In fact use on similar goods no matter whether within or out of the registration cannot help the proprietor in an application under these sections. The situation has not changed after PD 317/92. The equivalent provision, section 15(1)(b), refers also to use on the goods only in respect of which the trade mark was registered

In a similar way, the object of the law in section 16 of the 1955 Act is different from that of section 3(1)(e) of the 1939 Act. It is difficult to accept that the legislature intended to grant to the proprietor the right to license his trade mark in respect of goods for which the trade mark is not registered. This would in fact mean that the proprietor is not protected if he himself uses the trade mark only upon goods in respect of which the trade mark is not registered, but he will be protected if such use is made by the licensee. Obviously this could not have been the intention of the legislature. The reason for registering a trade mark in respect of specific goods would be evaded and the practice of trafficking would be enormously helped. Thus one should hope that the courts would prefer to make a restrictive interpretation by using the method of objective - teleological interpretation<sup>60</sup> of the law, and that in a possible amendment of the law in the near future, the provision will be worded in a better way. However, PD 317/92 introduced no such change.

### **5.9 The requirement of use and trade mark licensing**

PD 317/92 has clarified an important point in Greek trade mark law. Under the previous state of the law it was doubted whether the use made by the licensee is use made by the licensor<sup>61</sup>, which is important in view of the requirement of use that both the English and Greek law set<sup>62</sup>.

Under UK law the question is directly answered by the Act itself which provides in sec.28(2) that use by the licensee will be deemed use by the licensor. In Greek law, before PD 317/92, things were not so clear since the problem was not directly addressed in the Act and both writers and the courts expressed differing opinions. Two older cases were cited<sup>63</sup> as authorities for the proposition that use by the licensee cannot be considered as use by the licensor. In SE 864/56 CLRev 1956, 291 the proprietor of the trade mark was a

60. Basing their interpretation on the purpose that the law has to serve

61. The doctrine of representative use as it is usually referred to in Greece

62. Section 26 of the British Act and sec.15(1)(a), (b) and (c) of the Greek Act before PD 317/92, or sec.15(1)(b) as it is now.

63. Liakopoulos, *Parallel Use*, *op.cit.*, p.17; Rokas, *op.cit.*, p.28

co-operative of honey producers that took part in an association of co-operatives of Greek producers of honey. The whole transaction took place before the enactment of the 1955 Act which introduced licensing and the proprietor could not license its trade mark. Instead it "assigned" it to the association, as it is stated in the decision, with the agreement that if it opted out of the association the trade mark would be re-assigned back to it. This transaction, of course, was of questionable validity. The court however applied section 17(5) which provides that the use of a trade mark by a person other than the proprietor is prohibited no matter whether the proprietor consented to such use or not. Accordingly, since the period imposed by section 15(1) had expired, the trade mark was struck off the register for non-use. Obviously this case refers to section 17(5) and not licensing of the trade mark. The same section was used in PrA 2283/67 CLRev 1967, 292 in which case the proprietor of a trade mark had leased an enterprise producing cigarettes, and had launched two new brands under two different trade marks that were registered in his own name. After the lease expired the relevant trade mark was used by another enterprise that now owned the cigarette manufacturing business and then by a third enterprise that acquired it. The proprietor took action at this point in order to stop the use of the trade mark. The court held, inter alia, that use made by third parties was not allowed even if the proprietor consented and that the proprietor had not himself used the trade mark for more than the two years as was provided by sec.15(1). Here also no licence in accordance with the provisions of the law, had been granted. Section 17(5) as we have seen was used before the 1955 Act to prohibit licensing. After the 1955 Act its object has changed. It now provides that no person other than the proprietor can use a trade mark even if the latter consents apart from the case when a trade mark is licensed as section 16 of the 1955 Act provides. The purpose of section 16(1) of the 1955 Act that provides that "the leasing of the trade mark shall be prohibited" is similar, section 17(5) having a wider meaning than this and including also assignment and any other type of use, while section 16(1) prohibits any type of licensing that is not made in accordance with the provisions of the law. So section 17(5) has no effect upon lawful licensing.

In contrast to the above cases, in the more recent DDDS 135/82 CLRev 1985, 349, the court deleted the trade mark on the grounds of non-use, but only because it was not satisfied that a licence existed in which case, use by the licensee would be enough. It was stated that

"The circulation of the two products (shampoo and cologne) by the previously mentioned company does not make up for the non-existent circulation of the products of the enterprise that owned the trade mark, since it is neither argued, nor found, that the requirements imposed by the law for the assignment or licence of the trade mark have been followed".

A closer examination of the provisions of both systems is necessary at this point. Section 68(1) of the UK Act provides that the trade mark must indicate a connection in the course of trade between the goods and the proprietor **OR** the registered user. The position in Greek law is similar at this point. Section 16 of the 1955 Act refers to parallel registration of a trade mark and use by another person. The question in both systems is whether the proprietor is totally unconnected with the goods of the licensee. Has the proprietor a connection in the course of trade with the goods? As we have seen the proprietor is the ultimate source responsible for the goods. It follows that though the licensee's goods are not literally his goods, the proprietor is connected with them in the course of trade and in fact constitutes the source from which the trade mark indicates that the goods emanate. The trade mark indicates a connection in the course of trade (by way of manufacture for example) with the licensee but, more importantly, a connection in the course of trade by way of quality control etc with the proprietor, the ultimate source<sup>64</sup>. The next question is whether through this connection with the goods, we can accept that the proprietor actually "uses" the trade mark through the licensee, or he is just "deemed" to be using the trade mark.

Strictly speaking the licensee uses the trade mark on his own goods. As far as trade mark law is concerned, this use would not mean much, because if the licence operates as it should, the trade mark will indicate that the one, ultimate source, responsible for the goods is the licensor and not the licensee. The trade mark may be placed on the

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64. Liakopoulos, Ibid., p.84

licensee's goods, but it will function as if they were the licensor's goods. Those goods will be circulated with the object of being identified not just as the goods which are manufactured (as the case may be) by the licensee, but as the goods for which the licensor is responsible. The form of connection with the goods bearing the trade mark may change, but the trade mark itself continues to indicate the same source. And any change in the connection of the proprietor with the goods is acceptable as far as the trade mark still fulfills its purpose as an indicator of source<sup>65</sup>. Under this situation, such use must, most certainly, directly be attributed to the proprietor.

What emerges from the above is that, as far as trade mark law is concerned, use by the licensee must in fact be considered as actual use by the licensor and not just "deemed" to be such. Section 16 of the Greek 1939 Act refers to the manner of use of a trade mark and provided<sup>65a</sup> that "the registration of the trade mark shall afford to the depositor alone the exclusive right of affixing the trade mark upon his own products....." Section 17(1) provides that "the use of the trade mark shall only be allowed on the proprietor's own products". The clear wording of these sections seem totally to exclude use by the licensee. The proprietor must be using the trade mark on his own goods. It is important to note at this point that section 16 was insubstantially altered<sup>66</sup> by the 1955 Act, and section 17 did not change at all. It follows that both sections were drafted with the prohibition of licensing in mind. This explains the fact that reference is made only to the proprietor and his goods. There is more to it. Section 17(5) prohibits use by an unauthorised person even if he has the consent of the proprietor. This could not include also the licensee because it would render sec.16 of the 1955 Act useless. It follows that the purpose of section 17, as it must be interpreted after the 1955 Act permitted licensing, is to demonstrate that the trade mark must be used on the goods of the proprietor or the licensee. Similar observations can be made about section 16.

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65. This is clear also in English law in which while prior to the 1938 Act doubt existed, as it was pointed out in Lacteosote Ltd v. Alberman (1927) 44 RPC 211, sec.62 of the 1938 Act now provides that it will not be held that the use of a trade mark creates confusion on the ground only that the form of connection in the course of trade has changed. See also Bostitch Trade Mark [1963] RPC 183

65a. Before PD 317/92

66. Sec.9 of Act 3205/55 just clarified that use of a trade mark includes use on advertisements

The heart of the problem, seems to be that as things were before PD 317/92, it is very doubtful whether use through a licensee could be considered as circulation of the goods in the way sec.15(1)(a) and (b) demanded. Use of a trade mark in the context of these sections is defined as

"any activity through which the goods (of the proprietor) are brought in the market; it includes therefore any activity made with the purpose of achieving the commercial circulation of the goods and accordingly if such purpose is absent there is no circulation of the goods"<sup>67</sup>

In licensing, however, the goods of the licensee rather than those of the proprietor are circulated. This inconsistency between section 16 of the 1955 Act, and these provisions, can also be explained if we remember that the 1955 Act did not wholly amend, but also completed, the 1939 Act. The only changes that the 1955 Act introduced<sup>68</sup> to section 15(1)(a)(b) and (c) of the 1939 Act, were the inclusion of a provision referring to non-use due to special circumstances, and some changes to the time limit in which the trade mark should be used under subsection (b), or the enterprise should be active under subsection (c). Accordingly, in its main part section 15(1)(a) and (b) remained as they were before licensing was permitted, and of course did not provide for the use through the licensee. Despite all this, we can at least support the opinion that even under the previous state of law, though use by the licensee is not use by the licensor it must be "deemed" to be such. This is a necessary consequence of allowing licensing and following the philosophy described above. Otherwise we should accept that more than two sources can exist something that the legislature cannot have intended as it would in effect mean abandoning the origin theory. Section 1 excludes any such possibility<sup>69</sup>. In any case, the situation now is quite clear as, following PD 317/92, section 15(4)(c) provides that "the use of the trade mark with the consent of the proprietor" will be considered as use by the proprietor.

Returning to UK law, we should remember that section 28(2) states that use by the licensee is "deemed" to be use by the licensor. Does this mean that use through a licensee

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67. Moumouris, *Deletion of Trade Marks*, Athens 1967, p.97; See also Liakopoulos, *op.cit.*, II, p.116; Rokas, *op.cit.*, p.184 See also SE 3102/84 CLRev 1985, 172

68. Sec.8 of the 1955 Act and Introductory Statement

69. Moumouris, *op.cit.*, p.100-3; Pampoukis, "Licensing of Unregistered Trade Marks" Armenopoulos 1976, 441; DDDS 135/82 CLRev 1985, 349

is not use by the licensor but it is just deemed to be so? Section 29(1)(b) of the UK Act, provides that somebody who does not intend to use a trade mark, can apply to register it, if his application is accompanied by an application for the registration of a registered user. Section 17(1) on the other hand, provides that a person can register a trade mark only if the trade mark is "used or proposed to be used by him". The question arises, however, whether somebody with no intention to use himself but a bona fide intention to license, can apply under section 17(1) instead of section 29(1)(b) and find a licensee at a later stage. Could "by him" also mean by the licensee? Section 28(2), by using the word "deemed", would point towards interpreting section 17(1) as referring to use only by the licensor, on his own goods.

This was the conclusion reached in "Pussy Galore" Trade Mark<sup>69a</sup> in which the applicants intended to use the trade mark not themselves, but through registered users. Though they had not yet found any, they applied under section 17 to register the trade mark. The application failed. This was the result of the combined interpretation of the two above sections. The basic argument was that, if somebody not intending to use a trade mark can register it under section 17, section 29(1)(b) becomes useless. It was also concluded from this that use through a licensee only, is not allowed under section 17. As Mr Field stated<sup>70</sup>.

"In my view the words proposed to be used "by him" would ordinarily be taken to mean proposed to be used by the proprietor himself or by a servant or agent whose actions in law would be regarded as his own, and not proposed to be used by somebody else merely under the control of the proprietor"<sup>71</sup>.

Many writers<sup>71a</sup> challenge "Pussy Galore" mostly on the ground that it conflicts with the Bostitch Trade Mark<sup>71b</sup> line of cases in which it was held that, under certain

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69a. [1967] RPC 265

70. At 266

71. Indian law does not include an equivalent of sec.29(1)(b). It was held by the Indian Supreme Court in Dristan Trade Mark [1986] RPC 361, that "by him" in the equivalent of sec.17 was meant also the registered user. According to the court use by the licensee must be considered as use by the licensor in all aspects material for the Act. The court distinguished "Pussy Galore" on the grounds that since sec.29(1)(b) exists in the UK, "by him" in sec.17(1) was interpreted rightly as meaning by the proprietor only.

71a. Kerly's, *op.cit.*, p. 9; Scheller, "Licensing of Trade Marks in British Law Countries" 61 TMR 445 (1971); C.Morcom, "Character Merchandising: A Right or mere Opportunity?" [1978] EIPR 7

71b. [1963] RPC 183

conditions, unregistered licensing is allowed. Does it? It might be argued that what was held in these cases was that unregistered licensing is allowed if a sufficient connection in the course of trade is established, while in "Pussy Galore" the court merely stated that in the case of section 17 use by the proprietor is required, and under section 29(1)(b) a registered user must be proposed along with the application for registration. As far as section 17 is concerned, neither registered usership nor unregistered licensing is allowed without use by the proprietor. In fact in "Pussy Galore" both kind of licences were to be granted and unregistered licensing was not criticised. As Mr. Field put it referring to "Bostitch"

"It seems to me to show no more than in certain circumstances use by a licensee of a registered trade mark under proper control by the registered proprietor will not destroy the distinctiveness of the mark in relation to the proprietor".<sup>72</sup>

Following the decision in "Pussy Galore", however, one comes to the conclusion that use of a trade mark through a licensee alone, and not by the proprietor himself, is to be accepted only in the exceptional case of section 29(1)(b). This means that in all other cases no connection in the course of trade is recognised between the proprietor and the goods and accordingly that quality control, which is supposed to exist in all licensing agreements, does not constitute of itself a sufficient connection in the course of trade. Under such circumstances, the plaintiff in the "Bostitch" would not had been "using" the trade mark and of course could not had imposed his identity upon the licensee.

So, is the decision in "Pussy Galore" open to criticism?. Is there an alternative interpretation? A possible combined interpretation of section 17 and section 29(1)(b) could be the following. Section 29(1)(b) provides for the case when the applicant does not intend to use the trade mark on his own goods, and therefore the registration of a user guarantees some kind of use of the trade mark. If, despite the fact that the applicant for registration has declared his intention not to use the trade mark on his own goods, he was given the right to register a trade mark without guaranteeing any kind of use, trafficking would had been legitimised contrary to section 28(6), and the conditions imposed by

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72. At 267



section 26(1)(a) would not be satisfied. Under section 17, the applicant must intend to use the trade mark himself. In such a case, registering a user at the same time is unnecessary. But the possible use by the proprietor on his own goods, or through a licensee, cures the absence of the intention for bona fide use at the time of the application<sup>73</sup>. In other words, section 29(1)(b) merely ensures that some use of the trade mark will be made if the applicant does not intend to use the trade mark on his own goods

Does this construction fit with the wording of the section? In most sections of the Act reference is made to both the proprietor and the registered user. In sec.17(1) reference is made only to the proprietor. The section states that *"any person claiming to be the proprietor of a trade mark used or proposed to be used by him who is desirous of registering it"*. It seems that the word "him" refers to the person that wants to register the trade mark. In this context a reference to a registered user would be meaningless.

The same observations can be made in respect of the phrase "the applicant does not use or propose to use the trade mark" in section 29(1)(b) of the UK Act. This should be understood as referring to the case that the applicant does not propose to use the trade mark on his own goods. We have seen that though the licensee uses the trade mark on his own goods the licensor is bound to have a connection in the course of trade with such goods, otherwise the trade mark will not be functioning as the law requires. Therefore use made by the licensee is use made by the licensor but it is not use on the licensor's goods. The licensor does not use the trade mark, on his own goods. Finally, the preference of section 28(2) for the word "deemed" must be interpreted in accordance with the definition of section 68(1) and the philosophy of trade mark licensing. It cannot be accepted that the use by the licensee is not in fact use by the licensor, but is just deemed to be so, simply because in that case we should have to accept that the proprietor is totally unrelated to both the goods and the trade mark.

The fact that the Greek law has no equivalent to section 29(1)(b) may create some

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73. *Electrolux Ltd v. Electrix Ltd* (1954) RPC 23; *"Nerit"* [1982] FSR 72; *Flashpoint Trade Mark* [1988] RPC 561

problems in character merchandising and franchising. The licensor may have the right to license his trade mark without using it on his own goods, but a necessary prerequisite for the registration of a trade mark in Greek law, is that an enterprise must exist and be active in the field of the goods in respect of which the trade mark is registered. This emerges directly from the definition of section 1. The rule is only bent<sup>74</sup> when the DES is satisfied that a clear intention for establishing an enterprise exists<sup>75</sup>.

In the case of character merchandising there is no difference from the situation in Britain, after the "Holly Hobbie". The merchandiser must himself use the trade mark. This can be achieved if, for example, he sets up a merchandising business distributing the goods that are manufactured for him by a manufacturer<sup>76</sup>. The problem of a franchisor who only provides specifications for the required quality and general characteristics of the goods, is more complicated. The franchisor in such a case is not involved in the trade concerning the goods<sup>77</sup>. The same problem with Greek law, exists in German law<sup>78</sup>. Following an old decision of the Supreme Court<sup>79</sup> it is accepted that the proprietor must manufacture, distribute, or perform himself in relation to the goods or services for which the trade mark is registered<sup>80</sup>. In practice this problem has not been met with and perhaps this is the reason why it is not also discussed in theory. A possible explanation for this may be the fact that though an enterprise must exist at the time of the application for the registration of the trade mark, the DES does not make an in depth examination of the purpose of the enterprise if it is satisfied that it exists<sup>81</sup>.

A possible solution may be the interpretation of this requirement in the light of the scope and purpose of trade mark law. As long as goods bearing the trade mark are

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74. Rokas, p.39 referring to SE 598/34 GLJ 1935, 155

75. This seems similar to the provision of sec.29(1)(a) of the British Act

76. Discussion of this in J.N.Adams, *Merchandising Intellectual Property*, Butterworths, London 1987, p.62

77. For a classification of franchise agreements see J.Adams-K.V.Prichard-Jones, *Franchising*, London 1986, p.41; E.Soufleros, *Franchising Agreements in Greek Law and EEC Competition Law*, Athens 1989

78. L.Williams, "Trade Mark and Related Rights in Franchise Agreements in Germany and the USA" (1983) IIC

79. RG decision of July 9, 1926, 114 RGZ 276

80. This reads very much like the old definition of sec.3 of the 1905 British Act which is certainly narrower than the new one. See Aristoc v.Rysta(1945) RPC 65

81. Rokas, op.cit., p.39

circulated and a specific enterprise is indicated as the source responsible for the goods no problems exist. Alternatively, one should expect the notion of enterprise trading in a specific field to expand in order to include the activity of a franchisor<sup>82</sup>.

Finally, in both legal systems, following the fact that the licensor uses or is deemed to be using the trade mark through a licensee, it follows that his rights are exhausted after goods bearing the trade mark are put on the market by a licensee, or otherwise with his consent<sup>82a</sup>. In Accurist Watches Ltd and Another v. King and Others<sup>82b</sup> the licensee had agreed with the defendants to manufacture goods for them and to put the trade mark on them on their behalf under the condition that in case of a default of payment the defendants could take possession of the goods. After the licensee became insolvent the defendants took possession and started selling the goods. The licensor took action to prevent them but failed the court applying section 4(3)(a).

### **5.10 The registration of the licence**

Section 28(5) of the UK Act provides that the information concerning the licence must be furnished to the Registry which will decide whether the conditions that are imposed by the law are fulfilled, and, accordingly, whether the licensee can be registered and can use the trade mark. In the same way section 16(1) of the Greek law imposes the requirement of a decision of the Trade Mark Council<sup>82c</sup> for a licence to be validly granted. The question to be answered here is whether these provisions are of a mandatory or a permissive nature.

For both legal systems the introduction of provisions permitting licensing constituted a considerable departure from the previous state of the law. The provisions that introduced these developments are in both countries elaborate. It could arguably be

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82. L. Williams, *op.cit.*

82a. Following PD 317/92, section 18(3) of the Greek Act directly provides for exhaustion of rights.

82b. [1992] FSR 81

82c. Following Act 1406/83 the Trade Marks Courts referred to in the text of Act 1998/39 are abolished and an administrative body with the name Trade Marks Council takes their place.

stated, therefore, that if the respective legislatures had intended to give a permissive character to the provisions that interest us, they would have directly mentioned it. On the contrary, at least in respect of the UK law, the Goschen Committee's proposals made it clear that a system of licensing would only be acceptable if the procedure for registered users that it proposed was followed.

The important question to be asked, therefore is what is the object of the provisions that require registration? It seems that the provisions in both systems have as their purpose the protection of the public interest. When both Acts allowed licensing, their first priority was to ensure that the negative results of such a development would be kept under control. The best way to establish that the public would not in any way be misled or confused was to examine whether the agreement between the parties fulfilled the requirements of the law.

The main argument in defence of the proposition that unregistered licensing is allowed, is that in so far as the parties ensure that a connection in the course of trade is created, and the goods are of the same quality, no confusion will be caused and accordingly the public interest will in no way be endangered. In other words if all the provisions of the law that take care of the public interest are complied with, then why bother about registration. As far as the Greek law is concerned there is no doubt that the clear wording of the Act cannot be evaded by such a construction no matter how attractive it is<sup>83</sup>. The Greek legislature was not happy to leave it to the parties to protect the public interest. The clear reference of section 16(1) to the need of a decision by the Trade Marks Court leaves no room for doubt. Indeed in DDDS 135/82 the proprietor of the trade mark took part in an enterprise that used his trade mark, but without a decision of the courts to that effect. It was held that this was not sufficient and, accordingly, the trade mark was struck off the register for non use.

The situation is more complicated in UK law. In Bostitch Trade Mark<sup>84</sup> the

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83. Liakopoulos, *Parallel Use*, *op.cit.*, p.131

84. [1963] RPC 183. See discussion on this in L.W.Melville, "Trade Mark Licensing and the Bostitch Decision" (1966) MLR 375

licensee had used the trade mark for a long period without being a registered user, but the trade mark never ceased to indicate the origin of the goods. The court found that a connection in the course of trade was maintained, since the licensee advertised himself as a distributor of the licensor. It went on clearly to state that section 28 is permissive and that

"The evidence established without any doubt the basis upon which these parties, or rather their predecessors, arranged their affairs.....to signify that the origin of the goods was in Bostitch Inc. and the reputation of the business behind them"<sup>85</sup>

In British Petroleum Ltd v. European Petroleum Distributors Ltd<sup>85a</sup> the court arrived at a similar conclusion. In this case the licensee was a subsidiary of the licensor<sup>85b</sup>. The problem was also discussed extensively in GE Trade Mark<sup>86</sup>. Cross L.J based mostly his judgment upon the fact that no confusion would be created, as the licensees in the relevant cases were either subsidiaries or were in some other way controlled by the licensor.

Despite the above decisions it can be argued that the wording of the UK Act quite clearly does not leave any room for doubt. Though in the "Bostitch" decision it was stated that nothing in section 28 justifies the view that section 28 is mandatory, no explanation was given for such a view. On the contrary by reading the relevant section one reaches the opposite conclusion, and this is reinforced by the fact that, as we have seen, the provision was new, and embodied a considerable departure. Therefore a direct reference to unregistered licensing could here be expected, if this was in the intention of the legislature. After all why should a provision for registered users be included? Subsection 28(1) that states that "subject to the provisions of this section a person other than the proprietor of a trade mark may be registered as a registered user thereof...." The meaning of "may be" at this point need not necessarily be that it is at the parties' discretion to decide whether to follow the procedure of section 28, but probably was intended to mean

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85. At 201

85a. [1968] RPC 52

85b. The same conclusions were also reached in Weston Trade Mark [1968] RPC 167.

86. [1970] RPC 339, [1973] RPC 297. See also G.H.B. Tragear - P. Hoffman, "The GE case in the UK" 63 TMR 108

that a person other than the proprietor is allowed to be registered as a user. In fact this is more likely to be the meaning of the section since one should expect that the logical meaning of the phrase with which section 28 starts is that "*it is possible to license a trade mark*" rather than "*the licence to use a trade mark may be registered or not*". What is more the phrase "**subject to the provisions of this section ...**", surely applies to the whole section, and it becomes obvious that a licence may be granted only if all following requirements are fulfilled and among them the requirement of examination of the application by the Registry.

The literal meaning of the Act is in England what the interpreter should firstly seek<sup>87</sup>. As F. Bennion has put it<sup>88</sup> "the nearest one can get, in the light of recent decisions in the House of Lords, is that literal meaning is to be accorded great respect and departed from only for compelling reasons". In the words of Professor Atiyah<sup>89</sup>

"There is one and only one way in which the Parliament is entitled to make its intentions known to the judges and that is by passing an Act. The intentions of the Parliament when not enshrined in a statute, have no legal or constitutional validity".

It follows from the above that section 28, as its equivalent section 16, was not intended to be permissive. The legislature wanted the Registry to have a direct control over the licence agreement in order to prevent confusion. However, regarding UK law, one should make an important observation. The reasoning which the courts followed in the above cases and which led them to accepting unregistered licensing is that a sufficient connection in the course of trade had been created between the licensor and the goods, preventing the possibility of confusion. This was clearly illustrated in "G.E Trade Mark" where Cross L.J. stated that

"The licensing of a mark, whether registered or unregistered, does not deprive it of the character of a trade mark providing that the owner of the trade mark retains a sufficient connection in the course of trade with the relevant goods, which connection can be maintained"<sup>90</sup>.

Some trends towards allowing the use of the trade mark by a third person if no

87. Per Lord Diplock *Black-Clawson International Ltd v. Papierwerke Waldhof-Aschaffenburg AG* [1975] 1 ALL. ER 810 at 836

88. F. Bennion, *Statute Law*, Butterworths, London 1983, p.94

89. P.S. Atiyah, "Common Law and Statute Law" [1985] MLR 1

90. GE Trade Mark [1970] RPC 339 at 395

confusion is caused can be traced even before the enactment of the 1938 Act. In Warwick Tyre Co. Ltd v. New Motor and General Rubber Co. Ltd<sup>90a</sup> the owner of a trade mark had transferred the right to manufacture and sell tyres bearing their trade mark to another company. As the court noted the plaintiffs did not part permanently with their right to use the mark, but only for a limited period, an obvious case of licensing. Nevertheless the plaintiffs were held to have the right to sue for passing-off, and succeeded in doing so. We have already discussed the facts of "Radiation" Trade Mark in which the trade mark was used by a subsidiary. In Somerlite Ltd v. Brown<sup>90b</sup> the users of the name "Somerlite" consented to the use of their trade name by the defendant on oil made by another company. The plaintiffs registered the name and sued the defendants in infringement and passing-off. They failed in both not because of the fact per se that they consented to the use by another person, but because they allowed the defendants to be associated with the mark. Finally, in J.H.Coles Proprietary Ltd v. Need<sup>90c</sup> the decision refers directly to a licence, but we shall have the opportunity to discuss this in detail later.

What emerges from the above decisions seems to be that when in the cases after the 1938 Act the courts accepted unregistered licensing, they were following previous trends. It must be accepted that the reasoning in these cases, a reasoning that is clear in "Radiation" and "GE Trade Mark", is similar to the philosophy upon which the enactment of the provisions accepting licensing are based. The courts have widened the concept of permissible licensing, adjusting it to today's needs. On this view the condition of registration may be considered to be an unreasonable burden, its purpose being served in other ways. Accordingly, it is not statute, but common law that provides that unregistered licensing is permitted. Though the courts might have been wrong in stating that section 28 is permissive, the actual conclusion they have drawn seems to be right for a practical point of view.

An objection which could be put forward is whether the practice of drawing an

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90a. (1910) 27 RPC 161

90b. (1934) 51 RPC 205

90c. (1933) 50 RPC 379

analogy from common law to statute law should be acceptable. The problem is not very much discussed<sup>91</sup>. Sir R.Cross seems indeed to take the view that such a practice is rather useful than harmful. A more conservative opinion seems to be expressed by Professor Atiyah who without totally ruling out such a practice states that it is still far from clear what is the principle that should apply in such cases and the rules that the court should follow. As he puts it<sup>92</sup> "we need more research and more examples before we can even begin to think very coherently about the subject, though I think I have shown that the approach of the courts to the subject has hitherto lacked consistency." He went on, however, to state "yet despite all the dangers there does seem to be some scope for a cautious and coherent development here, and there is adequate development in the case law I have discussed"<sup>93</sup>. The specific case of unregistered licensing arguably does not create any dangers, since it is based on exactly the same principle that the statute law is based upon<sup>94</sup>.

Finally the effect of the "Holly Hobbie" case should be examined. Does this decision contradict the older decisions concerning unregistered licensing? It should at first be noted that Lord Brightman in delivering the main speech in the House of Lords did not overrule the "Bostitch" case but simply confined it to its specific facts. Further on, what he seems to be suggesting is that no licence can be granted if no "real" relationship between the parties exists and that quality control ought not to be treated as a sufficient connection in the course of trade. Nowhere in the decision was unregistered licensing

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91. Roscoe Pound "Common Law and Legislation" 21 Harv.L.R 383; Sir Rupert Cross, *Precedent in English Law*, Oxford 1977; P.S Atiyah, *op.cit.*

92. P.S.Atiyah, *op.cit.*, at 25

93. P.S.Atiyah, *op.cit.*, at 28

94. In Canada, where similar provisions for registered usership exist, the leading authority of Canadian law does not accept that unregistered licensing is permitted. H.G.Fox, *The Canadian Law of Trade Marks and Unfair Competition*, 3rd edition, 1972. See also Neilson Ltd v. Teddy's and Koala Drive In Restaurant Ltd (1976) 9 CPR (2nd) 169 Lindy v. Registrar of Trade Marks (1982) 57 CPR (2nd) 127. In Imperial Developments Ltd v. Imperial Oil Ltd (1984) 79 CPR (2nd) 12 an application was made for the registration of a trade mark accompanied by an application for the registration of registered users. Before the decision as to whether the trade mark was to be registered and after the application was filed, the registered users to be, started using the trade mark. The Federal court held on appeal, applying its discretion, that since through the use made the public interest was not endangered and the registered user applications were filed the trade mark should be registered. In the same manner in Molson Companies Ltd v. Registrar of Trade Marks (1985) 3 CPR (3d) 126 the applicants for registration of a trade mark succeeded despite the use by unregistered licensees because of the ability that the licensor had to control quality and most importantly, registered user applications had been filed. Both these decisions though showing a more flexible approach do not seem to go as far as suggesting that unregistered licensing is permitted [C.Rowden "Registration of a licensee as a Registered User" 78 TMR 243 (1988)]. Unregistered licensing though, is permitted according to D.R.Bereskin "Trade Mark Licensing and Registered Users in Canada" 63 TMR 313 (1973)



mentioned, let alone criticised. The effect of "Holly Hobbie" accordingly could be that mere quality control, of itself, is not enough, but in so far as a "real connection" is established, any kind of licensing is acceptable.

Regarding Greek law, it is needless to state that a development of the law through the practice of the courts, based wholly on analogy, is unlikely to happen since the decisions of Greek courts do not "produce law" but only interpret the law enacted by statute<sup>95</sup>

The provision of section 28 was considered as permissive by the Mathys Committee<sup>96</sup> which however went on to propose that all licensees should be registered<sup>97</sup>. Not registering a licence was not to be considered as de facto creating problems of distinctiveness, but the use would not be considered as use by the licensor and the licensee would not have the right to take action in infringement proceedings<sup>98</sup>. The White Paper<sup>99</sup> makes it absolutely clear that unregistered licensing should be allowed<sup>1</sup>.

### **5.11 Registered usership or unregistered licensing?**

Section 28 confers on the parties certain rights. Thus the licensee is able under certain conditions to take action against an alleged infringer. The parties have the certainty that the connection in the course of trade that they have with the goods is adequate and the licensor is protected from the effects of section 26 by the provision of section 28(2). Do these advantages also extend to unregistered licensing?

In the "Bostitch" case the view that even in the case of unregistered licensing, the licensor can benefit from the licensee's use can be based on the following passage of the

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95. N.Papantoniou, *General Principles of Civil Law*, p.44

96. Cmnd 5601 para 171

97. Para 180

98. As above para 180

99. Cm 1203 para.4.37

1. But it does not recommend abolishing the system of registered users. For an older discussion on this, see D.MacRobert, "An Appeal for the Abolition of Registered Users" [1983] EIPR 27 and S.Sheffer, "Memorandum on Registered Users" [1983] EIPR 199

decision of Lloyd-Jacob J.:

"There is nothing anywhere in this section to justify the view that an arrangement between a registered proprietor of the trade mark and a party concerned to use such mark requires to be registered, still less that in the absence of registration, its effect upon the validity of the mark, if called in question, will be in any way different"<sup>2</sup>

Though rather general, this dictum can arguably be held to suggest that there will be no difference, no matter whether the licence is registered or not. Similarly in GE Trade Mark it was held that use by the licensee should be considered as use by the licensor<sup>3</sup>. More clearly, in Astronaut Trade Mark<sup>4</sup> use by an unregistered licensee saved the trade mark from being struck off the register for non-use.

As long as we accept the argument that the principles upon which unregistered licensing is based are the same as those upon which registered licensing is based, we should accept that the use made by the licensee is counted as use made by the licensor, given the fact that the latter is the one source through which the goods reach the public. It follows that to the extent that section 28(2) reflects these principles, it could also apply, by analogy<sup>4a</sup>, in respect of unregistered licensing. Therefore, regarding the question whether the use made by the licensee is use made by the licensor, one is led to the conclusion that it is indeed so. The licensor, through the connection in the course of trade that is provided by quality control, "uses the trade mark", in the manner prescribed in the Act. He uses it on goods that are circulated as goods that emanate from one source, i.e the licensor. The Mathys Committee<sup>5</sup>, however, seems to have considered that though unregistered licensing is allowed and section 28 is permissive, only registering the licence protects the trade mark from attacks for non-use. The White Paper, correctly, suggests the contrary<sup>6</sup>. Indeed, a contrary conclusion would raise an inconsistency with the situation, discussed later, which appears to prevail in the case of unregistered marks.

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2. [1963] RPC 183 at 195

3. GE Trade Mark [1970] RPC 339 at 395.

4. [1972] RPC 655

4a. See the previous chapter

5. Cmnd 5601 para 171

6. Cm 1203 para 4.37, 4.38

Regarding the right to take action for infringement, sec. 28(3) has intervened and provided that **exceptionally**, and if the licensing agreement does not provide differently, the licensee may be granted a rather limited right to take action. This provision, is a special exception, and is limited to registered licensees. The White Paper proposes<sup>7</sup> that an unregistered licensee should not have the right to take action for infringement. The purpose of the Standing Advisory Committee was to discourage unregistered licensing, something that is not considered to be in the interests of legal transparency.

As application for registration of a user is a condition for the application of section 29(1)(b) it can be argued that even in a future Act, in this specific case, an application for the registration of a trade mark should be accompanied by the registration of a licensee. The registration of the licensee though should not be made with the object of examining whether public interest will be endangered, but only for ensuring that some use of the trade mark is intended. Therefore notification of the existence of a licensee should be all that is required rather than actual registration as is required under the 1938 Act.

Finally, in a new Act it may be pointed out that a licence may be voluntarily registered, because the parties may want this in order to safeguard their interests, as is the case in patents and designs. No examination of the agreement by the Registry is necessary. Regarding any third party, failure to notify should not necessarily mean that the licence will have no effect. It should rather be a question of notice<sup>8</sup>.

The same remarks can also be made in respect of a future Greek Act. Unfortunately though, no move in this direction seems to be being made at present<sup>9</sup>. It should be noted that the Directive by the vague reference that it makes to licensing, seems to only propel the member states towards generally allowing licensing. Though the White Paper<sup>10</sup>, seems to suggest that the Directive makes it compulsory for member states to

7. Cm 1203 para 4.38

8. Article 23 of the Draft Regulation includes a similar procedure but it seems to consider that an unregistered licence will have no effect towards a third party irrespective of what that party wants. Article 22(3) though, as we shall further see, seems not to make any distinction between registered or not licensees, regarding the right to take action.

9. Proposals by Liakopoulos, Sec.111, in Liakopoulos-Psarras, op.cit., and remarks to the contrary by Psarras, p.46 seq.

10. Op.cit., at 4.38

allow unregistered licensing this does not seem to be so. Indeed, PD 317/92, through which the Directive was implemented in Greece, did not introduce unregistered licensing

### **5.12 Trafficking in Trade Marks and Trade Mark Licensing**

We have seen the reason why it can be argued that the interpretation of "trafficking" given in the "Holly Hobbie" is wrong. Since we identified what is not trafficking, we should proceed now to examine what could be trafficking. It was pointed out in "Holly Hobbie" that the only older case in which the term "trafficking" was used was J.Batt and Co. v. Dunnett and Others.<sup>10a</sup> In this case the owners of the trade mark were a company of shippers and exporters that had made a practice of registering any trade mark they invented for different classes of goods without making any use or substantial use of them. The defendants made an application for the registration of a mark similar to one of the plaintiffs'. After their application had failed they moved to expunge the mark and succeeded in doing so. Romer J. describing the proprietors' practice stated that

"I cannot help seeing that it would lead in some cases to absolute oppression, and to persons using the position they have got as registered owners of trade marks, which are not really bona fide trade marks, for the purpose of trafficking in them, and using them as a weapon to obtain money from subsequent persons who may want to use bona fide trade marks in respect of some classes, in respect of which they find these bogus trade marks registered".

A similar purpose is now served by the provisions of section 26(1) which provides that a trade mark may be taken off the register if

"(a) the trade mark was registered without any bona fide intention on the part of the applicant for registration that it should be used in relation to those goods by him, and that there has in fact been no bona fide use of the trade mark in relation to those goods by any proprietor thereof for the time being up to the date one month before the date of the application; or  
(b) that up to the date one month before the date of the application a continuous period of five years or longer elapsed during which the trade mark was a registered trade mark and during which there was no bona fide use thereof in relation to those goods by any proprietor thereof for the time being...."

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<sup>10a</sup>. (1898) 15 RPC 262, (1899) 16 RPC 411 (H.L.)

The leading case in this part of the law is Electrolux Ltd v. Electrux Ltd and Another<sup>10b</sup>. The plaintiffs were the proprietors of the trade mark "Electrux" which they did not use at all up till the moment that this was made necessary for them in order not to lose it for non-use. As soon as the defendants started using "Electrix" the plaintiffs moved against them alleging infringement. The defendants in response asked for the trade mark of the plaintiffs to be struck off the register for non-use. The plaintiffs though, had already managed to make a considerable use of their trade mark, such as to be found by the court to be "bona fide". In describing what use can be considered bona fide Sir Evershed M.R used the terms "genuine", "ordinary", or "substantial"<sup>11</sup>. Similar words were also used by the other judges in the Court of Appeals<sup>12</sup>. Regarding the fact that the trade mark was used only with the object of avoiding the provision of sec.26 it was stated that<sup>13</sup>

"A man whose title gives him certain rights ought not as I think for present purposes to be held to be acting otherwise than bona fide if he takes steps designed to perfect his title"<sup>14</sup>.

In a more recent case however another problem arose. In Huggars Trade Mark<sup>14a</sup> the trade mark "Huggars" was registered as a part B trade mark, the object of the registration being to use this mark for the protection of the unregistrable mark "Huggers". Accordingly the registered trade mark was not used and an American company that had made extensive use of the trade mark "Huggars" in the USA asked for it to be expunged from the register. The application though was not only based only on section 26 but also on section 32 as a registration made without sufficient cause since the mark was not to be used as a trade mark i.e as indicative of origin. The application succeeded on both grounds. A lengthier discussion of the problem was made also in Imperial Group Ltd v. Philip Morris and Co. Ltd<sup>14b</sup>. In this case the plaintiffs had registered the trade mark

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10b. (1954) 71 RPC 23

11. *Op.cit.*, at 36

12. Per Jenkins LJ at 41; Per Morris LJ at 42

13. At 36

14. See also Concord Trade Mark [1987] FSR 209

14a. [1979] FSR 310

14b. [1982] FSR 72

"Merit" in part B of the register for the purpose of using this way the unregistrable name "Merit" upon their products. The defendants introduced a cigarette brand under the name "Merit" in the USA with the intention of using it also in the UK. In view of such a development the plaintiffs made some limited use of the trade mark and took action for infringement. The defendants claimed that the trade mark should be expunged for non-use and under section 32 for being registered without sufficient cause. In this case more weight was put on the second ground, and in fact Lawton L.J and Brightman L.J distinguished section 26 from section 32 by stating that the former is to be applied in case no bona fide use is made while the latter applies when no use of any kind is made. Shaw L.J went even further by suggesting that section 26 "while perhaps applicable also to the situation in the present case, appears to me to have a special relevance to the situation which arises when a trade mark is registered in respect of more than one class of goods".

These last observations bring us back to the judgment of Whitford J. in "Holly Hobbie". As we have seen this was different from the other judgments delivered, as it was not based upon the necessity of a real and substantial relationship between the parties or the inadequacy of quality control as a connection in the course of trade. Alternatively, it was based on the number of classes of goods in respect of which the trade mark would be registered and the changes in the identity of the users that would be entailed by this.

To what extent is the registration of a trade mark in many classes to be considered a problem<sup>15</sup>? This may cause inconvenience or may even be an indication of an intention of unlawful use of the trade mark, but certainly one could not argue that all registrations of the kind should be prohibited without any further reason. The object of the law is not to prevent many licences being granted, but to avoid confusion. In so far as no confusion is created, the number of licences is irrelevant. The same, of course, applies in Greek law.

The trade marks involved in J.Batt v. Dunnet were trade marks registered with the object of possible use in the future if the business of the proprietor extended to such

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15. It should be noted at this point that up till now separate applications should be made for the registration of a trade mark in separate classes.. The White Paper proposes that registration can be sought in several classes through one application. Para. 4.06-4.07

goods. Romer J. called such marks registered trade mark that are not really bona fide trade marks. The question then is what is a bona fide trade mark? Most legal systems provide that a trade mark may be expunged from the register for non-use. As we have seen the object of trade marks is to indicate that the goods that bear them emanate from a specific source, have a certain origin. In order to achieve that, the goods in respect of which they are registered must be circulated in the market. Otherwise the trade marks will have no reason to exist and, accordingly, they will create problems to traders who wish to use similar trade marks but are unable to do so. This situation may arise not only in the case where a trade mark is not used at all after its registration, but also in cases when it was used but it is no longer being used. Section 26(1)(b) of the English Act intended to deal with such cases.

A similar purpose was served by sub-sections 15(1)(a),(b) and (c) of the Greek Act which provided that a trade mark will be deleted

- a) Where the person entitled to the trade mark has not put in circulation products bearing the trade mark within three years as from the registration; in the case of a newspaper or a periodical within one year as from the registration; and in the case of trade marks distinguishing medical preparations within four years as from the registration.
- b) Where the person entitled to the trade mark has during the previous two years ceased to circulate products bearing the trade mark; or during one year in the case of a newspaper or a periodical.
- c) Where the enterprise in respect of whose products the trade mark was deposited has ceased to function for at least two years; or for one year in the case of a newspaper or a periodical".

The first observation to be made is that no reference to "bona fide use" is made here. The first question that arises is the following: since the purpose of a trade mark is served by the circulation of products which bear it, is any such circulation sufficient? The answer is no. The requirement of the law will be satisfied and the trade mark will fulfill its purpose only if a real and substantial use is made, and the goods reach the public in a way that will make it possible for them to use and recognise the products by the trade mark<sup>16</sup>. Otherwise the provision of the law would be evaded by any trader who by a commercially insubstantial<sup>17</sup> use of his trade mark would be able to ensure the

16. SE 310284 CLRv 1985, 172

17. And this, in both legal systems, depends also on the nature of the goods. See dictum by Morris LJ in Electrolux Ltd v. Electrix Ltd (1954) 71 RPC

continuance of his registration. It follows that not any use will be accepted. It is such sufficient use that English law calls "bona fide" use. This is the reason why in Electrolux v. Electrix a "genuine", "substantial", "ordinary" use was required. And that is where the situation is different from "Huggars" Trade Mark and Imperial Tobacco v. Philip Morris. In these cases the use made did not fulfill the above requirements.

In Greek law also, though under the old sections 15(1)(a),(b) and (c) bona fide use is not mentioned, similar preconditions are implied. The philosophy underlying both systems, and that is what interests us here, is the same. Of course some differences can be found as to what activity of a trader can indeed be considered as "use" of a trade mark. Thus in SE 3102/84 CLRev 1985, 172 it was held that acts that are necessary for the preparation for the circulation of the products are not to be considered as "use" within the meaning of the Act. For example, the circulation of specimens of the goods, the grant of a necessary licence by the state for the circulation of such goods etc. By contrast, even distribution of samples can be enough under British law<sup>18</sup>. It is further accepted that "real" use of the trade mark must be made and that "the deletion will not be prevented from the sporadic circulation with only the object of avoiding deletion"<sup>19</sup>. Nevertheless, this is of no importance at this point. In both legal systems the required amount of use will differ according to the nature of the product. It must also be observed that the law, in both legal systems, is not interested, as far as sec.26(1)(b) and its Greek equivalent are concerned, in the intention of the proprietor when using the trade mark as long as the required amount of use is made. The fact that "Electrux" and "Nerit" were both used by the proprietors in order only to prevent the use of similar trade marks by other persons was in fact irrelevant as far as sec.26(1)(b) were concerned, and the same would be true with the equivalent Greek sections. Since bona fide use was made "Electrux" was saved. The same would have been true if "Nerit" was appropriately used. Whenever the law requires not only "bona fide" use but also "bona fide intention to use" the requirement is clearly

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23 at 45 and Concord Trade Mark [1987] FSR 209

18. Notes of Official Rulings 1944A (1944) 61 RPC 148

19. Rokas, op.cit., p.184; and see Liakopoulos, op.cit., II, p.126



stated as in section 26(1)(a). But even here mala fide intention is cured by "bona fide" use. What is this section designed to do?

While section 26(1)(b) requires a certain period during which the trade mark has not been used<sup>20</sup>, as the equivalent old Greek sections did also<sup>21</sup>, section 26(1)(a) states that even if such a period has not expired a trade mark may be struck off the register on proof that the proprietor had no intention to use it bona fide and in fact he did not do so. Thus the mark "Electrux" could not be expunged under sec.26(1)(a), given the fact that though perhaps registered without any bona fide intention to use, it was nevertheless so used; however, "Huggars" and "Nerit" could not escape since they were neither registered with a bona fide intention to be used nor were they used in fact bona fide. Despite what was suggested by Shaw L.J. in the latter case this situation certainly falls under section 26(1)(a). **The distinction made between "bona fide use" and "no use at all" is irrelevant as far as section 26 and trade mark law are concerned.** For the purpose of trade mark law any use that is not "bona fide use" is no use at all. This can also be illustrated by the proposal of the White Paper according to which, and following the terminology of the Directive<sup>22</sup>, the word "genuine" rather than "bona fide" should be used in section 26<sup>23</sup> Indeed PD 317/92 through which the Directive is implemented in Greece refers to "genuine use" in what is now section 15(1)(b) of the Act and which uses a far simpler language without introducing any changes to the state of the law<sup>23a</sup>.

Concerning Greek law, a situation as that described in Imperial Tobacco v. Philip Morris seems to be dealt with by sections 15(1)(a) and 3(2)(b)<sup>23b</sup>. The former provides that a trade mark will be deleted if there is one of the reasons described in sections 3 and 3a for which no registration should had taken place. Section 3(2)(b) provides that an application for the registration of a trade mark which is made mala fide will not be

20. 5 years

21. 3 years in sec.15(1)(a) and 2 in sec.15(1)(b) and (c)

22. Art.10(1)

23. Cm. 1203 para 4.29

23a. The relevant period of non-use is now 5 years. See forthcoming 3rd edition of Liakopoulos, op.cit.

23b. Before PD 317/92 the problem was dealt with through sections 3(2) and 15(1)(h). No substantial changes have been introduced, but the wording is clarified

accepted. One should, however, note that the situation is perhaps more common in the UK in relation to Part B registrations. Both "Nerit" and "Huggars" were Part B trade marks. If, of course, the proposal of the White Paper that Part B should be abolished<sup>24</sup> is made law this situation will change.

Following from the above observations, if of course they are correct, it becomes plain that "ghost marks" fall within section 26, because the section was designed to meet the problem dealt with in J.Batt v. Dunnet. The question remains: What is trafficking? Is it just the situation described in section 26? The reason why the proprietors of the trade mark in Batt v. Dunett registered their trade mark seems to have been to assign it to anyone who would want to register it<sup>25</sup>. Assignment, however, now is allowed with or without the goodwill of a business<sup>26</sup>. If the trade mark is registered with no intention of bona fide use, section 26(1)(a) applies and instead of seeking an assignment, a third party can simply request the deletion of the registration instead. Section 26(1)(a) would not apply if the potential assignor is already using the trade mark in respect of goods of the same description as those in respect of which the assignment is going to be made. But in this case a partial assignment could not take place because, as it is demonstrated in "Sunbeam" and stated in section 22(4), to avoid confusion, the goods must not be of the same description. In any other case, as long as no deception is caused by the assignment no objection can be raised. One important point that should be made is that the only reference to trafficking is in sec.28(6) in relation to licensing. This fact could lead to either of the following conclusions. Either trafficking of a trade mark can occur only in the case of licensing, or section 26 can be used in other cases of trafficking, but that provision does not cover trafficking occurring through the licensing of a trade mark. The first possibility seems unlikely since we have already seen that the term is used in a case that has nothing to do with licensing. The truth thus seems to lie on our second proposition. Section 26 covers what was meant as "trafficking" in J.Batt v. Dunnet and

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24. Cm 1203 para. 4.03 -4.05

25. See discussion on this by G.Rolston, "Trafficking in a Trade Mark" 2 Osgoode Hall L.J. 39

26. Sec.22 seq.

accordingly in defining the meaning of "trafficking" in sec.28(6) we should look specifically at the licensing context in relation to which the word appears. Are there cases in which the grant of licences could result in marks being used otherwise than the law requires, i.e as indications of origin?

If we accept the interpretation of section 17 and section 29(1)(b) we suggested, a person can register a trade mark and then use it through a licensee. This means that a person could register a trade mark, not in order to use it, but in order to be able to take advantage of the possibility that somebody who wants to use the trade mark will require either an assignment or a licence. In both cases the trade mark will fall under section 26(1)(a). Requiring the cancellation of the registration would be more convenient for such a person. Given the fact that Pussy Galore Trade Mark<sup>27</sup> is still good law, licensing without an intention to use on behalf of the proprietor, is only allowed under the special circumstances of section 29(1)(b). It follows as we suggest above, that an application under section 17 to register a trade mark and use only through licensees, would not be allowed.

As we shall see, frequently in character merchandising, the mark is not used as an indication of origin but because of its advertising power<sup>27a</sup>. In this case section 26(1)(a) would again apply but only if the proprietor was not using the mark. A licensee could be using the mark in a non-trade mark manner, and there would be no provision of the Act to stop this. Accordingly, section 28(6) is needed to deal with this situation. In Greek law this would be considered an evasion of the law and would be prohibited under section 281 CC or directly through sec.16(1), which provides that "leasing of a trade mark" is prohibited. This means that a licence other than one leading to use of the trade mark in the manner prescribed by the law is prohibited.

The Guidelines of the Registry that followed "Holly Hobbie", accord with this view, as they strike strongly at character merchandising. The Guidelines provide that

27. [1967] RPC 265

27a. As in Kodiak Trade Mark [1990] FSR 49. See discussion of this in ch.7.1

applications for the registration of a trade mark made under sec.29(1)(b) will not succeed if "are made by known character merchandising operators or organisers of major sporting events"<sup>28</sup> or "are for marks involving known fictional characters or well known personalities"<sup>29</sup>. The same applies to an application if it is made by a film or TV company outside Classes 9 and 16, or if it is made by an author or a publisher in a Class other than Class 16 for literary characters. An application to register a famous trade mark in a field remote from that in which it became famous or an application for identical trade marks for a range of unrelated goods.

It is important to note that not in all these cases is a real relation between the proprietor and the licensee absent nor is quality control necessarily the only connection in the course of trade between the two. Thus, the licensee of a famous trade mark may be a subsidiary of the proprietor. If the famous trade mark has the power to create to the public the impression that different kinds of goods are somehow connected with the proprietor of the trade mark, why should he be prevented from using it in such remote fields, given that, as we shall see, he would have good chances to succeed in passing off? If on the other hand the goodwill attached to the trade mark is not so extensive as to extend to such remote fields, a person interested in using the trade mark in respect of such goods would not need a licence. In such a case the would be licensor, needs a registration. It must, however, be noted that the wide protection that the White Paper proposes for famous trade marks certainly conflicts with the attitude taken in the Guidelines<sup>29a</sup>. The problem of concentrated economic power which such marks may represent is not a concern of trade mark law, but of anti-trust law. On the other hand one should recognise that the approach of the Registry is in accordance with the philosophy underlying sec.28(1) which provides that no licence can be granted in respect of a defensive trade mark<sup>30</sup>. A defensive registration, of course, can be made for goods other than those in respect of which the first registration was made.

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28. Art. 2(f)

29. Art.2(g).

29a. Para.3.19 and art.5(2) of the Directive

30. Sec.27

Character merchandising is the field affected by the Guidelines. Section 29(1)(b) does not, however, require that the proprietor must trade. This seems nearer to business reality as far as character merchandising is concerned. The Registry's problem seems to be that in cases of character merchandising, trade marks that are not going to be used for long are registered. This is not, however, logically a concern within the Act. The law is only concerned whether a trade mark has or has not been used. Moreover, if the owner of a famous trade mark intends to apply for a registration in a different field under section 17, because he has the intention to use the trade mark himself, he should succeed though the Registry may ask for specific information in order to be satisfied that intention to use exists. The same applies to a film or TV company intending to register out of Classes 9 or 16.

In consequence a merchandiser would be better advised to follow the procedure of section 17 and try to use himself the trade mark building a reputation of his own<sup>31</sup> either by selling through shops or catalogues. Section 28(6) is likely to be repealed by the new Act<sup>32</sup>. A provision, equivalent to the one of section 16(1) of the 1955 Greek Act, providing that "leasing of a trade mark" is not allowed, might be more appropriate. A licence is allowed only if it results in using the trade mark as an indication of origin.

### **5.13. The rights of the licensee**

#### **5.13.1. A new right in the same trade mark?**

The right in a trade mark is described in Greek law as an exclusive and absolute right in an intangible<sup>33</sup>. The intangible good that is protected is the ability of the trade mark to indicate that the goods which bear it originate from one source, the proprietor<sup>34</sup>. The approach taken by British law is similar and both legal systems also provide that a

31. J.N.Adams, *Merchandising*, *op.cit.*, p. 61-62

32. Cm 1203 para.4.40

33. Pampoukis, *The Law of Indicia*, Thessaloniki 1965; For property right in intangibles see D.F.Libling, "The Concept of Property in Intangibles" 94 LQR 103

34. Liakopoulos, *op.cit.*, II, p.76, 82

licence will be given only if a relationship between the parties exists, such as to guarantee that there is only one source responsible for all goods that bear the same trade mark. That one trade source must be the proprietor and the trade mark serves the purpose of indicating his goods. Even when a licensee uses the trade mark upon goods produced or selected by him, the trade mark does not indicate a connection with the licensee. On the contrary the association is with the proprietor and it guarantees that there is such a relationship between the parties that guarantees the same quality for all goods that bear the mark. Otherwise the whole theoretical construction upon which licensing is based would collapse.

The above demonstrates that the right of a licensee in a trade mark depends upon and follows the right of the licensor. If the latter's right ceases, the registration by the user can be cancelled. In British law, this is made clear by sec.28(10). The fact that the licensee does not acquire a direct right in the trade mark, but a right derived from the proprietor's right in Greek law, appears from a number of provisions which refer to both a licence to register, and a licence to use, a trade mark, and especially section 16(3) of the 1955 Act, according to which the proprietor on his own, has the right, to apply for the deletion of the second registration or the discontinuation of the use as the case may be, by declaring that the relationship between the parties has ceased. In the equivalent British section, section 28(8), a right to request is granted to the proprietor and to the licensee. We shall see why this provision exists, but we may note it does not have a bearing on the present point.

### **5.13.2. The right to take action for infringement**

#### ***5.13.2.a The case of a licence to register the trade mark in Greek law.***

The discussion of whether or not the licensee in this case is given a right to take action equal to that of the licensor, is difficult and complicated, involving a number of theoretical questions. It should be stated at this point and before entering into this

discussion, that it is usually accepted that analogies can be drawn from the law concerning "real property" to the law concerning intangibles<sup>35</sup>.

#### D) Licensing and Usufruct.

It is argued that a licence to register is a case of usufruct<sup>36</sup> of the trade mark. The first observation to this must be that since we accept that the licensee does not acquire an independent right in a trade mark, but a right following the right of the proprietor, we are dealing with a "usufruct of a right". Section 1178 CC provides that

"a usufruct may also be constituted on a right. Its constitution shall be made in the same manner as a transfer of the right. Rights that are not subject to transfer are not susceptible to usufruct".

Since section 1182 CC provides that in case of usufruct of a right the provisions governing usufruct of things apply by analogy, we should at first refer to usufruct of things. The definition of usufruct is given in section 1142 CC and is as follows:

"a personal easement of usufruct shall consist in the real right of the usufructuary to make full use and collect the fruits of a thing belonging to another the substance of that thing being preserved integrally".

A result of section 1142 C.C is the fact that the owner of the thing is not allowed to use it at all, or at least not use it in any way that may cause an obstacle to the full use and enjoyment of the fruits of the thing by the usufructuary. As Professor Georgiades puts it<sup>37</sup> "Nearly all powers of the owner are transferred to the usufructuary, and in this way ownership is stripped from the powers it gives, remaining bare". This means that only an exclusive licence with a parallel agreement by the proprietor not to use the mark could be treated as a usufruct in the licensor's right. Even in this situation, however, the proprietor of a trade mark has the right to alter the quality of his goods. Licensing for him is just another way of marketing. It follows that even an exclusive licence can not give the powers that usufruct is supposed to give to the usufructuary. In any case it does not seem very persuasive to accept that an exclusive licence has such a different nature to a non-exclusive licence.

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35. Pampoukis, *The Law of Insignia*

36. Antonopoulos, *op.cit.*, p.140; Pampoukis, *ibid.*, p.58-59

37. A.Georgiades, *The Law of Real Property*, Athens 1980, p.492

Similar problems exist in the case of non-exclusive licences<sup>38</sup>. It is accepted that the owner may keep some, but few, rights in the "fruits" that should be given to the usufructuary. This is called **limited or deducted usufruct**<sup>39</sup>. But in the case of non-exclusive licensing the proprietor keeps far more rights than the few rights that the owner can reserve in a limited usufruct, since he can use the trade mark in exactly the same way as the licensee does in addition to the rights that he keeps in any case as the proprietor of the mark, and he can also grant further licences.

It is argued that since we accept limited usufructs we should also accept, for the same reasons, a kind of usufruct where the owner may reserve more or equal rights with those that are awarded to the usufructuary<sup>40</sup>. This opinion is unsound. In the first place, it is contrary to the wording of section 1142 C.C that refers to "full use" of the thing by the usufructuary. Secondly, the development of the concept of usufruct in Roman law indicates the same thing. Windscheid<sup>41</sup> states that "to the point where the right of the usufructuary extends, the owner's right is debarred."<sup>42</sup> It seems thus that accepting the former argument would lead us far away from what is intended to be regulated by the concept of usufruct. The same approach is taken in the German Civil Code.

## II) Licensing and limited personal easements

Following the above observations one could find considerable similarities between a licence to register a trade mark and a limited personal easement. Section 1188 C.C provides that

"A personal easement may be constituted as a real right encumbering an immovable and affording a certain authority or usefulness to, or for, a given person"

In theory it is accepted that analogy can be drawn in many cases between immaterial and material goods, movables or immovables. Nevertheless several provisions regulating

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38. Rokas, *op.cit.*, p.242

39. Georgiades, *op.cit.*, p.493

40. Georgiades, *op.cit.*, p.493

41. B.Windscheid, *Roman Law, Part 2, The Law of Real Rights*, p.459, Publications G.Fexis, Athens 1915,

42. He bases that on Laws 7 para.1, laws 13 para.7 and Pandectes 7,1 laws 17 para.2 and 25 para.3.



limited personal easements are contrary to the trade mark legislation. Section 1189 C.C provides that

"In case of doubt the extent of a limited personal easement shall be determined by the personal needs of the beneficiary".

It is obvious that under the same circumstances the proprietor's right would be favoured as serving better the purpose of trade marks as an indication of a certain origin. Further on, section 1190 C.C provides that if it is agreed by the parties a limited personal easement can be transferred. A licence to register, as we shall see, can certainly not be transferred at all.

As section 1191 C.C provides, the provisions governing real easements are applied also to limited personal easements. This means that by analogy to section 1132 C.C a personal limited easement empowers the person who is entitled to it to take action against anyone that disturbs it, but it does not grant to him the right to take action against a disturbance of the owners right in the thing. It is difficult though to see how the right of the licensee will ever be endangered without the trade mark being endangered apart from a case where the right of the licensee is contested by the licensor himself. Accordingly the distinction made by section 1132 C.C is impossible to make. The right of the licensee is too closely connected to the right of the licensor. This may be the most important observation, since it indicates the special nature of trade marks and, in turn, of a licence to register. As we have seen, only the proprietor has a right upon the trade mark, he is the ultimate source from which the goods emanate. The licensee just has a right that follows and depends on the proprietor's right. On the contrary the owner of the thing and the person entitled to a limited personal easement have two different rights in the same thing, and in no case do they, or need they, constitute an entity.

### III) The special nature of a licence to register.

The conclusion from the above seems to be that though there are considerable similarities, there are important dissimilarities, and the problems that they create, along with the special nature of a trade mark, would suggest that a reference to a usufruct on a



right, or any other real right in the case of a licence to register, could lead to problems. Though it is generally accepted that an analogy can be drawn in many cases between intangible and tangible goods, trade marks law need not depend on analogies that may be simplistic, and create legal uncertainties. It is useful to classify a right in one of the categories of rights described in the Code, but it is not so important as to allow us to overlook the special nature of some rights<sup>43</sup>.

#### IV) Conclusion

This brings us back to square one. Has the licensee, or has he not, the right to take action in the same way and under the same conditions that the licensor has? The legislature intended to introduce two different types of licence. One of the first considerations that led to the adoption of licensing was the effort to attract foreign investment into the Greek economy. The foreign investor should be certain that any possible danger to his rights would be dealt with swiftly. Granting a licensee a right to take action would certainly have been helpful in this regard. Section 2 of the 1939 Act provides that "The right to the exclusive use of a trade mark shall only be acquired by the depositing of the trade mark in conformity with the provisions of the law." By analogy to the above provision, in the case of a licence to register, the licensee is "granted" by the law an absolute right which, nonetheless, is limited vis-a-vis the proprietor and depends on the latter's right<sup>44</sup>. This right of the licensee is not an independent right in the trade mark, but merely a right based upon and dependent upon, the right that the proprietor has in the trade mark. In Greek law, the licensee acquires therefore an absolute, but dependent right<sup>45</sup>. **Accordingly, a right to take action for infringement is included in this absolute right of the licensee.** As in the case of section 28(3) of the UK Act, this must be viewed as an exception from the rule that the proprietor is the only person responsible for safeguarding his rights in the trade mark.

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43. Rokas also refers to a sui generis right, *op.cit.*, p.242

44. The limited absolute nature of the right of the licensee in this case is generally accepted. Liakopoulos, *op.cit.*, II, p.124 and I, p.168. Rokas, *op.cit.*, p.242 and Pampoukis, *op.cit.*, p.58-59 accept the absolute nature of the right but refer to a right directly on the trade mark. Similarly Antonopoulos, *op.cit.*, p.140.

45. Georgakopoulos, *op.cit.*, p.154, refers to a right on a associated trade mark that exists as long as the right of the proprietor does

*5.13.2.b The licence to use in Greek and UK law and the action for infringement*

It remains to examine the nature of a mere licence to use. In this case no second registration of the trade mark, as in the case of a licence to register under Greek law, is entered and the licensee does not acquire the powers that such a registration confers in respect of third persons. The question is, whether he has the right to ask the proprietor to take action if needed. Since there is one source responsible for the trade mark, and that is the proprietor, it could be argued that trade mark law gives no such right to the licensee. As far as trade mark law is concerned the proprietor is the only person that can decide whether and when to take action. It may be suggested that the proprietor cannot be obliged to take action against an infringer. Whether he does this or not is his decision alone. On the other hand, the licensee when undertaking a licence, makes a certain investment and expects that the use of the trade mark by him will be undisturbed. As the licensee cannot protect himself vis-a-vis third parties, this must be left to the licensor. The licensee's priority cannot be whether the trade mark will become deceptive, but what effect will this have to his investment and whether he will suffer damage. Therefore, his attack in such a situation must be directed towards the proprietor who does not take action. This can be based on the provisions of the Civil Code, following which, the proprietor (the obligor in this case) is "bound to perform the undertaking in accordance with the requirements of good faith taking into consideration business usages"<sup>46</sup>. It must be made clear that these obligations of the licensor do not arise from trade mark law but from the general provisions of Civil law and the relationship of the parties.

The fear is that, if only the proprietor has a right to take action only his damage will be compensated. It has been argued<sup>47</sup> that a licensee can obtain full compensation if we deal with the action for damages under section 24 as a case in which compensation for the damages inflicted on a third party are demanded. Thus, the proprietor will be acting for the licensee. This argument is supported by an analogy which it is said that can be

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46. Sec.288 CC

47. Antonopoulos, *op.cit.*, p.281

drawn from section 17(5)<sup>47a</sup> of the 1955 Act. This last section refers to collective trade marks and provides that if a collective trade mark is infringed, action may be taken by the owner, the Association, while damage is not suffered by the owner but by the users, parties to the Association. The right to take action in respect of damage inflicted to a third party had developed in Roman law. In modern law, however, its use is to say the least, doubtful. A person can only take action claiming damages inflicted to himself. Even if an exception to this could be accepted, as with all exceptions, a direct reference should exist in the text of the Act, as in section 17(5)<sup>48</sup>, if indeed this is such a case<sup>49</sup>. Drawing analogies in such cases amounts to law making, and this should not be done too readily, especially, with regard to provisions that regulate a subject in an exceptional way.

Case PPA 124/1982 CLRev 1982, 239, is interesting and indicative of the practice of the courts. As it was stated there:

"The right that is granted in this way may be absolute, in the case of a licence to register the trade mark, or relative in case a licence to use is granted. When a licence to register is granted, the licensee being an absolute beneficiary of the trade mark, if his right is infringed, has for his protection the actions that trade mark law provides for the proprietor. On the contrary when a licence to use is granted, the licensee has only a relative right towards the proprietor, according to which he can ask the proprietor, to allow and secure to him the unobstructed use of the trade mark"

In this case the plaintiff used the trade mark "MOUSSE" upon a chocolate product. The trade mark was used for seven years under a licence to use by the proprietor. The defendant sold a similar product using the trade mark "MOUSSE". The plaintiff took action under the provisions governing both the Trade Marks and the Unfair Competition Act. He failed under the first, as having no right to take action, but succeeded under the second.

The above approach, which indicates that an action for infringement concerns

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47a. No important alteration, for our point, has been introduced by sec.9 of PD 317/92

48. Liakopoulos, *Parallel Use*, *op.cit.*, p.205; Liakopoulos, *op.cit.*, II, p.122 accepts that sec.17(5) is a provided by the law case of compensation for damages inflicted to a third person

49. Georgakopoulos, *op.cit.*, p.158, argues that it is not. According to him the right to take action is awarded to the user of the Collective Trade Mark and the Association is restricted in only the right to participate in the action, making appeals etc. Though Professor Georgakopoulos bases this on the literal interpretation of the section, it seems that not even by such an interpretation can such a conclusion be reached

mainly the licensor, and only indirectly the licensee, seems to be accepted also in UK law.

According to sec.4(1)

"..... the registration ..... of a person in Part A of the register as proprietor ..... shall, if valid, give or be deemed to have given to that person the exclusive right to use ....."

No reference to the registered user is made, as it is in other sections. The licensee is given the right to take action by sec.28(3) following a two month period within which the licensor, though requested by the licensee to take action, in fact has not done so, due to either refusal or negligence. An agreement between the parties, however, may prohibit this. It follows that in UK law also, the proprietor of the trade mark is the only person responsible for the trade mark, and therefore able to take action. A very limited right is granted to the licensee in order to protect the licensee's interests. Thus, it is suggested by the editors of Kerly<sup>50</sup>, that

"It would seem to be proper for a user who has been damaged by infringement to be joined in as a plaintiff in an action by the registered proprietor of the mark".

Section 28(3) must be viewed as an exemption to the principles of trade mark law, which has its purpose, safeguarding the position of the licensee. Apart from section 4, it is also demonstrated from older cases, that the action for infringement is a part of the exclusive right that only the proprietor has in the trade mark. Thus in Richards v. Butcher<sup>50a</sup> an action for infringement was taken by the agents of the proprietors of the trade mark. Kay J. was quite clear<sup>51</sup>

"Not in any way. Not at all. I think the case is entirely misconceived. It seems to me there is no right to bring an action of this kind. **They have no interest in the mark.** They have no right to restrain fraud any more than any other purchaser of Heidsieck's wine would have, and consequently I must decide this point against them with costs; but of course I give leave to amend the pleading if they please by making the present owners of Heidsieck's trade marks co-Plaintiffs"

Fram Manufacturing Co. Ld v. Eric Morton & Co.<sup>51a</sup> is even more interesting. The proprietor of the trade mark in this case was the major shareholder in the company which

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50. Kerly's, *op.cit.*, p.295

50a. (1890) 7 RPC 288

51. *Op.cit.*, at 292

51a. (1922) 40 RPC 33

used the trade mark without it being assigned to it. It seems that this in fact was a case of licensing. The facts are very similar to those of Astronaut Trade Mark<sup>52</sup>. The company and the proprietor took action for infringement. The plaintiff company's action was dismissed without costs. The proprietor, however, though refused damages, was granted an injunction. No reference was made to loss of distinctiveness.

It is argued that an agreement that a licensee may take action is also permitted in Greece, though not expressly provided for by the Act<sup>53</sup>. But under Greek law, it is not permitted to take action merely by the authorization of the person who originally has this right<sup>54</sup>. What is allowed, however, is the assignment of the right of the proprietor to the licensee<sup>55</sup>. Section 455 CC provides that "a creditor may by contract transfer to another party his claim without the consent of the debtor" Before the assignee can take action the creditor must notify the debtor of the assignment<sup>56</sup>. This differs from section 28(3)<sup>57</sup>, because under an assignment the previous proprietor cannot take action, whereas under section 28(3) of the 1938 Act, he can most certainly do so. In Greek law, it is argued that, in case of doubt as to the intentions of the parties as indicated in the agreement, it must be accepted that a provision for an assignment to the licensee of the right to take action must be considered as implied. This is based<sup>58</sup> on the supposed common interest that the licensee and the licensor share, for the better exploitation of the right in the trade mark. Such a common interest need not necessarily exist. What is more the right to take action is so much connected with the right of the proprietor in the trade mark, that it can be argued that on the contrary only an express agreement to assign should suffice. Uk law, makes the position of a licensee nearer to the position of a grantee of a licence to register in Greek law. The difference is that in the latter case the licensee is perfectly capable of taking action from the outset on his own.

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52. [1972] FSR 33.

53. Rokas, *op.cit.*, p.205; G.Katras, Case Note on Mousse, Greek Justice 1982, 241; Antonopoulos, *op.cit.*, p.278; Liakopoulos, *op.cit.*, I, p.155

54. Ramos, *Civil Procedure Law*, part I, p.270; Kerameus, *Civil Procedure Law*, General Part, p.100; EPeir 1033/80 PirJur. 1980, 585; EThrakis 125/82 Armenopoulos 1983, 882

55. Antonopoulos, *op.cit.*, p.277; Liakopoulos, *op.cit.*, I, p.155

56. Sec.460 CC

57. And from an authorization to take action in Greek law

58. Antonopoulos, *op.cit.*, p.277

In Levi Strauss and Co. and Levi Strauss(UK) Ltd v. The French Connection Ltd<sup>58a</sup> it was made clear that only by the procedure set out in section 28(3) can a licensee take action. As Falconer J. put it

"It seems to me quite clear that the only circumstances in which the statute provides for in which the registered user may be plaintiff is where he has called upon the proprietor to take proceedings in respect of the infringement in question and the proprietor after the stipulated period of two months has either refused to do so or has neglected to do so"<sup>59</sup>.

In respect of UK law, it should be noted that the licensor is not liable for costs unless he chooses to take part in the proceedings. That is another similarity with the licence to register in Greek law. This right of the registered user could be abused, as the editors of Kerly point out<sup>60</sup>

"The right might be abused if a registered user unlikely to be able to meet the costs of unsuccessful litigation were made a plaintiff in a speculative action for infringement."

In concluding this discussion we may refer to another way of protection that has been suggested<sup>61</sup>. It is argued that as result of the absolute and exclusive right of the proprietor in the trade mark, which is regarded an equivalent to ownership of a thing, the grantee of a licence to use should have the same rights as the possessor of a thing. This presupposes that the licensee acquires a right in the trade mark, which he does not. What he acquires is a relative right that binds only the proprietor. In no case does he acquire an absolute right in the trade mark, which possession entails.

Finally in respect of UK law another observation should be made. The licensee may have an equitable title<sup>62</sup>. The licensee may hold the trade mark as a bare trustee for

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58a. [1982] FSR 443

59. The Federal Court of Canada in Tonca Corp. et Al. v. Toronto Sun Publishing Corp. et al. (1991) 35 CPR (3rd) 24 has found that sec.50(4) of the Canadian Act, which is virtually the same with sec.28(3) of the UK Act, does not impose "an exhaustive description of the circumstances" in which a licensee can take action. It is difficult, though, to accept that, the legislature in Canada chose not to state clearly that the licensee has an unrestricted right to take action, and only referred to it in order to clarify that the licensee may ask the proprietor to take action himself. Nor can we accept, as the court again suggested, that help as to this proposition can be gained from the fact that the circle of persons aggrieved for an application for expungement is quite wide. The object of the provisions regarding infringement of a trade mark is to allow the proprietor to protect his private right in the trade mark. If he does not act appropriately he will endanger his right. The object of the provisions regarding expungement is wider than just protecting the interest of the proprietor. Thus, persons aggrieved can include "all trade rivals over whom an advantage was gained by a trader who was getting the benefit of a registered trade mark to which he was not entitled" (Kerly, op.cit., p.179)

60. Kerly, op.cit., p.257

61. Georgakopoulos, op.cit., p.141

the licensor<sup>63</sup>. The problem here is that an equitable owner can only obtain a perpetual injunction if he joins the legal owner of the right in claiming such an injunction. An equitable owner, however, can obtain an interlocutory injunction<sup>64</sup>.

### ***5.13.2.c. Should a licensee have a right to take action for infringement?***

We have seen that the licensee has no right in a trade mark. In Greece this has led to the introduction of a licence to register. It seemed that in this way the doctrinal problems of providing the licensee with a right to sue would be avoided. On the contrary, however, this arrangement is questionable from a doctrinal point of view, since the licensee is granted an absolute right limited only towards the licensor, while at the same time he is not granted any right in the trade mark. The doctrines of the law of real property cannot provide sufficient analogy to justify this situation. It is submitted that the licence to register should be abolished<sup>64a</sup>. On the other hand, a licence to use gives to the licensee no right to take action.

The Directive does not deal with this problem. The Draft Regulation does so in article 22(3). According to this, only in the case of an exclusive licence will a licensee be able to take action, if the proprietor had been given notice to take action himself, but did not do so. This is like section 28(3) of the UK Act, the important thing being that this right cannot be limited through an agreement with the licensor. The UK provision, though, does not apply only to exclusive licences. According to article 22(3), in all other cases the licensee can only take action if the agreement does not provide differently, and the licensor consents. In Greek law, as we have seen in Ch.5.13.2.b, taking action with the consent of a third party is only allowed if an assignment of the specific right to take action is effected. The restrictions of Greek law arise from fears of uncertainty as to the persons

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62. Adams, *Merchandising* etc, *op.cit.* p.91; Cornish, *op.cit.*, p.26.

63. *Roban Jig & Tool Co. Ltd and Elkadart Ltd v. Taylor and Others* [1979] FSR 130. See note 62

64. Cornish, *op.cit.*, p.26; P.H.Pettit, *Equity and the Law of Trusts*, London 1989, p. 508. See also the judgment of Whitford J. in "*Roban Jig*", at 135

64a. See Psarras, in Liakopoulos-Psarras, *op.cit.*, p.46 seq. PD 317/92 introduced no such change



who might bring actions in the courts. These fears though, can be dealt with if the statute clearly demonstrates that, exceptionally, a licensee will have such a right if the licensor consents. This is not very different from the UK provision. In fact, in both legal systems, this proposal, is more appropriate also from a doctrinal point of view<sup>64b</sup>, as it demonstrates the dependence of the licensee's right on the licensor right and at the same time safeguards the interests of the former<sup>64c</sup>. The different attitude towards an exclusive licence which appears in article 22(3) does not seem to be in line with the above principles.

#### 5.13.2.d Other means of protecting the licensee

We have seen in the "MOUSSE" case that the licensee succeeded on the grounds of unfair competition. Indeed the court found that section 13 and section 1 of the Unfair Competition Act were infringed. Section 13 provides for the protection of the insignia of goods<sup>65</sup>. The first problem is created by section 14(2) which provides that section 13 of the Unfair Competition Act does not apply to registered trade marks. This at least is the dominant opinion in jurisprudence<sup>66</sup>. On the other hand, there is a view that section 14 must be read restrictively as applying only to registered trade marks which have not yet been established in the market, as section 13(3) requires<sup>67</sup>. Some courts have also adopted a more liberal view, but they seem to accept that only an insignium which was already established in the market as an unregistered trade mark before being registered, evades section 14(2)<sup>68</sup>. As most licences will be granted in respect of trade marks that are already established sec.13 at this point should not create considerable problems. The most

64b. It would not seem appropriate dogmatically to stick to the doctrines, something that would lead to prohibiting any action by the licensee, but it is also not advisable to bend the rules in a way that obviously contradicts the accepted principles.

64c. Art.22(4) of the Draft Regulation is important. It provides that the licensee will be entitled to intervene in an action brought by the licensor in order to be compensated for damages suffered by him.

65. See ch.5 for a detailed discussion

66. PrA 5726/60 CLRev 1960, 454; PrA 2583/66 GLJ 1967, 681; MPA 12877/77, CLRev 1977, 638; MPA 1378/80, CLRev 1980, 324; MPA 2901/81, CLRev 1981, 314; MPA 7781/82, Greek Justice 1982, 428; AP 399/89 CLRev 1990, 711.

67. Kotsiris, *The Law of Competition*, p.171; Pampoukis, *Trade Marks*, *op.cit.*, p.61; Rokas, *Unfair Competition*, p.104. Apart, however, from this observation, the above writers go further by suggesting that trade marks that function also as trade names or insignia of an enterprise are also protected from use, with the rule of priority, in accordance with sec.13(1). As we shall see this is doubtful. What is more in this way sec.14 is extremely restricted. It is also proposed by Harisi-Stamou, Note to PPA 731/77, 1978, CLRev 485, that the trade mark in any case must also had become an insignium of the enterprise before it is registered.

68. MPA 4965/72 1972, CLRev 401; PPA 11265/82 CLRev 1983, 152; PPA 5701/86 CLRev 1987, 645

important problem is that under sec.13 only the owner of an unregistered trade mark can take action. That owner will be the proprietor of the registered trade mark who will be established in the market as the source from which the goods emanate. It is not in the interest of the proprietor to allow the licensee to become the owner of the right in the unregistered trade mark. The view that in an exclusive licence the licensee by using the trade mark becomes the owner of the trade mark under section.13, contradicts the principles of licensing. Licensing, as we have seen, is based upon the assumption that the proprietor remains the one source responsible for the goods, through the uniform quality of the goods which is achieved through quality control. Accordingly the licensee cannot, and it is in the licensor's interest that he should not, become the owner of the rights in the unregistered trade mark<sup>69</sup>. Thus the "MOUSSE" decision was wrong on this point. It should also be noted that the same applies in respect of a licence to register. Similarly in English law cases of shared goodwill can exist<sup>70</sup> where the licensee may take action, but it is questionable, (and certainly not advisable), for the licensor will leave the goodwill of the trade mark to become attached to the licensee<sup>70a</sup>.

The situation where the licensee has acquired a right in the goodwill attached to an the unregistered trade mark is interesting. Who should take action in such a case if the trade mark is infringed by a third person? As far as passing off or unfair competition are concerned undoubtedly this will be the licensee<sup>71</sup>. Regarding registered trade mark law, however, things may be more complicated. In Greece the trade mark, as we shall see, will not be struck off if after registration it ceases to be distinctive or becomes deceptive unless it becomes *publici juris* or it deceives the public not as to the source, but as to the nature of the goods, their geographical origin etc<sup>72</sup>. In UK law on the other hand, the alleged infringer may apply for the trade mark to be struck off if it has become deceptive as a

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69. Contra Antonopoulos, *op.cit.* p.290,

70. *Erven Warnink BV v. J.Townend & Sons (Hull) Ltd "Advocaat"* [1980] RPC 31

70a. See *Diehl TM* [1970] RPC 435

71. Apart from the case of shared goodwill, or when we have a group of companies.

72. Sections 15(1)(a), (c) and (e) as amended by sec.5 of the PD. But the defendant may argue that the plaintiff is abusing the right granted to him by the law on the mark (Sec.281 CC)

result of the licence<sup>73</sup>. Section 2 provides that the action for passing-off will not in any way be restricted by the provisions of the Act<sup>74</sup>, and the exclusive right in a trade mark is specifically granted by section 4 only to the proprietor and not to a licensee also.

In Greek law section 1 provides that any act of competition that is contra bona mores is prohibited. In such cases, anybody who has a legal interest in the widest possible sense, in preventing such an act, can take action. Therefore it could be argued that a licensee also can take action<sup>75</sup>. But is it so? Section 1 is a general clause providing protection where another provision does not specifically do so. It cannot be used in a way that overturns or evades other provisions. Section 13 and the Unfair Competition Act and section 24 of the Trade Marks Act all protect a private right. If the owner of this right is not interested in taking action, nobody else should be able do so. The licensee on the other hand has no right in the trade mark. He only has a contractual and relative right towards the licensor, and he can only use that against him. While these observations are right, one should also consider that any person aggrieved, in fact virtually any person participating in the relevant trade, can apply for the deletion of a trade mark registered in respect of goods in the same categories as those in respect of which a similar trade mark has already been registered<sup>75a</sup>. Their interest seems to consist in preventing not only deception in the market generally but also acts made in the course of competition that are contra bona mores. This is also the purpose of section 1. Section 1 does not protect the private right of the proprietor as the provisions for infringement do. Therefore, the objections raised in relation to the Canadian Tonca v. Toronto Sun cannot be raised here<sup>75b</sup>. Under this section, as we shall see, the circle of persons aggrieved is wide enough to include even Chambers of Commerce. Could these take action under section 1 to

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73. GE Trade Mark, *op.cit.*

74. In the Canadian OFF! Trade Mark [1981] FSR 314 the trade mark had become distinctive of the registered user. The Supreme Court did not accept that, as a result of this, the registration was invalid. The respondent had argued that the provision stating that permitted use is considered as use by the proprietor "for all purposes of this Act" refers only to a third party. The Court held that in the authority on which this argument was based no question of validity had been raised. It did not go, however, on to discuss this proposition.

75. A practice also accepted by courts. See decisions in note 88 and 90. MPA 2172/83 CLRev 1983, 946 is a case in which the representative and licensee took successfully action under sec.1

75a. Sec.15(5) and Liakopoulos, *op.cit.*, II, p.132

75b. See note 59

prevent an infringement of a trade mark? The relevant infringement provisions of the Trade Marks Act and section 13 of the Unfair Competition Act would become, as a result of this, meaningless. It is necessary to note that, unlike section 1, action for an infringement of an unregistered trade mark under section 13 can only be taken by the owner of the mark. As a conclusion it can be stated that for this reason also the decision in MOUSSE is not correct. Section 1 will only apply if the reputation of the trade mark, and not the mark as an indication of origin, is the subject of unauthorised exploitation.

It is also argued<sup>76</sup> that section 914 CC applies. This section provides that "a person who through his fault has caused in a manner contrary to the law prejudice to another shall be liable for compensation" As far as the licence to use is concerned, the first objection to this is that the licensee has only a "relative right" that has effect only between him and the licensor. If a third person disturbs this right no action can be taken by the licensee<sup>77</sup>. What is more the general provisions of torts in the Civil Code apply only if the law of unfair competition does not regulate a particular case<sup>78</sup>. For similar reasons sec.904 CC does not apply. This section provides for enrichment without just cause<sup>79</sup>. The defendant though will not be enriched "by means or to the detriment" of the licensee, but of the licensor. Trade mark law attributes to the proprietor the right in question from which enrichment without just cause is created<sup>80</sup>.

Regarding UK law we should also refer to a tort which seems to be developing, known as "unlawful interference with trade"<sup>81</sup>. In PCUK and Another v. Diamond Shamrock Industrial Chemicals Ltd and Another<sup>81a</sup> the second plaintiffs were sole, but not exclusive, licensees of a patent owned by the first plaintiffs. The defendants submitted that the second plaintiffs could not be parties in an action for infringement. Falconer J.

76. Antonopoulos, *op.cit.*, p.293; Liakopoulos, *op.cit.*, I, p.155

77. M.Stathopoulos, *Law of Obligations*, part 1, p.93; A.Georgiades, in Georgiades-Stathopoulos ed., *Interpretation of the Civil Code*, part IV, p.705

78. Kotsiris, *Law of Competition*, p.45

79. "A person who has become richer without a lawful cause by means or to the detriment of another, shall be bound to restitute the benefit....."

80. AP 1103/76 GLJ 1977, 307 is a case in which sec.904 CC was successfully used by a trade mark proprietor and AP 615/52 GLJ 20, 107 a case in which a copyright owner succeeded in doing so

81. As it is observed in Winfield-Jolowicz, *On Tort*, London 1989, p.531, "the tort of interference with a subsisting contract is but one species of this wider genus"

81a. [1981] FSR 427

found that the licensees had not failed in establishing a case based on unlawful interference with trade<sup>82</sup>. The problem at this point is that it is not absolutely clear whether "unlawful interference with trade" has developed as a separate tort<sup>83</sup>. If it has, and the conditions under which it will provide protection are clarified, it could be extremely helpful in relation to the problems discussed above.

Finally the licensee seems to have the right to require the deletion of a trade mark which has been registered, though similar to the trade mark in respect of which the licence was granted. This right will not be affected by the fact that the licensor may not himself have tried to stop it, because in both systems the circle of the persons aggrieved is quite wide. Section 15(5) of the Greek Act<sup>83a</sup> that regulates the case under discussion, grants such a right to any party having a lawful interest to the deletion. According to SE 1078/55 CLRev 1956, 105

"A person has a lawful interest if he practices a similar trade or a similar profession and who produces or circulates the same or similar goods to those which distinguishes the trade mark the deletion of which is sought".

This is quite a wide definition and in fact it is very similar to the interpretation of "person aggrieved" in the relevant sections<sup>84</sup> of the UK Act. As it is pointed out<sup>85</sup> in respect of UK law,

"It would be difficult to find any person engaged in the trade concerned, or any allied or connected trade, who is prevented by the qualification which it requires from moving to rectify the Register"

The situation is similar if the licensee considers that the trade mark has ceased to indicate the proprietor as the source from which the goods originate. In this case he may have an interest not only in preventing a third person from registering the same trade

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82. This was based on Torquay Hotel Co. Ltd v. Cousins [1969] 2 Ch 106; Acrow (Automation) Ltd v. REX Chainbelt Inc. [1971] 1 WLR 1676 and Carlin Music Corporation and Others v. Collins and Another [1979] FSR 548. In this last case a Copyright Protection Society to which no copyright was assigned by its members, but which collected licence fees in respect of its members, succeeded in obtaining an Anton Piller order against the defendants on the basis of unlawful interference with trade. See also Island Records v. Corkindale [1978] FSR 505

83. Cornish, op.cit., p.29, accepts that a separate tort has already developed and the same approach is made in Winfield-Jolovicz, op.cit., ch.18. Adams, Merchandising, op.cit., p.55-56, states "that it is improbable that a generalised tort of interference with business relations is developing" basing this on Lonrho Ltd v. Shell Petroleum (No.2) [1982] AC 173 and RCA Corporation v. Pollard [1983] FSR 9

83a. Before PD 317/92 the relevant provision was sec.15(1)(f) which provided similarly

84. Sec.32 and 26

85. Kerly's, op.cit., p.179

mark, but also in registering it in his own name<sup>86</sup>. In Greek law, however, he may be required to prove that he does not abuse his right<sup>87</sup>, in which case section 3(2)(b) of the 1939 Act also will apply. Similarly in UK law, as it is pointed out in Sport International<sup>88</sup>, it seems that the licence must previously have been terminated, otherwise the proprietor may put forward a defence of licence estoppel.

The same observations apply in view of the right that a third party has under section 9 of the 1939 Act, to oppose a decision of the DES<sup>89</sup> that accepts the registration of a trade mark similar to the one on behalf of which the licence has been granted in respect of the same goods. For the same reason a licensee can intervene as a third person, to such a procedure<sup>90</sup> and appeal against a decision of the DES<sup>91</sup>. In all the above cases these rights are awarded to any third party with a lawful and not necessarily pecuniary interest. As far as English law is concerned, the Registrar may give leave to a third party to intervene<sup>92</sup>, but the interest of the third party must be in the nature of some proprietary right upon the trade mark<sup>93</sup>. A licensee usually has no right of such a nature. In relation to opposition to a registration under section 18 the situation is different. Here the English law provides that "any person" can give notice of opposition. This obviously is wider than "a person aggrieved". The opponent need not show any lawful interest of his own, or interference with, his rights<sup>94</sup>. Cornish goes as far as proposing that any consumer can oppose a registration<sup>95</sup>. In Zing Trade Mark<sup>95a</sup> the Registrar found it difficult to accept that a registration could be opposed by the owner of a trade mark which was not used by himself, but by his company. The opposition, however, was successful since the opponent controlled the company (following "Bostitch"). As far as the literal interpretation of the

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86. This was illustrated in Sport International Bossum BV v. Hi-Tec Sport Limited [1988] RPC 329 at 339.

87. Sec 281 CC

88. Ibid., at 341

89. This right was not abolished by Act 1406/83. Liakopoulos, op.cit., II, p.103

90. Sec 4 of Act 1406/83 and P.D 341/78

91. Sec.3(1) of Act 1406/83 and sec.3(1) of P.D 341/78

92. Rule 84

93. Gardinol Chemical Co. Ltd's Application (1949) 66 RPC 455

94. Kerly's, op.cit., p.44

95. Cornish, op.cit., p.438 note 57.

95a. [1978] RPC 47

wording of the section is concerned, it seems that the identity or interests of the opponent are of no importance. What is required is a reason for the opposition no matter who puts it forward.

#### **5.14. Sub-licensing of Trade Marks**

Another problem that arises is whether the licensee has the right to sub-license a trademark. The answer to this is based upon the same reasoning that underlies our answer to the previous problem. The licensee is not granted an independent right in the trade mark. His right depends and follows the right of the proprietor. By accepting the contrary view, one is ultimately led to the acceptance that more than one source can exist. What is more, the licensor will not have a direct control of the sub-licensee because of the requirement of privity of contract, and this might lead to the destruction of the distinctiveness of the trade mark and it becoming deceptive.

In any case if the legislature had intended to allow sub-licensing it would have done this expressly. On the contrary in the UK Act sec.28(12) provides that "nothing in this Act shall confer in a registered user of a trade mark any assignable or transmissible right of the use thereof" In Greek law, no provision either allowing or prohibiting licensing exists. There is, however, no doubt from the provisions to which we have already referred and which indicate the dependence of the right of the licensee upon the right of the licensor, that sub-licensing is not allowed. What is more, Greek law refers specifically to an agreement between the proprietor of the trade mark and a licensee, for a licence to be granted<sup>96</sup>.

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96. In DES 5762/88 (unreported) sub-licensing is supposed to have been allowed. This concerned an agreement for a licence to use between the Coca-Cola Co., USA, and the Hellenic Bottling Co. S.A. It was provided in the agreement inter alia that until the licensee acquired the required canning facilities he "will have the right to appoint sub-licensees to prepare the beverages in cans, provided that licensor is party to such sub-licence agreements". The "sub-licensees" to be were not to circulate products bearing the trade mark but were merely going to manufacture the cans bearing the trade mark in which the beverage was to be circulated by the licensees. Thus in fact we do not have here a case of licensing at all! The agreement seems to be drafted with US law in mind as there sub-licensing is allowed

## **5.15 The deletion of the licence**

### **5.15.1 Deletion by the parties**

Both Acts provide for the deletion of a licensee, the UK including more extensive provisions to that effect. UK law provides for deletion of a registered user in section 28(8). This section grants additional powers to those given to the Registrar under section 32, in order to maintain the purity of the Register. Section 28(8)(b) provides that the proprietor or a registered user can apply for the cancellation of the registration.

In UK law a decision by the Registrar is required while in Greek law, section 16(3) provides that the declaration that the relationship is dissolved results ipso jure in the deletion. It is argued<sup>97</sup>, that the declaration serves the purpose merely of informing the public that the licence agreement has ended. This does not seem likely. The law requires that the grant of the licence must be publicly known and presupposes a decision of the DES (or before Act 1406/83 by the Trade Marks Courts) so that the public interest will be safeguarded. As the creation of the right presupposes publicity for this purpose, its termination does also. Therefore the declaration is needed for the licence to be considered terminated. For the same reasons one should not accept an argument that for the parties only, but not for the public, the licence is terminated<sup>98</sup>. A contractual agreement per se, according to Greek law, cannot create a valid licence. The decision of DES is always needed. Similarly the termination of a contractual agreement cannot terminate a valid licence without the necessary publicity that protects the public interest.

The fact that a decision of the courts is not needed in Greece and the direct effect of a declaration, explains why a licensee cannot make such a declaration in Greek law. The proprietor of the trade mark is the only person who can determine the manner of use of the trade mark. Granting such a right to a licensee, without the need of a decision by the Registrar would contradict the principles of trade mark law. We should, however, go further. Has the licensor the right to make such a declaration, even if the relationship has

97. Liakopoulos, *Parallel Use*, op.cit., p.8

98. Antonopoulos, op.cit., p.298 seq



not previously been dissolved, and dissolve it through the declaration? Indeed it can be argued, in accordance with what we have already stated, that the licensor, as the only source, is the only person able to make decisions about the use of the trade mark. By the registration of the trade mark the proprietor is granted the exclusive right to use the trade mark in order to indicate that the goods that bear it originate from him. Licensing is no more than a permitted way of using of the trade mark, no more than a tool of marketing. For example, a proprietor instead of circulating goods manufactured in Athens to all Greece, can grant a licence to another enterprise to manufacture and circulate the goods of the same quality and with the same characteristics, bearing the same trade mark, in Macedonia. On the other hand, if he decides later that all goods bearing his trade mark must be manufactured by himself, he may dissolve the relationship. Following the above an argument that by analogy the licensee also has a right to make a declaration with the same effect seems unlikely<sup>99</sup>.

Can a contractual obligation prevent the licensor from dissolving the relationship? The right of the proprietor in the trade mark is a private one. Public interest cannot be harmed if a contract provides that a licence granted and operating within the limits of the law, is not to be invalidated. Therefore, the proprietor's right can be contractually restricted. If such a condition exists and the licensor infringes it, the licensee must apply to the courts seeking an order according to which the licensor will be obliged to perform his contractual obligations<sup>1</sup>.

The courts seem to accept the opinion that the right conferred on the proprietor by section 16(3) can be restricted by agreement<sup>2</sup>. In PPA 7058/89 CLRev 1990, 136 the court held that

"The licensor...can always on himself declare the licence terminated except if he has undertaken the contractual obligation not to terminate the licence as long as the economic relation exists, and the obligation to retain this relationship for a specific time, in which case he is prohibited from terminating (*the licence*)".

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99. Antonopoulos, op.cit., p.298

1. Sec.949 CCP

2. MPA 12482/82 CLRev 1983, 49

Greek law provides that the declaration of the proprietor must be made to the effect that the required economic relationship has been dissolved. No reference to the other two conditions set out in section 16(1) is made simply because by declaring the relationship dissolved the licence is terminated and any danger therefrom for the public interest ceases.

Section 28(8)(b) of the British law on the contrary does not specifically refer to the conditions under which a cancellation will be made. It seems that section 28(8)(b) applies, *inter alia*, when the contract is breached, the licensee uses otherwise than in accordance with the permitted use, or in any case where confusion or deception is caused etc. On the other hand the Registrar cannot be expected to examine and define the contractual relations of the parties<sup>3</sup>.

It should be noted at this point that the UK law not only gives the right to a registered user to apply for the cancellation of his own registration, but also of that of another user<sup>4</sup>. This provision seems to go too far given the fact that a registered user, according to section 28(3) does not have an unrestricted right to take action for infringement. What seems to be the result of this provision is that a licensee has a restricted right of action in case of infringement by a third party, but an unrestricted right to prevent improper use by another licensee if the proprietor does not see to it himself<sup>5</sup>.

It is worth noting that while the licensee is given the right to apply for cancellation, he is not given the right to apply for the variation of the registration as regards the goods in respect of which use is made, or any conditions or restrictions imposed. By granting the right to vary the registration in respect of the goods only to the proprietor, UK law comes, at this point, nearer to Greek

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3. Per Lloyd-Jacob, J. in Actomin's Ltd Application (1953) 69 RPC 201 at 203

4. Sec. 28(8)(b)

5. MacGregor Trade Mark, [1979] RPC 36

### 5.15.2 Deletion by a third party

UK law provides in section 28(8)(c)(i) that any person can apply for the deletion of a registered user on the grounds that the registered user has used the trade mark otherwise than by way of the permitted use, or in such a way as to cause, or to be likely to cause deception or confusion. Section 28(8)(c)(ii) provides for deletion on the grounds that some crucial facts were misrepresented during the application for the licence by any one of the parties; or that the circumstances have changed since the registration. While a mere declaration to that effect made by the proprietor would be enough to terminate the licence in Greek law, a decision by the Trade Mark Council is required if such an application is filed by a third person. Any third party may be allowed to apply whenever the public interest is in danger.

The crucial facts referred to in section 28(8)(c)(ii) are related to conditions that should be disclosed so that the Registrar could ascertain the relationship between the parties and the extent to which the licensor would be able to impose his control over the licensee. In other words all the information that section 28(4) requires that the Registry should be supplied with. A change in circumstances since the date of registration can prove crucial as the licensor may not be able any more to impose the necessary quality control.

Up till this point it will be apparent that the provisions of the two legal systems are similar. But UK law provides in section 28(8)(c)(iii) that an application can also be made on the ground that "the registration ought not to have been effected having regard to rights vested in the applicant by virtue of a contract in the performance of which he is interested". Such a consideration would be outside of the scope of Greek trade mark law. Once, again the Registry is not interested in determining the contractual rights of the applicant<sup>6</sup>.

An interesting question is whether a registered user can be cancelled if

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6. *Actomin, op.cit.*, at 203

circumstances arise where the trade mark is liable to be expunged, for example for non-use. Regarding UK law the equivalent provisions seem to state restrictively the conditions under which the user will be deleted. Greek law on the other hand, in section 16(3) vaguely refers to the right of third persons to request the deletion of the licence. The purpose of the provisions relating to the deletion of trade marks is to ensure that the exclusive right that is given by registration, is used as the law requires. Therefore the law cannot be concerned as to whether, and to what extent, a licensee uses a trade mark, apart from the cases when no use is made by the proprietor. But here also the question will not be whether the licensee uses the trade mark per se but whether the trade mark is used in any way that use can be attributed to the licensor. The use or non-use by the licensee is irrelevant as far as use is made of the mark. Accordingly the licensee is not obliged by trade mark law to use the trade mark. A specific contract provision is needed to that effect.

In addition to the above, it should be noted that the right of the user will be deleted as soon as the right of the licensor is for any reason deleted in respect of some or all the goods. In this case no application or declaration is needed<sup>7</sup>. By contrast in Greek law no such specific provision exists. Does this mean that an application must be made under section 16(3)? The right of the licensee is based on and follows the right of the licensor. Thus a licence can only follow the fate of the trade mark. This is the necessary result of the deletion of the trade mark, and it follows that no further application to that effect is needed.

Finally in both systems an appeal to the courts can be made regarding any decision concerning deletion of registration<sup>8</sup>. Section 28(9) provides that in the same way that all registered users must be informed of any new registration, they must be informed of any application for deletion. Of course, the proprietor must be also informed. The proprietor, the registered user and any other intervening registered user must be given the right to be

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7. Sec.28(10) of the UK Act makes this clear

8. Sec.28(11) of the UK Act. Regarding Greek law an appeal in this case is based on the same provisions that an appeal against any decision of DES is.

heard.

### **5.16. Infringement by the licensee**

The same observations can be made in relation to both Greek and the UK law regarding this topic. The licensor and the licensee enter in an agreement according to which the former allows the use of the trade mark by the latter under specific conditions or restrictions. After the registration of the user, the use of the trade mark that is made in accordance with the above conditions will constitute the only "permitted use" of the trade mark. Any use beyond such agreements will constitute a breach of contract<sup>9</sup>. Will it also be considered an infringement?

Any use beyond such agreements will be not a "permitted use". That means that the licensee will be using the trade mark without authorisation in respect of the same goods. It is difficult to accept that under such circumstances a court will not find an infringement<sup>10</sup>. The Directive also makes it clear at article 8(2) that if the licensee contravenes any provision of the licence agreement, he will be committing an infringement<sup>10a</sup>. This specific provision has been adopted by the Greek law and constitutes now section 16(1b) of the 1955 Act. The licensee of a Part B trade mark, under the present UK Act, may have the defence set out in section 5(2) if he proves that the use of which the licensor complains is not likely to deceive or cause confusion or to be taken as an indication of a connection in the course of trade between the goods and the proprietor. The licensee may not be infringing the trade mark either when he uses the trade mark for similar goods, but outside the registration<sup>11</sup>.

It might be argued that an action for infringement should fail as long as the user

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9. *Sport International Bussum BV and Others v. Inter-Footwear Ltd* [1984] 2 ALL ER 321; *Critical Windows Ltd v. Stormseal (UPVC) Window Systems Ltd* [1991] RPC 265

10. The subject is discussed by Cornish, *op.cit.*, p.476

10a. See also art.22(2) of the Draft Regulation.

11. Sections 4 & 5 provide so. The White Paper, following the Directive, proposes that "similar" goods should also be included in a future provision (para.3.16). In Greece sec.24 applies to similar goods; Rokas, *op.cit.*, p.202.

remains registered. The purpose of the registration, however, is to disclose to third persons and the public also that a licence exists and to safeguard the public interest. Thus, it may be said that the existence of the registration has no effect on the relationship of the licensor and the licensee. The latter is specifically allowed to use the trade mark only under certain conditions and if he does not follow them he infringes the mark<sup>12</sup>

### **5.17 Problems arising from the use of the trade mark otherwise than by way of the "permitted use"**

We have already seen the conditions under which a licence may be terminated. In this section we will attempt a further analysis of possible problems that might be created in cases where a licensee does not use a trade mark as required.

a) We have seen under what conditions, and by whom, an action for infringement can be taken or deletion of the user be requested. The problem we are concerned with here is what will happen if the above procedure is not followed.

According to UK law, the trade mark may have become deceptive and be struck off the register. This is not a necessary consequence of the unauthorised use of the trade mark however. The question is to whom is the reputation of the trade mark attached. As it is pointed out by the editors of Kerly<sup>13</sup> "the validity of the registration, however, will depend rather on questions of reputation than on who is responsible in fact for determining the quality of the goods" In Neutrogena Trade Mark<sup>13a</sup> the proprietor had died and no control was exercised over use during a period of 15 years. It was found by the Registrar D.G.A.Myall that the use of the trade mark during the relevant period inured to the benefit of the proprietor's estate<sup>14</sup>. The deletion of a registration of the trade mark may be made in accordance with the procedure of section 32 as a trade mark disentitled to protection in

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12. See as to this, Cheerio Toys & Games Ltd v. Dubiner (1966) 44 CPR 44, a Canadian case

13. Kerly's, op.cit., p.259

13a. [1984] RPC 563

14. Id., p.571

a court of justice<sup>14a</sup>. But in GE Trade Mark<sup>14b</sup> it was stated that

"(3) if the likelihood of causing confusion did not exist at the time when the mark was first registered, but was the result of events occurring between that date and the date of application to expunge it, the mark may not be expunged from the register as an entry wrongly remaining on the register, unless the likelihood of causing deception resulted from some blameworthy act of the registered proprietor of the mark or of a predecessor in title of his as registered proprietor."

The situation is more complicated if the public associates the trade mark with a group of companies. What would be the effect if the trade mark ceased to indicate the licensor and instead indicated the licensee or another company within the group? Could the fact that in Revlon<sup>14c</sup> the goods were not attributed to the Swiss proprietor of the UK trade mark, or his UK licensee, render the trade mark deceptive? The public need not recognise the exact identity of the proprietor of the trade mark, as long as a specific source exists guaranteeing that all goods bearing the same trade mark will be of the same quality. In the case of a group of companies this may be the group as an entity. No problem as to the quality of the different goods would exist in this case and therefore it seems that no question of deception could be raised. This will not be the case with all group of companies because not all groups of companies are considered, by the public, as an entity. In Colgate Palmolive the public in the UK attributed the goods to the UK subsidiary, licensee of the US parent, which was the proprietor of the UK trade mark. The UK public expected a certain quality of goods and certainly was deceived when the defendant imported the inferior Brazilian products<sup>14d</sup>. The fact is that arguably here the public did not attribute the trade mark to the group as an entity.

The proprietor of the UK trade mark in both the above cases had no connection in the course of trade with the US or the Brazilian goods, as we have seen. This means that if the UK trade mark was not used at all it would be liable for expungement. Otherwise,

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14a. See sec.11

14b. [1973] RPC 297(H.L.)

14c. [1980] FSR 85

14d. Requiring the deletion of the UK trade mark under these circumstances would be meaningless for the defendant as the UK licensee was a wholly owned subsidiary of the proprietor and what is more would not help his effort to establish the existence of a consent to the use of the trade mark on the Brazilian goods. What though would be the situation if the proprietor lost his control over the subsidiary? Would the trade mark not be considered deceptive if it continued being registered by the US company but indicated the UK ex-subsiidiary? See ch.6.13.2.c and especially note

we would have to conclude, that only imports of US products into the UK, without circulation of UK made products, would be enough for the UK trade mark to be considered bona fide used. This though, as it was stated in similar circumstances in Colgate Palmolive<sup>14e</sup>, could only be accepted if the US company acted as the agent of the Swiss proprietor company. The existence of a consent of the Swiss proprietor company to the use of a trade mark identical to the UK trade mark, by the US company, is a different question altogether, as Colgate Palmolive indicates<sup>15</sup>.

In Greek law things seem to be rather more complicated. Act 1939/39 at section 15 sets out eight reasons for which a trade mark may be deleted. Apart from it there is no general discretion given to the DES. Nowhere is the possibility of deletion due to the loss of distinctiveness or deceptiveness of a trade mark arising after its registration, mentioned<sup>16</sup>. By the amendments introduced by the 1955 Act a new provision was included in the reasons for deletion, section 15(1)(f). According to this a trade mark may be deleted if it did not have the necessary distinctiveness at the time of registration. The introduction of this provision was criticised as it was argued that uncertainty was created to the proprietor as to the use of his trade mark<sup>17</sup>. This is why a time limit of three years since the publication of the registration is imposed. The question is whether this provision could apply by analogy to the case under discussion. Section 15(1)(f) is one which was introduced by the 1955 Act. It can be said that until its introduction, the intention was that a trade mark that lost its distinctiveness after the registration was not to be deleted, and accordingly only a limited and specific alteration was introduced by section 15(1)(f). In addition to this, the period of three years that was imposed can arguably be said to indicate

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14e. Op.cit., p.523

15. The court in this case though seems to have been wrong in concentrating on the terms of the agreement between the US and the Brazilian company. The US company consented to the use of a trade mark identical with the UK trade mark, in Brazil. **The conditions imposed to the Brazilian company bound contractually only this company.** Any third person acquiring such goods, acquires "authentic" goods that have been circulated by the consent of the US company, and cannot be bound by the agreement between the US company and the Brazilian company. Therefore sec.4(3)(a) can be used by the defendants as the US proprietor of the UK trade mark, and member of a group of companies, has impliedly consented to the use of a trade mark identical to the UK trade mark on the goods the defendant imports. The plaintiff though would succeed in the action for passing-off as the defendant passes one quality of the goods as another (Spalding v. Gamage Ltd (1914) 31 RPC 431). A qualified injunction, compelling him to indicate and advertise the different quality would be enough. Parallel imports would not have been prevented and the public would not have been deceived.

16. Rokas, op.cit., p.193

17. Moumouris, op.cit., p.241



that loss of distinctiveness after this period is not to lead to the deletion of the trade mark. It follows from the above that analogy cannot be used in this case. Finally it must be noted that things have not changed after PD 317/92<sup>17a</sup>. It should nevertheless be born in mind that the proprietor of a mark which has lost its distinctiveness may have difficulties in proving that confusion will be created as to the origin of the goods in an action for infringement. More than one source may be created and the value of the trade mark will be lost. The defendant will probably be in a position to claim that the proprietor is abusing his right<sup>18</sup>. The fact is that a future Trade Marks Act should deal with this problem also. In any case, in both Greek and the UK law, even if deception does not occur, a trade mark may lose its value as the public may still attribute it to the proprietor, but also identify through it products of uneven quality. In this way it may become useless as a tool of marketing.

Another problem is that if the trade mark is not used appropriately by the licensee, the proprietor will not be able to claim a connection in the course of trade. Thus a trade mark may be removed from the register, if the conditions of section 26 or its Greek equivalent are fulfilled. In the situation we discuss the provisions for non-use will not apply as the trade mark will be used by the proprietor or another licensee. The proprietor of course would be advised to be careful if he does not use, the trade mark and the only person using it is an unregistered user. Though a connection in the course of trade certainly exists, the reactions of the courts, as the law stands now, are difficult to predict

Finally in some cases if the proprietor does not take care, his trade mark may be in a danger of becoming generic.

b) What happens if neither the proprietor nor a licensee use the trade mark? If the use made is not within the registration, the provisions on non-use will apply if the conditions imposed by sec.26(1) are fulfilled. In the UK it has been held that even the licensee responsible for the trade mark not being used in the permitted manner, may apply

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<sup>17a</sup>.The relevant provisions now are sec.3(1)(b) and 15(1)(a)

<sup>18</sup>. Sec.281 CC

for the cancellation of the registration of the trade mark. Thus in McGregor Trade Mark<sup>18a</sup> the licensee, who was at least partially responsible for the misuse of the trade mark, applied for its deletion for non-use. Whitford J. - though sympathizing with the licensor - found himself unable to assist him since apart from the parties he had to consider the public interest as the possibility of deception and confusion was present. As he stated "it appears to me that I have to consider not only the commercial interests of the parties in connection with the mark, but also the public interest"

In Greece a licensee who was also partially responsible for the non-use of the trade mark may be barred from applying for the deletion of the mark, because of the general principle of "abuse of right" described in section 281 C.C that provides that "the exercise of a right shall be prohibited if such exercise obviously exceeds the limits imposed by good faith or morality or by the social or economic purpose of the law".

A question that arises here is whether the fact that no action is taken by the proprietor and no permitted use of the trade mark is made, could be taken as an indication of abandonment of the trade mark by the proprietor. According to British law a positive intention to abandon must be manifested. In the words of Chitty J<sup>19</sup>. "the question of abandonment is one of intention to be inferred from the facts of a particular case". Simple neglect to take action is not enough if the trade mark has not lost its distinctiveness<sup>20</sup>. In "Weston Trade Mark"<sup>20a</sup>, a case of unregistered licensing, the licensor was an American parent company that had licensed the use of its trade mark to a British subsidiary. After 51% of the subsidiary was acquired by a third company the licensor imposed no control on the quality of the goods that were produced under the trade mark. When the licensee applied to register the trade mark it was opposed by the licensor. The court found that the licensor had assigned the trade mark and abandoned any interest in it. In the words of Megarry J. the agreement was "wholly inconsistent with any intention to preserve the

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18a.[1979] RPC 44

19. Mouson v. Boehm (1884) 26 ChD 398 at 405

20. Rowland v. Mitchell (1897) 14 RPC 37.

20a.[1968] RPC 167

mark"

It seems that the intention of the licensor to abandon the trade mark was based not so much on the absence of control as to the sale of the 51% of the subsidiary and the assignment. In "Neutrogena" the Registrar stated that<sup>21</sup> though the proprietor was dead, and that no control was exercised or interest shown by anybody despite the efforts on behalf of the licensee to contact somebody, "I do not feel justified in assuming that the registration has been abandoned". As a conclusion it seems that the courts will not readily hold that a trade mark is abandoned unless a clear intention to that effect can be found. Allowing a licensee to use a mark otherwise than in the permitted way seems not of itself to prove such an intention. As far as Greek law is concerned abandonment of a trade mark can only be made after a declaration made to the Ministry of Commerce<sup>22</sup>. Otherwise the provisions of sec.15(1)(b) must be fulfilled.

c) Use outside the "permitted use" by a licensee, may cause no problems of non-use of the mark in the UK, if the trade mark is used either by the proprietor or by another registered user on goods within the registration or upon goods of the same description<sup>23</sup>. The danger of cancellation of the registered user will be present, however, because of the prohibited use. Finally in Greek law use must be made on the same goods for sec.15(1)(b) to apply.

d) Another possibility with which we should deal is the use of the trade mark by the licensee upon products other than those in respect of which the licence was granted yet within the registration of the trade mark. As far as British law is concerned the answer seems to be simple. Section 28(1) provides that a licence can be granted in respect of all or some of the goods. Accordingly "permitted use" will be that made on the specific goods in respect of which the licence was granted, and use on any other goods will not be permitted use. But the situation may be different if the proprietor allows such use. The

21. ref., at p.572

22. Liakopoulos, op.cit., II, 113; Rokas, op.cit. p.176; Georgakopoulos, op.cit., p.155.

23. Sec.28(2) and 26(1) of the UK Act. Use of an associated trade mark may also be helpful [sec.23 in connection with sec.30(1)]. But this provision may be repealed (White Paper, para.4.45)

principle upon which unregistered licensing is based is that as far as no confusion is created, the unregistered use of a trade mark under the control of the proprietor is permitted. It follows that the use upon different goods than those in respect of which the licence was granted may be considered as use under an unregistered licence if no confusion is created.

In Greece, however, the law recognises that the only use somebody apart from the proprietor can make, is under a licence and according to the procedure of section 16. Any other use outside such provisions, unregistered licensing included, is prohibited by section 17(5) which states that use by another person is prohibited even if the licensor consents to such use.

e) A special case in UK law is section 29(1)(b). If the licensor has licensed the trade mark to more than one licensee things will be fairly simple. A problem may arise, however, in case only one licensee exists. The question is whether it could be suggested that if a trade mark had been registered under section 29(1)(b), the trade mark must also be deleted if the user is cancelled. If this was the intention of the law it would certainly not be very acceptable from the point of view of commercial utility. What is more we should expect that a reference to that effect would be included in the text of the Act. On the contrary, by referring only to the conditions of registration, the Act indicates quite clearly that no matter whether a mark was registered under section 17 or section 29(1)(b) after registration all trade marks are to be treated in the same way.

f) Both legal systems include provisions referring to the deletion of the trade mark for non-use and in both it is provided that a trade mark will not be struck off the register despite the fact that the conditions imposed by the law are fulfilled, if the non-use was a result of "special circumstances in the trade". By this term is meant circumstances that not only affect the proprietor, but the trade in general. Such circumstances may be war, government restrictions to exports or imports etc. In the well known "Manus" case<sup>23a</sup> the

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23a. (1949) 66 RPC 71

defendants imported from Sweden milking machines manufactured by the plaintiffs and bearing the trade mark that was registered by the latter in Part B of the register. During the war and because of it, imports ceased and the defendants began manufacturing such machines at first under a patent licence and then independently. The plaintiffs after the war took action for infringement, but the defendants counterclaimed on the ground, inter alia, that the trade mark should be expunged from the register for non-use. It was held that the plaintiffs had the intention to use their trade mark but they did not do so due to "special circumstances in the trade". It must be noted, however, that the "special circumstances" will not save the trade mark if non-use, was not the result of such circumstances, but rather of deliberate conduct or negligence on the part of the proprietor<sup>24</sup>.

Regarding section 26 it should also be born in mind that the person applying for the deletion of a trade mark must be a "person aggrieved". This phrase is interpreted in a rather liberal way<sup>25</sup>. The burden of proof in both legal systems, lies on the applicant though it is proposed in the White Paper<sup>26</sup> that it should lie with the proprietor. In "Autodrome"<sup>26a</sup> the application did not succeed because the applicant did not manage to prove that a registered user of the trade mark had used it otherwise than by way of the permitted use<sup>27</sup>.

### **5.18 The procedure for the registration of a licence**

Section 28(4) of the UK Act regulates closely the procedure to be followed for a user to be registered. The application must be made by the proprietor and the registered user together, and must include all necessary particulars that will allow the Registrar to establish whether the application should succeed. The relationship between the parties

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24. See J.Crean and Son Ltd's Trade Mark (1921) 38 RPC 155

25. See discussion in ch.6.13

26. Cm. 1203, para. 4.30

26a. [1969] RPC 564 at 573

27. For Greece see Rokas, op.cit., p.185

and the control conferred by the agreement on the proprietor are absolutely necessary, along with any conditions or restrictions concerning the use of the trade mark, the period for which the licence will be granted and the goods in respect of which registration is requested. It is also necessary to clarify whether the proposed user will be the sole user or not as well as whether any restrictions will be imposed upon any future users. The furnishing of all the required information is necessary. As it was held in Actomin Products' Application<sup>27a</sup> "the fullest possible disclosure must be made".

Similarly, in Greece, an application for a licence should be supported by all the aforementioned information that will not only indicate the relation of the parties, but also define the conditions under which the licence is granted. The application for a licence to use is made to the Trade Mark Council. Regarding a licence to register a trade mark, the application must be made to the Trade Marks Division of the Ministry of Commerce<sup>28</sup> as is the case with an application to register a trade mark for the first time.

The next question is whether a trade mark can be used by the licensee to be, in the period after the application and before the final grant of the licence. It might be suggested<sup>29</sup> that by analogy to section 14 of the 1939 Act, we should accept that if a licence is granted it is deemed to have been granted since the application was made. The courts, however, seem to be of the opinion that the strict wording of the section does not allow such an interpretation<sup>30</sup>. As far as the UK law is concerned, there is authority to suggest that any registration will date back to the relevant application<sup>31</sup>, and in any case use made before the registration could be regarded as unregistered licensing.

The decision of the Registrar, or the Trade Mark Council in Greece, must be given after considering the public interest. If public interest is not jeopardized in any way, the licence is granted. The Registrar can also give his approval on condition or impose

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27a. (1952) 69 RPC 166

28. Antonopoulos, *op.cit.*, p.205

29. Antonopoulos, *op.cit.*, p.212

30. PDDS 5774/73 CLRev 1974, 280

31. Denny v. United Biscuits [1981] FSR 114; McGregor-Doniger v. Sterling McGregor [1981] FSR 299.

restrictions. British law also provides that the registration of a registered user must be notified to all registered users and that the Registrar must take all necessary steps to keep secret any information that is given to him by the parties if such information will not be entered on the register<sup>32</sup>.

Section 16(2) of the Greek Act provides that if the licence concerns a trade mark used upon pharmaceutical products in addition to all other requirements of the law a special authorization of the Ministry of Health will be needed and this must be based upon an opinion of the Highest Health Council ensuring that the scientific prerequisites for the manufacture of such products in Greece do exist. This authorisation is only needed in the case of foreign pharmaceutical products and not products made in Greece. The explanation is really very simple. As long as a product is already made in Greece, it is already established that it can be manufactured in Greece and accordingly, that through the close relationship required, it will be of the same quality when manufactured by a licensee. This is not at all certain in the case of a foreign pharmaceutical product. Another important thing to note is that section 16(2) refers only to a licence to register. It was rightly held by the Legal Council of the State in NSK 249/80 CLRev 1981, 153 that this provision must be interpreted as including also a licence to use, since holding that the provision applied only to a licence to register would be quite unreasonable given the fact the two types are generally treated in the same way.

### 5.19. Proposals for the development of the law

Throughout the discussion made we referred to possible reforms of the law. We will summarise them here<sup>33</sup>. There seems to be no reason why the licensor should not be the only person responsible for the fate of his trade mark as a result of licensing. Therefore no compulsory registration should exist. If on the other hand he, or the

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32. Sec.28(7)

33. These observations were made originally with specific reference to Greece, (see Psarras, in Liakopoulos-Psarras, op.cit., p.46 seq) but are based on the analysis set out above and accordingly are equally relevant to the UK

licensee, wants to seek the opinion of the Registrar, this is another thing altogether and he should be given such an opportunity. Apart from this voluntary registration, every licence no matter whether registered or not must be notified to the Registrar. No assessment of the licence agreement will be made, but failure to notify will lead to a fine. Every licence, no matter whether registered or not will be treated in the same way. An unregistered licence, however, which is not notified, may have no effect vis-a-vis a third party. But this will not apply to a third party with notice of the licence. Regarding the right to take action, a licensee may take action if the licensor consents and the agreement does not provide differently.



## 6. Licensing of unregistered trade marks

### 6.1 The Principles of the law

In order to answer the question whether unregistered trade marks can be licensed, one must at first examine how, and to what extent, the legal systems we refer to, protect unregistered trade marks. The tort of passing-off provides such protection in England while in Greece the machinery of the Unfair Competition Act 146/1914 is used. The principles underlying both legal systems are different as each one is created from and based upon different philosophies.

The tort of passing off is a fairly old one. The modern law of passing-off has emerged through the practice of the courts of both common law and equity<sup>1</sup>. There were older cases in which it was suggested that the right which was protected by an action for passing off, was a property right in the trade mark<sup>2</sup>. In Reddaway v. Banham<sup>2a</sup> Lord Herschell stated 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 a property in such a trade mark, though no doubt some of the rights that are incident to property may be attached to it."

Though some later cases still referred to a property right in a trade mark<sup>3</sup>, this legal point was finally clarified in Spalding v. Gamage<sup>3a</sup> by Lord Parker, who after stating that if there is any right of property at all, then it is a right dependent upon the goodwill, he went on to state that

"Even in the case of what are sometimes referred to as common law trade marks, the property if any of the so-called owner, is in its nature transitory, and only exists so long as the mark is distinctive of his goods in the eyes of the public or a part of the public"

It is now absolutely clear, from the dicta in E. Warnink B.V. v. Townsend & Sons (Hull) Ltd "Advocaat"<sup>3b</sup>, the case in which House of Lords laid down the modern law of passing

1. For an extensive reference to the development of the tort see C. Wadlow, *The Law of Passing-Off*, Sweet & Maxwell, London 1990, p.8 seq.

2. Edelsten v. Edelsten (1863) 1 De G.J. 9; Leather Cloth Co. Ltd v. American Leather Cloth Co. Ltd (1865) HL Cases 523.

2a. (1896) 13 RPC 218

3. Warwick Tyre Co. Ltd v. New Motor & General Rubber Co. Ltd (1910) 27 RPC 161

3a. (1915) 31 RPC 273

3b. [1980] RPC 31

off<sup>3c</sup>, that the right protected is the goodwill attached to the trade mark and not the trade mark per se. The trade mark is only indirectly protected as a sign to which goodwill is attached.

In the "Advocaat" two rather different formulations of the tort were made by Lord Diplock and Lord Fraser. According to the former passing off involves

- "(1) A misrepresentation,
- (2) made by a trader in the course of trade,
- (3) to prospective customers of his or ultimate consumers of goods or services supplied by him,
- (4) which is calculated to injure the business or goodwill of another trader (in the sense that it is reasonably foreseeable consequence) and
- (5) which causes actual damage to a business or goodwill of a trader by whom the action is brought or (in a quia timet action) will probably do so."

Lord Fraser defined the the tort in the following way:

"It is essential for a plaintiff in a passing off action to show at least the following facts:

- (1) that his business consists of or includes, selling in England a class of goods to which the particular trade name applies;
- (2) that the class of goods is clearly defined, and that in the minds of the public, or a section of the public, in England the trade name distinguishes that class from other similar goods;
- (3) that because of the reputation of the goods, there is goodwill attached to the name;
- (4) that he, the plaintiff, as a member of the class of those who sell the goods, is the owner of goodwill in England which is of substantial value;
- (5) that he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill is attached"

Though the definition of Lord Fraser seems to be rather narrower than that of Lord Diplock, the other judges in the case concurred with both of them, so they both in theory must be treated as being consistent with each other. This was also the conclusion reached in some cases that followed the Advocaat<sup>4</sup>, but more recently the difference has been

3c. Which, however, seems to have been criticized recently by Nourse, LJ in County Sound Plc v. Ocean Sound Ltd [1991] FSR 367 and Consorzio Del Prosciutto Di Parma v. Marks & Spencer Plc and Others ("Parma Ham") [1991] RPC 351 at 368. The learned judge, following the older Marengo v. Daily Sketch and Daily Graphic Ltd (decided in 1946 and reported now in [1992] FSR 1) seems to treat "confusion" in a restrictive way by arguing that "confusion has to be such as is caused by a misrepresentation by the defendant that his goods or services are the goods or services of the plaintiff" (County Sound, ibid., at 376). This in fact limits confusion to confusion only as to origin. The fact is though that this approach would be correct if what was protected through an action for passing off was the ability of a mark or get-up etc to indicate origin. On the contrary what is protected is goodwill and this is wider. See for example the cases where a certain quality of products of the same producer, bearing the same trade mark is being passed off as another. (Spalding v. Gamage Ltd (1915) RPC 273; Wilkinson Sword Ltd v. Cripps & Lee Ltd [1982] FSR 16)

4. Anheuser-Busch Inc v. Budejovicky Budvar Narodni Podnic "Budweiser" [1984] FSR 413; Colgate-Palmolive Ltd and Another v. Markwell Finance Ltd and Another [1988] RPC 283

pointed out by the House of Lords<sup>5</sup>. We shall return again to this subject, but it may generally be argued that Lord Fraser's dictum must be read restrictively in the light of the specific facts of the case concerned<sup>6</sup>. Thus Lord Fraser's reference to trade names only, should not be considered as an indication that passing-off relates only to trade names. It was merely a reference directed to the specific facts of the case.

One could argue that it emerges from the above dicta that the essential ingredients of passing-off are three: a) a misrepresentation, b) made to the public by a trader that c) causes or will cause damage to the goodwill or the business of another trader<sup>7</sup>. In the recent "Jif Lemon" case Lord Oliver of Aylmerton referred to a

"Misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff"<sup>8</sup>

This would seem to be a restrictive approach when compared with the dicta in "Advocaat". The learned judge, however, stressed the fact that passing-off is a part of the law in which most cases turn on their own facts and that "reference to other cases is (*not*) of any real assistance except analogically"<sup>9</sup>. Thus his reference to misrepresentation as to the source of the goods must be read as applying only to the specific facts of this case. Lord Jauncey of Tullichettle in the same case was perhaps more accurate in stating that

"However, it is not essential to the success of a passing off action that the defendant should represent his goods as those of the plaintiff. It is sufficient that he represents his goods in such a way that it is a reasonably foreseeable consequence of the misrepresentation that the plaintiff's business or goodwill will be damaged"<sup>10</sup>

The learned judge followed the test of Lord Diplock in the "Advocaat". Unregistered trade marks will be protected if the goodwill attached to the trade mark is, or will be, damaged because a misrepresentation involving the trade mark is made by the defendant. This observation is also important as it shows that the scope of an action for passing-off is

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5. Reckitt & Colman Products Ltd v. Borden Inc. & Others; "Jif Lemon" [1990] RPC 341

6. J. Phillips, *Introduction to Intellectual Property*, London 1986, p.215

7. This in effect is what Nourse LJ in the "Parma Ham" (see note 1) called the "classical trinity" of passing off. But he interpreted confusion restrictively

8. [1990] RPC 341 at 406

9. At 406

10. At 417

wider than just protecting the ability of trade marks to indicate origin<sup>11</sup>.

But what is "goodwill" supposed to mean? The best definition of goodwill is given in IRC v. Muller<sup>12</sup> where it was stated by Lord Lindley that:

"Goodwill regarded as property has no meaning except in connection with some trade, business or calling. In that connection I understand the word to include whatever adds value to a business by reason of situation, name and reputation, connection, introduction to old customers, and agreed absence from competition, or any of these things, and they may be others which do not occur to me"

**It is crucial to note right from the beginning the difference between reputation and goodwill.** This will help us not only to understand the scope of the tort, but also to compare it with the Greek law under which a reputation may be protected. As this is a comparative thesis it seems quite obvious that the distinction is important in determining under which conditions, and to what extent, unregistered licensing is permitted in the legal systems we examine, and also in explaining their different approaches towards the problem. Goodwill and reputation though similar notions, are not the same. When goodwill exists then usually reputation will also be found, but not every case in which a reputation exists can the existence of a goodwill be established<sup>13</sup>. This difference is very important. As is suggested by Phillips<sup>14</sup>, the question in English law is **not whether a trader has reputation, but whether there is goodwill in such reputation**. If there is no goodwill then reputation by itself is not protected, as no damage to such goodwill occurs and there is nothing to protect. In Anheuser-Busch Inc. v. Budejovicky Budvar Narodni Podnik "Budweiser"<sup>14a</sup> Oliver L.J stated that

"That, as it seems to me, is to confuse goodwill, which cannot exist in vacuum, with mere reputation which may no doubt, and frequently does, exist without any supporting local business, but which does not by itself constitute a property which the law protects."<sup>15</sup>

Despite this, it seems that in many cases the terms "goodwill" and "reputation" are used

11. Spalding v. Gamage (1915) 31 RPC 273; Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Ltd [1981] RPC 429

12. [1901] AC 217. Followed in Star Industrial Co. Ltd v. Yap Kwee Kor [1976] FSR 256 (PC); "Advocaat" [1980] RPC 31 (HL)

13. Phillips, *op.cit.*, p.217 seq.; C.Wadlow, *The Law of Passing Off*, London 1990, p.45

14. *Op.cit.*, at 217

14a. [1984] FSR 413

15. This was followed by Knox J. in Inland Trading Co. & Others v. Anchor Brewing Co. & Another [1989] RPC 287a at 304 and see also the Australian Taco Bell Pty Ltd v. Taco Co. of Australia Inc. (1981) 40 ALR 153, affirmed (1982) 42 ALR 177

together<sup>16</sup>, a practice that may cause problems.

Let us now turn to the Greek Act 146/14 on Unfair Competition. Section 13 of the Unfair Competition Act provides that:

"Anyone, who in the course of business, makes use of a name, a firm name or the special designation of a business establishment or of an industrial enterprise, or of a printed work, in a manner capable of causing confusion with the name, firm name, or special designation legitimately used by another, may be enjoined from such use by the latter. He shall be also liable to the injured party for damages, if he knew or should have known that the misuse was capable of causing confusion.

Business symbols of a business establishment or an enterprise which are considered within the trade concerned as the distinctive signs of such establishment or enterprise shall be equivalent to the special designation.

The special presentation or the special decoration of the goods and the packaging or the covering thereof are assimilated to the special designation, if they are considered within the trade concerned as the distinctive signs of the similar goods of another"

Section 13 refers to all kinds of indicia of a business or of goods. No matter within which category an indicium falls, it is accepted that the right which the law protects is a right in an intangible good<sup>17</sup>. In the case of a trade name, there is neither goodwill nor reputation but merely the ability of the indicium to distinguish the business from other businesses. A registered trade mark is protected from registration, but trade names are protected only from the time they are used<sup>18</sup>. From the moment confusion is proved it is merely a question of priority of use. Regarding, however, indicia of goods, what is protected is in fact the ability that the indicium has to indicate the origin of the goods from a specific source. The difference from registered trade marks is that the trade mark must be established in the market as a sign distinguishing the proprietor's goods. What is protected here is the trade mark as such not a reputation or goodwill. Thus the plaintiff must establish that the trade mark has come to indicate through use a connection in the course of trade between him and the goods. Confusion as to origin is the only relevant thing at this point. We have already seen that the action for passing off is wider than that. A result of the fact that an unregistered trade mark is only protected as an origin indicator, is that the infringing mark must be being used on similar goods to those in respect of

16. The most recent example in the House of Lords is *"Jif Lemon"* [1990] RPC 341, per Lord Oliver Of Aylmerton at 406

17. K.Pampoukis, *The Law of Indicia*, Athens 1965; Liakopoulos, *op.cit.*, I, p.72 seq.

18. Sec.13(1); *EA 3119/91* CLRev 1991, 343

which the owner of the mark has used it and in respect of which the trade mark is established as the mark of the owner. As we shall see an unregistered trade mark may acquire reputation that goes beyond that field. In such a case, under section 1 of the Act, that reputation may be protected.

It is also important to note that under section 13 the defendant is liable in an action for damages only if he knew, or ought to have known, that his act would lead to creation of confusion. It is well established, however, that as far as the tort of passing-off is concerned fraud may help establishing the case, but in no case is it a necessary ingredient of it, though in the early cases brought before the court it was. In practice, however, damages in England will more easily be awarded if a fraudulent intention is proved to exist.

It is worth mentioning that no reference to trade marks is made in section 13, but it has been long established that trade marks are included in section 13(3) as the obvious purpose of the law is to regulate all kinds of indicia<sup>19</sup>. The philosophy underlying section 13 is not very different from that of Act 1998/39 concerning the registration of trade marks. The difference is that under that Act the proprietor acquires an incontestable right in the trade mark from the moment of registration while the right in an unregistered trade mark is merely a question of fact, of demonstrating that the plaintiff is established as the source of the goods which bear the trade mark.

Another difference between the two legal systems is that in Greek law a distinction is made between business names and trade marks. This distinction can cause problems as in many cases the trade mark is the same as the business name and it may not be easy to determine whether in a specific case the public identifies a sign distinguishing the enterprise, or the goods that this enterprise produces. This approach is explained by the fact that business names in Greece are also considered to be an expression of the individuality of the enterprise, and indeed are protected through sections 57-59 CC which

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19. Kotsiris, op.cit., p.166; Rokas, op.cit., p.159

refer to the protection of one's personality<sup>20</sup>, while trade marks need be established in the market as indicating that the goods which bear them emanate from a specific source<sup>21</sup>. Another result of this is that service marks which of course do not indicate a relationship with any kind of goods<sup>22</sup>, are protected through section 13(1) and, accordingly, need not be established in the market in order to be protected nor need the plaintiff show that the defendant uses the service mark in respect of similar activities. Thus in MPA 14021/72 CLRev 1973, 178 the defendant was successfully prevented from using "Disney Land" as the name of his school.

The whole subject has caused considerable theoretical discussion. It is suggested<sup>23</sup> that trade marks in the nature names, including, for example, the name of the enterprise, should fall under section 13(1) and not section 13(3) as far as the question of acquiring rights is concerned, since they are more readily identifiable and therefore more distinctive. One argument against this could be that the distinctiveness of a trade mark is important, but this is certainly not good a reason to ignore the clear provisions of the law. What would the implication of this be? Apart from the creation of two categories of unregistered trade marks, some might go further and suggest that even in respect of the protection afforded, such trade marks should be protected as indicia that fall under section 13(1). And indeed, why not? If a type of trade mark falls under section 13(1) as far as the creation of rights is concerned, it should be protected as trade names are. After all, it is due to its characteristics that it is supposed to fall under section 13(1) in the first place. As an effect of this, trade marks that fall under section 13(1) would have a more extensive protection than those falling under section 13(3) since, in the former case, confusion only needs to be proved, while in the latter case in addition to confusion the defendant's trade mark must be used upon similar goods with those of the plaintiff's. Though usually confusion will occur if the activities of two traders are similar this may not always be the

20. N.Deloukas, *Commercial Enterprise: Trade Names*, Athens 1980, p.134; L.Kotsiris, *The Law of Competition*, Athens 1986, p.156; Liakopoulos, *op.cit.*, I, p.160; Rokas, *op.cit.*, p.116

21. Compare sec.13(1) with sec.13 (3)

22. Service Marks were not protected from the Trade Marks Act. DDDS 96/1988 CLRev 1990, 319. However, following the Directive, sec.2 of PD 317/92 introduced service marks. See also discussion by Liakopoulos, in Liakopoulos-Psarras, *op.cit.*

23. K.Pampoukis, "Licensing of Distinguishing Signs of Products" Armenopoulos 1976, 441

case.

Even if the influence of section 13(1) was to be restricted to the creation of rights in unregistered trade marks it would still mean that the right in unregistered trade marks would be acquired by only the use of the trade mark, making registration in some respects meaningless. Regarding trade names, however, unlike English law where a goodwill must be generated through use, in Greece the right in a trade name is created only by the use of the trade name. It has been argued<sup>24</sup> that since the object of a trade name is to identify a business, it is valid only if it has been established in the marketplace. Thus it is the trade name that should fall under section 13(3). This approach, apart from the fact that is outside of the letter of the law (which as a matter of fact is fairly clear), also seems to be outside the purpose of the law. The law treats the unregistered trade mark in many respects as if they were registered. This is why use on similar goods by the defendant is required, in order for the plaintiff to succeed. Obviously the object is to limit the scope of the right granted and ensure that it is the origin function that is protected, and not the mark *per se*. The requirement of establishment in the market on the other hand has the object of ensuring that<sup>24a</sup>, as far as unregistered trade marks are concerned, where registration cannot be used as proof of ownership, the trade mark must be established in the market so that the exclusive right to it is gained. Similarly the law chose, rightly or wrongly, to distinguish trade names and treat them as indicia of an enterprise, so that such signs could not be tied to specific goods. The whole structure of section 13 may present some difficulties but that is the law.

Finally one should note the possibility of a conflict between a sign distinguishing an enterprise, and a sign distinguishing goods<sup>25</sup>. The rule that the older sign prevails, applies here<sup>26</sup> The owner of a trade name who brings an action against an owner of an unregistered trade mark must prove firstly the existence of confusion and secondly that the

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24. Deloukas, *op.cit.*, p.116

24a. Unlike registered trade marks where the administration intervenes and grants a clear and undisputed exclusive right

25. K.Pampoukis, "Conflict of Distinguishing Signs" Armenopoulos, 1978, 19; Rokas, *op.cit.*, p.104 seq.

26. Pampoukis, "Conflict etc" *op.cit.*; Rokas, *op.cit.*, p. 104



sign in question was previously used by him. This was recently reaffirmed in AP 711/88 CLRev 1990, 313 in which the Supreme Court held that the rule of priority is applied **after** confusion is established. When the plaintiff is the owner of the trade mark the situation is similar, but here, in addition, the fact that the defendant trades in similar goods must be proved<sup>27</sup>.

Another relevant provision of the Unfair Competition Act is section 1 where the following general provision states that:

"Any act made in commercial, industrial or agricultural transactions for purposes of competition which is contrary to moral principles shall be prohibited.  
The offender may be sued to refrain from such act and to make good any damage caused"

This section in fact embodies Article 10bis of the Paris International Convention for the Protection of Industrial Property<sup>28</sup>. As it is observed in Kerly<sup>29</sup>, with regard to art.10bis, **"its meaning goes beyond - perhaps too far beyond - the concepts of "passing-off" and "trade libel" in English common law"**. This reflects the difference in the approach followed by the two legal systems we are examining and demonstrates the paramount importance of defining and comparing goodwill and reputation. Section 1 is the general clause of the Act, its purpose being to provide for cases of unfair competition that are not directly regulated by the Act in its specific provisions. It can also be used as complementary to those specific provisions in a way that does not affect their true meaning<sup>30</sup>. It should also be noted that the 1914 Greek Act was modelled on the 1909 German Unfair Competition Act. The similarities are remarkable and in practice, decisions of German courts on the subject are frequently used both in theory and jurisprudence.

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27. Company names are also regulated by Act 1089/80 "Concerning Commercial, Industrial, and Professional Chambers". This regulates similar aspects with the Companies Act 1985 and the Business Names Act 1985. In this paper however we shall concentrate on unfair competition and passing off.

28. Paragraph 2 of art.10 provides that **"Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition"**

29. Kerly's, op.cit., p.472

30. Kotsiris, op.cit., p.50; Rokas, op.cit., p.20

For section 1 to apply the following facts must exist<sup>31</sup>: a) an act that is contra bona mores; b) the act of the defendant must be an act of competition capable of bringing him more custom; c) the act must be done with this specific purpose i.e bring in customers; and d) a competitive relationship between the parties must exist. This last condition creates some difficulties if the parties do not actually trade in the same, or similar, fields though of course this is broader than the condition requiring trading in the same or similar goods that applies both in section 13(3) and the Trade Marks Act. It is not even limited to goods. What is more, as we shall see, recently and especially in Germany, this requirement has been played down, being interpreted in the widest way in accordance with modern conditions of commerce.

In establishing whether a practice is contra bona mores the beliefs of "a man in the street" must be considered. The conditions surrounding each case are important and the interests of the parties must be weighed. Through the years, in both Germany and Greece, different writers have suggested different ways of categorisation of the activities that may be prevented by section 1. What generally emerges from all these attempts is that different factors may weigh more or less in each individual case. The knowledge of the defendant need not be proved in all cases, but whether he knew or should have known that his act was contra bona mores is important as far as an action for damages is concerned. If the defendant did not, and could not, know this, no damages are awarded to the plaintiff. Similarly, confusion is not always relevant, as for example in the case of comparative advertising. What the judge is required to do is to weigh the interests of the parties, and those of the market and the public, in order to reach the conclusion whether an act is or is not contra bona mores<sup>32</sup>.

An interesting point that should be made here is what the relationship is between section 1 and section 13 of the Unfair Competition Act. The courts usually apply section

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31. E.Alexandridou, *Unfair Competition and Consumer Protection*, Thessaloniki 1986, p.72 seq; Kotsiris, *op.cit.*, p.52 seq; Liakopoulos, *op.cit.*, II, p.134; Rokas, *op.cit.* p.24 seq. AP 11/72 LeT 20, 490; PPTH. 1809/87 CLRev 1990, 151; MPA 6903/85 CLRev 1986, 114.

32. Kotsiris, *op.cit.*, p.61; Liakopoulos, *op.cit.*, II, p. 148; Rokas, *op.cit.*, p.27.

1 and section 13 together whenever section 13 applies<sup>33</sup>. This is not correct. Section 1 is a general clause the object of which is to provide for circumstances to which no direct reference is made in the Unfair Competition Act. This does not mean, however, that it applies in all circumstances. Thus under section 13 a competitive relationship is not always needed. In many cases section 1 and section 13 could both apply, but not always. Otherwise section 13 would not have been necessary.

## **6.2 Can an unregistered trade mark be licensed?**

Despite the differences which we have already noticed, it seems that in both legal systems the question whether or not an unregistered trade mark can be licensed depends on whether the owner of the trade mark, or the goodwill in the trade mark in English law, is in a position to consent to the use of the trade mark by another person, without at the same time the trade mark losing its distinctiveness, or damaging the goodwill. The problem is similar to that in relation to registered trade marks.

One argument that can be made in favour of the licensing of unregistered trade marks is that since the 1938 Act and its equivalent 1955 Greek Act provided for licensing, licensing of unregistered trade marks may also be accepted. We have already seen how in English law unregistered licensing of registered trade marks is allowed. Why could we not follow the same approach for common law trade marks? This argument was considered in the House of Lords in Star Industrial Co. Ltd v. Yap Kwee Kor<sup>33a</sup> by Lord Diplock who, after referring to the relevant provisions of the Acts in Singapore and the United Kingdom, stated that if both Parliaments intended to allow licensing of common law trade marks they would have provided so in the Acts and that

"In view if this clear indication of the intention of the Parliament, it is not in their Lordships' view open to a court to change the common law in the way in which they have been urged to do so by the appellant."

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33. AP 1409/80 CLRev 1981, 453; AP 711/88 CLRev 1990, 313; MPVol. 53/84 CLRev 1984, 357; MPA 11828/79 CLRev 1980, 326; MPA 1378/80 CLRev 1980, 324

33a. [1975] FSR 256

This view seems to be in accordance with the observation of Professor Atiyah that developing common law by analogy to statute law may even in some cases be violating fundamental principles<sup>34</sup>. The law regarding the relationship of common law and statute law is not very clear as we have already seen. One could, however, argue that as long as a given Parliamentary practice exists which is more or less in accordance with modern commercial practices and the economic reality of today, and as long as the public interest is protected, developing the law by analogy, should not be considered harmful. In order to support this, we shall use another dictum of Lord Diplock given in the "Advocaat" case<sup>34a</sup>, four years later. It is important to notice that this is the case in which the basis of the modern action for passing off is laid down. His lordship said

"Where, over a period of years there can be discerned a steady trend in legislation which reflects the view of successive Parliaments as to what the public interest demands in a particular field of law, development of the common law in that part of the same field which have been left to it ought to proceed upon a parallel rather than a diverging course."

It might be argued that the Trade Marks Act and the tort of passing off, strictly speaking, are not in "the same field". As we have seen, however, the considerations in respect of licensing in relation to both, do not differ much. In both cases the question is whether, by allowing another person to use the trade mark, another source will be created, and whether the public interest will be safeguarded. If adequate quality control provisions produce the desirable results in respect of registered trade marks, why should they not have the same effect in respect of unregistered trade marks? In both cases if they fail, the right in the trade mark or in the goodwill of the trade mark, will be damaged. What we have here are two related fields of law to which, as far as licensing is concerned, the same principles can apply. This does not seem to be outside of the scope of the above dictum. Saying this, however, one should stress the fact that analogy can be useful only in establishing that licensing is permitted if quality control is present.

In Greek law, on the other hand, a considerable unanimity can be found both in the attitude of the courts and the writers to the effect that since registered trade marks can be

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34. P.S. Atiyah, "Common Law and Statute Law", [1986] MLR 1

34a. [1980] RPC 31

licensed, by analogy, unregistered can be also. In AP 1079/79 28 LeT, 498 a direct analogy to the 1955 Act was made and this approach is also adopted by most writers<sup>35</sup>. The proposition is based upon the fact that no matter whether registered or unregistered, a trade mark has a certain function, which is to indicate that goods originate from a specific source. Since this function is safeguarded, something that as we have seen section 16 of the 1955 Act secures, there is no reason why licensing unregistered trade marks should not be allowed.

In Greek law the problems that exist in England of using analogy as a method of interpreting law, do not exist, and using analogy is quite usual<sup>36</sup>. Saying this, however, one should bear in mind that law is created by what is called "genuine analogy" whenever a legal vacuum exists<sup>37</sup>. As was stated in Byzantine law "from similar things someone must decide for those things for which no law exists". But is there any legal vacuum? What section 13(3) of the Unfair Competition Act provides, is that as far as a trade mark is established in the market as indicating a specific source, the owner of that trade mark can take action to prevent any unauthorised use. This seems to mean that no matter how a proprietor deals with his trade mark, so long as it remains indicative of him, the trade mark can be licensed without losing his rights. In fact there seems to be no vacuum in the law and no need to use an analogy. What is more, using an analogy seems to be altogether wrong, since, as we have seen, in Greek law a trade mark cannot be deleted for loss of distinctiveness, it will just lose its power to distinguish the proprietor's goods with the result that no confusion will be caused and thus no protection will be afforded. So far as unregistered trade marks are concerned, the owner will obviously lose his rights if the trade mark ceases to be connected with him in the market place indicating him as the only source responsible for the goods. This is the result of the fact that registered trade marks are exclusive rights granted by a state authority, while unregistered trade marks are born, established and terminated through the market. And this, as we shall see, is not the only

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35. Antonopoulos, *op.cit.*, p.332; Georgakopoulos, *op.cit.*, p.198; Liakopoulos, *Parallel Use etc.*, *op.cit.*, p.133; Pampoukis, "Licensing etc"*op.cit.*; Rokas, *op.cit.*, p.121

36. I.Papantoniou, *General Principles of Civil Law*, Athens 1986, p.62; K.Simantiras, *General Principles of Civil Law*, p.73

37. N.Papantoniou, *Ibid.*, p.62; Simantiras, *Ibid.*, p.73

reason that analogy should not be used. So it seems not only that a legal vacuum does not exist, but also that registered trade marks though similar, are not the same as unregistered marks and must not be treated as such. As we have already suggested with regard to English law, the nearest one can get is suggesting that analogy can be useful in establishing that generally licensing is allowed. Direct application of section 16 by analogy would conflict with the nature of unregistered trade marks. But even this would not necessarily be so in either legal systems, if, from the nature of the right, as we have already demonstrated for Greek law, it can be established that licensing is allowed.

The view that licensing of unregistered trade marks is allowed, and can be founded directly on section 13, seems to have been accepted in AP 1756/86 CLRev 1990, 322. In the words of the court

"This opinion, being in accordance with both the letter and the spirit of the provision in question, is further fortified and from the fact that the indicative sign, is an immaterial good and part of the commercial enterprise that can be licensed to third parties, since it is not directly prohibited by the law".

Of course this case concerned a sign of an enterprise falling under section 13(2), but there is no reason why we should hold that different rules apply regarding the admissibility or not of a licence depending on whether the sign is one of an enterprise, or of the goods<sup>38</sup>. Regarding trade names, however, there is a difference. The right in a trade name is created from when it is used. The trade name need not be established in the market, and therefore the question as to who is established as the source of the goods will not arise. In both cases, if, as a result of the licence the public is deceived, section 3 of the Unfair Competition Act<sup>39</sup> will apply<sup>40</sup>.

A similar approach could be taken in respect of English law. As we have seen the plaintiff in order to succeed in a passing-off action must show that a misrepresentation was made by the defendant which causes, or will cause, damage to the plaintiff's goodwill. As far as the goodwill attached to the trade mark has the power to bring customers to the

38. Liakopoulos, op.cit., I, p.160; Rokas, op.cit., p.152

39. Sec.3 provides that false or inaccurate statements are prohibited

40. Liakopoulos, op.cit., I, p.60; Rokas, op.cit., p.152

plaintiff's business and the defendant's activities have the effect of damaging the goodwill of the plaintiff, passing-off will be established. It follows that if the plaintiff can show that he owns the goodwill attached to the trade mark, whether he has licensed it or not, he will succeed. Ownership of goodwill is essentially a question of fact<sup>41</sup>. So is the question of ownership of an unregistered trade mark in Greek law. From this point on though an important difference exists between the two systems.

Neither under section 13 of the Unfair Competition Act, nor under the Trade Marks Act is goodwill protected. What is protected, is only the ability of the trade mark to indicate origin, equally in the case of registered or unregistered trade marks. In the case of registered trade marks the proprietor is granted the right to use the mark as an indicator of a connection in the course of trade between him and the goods which bear it, while in the case of unregistered trade marks he establishes in the market that the goods have a connection with him. The law provides that if a registered trade mark is not used bona fide, ie as an indicator of a connection in the course of trade, it is liable to be expunged<sup>42</sup>. Similarly, loss of the right in the unregistered trade mark is a question of fact. It must cease being distinctive of the owner. If the owner does not use it as an indication of a connection in the course of trade, a possible infringer may raise against him a defence of abuse of a right under section 281 CC. If an appropriate connection in the course of trade does not exist, the trade mark is vulnerable. Therefore, the questions in respect of licensing are: is the trade mark still distinctive of the owner? and, has the proprietor a connection in the course of trade with the goods? By contrast, through the action for passing-off the goodwill of a business and not a trade mark is protected. The question is not whether there is a connection in the course of trade between the plaintiff and the goods bearing the mark. This would be important if the property protected was the trade mark. The test now is rather whether the goodwill attached to the mark brings customers back to the plaintiff. The existence of a connection in the course of trade, and the use of the trade mark, is certainly helpful in retaining the goodwill, but it is not a sine qua non. In

41. Lord Oliver of Aylmerton in *"Jif Lemon"* [1990] RPC 341 at 406

42. Sec.26 of the UK Act and sec.3(2)(b) and 15(1)(a) of the Greek Act

J.H.Coles Pty Ltd v. Need<sup>42a</sup> a licence for an unregistered trade mark was granted, under which the licensee was obliged to purchase stock for the franchise store from the licensor. The licence was terminated, but the licensee continued to do business under the same style. The licensor succeeded in an action for passing-off. In Ad-Lib Club Ltd v. Granville<sup>42b</sup> the plaintiffs had ceased business for five years, but this did not prevent them from succeeding in an action for passing-off. In all three cases the intention of the plaintiffs to retain their goodwill seems to have been of great importance.<sup>43</sup>

In case law both the opinion that licensing is, and that it is not, permitted has been supported. The considerations relating to the principles of trade origin and one trade source led Romer, J. in Thorneloe v. Hill<sup>43a</sup> to state

"I need scarcely say that, apart from the other objections to the licences purported to be granted, a trade mark or name can not be validly assigned in gross..... the right merely to use a name as a property in itself cannot be validly assigned so as to confer rights as against the public, nor can any advantage whatever as against the public attach to any attempted assignment of the sort."

In this case, after the death of John Forest, a watch manufacturer, a company had assigned to it the right to use his trade mark. The assignee did so, but only in very few cases. Then they licensed the trade mark exclusively to another company. After the termination of the licence the assignees made an extremely limited use of the mark before they failed. The trade mark was assigned in trust for the creditors. Finally the mark and goodwill were assigned to the plaintiff in this action. The court concluded that the right in the trade mark was lost. A similar approach was taken by Lord Diplock in Star Industrial Co. Ltd v. Yap Kwee Kor<sup>43b</sup>. The plaintiffs in this case were a Hong-Kong company which manufactured and imported toothbrushes in Singapore. After they had ceased importing the products they formed a subsidiary in Singapore to which they licensed their trade marks. The defendants then started manufacturing and selling toothbrushes using a trade

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42a. (1934) 51 RPC 379

42b. [1972] RPC 673

43. In cases where this intention was absent the court had considered the goodwill abandoned. See N.Kark Publications Ltd v. Odhams Press Ltd [1962] RPC 163

43a. (1894) 11 RPC 61

43b. [1976] FSR 256



mark similar to that of the plaintiffs. The latter took action against them arguing that the law should provide them with a remedy for the loss they would suffer because of the reduced dividends that would be received by their subsidiary. The action failed as the Privy Council decided that licensing of unregistered trade marks is not permitted.

What should be noted is that in both the above cases the court dealt rather with the effect of an assignment in gross than with the effect of a licence. The term "assignment in gross" means an assignment of the mark by itself, without the goodwill. This leads to the destruction of the goodwill through deception and confusion<sup>44</sup>. In Thorneloe v. Hill the goodwill of the trade mark was assigned, but not the business with which that goodwill was supposed to be associated and from which the goods were supposed to emanate. What is more the licence granted amounted to no more than an assignment of the trade mark without the goodwill, for a limited period. The "licensors" had no control whatever over the licensee, and for the specific period made no effort whatever to be associated with the trade mark. It would be just to say, however, that the court seemed to accept that licensing amounts to an assignment in gross, no matter what the intentions of the licensor or the provisions of a licence agreement, are. In the second case the plaintiff ceased altogether importing and did not assign the business, but merely licensed the trade mark to a subsidiary. **In licensing the intention of the licensor is to retain his rights in the goodwill**, while an assignor has no such an intention. As long as an activity cannot be proved to lead to the destruction of the goodwill there seems to be no reason why it should be prohibited<sup>45</sup>.

We should at this point make a reference to the provisions of section 22 of the 1938 UK Act. In section 22(1) it is stated that a registered trade mark can be assigned without the goodwill of a business. Section 22(3) goes on to provide:

"The provisions of the two foregoing subsections shall have effect in the case of an unregistered trade mark used in relation to any goods as they have effect in the case of a registered trade mark registered in respect of

44. Pinto v. Badman (1891) 8 RPC 181

45. For an extensive discussion of the relation between assignment and licensing see S.Lane, *op.cit.*

any goods, if at the time of the assignment or the transmission of the unregistered trade mark it is or was used in the same business as a registered trade mark, and if it is or was assigned or transmitted at the same time and to the same person as that registered trade mark and in respect of goods all of which are goods in relation to which the unregistered trade mark is or was used in that business and in respect of which that registered trade mark is or was assigned or transmitted"

Since it has been long established that what is protected through a passing-off action is goodwill and that no property right in an unregistered trade mark can exist, the effect of section 22(3) is quite extraordinary. The most interesting question, of course, at this point is the implications that this may have on licensing.

It can be said against the assignment of trade marks without goodwill, that since the assignor will not have any control over the assignee the public interest may be endangered. To this one could respond that the assignee, acting in his own interest, would not use the trade mark in a way that might be proved harmful to him. In addition to this, the law can ensure that the fact of an assignment without goodwill has taken place, will be advertised in order to protect the public interest<sup>46</sup>. This seems also to be the reason why an unregistered trade mark, according to English law, can only be assigned along with a registered trade mark, to the same assignee in respect of the same products<sup>47</sup>.

The important point is that the right in an unregistered trade mark depends upon its previous use and establishment in the market as a trade mark designating a specific source. Accordingly if the owner assigns it without the goodwill attached to it, he does no more than abandon it. What is more, the assignee does not acquire a right in it, since he has no prior use. This situation is clear in Greek law, and it underlines that in fact we are referring to the abandonment of a trade mark, and not to what is described as assignment without goodwill. What is more the "assignee" should have no reason for paying a fee for a supposed assignment which amounts to abandonment and that will confer to him no actual rights. As far as English law is concerned in situations covered by section 22(3), the goodwill attached to the trade mark is not acquired by the assignee and accordingly he

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46. Though this provision may be dropped. Cm 1203, para.447

47. Sec.22(3) above.

cannot succeed in an action for passing-off. It is proposed by the editors of Kerly<sup>48</sup> that the assignee "can rely on user by a predecessor in title to the trade mark to the same extent as he could, before the Act, rely on user by a predecessor in business" and this seems to be the only possible interpretation. On the other hand this sub-section is rather curious, as it seems to extend and at least partially overturn some well-established principles of common law. It seems that the effect of the above provision of the 1938 Act must be interpreted restrictively. Special importance must always be given to the fact that confusion must be avoided. As far as Greek law is concerned, it is well accepted that assignment without an assignment of the business amounts to no more than abandonment of the unregistered trade mark<sup>49</sup>.

What seems to emerge from all the above is that assigning an unregistered trade mark without the goodwill is only allowed in English law when the interests of the public are safeguarded and a certain procedure is followed. In cases such as Thorneloe v. Hill and the "Star Industrial" these interests were not safeguarded, and the goodwill was destroyed. **Assignment in gross, however, has nothing to do with licensing where the licensor intends to keep the goodwill, and to avoid confusion or deception.**

There are cases in English law concerning licensing in which the courts seem to have taken a favourable attitude to such a practice. The first is Warwick Tyre Company Ltd v. New Motor and General Rubber Company Ltd<sup>49a</sup>. The Dunlop Pneumatic Tyre company was manufacturing tyres for bicycles and motorcycles and selling them under the trade name "Warwick" which was owned and licensed to them by the plaintiffs. The defendants manufactured and sold tyres for motors under the same trade name, and this led the plaintiffs to take action against them. Neville, J. gave judgment for the plaintiffs stating that they owned the trade mark, that trade in tyres included both bicycle and motor tyres and the defendants intended to mislead the public. The learned judge, however, in the course of his judgment expressed the opinion that the right which is protected in a

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48. Kerly, *op.cit.*, p.245

49. Rokas, *op.cit.*, p.116

49a. (1910) 27 RPC 161

passing off action is a property right in the trademark. This led Lord Diplock in the "Star Industrial" to disapprove of the judgment. It may be noted, however, that the nature of the right is not part of the ratio decidendi of the case. Instead the ratio decidendi of the case in the judge's own words seems to be

"Has the name got a reputation which leads people to acquire goods under the name?"

and at another point

"The point that I have to decide is, whether the use of this trade name of "Warwick" in connection with the sales of motor tyres would be calculated to mislead members of the trade and public into the belief that the tyres they were acquiring were tyres of, to put it shortly, the same name as the well known "Warwick" tyres which were on the market."

The learned judge considered the problem of the nature of the right, and did not find it very material, when considering the possible damage caused to the plaintiff. In relation only to the question as to whether it was a right of property or not, he said

"I do not think that nowadays, however the decisions may stand at the present moment, it is very material, but if I had to express my own opinion upon it I think the right way to express it would be to say that there is a special property in the trade name."

It might be argued that that case must still be treated as authoritative since the ratio decidendi was that the reputation of the trade mark carried the public back to the plaintiffs<sup>50</sup>.

The second case we shall discuss is British Legion v. British Legion Club (Street) Ltd<sup>50a</sup>. In this case the plaintiffs were a voluntary association set up after the First World War in order to provide assistance to the service men who had taken part in the war. In 1925 a Royal Charter was granted and the organisation of the legion was taken over by a incorporated body. The legion used to give licences for branches to be established throughout the country, being extremely cautious and retaining a right to control their activities, so that the reputation of the Legion would not be harmed. The defendants at first went for a licence, but then opened their Club without the consent of the plaintiffs,

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50. A similar argument made by the defendants in Metric Resources v. Leasematrix [1979] FSR 571 in respect of the Panhard et Levassor SA v. Panhard-Levassor Motor Co. Ltd (1901) 18 RPC 305 was rejected

50a. (1931) 48 RPC 555

who took action against them claiming that their acts amounted to passing off. The court found that there was a goodwill to be protected which was attached to the trade name. In the words of Farwell J.

"It seems to me that when once one sees the name of the Plaintiff association and the name of the organisations, the possibility of confusion is plain on the face of it, and the possibility and the tangible possibility of damage also, as it seems to me, is plain"

After that, in Ormond Engineering Co. Ld v. Knopf<sup>50b</sup> the court seemed to accept the argument of the plaintiffs that the products of the defendants might create in the minds of people the impression that they were made under licence granted by them, and that this, if proved, would cause damage to the plaintiffs. It was found that this was not proved and accordingly in the words of Clauson J. "a mere lie on the part of the Defendants does not give the plaintiffs any cause of action"

Perhaps the most important case is the Privy Council decision in J.H.Coles Proprietary v. Need mentioned above. The decision, obviously contradicts the views expressed in Thorneloe v. Hill and the "Star Industrial", but in a curious way. Lord Wright based his decision on the assumption that

"The licence was properly issued because it was intended that the respondent should only vend goods emanating from the appellant".

This indicates that the court might had not taken the same view if the defendants had sold their own products under the plaintiffs' name. In fact only a small part of the goods sold by the defendant were supplied by the plaintiffs, with the effect that no substantial control was exercised over the defendants. It seems, accordingly, that this case serves to illustrate the fact that the loss of distinctiveness is a question of fact as far as an unregistered trade mark is concerned. Even if quality control is not strictly enforced, the goodwill may nevertheless, depending on the facts of each case, be safeguarded. Under section 28, in a case of a registered trade mark, a defendant by selling goods other than those allowed by the licensee, would not be making a permitted use. This underlines the point that a direct analogy of section 28 of the 1938 Act, should not be made in respect of passing-off.

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50b. (1932) 49 RPC 634

This case was followed in The Roberts Numbering Machine Co. v. Davis<sup>50c</sup>. The plaintiff had first entered into an agreement with the defendant that the defendant should act as his agent. The agreement changed later and the defendant continued using the name of the plaintiffs. They so acted even after the termination of the agreement, and the plaintiffs took action against them. Luxmoore J. held that

"Mr. Davis during the continuation of his agreement with the Plaintiff company, had a licence to use it [the name of the plaintiffs] conferred to him by the Plaintiff company and that that licence was revocable by the Plaintiff company if and when the agreement terminated"

The decision in another Australian case seems to point in the same direction. In Royal Automobile Association of South Australia (Incorporated) v. Hancock<sup>50d</sup> the plaintiffs used to authorise garages to present themselves as R.A.A. garages. The defendant did so without prior authorisation in a way

"Calculated to induce the public, .... to believe that .... his garage was connected with the plaintiff"

The court prevented him from so acting after the plaintiffs took action. The same approach seems to be taken in the line of cases beginning with the "Bostitch", in which it was held that as far as quality control exists even unregistered licensing of registered trade marks is allowed. As Cross L.J. put it in "G.E. Trade Mark"

"Provided that quality control is maintained, licensing of a mark-whether registered or unregistered- did not deprive it of protection in a court of law"

There are other cases in which it has been accepted either directly or indirectly that licensing is a permitted practice<sup>50e</sup>. In "Stringfellows"<sup>50f</sup> Slade L.J. considering an argument based on "Star Industrial" that licensing of common law trade marks is not allowed, and whilst making it clear that he was not deciding the point, stated that

"For the purposes of this present appeal, I do not find it necessary to explore any of the requirements of the law relating to the grant of merchandising rights in respect of a name which has not been registered as a trade mark. For such purposes I am quite prepared to assume, without deciding, that a person carrying on business under a particular name, (albeit not registered as a trade mark), to which a valuable goodwill is attached, may be able in practice to exploit that name to great profit in one or more

50c. (1935) 53 RPC 79

50d. (1939) SASR 60

50e. For instance in IPC v. Black and White "Judge Dredd" [1983] FSR 348, in Lego v. Lego M. Lemelstrich "Lego" [1983] FSR 155 etc.

50f. [1984] RPC 501

than the ways suggested by Mr. Jones, Mr. Patrick or Mr. Townley" (referring to franchising, merchandising and sponsorship).

From the above it may be concluded that in English law support can be found in case law for the proposition that an unregistered trade mark can be licensed. In English law, as in Greek law, no analogy to registered trade marks is necessary. This point can be deduced from the law of passing-off and unfair competition directly. The overriding principle in both legal systems is that as long as the licensor ensures that he remains, in the mind of the public, the source from which the goods emanate, in the case of Greek law, or the owner of the goodwill in the case of English law, no problem will arise from licensing. Strict quality control is the best way to ensure compliance with the law's requirements, but the absence of it will not always, *per se*, be fatal. The loss of the rights in an unregistered trade mark, or the goodwill attached to it, is, in both systems, largely a question of fact. Under Greek law though, the existence of a connection in the course of trade between the owner and the goods, is necessary in order to avoid a defence under section 281 CC

Some rather curious doubts regarding licensing have been raised in the case of franchising. In Wienerwald Holding A.G v. Kwan, Wong, Tan and Fong<sup>50g</sup> the plaintiffs were franchisors of restaurants. When they intended to start franchises in Hong-Kong they found that their trade name was already registered on behalf of the defendants. The decision in this case was given against the plaintiffs based on the fact that they had not established that they had a goodwill in Hong-Kong. Leonard J., however, went on to state that

"Having decided that, it is unnecessary for me to consider the complications arising from the franchise agreement. Under it any goodwill attaching to any business set up that is to be conferred by the Wienerwald name and trappings that are the subject of franchise, belongs to the franchise holder but the trappings remain subject to the control of the plaintiff".

Similarly in the Athletes Foot Marketing Associated Inc v. Cobra Sports Ltd<sup>50h</sup>, the plaintiffs granted franchises for shops selling athletic footwear. Walton, J stated that even if the plaintiffs had a franchisee in England they could not have acquired goodwill in

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50g. [1979] FSR 381

50h. [1980] RPC 343

respect of their activities. As he put it

"Now doubtless the readiness of persons to accept a franchise from the plaintiffs will in large part depend upon the reputation established by the existing franchisees of the plaintiffs, and so to that extent clearly the plaintiffs do obtain a benefit from the operation of their franchisees. But the operations of the franchisees are not, and never at any stage are, or could be the operations of the plaintiffs".

Indeed it might be argued that problems as to the ownership of goodwill may arise in cases of franchising. It is suggested that since the franchisor may not even be in the same line of business as his franchisees, it will be difficult for the franchisor to show that the goodwill accrues directly to him. I disagree with this view.

It should first of all be stated that if the above decisions imply that the goodwill was owned by the licensee-franchisees, what in effect they were saying is that licensing of unregistered trade marks is not allowed as it leads to the licensor losing his rights. But the learned judges at no point in their decisions took the view that licensing of unregistered trade marks is not permitted. In order to have a better understanding of the above two decisions we ought to remember that they both concerned foreign plaintiffs. As we shall see in a later stage, the judges were trying to ascertain whether the plaintiffs had a business or customers within the jurisdiction. By stating that their prospective franchisees' business or customers were not the plaintiffs' customers, they actually meant that the plaintiff had no local goodwill. As goodwill is attached to a business and presupposes the existence of customers, if the franchisee's business and customers are not those of the franchisor, the latter has no goodwill. In most cases of licensing, however, the licensee's goods bearing the licensor's trade mark attract customers because of the licensor's goodwill. Thus, the fact that the licensor may have no customers of his own does not necessarily mean that he does not own the goodwill attached to the trade mark.

The public when dealing with the separate franchisees will not distinguish between them, nor consider them as the source responsible for the goods. Instead, it will consider that their uniformity is controlled by a franchisor who is responsible for the quality of the goods. The franchisor owns the goodwill attached to such indicia etc, because his



business is to control the quality of whatever he offers, and to offer it in a uniform way. The franchisee merely has the licence to use the mark on his premises, upon his products etc being obliged to follow a strict procedure laid down by the franchisor. The franchisor owns the franchise business and the goodwill attached to it, whereas the franchisee is allowed to use that goodwill in connection with his own business<sup>51</sup>. He enters a field taking advantage and profiting from the goodwill of the franchisor, but in result is unable to distinguish himself from other franchisees. The best he could do is acquire a goodwill equivalent to that of "a tied public house or a retail shop selling nationally advertised brands of goods"<sup>52</sup>. It is submitted, that when strict quality control is exercised and uniformity is monitored, even this will not happen<sup>52a</sup>. The same conclusions were reached in Canada in Mr. Submarine v. Haralambos Voultosos<sup>53</sup> in which the owner of a franchise of restaurants succeeded in an action for passing-off against an ex-franchisee. In the words of Osler J.

"Prior to the opening of the defendant Voultosos' first store, the plaintiff had established a reputation and an identifiable image in the fast food industry in Southern Ontario that was entitled to protection. So long as the defendant made use of the name "Mr. Submarine" and a highly similar exterior decor to that of the Plaintiff, damage was being done to the Plaintiff's reputation and is entitled to look to the defendant ... for an accounting of the profits..."

Similar considerations arise in respect of a character merchandising agreement. The fact that the goodwill will usually be owned by the licensee is supported in Kerly's Law of Trade Marks<sup>53a</sup>. In Children's Television Workshop Inc. v. Woolworths Ltd "Muppets"<sup>54</sup> the defendants were manufacturers of plush toys that had characteristics similar to the well known Muppets puppets that featured in a television show. The plaintiffs were the producers of the show and the third plaintiffs were their licensees to be, who were going to manufacture plush toys with the characteristics of the Muppets. The court found that the first plaintiffs were the owners of a goodwill attached to a business of

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51. Adams and Prichard-Jones, *Franchising*, op.cit., p.19; J.Drysdale-M.Silverleaf, *Passing Off: Law and Practice*, p.50; Wadlow, op.cit., p.237

52. Wadlow, op.cit., 238

52a. Very few people will distinguish in any way different outlets of MacDonald's

53. 36 CPR (2nd) 270

53a. Op.cit., at p.351

54. [1981] RPC 187

toy manufacture, but it was also stated that if the third plaintiffs were eventually granted a licence and carried on business some part of the goodwill might be associated with them. The question here is whether the public will believe for example<sup>54a</sup>, that a film producer is responsible for lollipops. We shall deal with this problem elsewhere.

Could the licensor safeguard his rights in a different way? What would be the effect of an agreement between the parties that the defendant would not claim the ownership of the goodwill attached to the trade mark? It has been argued<sup>55</sup> in respect of Greek law that, if in the course of a licence, the trade mark becomes distinctive of the licensee he acquires the rights in it, and the licensor loses them, but only until the termination of the licence agreement when they must again be transferred to the licensor by virtue of terms of the contract. In fact Professor Pampoukis goes as far as suggesting that even if nothing is provided by the contract, the licensee is obliged to assign the trade mark back to the licensor. The first objection which can be made to this is that it is generally accepted that assignment in gross is not allowed<sup>56</sup>. But this is not the only problem.

The right in an unregistered trade mark is acquired and lost through use in the market. Accepting the proposal that no matter what happens, the licensor retains the rights in the trade mark would contravene these principles. It would actually imply that the distinctiveness of the unregistered trade mark cannot be lost after use by a licensee. This is in direct contradiction to the requirements of the law. Such a contractual provision on behalf of the licensor would amount to nothing more than an effort to evade the law<sup>57</sup>. What is more, though the right in an unregistered trade mark is a private right, the public interest must also be considered and protected. If the above proposal was accepted, the public would have been deceived, and what is more, the licensor would have had no requirement to monitor quality, throughout the licence. His rights would be safe anyway.

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54a. As the case was in *Tavener Ruthledge v. Trexapalm Ltd "Kojak"* [1977] FSR 479

55. Antonopoulos, *op.cit.*, p.338; Pampoukis, "Licensing etc", *op.cit.*,

56. Rokas, *op.cit.*, for trade names and 121 for trade marks

57. Sec.281 CC

What of section 1? Would not the action of the defendant-licensee be contra bona mores? The object of section 1 is to give protection in cases for which the Unfair Competition Act does not directly provide. It can be used along with other sections of the Act, but not in a way that overturns, or affects the meaning and purpose of a section. Thus section 1 and section 13 must be read together. The law presupposes that every trader follows the necessary procedure to safeguard his interests. Section 13 states how a trader may become the owner of a trade mark. Thus protection to the licensor might only be afforded if he proves that though he did everything possible to retain his right, he did not succeed, due to the wrongdoing of the licensee. If he did not take action promptly, his right may be considered "weakened"

There are some differences with regard to trade names. According to section 13(1) the rights in this case are created by use only. Thus, a licensee will not be able to acquire rights in a trade name. If the licence creates confusion it will be terminated under section 3, but the right of the licensor will not be lost. Priority of use is the only thing that counts. The licensee could only try to establish that the licensor had abandoned his right.

As far as English law is concerned, it is argued<sup>58</sup> that the best protection might be afforded to a franchisor in England, if the franchise agreement includes a clause providing that the franchisee holds any goodwill generated as a bare trustee<sup>59</sup> for the franchisor.

It should also be noted that in English law even if the licensee acquires a part of a goodwill, that may create no problem, since there is good authority that a shared goodwill may exist. The leading authority in the law of passing off, the "Advocaat" case, is a good illustration of this. The first plaintiffs in this case were a Dutch company holding the 75% of the English market in advocaat, a drink made by eggs and spirits. The defendants were producers of a drink based on egg and wine that they marketed as "Keeling's Old English

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58. Adams and Prichard-Jones, *Franchising*, *op.cit.*, p. In *Essex Electric (Pte) Ltd v. IPC Computers (UK) Ltd* [1991] FSR 690 Ferris J. was quite cautious when dealing with possible effects of an agreement that the goodwill should be owned by the importer-defendant. The question though was not decided

59. As to the meaning of a "bare", "simple" or "naked" trust see P.H. Pettit, *Equity and The Law of Trusts*, 6th edition, Butterworths, London, 1989, p.60

Advocaat". Judgment was given for the plaintiffs<sup>60</sup>. What this case illustrates is that the goodwill emanating from the production and circulation of a certain kind of product is attached to a class of businesses involved in this specific trade. Each producer will have his own separate goodwill attached to his business, however.

The courts have come to accept that a shared goodwill can exist also in respect of a group of companies. This is important in the case of a subsidiary-licensee. In this case, the public does not attribute the products to a particular company from the group, but to the group as an entity. In the law of passing-off, where goodwill rather than a trade mark is protected, proving the existence of a connection in the course of trade between a specific source and the goods is not necessary. The plaintiffs' right to take action will be established if the goodwill attached to the trade mark brings the public back to the group<sup>60a</sup>. On the contrary, in respect of a registered trade mark, the right is granted by the law to a specific source, and this is the proprietor of the exclusive right (section 4 of the 1938 Act) and, therefore, the only person able to take action.

Another example of shared goodwill is that described in the earlier case of Shell - Mex & BP Ltd & Aladdin Industries Ltd v. R. & W. Holmes<sup>60b</sup>. The first plaintiffs were the suppliers and distributors of paraffin oil that was selected by the second plaintiffs. It was marketed under the name "Aladdin", coloured a distinctive pink colour. The defendants marketed oil using not only the name "Aladdin", but also the distinctive colour the plaintiffs used for their products. The plaintiffs took action together, and succeeded. This case seems to imply that if two independent parties enter into an agreement to co-operate in the circulation of a certain kind of goods, the goodwill emanating from such a combined activity may be shared by both of them. So it would appear that even if the licensor and the licensee have a shared goodwill they will be able to take action against a third party.

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60. This case followed Bollinger v. Costa Brava Wine [1961] RPC 116; Vine Products Ltd v. Mackenzie & Co. Ltd [1969] RPC 7; J. Walker & Sons Ltd v. Henry Ost & Co. Ltd [1970] RPC 489.

60a. But two co-subsidiaries may be considered separate businesses; Fyles v. Chiquita [1993] FSR

60b. (1937) 54 RPC 287

The number of persons that share the goodwill may be important because, as Lord Diplock stated in the "Advocaat",

"The larger the class the more difficult it must also be for an individual member of it to show that the goodwill of his business has sustained more than minimal damage as a result of deceptive use by another trader of the widely shared descriptive term".

Though a reference is made to the "descriptive term", this observation may apply to all cases of shared goodwill.

Regarding Greek law, the situation described in the "Advocaat" would fall under section 3 of the Unfair Competition Act and would be characterised as a false statement. No question of shared ownership of goodwill, or even of any kind of goodwill, would arise. Action could be taken by any person with a legal interest, such as any of the advocaat producers or the Chambers of Commerce<sup>61</sup>. In a "Revlon" type of cases, however, section 13 would be used, and only one source can own the trade mark. This source may be either the group as a whole, or a certain company within the group. Unlike registered trade marks where the right is granted to a specific proprietor, ownership here is a question of fact. Similar observations apply in respect of the "Shell-Mex" type of cases. In this case also one source will exist, i.e the joint enterprise.

Apart from these cases, however, it must be said that in both legal systems, when a trade mark becomes distinctive of the licensee only, the licensor will have no right to take action

One last consideration is whether a licence has any effect vis-a-vis third parties. Can a licensee take action for passing-off? The answer in both systems, apart from the case of a shared goodwill in English law, must be negative. Only the owner of a goodwill or a trade mark can take action because he is the only person that in the eyes of the law uses the trade mark and hence, the only source from which the goods bearing it emanate. It has, however, been proposed<sup>62</sup> that in Greek law that the licensee can take action under

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61. Sec.10 of the U.C. Act

62. Antonopoulos, op.cit.,

section 13. This is totally wrong because, as we have seen, the only person who is protected through section 13 is the owner. The licensee who does not own the trade mark cannot use section 13 because he has no right to protect. He also cannot be protected through section 1. The situation is similar to that of a licensee of a registered trade mark<sup>62a</sup>.

### **6.3 The common field of activity problem**

As we have seen licensing of registered trade marks can be done only in respect of the goods for which a trade mark is registered. Otherwise the proprietor of the trade mark would be able to extend his statutory monopoly without any limitation. What is the position with regard to unregistered trade marks? This is especially important in relation to licensing of trade marks whose reputation extends well outside the field in which they are actually used. In such cases of famous trade marks, whether registered or not, the proprietor of the mark or owner of goodwill may want to expand his activities through licensing or protect the value of his mark from unauthorized use in distant fields. Therefore having determined that unregistered trade marks can be licensed, we must now determine the scope of protection enjoyed by unregistered marks.

Concerning Greek law, as we have seen, in chapter 6.1, section 13(3) of the Unfair Competition Act provides that the right in an unregistered trade mark is infringed only if confusion as to the origin of the goods is created because of the use of a similar mark **on similar goods**. Therefore, unauthorised use of a similar mark on dissimilar goods cannot fall within section 13(3). Of course, the limitation of use on similar goods does not exist as far as trade names are concerned, as section 13(1) refers only to confusion.

The situation is quite different in respect of English law. The law does not protect the trade mark as an indication of origin. Instead, the goodwill attached to the trade mark is protected. What is the consequence of this regarding the scope of protection enjoyed by

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<sup>62a</sup>. See ch.5.13.2.d

unregistered marks and therefore, the extent to which an unregistered trade mark can be validly licensed? What is the difference between Greek and English law at this point?

It used to be argued that a common field of activity must exist between the businesses of the plaintiff and the defendant. In Derek McCulloch v. Lewis A. May<sup>63</sup> the defendants had used without any authorisation on a breakfast cereal, the name "Uncle Mac" which was used by the plaintiff in his well known children broadcasts. The plaintiff took action alleging passing off, but did not succeed because it was held that no common field of activity existed between his business and the defendant's, and thus no damage could be caused to the plaintiff. Wynn Parry J. stated that<sup>64</sup>

"I have listened with care to all the cases that have been cited and upon analysis I am satisfied that there is discoverable in all those in which the court has intervened this factor, namely that there was a common field of activity, in which, however remotely, both the plaintiff and the defendant were engaged and that it was the presence of that factor that accounted for the jurisdiction of the Court"<sup>65</sup>.

Following the "Uncle Mac" case the common field of activity problem was much discussed and caused considerable concern. The fact that most of these cases went no further than the interlocutory stage is of course not helpful.

A substantially different conclusion was reached in Henderson and an Another v. Radio Corporation Pty Ltd<sup>65a</sup>. In this case the plaintiffs, two ball room dancers, took action against the defendants who were the manufacturers of a gramophone record for ball room dancers, on the cover of which they used a photograph of the plaintiffs. An injunction was granted, the court finding that no common field of activity was needed in order to succeed in an action for passing off. Manning, J. stated that<sup>66</sup>

"It is undoubtedly true that the existence of a common field of activity is a most cogent factor to be taken into account in considering whether the misrepresentation is calculated to deceive or likely to lead to deception and

63. (1947) 65 RPC 58. Similar conclusions in Australia were reached in Ronson Products Ltd v. James Ronson Pty Ltd [1957] V.R 731; FMC Engineering Pty Ltd v. FMC (Australia) Ltd [1966] V.R 529; Cue Design Pty v. Playboy Enterprises Pty Ltd (1983) 45 ALR 535

64. *Ibid.*, at 66

65. As it is observed also by J. Phillips-A. Coleman, "Passing-Off and the Common Field of Activity" [1985] LQR 242 there are older cases in which the "common field of activity" factor was not at all mentioned. Lloyd's v. Lloyd's (Southampton) Ltd (1912) 29 RPC 433 (insurer-yacht-sellers); Walter v. Aston (1902) 2 Ch 282 (Newspaper-bicycles); Harrods Ltd v. Harrod Ltd (1924) 41 RPC 74 (department store-moneylender).

65a. [1969] RPC 218

66. At 242

may also be a factor in considering the second question as to whether the plaintiff has suffered damage. But in my view it is going too far to say that the absence of this so-called common field of activity necessarily bars a plaintiff from relief"

The same approach seems to be followed in fact in Annabel's Ltd v. G.Schock by Russell L.J. who stated that<sup>67</sup>

"is there an overlap in fields of activity? But of course when one gets down to brass tacks this is simply a question which is involved in the ultimate decision whether there is likely to be confusion. If there is no overlapping ... then of course it is in the highest degree relevant in considering whether there is a case for an injunction based on the likelihood of confusion."

In this case, however, it was held that there was "sufficient association" between the fields of activities of the owner of a nightclub and the owner of an escort agency. In the well known Lego System A/S v. Lego M.Lemelstrich Ltd<sup>67a</sup> Falconer, J. found that if passing off can be established it is irrelevant whether the activities of the parties are completely unrelated<sup>68</sup>. In this case the plaintiffs, manufacturers of the well-known children's construction kits, succeeded in their action against the defendants that manufactured irrigation equipment and garden sprays and sprinklers against whom an injunction was granted. The learned judge, however, argued that the judgment in both the "Uncle Mac" case and the "Henderson" were pointing towards the same conclusion. A similar observation has been made in Lyngstad v. Anabas (ABBA)<sup>68a</sup> where it was suggested that in "Henderson" the decision in "Uncle Mac" was misunderstood. This, however, is unlikely. In the former case a common field of activity is just one more consideration in proving damage and by no means a sine qua non condition. Passing off can be established even if there is no common field. In the latter one it is the presence of that factor that accounted to the jurisdiction of the court.

In another line of cases, Walton J. put forward another proposition based on "Annabel's". Thus in the "Kojak"<sup>68b</sup> and Wombles Ltd v. Wombles Skips Ltd ("Wombles")<sup>68c</sup>, the plaintiffs did not succeed in their actions because there was no

67. [1972] RPC 838 at 844

67a. [1983] FSR 155

68. At p.196

68a. [1977] FSR 62

68b. [1977] RPC 275

68c. [1977] RPC 99



common field of activity. The learned judge in the second of these cases made the following distinction:<sup>69</sup>

"It seems to me that the common field of activity may be one which is actual, in which case there is no room for any possibility of argument at all, or it may be one - and this is very frequently the case - which is not actual but which it is reasonable to be assumed by the reasonable man from the use of the same or similar name."

The same judge suggested in Ames Crosta Ptd v. Pionex International Ltd<sup>69a</sup>, basing again his decision on the "Annabel" case, and criticising the "Uncle Mac" decision as having been "decided on far too narrow grounds"<sup>70</sup>, that the fields of activities of the parties were "allied rather than identical"<sup>71</sup>. In fact the concept of "allied fields of activities" was stressed in the case since it was found that such an allied field of activity existed between the plaintiffs who were involved in the control of industrial pollution and the defendants who imported, or were to import, protective cloth from Hungary using the same trade name as the plaintiffs.

In the Australian case Children Television Workshop Inc. v. Woolworths (N.S.W) Ltd<sup>71a</sup>, the notion of an "extended common field of activity" was put forward by the court in order to deal with problems raised in character merchandising. In Stringfellow v. McCain Foods<sup>71b</sup> the general approach taken in "Annabel's" seems to have been followed, the court stressing the fact that if a common field of activity does not exist "clear and cogent evidence of actual confusion" must be shown. Slade L.J. further held that the conclusions of "Lego" did not apply here since they were reached in relation to household names, as the "Lego" name was. The Court of Appeal decided that there would be no confusion created between the name of the restaurant and club that the plaintiffs' owned, and the defendant's frozen oven chips that were marketed under the same name, inter alia because of the lack of a common field of activity.

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69. At p.490

69a. [1977] FSR 46

70. At p. 48

71. At p. 48

71a. [1981] RPC 187

71b. [1984] RPC 501

The fact these different different opinions exist<sup>72</sup> indicates the confusion that exists in this part of the law.

It seems that the answer to our problem can be found by considering the nature of the tort. We have already referred to the principles of the law which regulate the modern action of passing off as they are laid down in the "Advocaat" case. The essentials of a passing off action are: (a) a misrepresentation made in the course of trade, (b) calculated to damage the goodwill of another person (c) by causing deception or confusion to the public. Following these principles, it can be argued that in so far as these conditions are fulfilled, there is no need to prove common field of activity. As long as the goodwill attached to the trade mark has the power to carry the purchaser back to the owner of the goodwill, and somebody intervenes in this process causing damage to the goodwill, passing off will be established. As Lord Diplock put it in the "Advocaat" case

"Where although the plaintiff and defendant were not competing traders in the same line of business, a false suggestion by the defendant that their business were connected with one another would damage the reputation and thus the goodwill of the plaintiff's business"

Not "any misrepresentation" will lead to a successful passing off action, but only one that can damage the plaintiff's goodwill<sup>73</sup>. It was suggested by Evatt C.J. and Myers J. in the Henderson case that

"Once it is proved that A is falsely representing his goods as the goods of B, or his business to be the same or connected with the business of B, the wrong of passing off has been established and B is entitled to relief"<sup>74</sup>

But is this so? It would be the case, if what was protected in a passing off action was the reputation of a business and not the goodwill. In such a case, as in fact happens under section 1 of the Greek Unfair Competition Act, the above test would be correct. But in

72. See also J. Drysdale-M. Silverleaf, *The Law of Passing Off*, Butterworths, London 1986, p.76 seq.

73. Office Cleaning Services Ltd v. Westminster Window and General Cleaners Ltd (1946) 61 RPC 49; Rubber and Technical Press Ltd v. Maclaren and Sons Ltd [1961] RPC 264, (confusion due to the use of a descriptive name); Tamworth Herald Co. Ltd v. Thomson Free Newspapers Ltd [1991] FSR 337. Management Publications Ltd v. Blenheim Exhibitions Group PLC [1991] FSR 348, (titles of periodicals). Taco Bell Pty Ltd v. Taco Co. of Australia Inc. (1982) 42 ALR 177; "Budweiser" [1984] FSR 413, (no local goodwill). More interesting cases are Granada Group Ltd v. Ford Motor Co. Ltd [1973] RPC 49 (TV company and name of car); Unitex Ltd v. Union Texturing Co. Ltd [1973] RPC 119 (building industry and manufacturers-contractors); Newsweek Inc v. BBC [1979] RPC 441 (title of periodical and title of TV program). In the recent Taitinger and Others v. Albev Ltd and Others [1993] EIPR D-116 misrepresentation existed but no damage.

74. A similar test was followed recently in the Irish case of Falcon Travel Ltd v. Owners Abroad Group Plc [1991] 1 IR 175. As we shall see arguably in this case no misrepresentation at all existed

England, as we have seen, it is the goodwill that is protected. In English law apart from the creation of confusion or deception by the misrepresentation, the plaintiff must in addition show that, as a result of that practice, the public purchased the goods **because** of the association with the plaintiff, otherwise his goodwill will not be harmed and passing off will not be established. Only then will that misrepresentation be considered material<sup>75</sup>. As Lord Jauncey of Tullichettle put it:<sup>76</sup>

It is also a prerequisite that the misrepresentation has deceived or is likely to deceive and that the plaintiff is likely to suffer damage by such deception. **Mere confusion which does not lead to a sale is not sufficient.**"

On the contrary under unfair competition law confusion under the above circumstances would be enough without it being necessary to establish that it was the reason that led to a sale. Proving that the public bought the goods **because** of the misrepresentation is not necessary.

The law requires that actual damage must either exist or be reasonably foreseeable. If two traders compete in the same field and the one uses a similar trade mark to the one that the other has always used on his goods, this misrepresentation will cause a direct loss to the owner of the goodwill by taking away his customers. The question is what happens if there is no common field of activity<sup>77</sup>.

The first step that must be taken by the plaintiff is to try and establish that either the public is led to the belief that the defendant's business is an extension of the plaintiff's, or that it is related in some way with the plaintiff's, that the defendant acting under a licence or in some way with the knowledge and consent of the plaintiff. In addition to this, it must be shown, that the public purchases the goods because of that supposed relationship with the plaintiff. It is one thing to say that the public may believe that there is a relationship between the parties, and another to prove that damage might result from

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75. Wadlow, *op.cit.*, p. 143-4

76. "Jif Lemon" [1990] RPC 341 at 417

77. We should at this point take into consideration that most cases are decided at the interlocutory stage and usually go no further. The courts therefore do not enter a more detailed consideration on the merits of the case and the authority of such decisions is not much. This makes it even more difficult for the plaintiff.

that association, however. In Wombles Ltd v. Wombles Skips Ltd<sup>77a</sup> for example Walton J. found no injury inflicted on the plaintiff though he did find it necessary to note that "this may be a defect of the law". In Lorimar Productions v. Sterling<sup>77b</sup> it was stated that the defendant was cashing in on the reputation of the plaintiff, but this was not causing any damage to the latter. A reputation may be taken advantage of, but a goodwill may not necessarily be damaged thereby.

In view of that, the easier route for the plaintiff is to establish that either the goods of the defendant are of inferior quality, or that for some reason the association with him will prove harmful for his established business status. But this must be based on a danger present or reasonably foreseeable. In Spalding v. Gamage Ltd<sup>77c</sup> the defendant was found to be passing-off the plaintiff's own reject footballs as first quality products. In "Annabel's" the learned judge granted an injunction following an argument that "if it is going to be thought by a sufficient number of people that we are somehow associated with the running of an escort agency, some of the tar will come off on us and we have no tar at all." In News Group Newspapers Ltd v. The Rocket Record Company Ltd<sup>77d</sup> an injunction was obtained by the plaintiffs on the grounds that the poor quality of the lyrics of the record that the defendants were to circulate regarding "Page Three" would damage their reputation.<sup>78</sup>

Another point which is sometimes made, is that although there is no actual damage, and no indication that damage should be expected to the plaintiff, the fact that the plaintiff has no control over the defendant makes his goodwill extremely vulnerable to future damage from bad quality, etc. Some support for this can be found in Hulton Press Ltd v. White Eagle Youth Holiday Camp. Ltd<sup>78a</sup>. The plaintiffs in this case were the publishers of a children's periodical called the "Eagle" and were also associated in a

77a. [1977] RPC 99. Name of popular cartoon characters used for rubbish skips

77b. [1982] RPC 395 Title of TV program and restaurant

77c. (1915) 32 RPC 273

77d. [1981] FSR 89

78. See also Rolls Royce Motors Ltd v. Zanelli [1979] RPC 152 (modified car models); Sony KK v. Saray Electronics (London) Ltd [1983] FSR 302 (unauthorised dealer of bad reputation); Colgate Palmolive Ltd v. Markwell, *op.cit.*, (parallel imports of goods of inferior quality)

78a. (1951) 68 RPC 126

business concerned with the setting up of holiday camps for children. The defendants used the name of the periodical as the name of their own camp. Wynn Perry J. after establishing the possibility of confusion turned to the question of damages and held that<sup>79</sup>

"It would require but one such disaster as an epidemic at a holiday camp like this, or a bad accident, seriously to damage the value of the venture associated with it, and if that were to happen in the case of the defendant's camp, of the evidence, as I read it, there will be a very real damage corresponding suffered by the plaintiffs".

Similarly Falconer J. in "Lego" found that<sup>80</sup>

"It seems to me that the inability of the plaintiff to control such use must involve a real risk of injury to their reputation in the mark and hence to their goodwill"

Reliance upon this head, however, as is evident from the "White Eagle" case, is rather speculative. The law requires either a present damage to the goodwill, or in a quia timet action, that damage is likely to occur. Of course the more famous the trade mark, as the case was in Lego, the more damaging might be future developments. On the other hand, if the defendant is allowed to carry on with his business two things could happen. Either he will establish a goodwill of his own in the specific field, in which case any further development concerning him will have nothing to do with the plaintiff and they will be treated as separate entities, or he will not succeed in building such a goodwill of his own, in which case the plaintiff will be able to come back at him at that specific point under the more serious head that actual damage from the association with the defendant will be inflicted to him. In any case especially if the trade mark, name etc. is not really well known an injunction seems unlikely to be granted on the balance of convenience based on this head only. For the same reasons and in the same way one can dispose at this point of the argument of dilution, though scarce support may be found for this<sup>81</sup>.

It would seem that exposing the plaintiff to possible litigation would be even more speculative than the above. What is more if the defendant distinguishes himself and

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79. At 130

80. At 195

81. H.P. Bulmer Ltd & Showerings Ltd v. J. Bollinger SA [1978] RPC 79 per Buckley LJ. In the USA and Germany, for example, the law protects against dilution but it protects the "advertising power of the mark", more simply its reputation in the widest sense if not the mark per se in some cases, and certainly not goodwill

acquires a goodwill of his own in a field distant from the plaintiff's, any wrongdoing will be attributed to him. If he does not do so, and the public bought the goods because of the connection with the plaintiff, passing-off would be established in the first place. In Associated Newspapers Plc v. Insert Media Ltd & Others<sup>81a</sup>, a permanent injunction was granted based, inter alia, on this ground. The defendants used to insert advertising material in the newspapers of the plaintiffs. Mummery J. was satisfied from the evidence presented to him, that the public expected the newspaper to advertise goods of good quality. He held that if the advertisements inserted by the defendants did not comply with the statutory requirements the plaintiffs could be exposed to litigation. The defendants offered an undertaking to include in the material inserted by them a statement that it was not authorised by the plaintiffs, but the learned judge did not accept it. It seems that this case should be interpreted restrictively as indicating no more than the fact that when the plaintiff is the reason why the goods are bought, either directly or through endorsement, the exposure to litigation is an additional consideration. But of course in such cases more traditional heads of damage are also applicable. Indeed, the Court of Appeal<sup>82</sup> found that the parties were "appealing to the same group of customers"<sup>83</sup> and therefore that the danger of damage to the plaintiff's goodwill could be expected. Though the judgment of Mummery J. was generally followed, no specific reference was made to exposure to litigation as a possible head for damage.

In many cases it has been argued by the plaintiffs that they are deprived of the royalties that would otherwise be granted to them, or from the opportunity to grant further licenses themselves, or to develop in the future their business in other fields. In the Henderson case Sugerman J. found that "there is a sufficiently real and tangible risk of damage" under this head, but he was overruled on appeal as far as this aspect of his judgment was concerned. In the "Abba", Oliver J. saw the force of such a submission, but went on to say that<sup>84</sup> he could not see how the plaintiffs would be prevented from

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81a. [1990] 2 ALL ER 815

82. [1991] FSR 380

83. ibid., at 389

84. At 69

extending their business themselves. The learned judge seemed to overlook the fact that since the defendant could use the name without a licence, nobody would ever bother acquiring one. The argument was also not accepted in the "Page Three" case where Slade J. found that no sufficient damage could be made out "merely by reference to some indeterminate intention to enter the market in some future time". In "Stringfellows" the plaintiff could only show a small activity in the field of licensing and the Court of Appeal found that since such a clever and successful businessman as the plaintiff was not involved in this much at the time, it followed that he had no such plans and, accordingly, one should not expect that irreparable damage would occur until the trial. In Merchandising Corporation of America Inc & Another v. Harpbond Ltd & Others<sup>84a</sup> Lawton L.J rejected altogether the argument that the defendant would cause any damage to the goodwill of the plaintiff if he was taken by the public as acting under licence by the plaintiff.

In Alfred Dunhill Ltd. v. Sunoptic S.A<sup>84b</sup> the plaintiffs had not yet got involved in licensing, but they managed to put forward evidence that they were at the stage of negotiations with a considerable response. An injunction was granted. Similarly in "Lego" the loss of licensing opportunities and of the future extension of the plaintiff's business was considered by Falconer J. as a sufficient head of damage. Here also, however, the plaintiffs were already involved in licensing. It should be noted that both cases to which we refer, in which this head of damage was accepted are cases of what would be called "famous marks" and indeed "notorious marks"<sup>85</sup>. Their main feature is that, due to their great distinctiveness in the mind of the public, notorious marks may be associated with goods quite different from those in respect of which they were originally used. Falconer J. in Lego was satisfied that the goodwill of the plaintiff was damaged because the evidence he was presented with proved that people thought that a connection

84a. [1983] FSR 32

84b. [1979] FSR 337

85. John Walker v. Rothmans (Red Label) [1978] FSR 357. One of the most celebrated cases regarding the proposition that no common field of activity is needed in respect of famous trade marks, is Eastman Photographic Materials Co. v. The J. Griffiths Cycle Corporation, Ltd. and The Kodak Cycle Co. Ltd (1898) 15 RPC 105. But it is not at all clear that it does illustrate what it is usually supposed to. The defendants were in the bicycles business and the plaintiffs produced inter alia cameras to be used upon bicycles. The practice of using cameras with bicycles was at the time widespread and it was held by Romer J. that "the evidence shows that between the two trades, the bicycle trade and the camera trade, there is an intimate connection"

between the plaintiff and the defendant existed. As the same judge in the same case observed<sup>86</sup> when interpreting Draper v. Trist<sup>86a</sup>, the existence of a misrepresentation does not guarantee ipso facto the existence of damage. As he put it<sup>87</sup>

"As I understand it, Goddard's LJ's statements in the second and third sentences of the passage cited<sup>88</sup> is therefore not to be read as saying that once the defendant's misrepresentation is established, the law will presume the damage to goodwill necessary to complete the requirements for a cause of action in passing off, otherwise it would be inconsistent with the law as stated in the Advocaat and would have to be regarded as overruled."

Falconer J. though considered that the element of damage was proved by the fact that the plaintiff had no control over the activities of the defendant<sup>88a</sup>. The fact is that goodwill does not necessary extend as far as a reputation does. Furthermore, somebody may believe that a certain product emanates from, or is in some way related with, a producer, but he does not necessary buy that product because of such a relation, but perhaps because he likes its design<sup>89</sup>. This product is bought not because of the goodwill attached to it. Of course this is a question of fact and it depends on each individual case<sup>90</sup>.

The conclusion from the above discussion seems to be that the loss of licensing opportunities can be a successful head of damage, under the specific circumstances of each case. The better known the trade mark is, the higher the possibility for the success of an action becomes. The existence of some activity by the plaintiff in the field of licensing is quite helpful in that respect. If such activity exists, the public may be aware of it and may more easily relate the activities of the defendant to those of the plaintiff. The awareness of the public of the existence of the practice of character merchandising

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86. At 190-1

86a. (1936) 53 RPC 66

87. At 191

88. "But in passing off cases, the true basis of the action is that the passing off by the defendant of his goods as the goods of the plaintiff injures the right of the property in the plaintiff, that right of property being his right to the goodwill of his business. The law assumes or presumes, that if the goodwill of a man's business has been interfered with by the passing off of goods, damage results therefrom. He need not wait to show that damage has resulted, he can bring his action as soon as he can prove the passing off; because it is one of the class of cases in which the law presumes that the plaintiff has suffered damage" Draper v. Trist (1936) 53 RPC 66

88a. See note 80

89. This is the major problem when dealing with character merchandising cases as we shall see

90. The Directive gives to the member states the opportunity [art.5(2)] to include in the Trade Marks Acts a provision according to which the use of famous trade mark even in respect of non-similar goods will be prohibited if such use "takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark". In the White Paper this is adopted in what actually is the same wording (Para.3.17-3.19). Under this reputation rather than goodwill seems to be protected. It remains to see how will this be interpreted if adopted.



(something that in the early cases was denied) will also be of great importance. This will also be helpful in the application of the "American Cyanamid" test in respect of interlocutory injunctions. The plaintiff will be able to show some activity in the general field of character merchandising which could be damaged and thus problems such as those confronting the plaintiff in "Judge Dredd", in which no injunction was granted on the balance of convenience, will perhaps be avoided<sup>90a</sup>.

What seems to be the conclusion is that the element of a common field of activity is not a sine qua non for a successful passing-off action, but the more distant the fields of activity are, the more difficult it becomes to prove that a trade mark has not only a reputation in a specific field, but also a goodwill. Referring to a common field of activity as a sine qua non for establishing passing-off is unhelpful and wrong<sup>91</sup>. Accordingly, **licensing an unregistered trade mark in a distant field depends primarily on whether the goodwill attached to the trade mark extends to that field or not and on whether damage to this goodwill is reasonably foreseeable. That is merely a question of fact.** Greek law on the other hand, **by protecting only the trade mark as an indication of origin and not goodwill**, limits its protection, as in respect of registered trade marks, to use on similar goods<sup>92</sup>. In contrast, a trade name is protected<sup>93</sup> even if the rival trade name is used on different goods in so far as confusion is shown. We have already given a possible explanation of this different attitude of the Greek law and its consequences.

Apart, however, from section 13 the general clause of section 1 may be applicable. As we have seen whereas section 13 protects the ability of a trade mark to indicate a certain source, section 1 has as its object preventing any act done in the course of competition which is contra bona mores. Thus the appropriation of another trader's reputation or business values may well fall within section 1 without contradicting section

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90a. The defendants had already released a single with a song concerning the children's hero featuring in the plaintiff's magazine. An interlocutory injunction would cause them an irreparable damage. See ch.8.2

91. See also J.N.Adams, *Merchandising*, etc, p.46 seq; Kerty, *op.cit.*, Wadlow, *op.cit.*, 166 seq.; D.Young, *Passing Off*, Longman's, London 1989, p.41, proposes that where no fraud is shown a common field of activity must exist.

92. Sec.13(3)

93. Sec.13(1)

13 which protects a different thing.

We have already referred to the conditions that must be fulfilled for the application of section 1. This provision does not apply to all kind of acts that are contra bona mores, but only to those made "with the purpose and in the course of competition". This according to the practice of the courts in Greece<sup>94</sup> and Germany<sup>95</sup> means that a competitive relationship must exist. Recently, however<sup>96</sup>, this requirement seems to be becoming relaxed in Germany in a line of cases concerning famous trade marks<sup>97</sup>. Thus in the "Rolls Royce"<sup>98</sup> case, an advertisement was shown concerning the Jim Beam whisky in which the well known insignia of Rolls Royce, which were registered trade marks in Germany, were used. Two men were shown playing cards in a Rolls Royce and drinking the advertised whisky. An injunction was granted under section 1 to Rolls Royce. In the "Dimple"<sup>99</sup> case the proprietors of the trade mark for whisky succeeded in preventing the defendants from using the trade mark on lighters and cosmetics. In the first case the competitive relationship was established as the defendants were in fact an advertising agency and the court found that they competed with the plaintiffs as they both were interested in the exploitation of the reputation attached to the trade mark. In the second case the court clarified the law, as it was stated in the first case, finding that a competitive relationship will be proved to exist if the action of the defendant is directed at, and is capable of, furthering the economic aims of the defendant to the disadvantage of the plaintiff. Thus the difficulty arising from the fact that the defendant in the first case was an advertising agency was overcome. Using a person's reputation, and thus restricting the possibility that he could exploit his reputation through licensing or otherwise could have

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94. See ch.6.1

95. BGH 1956 GRUR 172 - "Promota"; BGH 1959 GRUR 25 - "Triumph"; BGH 1983 GRUR 582-Tonbandgerat

96. Some trend towards this can be found in older cases also. BGH 1960 GRUR 144-Bambi; BGH 1972 GRUR 553-Statt Blumen ONCO-Kaffee, (1973) IIC 114

97. K.H.Fezer, "Trade Mark Protection Under Unfair Competition Law" (1988) IIC 193; M.Lehmann, "Unfair Use and Damage to the Reputation of Well Known Marks, Names and Indications of Origin in Germany. Some Aspects of Law and Economics" (1986) IIC 746; Liakopoulos, II, p.126; J.Pagenberg, "Protection of Get-Up and Character Merchandising Under German Law" (1988) IIC 457; G.W.Seelig, "Protecting Famous Marks in Germany" [1989] EIPR 158; G.Wurtenberger "Rolex v.Tchibo; Dimple and Rolls-Royce. Recent Decisions of the Federal Supreme Court on the Exploitation of Reputation" [1987] EIPR 239

98. (1984) IIC 240

99. GRUR 1985, 550; (1986) IIC 271

such an effect, and thus, section 1 applied. As it was held by the Supreme Court<sup>1</sup>

**"It is sufficient that the infringer, through its infringing act, actually competes with the affected party in some manner. .... In these cases, the infringing acts form the basis of a competitive relationship in terms of commercial exploitation of the reputation and prestige of the affected product which may satisfy the existing requirements if commercial exploitation of this reputation is possible also on the part of its owner. Whether and how the owner implements such an exploitation is of no consequence; the only prerequisite is that the reputation be so outstanding that its commercially meaningful exploitation is conceivable"**

and in another point of the judgment it was stated that<sup>2</sup>

**"Through his [*the defendant's*] attempt, to exploit this reputation to its own advantage, defendant entered into competition with the second plaintiff, since the latter is likewise a candidate for independent commercial utilization of its mark's reputation - at least potentially which is sufficient - for instance through licence agreements or the like".**

As a result of this interpretation of the law, the defendants were not prevented from using "Dimple" for detergents as it was accepted that the plaintiffs would never try and exploit their reputation in that field.

The above statements also underline some of the points made above. The fact that infringement of section 1 is established the moment the defendant tries to exploit the plaintiff's reputation, makes the test applied here similar to the one applied by the Australian court in the Henderson case. This in turn means that either the test for unfair competition through misappropriation is identical with that in passing off, or that the Henderson case was decided on too wide a basis. The latter seems to be the correct view. In the first case reputation is protected from acts contra bona mores and accordingly the moment such an act is proved, damage to reputation is likely. This damage will be the restriction of the possible commercial utilization of the reputation which will be caused from the misappropriation of that reputation. In passing off, goodwill is protected, and establishing a case of appropriation of reputation will not necessarily lead to damage to the goodwill.

Let us return to the applicability of section 1 of the Unfair Competition Act and the

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1. (1986) IIC 271 at 273

2. At p. 275

German test. Some aspects of the German cases may not be sustainable<sup>3</sup>. The fact, for example, that the court accepted that Rolls Royce was able to prevent the defendants from merely using the status that having a Rolls Royce entails. Even more so the decision in the "Perrier"<sup>3a</sup> case in which the defendants were prohibited from using as a motto for their mineral water the phrase "Un Champagne des Eaux Minerals". Another questionable decision, as far as the application of section 1 is concerned is "BMW"<sup>3b</sup>. In this case the defendants circulated stickers making a joke using the mark of the plaintiffs<sup>4</sup>. The court held that<sup>5</sup>

"The defendant does not use the advertising strength of the reputation of the plaintiff and his products, in order to increase the sales of his own products"

It is quite obvious though<sup>6</sup> that the defendant based his whole defence on the reputation of the plaintiffs. Were they though in competition?

The courts both in Greece and in Germany apply section 1 on a case by case basis. The facts surrounding every case are taken in consideration along with the reasons that led the defendant to do his acts. Knowledge and malicious intention, are helpful, but not always necessary, for an act of competition to be contra bona mores. The interests of the parties concerned, the market generally and that of the public, are to be weighed in each case by the court. As we shall see the Unfair Competition Act protects and weighs conflicting interests in the course of competition, rather than rights (that is apart from section 13)<sup>7</sup>. What the court should have done in the above cases, apart from establishing that the defendants' insignia were used, was to consider how, and in what context they were used, whether the interests of the plaintiffs were indeed harmed, or not and whether

3. The fact that the test seems quite wide led recently the Federal Supreme Court to return to a requirement of a common field of activity ("Salomon" (1992) IIC 274). In doing so, however, the court accepted and applied all the decisions we have already considered. It is submitted that in this particular case the court was very much influenced by the facts of the case, as it made it clear that it was not satisfied with the extent of the reputation of the mark, its appeal was to a particular group of people (skiers) and the fact that it was used by the defendant for goods which interest a different group of people (cigarette smokers)

3a. (1988) IIC 192

3b. (1987) IIC 536

4. They used BMW for the phrase "Bumms Mal Wieder" which means "Make Love Again"

5. At p.539

6. As also G.Bollack and C.F.Friehe, Case Comment, (1987) IIC 542 point out

7. Georgakopoulos, "The Legal Nature of Unfair Competition" CLRev 1954, 120; Liakopoulos, "The Liberty of Free Economic Development etc", op.cit., p. 314 seq

even if they were, the protection of the interest of the public prevailed.

The court in Dimple, based its decision that a competitive relationship existed, on the fact that the defendants prevented the plaintiffs from extending their business by granting licences and using their reputation to endorse products. In doing so the court found that the proprietors of the "Dimple" trade mark for whisky, were prevented by the actions of the defendants from using it on luxury goods. It was rightly found, however, that the plaintiffs never intended to use it for detergents and accordingly did not prohibit the use of the mark by the defendants in respect of such products. According to the court, the plaintiff must be able to show that "commercial exploitation of this reputation is possible on the part of its owner also" In this way, the "Dimple" case limits the protection afforded to the plaintiffs. The proprietor of the famous trade mark "BMW" for cars would be unlikely to grant a licence in respect of stickers making fun of his initials, the proprietor of the trade mark "Lego" for toys would be unlikely to grant a licence for irrigation equipment, but the owner of the copyright in "Snoopy" the dog could certainly be expected to licence the use of his character for plush toys and a wide variety of other goods. An interesting question is what would happen if somebody were to use the plaintiff's mark in respect of goods for which the plaintiff would not grant a licence, yet in an offensive way, as e.g. "Dimple" for a pornographic magazine. In such a case, section 1 will again apply, but under another head. As in the case of untrue negative referential advertising, the defendant would be unlawfully inflicting damage to the plaintiffs reputation. This is per se an act contra bona mores and perhaps also an act falling under section 3 of the Unfair Competition Act.

The decision in "Camel Tours"<sup>7a</sup> is also interesting at this point. The plaintiffs in this case were the proprietors of the trade mark "Camel" for cigarettes and the defendants used the trade name "Camel Tours" for their travel agency. The Supreme Court found that:

"As already stated, when the company designation "Camel Tours" is

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7a. (1988) IIC 695

primarily intended to give travel agents a symbolic reference to the Orient and when, as the appellate court determined, the association to "Camel" cigarettes is secondary, then a violation of fair business practices, in light of the above decisions is not present"<sup>8</sup>

This is a good example of how the use of a trade name must be considered in the context of each case. Furthermore, it makes clear that a secondary reference only may not be enough. This of course may be interpreted in various ways, but it seems that situations such as those which arose in the Rolls-Royce and the Perrier case may be considered as secondary references. In the latter case the court stressed the fact that reference to champagne was in the center of the advertising campaign; yet it was arguably in a manner that did not indicate any intention to compete for the same customers. Mineral water and champagne after all are quite distinguishable.

Some products acquire such a reputation, or become an indication of high status in society, that the name associated with them actually comes to be a part of the public culture. They are related automatically in the minds of the public with every day images, and are used in the same way any other word would be used. If such trade marks are used in this way, section 1 should not apply, as no act against bona mores occurs<sup>9</sup>. Should, for example, the film makers take a licence every time a Rolls Royce is shown or a champagne is opened in a film? It seems highly unlikely. On the other hand if the Rolls Royce trade mark is used for a power boat, despite the absence of a direct competitive relationship, some protection should be given to the plaintiffs.

One could argue that by applying section 1 of the Unfair Competition Act to cases to which the law of trade marks does not extend, we artificially, and contrary to the express will of the legislature, extend the rights that are given through the law of trade marks. Thereby we include in the functions that the law protects not only the origin of goods, but also the advertising power of the mark. Similar arguments are made in respect of other intellectual property rights<sup>10</sup> in the case of which unfair competition may extend

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8. This decision is criticised by J. Pagenberg, "Trade Marks at a Discount-Is Trade Mark Law Effective?" (1988) IIC 639

9. This arguments were specifically rejected in the Perier case

10. Sears Roebuck & Co. v. Stiffel Co. 376 US 225 (1964); Comppco Corp. v. DayBrite Lighting Inc 376 US 234 (964); Moorgate Tobacco Co. Ltd v. Philip Morris Ltd & Another [1985] RPC 219

the protection afforded over the limits that the law in the specific field has set. But is that so? The law accepts that some products, that are recognisable from the insignia they bear, become more known than others. The reputation that they acquire crosses the frontiers set by the specific kind of protection awarded to them and enters other fields. It is then the reputation<sup>11</sup> of the successfully marketed goods that is protected against acts that are contra bona mores and not merely the ability of the trade mark to indicate one source. The same goes for the other parts of the law<sup>12</sup>. In the Perrier case the court held that<sup>13</sup>

"This case law does not extent special statute law protection in contradiction to the purpose of protection of the special statute law. The special statutes protect with regard to signs and marks the owner of those marks against a risk of confusion, but not against activities which involve infringements of different kinds, like the exploitation of business reputation which the owner acquired under the mark or the name".

Similarly in 1985 GRUR 876-Tchibo-Rolex, the get up of the plaintiffs' watches was not as original as it needed to be protected as a design, but it was quite original and well enough known to be protected under unfair competition<sup>14</sup>. This approach can also be seen in a number of cases concerning character merchandising that were brought before the Greek courts. In MPA 15423/77 CLRev 1978,134 the plaintiffs were the owners of the copyright in a fictitious cartoon character, "Popeye". Plush toys of those characters made with the authorisation of the owners of the copyright had been already circulated in Greece, when the defendant started producing similar toys of the characters using other names. A competitive relationship was thus established and the court went on to state that not only copyright, but also section 1 and 13 of the Unfair Competition Act were also infringed. Under virtually the same facts the courts reached the same conclusion concerning "Snoopy"<sup>15</sup>, and "Pique"<sup>16</sup> the mark of the 1986 Football World Cup of Mexico. What was protected in all of these cases by the Unfair Competition Act was not the creativity of the copyright work, but the fact that the characters had acquired a

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11. This is made quite clear in a recent decision of the Federal Supreme Court. "Salomon" (1992) IIC 274

12. Rokas, p.10

13. At 685

14. Section 1 can also be used in order to afford protection in cases in which the conditions for granting a patent do not exist; MPA 11021/75 CLRev 1976, 335. Cf. Drayton Controls (Engineering) Ltd v. Honeywell Control Systems Ltd [1992] FSR 245

15. MPA 6983/80 CLRev 1980, 513, MPT 2809/82 CLRev 1983, 169

16. MPA 8033/86 CLRev 1986, 723

widespread reputation, and the defendants were using it without any authorisation. Unlike the German cases, however, in all of these cases previous use by the plaintiff established the existence of a competitive relationship.

Unfortunately, the Greek courts have not followed the development of the German law. Further protection though can be given to trade names through other parts of the law and namely sections 57, 58 and 59 of Civil Code. As we have seen, it has been recognised in both Greece and Germany that trade names, or generally insignia that are used as identifiers of a legal person, can also be protected through the general provisions of the Civil Code protecting personality<sup>17</sup>.

Section 57 CC provides for the protection of personality in general. The most relevant provision is section 58 CC. That reads as follows:

**"The Right to the Name.** If the right of a person to bear a given name has been challenged by another person or if anyone makes an unlawful use of a given name, the person entitled to the name, or any person who suffers prejudice, may claim the cessation of the offence as also the non-recurrence thereof in the future. A further claim of damage based on the provisions governing unlawful acts, shall not be excluded"

What is interesting about this provision is that neither a competitive relationship nor confusion need to be shown. When considering real persons their right to use their names is based upon the right to their personality, and this constitutes a natural and basic right of a person. No compromise can be made to that. Section 58 CC lays down the condition that "an unlawful use" of the name must be made, for it to apply. This is interpreted extremely widely.

"It can be accepted, that any challenge (*to the right to use the name*) is unlawful, if there is no condition which eliminates the unlawful character of the act"<sup>18</sup>

Such a condition may exist if two persons have the same name. One of them cannot prohibit the use of the name by the other. This would be quite unreasonable. Regarding a trade name, however, its existence must be viewed in the context of free competition. The right that is protected here is the right to promote and identify the fruits of one's labour.

17. "Johanniter", (1992) IIC 407; "University of Heidelberg" (1992) IIC 286

18. I.Karakatsanis, in Georgiadis-Stathopoulos(ed), *Civil Code*, Part I, p. 111



As far as such identification and promotion is not hampered, the natural right of personality is not in any way restricted. If confusion is not shown to exist, no restriction of the use will exist, because no problem of identification will be raised. Section 13(1) is a specific rule of law while section 58 CC is a general clause of law. The specific rule always prevails when in conflict with a general rule. Thus, since section 13(1) provides that the right in the trade name will only be infringed if confusion is created, it follows that use of the trade name without causing confusion cannot be "unlawful" in the context of section 58 CC. What is more, under section 58 CC, the infringer must either be challenging the right of the owner to use the name, or must be trying to identify himself by that name. It follows, regarding trade names, that if the infringer uses a similar trade name, but distinguishes himself, no infringement takes place<sup>19</sup>.

Nevertheless, both the courts and legal commentators<sup>20</sup> in Greece seem to accept that the general provisions protecting personality apply in conjunction with section 13. Thus in PPA 19/1982 LeT 1983, 393 the court, after establishing that neither section 13 nor section 1 of the Unfair Competition Act applied, based its decision on section 58 CC. It prohibited the use of the trade name "Bravo" for a tourist bureau, because of the previous use of the same trade name by a company that was involved in the coffee trade! The existence of section 13(1) of the Unfair Competition Act becomes in this way meaningless. Nevertheless, both in theory and jurisprudence, this seems to be the prevailing opinion at the moment. In addition to this, as the courts use to apply all three provisions together, not only does section 13 become meaningless, but section 1 also. In an earlier decision, PPA 731/77 CLRev 1978, 485, for example, the plaintiffs were the publishers of "Time" magazine. The court held that the defendant, by using for his magazine the title "Time in Greece" (in English), violated section 13, or at any rate section

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19. In "Johanniter", op.cit., at 408 it is held by the Federal Supreme Court that "the use of a name is not unlawful if the manner of this reference does not lead to the conclusion that the defendant's product could in anyway whatsoever be ascribed to the plaintiff by a considerable proportion of the public" In the "BMW" case it was held that "the public recognises that the sticker is not being distributed by the plaintiff" and sec.12 of the German CC did not apply. See also the Rolls-Royce case and "Caterina Valente", 30 BGHZ 7

20. Liakopoulos, op.cit., I, p.160; Rokas, op.cit., p.116. EPEir. 43/88 CLRev 1988, 519 and Note by I.Drilerakis; MPRodou 542/87 CLRev 1988, 527 with Note by N.Farmakidis; PPA 11265/82 CLRev 1983, 182 but in MPA 13115/73 CLRev 1974, 280 and MPHanion 332/75 CLRev 1976, 332 it was held that sec.57-59 CC apply only if there is a vacuum in the law.

1, but it also found it necessary to refer to section 58 CC.

What seems to emerge from the above regarding Greek law as it stands now, is that as far as trade names, and trade marks used as trade names, are concerned, no competitive relationship is needed because neither through section 13 of the Unfair Competition Act, nor through section 58 CC, is such a thing required. But as far as trade marks are concerned, neither section 13 nor section 1 can provide protection. Of course as we have noted the extensive application of section 57-59 CC is questionable. Regarding the protection of famous trade marks, and the extent to which they can be licensed, it is submitted that the protection afforded under the German test may, sometimes, be more extensive than it should be<sup>21</sup>. English law, on the other hand, by protecting goodwill rather than reputation may not always provide sufficient protection<sup>22</sup>. It remains to see how the proposals of the White Paper will apply when if eventually they will become law<sup>23</sup>. In Greece it is proposed that moves should be made towards the adoption of a test similar to the German test under section 1, but with the reservations that are made above. Section 6(2)(c) of PD 317/92 has adopted Article 5(2) of the Directive, providing that a famous trade mark will be infringed even if used in relation to goods dissimilar to those in respect of which the registration was made. It is argued that this is an unfair competition provision which can and should be dealt with through section 1 of the Unfair Competition Act<sup>24</sup>. A Trade Marks Act must prevent the registration of a famous trade mark for dissimilar goods<sup>25</sup>, but the trade mark as an indication of origin cannot be considered infringed if the reputation of the mark is exploited without confusion as to origin being caused.

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21. In Germany, famous trade marks are also protected from dilution through sec.823 and 1004 CC. But for this to apply the mark must be familiar to 70%-80% of the population. In any case, extensive protection of famous trade marks is generally accepted. R.C.Abbett, "AIPPI: Famous Trade Marks" 33 Trademark World 23

22. Section 11 of the Trade Marks Act may be helpful for the owner of a famous trade mark in order to oppose an application for registration: Player's Trade Mark [1965] RPC 363. The defensive registration provision of sec.27 did not prove helpful and will be abolished (Cm 1203, para. 3.19)

23. Para.3.17-3.19

24. Liakopoulos, in Liakopoulos-Psarras, op.cit., p.13 seq. and Psarras, p.42.

25. The provisions regarding registration or expungement serve a wider purpose, as we have seen. That is why a wider class of persons can apply under them.

## **6.4 The Foreign Trader**

Can goodwill generated in another country extend to England without the owner of that goodwill trading there? **Has a licence regarding a foreign trade mark, unregistered in England, any meaning, or can anybody exploit the mark without having to enter any agreement with the licensor?** These are the questions we shall attempt to answer here. The subject is quite important in view of the rapidly growing practice of franchising. In Baskin-Robins Ice Cream Co. v. Gutman<sup>25a</sup> the defendants were to take up a franchise from the US plaintiffs, but instead decided to set up their own business, using the plaintiff's insignia without authorisation. Many of the other cases in which the problem of locality of goodwill was raised concern franchising<sup>26</sup>.

In Greek law the situation is quite clear. Section 23 of the Unfair Competition Act protects a foreign plaintiff, only if it has the main part of his business situated in Greece, or if the principle of reciprocity applies between the countries. But this provision is of very small importance<sup>27</sup>. According to the Greek Constitution, treaties to which Greece is a party, once ratified, overrule Greek domestic law. Accordingly the Paris Convention for the protection of Intellectual Property applies here, and it provides that a subject of a country that is a party to the treaty, must be treated in the same way as a Greek national would be<sup>28</sup>. It is also provided that subjects of states that do not adhere to the treaty must be treated in the same way as Greek subjects are, if they are domiciled or have a real and effective commercial establishment in Greece<sup>29</sup>. Actual damage under Greek law is only needed for an action for damages, not for an injunction. Accordingly for a foreign plaintiff, as for a Greek plaintiff, the question is whether the defendant infringes sections 13 or 1 of the Unfair Competition Act or not.

Regarding English law<sup>29a</sup> the situation is more complicated<sup>30</sup>. In his speech given

25a. [1976] FSR 545

26. Athlete's Foot Marketing Associated Inc. v. Cobra Sports Ltd [1980] RPC 343; Wienerwald Holding AG v. Kwan, Wong, Tan and Fong [1979] FSR 381

27. Kotsiris *op.cit.*, p.47; Liakopoulos, *op.cit.*, I, p.180 & 197; Rokas, *op.cit.*, p.54

28. Art.2 See also MPA 3431/83 CLRev 1983,346; MPA 3033/82 CLRev 1983, 347; MPA 11828/79 CLRev 1980, 326

29. Art. 3

29a. The Convention binds only the Crown. Canadel Trade Mark [1980] RPC 535

in Inland Revenue Commissioners v. Muller's Margarine<sup>30a</sup> Lord Lindley stressed the importance of the locality factor of goodwill<sup>31</sup>.

"Goodwill is inseparable from the business to which it adds value, and, in my opinion, exists were the business is carried on. Such business may be carried on in one place or country or in several, and if in several there may be several businesses each having a goodwill of its own"

What seems to emerge from the above dictum is that an enterprise may have a goodwill in many countries, but that goodwill, **is separate in each country**. A sine qua non for its existence is that the business of the enterprise must be carried in each such country.

Applying these principles in Star Industrial Co. Ltd v. Yap Kwee Kor<sup>32</sup> Lord Diplock stated that the goodwill

"Is local in character and divisible; if the business is carried on in several countries a separate goodwill attaches to it in each"

The same judge gave the one of the two speeches in the "Advocaat" the other being Lord Fraser, who in his formulation as to what consists passing-off, clearly referred to a business and goodwill in England basing this on the Star Industrial case. Lord Diplock in his speech, when defining the group of traders that were joint owners of the goodwill, stated that they were

"All those traders who have supplied and still supply in the English market a product which possesses those recognisable and distinctive qualities"

It follows from the above that a business may have a different, separate goodwill in different countries depending on the business activity that it has in each such country. The question that must now be answered is what kind of business activity will suffice for goodwill to be created in England.

There are a number of cases where the important factor seem to have been some kind of trade in England. In Oertli AG v. Bowman (London) Ltd<sup>33</sup>, the foreign licensor

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30. There is considerable literature on the subject: A.Coleman, "Protection of Foreign Business Names and Marks under the Tort of Passing Off" (1986) Legal Studies 70; T.J.Hoffmann-S.E.Brownstone, "Protection of Trademark Rights Acquired by International Reputation" 71 TMR 1; S.Lane, "Passing Off and the Foreign Plaintiff" [1984] EIPR 279; F.Mostert, "Is Goodwill Territorial or International?" [1989] EIPR 440

30a. [1901] AC 217

31. At 235

32. [1976] FSR 256 at 269

33. [1959] RPC 1. Similar conclusions were reached in older cases. In Panhard et Lavassor v. Panhard Lavassor Motor Co. (1901) 18 RPC 405 the plaintiffs were the French manufacturers of cars and had no place of business in England. Some cars, however, were bought by individuals in

took action against the English licensee who was the only user of the mark in England. Jenkins L.J stated that<sup>34</sup>

"It is essential to the success of any claim in respect of passing off, based on the use of a given mark or get up, that the plaintiff should be able to show that the disputed mark or get up has become by user in this country distinctive of the plaintiff's goods ..."

In Sheraton Corporation of America v. Sheraton Motels Ltd<sup>34a</sup> the plaintiffs were found to own a goodwill in the UK though they had no hotel here on the basis that bookings were made for their hotels overseas. This case was characterised by Oliver L.J in the "Budweiser" case as the high watermark to which the court could reach to accept that some business was conducted in England<sup>35</sup>.

In Alain Bernadin et Compagnie v. Pavilion Properties Ltd<sup>36</sup> the plaintiff was the French owner of a very well known place of entertainment situated in Paris and known as the "Crazy Horse Saloon". The defendants set up a similar business in London, using the same name and circulating advertisements stating "The Crazy Horse Saloon comes to London". The plaintiff took action, but he was not granted an interlocutory injunction. Pennycuik J. basing his decision on "Oertli" accepted the all too obvious fact that the defendant was cashing in on the reputation of the plaintiff, but concluded "with considerable reluctance", that the mere evidence from travellers returning from France, and advertisements, is not enough for the owner to have acquired goodwill in England. That represented reputation and not goodwill. The logic behind this decision is that since a business has separate goodwills in different countries the goodwill in one country is not enough for it to acquire goodwill in another country. If the trade mark, name etc is not actually used in England, then no customers will exist and accordingly no goodwill will be created as goodwill is the attractive force that brings in custom. Accordingly having heard

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France and brought in England and some were bought in France and resold in England. This was enough for the court to find that the plaintiff had a goodwill in England. Similarly in Poiret v. Jules Poiret Ltd and A.F.Nash (1920) 37 RPC 177 the plaintiff was in the business of designing clothes. He also had no place of business in England but had exhibited in London and had customers to whom he sold dresses. A goodwill was found to exist "notwithstanding the fact that he has no place of business here" (Per Laurence J., at 187)

34. [1957] RPC 389 at 397; Approved in the House of Lords [1959] RPC 1

34a. [1964] RPC 202

35. Here was also based Orkin exterminating Co. v. Pestco Co. of Canada Ltd [1985] 19 DLR (4th) 90. See note 39

36. [1967] RPC 581 Amway Corporation v. Eurway International Ltd [1974] RPC 82 followed this. In this case the US plaintiffs had set up a subsidiary in the UK, had acquired premises but had not started trading

of a business, but not being able to buy the goods it provides, merely means that that business has a reputation but no goodwill. In this way all the cases we have reviewed can fall within this formulation as far as some kind of use has been made.

In Baskin Robins Ice Cream v. Gutman a different approach was adopted. Graham J. stated that

"The existence and extent of the goodwill acquired by virtue of a trader's business and reputation seems to me equally to be one of fact. This being so I cannot see how one can properly lay down artificial limits as to the geographical areas over which reputation and goodwill can or cannot extend, nor state rules as to what a trader must or must not do to prove the existence of such reputation, and goodwill."

The learned judge went on to suggest that there are some businesses that have an international nature and accordingly the goodwill connected with them is international instead of divided into many nationally defined goodwills. Though an attempt was made to reconcile these conclusions with those reached in the other cases already examined, this is difficult. What is clearly suggested here is that, contrary to the decision of Lord Lindley, the goodwill of a business does not necessarily stop at the frontiers of a country, but may cross them to without any business activity going on there. The learned judge, however, did not grant the requested interlocutory injunction as he found that the damage that would be caused until the trial to the business of the defendant, would had been more than that to the plaintiffs' business. The same judge had the opportunity to put forward his propositions once more in Maxim's Ltd and Another v. Dye<sup>36a</sup>. In this case the owner of a famous Paris restaurant took action against the English defendant who had to set up a restaurant under the same name in Norwich. Graham J. found that he could not distinguish this case from the "Crazy Horse" case, and basing his judgment on the previous decision and EEC law, found that in both cases the plaintiff had established a protectable goodwill in the UK without having ever had any kind of business activity here.

Another interesting case is the Irish decision in C & A Modes and Another v. C & A (Waterford) Ltd<sup>36b</sup>. The plaintiffs here were an English company operating several

36a. [1977] FSR 365

36b. [1978] FSR 134

retail drapery shops throughout the UK, including Northern Ireland. It was established that many people from the Republic used to visit the plaintiffs' shop in Belfast and buy clothes from there. In addition to this the plaintiffs had a factory in Cork in which a substantial number of people were employed<sup>37</sup>. However, there were no direct sales made in the Republic. Henchy.J observed<sup>38</sup>

"Whether in a particular area a plaintiff has a goodwill which is liable to be damaged by the unlawful competition resulting from passing-off is a question of fact and degree. What has to be established for the success of a plaintiff's claim in an action such as this is that by the business activities - be they by direct selling within the State or otherwise - he has generated within the State a property right in a goodwill which will be violated by passing-off."

Thus according to the learned judge any business activity whether within the state or not, will suffice to generate a goodwill<sup>39</sup>. These views are similar to those of Graham J. in Baskin Robins. He then went on to criticise the "Crazy Horse" case which as we have seen required some kind of previous use within the jurisdiction<sup>40</sup>.

A different approach was adopted in Athletes Foot Marketing Associates Inc. v. Cobra Sports Ltd and Another<sup>41</sup>. The plaintiffs in this case were franchisors in the field of athletes footwear. Although a franchise agreement was to be entered into in the UK, it had never in fact been entered into and no sales were ever made. What is more, the trade name was considered by the learned judge as consisting of everyday words descriptive of the activity of the plaintiffs. In addition to this, the defendants' shops, apart from the name, differed considerably from those of the plaintiffs. The learned judge insisted on the

37. In a somewhat similar manner J.C.Penney Co. Inc. V. Punjabi Nick [1979] FSR 26 the plaintiffs carried no business in Hong-Kong but they were purchasing things for their retail business through a subsidiary of theirs. The court seems to have accepted that a goodwill was generated from that activity of the subsidiary.

38. At p. 138

39. A well known Canadian case is based on C&A Modes and the Sheraton decisions. In Orkin Exterminating Co. v. Pestco Co. of Canada Ltd [1985] 19 DLR (4th) 90 the plaintiff, a US company had never traded in Canada but was well known there, and had customers who bought its products for their property in the US. The court did not follow the definition of goodwill given in IRC v. Muller. It distinguished it on the ground that that was a tax case, but it did not really explain why a different definition should be given in a passing-off case (at 107-8). A tax case simply adopts the definition used in the relevant field, and that was what happened in this case. What is more, no English authority has made such a distinction until now and the House of Lords has many times clearly stated that goodwill is local in nature. More importantly the Canadian court accepted the US definition which reads more as mere reputation (at 108) and referred to "misappropriation" rather than "misrepresentation" (at 111). As we shall see this is unfair competition but not passing off. It is submitted that, as the state of the law is now, in England it cannot be of substantial help. See also Wadlow, op.cit., p.68 - footnote 86

40. We should note once more that many cases at this part of the law and certainly Baskin-Robins, C&A, Maxim's, are decided at the interlocutory stage and have therefore limited authority. American Cyanamid Co. v. Ethicon [1975] AC 396

41. [1980] RPC 343 C.Morcom, "Athletes Foot and Grants-Passing Off Actions by Foreign Traders" [1980] EIPR 169.

difference between reputation gained by advertising, and actual goodwill and stated that the latter cannot exist if no customer exists. In Walton J.'s words<sup>42</sup>

"The position in law appears to be relatively clear. That is to say, it does not matter that the plaintiffs are not at present actually carrying on business in this country, provided that they have customers here. Equally, it is of no moment, if they have no customers here that they have a reputation in the general sense of the word in the country."

The judge stated that the test that was applied in "Crazy Horse", applied also in this case. It seems though that the two tests are not exactly alike. As we have seen that former test required some kind of user of the trade mark, name etc in the UK, while according to the test applied in "Athletes Foot" the existence of customers in the jurisdiction, will suffice. The difference in approach is illustrated by the fact that the learned judge found himself in agreement with the decision in the "C & A Modes" case, where no user in the Republic of Ireland existed. He also found the test in "C & A Modes" in conformity with that applied in "Crazy Horse". He stated that if there had been evidence of customers of the Crazy Horse Saloon, as there had been in the "Sheraton" case, no problem would have existed. In the "C & A" case, however, not only no user in the Republic was required, as it was in "Crazy Horse", but also, as in "Baskin Robins", the existence of customers was not a sine qua non for success. The success in a passing-off action was considered to be a question of fact, of whether through the business activities of the plaintiff, "be they by direct selling within the State or otherwise", a goodwill was established in England. Thus the learned judge in "Athletes Foot" effectively created a new test according to which no user needed to be shown, but customers must exist even if no business exists within the jurisdiction<sup>43</sup>.

Taking into consideration the decisions of the House of Lords and the Privy Council in IRC v. Muller, Star Industrial and the "Advocaat", one is bound to accept that as the law stands now, the test closest to the decisions of the House of Lords is the test applied in the "Crazy Horse", namely, there must be some user in England and customers, for goodwill to exist. If there is no trading here, but only customers, goodwill will not

42. At 357

43. Anheuser Busch v. Budejovicky Budvar [1984] FSR 413 was based on "Athletes Foot". The plaintiffs had no customers in England other than in the US bases. It was held that "the reputation was quite unconnected with either an ability or a willingness to supply" (at 469). See also Taco Bell Pty Ltd v. Taco Co. of Australia Inc (1981) 42 ALR 177; Green v. Broadcasting Corp. of N. Zealand [1989] RPC 469



exist. Lord Lindley's statement in Inland Revenue is quite clear, and this is still treated as the leading case concerning the definition of goodwill. On the other hand this test is certainly **in contrast with modern business practices**.

The notion of goodwill was developed at a time when trade depended on small businesses and mostly was of a fairly localised nature. The goodwill attached to a trade mark may exist in only a part of England<sup>44</sup>. The same trade mark may be connected to a different business in another part of the country. That, of course, cannot mean that the goodwill attached to a trade mark cannot be owned by the same person throughout England, despite the fact that his business is established in London and not in Bristol. This is merely a question of fact. Equally, the goodwill attached to a trade mark in different countries may be owned by different people. This does not necessarily mean that it cannot be owned by the same person. This also is a question of fact. Through advertisements and the modern media, it may be proved that as a matter of fact, the people of a country attribute the goodwill attached to a mark or trade name to somebody in another country. Thus, it can be argued that the plaintiffs in the "Crazy Horse" certainly owned a goodwill here. The defendants advertised themselves by stating that the "Crazy Horse Saloon" was coming to England, and customers would be attracted to the latter's club because of the plaintiff's goodwill. In "Baskin-Robins" the defendants applied for a franchise, obviously relying upon the plaintiffs goodwill, but according to the "Crazy Horse" test we must accept that the plaintiffs had no goodwill. C & A Modes had plenty of customers who travelled to Northern Ireland for their goods, yet again should be treated as just having some vague reputation. "Falcon Travel" is interesting, in which the defendants were well known UK tour operators, with a considerable reputation in Ireland. People from the Republic had regularly used the defendants in the UK. The latter, however, did not have a place of business in the Republic. The plaintiffs operated a travel agency in Ireland under the same name. As soon as the defendants set up a business in

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44. Merchant Banking Co. of London v. Merchants Joint Stock Bank (1878) 9 ChD 560; S. Chivers & Sons v. S. Chivers & Co. Ltd (1900) 17 RPC 420; G. Outram & Co. Ltd v. London Evening Newspapers Co. Ltd (1911) 28 RPC 308; Clock Ltd v. Clock House Hotel Ltd (1936) 53 RPC 269; Brestian v. Try [1958] RPC 161

Ireland, the plaintiffs took action claiming passing-off. No question of fraud or an intention to appropriate the plaintiffs' goodwill was raised. In fact not only was no damage shown, but the opposite seemed to have happened. Confusion existed, but was diminishing, the main fear of the plaintiffs was that they would be taken for the defendants. The defendants were not represented as the plaintiffs, but the opposite. What seems to have happened is that the goodwill attached to the trade mark accrued to the defendants rather than to the plaintiffs! The moment they set up a business in the Republic the customers turned to them. The plaintiffs simply owned no goodwill. There is certainly no question of passing off here. The court though found for the plaintiff considering this as a case of passing off<sup>44a</sup>.

Sometimes the most thin evidence of a trade name being established in a country has been treated as enough, even if it is only days old. In Fletcher Challenge Ltd. v. Fletcher Challenge Pty Ltd.<sup>44b</sup> a new holding company succeeded in an action for passing off, without trading in Australia, as the court considered that the reputation from the amalgamation of companies that led to its creation was enough. Not extensive, but enough.

It emerges from the above that it is unjustifiable to accept that a foreign plaintiff cannot have a goodwill in the UK. Unlike Greek law, however, where damage is not a necessary prerequisite for an injunction to be granted, in English law the problem will be that a foreign trader will not easily be able to show damage to his goodwill in England. Direct loss of customers seems unlikely as he will not have customers. Similarly the possible inferior quality of the defendant's products will cause no damage to the plaintiff's business in England simply because he has no business here. What he will be able to show, if he has never circulated his goods in this country, is loss of customers and damage inflicted in another jurisdiction. This would be the case in "C&A Modes" or "Crazy Horse". Recently, in Tan-Ichi Co. Ltd v.

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44a. Is this a case of inverse passing off? Unlike cases of inverse passing-off, to which we shall refer, the question of appropriation of goodwill was not even raised by the plaintiff. What is more, as we shall see, it is questionable whether what is called inverse passing off is indeed passing off.

44b. [1982] FSR 1. Escanda Ltd v. Escanda Finance Ltd [1984] FSR 96 is similar

Jancar Ltd<sup>45</sup> this was accepted as a possible head of damage. But it generally seems extremely unlikely that the courts should follow this approach. It would be more likely to expect that they will accept that the opportunity of the plaintiff to use his mark in this country will be lost. But this is on itself problematic as extremely speculative. What if the plaintiff never uses the trade mark in England?

The nearest the courts have gone in granting protection for passing off without the goods being circulated or a business set up, is when through the activity of the plaintiff a clear intention to enter the market exists. In My Kinda Bones Ltd v. Dr. Pepper's Stove Ltd<sup>45a</sup> the plaintiffs had embarked in an advertising campaign in order to open a restaurant offering a special kind of American food. The defendants intended to do the same thing, but the plaintiffs took action against them claiming that they should not be allowed to use the words "RIB SHACK". In an application by the defendants to strike out the pleading of the plaintiffs, Slade J. found that the case of the plaintiffs was "arguable" as far as goodwill was concerned, though he had serious doubts if they would succeed on trial, since he found "RIB SHACK" fairly descriptive<sup>46</sup>. This implies that a genuine advertising and marketing campaign, made with the purpose of launching a product, may create goodwill before the goods are circulated<sup>47</sup>. This is what distinguishes these cases from "Athletes Foot", "Budweiser", "Crazy Horse" etc. In the latter, no genuine attempt to create a business or acquire customers in the UK was shown<sup>48</sup>. **This, however, may be**

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45. [1990] FSR 151

45a. [1984] FSR 289

46. This case followed W.H.Allen & Co. v. Brown Watson Ltd [1965] RPC 191 and BBC v. Talbot Motor Co. Ltd [1981] FSR 228, which were similar.

47. As it was held in "Dr Peppers", *ibid.*, at 303 "I think that, on the basis of the "Talbot" decision, it must be arguable that the plaintiffs **already have a goodwill** attached to the name "Chicago Rib Shack", which is entitled to protection under the law of passing off, even though they have not yet opened their restaurant"

48. In Nationwide Building Society v. Nationwide Estate Agents Ltd [1987] FSR 579 a reference to a goodwill "in embryo" was made (at 582). This approach might be very convenient for a foreign plaintiff, but passing off protects only the proprietary right in goodwill. Accordingly if no goodwill exists no arguable case can be suggested to exist. In Elida Gibbs Ltd. v. Colgate-Palmolive Ltd [1983] FSR 95 the court went even further. Goulding J. stated that a quia timet passing-off action may succeed even in respect of a future goodwill. The defendants in this case launched an advertising campaign based on the theme of the advertising campaign that the plaintiffs were to launch. The fact that the campaign had not started yet, indicated that no goodwill existed. The notion of "future goodwill" however can create considerable speculation. An important question is what would happen if the campaign failed and no goodwill was created in relation to the advertising theme? What if the defendant had no idea of the plaintiffs' intentions?. Should they be prevented because of the possibility that at some time in the future a right in the goodwill may be owned by the plaintiffs? Even this case, however, can be distinguished from "Athletes Foot" etc. The future time in "Elida Gibbs" was defined by the fact that the campaign was scheduled and on its way, a definite decision to launch the goods existed. The same thing cannot be said for the plaintiffs in "Athletes Foot".

**important in view of licensing.** It can be argued that under the above approach, **a serious attempt to find a franchisee may constitute a sufficient intention to enter the market.** This means that the plaintiffs in the Baskin Robins case not only had a goodwill, but also had an intention to use as the defendants prior to setting up their own business had attempted to take a franchise but had not agreed on the terms<sup>48a</sup>. In such cases the possible restriction to expansion of their business can certainly be considered a serious damage inflicted to them in England.<sup>49</sup>

If no intention to use exists though, it is not easy to accept that the foreign plaintiff should be protected. The White Paper at para. 3.22, proposes the adoption of Article 6bis of the Paris Convention<sup>50</sup> which provides that the owner of a trade mark famous in the UK will be able to prevent the registration or use of his trade mark here, no matter whether or not his mark is used, provided that he so requests within five years. It would seem inappropriate for the law to prevent any such use by a third person, after this period, if the owner did not intend himself to use the mark or did not find it necessary to object. It should be noted that this proposal refers only to famous trade marks. This indicates that the problem of locality of goodwill is rather a **problem of the existence of national frontiers**. It seems slightly illogical to provide protection in the sense of being able to prevent registration, but not direct protection through passing off, or similar<sup>50a</sup>.

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48a. In Globelegance B.V v. Sarkissian [1974] RPC 603 the plaintiff had allowed the use in England of his name on some clothes to his patterns. But in this way actual, though limited, circulation of goods took place

49. But in this case the foreign trader must take care to be shown always as the owner of the goodwill attached to the mark. See Diehl Trade Mark [1970] RPC 435; cf. Karo Step Trade Mark [1977] RPC 255.

50. As Greek law did with sec.15(1)(h) of the 1939 Act

50a. One possible strategy for a foreign trader without goodwill but some reputation would be to apply for registration (Gaines Animal Foods [1958] RPC 312). A bona fide intention to use would suffice.

## 7. Character Merchandising

Protection for many aspects of character merchandising can mostly be found through copyright and designs law. Not all protection, however, is provided from those branches of the law. Examples are the names of fictional or real characters, titles of books, films etc<sup>1</sup>. In the recent Mirage Studios & Others v. Counter-Feat Clothing Co. Ltd & Another ("Ninja Turtles")<sup>1a</sup> Sir Nicolas Browne-Wilkinson, referring to the question of copyright in the name of a character and in ideas, considered it "an open question". In Greece some protection is given to titles through copyright, but this is very limited and only exists if a title qualifies as a work of the intellect<sup>2</sup>. A detailed consideration of copyright law, however, is outside the scope of this thesis.

Problems related to character merchandising and related to licensing of registered or unregistered marks are the object of considerable discussion. The protection given to the copyright owner through the Trade Marks Act or passing off, is not always considered sufficient for the best possible exploitation of his creation. It is necessary therefore, to discuss these problems here.

### 7.1. Character Merchandising and Registered Trade Marks

It seems that the proposals made in the White Paper, may lead to the abolition of section 28(6) of the 1938 Act. This will be helpful with regard to merchandising. There is still the problem, however, that much merchandising does not involve trade mark use. In Unidoor Ltd v. Marks and Spencer Ltd<sup>2a</sup> Whitford J. expressed his "gravest doubts" on whether the use of the slogan "Coast to Coast", on T-Shirts and other clothing, could be

1. Francis Day v. Twentieth Century Fox [1940] A.C. 112; Landbrooke v. W.Hill [1964] 1 W.L.R. 273; Rose v. Information Services Ltd [1987] F.S.R. 254. See also Adams, *Merchandising etc*, *op.cit.*, p.11; A.Coleman, "The Unauthorised Commercial Exploitation of the Names and Likeness of Real Persons" [1982] E.I.P.R. 189; A.Coleman, "Character Merchandising and Fictitious Characters" [1982] E.I.P.R. 285; Cornish, *op.cit.*, p.269; G.Dworkin-D.Taylor, *Blackstone's Guide to Copyright, Designs and Patents Act 1988*, London 1989, p.21 See Exxon Corporation v. Exxon Insurance Consultants International Ltd. [1981] 2 ALL ER 241

1a. [1991] F.S.R. 145

2. D.Kallinikou, *Jurisprudence in Copyright*, Athens 1986, p.36 seq.; Kotsiris, *Copyright*, Thessaloniki 1986, p.39; G.Koumantos, *Copyright*, Athens 1985, p.128; A.Papakonstantinou, "The title of a work of the intellect and its protection in Greece and elsewhere" LeT 1965, 147 See MPA 13115/73 CLRev 1974, 158; PrA 9052/1957 NL 1957, 551; PrA 20239/63 RIntPlndP 1963, 73; MPA 4526/88 CLRev 1989, 669

2a. [1988] RPC 275

considered as use in a trade mark sense. This, however, was an action for an interlocutory injunction and did not give the opportunity for a detailed consideration of the problem. Such an opportunity was given in Kodiak TM<sup>2b</sup>. The applicants in this case were a Canadian company that used the trade mark "Kodiak" for boots and shoes, made from material other than animal skin. The respondents were the well known manufacturers of photographic material, Eastman Kodak. The respondents had registered their trade mark "Kodak" for clothing including boots and shoes. The applicants applied for the registration in respect of such goods to be cancelled, alleging that no bona fide use of the trade mark had been made. The respondents used the trade mark upon T-shirts that carried the wording "Do it! Use Kodak films and plates". These T-shirts, however, were never circulated in the market with the purpose of making a profit. Their sole purpose was to advertise the respondent's activities in the photographing industry. As the learned judge put it<sup>3</sup>

"But here, as it seems to me, the sole purpose of the legend was to advertise films and plates. It is not a case here of showing the source of the T-shirt, and incidentally advertising the general business of the proprietor: it is a case of primarily advertising the business of the proprietor."

and at another point

"The evidence here shows no true trading in T-shirts. Kodak were not out to make a profit, either directly or indirectly, from their distribution as T-shirts. .... The trading in the T-shirts was not embarked on as an end in itself but for some other more important objective. It is a matter of degree. If the trading was embarked on for itself but embraced a wider objective of advertising other goods, then so be it and that would be a bona fide use for the purposes of paragraph (b), but here the use was for an ulterior purpose."

The problem addressed in this case could arise in relation to use on mugs or glasses, badges or toys. There were two facts emphasized by the judge: the lack of an intention of profit making, and the use of the trade mark not so as to indicate the source that produced the goods, but in order to advertise a different activity. As he stated this is a question of "degree".

Unlike Kodak, however, persons engaged in character or personality

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2b. [1990] FSR 49

3. At 56

merchandising do it with the obvious purpose of making profit. The creators of the "Muppets" for example expected a profit out of the marketing of the plush toys of the characters they had created. Similarly the creators of "Kojak" granted a licence for the manufacture of lollipops with the obvious purpose of profiting out of it. In neither case, however, was their intention to present themselves as involved in the relevant trade. They based their actions on the advertising power of their creations, and people do not purchase the merchandised goods because they originate from the owners of the copyright, but because they bear the name or likeness of the character. A profit is made, yet the name of the character is not used as a trade mark ie as indicating origin. This is a somewhat different attitude from that of the plaintiffs in "Kodiak" who were only interested in advertising their goods. In both cases, however, the name is not used as a trade mark. This does not mean that the name of a well known personality or a character cannot be used as a trade mark. Thus, the name of Fred Perry the tennis player, is successfully used as a trade mark for tennis clothing. Similarly did the name "Bjorn Borg". So it is a question of how the marketing of the goods is done, the intentions of the interested party, the kind of goods etc. What in "Kodiak" was considered a question of degree.

The artificiality of the use of trade marks in many merchandising cases can also be demonstrated from the following. Licensing of trade marks is based on the assumption that the licensor will be interested in maintaining the quality of his goods. In many cases of merchandising activities the question of quality is not raised. The buyer of a badge will not expect it to be of good quality, nor will he buy it primarily because of its quality. Most times the purchase will not be repeated and so the problem of finding goods of the same quality under the same trade mark will not arise. The whole rational of confusion as to origin in trade mark licensing, and quality control, will in most cases be meaningless<sup>4</sup>. As Denicola puts it<sup>5</sup>

"One must wonder how long a search would be required to identify a flesh

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4. R.C.Denicola, "Institutional Publicity Rights: An Analysis of the Merchandising of famous Trade Symbols" 62 North Carolina LR 603 - 75 TMR 41; W.J.Keating, "Promotional Trademark Licensing: A concept whose time has come" 89 Dickinson LR 363; P.E.Mims, "Promotional Goods and the Functionality Doctrine" 63 Texas LR 639

5. Denicola, op.cit., p.47

and blood consumer who actually believes that the General Electric Corporation would manufacture or sponsor tee-shirts on which the GE logo and the words "Genital Electric" appear or who assumes that a coffee mug proclaiming "I Love E.T" is necessarily connected with Universal City Studios Incorporated"

In the USA protection is afforded against use of famous trade symbols for T-shirts<sup>6</sup>, soft goods<sup>7</sup>, etc, but the courts have founded their approach on a variety of bases the most popular of which is "equating recognition (*of the trade symbol*) with confusion"<sup>8</sup>. As a result it has been proposed that in cases of character merchandising the confusion rationale of trade mark protection must be dropped altogether<sup>9</sup>. Keating after suggesting that the courts are stuck with the old requirement of confusion because they do not treat, as they should, a misappropriation of another's trade mark in the same way they treat misappropriation of another's automobile goes on to conclude that<sup>10</sup>

"To require the owner of the trade mark to inaugurate an imaginary quality control program to satisfy legal requirements, constructed by courts in dissimilar situations, is to elevate form over substance. .... The Lanham Act does not specifically forbid trademark licensing without quality control. It merely forbids using the trade mark in a fashion which misrepresents source of goods. In promotional trademark licensing failure of the licensor to maintain quality control of the product by the licensee does not constitute such a misrepresentation. .... The consumer motivation to purchase the product is the purchaser's desire to associate with the trade mark owner"<sup>11</sup>

The above approach in fact seems to propose an alteration of the concept of trade marks. Unauthorised use of the sign constituting a trade mark, at least as the law stands in the UK and Greece, will be prohibited only if confusion as to the origin of the goods which bear it is shown. Unauthorised use of an automobile on the other hand is prohibited ipso facto because property in it is undeniable. Like things are not being compared. In the case of a trade mark it is not the sign which is protected by the law, but only its ability to indicate origin. The comparison should be made between the unauthorised use of an intangible right to use a sign as an indication of origin on the one hand, and the

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6. *General Electric Co. v. Alumpa Coal Co. Inc.* 205 USPQ 1036

7. *Boston Professional Hockey Association v. Reliable Knitting Works* 178 USPQ 274

8. Denicola, *op.cit.*, p. 45

9. Denicola, *op.cit.*, p.44 seq and 80 seq.

10. Keating, *op.cit.*, p. 378

11. At the other end of the spectrum, Mims arrives at the conclusion that a junior user of a trade mark used on similar promotional goods must not be prevented from making such use because this increases the prevalence of the mark in the market and benefits the owner, who also is prevented from having a monopoly. Mims, *op.cit.*, p. 665



automobile on the other. Here, in both cases any unauthorised use would be prohibited. It must be concluded that though the observations as to the artificiality of applying the law of registered trade marks on character merchandising are correct, a solution to the problem should be sought elsewhere.

The actual effect of the "Kodiak" seems to be that a person involved in character merchandising will incur more marketing costs than he had before, in order to establish that he is genuinely interested in the trade in certain kinds of products. The existence of section 28(6), trafficking and the effects of the interpretation made in "Holly Hobbie" makes use of registered trade marks in merchandising more problematic. These have been already discussed in length. We should, however, once more point out that it is proposed in the White Paper that section 28(6) should be repealed<sup>12</sup>.

As far as registered trade marks are concerned, in Greek law<sup>13</sup> an additional problem must be addressed. Though somebody can register a trade mark and use it only through a licensee, unlike section 29(1)(b) of the British Act, he must have a business functioning in the same field. So the owner of the copyright must either participate in a business set up for this purpose or use a manufacturing agent.

## **7.2. Character Merchandising, Goodwill and Unregistered Trade Marks**

In most of the character merchandising cases it is all too obvious that the defendant is cashing in on the plaintiff's reputation, but, as we have seen, it cannot always be proved that as a result of this the plaintiff's goodwill is in any way damaged. In most cases the plaintiffs try to prove that the public purchase lollipops, T-shirts, plush toys etc because they believe that they originate or are somehow connected with the plaintiff. Though a common field of activity is not now considered a sine qua non for a successful passing off

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12. Cm 1203, para. 4.40

13. In Greece an application for the registration of a mark for merchandising only will be prohibited by sec.3(2)(b) and if made deleted following sec.15(1)(a), as made mala fides

action, in cases as the above it is difficult to prove damage to the goodwill<sup>14</sup>. What exactly must a plaintiff prove in a character merchandising case in order to succeed?. Walton J. in Tavener Ruthledge v. Trexapalm "Kojak"<sup>15</sup> referred to three necessary conditions

"... First, that a reference to "Kojakpops" inevitably carried the man in the street back to the person, whoever he was and of course he may not know his identity, who was the owner of the television series; secondly that the owners of the licensing rights automatically included provision for quality control in their agreement and, thirdly, that they all automatically saw that those were carried out."

According to the "Kojak" test in order to establish passing off, the plaintiff must show that the public believes that he is responsible for the quality of the goods, and in fact applies upon the goods quality control. In most cases of character merchandising, however, the goods are bought neither because of their quality nor because of the connection with the owner of the copyright. There is no reason to treat symbols used in character merchandising as indicators of origin because in most cases they are not. The question whether the public believe that the plaintiff, for example an actor, singer etc has anything to do with the T-shirts will in most cases be irrelevant. In many cases one is tempted to believe that the only thing for which the youngsters buy such T-shirts, mugs, or badges etc. is because they are interested in buying something that bears the name of their favourite stars regardless of their quality. They just show their appreciation and feel closer to the star. This is far from believing that their beloved celebrity has something to do with the production, quality etc of the goods.

Nowadays, however, the practice of character merchandising is well known. The public may in some cases require the "authentic" goods<sup>16</sup>. It will not be a question of quality but of authenticity. But a question of authenticity arises only if we deal with goods

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14. Some unsuccessful character or personality merchandising cases because of these reasons were: Conan Doyle v. London Mystery Magazine Ltd ("Sherlock Holmes") (1949) 66 RPC 312; Shaw Brothers (Hong-Kong) Ltd v. Golden Harvest (H.K) Ltd ("Jaws") [1972] RPC 559; Harrison & Starkey v. Polydor Ltd ("Beatles") [1977] FSR 1; "Wombles" [1977] RPC 99; "ABBA" [1977] FSR 62; "Kojak" [1977] RPC 275; "Dallas" [1982] RPC 395; Merchandising Corporation of America Inc. v. Harpboard Ltd [1983] FSR 32; Grundy Television Pty Ltd v. Startrain Ltd ("Neighbours") [1988] FSR 581 But in Television Broadcasts Ltd v. Home Guide Publication Co. [1982] FSR 505 which was similar with the last of the above cases, a court in Hong kong granted an injunction applying "Henderson".

15. [1977] RPC 275 at p.281

16. "Ninja Turtles" [1991] FSR 145 at 159

circulated in the market in comparatively small quantities. In the case of most merchandising the profit is made out of the large quantities that are sold. There is no reason to require the authentic thing if everybody can enter a shop and have it. In very few cases, depending on the kind of the goods, the quantity and the marketing made, will the factor of authenticity be raised<sup>17</sup>, and where it is, it does not have a direct bearing on trade mark use.

In the exceptional cases where the fictional character is indeed used as a trade mark, passing off may be established<sup>18</sup>. As we have seen when discussing registered trade marks and the effect of "Kodiak", the name of a character or a personality may be used as a trade mark, ie as an indicator of origin<sup>19</sup>. It will then be a question of fact in each individual case to determine whether the goodwill of the owner of the copyright extends also to the goods upon which the name of the character is used as a trade mark. There is no problem if a common field of activity exists<sup>20</sup>, but a problem of proving the existence of goodwill and the danger of damage. This, however, will only be the exemption.

Passing off though does not only apply in relation to trade marks. It has a wider field of application<sup>21</sup>. The question is: do we have in cases of character merchandising a misrepresentation capable of damaging the goodwill of the owner of the copyright? The tendency of the courts is to treat cases of character merchandising in the same way as trade marks are treated. This has led discussion to be focused on the question whether the public purchase the goods because of their supposed connection with the copyright owner and his licensee. A simpler question that should be asked, is in most cases ignored. The question is whether the public would buy the goods if they did not have the name of the character on them. The answer in most cases will be no. They purchase such goods because they have the name of the character or the singer on them. The public does not

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17. T-Shirts with the hand written signature a singer would be an example

18. Wadlow, *op.cit.*, p.239 seq.

19. But additional marketing is needed for this and an intention for a more energetic involvement in the trade on the part of the copyright owner will be needed for this. The kind of goods will also be important

20. Shaw Brothers (Hong-Kong) Ltd v. Golden Harvest (Hong-Kong) Ltd [1972] RPC 559

21. "Jif Lemon" [1990] RPC 341

bother about origin, or who is responsible for the quality of the goods, but they buy them because of the character. The attractive force which brings customers back to the owner of the copyright is absent. The unauthorised manufacturer bases his entire activity on the reputation which is attached to the character and which in fact sells the goods. Should he be allowed to make such an unrestricted exploitation of the reputation of the creations or the work of somebody else? **What needs to be protected here is reputation and not goodwill.**

This can also be demonstrated if one considers cases in which the owners of the copyright were successful. The English cases concerning character merchandising, and those concerning famous trade marks, seem to stretch the doctrine of passing-off to its limits though not resulting in the creation of a new tort of unfair competition. In News Corporation v. Rocket "Page Three"<sup>21a</sup> the learned judge drew a distinction between the same song being released as a single, and in an album. The crucial difference for him was that in the latter the title of the song was not on the sleeve of the album. This approach was criticised in IPC v. Black and White "Judge Dredd"<sup>22</sup> case, where it was pointed out that the public would be able to draw any conclusion as to the possible connection of the song with the plaintiffs, through the lyrics of the song. What is more, the lyrics of the song were considered likely to damage the goodwill of the plaintiffs because of their quality, and the fact that they referred to the rather "less exciting" page four of the newspaper. This seems quite fanciful. The reality is that the readers of the specific page would not expect to hear a song of very high standards. To this we should add the fact that the group was quite well known. The bottom line seems to be that the judge arguably "created" a head of damage for the plaintiffs.

Henderson v. Radio Corporation<sup>22a</sup> is very interesting to consider at this point. As we have seen in this case the plaintiffs were ball-room dancers and the defendants made an unauthorised use of a photograph of them in an album of ball-room dancing music.

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21a. [1981] FSR 89

22. [1983] FSR 348

22a. [1969] RPC 218

The Court of Appeal dismissed the head of damage on which the judge in the court of first instance relied, namely that the plaintiffs would lose the opportunity of producing themselves such a record. The injunction was finally granted on different grounds. As Evatt C.J held<sup>23</sup>

"It is true that the coercive power of the court cannot be invoked without proof of damage, but the wrongful appropriation of another's professional or business reputation is an injury in itself, no less, in our opinion, than the appropriation of his goods or money"

The question here is whether the "wrongful appropriation of another's professional or business reputation" can amount to damage to the plaintiffs goodwill. The effect of the defendant's action could have been, as far as the plaintiffs were concerned, beneficial since it was a way of getting more publicity. The goodwill of the plaintiffs, the power to attract more people to their performances, would not be diminished, and it was accepted no real and tangible risk of damage from obstacles to a possible future sponsored record existed. What the defendants used was the plaintiffs reputation, but not their goodwill. Manning J. in the same case stated that<sup>24</sup>

"To meet changes in the manner of conducting commercial enterprises, I would prefer in considering cases of this kind to propound as the test the one to which I have referred above, namely, whether the plaintiff has suffered a financial detriment and such detriment flows from or arises as a result of the defendant's act, rather than to ask whether the defendant's act caused financial loss to the plaintiff"

But the fact is that if passing off can occur without a damage to goodwill then two things could be happening. Either goodwill is not what is protected in a passing-off action, or what is called "passing-off" is in fact something different. At all events, the English courts appear to be accepting a more conservative approach.

Another interesting case is Children's Television Workshop Inc v. Woolworths (NSW) Ltd "Muppets"<sup>25</sup> where Helsham C.J in the course of his judgement made the following point<sup>26</sup>:

"And I ask myself why are those toys put out in just about the same size as

23. At p.235

24. At p.243

25. See also Case Note by Durie, [1981] EIPR 24

26. [1981] RPC 187 at 191

the genuine ones in the plush toy line? ..... Well I believe I know why, I think they are all intended to be representations of the television characters, and could pass as such"

The reasons that led the defendant to embark on the activity against which the plaintiff complained, and the question whether he acted fraudulently or not is quite irrelevant. Fraud or other wrongful intention is not a necessary element of passing-off.<sup>27</sup> In Cadbury-Schweppes Pty. Ltd. v. The Pub Squash Co.Ltd "Pub Squash"<sup>27a</sup> it was accepted that the intention of the defendant was to follow the advertising campaign etc of the plaintiff in order to enter the market but no misrepresentation was proved and the action failed. As it was stated by Powell J.

"The court must be on its guard against finding fraud merely because there has been an imitation of another's goods, get-up, method of trading or trading style"

Helsham C.J, however, went on to say that<sup>28</sup>

"In these circumstances it can be said that the defendants are seeking to cash in on the popularity of the television programme. This does not need to be deliberate; indeed, the defendants deny that this is what was happening;..."

How could somebody "be seeking to cash in the reputation of another person", but do that in a non-deliberate way, however?

The judgment of Pincus J. in Hogan and Anor. v. Koala Dundee Pty. Ltd and Ors.<sup>28a</sup> is very interesting<sup>29</sup>. In this case the plaintiffs had rights connected with the film "Crocodile Dundee", and the defendants had embarked on unauthorised character merchandising<sup>30</sup>. The learned Judge granted an injunction finding that the damage to the plaintiffs was the loss of the royalty that otherwise the defendants would have had to pay to the plaintiffs, but he did not award damages as there was no way to assess the actual damage inflicted. Pincus J. referred to an "**extended passing-off suit**". He did not attempt to prove that the plaintiff had a business in the broadest possible sense, in order to

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27. Cellular Clothing v. Maxton [1899] AC 326; Baume v. Moore [1958] RPC 226

27a. (1981) RPC 429

28. At p.192

28a. [1988] ATPR 40-902

29. A similar approach with this case was made in Fido Dido Inc v. Venture Stores Retailers Pty Ltd 16 IPR 365 (unauthorised use of a fictional character used in advertisements)

30. See also Hogan v. Pacific Dunlop Ltd (1988) ATPR 40-914, upheld on appeal [1990] IPR 398.

include in it character merchandising, as in "Henderson". Instead he said<sup>31</sup>

"The case was argued before me on behalf of the applicants on the assumption that it is possible to bring a passing-off suit in respect of an image, including a name, unconnected with any business at all. That assumption appears to me correct."

This suggests that since a goodwill is connected with a business we are not dealing with goodwill. He went on to say that<sup>32</sup>

"The characteristics of a suit are not necessarily precisely the same as those of the older type; in particular an assignment of a right in a character need not assign any business."

After stating<sup>33</sup> that the essence of the wrong in character merchandising cases is not misrepresentation, but "**wrongful appropriation of a reputation**", he said that<sup>34</sup>

"I would make three comments, then, on the use of the reasoning of the type just discussed. Firstly, it appears to me that **there is a degree of artificiality in deciding image-filching cases like the "Childrens' Television" case on the basis that the vice attacked is misleading the public about licensing arrangements.** Secondly, the point is of special importance in the present case, where it cannot be held either for the purposes of the law of passing-off or under the Trade Practices Act, that the public have been led to think that there is a precisely known kind of commercial connection with Paul Hogan or the film. Thirdly, the process of considering the views of people in the respondents shop as to whether they think there is a licence from the applicants, or that of simply attempting to form an unaided opinion on the subject, involves ascertaining the public views on the state of the law about character advertising, rather than their views on any factual matter. **Those of the public who say that think a licence must be behind the use of "Dundee" and the koala image are guessing as to the law's requirements - and guessing on a point which is a little unsettled.**"

Obviously this dictum departs considerably from the approach in classical cases of passing-off, and is certainly quite far away from the principles laid down in most recent English cases. In fact it is rather "artificial" to consider it as an extended passing-off as the principles of such an action are nearer to those of unfair competition than passing-off<sup>35</sup>. It is rather a different type of action altogether that evolved from passing-off<sup>36</sup>. One could suggest that section 52 of the Australian Trade Practices Act has facilitated this

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31. At 49,711

32. At 49,712

33. At 49,713

34. At 49,713-714

35. A.Terry, "Unfair Competition and the Misappropriation of a Competitor's Trade Values" (1988) MLR 296

36. See also Hutchence & Others v. South Seas Bubble Co. Pty Ltd & Another (1986) 64 ALR 330; 10th Cantanae & Others v. Shoshana Pty Ltd & Another (1987) 79 ALR 299

development.<sup>36a</sup>

The more liberal approach apparent in these Australian cases<sup>37</sup> seems to have been followed by Browne-Wilkinson V-C recently in the "Teenage Mutant Hero Turtles" case<sup>38</sup>. According to the learned judge the plaintiff in a character merchandising case need not show, if a misrepresentation was made, that it was because of that misrepresentation that the public bought the goods of the defendant. As the learned judge put it<sup>39</sup>

"In my judgment, if the misrepresentation is made there is no requirement in law for further evidence to show that the misrepresentation was the cause of the public buying the goods"

Now this observation certainly will, if followed, make things easier for plaintiffs, but it is not easily reconciled with the law of passing-off as it is supposed to stand now. Apparently, any misrepresentation would do, even if the result of this misrepresentation does not damage the attractive force which brings in custom. The necessary consequence of the judge's opinion that passing off is established if people buy the goods no matter whether coming from a source licensed by the plaintiffs or not, is that these people cannot be customers exclusively of the plaintiffs. They are customers of every trader who circulates such goods. What is more, if the public is not interested in the connection of the goods with the plaintiff, but buys the goods irrespective of such connection, not only is the goodwill that the latter supposedly has, not damaged, but also no misrepresentation is made. It follows that as a result of the test applied in the "Ninja Turtles" case, it is not goodwill that will be protected. That passing off protects goodwill was again affirmed in the most recent passing-off case which reached the House of Lords, Reckitt & Colman Products Ltd v. Borden Inc. and Others<sup>39a</sup>.

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36a. See ch.7.3

37. S.C.G.Burley "Passing Off and Character Merchandising: Should England Lean Towards Australia?" [1991] EIPR 227; W.Van Caenegem "Different Approaches to the Protection of Celebrities against Unauthorised Use of their Image in Advertising in Australia, the United States and the Federal Republic of Germany" [1990] EIPR 452 and contrast with G.Hobbs, "Passing Off and the Licensing of Merchandising Rights" [1980] EIPR 47 (Part I) - 79 (Part II)

38. [1991] FSR 145 See also Case Comments by S.Chong-S.M.Maniatis, [1991] EIPR 253, and A.Poulter, 33 Trademark World 36

39. At 159

39a. [1990] RPC 406 at 418



From the above observations two possible conclusions could be drawn: either the views expressed in the "Ninja Turtles" are wrong, or a departure from the law of passing-off, as it now stands, has begun, and under which a reputation rather than the goodwill is to be protected.

### **7.3. Is there an alternative?**

The question which arises from all the above is how could piracy in character merchandising better be prevented. The development of an independent tort of unfair competition seems unlikely. One could expect though from recent English and the Australian cases that an extended tort of passing off may emerge. This may mean nothing less than dropping goodwill as the property protected. The House of Lords, however, does not seem willing to take such a step<sup>40</sup>. Is there an alternative to the above? The White Paper proposes that no separate legislation is needed for character merchandising<sup>41</sup>. A proposal for a sui generis right having a finite life was rightly rejected as it was doubted that merchandisers could be obliged to follow this procedure instead of the one provided by the Trade Marks Act. The Government also concluded that it will be difficult to distinguish between marks used in the course of character merchandising, and marks used both as decorative signs and indications of origin. All these problems, however, can be avoided.

Regarding famous trade marks the Government adopted the Directive and proposes that a new provision must be inserted in the Act according to which the owner of a famous registered trade mark will be entitled to prevent the use of a similar sign if such use "would take unfair advantage of that reputation, or would be detrimental to that reputation or to the distinctive character of the trade mark"<sup>42</sup>. Famous trade symbols, such as used in some merchandising cases, can be protected in the same way as famous trade marks is

40. Spalding v Gamage (1915) RPC 273; Star Industrial [1976] FSR 256; "Advocaat" [1980] RPC 31; "Pub Squash" [1981] RPC 429; "Jif Lemon" [1990] RPC 341

41. Cm 1203 para 4.40 - 4.43

42. Para 3.19

proposed to be protected, if somebody intends to take unfair advantage of their reputation. Through the same provision that refers to trade marks, or through another provision included in the Act, unauthorised character merchandising can be prevented. If the courts decide that there is a reputation to protect from unauthorised use made with the purpose of taking unfair advantage from it, they will be able to act in the same manner they would in respect of famous trade marks. In both cases the wrongdoing prevented is misappropriation of reputation.

In most legal systems the trend is for famous trade marks to be protected irrespective of confusion as to any possible connection with the goods. What happens with famous trade marks in such cases is that they are to an extent separated from the enterprise owning them because they may be commercially dormant in many fields. The owner of such a trade mark cannot have activity in every single field of commercial life, and cannot participate in all markets. It is very questionable whether the factor of "potential exploitation" which the German test lays down exists if for example "Mercedes" is used for flowers<sup>43</sup>. Protection should thus be afforded only in cases that the public somehow connects the famous mark with the goods and the trade mark sends some signals to that effect. On the contrary the reputation of a symbol used in merchandising activities is very active. Not only does it participate in the market but the market is created because - and as a direct result - of that reputation and lives for the usually limited time that the reputation lives. The possibility that a car manufacturer will enter the flower industry seems unlikely. The circulation of merchandise bearing "Snoopy" is expected. The owner of such reputation is entitled to taste its fruits

Regarding Greek law<sup>44</sup>, as the law stands now, a competitive relationship is needed for section 1 to apply. Following this it is very doubtful if the court will be satisfied if the plaintiffs cannot show an existing activity in character merchandising. This

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43. In the Greek case *DDDS 194/84* CLRev 1985, 531 an application for registration of "Mercedes" for flowers was refused in view of the famous trade mark "Mercedes" for cars.

44. Liakopoulos, *General Commercial Law*, Athens 1991, p.106. See also a forthcoming paper by A.Psarras, "The Commercial Exploitation of the Reputation of Persons or Works of the Intellect" in CLRev.

was recently demonstrated in EA 5231/89 CLRev 1991, 537. The owners of the copyright in cartoons did not succeed in an action under section 1 in preventing the use of one of their characters on the container for socks produced by the defendants, because the goods were so dissimilar that no confusion would be created<sup>44a</sup>. But if the plaintiffs are already involved in merchandising the courts seem to be ready to apply section 1<sup>45</sup>.

Sufficient protection can be achieved in cases of personality merchandising in which the name or image of a real person is used. As we have already mentioned protection of the personality of a real person is given through the provisions of sections 57,58 and 59 of the Civil Code. Both the name and the image of a person are of course considered part of his personality. Accordingly, the celebrity is the only person who can allow his photographs to be used<sup>46</sup>. This right, however, being a right to one's own personality, is not transferrable<sup>47</sup> and in turn, a licensee cannot take action under these sections of the Civil Code. The licence would be an agreement between the celebrity and the licensee that the former will not object to the use of his photographs or name, and will prevent its use by another party. The licensee will be able to take action under contract law against the celebrity if he does not act as agreed, but will not be able to take action against a third party. This is up to the celebrity only<sup>48</sup>.

In contrast to the strict competitive relationship requirement of the Greek law, if the German test applied in "Dimple" was to be followed, no problem would exist. The defendant will be exploiting the reputation of the plaintiff, and preventing such exploitation by him, creating therefore a competitive field. The misappropriation of the plaintiff's reputation under section 1 is enough<sup>49</sup>. There are not many decisions in Germany concerning the application of section 1 to personality merchandising. It seems

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44a. They succeeded in their claim for copyright infringement though.

45. MPA 6983/80 CLRev 1981, 513 (Snoopy); MPA 15423/77 CLRev 1978, 134 (Popey)

46. The White Paper seems to be moving to the same direction. It is stated at para. 3.13 that "as allowed by Article 4(4)(c) of the Directive, there will be power to refuse to register a trade mark which, without permission, makes use of the name or representation of a real person"

47. I.Karakatsanis, in Georgiades- Stathopoulos etc, op.cit., p.105

48. G.Koumantos, "Note on MPA 1330/85" Armenopoulos 1985, 134

49. J.Pagenberg "Protection of Get-Up and Character Merchandising in German Law" (1987) IIC 457

though that no problem should exist<sup>50</sup>. Generally speaking famous real persons, will not be faced with similar problems concerning the need for a competitive relationship because the celebrity will, through the machinery of the Civil Code, be able to prevent the use of his image and name and be compensated for any unauthorised use.

Finally regarding registered trade marks, apart from the observations made in respect of UK law and which apply also here<sup>51</sup>, an additional problem was raised by section 3(1)(f). This provided that trade marks containing names and pictures of third parties would not be registered even if these parties consented. This did not prevent a person registering his name and then licensing it. The former provision was included so that the public would not be confused into believing that a personality had something to do with the qualities of products<sup>52</sup>. As we have seen in merchandising this will usually not be the case. In any case this provision was not very much used. PD 317/92, following Article 4(4)(c) of the Directive<sup>53</sup>, abolished this provision<sup>54</sup>.

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50. Gaenegem, *op.cit.*, p.457

51. Sec.1 protects only origin. Sections 3(2) and 15(1)(h) prohibit or if made cancel, any registration made in bad faith, and registration for use other than as origin indicators will be in bad faith

52. PDDS 191/73 CLRev 1974, 179. Name of football player on clothes

53. According to which the use of a trade mark may fail if a previous right in a name or personal portrayal exists. This obviously seems to mean that if consent to such use exists, no problem will arise.

54. Sec.2

## 8. Passing off and Unfair Competition: Conclusion

We have examined the differences between the law of passing off in England and the law of unfair competition in Greece. These doctrines do not only provide the machinery for the protection of unregistered trade marks, but also set the limits of such protection and accordingly the limits within which an unregistered trade mark can be licensed. We have seen how, through the German test, Greek law can expand towards allowing extensive exploitation of the reputation of a mark through licensing. The tort of passing off in theory cannot be of great help in cases such as the exploitation of famous trade marks through licensing, character merchandising etc. It seems therefore that **our obvious next step, given also that this is a comparative paper, should be to examine why the two legal systems differ and what are the reasons for the reluctance of English law to develop a new tort of unfair competition**, bearing in mind, the fact that most European countries have a law of Unfair Competition.

### 8.1 Is a tort of unfair competition developing?

We have seen that in the recent "Ninja Turtles" case the court, following in effect the views expressed in some Australian cases, formulated a test for passing off which reads more like unfair competition. This was a character merchandising case, but it is not the only one in which the test applied for passing off not only extends, but arguably exceeds, the limits of the tort.

Another example is provided by cases of "inverse passing off". In Bristol Conservatories Ltd v. Conservatories Custom Built Ltd<sup>1</sup> the Court of Appeal attempted to bring the practice that is known as "inverse passing-off" within the limits of the law of passing-off. Inverse passing off is supposed to exist when the defendant instead of presenting his goods as those of the plaintiff presents the plaintiffs' goods as his own<sup>1a</sup>. The defendants in this case used photographs of the plaintiffs' conservatories to sell their

1. [1989] RPC 455

1a. Wadlow, *op.cit.*, p.259 seq.

own conservatories. The question here is whether the plaintiffs' goodwill is in any way damaged. The court found that it was. As Gibson L.J put it, the customers, when seeing the photographs, would think that<sup>2</sup>

"The conservatories shown in the photographs indicate the skill, experience and reputation of the party who designed and made them. That party is Custom Built Ltd. But of course, it was not."

Accordingly, in the learned judge's opinion the goodwill was attached to the plaintiffs as it was their conservatories that the customers chose, and their skill that they admired. In the Oertli v. Bowman<sup>2a</sup> case the public bought goods because of the skill and quality of the foreign manufacturers, but thought that the skill was that of the defendants to whom they attributed the goodwill or, to put it in another way, who they considered as the source responsible for the goods and to whom they were carried back due to the goodwill connected to the trade mark. Let us now address the following question. If the customers decided to buy another conservatory, or wanted to direct somebody else to buy a conservatory, where would they go? Of course to the defendant, since they did not even know that the design was that of the plaintiffs. It seems that they would be pleased with the design of the plaintiffs, but would attribute it, as the customers in "Oertli" did, to the defendant. The attractive force attached to the goods will carry the customers back to the defendants. The plaintiffs are certainly damaged from such an activity, but is that damage inflicted to their goodwill<sup>3</sup>?

The learned judge should have applied the following test: a) is there a misrepresentation? Yes there is; b) is this misrepresentation material i.e is the goodwill of the plaintiffs damaged? Do the public intend to buy these goods, with the specific quality or design for which they consider that the plaintiff is responsible, because they somehow attribute them to the plaintiffs? The answer is no! As in "Oertli", they intend to buy the

2. At p.462

2a [1959] RPC 1

3. This seems to have been accepted in Plomien Fuel Economiser Ltd v. National School of Salesmanship Ltd (1943) 60 RPC 263 (tests for the plaintiffs' economisers presented as tests for the defendants' economisers) but in Copydex Ltd v. Noso Products Ltd (1952) 69 RPC 38 it was doubted (the goods of the defendants advertised as those of the plaintiff-"as shown on TV"). In Bullivant v. Wright (1897) 13 TLR 201 (the defendant advertising the plaintiffs' work as his) an injunction was granted **by analogy** to passing off. In Cambridge University Tutorial Press v. University Tutorial Press (1928) 45 RPC 335 (defendants' publications presented as edition for the examinations) and Serville v. Constance [1954] 1 WLR 487 (defendant presenting himself as the boxing champion of Trinidad) no injunction was granted.

goods with that specific quality of design, but they consider the defendants responsible for the goods. They buy them because they consider that they emanate from the defendants, the source from where they, themselves bought those goods. Otherwise the defendant's trick would have failed. The action of the defendant, irrespective of reputation and goodwill is contra bona mores, but this is not sufficient for protection to be afforded under the tort of passing off and the notion of goodwill is once more not only stretched to its limits, but beyond those limits. **Inverse passing-off is not passing-off, but it is unfair competition.** The plaintiffs have lost a sale due to the defendant's fraudulent activity, but the plaintiffs' goodwill is not at all involved, in the traditional passing off sense.

Despite the trend towards unfair competition, apparent in Australia, in Moorgate Tobacco Co. Ltd v. Philip Morris Ltd<sup>3a</sup>, an Australian case, a tort of unfair competition was not recognised. In the recent Parma Ham case<sup>3b</sup> a return to the principles of passing off laid down before Advocaat is urged. In Kaye v. Robertson and Another<sup>3c</sup> the Court of Appeal in a brief reference to passing off interpreted "trader" for the purposes of passing off so restrictively as not to include the plaintiff, who was an actor. This will certainly be a considerable set-back to personality merchandising.

The tort of unfair competition is far from established in English law. Following the first wine case, Bollinger v. Costa Brava Wine Co. Ltd<sup>3d</sup> it was suggested by Cross J. in Vine Products v. Mackenzie<sup>3e</sup> that a move towards the unmapped area of unfair competition was occurring. This suggestion was disposed off by Higgins J. in Shaw Bros (H.K) Ltd v. Golden Harvest (H.K) Ltd<sup>3f</sup> who found that the decision in the "wine cases" fell directly within passing off and accordingly no new tort was being established. As we have seen this has been the attitude of the courts thereafter and certainly this was the attitude of the court in the "Advocaat". In Cadbury-Schweppes Pty. Ltd v. The Pub

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3a. [1985] RPC 219

3b. Consorzio Del Prosciutto Di Parma v. Marks & Spencer Plc [1991] RPC 351

3c. [1991] FSR 62

3d. [1961] RPC 116

3e. [1969] RPC 1

3f. [1972] RPC 559

Squash Co. Ltd<sup>3g</sup> the Privy Council passed over the opportunity to develop a tort of unfair competition. The question is why is it so difficult for the English law to accept such a tort.

Not all common law jurisdictions reject the tort of unfair competition. In International News Service v. The Associated Press<sup>3h</sup> Associated Press gathered and sent to the USA news from the First World War in Europe. International News Services bribed employees working in the newspapers that were operating with Associated to give them the news items before publication and they then telegraphed them to their own clients. They also induced some of the clients of Associated to provide them with such news items, or copied early editions. The items were not copyrighted. The majority hold that a tort had been committed by the defendants. Under Greek and German law this would be a classical case of unfair competition. In "Information Services"<sup>3i</sup> the plaintiffs published newsletters for the construction industry. The defendants reproduced such information in their publications. The Supreme Court held that<sup>4</sup>

".... the systematic identical reproduction of the plaintiff's achievements was dishonest within the meaning of sec.1 of the Act Against Unfair Competition. .... The defendant's action systematically deprived the plaintiff of the fruits of its labour, which should justly accrue to it."

That is what the US court held also in "International News". As Mr. Justice Pitney put it

"Stripped of all disguises, the process amounts to an unauthorized interference with the normal operation of the complainant's legitimate business precisely at the point where the profit is to be reaped, in order to direct a material portion of the profit from those who have earned it to those who have not; with special advantage to defendant in the competition because of the fact that it is not burdened with any part of the expenses of gathering the news. The transaction speaks of itself and a court of equity ought not to hesitate long in characterizing it as unfair competition in business".

Two judges dissented. The first of them Mr. Justice Holmes, treated the case as one of inverse passing off. He found that in so far as no legislation existed the statement by the defendants that the news were supplied by the plaintiffs would be enough to avoid committing this wrong. As the learned judge put it "a suitable acknowledgement of source

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3g. [1981] RPC 429

3h. 248 US 215 (1918)

3i. (1989) IIC 905

4. At p.908



is all that the plaintiff can require". The second judge, Brandeis J., found that common law could provide no protection. In the words of the learned judge "there is in defendant's purpose nothing on which to base a claim for relief". Regarding the treatment of the problem through additional legislation also Brandeis J. found it extremely difficult,

"Legislators might conclude that it was impossible to put an end to the obvious injustice involved in such appropriation of news, without opening the door to other evils, greater than that sought to be remedied"

Which were those evils according to the learned judge?

It seems that what the learned judge feared was that the plaintiff, if successful, would in fact be granted a monopoly on the news concerning the war. But this fear was met by Pitney J. who in delivering the decision of the court stated that

"It is to be observed that the view we adopt does not amount in giving the complainant the right to monopolize either the gathering or the distribution of the news, or, without complying with the copyright Act, to prevent the production of its news articles; but only postpones participation by complainant's competitor in the processes of distribution and reproduction of news that it has not gathered, and only to the extent necessary to prevent that competitor from reaping the fruits of complainant's efforts and expenditure, to the partial exclusion of complainant, and in violation of the principle that underlies the maxim sic utere tuo, etc."

What emerges from the above is that no restriction was put upon the people's access to the news<sup>5</sup>. If the defendants were engaged in the same activity they would also be able to bring such news to their customers. Instead they preferred the convenience of using the plaintiffs' items. It is this activity that the court prevented, and not the actual access to the news. No monopoly was granted and fair competition was safeguarded<sup>6</sup>.

Two later decisions criticised<sup>7</sup> "International News Services". The first was Sears, Roebuck and Co. v. Stiffel Co.<sup>7a</sup> and the other Compco Corp. v. Day-Brite Lighting Inc<sup>7b</sup>. In both the fear expressed by the Supreme Court was that the monopolies granted by patents would be extended through unfair competition. We have already seen how the law of unfair competition deals with the problem. As far as Greek law is concerned if the get-

5. See how the German Supreme Court dealt with a similar problem in "Information Services", op.cit.

6. As to the relation of free competition and unfair competition see Drysdale-Silverleaf, op.cit., p.4 and also Cornish, op.cit., p.15 seq.

7. But see Goldstein v. California 412 US 546 and Kewanee v. Bicon, 416 US 470

7a. 376 US 225 (1964)

7b. 376 US 234 (1964)

up of the product has become a distinctive sign of the goods of the plaintiff, and established in the market as such, then section 13(3) will apply. What is protected is the ability that the design has acquired to indicate one source<sup>8</sup>. The same would be the case in German law, under section 25 of the Trade Marks Act, which provides for the protection of unregistered trade marks, get-up, the shape of objects etc<sup>9</sup>. Section 1 of the Unfair Competition Act, as we have seen, will only apply if the object has acquired a reputation and the defendant is trying to make use of such reputation in a manner that is contra bona mores<sup>10</sup>. Therefore, not in all cases where an unpatentable article is marketed will it be protected under section 1. It must previously have acquired the necessary reputation and the defendant must be acting contra bona mores. As it is observed by Professor Rokas<sup>11</sup>

"The imitation of the fruits of the work of another person is basically allowed. Imitating of itself is not enough usually for section 1 to be applied"

Thus the defendant in the "Pub Squash" case, by simply following the ideas of the plaintiffs in advertising and presenting their product, arguably did not act contra bona mores. Under either legal system, the defendant "does no wrong by entering a market created by another and there competing with its creator"<sup>12</sup>. Similarly the plaintiffs in Harrods Ltd v. Schwartz-Sackin & Co.Ltd<sup>12a</sup> would not succeed under section 1. The act of the plaintiffs merely in stating the truth that they had previously operated the art department of Harrods, would certainly not be contra bona mores. The plaintiffs, however, in Judge Dredd, Wombles etc would all have succeeded. The defendants here based their whole activity on taking advantage of the plaintiffs' reputation. Thus the fear that the courts may have in England that they may grant a vague and uncertain monopoly is somewhat exaggerated. The term "bona mores" is reasonably defined.

What is more, as far as the Unfair Competition Act is concerned, no right and

8. In MPA 4465/91 CLRev1991, 345 the defendants were prohibited from using the shape of a toy produced by the plaintiffs. (Lego)

9. G.Schricker "Protection of Unregistered Marks and Get-Up in the Federal Republic of Germany" (1980) IIC 615

10. "Perier" (1988) IIC 192

11. Rokas, op. cit., p.54 and see "Salomon" (1992) IIC 274

12. "Pub Squash", op. cit., at 491. In this context the statement made by Lahore (Lahore, "The Pub Squash Case: Legal Theft or Free Competition?" [1981] EIPR 54 at 55) that "theft is sanctified it seems provided there is no significant deception or confusion" is rather exaggerated.

12a. [1986] FSR 490

certainly no right of property in a wide concept of reputation, is granted. The Act does not grant rights, it just regulates interests<sup>13</sup>. The Greek constitution establishes that any person has the freedom to act for his economic development. Free trade and competition within it is a "natural situation". It is not a right that needs to be recognised by the law. In the course of that "natural situation", and the freedom of economic development, different persons have different and conflicting interests. The unfair competition law regulates such interests and ensures that practices that are contrary to morality will not prevail. The framework within which competition is allowed is laid down<sup>14</sup>. In fact not only the competitor, but also the Chambers of Commerce, can take action in order to maintain bona mores in the trade, as this is to the interest of the market generally. In fact some writers<sup>15</sup> have gone as far as to suggest that the consumers should be protected directly<sup>16</sup>, though this seems unlikely at least as far as Greece is concerned<sup>17</sup>.

Another argument that may be brought forward against the adoption of a tort of unfair competition in England is that the courts cannot intervene and impose their will over the will of the elected Parliament which has chosen to grant monopolies only in specific cases<sup>18</sup>. As Dawson J. put it in Moorgate Tobacco Co. Ltd v. Philip Morris Ltd<sup>18a</sup>

"The existence of such an action is inconsistent with the established limits of the traditional and statutory causes of action which are available to a trader in respect of damage caused or threatened by a competitor. Those limits, which define the boundary between the area of untrammelled competition, increasingly reflect what the responsible Parliament or Parliaments have determined to be appropriate balance between competing claims and policies"

Perhaps a solution could be found through legislation<sup>19</sup>. In Australia section 52 of the Trade Practices Act 1975 serves a similar purpose. This provision can provide

13. The only exemption to this is sec.13

14. Liakopoulos, *The Right of Free Economic Development etc*, *op.cit.*, p. See also for a similar approach P.Burns, "Unfair Competition: A Compelling Need Unmet" [1981] EIPR 311

15. Alexandridou, *op.cit.*, p.155 seq.

16. In Germany Associations of Consumers have such right; sec.13(3)

17. Rokas, *op.cit.*, p.22 & 38

18. P.Burns, *op.cit.*,

18a. [1985] RPC 219 at 238

19. Development in EEC law in this field is rather slow; F.K.Beier, "The Law of Unfair Competition in the EEC - Its Development and Present Status" (1985) IIC 139; G.Scricker, "The Efforts Towards Harmonization of the Law of Unfair Competition in the EEC" (1973) IIC 201; E.Ulmer, "Unfair Competition Law in the EEC" (1973) IIC. The Paris Convention in art.10bis refers to unfair competition but as we have seen binds only the Crown.

protection to a plaintiff without the need for him to establish a goodwill, and an injunction can be granted without any loss being demonstrated<sup>20</sup>. But actual confusion or deception needs to be shown, something not always necessary under section 1 of the Unfair Competition Act<sup>21</sup>. In the same manner, section 4(1)(b) of the Trade Mark Act 1938 regulates comparative advertising as a case of trade mark infringement, whereas it is quite clear that the function of a trade mark as indicating origin, suffers no damage from such an activity. On the contrary this is a classical case of misappropriation of a competitors reputation and business values. Section 27 of the same act protects famous trade marks through defensive registration. What is more, it is proposed in the White Paper that famous trade marks should be protected from any use intending to take "unfair advantage" of their reputation. It is also submitted in this paper that character merchandising could also be regulated in a similar manner. Thus, by dealing separately with such problems the fear of the generality of "bona mores" provisions is avoided. Alternatively a provision similar to the Australian section 52 of the Trade Descriptions Act might be adopted<sup>21a</sup>.

## **8.2 Unfair Competition and Interlocutory Injunctions**

We have referred to the fact that most cases concerning passing-off stop at the interlocutory stage. We shall refer in this section to the principles governing interlocutory injunctions. These principles are set out in American Cyanamid Co. v. Ethicon Ltd<sup>21b</sup>. The first object of the plaintiff is to demonstrate that "there is a serious question to be tried". Neither a prima facie case need be shown, nor will the court decide "difficult questions of law which call for detailed argument and mature consideration". This requirement, together with the fact that many passing off cases do not go further, has led to the suggestion that a more detailed discussion of the merits of a case should be made at this stage.

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20. J.Duxbury, "Ninja Turtles versus Crocodile Dundee - A Comparison of Australian and English Approaches to Unfair Competition" [1991] EIPR 426; A.Booy, "A Half - Way House for Unfair Competition in the UK. - A Practitioner's Plea" [1991] EIPR 439

21. Chase Manhattan Overseas Corp. v. Chase Corp (1986) ATPR 40-661

21a. See note 20

21b. [1975] AC 376

In "Athletes Foot" the court referring to American Cyanamid stated that<sup>22</sup>

"... it is not possible to apply the general procedure of that case in precisely the same manner as in other cases. The reason is simple: the decision on the motion, whichever way it goes, profoundly affects the rights of the parties in a way which cannot easily be undone if at the trial a different result is reached. .... It has therefore been clearly recognised that in the present type of case it is necessary to consider rather more than in the usual case the strength of the plaintiff's case in law"<sup>23</sup>

This approach followed a dictum to the same effect by Lord Diplock in NWL v. Woods<sup>23a</sup>. In the more recent Cambridge Nutrition Ltd v. BBC<sup>23b</sup> it was stated in a similar manner that "no principles of universal application" are contained in American Cyanamid, and "it must never be used as a rule of thumb, let alone as a straitjacket". Recently, however, in County Sound plc v. Ocean Sound Ltd<sup>23c</sup> the Court of Appeal stated that "it has long been recognised at first instance and in this court that the American Cyanamid principles apply as much to passing off cases as to any other"<sup>24</sup>

In passing off the court, in order to decide whether "a serious question to be tried" exists, will have to answer the question whether, as a result of confusion or otherwise, damage will be inflicted to the goodwill of the plaintiff. This of course is the core question even in a mature consideration of the case. Accordingly, unavoidably the court will enter into a lengthier discussion of the problem<sup>25</sup>. This means that if the plaintiff in this first stage is unable to demonstrate that damage is going to be inflicted to his goodwill, the court need not go any further since no "serious question to be tried" will exist<sup>26</sup>. Establishing damage to goodwill of course is the greatest problem in cases involving famous trade marks, character merchandising etc in respect of which the discussion concerning unfair competition is mostly made. Under unfair competition, it is

22. Athletes Foot Marketing Associates v. Cobra Sports [1980] RPC 343 at 348-9. See also dictum by Sir Nicolas Browne Wilkinson VC in Nationwide Building Society v. Nationwide Estate Agents Ltd [1987] FSR 579 at 585

23. See also Alfred Dunhill Ltd v. Sunoptic SA [1979] FSR 337, a famous trade mark case; Parnass/Pelly v. Hodges [1982] FSR 329; Boots Co. Ltd v. Approved Prescriptions Services Ltd [1988] FSR 45

23a. [1979] 1 WLR 1294 at 1306

23b. [1990] 3 ALL ER 523

23c. [1991] FSR 367 at 372

24. Elan Digital Systems v. Elan Computers Ltd [1984] FSR 373, points towards the same direction

25. C. Wadlow, *The Law of Passing Off*, p. 443

26. Harrison & Starkey v. Polydor Ltd [1977] FSR 1; Politechnica Ipari Szovetkezet v. Dallas Print Transfers [1982] FSR 529; Mothercare v. Penguin Books Ltd [1988] RPC 113

reputation rather than goodwill that is protected, and a court may have considerable reservations in deciding that a "serious question to be tried" exists, because of the fact that reputation is a vague concept and one difficult to establish by evidence.

If the first obstacle is overcome, the court will next have to determine whether in the event that the plaintiff succeeds at the trial, damages would be an adequate remedy and the defendant will be in a position to pay them. No injunction will be granted if these questions are answered in the affirmative. The need to establish damage to the goodwill is one of the reasons why passing off until now has not developed so as to include unfair competition. We have seen how it is extremely difficult in many cases to find damage to goodwill. What is more important, in cases of unauthorised use of the mark in distant fields or in character merchandising such damage is not easily quantified. If, however, the plaintiff is already involved in licensing he may use the loss of possible licensees as a head of damage. While this may be helpful in cases involving franchising and character merchandising it will not always be helpful in cases of famous trade marks that are used in distant fields and where no extensive licensing takes place<sup>27</sup>. On the other hand, the defendant in cases of character merchandising, famous trade marks etc, is usually a relatively small company which will not only be unable to pay in the event of losing, but will also in many cases be driven out of the market. These observations apply also in respect of the possibility that the plaintiff undertakes to compensate the defendant. The extent of damage will be difficult to establish and in any case it would be difficult to compensate a defendant who finds himself out of business.

Finally the judge will have to decide the balance of convenience and maintaining the status quo. This usually functions in favour of the plaintiff. That is if he had acted immediately and the defendant has not set up a business. But this will not usually be the case in character merchandising and famous trade marks cases. In the words of Megary V-C in Metric Resources Corporation V. Leasemetrix

" ..... it may well be that the true status quo ante bellum is the state of

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27. Stringfellow v. McCain Foods Ltd [1984] FSR 175

affairs which existed before the act which constitutes the casus belli, unless hostilities are delayed so long that the act becomes part of the status quo"<sup>28</sup>.

Where all the above factors are balanced, the relative strength of the cases of the parties must be considered. Obviously at this point a far more detailed consideration than that made at the first stage will be made. Thus, if the plaintiffs surpass all difficulties of proving damage to their goodwill, they further have to prove that damage to reputation falls within the scope of passing-off. In Mirage Studios v. Counter-Feat [1991] FSR 145 Browne-Wilkinson VC reached this point and as we have already seen his conclusions went beyond the limits of passing off though this was not stated by the learned judge himself who considered that he was applying the test formulated in "Advocaat".

What emerges from the above is that the problem is not only how a doctrine of unfair competition can be embodied in English law but also whether it will be of any substantive help as long as the principles governing the grant of interlocutory injunctions do not change dramatically, and of course there is no indication that they will change in such a drastic and dramatic manner. A permanent injunction moreover may come too late.

Similar problems will not exist in Greek law when an application for provisional measures against unfair competition is made. In Greece, the law at this point is not interested in keeping the situation stable until the trial, but in preventing additional harm being caused<sup>29</sup>. Therefore, the judge enters into the merits of the case without having to establish a "complete legal conviction", but simply examining whether it is probable to expect the plaintiff to succeed<sup>30</sup>. An undertaking may be imposed to the plaintiff to give a financial guarantee to the defendant and if the plaintiff fails to do so the provisional measures fall<sup>31</sup>. The plaintiff may even be granted a mandatory interlocutory injunction<sup>32</sup>,

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28. [1979] FSR 571 at 582. The defendant may have already set up a business in a field where the plaintiff has no business. Similarly a foreign plaintiff may have not traded in England yet whereas the defendant has already set up a business. "Kojak" [1977] RPC 275; "Wombles" [1977] RPC 79; "Judge Dredd" [1983] FSR 348; Baskin Robins Ice-Cream v. Gutman [1976] FSR 545; HOME BOX OFFICE Inc v. CHANNEL 5 HOME BOX OFFICE Ltd (1982) FSR 489

29. Sec. 682 CCP seq.

30. Sec. 690(1) CCP. See Ramos, op.cit., p.728; G.Mitsopoulos, *Probability in Civil Procedure*, Athens 1983; P. Gifras, *Provisional Measures*, Athens 1985, p. 51 seq.

31. Sec. 694 CCP. In England, an unsuccessful plaintiff may have to pay damages to an enjoined defendant

32. Sec. 731 CCP

something not usual in England and which demands "a high degree of assurance"<sup>33</sup>.

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33. Leisure Data v. Bell [1988] FSR 367. And see D.Bean, *Injunctions*, London 1991



## 9. Conclusions

Regarding registered trade marks, in both legal systems the origin theory is followed and, therefore, the discussion of whether licensing is allowed and the extent to which it is allowed is based on this. The developments in the EC seem to adopt the same principles. Both the Directive and the Draft Regulation for a Community Trade Mark follow the same philosophy, namely the source theory. Therefore, no major changes regarding the principles of trade marks law, and accordingly the basis of licensing, should be expected as a result of EC law in either country.

The law in the UK, as developed by the courts, is more liberal in accepting unregistered licensing of registered marks. On the other hand, the unjustified and legally wrong restrictive interpretation of the necessary connection in the course of trade and of trafficking imposes strict limits to the extent to which licensing is allowed. Greek law certainly safeguards more appropriately the licensee's interests, given the ability of the licensee to take action under the doctrinally questionable provision for a licence to register.

Future developments in both systems could be similar. This could be expected, to some extent, because of the Directive. It is crucial, however, to remember that the Directive sets out general principles within which considerably different approaches can be adopted. In both legal systems, the proposals made do not seem to go as far as they could, and perhaps one might argue should go. This is more so in respect of Greek law. PD 317/92 has lost the opportunity to introduce some important changes and bring Greek law nearer to commercial reality. It is submitted that registration should not be considered a necessary precondition for licensing. The parties though should have the ability to request the opinion of the Registrar, but a licence no matter whether approved by the Registrar or not should be treated in the same way. It is also submitted that legal transparency can be achieved through a simple notification, the failure to make it being subject to a fine. A licence which is not notified will have effect vis - vis a third party only if it chooses, or if it knew of the licence. Finally regarding Greek law, the licence to

register the trade mark must be dropped. In both systems the licensee should be allowed to take action whenever the licensor consents and the agreement does not provide differently.

Regarding unregistered trade marks the law differs considerably. Thus, in both systems licensing is allowed, but the extent to which it is allowed is not the same. The law of passing off provides a somewhat limited protection and thereby restricts licensing possibilities. The same goes for Greek law following the restrictive interpretation given to section 1 of the Unfair Competition Act. It is submitted that under the German test, section 1 would be more appropriate and would serve in a better way the needs of modern economic reality. Despite this, as the test is at present, more extensive protection than necessary might be afforded in such cases as licensing of famous trade marks. The possibility that an independent tort of unfair competition will emerge in the UK seems unlikely due to the cautiousness of the courts towards a doctrine that is considered vague and unsettled. Problems regarding licensing of famous trade marks may be dealt with through the new Trade Marks Act if the proposal of the White Paper is adopted. It is submitted that in a similar manner the law should deal with character merchandising, since neither the Trade Marks Act nor passing-off seems to be the appropriate tool. Finally in respect of a foreign trader, serious attempts to find a licensee in the UK may be considered enough for the purposes of an action for passing off and serving an injunction, but a plaintiff might have difficulty in proving it has suffered damage.

## APPENDIX 1

## TRADE MARKS ACT 1938

## REGISTRATION, INFRINGEMENT AND OTHER SUBSTANTIVE PROVISIONS

*The register***Register of trade marks etc.**

1.- (1) *There shall continue to be kept at the Patent Office for the purposes of this Act the record called the register of trade marks, wherein shall be entered all registered trade marks with the names, addresses and descriptions of their proprietors, notifications of assignments and transmissions, the names, addresses and descriptions of all registered users, disclaimers, conditions, limitations, and such other matters relating to registered trade marks as may be prescribed.*

(2) *The register shall continue to be divided into two parts called respectively Part A and Part B.*

(3) *The register shall at all convenient times be open to the inspection of the public, subject to such regulations as may be prescribed.*

(4) *The register shall be kept under the control and management of the Comptroller-General of Patents, Designs and Trade Marks, who is in this Act referred to as "the Registrar".*

1.- (1) The Comptroller-General of Patents, Designs and Trade Marks (in this Act referred to as "the Registrar") shall maintain the register of trade marks, in which shall be entered-

- (a) all registered trade marks with the names and addresses of their proprietors;
- (b) notifications of assignments and transmissions;
- (c) the names and addresses of all registered users;
- (d) disclaimers, conditions and limitations; and
- (e) such other matters relating to registered trade marks as may be prescribed.

(2) The register shall continue to be divided into two parts called respectively Part A and Part B.

(3) The register need not be kept in documentary form.

(4) Subject to any rules under this Act, the public shall have a right to inspect the register at the Patent Office at all convenient times.

(5) Any person who applies for a certified copy of an entry in the register or a certified extract from the register shall be entitled to obtain such a copy or extract on payment of a fee prescribed in relation to certified copies and extracts; and the rules may provide that any person who applies for an uncertified copy or extract shall be entitled to such a copy or extract on payment of a fee prescribed in relation to uncertified copies and extracts.

(6) Applications under subsection (5) above or rules made by virtue of that subsection shall be made in such manner as may be prescribed.

(7) In relation to any portion of the register kept otherwise than in documentary form-

- (a) the right of inspection conferred by subsection (4) above is a right to inspect the material on the register; and
- (b) the right to a copy or extract conferred by subsection (5) above or the rules is a right to a copy or extract in a form in which it can be taken away and in which it is visible and legible.

(8) A certificate purporting to be signed by the Registrar and certifying that any entry which he is authorised by this Act or rules to make has or has not been made, or that any other thing which he is so authorised to do has or has not been done, shall be prima facie evidence, and in Scotland shall be sufficient evidence, of the matters so certified.

(9) A copy of an entry in the register or an extract from the register which is supplied under subsection (5) above and purports to be a certified copy of certified extract shall, subject to subsection (10) below, be admitted in evidence without further proof and without production of any original; and in Scotland such evidence shall be sufficient evidence.

(10) In the application of this section to England and Wales nothing in it shall be taken as detracting from section 69 or 70 of the Police and Criminal Evidence Act 1984 or any provision made by virtue of either of them.

(11) In this section "certified copy" and "certified extract" mean a copy and extract certified by the Registrar and sealed with the seal of the Patent Office. Section replaced by 1986 Act, Sched.

*Effect of registration and the action for infringement.*

**No action for infringement of unregistered trade mark.**

2. No person shall be entitled to institute any proceedings to prevent, or to recover damages for, the infringement of an unregistered trade mark, but nothing in this Act shall be deemed to affect rights of action against any person for passing-off or the remedies in respect thereof.

**Registration to be in respect of particular goods**

3. A trade mark must be registered in respect of particular goods or classes of goods, and any question arising as to the class within which any goods fall shall be determined by the Registrar, whose decision shall be final.

**Right given by registration in Part A, and infringement thereof.**

4.-(1) Subject to the provisions of this section, and of sections seven and eight of this Act, the registration (whether before or after the commencement of this Act) of a person in Part A of the register as proprietor of a trade mark (other than a certification trade mark) in respect of any goods shall, if valid, give or be deemed to have given to that person the exclusive right to the use of the trade mark in relation to those goods and, without prejudice to the generality of the foregoing words, that right shall be deemed to be infringed by any person who, not being the proprietor of the trade mark or a registered user thereof using by way of the permitted use, uses in the course of trade a mark identical with or nearly resembling it, in relation to any goods in respect of which it is registered, and in such manner as to render the use of the mark likely to be taken either-

(a) as being used as a trade mark; or

(b) in a case in which the use is use upon goods or in physical relation thereto or in an advertising circular or other advertisement issued to the public, as importing a reference to some person having the right either as proprietor or as registered user to use the trade mark or to goods with which such a person as aforesaid is connected in the course of trade.

(2) The right to the use of a trade mark given by registration as aforesaid shall be subject to any conditions or limitations entered on the register, and shall not be deemed to be infringed by the use of any such mark as aforesaid in any mode, in relation to goods to be sold or otherwise traded in any place, in relation to goods to be exported to any market, or in any other circumstances, to which, having regard to any such limitations, the registration does not extend.

(3) The right to the use of a trade mark given by registration as aforesaid shall not be deemed to be infringed by the use of any such mark as aforesaid by any person-

(a) in relation to goods connected in the course of trade with the proprietor or a registered user of the trade mark if, as to those goods or a bulk of which they form part, the proprietor or the registered user conforming to the permitted use had applied the trade mark and has not subsequently removed or obliterated it, or has at any time expressly or impliedly consented to the use of the trade mark; or

(b) in relation to goods adapted to form part of, or to be accessory to, other goods in relation to which the trade mark has been used without infringement of the right given as aforesaid or might for the time being be so used, if the use of the mark is reasonably necessary in order to indicate that the goods are so adapted and neither the purpose nor the effect of the use of the mark is to indicate otherwise than in accordance with the fact a connection in the course of trade between any person and the goods.

(4) The use of a registered trade mark, being one of two or more registered trade marks that are identical or nearly resemble each other, in exercise of the right to the use of that trade mark given by registration as aforesaid, shall not be deemed to be an infringement of the right so given to the use of any other of those trade marks.

### **Right given by registration in Part B, and infringement thereof**

5.-(1) Except as provided by subsection (2) of this section, the registration (whether before or after the commencement of this Act) of a person in Part B of the register as proprietor of a trade mark in respect of any goods shall, if valid, give or be deemed to have given to that person the like right in relation to those goods as if the registration had been in Part A of the register, and the provisions of the last foregoing section shall have effect in like manner in relation to a trade mark registered in Part B of the register as they have effect in relation to a trade mark registered in Part A of the register.

(2) In any action for infringement of the right to the use of a trade mark given by registration as aforesaid in Part B of the register, otherwise than by an act that is deemed to be an infringement by virtue of the next succeeding section, no injunction or other relief shall be granted to the plaintiff if the defendant establishes to the satisfaction of the court that the use of which the plaintiff complains is not likely to deceive or cause confusion or to be taken as indicating a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the trade mark.

### **Infringement by breach of certain restrictions**

6.-(1) Where, by a contract in writing made with the proprietor or a registered user of a registered trade mark, a purchaser or owner of goods enters into an obligation to the effect that he will not do, in relation to the goods, an act to which this section applies, any person who, being the owner for the time being of the goods and having notice of the obligation, does that act, or authorises it to be done, in relation to the goods, in the course of trade or with a view to any dealing therewith in the course of trade shall be deemed thereby to infringe the right to the use of the trade mark given by the registration thereof, unless that person became the owner of the goods by purchase for money or money's worth in good faith before receiving notice of the obligation or by virtue of a title derived through another who so became the owner thereof.

(2) The acts to which this section applies are-

- (a) the application of the trade mark upon the goods after they have suffered alteration in any manner specified in the contract as respects their state or condition, get-up or packing;
- (b) in a case in which the trade mark is upon the goods, the alteration, part removal or part obliteration thereof;
- (c) in a case in which the trade mark is upon the goods, and there is also thereon other matter, being matter indicating a connection in the course of trade between the proprietor or registered user and the goods, the removal or obliteration, whether wholly or partly, of the trade mark unless that other matter is wholly removed or obliterated;
- (d) in a case in which the trade mark is upon the goods, the application of any other trade mark to the goods;
- (e) in a case in which the trade mark is upon the goods, the addition to the goods of any other matter in writing that is likely to injure the reputation of the trade mark.

(3) In this section references in relation to any goods to the proprietor, to a registered use, and to the registration of a trade mark shall be construed, respectively, as references to the proprietor in whose name the trade mark is registered, to a registered user who is registered, and to the registration of the trade mark, in respect of those goods, and the expression "upon" includes in relation to any goods a reference to physical relation thereto.

### **Saving for vested rights**

7. Nothing in this Act shall entitle the proprietor or a registered user of a registered trade mark to interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it in relation to goods in relation to which that person or a predecessor in title of his has continuously used that trade mark from a date anterior-

- (a) to the use of the first-mentioned trade mark in relation to those goods by the proprietor or a predecessor in title of his; or
- (b) to the registration of the first-mentioned trade mark in respect of those goods in the name of the proprietor or a predecessor in title of his; whichever is the earlier, or to object (on such use being proved) to that person being put on the register for that identical or nearly

resembling trade mark in respect of those goods under subsection (2) of section twelve of this Act.

**Saving for use of name, address, or description of goods.**

**8.** No registration of a trade mark shall interfere with-

- (a) any bona fide use by a person of his own name or of the name of his place of business, or of the name, or of the name of the place of business, of any of his predecessors in business; or
- (b) the use by any person of any bona fide description of the character or quality of his goods, not being a description that would be likely to be taken as importing any such reference as is mentioned in paragraph (b) of subsection (1) of section four, or in paragraph (b) of subsection (3) of section thirty-seven, of this Act.

*Registrability and validity of registration*

**Distinctiveness requisite for registration in Part A**

**9.**-(1) In order for a trade mark (other than a certification trade mark) to be registrable in Part A of the register, it must contain or consist of at least one of the following essential particulars:

- (a) the name of a company, individual, or firm, represented in a special or particular manner;
- (b) the signature of the applicant for registration or some predecessor in his business;
- (c) an invented word or invented words;
- (d) a word or words having no direct reference to the character or quality of the goods, and not being according to its ordinary signification a geographical name or a surname;
- (e) any other distinctive mark, but a name, signature, or word or words, other than such as fall within the descriptions in the foregoing paragraphs (a), (b), (c) and (d), shall not be registrable under the provisions of this paragraph except upon evidence of its distinctiveness.

(2) For the purposes of this section "distinctive" means adapted, in relation to the goods in respect of which a trade mark is registered or proposed to be registered, to distinguish goods with which the proprietor of the trade mark is or may be connected in the course of trade from goods in the case of which no such connection subsists, either generally or, where the trade mark is registered or proposed to be registered subject to limitations, in relation to use within the extent of the registration.

(3) In determining whether a trade mark is adapted to distinguish as aforesaid the tribunal may have regard to the extent to which-

- (a) the trade mark is inherently adapted to distinguish as aforesaid; and
- (b) by reason of the use of the trade mark or of any other circumstances, the trade mark is in fact adapted to distinguish as aforesaid.

**Capability of distinguishing requisite for registration in Part B.**

**10.**-(1) In order for a trade mark to be registrable in Part B of the register it must be capable, in relation to the goods in respect of which it is registered or proposed to be registered, of distinguishing goods with which the proprietor of the trade mark is or may be connected in the course of trade from goods in the case of which no such connection subsists, either generally or, where the trade mark is registered or proposed to be registered subject to limitations, in relation to use within the extent of the registration.

(2) In determining whether a trade mark is capable of distinguishing as aforesaid the tribunal may have regard to the extent to which-

- (a) the trade mark is inherently capable of distinguishing as aforesaid; and
- (b) by reason of the use of the trade mark or of any other circumstances, the trade mark is in fact capable of distinguishing as aforesaid.

(3) A trade mark may be registered in Part B notwithstanding any registration in Part A in the name of the same proprietor of the same trade mark or any part or parts thereof.

**Prohibition of registration of deceptive, etc., matter**

11. It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design.

**Prohibition of registration of identical and resembling trade marks**

12.-(1) Subject to the provisions of subsection (2) of this section, no trade mark shall be registered in respect of any goods or description of goods that is identical with or nearly resembles a mark belonging to a different proprietor and already on the register in respect of-

- (a) the same goods,
- (b) the same description of goods, or
- (c) services or a description of services which are associated with those goods or goods of that description.

(2) In case of honest concurrent use, or of other special circumstances which in the opinion to the Court or the Registrar make it proper so to do, the Court or the Registrar may permit the registration by more than one proprietor in respect of-

- (a) the same goods,
- (b) the same description of goods or
- (c) goods and services or descriptions of goods and services which are associated with each other, of marks that are identical or nearly resemble each other, subject to such conditions and limitations, if any, as the Court or Registrar, as the case may be, may think it right to impose.

(3) Where separate applications are made by different persons to be registered as proprietors respectively of marks that are identical or nearly resemble each other, in respect of-

- (a) the same goods,
- (b) the same description of goods, or
- (c) goods and services or descriptions of goods and services which are associated with each other, the Registrar may refuse to register any of them until their rights have been determined by the Court, or have been settled by agreement in a manner approved by him or on an appeal (which may be brought either to the Board of Trade or to the Court at the option of the appellant) by the Board or the Court, as the case may be.

**Registration in Part A to be conclusive as to validity after seven years**

13.-(1) In all legal proceedings relating to a trade mark registered in Part A of the register (including applications under section thirty-two of this Act) the original registration in Part A of the register of the trade mark shall, after the expiration of seven years from the date of that registration, be taken to be valid in all respects, unless-

- (a) that registration was obtained by fraud, or
- (b) the trade mark affends against the provisions of section eleven of this Act.

(2) Nothing in subsection (1) of section five of this Act shall be construed as making applicable to a trade mark, as being a trade mark registered in Part B of the register, the foregoing provisions of this section relating to a trade mark registered in Part A of the register.

**Registration subject to disclaimer**

14. If a trade mark-

- (a) contains any part not separately registered by the proprietor as a trade mark; or
- (b) contains matter common to the trade or otherwise of a non-distinctive character; the Registrar or the Board of Trade or the Court, in deciding whether the trade mark shall be entered or shall remain on the register, may require, as a condition of its being on the register,-
  - (i) that the proprietor shall disclaim any right to the exclusive use of any part of the trade mark; or to the exclusive use of all or any portion of any such matter as aforesaid, to the exclusive use of which the tribunal holds him not to be entitled; or

- (ii) that the proprietor shall make such other disclaimer as the tribunal may consider necessary for the purpose of defining his rights under the registration: Provided that no disclaimer on the register shall affect any rights of the proprietor of a trade mark except such as arise out of the registration of the trade mark in respect of which the disclaimer is made.

#### **Words used as name or description of an article or substance**

15.-(1) The registration of a trade mark shall not be deemed to have become invalid by reason only of any use, after the date of registration, of a word or words which the trade mark contains, or of which it consists, as the name or description of an article or substance:

Provided that, if it is proved either-

- (a) that there is a well-known and established use of the word or words as the name or description of the article or substance by a person or persons carrying on a trade therein, not being use in relation to goods connected in the course of trade with the proprietor or a registered user of the trade mark or (in the case of a certification trade mark) goods certified by the proprietor; or
- (b) that the article or substance was formerly manufactured under a patent (being a patent in force on, or granted after, the twenty-third day of December nineteen hundred and nineteen), that a period of two years or more after the cesser of the patent has elapsed, and that the word or words is or are the only practicable name or description of the article or substance; the provisions of the next succeeding subsection shall have effect.

(2) Where the facts mentioned in paragraph (a) or (b) of the proviso to the foregoing subsection are proved with respect to any word or words, then-

- (a) if the trade mark consists solely of that word or those words, the registration of the trade mark, so far as regards registration in respect of the article or substance in question or of any goods of the same description, shall be deemed for the purposes of section thirty-two of this Act to be an entry wrongly remaining on the register;
- (b) if the trade mark contains that word or those words and other matter, the Court or the Registrar, in deciding whether the trade mark shall remain on the register, so far as regards registration in respect of the article or substance in question and of any goods of the same description, may in case of a decision in favour of its remaining on the register require as a condition thereof that the proprietor shall disclaim any right to the exclusive use in relation to that article or substance and any goods of the same description of that word or those words, so, however, that no disclaimer on the register shall affect any rights of the proprietor of a trade mark except such as arise out of the registration of the trade mark in respect of which the disclaimer is made; and
- (c) for the purposes of any other legal proceedings relating to the trade mark,-
- (i) if the trade mark consists solely of that word or those words, all rights of the proprietor, whether under the common law or by registration, to the exclusive use of the trade mark in relation to the article or substance in question or to any goods of the same description, or
- (ii) if the trade mark contains that word or those words and other matter, all such rights of the proprietor to the exclusive use of that word or those words in such relation as aforesaid, shall be deemed to have ceased on the date at which the use mentioned in paragraph (a) of the proviso to the foregoing subsection first became well known and established, or at the expiration of the period of two years mentioned in paragraph (b) of that proviso.

(3) No word which is the commonly used and accepted name of any single chemical element or single chemical compound, as distinguished from a mixture, shall be registered as a trade mark in respect of a chemical substance or preparation, and any such registration in force at the commencement of this Act or thereafter shall, notwithstanding anything in section thirteen of this Act, be deemed for the purposes of section thirty-two of this Act to be an entry made in the register without sufficient cause, or an entry wrongly remaining on the register, as the circumstances may require:

Provided that the foregoing provisions of this subsection shall not have effect in relation to a word which is used to denote only a brand or make of the element or compound as made by the



proprietor or a registered user of the trade mark, as distinguished from the element or compound as made by others, and in association with a suitable name or description open to the public use.

**Effect of limitation as to colour, and of absence thereof**

16. A trade mark may be limited in whole or in part to one or more specified colours, and in any such case the fact that it is so limited shall be taken into consideration by any tribunal having to decide on the distinctive character of the trade mark.

If and so far as a trade mark is registered without limitation of colour, it shall be deemed to be registered for all colours.

*Procedure for, and duration of, registration*

**Application for registration**

17.-(1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him who is desirous of registering it must apply in writing to the Registrar in the prescribed manner for registration either in Part A or in Part B of the register.

(2) Subject to the provisions of this Act, the Registrar may refuse the application, or may accept it absolutely or subject to such amendments, conditions or limitations, if any, as he may think right.

(3) In the case of an application for registration of a trade mark (other than a certification trade mark) in Part A of the register, the Registrar may, if the applicant is willing, instead of refusing the application, treat it as an application for registration in Part B and deal with the application accordingly.

(4) In the case of a refusal or conditional acceptance, the Registrar shall, if required by the applicant, state in writing the grounds of his decision and the materials used by him in arriving thereat, and the decision shall be subject to appeal to the Board of Trade or to the court at the option of the applicant.

(5) An appeal under this section shall be made in the prescribed manner, and on the appeal the tribunal shall, if required, hear the applicant and the Registrar, and shall make an order determining whether, and subject to what amendments, modifications, conditions or limitations, if any, the application is to be accepted.

(6) Appeals under this section shall be heard on the materials stated as aforesaid by the Registrar, and no further grounds of objection to the acceptance of the application shall be allowed to be taken by the Registrar, other than those so stated as aforesaid by him, except by leave of the tribunal hearing the appeal. Where any further grounds of objection are taken, the applicant shall be entitled to withdraw his application without payment of costs on giving notice as prescribed.

(7) The Registrar or the Board of Trade or the Court, as the case may be, may at any time, whether before or after acceptance, correct any error in or in connection with the application, or may permit the applicant to amend his application upon such terms as the Registrar or the Board of Trade or the Court, as the case may be, may think fit.

**Opposition to registration**

18.-(1) When an application for registration of a trade mark has been accepted, whether absolutely or subject to conditions or limitations, the Registrar shall, as soon as may be after acceptance, cause the application as accepted to be advertised in the prescribed manner, and the advertisement shall set forth all conditions and limitations subject to which the application has been accepted:

Provided that the Registrar may cause an application to be advertised before acceptance if it is made under paragraph (e) of subsection (1) of section nine of this Act, or in any other case where it appears to him that it is expedient by reason of any exceptional circumstances so to do, and where an application has been so advertised the Registrar may, if he thinks fit, advertise it again when it has been accepted but shall not be bound so to do.

(2) Any person may, within the prescribed time from the date of the advertisement of an application, give notice to the Registrar of opposition to the registration.

(3) The notice shall be given in writing in the prescribed manner, and shall include a statement of the grounds of opposition.

(4) The Registrar shall send a copy of the notice to the applicant, and within the prescribed time after receipt thereof the applicant shall send to the Registrar, in the prescribed manner, a counter-statement of the grounds on which he relies for his application, and, if he does not do so, he shall be deemed to have abandoned his application.

(5) If the applicant sends such a counter-statement as aforesaid, the Registrar shall furnish a copy thereof to the persons giving notice of opposition, and shall, after hearing the parties, if so required, and considering the evidence, decide whether, and subject to what conditions or limitations, if any, registration is to be permitted.

(6) The decision of the Registrar shall be subject to appeal to the Court.

(7) An appeal under this section shall be made in the prescribed manner, and on the appeal the Court shall, if required, hear the parties and the Registrar, and shall make an order determining whether, and subject to what conditions or limitations, if any, registration is to be permitted.

(8) On the hearing of an appeal under this section any party may, either in the manner prescribed or by special leave of the Court, bring forward further material for the consideration of the Court.

(9) On an appeal under this section no further grounds of objection to the registration of a trade mark shall be allowed to be taken by the opponent or the Registrar, other than those so stated as aforesaid by the opponent, except by leave of the Court. Where any further grounds of objection are taken, the applicant shall be entitled to withdraw his application without payment of the costs of the opponent on giving notice as prescribed.

(10) On an appeal under this section the Court may, after hearing the Registrar, permit the trade mark proposed to be registered to be modified in any manner not substantially affecting the identity thereof, but in any such case the trade mark as so modified shall be advertised in the prescribed manner before being registered.

(11) If a person giving notice of opposition or an applicant sending a counter-statement after receipt of a copy of such a notice, or an appellant neither resides nor carries on business in the United Kingdom, the tribunal may require him to give security for costs of the proceedings before the tribunal relative to the opposition or to the appeal, as the case may be, and in default of such security being duly given may treat the opposition or application, or the appeal, as the case may be, as abandoned.

### **Registration**

**19.**-(1) When an application for registration of a trade mark in Part A or in Part B of the register has been accepted and either-

(a) the application has not been opposed and the time for notice of opposition has expired, or

(b) the application has been opposed and the opposition has been decided in favour of the applicant,

the Registrar shall, unless the application has been accepted in error or unless the Board of Trade otherwise direct, register the trade mark in Part A or Part B, as the case may be, and the trade mark when registered shall be registered **subject to section 39A(2) below** as of the date of the application for registration, and that date shall be deemed for the purposes of this Act to be the date of registration:

(2) On the registration of a trade mark the Registrar shall issue to the applicant a certificate in the prescribed form of the registration thereof sealed with the seal of the Patent Office.

(3) Where registration of a trade mark is not completed within twelve months from the date of the application by reason of default on the part of the applicant, the Registrar may, after giving notice of the non-completion to the applicant in writing in the prescribed manner, treat the application as abandoned unless it is completed within the time specified in that behalf in the notice.

### **Duration and renewal of registration**

**20.**-(1) The registration of a trade mark shall be for a period of seven years, but may be renewed from time to time in accordance with the provisions of this section:

Provided that, in relation to a registration as of a date before the appointed day, this subsection shall have effect with the substitution of a period of fourteen years for the said period of seven years.

(2) The Registrar shall, on application made by the registered proprietor of a trade mark in the prescribed manner and within the prescribed period, renew the registration of the trade mark for a period of fourteen years from the date of expiration of the original registration or of the last renewal of registration, as the case may be, which date is in this section referred to as "the expiration of the last registration".

(3) At the prescribed time before the expiration of the last registration of a trade mark, the Registrar shall send notice in the prescribed manner to the registered proprietor of the date of expiration and the conditions as to payment of fees and otherwise upon which a renewal of registration may be obtained, and if at the expiration of the time prescribed in that behalf those conditions has not been duly complied with, the Registrar may remove the trade mark from the register, subject to such conditions, if any, as to its restoration to the register as may be prescribed.

(4) Where a trade mark has been removed from the register for non-payment of the fee for renewal, it shall, nevertheless, for the purpose of any application for the registration of a trade mark during one year next after the date of the removal, be deemed to be a trade mark that is already on the register:

Provided that the foregoing provisions of this subsection shall not have effect where the tribunal is satisfied either-

- (a) that there has been no bona fide trade use of the trade mark that has been removed during the two years immediately preceding its removal; or
- (b) that no deception or confusion would be likely to arise from the use of the trade mark that is the subject of the application for registration by reason of any previous use of the trade mark that has been removed.

#### **Registration of parts of trade marks and of trade marks as a series**

21.-(1) Where the proprietor of a trade mark claims to be entitled to the exclusive use of any part thereof separately, he may apply to register the whole and any such apart as separate trade marks.

Each such separate trade mark must satisfy all the conditions of an independent trade mark and shall, subject to the provisions of subsection (3) of section twenty-three and subsection (2) of section thirty of this Act, have all the incidents of an independent trade mark.

(2) Where a person claiming to be the proprietor of several trade marks, in respect of the same goods or description of goods, which, while resembling each other in the material particulars thereof, yet differ in respect of-

- (a) statements of the goods in relation to which they are respectively used or proposed to be used; or
- (b) statements of number, price, quality or names of places; or
- (c) other matter of a non-distinctive character which does not substantially affect the identity of the trade mark; or
- (d) colour; seeks to register those trade marks, they may be registered as a series in one registration.

#### *Assignment and transmission*

#### **Powers of, and restrictions on, assignment and transmission**

22.-(1) Notwithstanding any rule of law or equity to the contrary, a registered trade mark shall be, and shall be deemed always to have been, assignable and transmissible either in connection with the goodwill of a business or not.

(2) A registered trade mark shall be, and shall be deemed always to have been, assignable and transmissible in respect either of all the goods in respect of which it is registered, or was registered, as the case may be, or of some (but not all) of those goods.

(3) The provisions of the two foregoing subsections shall have effect in the case of an unregistered trade mark used in relation to any goods as they have effect in the case of a registered trade mark registered in respect of any goods, if at the time of the assignment or transmission of

the unregistered trade mark it is or was used in the same business as a registered trade mark, and if it is or was assigned or transmitted at the same time and to the same person as that registered trade mark and in respect of goods all of which are goods in relation to which the unregistered trade mark is or was used in that business and in respect of which that registered trade mark is or was assigned or transmitted.

(4) Notwithstanding anything in the foregoing subsections, a trade mark shall not be, or be deemed to have been, assignable or transmissible in a case in which as a result of an assignment or transmission there would in the circumstances subsist, or have subsisted, whether under the common law or by registration, exclusive rights in more than one of the persons concerned to the use in relation to

- (a) the same goods,
- (b) the same description of goods, or
- (c) goods and services or descriptions of goods and services which are associated with each other,

of trade marks nearly resembling each other or of identical trade marks, if having regard to the similarity of the goods *and of the trade marks* or the association of the goods and services or description of goods and services and to the similarity of the trade marks, the use of trade marks in exercise of those rights would be, or have been, likely to deceive or cause confusion:

Provided that, where a trade mark is, or has been, assigned or transmitted in such a case as aforesaid, the assignment or transmission shall not be deemed to be, or to have been, invalid under this subsection if the exclusive rights subsisting as a result thereof in the persons concerned respectively are, or were, having regard to limitations imposed thereon, such as not to be exercisable by two or more of those persons in relation to goods to be sold, or otherwise traded in, within the United Kingdom (otherwise than for export therefrom) or in relation to goods to be exported to the same market outside the United Kingdom.

(5) The proprietor of a registered trade mark who proposes to assign it in respect of any goods in respect of which it is registered may submit to the Registrar in the prescribed manner a statement of case setting out the circumstances, and the Registrar may issue to him a certificate stating whether, having regard to the similarity of the goods or the association of the goods and services or descriptions of goods and services and to the similarity of the trade marks referred to in the case, the proposed assignment of the first-mentioned trade mark would or would not be invalid under the last foregoing subsection, and a certificate so issued shall, subject to the provisions of this section as to appeal and unless it is shown that the certificate was obtained by fraud or misrepresentation, be conclusive as to the validity or invalidity under the last foregoing subsection of the assignment in so far as such validity or invalidity depends upon the facts set out in the case, but, as regards a certificate in favour or validity, only, if application for registration under section twenty-five of this Act of the title of the person becoming entitled is made within six months from the date on which the certificate is issued.

(6) Notwithstanding anything in subsection (1) to (3) of this section, a trade mark shall not, on or after the appointed day, be assignable or transmissible in a case in which as a result of an assignment or transmission thereof there would in the circumstances subsist, whether under the common law or by registration:

- (a) **an exclusive right in one of the persons concerned to the use of the mark limited to use in relation to goods to be sold, or otherwise traded in, in a place or places in the United Kingdom; and**
- (b) **an exclusive right in another of the persons concerned to the use of a mark identical with or nearly resembling the mark referred to in paragraph (a) above in relation to-**
  - (i) the same goods,
  - (ii) the same description of goods, or
  - (iii) **services which are associated with those goods or goods of that description limited to use in relation to goods to be sold, or otherwise traded in, or services for use, or available for acceptance, in another place or places in the United Kingdom:**

Provided that, on application in the prescribed manner by the proprietor of a trade mark who proposes to assign it, or of a person who claims that a trade mark has been transmitted to him or to a predecessor in title of his on or after the appointed day, in any such case, the Registrar, if he is satisfied that in all the circumstances the use of the trade marks in exercise of the said rights would not be contrary to the public interest, may approve the assignment or transmission and an assignment or transmission so approved shall not be deemed to be, or to have been, invalid under

this subsection or under subsection (4) of this section, so, however, that in the case of a registered trade mark this provision shall not have effect unless application for the registration under section twenty-five of this Act of the title of the person becoming entitled is made within six months from the date on which the approval is given or, in the case of a transmission, was made before that date.

(7) Where an assignment in respect of any goods of a trade mark that is at the time of the assignment used in a business in those goods is made, on or after the appointed day, otherwise than in connection with the goodwill of that business, the assignment shall not take effect until the following requirements have been satisfied, that is to say, the assignee must, not later than the expiration of six months from the date on which the assignment is made or within such extended period, if any, as the Registrar may allow, apply to him for directions with respect to the advertisement of the assignment, and must advertise it in such form and manner and within such period as the Registrar may direct.

(8) Any decision of the Registrar under this section shall be subject to appeal to the Court.

**Certain trade marks to be associated so as to be assignable and transmissible as a whole only**

**23.**-(1) Trade marks that are registered as, or that are deemed by virtue of this Act to be, associated trade marks shall be assignable and transmissible only as a whole and not separately, but they shall for all other purposes be deemed to have been registered as separate trade marks.

(2) Where a trade mark that is registered, or is the subject of an application for registration, in respect of any goods is identical with another trade mark, that is registered, or is the subject of an application for registration, in the name of the same proprietor in respect of the same goods or description of goods, or so nearly resembles it as to be likely to deceive or cause confusion if used by a person other than the proprietor, the Registrar may at any time require that the trade marks shall be entered on the register as associated trade marks.

Any decision of the Registrar under this subsection shall be subject to appeal to the Board of Trade, or to the Court, at the option of the appellant.

**(2A)** Where there is an identity or near resemblance of marks that are registered, or are the subject of applications for registration in the name of the same proprietor in respect of goods and in respect of services which are associated with these goods or goods of that description, subsection (2) applies where there is an identity or near resemblance of marks that are registered, or are the subject of applications for registration, in the name of the same proprietor in respect of the same goods or description of goods.

(3) Where a trade mark and any part or parts thereof are, by virtue of subsection (1) of section twenty-one of this Act, registered as separate trade marks in the name of the same proprietor, they shall be deemed to be, and shall be registered as, associated trade marks.

(4) All trade marks that are, by virtue of subsection (2) of section twenty-one of this Act, registered as a series in one registration shall be deemed to be, and shall be registered as, associated trade marks.

(5) On application made in the prescribed manner by the registered proprietor of two or more trade marks registered as associated trade marks, the Registrar may dissolve the association as respects any of them if he is satisfied that there would be no likelihood of deception or confusion being caused if that trade mark were used by another person in relation to any of the goods in respect of which it is registered, and may amend the register accordingly.

Any decision of the Registrar under this subsection shall be subject to appeal to the Board of Trade, or to the Court, at the option of the appellant.

**Power of registered proprietor to assign and give receipts**

**24.** Subject to the provisions of this Act, the person for the time being entered in the register as proprietor of a trade mark shall, subject to any rights appearing from the register to be vested in any other person, have power to assign the trade mark, and to give effectual receipts for any consideration for an assignment thereof.

### **Registration of assignments and transmissions**

25.-(1) Where a person becomes entitled by assignment or transmission to a registered trade mark, he shall make application to the Registrar to register his title, and the Registrar shall, on receipt of the application and on proof of title to his satisfaction, register him as the proprietor of the trade mark in respect of the goods in respect of which the assignment or transmission has effect, and shall cause particulars of the assignment or transmission to be entered on the register.

(2) Any decision of the Registrar under this section shall be subject to appeal to the Court.

(3) Except for the purposes of an appeal under this section or of an application under section thirty-two of this Act, a document or instrument in respect of which no entry has been made in the register in accordance with the provisions of subsection (1) of this section shall not be admitted in evidence in any court in proof of the title to a trade mark unless the court otherwise directs.

### *Use and non-use*

#### **Removal from register and imposition of limitations on ground of non-use**

26.-(1) Subject to the provisions of the next succeeding section, a registered trade mark may be taken off the register in respect of any of the goods in respect of which it is registered on application by any person aggrieved to the Court or, at the option of the applicant and subject to the provisions of section fifty-four of this Act, to the Registrar, on the ground either-

- (a) that the trade mark was registered without any bona fide intention on the part of the applicant for registration that it should be used in relation to those goods by him, and that there has in fact been no bona fide use of the trade mark in relation to those goods by any proprietor thereof for the time being up to the date one month before the date of the application; or
- (b) that up to the date one month before the date of the application a continuous period of five years or longer elapsed during which the trade mark was a registered trade mark and during which there was no bona fide use thereof in relation to those goods by any proprietor thereof for the time being:

Provided that (except where the applicant has been permitted under subsection (2) of section twelve of this Act to register an identical or nearly resembling trade mark in respect of the goods in question or where the tribunal is of opinion that he might properly be permitted so to register such a trade mark) the tribunal may refuse an application made under paragraph (a) or (b) of this subsection in relation to any goods, if it is shown that there has been before the relevant date or during the relevant period, as the case may be, bona fide use of the mark by the proprietor thereof for the time being in relation to-

- (i) goods of the same description, or
- (ii) services associated with those goods or goods of that description, being goods or, as the case may be, services in respect of which the mark is registered.

(2) Where in relation to any goods in respect of which a trade mark is registered-

- (a) the matters referred to in paragraph (b) of the foregoing subsection are shown so far as regards non-use of the trade mark in relation to goods to be sold, or otherwise traded in, in a particular place in the United Kingdom (otherwise than for export from the United Kingdom), or in relation to goods to be exported to a particular market outside the United Kingdom; and
- (b) a person has been permitted under subsection (2) of section twelve of this Act to register an identical or nearly resembling trade mark in respect of those goods under a registration extending to use in relation to goods to be sold, or otherwise traded in, in that place (otherwise than for export from the United Kingdom), or in relation to goods to be exported to that market, or the tribunal is of opinion that he might properly be permitted so to register such a trade mark;

on application by that person to the Court or, at the option of the applicant and subject to the provisions of section fifty-four of this Act, to the Registrar, the tribunal may impose on the registration of the first-mentioned trade mark such limitations as the tribunal thinks proper for securing that the registration shall cease to extend to such use as last aforesaid.

(3) An applicant shall not be entitled to rely for the purposes of paragraph (b) of subsection (1), or for the purposes of subsection (2), of this section on any non-use of a trade mark that is shown to have been due to special circumstances in the trade and not to any intention not to use or abandon the trade mark in relation to the goods to which the application relates.

#### **Defensive registration of well-known trade marks**

27.-(1) Where a trade mark consisting of an invented word or invented words has become so well known as respects any goods in respect of which it is registered and in relation to which it has been used that the use thereof in relation to other goods would be likely to be taken as indicating a connection in the course of trade between those goods and a person entitled to use the trade mark in relation to the first-mentioned goods, then, notwithstanding that the proprietor registered in respect of the first-mentioned goods does not use or propose to use the trade mark in relation to those other goods and notwithstanding anything in the last foregoing section, the trade mark may, on the application in the prescribed manner of the proprietor registered in respect of the first-mentioned goods, be registered in his name in respect of those other goods as a defensive trade mark and, while so registered, shall not be liable to be taken off the register in respect of those goods under the last foregoing section.

(2) The registered proprietor of a trade mark may apply for the registration thereof in respect of any goods as a defensive trade mark notwithstanding that it is already registered in his name in respect of those goods otherwise than as a defensive trade mark, or may apply for the registration thereof in respect of any goods otherwise than as a defensive trade mark notwithstanding that it is already registered in his name in respect of those goods as a defensive trade mark, in lieu in each case of the existing registration.

(3) A trade mark registered as a defensive trade mark and that trade mark as otherwise registered in the name of the same proprietor shall, notwithstanding that the respective registrations are in respect of different goods, be deemed to be, and shall be registered as, associated trade marks.

(4) On application by any person aggrieved to the Court or, at the option of the applicant and subject to the provisions of section fifty-four of this Act, to the Registrar, the registration of a trade mark as a defensive trade mark may be cancelled on the ground that the requirements of subsection (1) of this section are no longer satisfied in respect of any goods in respect of which the trade mark is registered in the name of the same proprietor otherwise than as a defensive trade mark, or may be cancelled as respects any goods in respect of which it is registered as a defensive trade mark on the ground that there is no longer any likelihood that the use of the trade mark in relation to those goods would be taken as giving the indication mentioned in subsection (1) of this section.

(5) The Registrar may at any time cancel the registration as a defensive trade mark of a trade mark of which there is no longer any registration in the name of the same proprietor otherwise than as a defensive trade mark.

(6) Except as otherwise expressly provided in this section, the provisions of this Act shall apply in respect of the registration of trade marks as defensive trade marks and of trade marks so registered as they apply in other cases.

#### **Registered users**

28.-(1) Subject to the provisions of this section, a person other than the proprietor of a trade mark may be registered as a registered user thereof in respect of all or any of the goods in respect of which it is registered (otherwise than as a defensive trade mark) and either with or without conditions or restrictions.

The use of a trade mark by a registered user thereof in relation to goods with which he is connected in the course of trade and in respect of which for the time being the trade mark remains registered and he is registered as a registered user, being use such as to comply with any conditions or restrictions to which his registration is subject, is in this Act referred to as the "permitted use" thereof.

(2) The permitted use of a trade mark shall be deemed to be use by the proprietor thereof, and shall be deemed not to be use by a person other than the proprietor, for the purposes of section

twenty-six of this Act and for any other purpose for which such use is material under this Act or at common law.

(3) Subject to any agreement subsisting between the parties, a registered user of a trade mark shall be entitled to call upon the proprietor thereof to take proceedings to prevent infringement thereof, and, if the proprietor refuses or neglects to do so within two months after being so called upon, the registered user may institute proceedings for infringement in his own name as if he were the proprietor, making the proprietor a defendant.

A proprietor so added as defendant shall not be liable for any costs unless he enters an appearance and takes part in the proceedings.

(4) Where it is proposed that a person should be registered as a registered user of a trade mark, the proprietor and the proposed registered user must apply in writing to the Registrar in the prescribed manner and must furnish him with a statutory declaration made by the proprietor, or by some person authorised to act on his behalf and approved by the Registrar-

- (a) giving particulars of the relationship, existing or proposed, between the proprietor and the proposed registered user, including particulars showing the degree of control by the proprietor over the permitted use which their relationship will confer and whether it is a term of their relationship that the proposed registered user shall be the sole registered user or that there shall be any other restriction as to persons for whose registration as registered users application may be made;
- (b) stating the goods in respect of which registration is proposed;
- (c) stating any conditions or restrictions proposed with respect to the characteristics of the goods, to the mode or place of permitted use, or to any other matter; and
- (d) stating whether the permitted use is to be for a period or without limit of period, and, if for a period, the duration thereof;

and with such further documents, information or evidence as may be required under the rules or by the Registrar.

(5) When the requirements of the last foregoing subsection have been complied with, if the Registrar, after considering the information furnished to him under that subsection, is satisfied that in all the circumstances the use of the trade mark in relation to the proposed goods or any of them by the proposed registered user subject to any conditions or restrictions which the Registrar thinks proper would not be contrary to the public interest, the Registrar may register the proposed registered user as a registered user in respect of the goods as to which he is so satisfied subject as aforesaid.

(6) The Registrar shall refuse an application under the foregoing provisions of this section if it appears to him that the grant thereof would tend to facilitate trafficking in a trade mark.

(7) The Registrar shall, if so required by an applicant, take steps for securing that information given for the purposes of an application under the foregoing provisions of this section (other than matter entered in the register) is not disclosed to rivals in trade.

(8) Without prejudice to the provisions of section thirty-two of this Act, the registration of a person as a registered user-

- (a) may be varied by the Registrar as regards the goods in respect of which, or any conditions or restrictions subject to which, it has effect, on the application in writing in the prescribed manner of the registered proprietor of the trade mark to which the registration relates;
- (b) may be cancelled by the Registrar on the application in writing in the prescribed manner of the registered proprietor or of the registered user or of any other registered user of the trade mark; or
- (c) may be cancelled by the Registrar on the application in writing in the prescribed manner of any person on any of the following grounds, that is to say-
  - (i) that the registered user has used the trade mark otherwise than by way of the permitted use, or in such a way as to cause, or to be likely to cause, deception or confusion;
  - (ii) that the proprietor or the registered user misrepresented, or failed to disclose, some fact material to the application for the registration, or that the circumstances have materially changed since the date of the registration;
  - (iii) that the registration ought not to have been effected having regard to rights vested in the applicant by virtue of a contract in the performance of which he is interested.

(9) Provision shall be made by the rules for the notification of the registration of a person as a registered user to any other registered user of the trade mark, and for the notification of an application under the last foregoing subsection to the registered proprietor and each registered user



(not being the applicant) of the trade mark, and for giving to the applicant on such an application, and to all persons to whom such an application is notified and who intervene in the proceedings in accordance with the rules, an opportunity of being heard.

(10) The Registrar may at any time cancel the registration of a person as a registered user of a trade mark in respect of any goods in respect of which the trade mark is no longer registered.

(11) Any decision of the Registrar under the foregoing provisions of this section shall be subject to appeal to the Court.

(12) Nothing in this section shall confer on a registered user of a trade mark any assignable or transmissible right to the use thereof.

#### **Proposed use of trade mark by corporation to be constituted, etc.**

**29.**-(1) No application for the registration of a trade mark in respect of any goods shall be refused, nor shall permission for such registration be withheld, on the ground only that it appears that the applicant does not use or propose to use the trade mark,-

- (a) if the tribunal is satisfied that a body corporate is about to be constituted, and that the applicant intends to assign the trade mark to the corporation with a view to the use thereof in relation to those goods by the corporation; or
- (b) if the application is accompanied by an application for the registration of a person as a registered user of the trade mark, and the tribunal is satisfied that the proprietor intends it to be used by that person in relation to those goods and the tribunal is also satisfied that that person will be registered as a registered user thereof immediately after the registration of the trade mark.

(2) The provisions of section twenty-six of this Act shall have effect, in relation to a trade mark registered under the power conferred by the foregoing subsection, as if for the reference, in paragraph (a) of subsection (1) of that section, to intention on the part of an applicant for registration that a trade mark should be used by him there were substituted a reference to intention on his part that it should be used by the corporation or registered user concerned.

(3) The tribunal may, as a condition of the exercise of the power conferred by subsection (1) of this section in favour of an applicant who relies on intention to assign to a corporation as aforesaid, require him to give security for the costs of any proceedings before the tribunal relative to any opposition or appeal, and in default of such security being duly given may treat the application as abandoned.

(4) Where a trade mark is registered in respect of any goods under the power conferred by subsection (1) of this section in the name of an applicant who relies on intention to assign to a corporation as aforesaid, then, unless within such period as may be prescribed, or within such further period not exceeding six months as the Registrar may on application being made to him in the prescribed manner allow, the corporation has been registered as the proprietor of the trade mark in respect of those goods, the registration shall cease to have effect in respect thereof at the expiration of that period, and the Registrar shall amend the register accordingly.

#### **Use of one of associated or substantially identical trade marks equivalent to use of another**

**30.**-(1) Where under the provisions of this Act use of a registered trade mark is required to be proved for any purpose, the tribunal may, if and so far as the tribunal thinks right, accept use of an associated registered trade mark, or of the trade mark with additions or alterations not substantially affecting its identity, as an equivalent for the use required to be proved.

(2) The use of the whole of a registered trade mark shall for the purposes of this Act be deemed to be also a use of any registered trade mark, being a part thereof, registered in the name of the same proprietor by virtue of subsection (1) of section twenty-one of this Act.

#### **Use of trade mark for export trade**

**31.** The application in the United Kingdom of a trade mark to goods to be exported from the United Kingdom, and any other act done in the United Kingdom in relation to goods to be so exported which, if done in relation to goods to be sold or otherwise traded in within the United Kingdom, would constitute use of a trade mark therein, shall be deemed to constitute the use of the

trade mark in relation to those goods for any purpose for which such use is material under this Act or at common law.

### *Rectification and correction of the register*

#### **General power to rectify entries in register**

32.-(1) Any person aggrieved by the non-insertion in or omission from the register of any entry, or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error or defect in any entry in the register, may apply in the prescribed manner to the Court or, at the option of the applicant and subject to the provisions of section fifty-four of this Act, to the Registrar, and the tribunal may make such order for making, expunging or varying the entry as the tribunal may think fit.

(2) The tribunal may in any proceeding under this section decide any question that it may be necessary or expedient to decide in connection with the rectification of the register.

(3) In case of fraud in the registration, assignment or transmission of a registered trade mark, the Registrar may himself apply to the Court under the provisions of this section.

(4) Any order of the Court rectifying the register shall direct that notice of the rectification shall be served in the prescribed manner on the Registrar, and the Registrar shall on receipt of the notice rectify the register accordingly.

(5) The power to rectify the register conferred by this section shall include power to remove a registration in Part A of the register to Part B.

#### **Power to expunge or vary registration for breach of condition**

33. On application by any person aggrieved to the Court, or, at the option of the applicant and subject to the provisions of section fifty-four of this Act, to the Registrar, or on application by the Registrar to the Court, the tribunal may make such order as the tribunal may think fit for expunging or varying the registration of a trade mark on the ground of any contravention of, or failure to observe, a condition entered on the register in relation thereto.

#### **Correction of register**

34.-(1) The Registrar may, on request made in the prescribed manner by the registered proprietor,-

- (a) correct any error in the name and address of the registered proprietor of a trade mark;
- (b) enter any change in the name and address of the person who is registered as proprietor of a trade mark;
- (c) cancel the entry of a trade mark on the register;
- (d) strike out any goods or classes of goods from those in respect of which a trade mark is registered; or
- (e) enter a disclaimer or memorandum relating to a trade mark which does not in any way extend the rights given by the existing registration of the trade mark.

(2) The Registrar may, on request made in the prescribed manner by a registered user of a trade mark, correct any error, or enter any change, in the name and address of the registered user.

(3) Any decision of the Registrar under this section shall be subject to appeal to the Board of Trade, or to the Court, at the option of the appellant.

#### **Alteration of registered trade mark**

35.-(1) The registered proprietor of a trade mark may apply in the prescribed manner to the Registrar for leave to add to or alter the trade mark in any manner not substantially affecting the identity thereof, and the Registrar may refuse leave or may grant it on such terms and subject to such limitations as he may think fit.

(2) The Registrar may cause an application under this section to be advertised in the prescribed manner in any case where it appears to him that it is expedient so to do, and where he does so, if within the prescribed time from the date of the advertisement any person gives notice to

the Registrar in the prescribed manner of opposition to the application, the Registrar shall, after hearing the parties if so required, decide the matter.

(3) Any decision of the Registrar under this section shall be subject to appeal to the Board of Trade, or to the Court, at the option of the appellant.

(4) Where leave as aforesaid is granted, the trade mark as altered shall be advertised in the prescribed manner, unless it has already been advertised, in the form to which it has been altered, in an advertisement under subsection (2) of this section.

#### **Adaptation of entries in register to amended or substituted classification of goods**

36.- (1) The Board of Trade may from time to time make such rules, prescribe such forms and generally do such things as they think expedient, for empowering the Registrar to amend the register, whether by making or expunging or varying entries therein, so far as may be requisite for the purpose of adapting the designation therein of the goods or classes of goods in respect of which trade marks are registered to any amended or substituted classification that may be prescribed.

(2) The Registrar shall not, in exercise of any power conferred on him for the purpose aforesaid, make any amendment of the register that would have the effect of adding any goods or classes of goods to those in respect of which a trade mark is registered (whether in one or more classes) immediately before the amendment is to be made, or of antedating the registration of a trade mark in respect of any goods:

Provided that this subsection shall not have effect in relation to goods as to which the Registrar is satisfied that compliance with this subsection in relation thereto would involve undue complexity and that the addition or antedating, as the case may be, would not affect any substantial quantity of goods and would not substantially prejudice the rights of any person.

(3) A proposal for the amendment of the register for the purpose aforesaid shall be notified to the registered proprietor of the trade mark affected, shall be subject to appeal by the registered proprietor to the Board of Trade, or at his option to the Court, shall be advertised with any modifications, and may be opposed before the Registrar by any person aggrieved on the ground that the proposed amendment contravenes the provisions of the last foregoing subsection, and the decision of the Registrar on any such opposition shall be subject to appeal to the Court.

#### *Certification trade marks*

##### **Certification trade marks**

37.- (1) A mark adapted in relation to any goods to distinguish in the course of trade goods certifies by any person in respect of origin, material, mode of manufacture, quality, accuracy or other characteristic, from goods not so certified shall be registrable as a certification trade mark in Part A of the register in respect of those goods in the name, as proprietor thereof, of that person:

Provided that a mark shall not be so registrable in the name of a person who carries on a trade in goods of the kind certified.

(2) In determining whether a mark is adapted to distinguish as aforesaid, the tribunal may have regard to the extent to which-

(a) the mark is inherently adapted to distinguish as aforesaid in relation to the goods in question; and

(b) by reason of the use of the mark or of any other circumstances, the mark is in fact adapted to distinguish as aforesaid in relation to the goods in question.

(3) Subject to the provisions of subsections (4) to (6) of this section, and of sections seven and eight of this Act, the registration of a person as proprietor of a certification trade mark in respect of any goods shall, if valid, give to that person the exclusive right to the use of the trade mark in relation to those goods, and, without prejudice to the generality of the foregoing words, that right shall be deemed to be infringed by any person who, not being the proprietor of the trade mark or a person authorised by him under the regulations in that behalf using it in accordance therewith, uses a mark identical with it or so nearly resembling it as to be likely to deceive or cause confusion, in the course of trade, in relation to any goods in respect of which it is registered, and in such manner as to render the use of the mark likely to be taken either-

(a) as being used as a trade mark; or

(b) in a case in which the use is upon the goods or in physical relation thereto or in an advertising circular or other advertisement issued to the public, as importing a reference to some person having the right either as proprietor or by his authorisation under the relevant regulations to use the trade mark or to goods certified by the proprietor.

(4) The right to the use of a certification trade mark given by registration as aforesaid shall be subject to any conditions or limitations entered on the register, and shall not be deemed to be infringed by the use of any such mark as aforesaid in any mode, in relation to goods to be sold or otherwise traded in any place, in relation to goods to be exported to any market, or in any other circumstances, to which, having regard to any such limitations, the registration does not extend.

(5) The right to the use of a certification trade mark given by registration as aforesaid shall not be deemed to be infringed by the use of any such mark as aforesaid by any person-

(a) in relation to goods certified by the proprietor of the trade mark if, as to those goods or a bulk of which they form part, the proprietor or another in accordance with his authorisation under the relevant regulations has applied the trade mark and has not subsequently removed or obliterated it, or the proprietor has at any time expressly or impliedly consented to the use of the trade mark; or

(b) in relation to goods adapted to form part of, or to be accessory to, other goods in relation to which the trade mark has been used without infringement of the right given as aforesaid or might for the time being be so used, if the use of the mark is reasonably necessary in order to indicate that the goods are so adapted and neither the purpose nor the effect of the use of the mark is to indicate otherwise than in accordance with the fact that the goods are certified by the proprietor:

Provided that paragraph (a) of this subsection shall not have effect in the case of use consisting of the application of any such mark as aforesaid to any goods, notwithstanding that they are such goods as are mentioned in that paragraph, if such application is contrary to the relevant regulations.

(6) Where a certification trade mark is one of two or more registered trade marks that are identical or nearly resemble each other, the use of any of those trade marks in exercise of the right to the use of that trade mark given by registration shall not be deemed to be an infringement of the right so given to the use of any other of those trade marks.

(7) There shall be deposited at the Patent Office in respect of every trade mark registered under this section regulations approved by the Board of Trade for governing the use thereof, which shall include provisions as to the cases in which the proprietor is to certify goods and authorise the use of the trade mark, and may contain any other provisions that the Board of Trade may require or permit to be inserted therein (including provisions conferring a right to appeal to the Registrar against any refusal of the proprietor to certify goods or to authorise the use of the trade mark in accordance with the regulations). Regulations so deposited shall be open to inspection in like manner as the register.

(8) A certification trade mark shall not be assignable or transmissible otherwise than with the consent of the Board of Trade.

(9) The provisions of the First Schedule to this Act shall have effect with respect to the registration of a mark under this section and to marks so registered.

### *Sheffield marks*

#### **Sheffield marks**

38. The provisions of the Second Schedule to this Act shall have effect with respect to the master, wardens, searchers assistants, and commonalty of the Company of Cutlers in Hallamshire, in the county of York (in this Act called "the Cutlers' Company"), and the marks or devices assigned or registered by the master, wardens, searchers and assistants or that Company.

*Manchester Branch*

**Trade marks for textile goods**

39.-(1) The Manchester Branch of the Trade Marks Registry of the Patent Office (in this section referred to as "the Manchester Branch") shall be continued under a chief officer, who shall be styled "the Keeper of the Manchester Branch" and shall act under the direction of the Registrar.

(2) The rules shall specify certain of the classes for the time being established for the purposes of the registration of trade marks (being such of those classes as consist of, or appear to the Board of Trade to relate materially to, any of the following goods, that is to say, goods included immediately before the appointed day in any of the classes numbered twenty-three to thirty-five and thirty-eight respectively and similar goods made from artificial silk or from other artificial fibres) as being classes to which this section applies.

In this section the expression "textile goods" means goods of any of the classes for the time being so specified other than goods of a kind as to which it may be provided by the rules that this section is not to apply thereto.

(3) The rules for prescribing the manner in which applications for the registration of trade marks are to be made shall make provision for the sending of an application for the registration of a trade mark in respect of textile goods to the Registrar either at the Patent Office or at the Manchester Branch, at the option of the applicant.

(4) The Keeper of the Manchester Branch shall furnish the Registrar with a report on every application for the registration of a trade mark sent to the Manchester Branch, and before deciding under subsection (2) of section seventeen of this Act on any such application, the Registrar shall consider the report.

(5) In respect of textile goods being piece goods-

- (a) no mark consisting of a line heading alone shall be registrable as a trade mark;
- (b) a line heading shall not be deemed to be adapted to distinguish or capable of distinguishing;
- (c) the registration of a trade mark shall not give any exclusive right to the use of a line heading.

(6) There shall be kept at the Manchester Branch for the purposes of this Act a record called the Manchester Record wherein shall be entered copies of all entries in the register relating to trade marks registered in respect of textile goods on or after the appointed day and, as soon as may be, copies of all entries relating to trade marks so registered before the appointed day and for the time being subsisting, and the Manchester Record shall at all convenient times be open to the inspection of the public, subject to such regulations as may be prescribed.

(7) The right of inspection conferred by the last foregoing subsection shall extend to and include the right to inspect all applications whatsoever for registration that were made to the Manchester Branch, between the passing of the Trade Marks Registration Act 1875, and the appointed day, in respect of cotton goods, whether registered, refused, lapsed, expired, withdrawn, abandoned, cancelled or pending.

(8) Refused marks which, immediately before the appointed day, were included in the collection of refused marks kept under rules one hundred and twelve to one hundred and sixteen of the Trade Marks Rules 1920, and are at the time of the application for the registration of a trade mark included in that collection under the rules shall be treated for the purposes of subsections (1) and (2) of section twelve of this Act, but for no other purpose, as if they had been registered trade marks.

(9) Before making any rule, or prescribing any form, that is to deal specifically with trade marks registered or proposed to be registered in respect of textile goods other than clothing, the Board of Trade shall send a draft thereof to the Trade and Merchandise Marks Committee of the Manchester Chamber of Commerce, and shall, if the said committee so request, give them an opportunity of being heard.

(10) The Registrar, or the Keeper of the Manchester Branch, may consult the said committee where it appears to him to be expedient so to do with respect to any circumstances peculiar to the cotton trade arising on an application to register a trade mark in respect of textile goods other than clothing.

(11) A certificate purporting to be under the hand of the Keeper of the Manchester Branch as to any copy entered in the Manchester Record of an entry in the register shall be prima facie evidence of the entry having been made in the register and of the contents thereof.

### **Registration of trade mark following overseas application**

**39A.**-(1) Any person who has applied for protection for any trade mark in a relevant country or his legal representative or assignee shall be entitled on an application for registration made within six months of the application for protection in the relevant country to registration of his mark under this Act in priority to other applicants.

(2) A mark registered on an application made under this section shall be registered as of the date of the application in the relevant country and that date shall be deemed for the purposes of this Act to be the date of registration.

(3) Nothing in this Act shall entitle the proprietor of the mark to recover damages for infringements happening prior to the date of the application for registration under this Act.

(4) The registration of a mark shall not be invalidated by reason only of the use of the mark in the United Kingdom during the period specified in this section as that within which the application may be made.

(5) The application for the registration of a mark under this section must be made in the same manner as an ordinary application under this Act.

(6) Where a person has applied for protection for any mark by an application which-

- (a) in accordance with the terms of a treaty subsisting between any two or more relevant countries is equivalent to an application duly made in any one of those countries; or
- (b) in accordance with the law of any relevant country, is equivalent to an application duly made in that country, he shall be deemed for the purposes of this section to have applied in that country.

(7) Subject to subsection (7) below, Her Majesty may by Order in Council direct that this section shall apply to a country specified in the Order.

(8) If a country is not a dependent territory, an Order in Council under this section may only be made in relation to it with a view to the fulfilment of a treaty, convention, arrangement or engagement.

(9) An Order in Council under this section shall be subject to annulment in pursuance of a resolution of either House of Parliament and may be varied or revoked by a subsequent Order.

(10) In this section- "country" includes any territory; "dependent territory" means any of the Channel Islands or a colony; "relevant country" means a country which was specified in an Order in Council under this section at the time of the application under this section or such other time as may be specified in the Order in Council".

## **GENERAL AND MISCELLANEOUS**

### *Rules and fees*

#### **Power of Board of Trade to make rules**

**40.**-(1) The Board of Trade may from time to time make such rules, prescribe such forms and generally do such things as they think expedient-

- (a) for regulating the practice under this Act, including the service of documents;
- (b) for classifying goods for the purposes of registration of trade marks;
- (c) for making or requiring duplicates of trade marks and other documents;
- (d) for securing and regulating the publishing and selling or distributing, in such manner as the Board of Trade think fit, of copies of trade marks and other documents;
- (e) generally, for regulating the business of the Patent Office in relation to trade marks and all things by this Act placed under the direction or control of the Registrar or of the Board of Trade.

(3) Before making any rules under this Act, the Board of Trade shall publish notice of their intention to make the rules and of the place where copies of the draft rules may be obtained, in such manner as the Board consider most expedient so as to enable persons affected to make representations to the Board before the rules are finally settled.

(4) Any rules so made shall be forthwith advertised twice in the Trade Marks Journal, and shall be laid before both Houses of Parliament.

(5) If either House of Parliament, within the next forty days after any rules have been so laid before it, resolves that the rules or any of them ought to be annulled, the rule or rules shall thenceforth be of no effect, but without prejudice to the validity of anything previously done thereunder or to the making of any new rule or rules.

#### **Hours of business and excluded days**

**40A.**-(1) Rules made by the Board of Trade under this Act may specify the hour at which the Patent Office shall be deemed to be closed on any day for purposes of the transaction by the public of business under this Act or of any class of such business, and may specify days as excluded days for any such purposes.

(2) Any business done under this Act on any day after the hour specified as aforesaid in relation to business of that class, or on a day which is an excluded day in relation to business of that class, shall be deemed to have been done on the next following day not being an excluded day; and where the time for doing anything under this Act expires on an excluded day, that time shall be extended to the next following day not being an excluded day.

#### **Fees**

**41.** There shall be paid in respect of applications and registration and other matters under this Act such fees as may be, with the sanction of the Treasury, prescribed by the Board of Trade.

### *Powers and duties of Registrar*

#### **Preliminary advice by Registrar as to distinctiveness**

**42.**-(1) The power to give to a person who proposes to apply for the registration of a trade mark in Part A or Part B of the register advice as to whether the trade mark appears to the Registrar prima facie to be inherently adapted to distinguish, or capable of distinguishing, as the case may be, shall be a function of the Registrar under this Act.

(2) Any such person who is desirous of obtaining such advice must make application to the Registrar therefor in the prescribed manner.

(3) If on an application for the registration of a trade mark as to which the Registrar has given advice as aforesaid in the affirmative, made within three months after the advice is given, the Registrar, after further investigation or consideration, gives notice to the applicant of objection on the ground that the trade mark is not adapted to distinguish, or capable of distinguishing, as the case may be, the applicant shall be entitled, on giving notice of withdrawal of the application within the prescribed period, to have repaid to him any fee paid on the filing of the application.

#### **Hearing before exercise of Registrar's discretion**

**43.** Where any discretionary or other power is given to the Registrar by this Act or the rules, he shall not exercise that power adversely to the applicant for registration or the registered proprietor of the trade mark in question without (if duly required so to do within the prescribed time) giving to the applicant or registered proprietor an opportunity of being heard.

#### **Power of Registrar to award costs**

**44.** In all proceedings before the Registrar under this Act, the Registrar shall have power to award to any party such costs as he may consider reasonable, and to direct how and by what parties they are to be paid, and any such order may, by leave of the Court or a judge thereof, be enforced in the same manner as a judgment or order of the Court to the same effect.

### **Reports of Registrar**

45. The Comptroller-General of Patents, Designs and Trade Marks shall, in his annual report on the execution by or under him of the Patents and Designs Act 1907, and Acts amending that Act, include a report respecting the execution by or under him of this Act as if it formed a part of or was included in those Acts.

### **Registration to be prima facie evidence of validity**

46. In all legal proceedings relating to a registered trade mark (including applications under section thirty-two of this Act) the fact that a person is registered as proprietor of the trade mark shall be prima facie evidence of the validity of the original registration of the trade mark and of all subsequent assignments and transmissions thereof.

### **Certificate of validity**

47. In any legal proceeding in which the validity of the registration of a registered trade mark comes into question and is decided in favour of the proprietor of the trade mark, the Court may certify to that effect, and if it so certifies then in any subsequent legal proceeding in which the validity of the registration comes into question the proprietor of the trade mark on obtaining a final order or judgment in his favour shall have his full costs, charges and expenses as between solicitor and client, unless in the subsequent proceeding the Court certifies that he ought not to have them.

### **Costs of Registrar in proceedings before Court, and payment of costs by Registrar**

48.-(1) In all proceedings before the Court under this Act the costs of the Registrar shall be in the discretion of the Court, but, in any proceedings in England or Northern Ireland, the Registrar shall not, except in accordance with the provisions of subsection (2) of this section in a case in which he has appeared in the proceedings, be ordered to pay the costs of any other of the parties.

(2) Where the Registrar appears in any proceedings before the Court in England or Northern Ireland under this Act, section seven of the Administration of Justice (Miscellaneous Provisions) Act 1933 or any corresponding enactment which may be passed by the Parliament of Northern Ireland, as the case may be, shall have effect as it has effect in relation to other proceedings to which the Crown is a party in a court having power to award costs in cases between subjects.

### **Trade usage, etc., to be considered**

49. In any action or proceeding relating to a trade mark or trade name, the tribunal shall admit evidence of the usages of the trade concerned and of any relevant trade mark or trade name or get-up legitimately used by other persons.

### **Registrar's appearance in proceedings involving rectification**

50.-(1) In any legal proceeding in which the relief sought includes alteration or rectification of the register, the Registrar shall have the right to appear and be heard, and shall appear if so directed by the Court.

(2) Unless otherwise directed by the Court, the Registrar in lieu of appearing and being heard may submit to the Court a statement in writing signed by him, giving particulars of the proceedings before him in relation to the matter in issue or of the grounds of any decision given by him effecting it or of the practice of the Patent Office in like cases or of such other matters relevant to the issues, and within his knowledge as Registrar, as he thinks fit, and the statement shall be deemed to form part of the evidence in the proceeding.



### **Court's power to review Registrar's decision**

**51.** The Court, in dealing with any question of the rectification of the register (including all applications under the provisions of section thirty-two of this Act), shall have power to review any decision of the Registrar relating to the entry in question or the correction sought to be made.

### **Discretion of Court in appeals**

**52.** In any appeal from a decision of the Registrar to the Court under this Act, the Court shall have and exercise the same discretionary powers as under this Act are conferred upon the Registrar.

### **Procedure on appeal to Board of Trade**

**53.** Where under this Act an appeal is made to the Board of Trade, the Board of Trade may, if they think fit, refer the appeal to the Court in lieu of hearing and deciding it themselves, but, unless the Board so refer the appeal, it shall be heard and decided by the Board, and the decision of the Board shall be final.

### **Procedure in cases of option to apply to Court or Registrar**

**54.** Where under any of the foregoing provisions of this Act an applicant has an option to make an application either to the Court or to the Registrar-

- (a) if an action concerning the trade mark in question is pending, the application must be made to the Court;
- (b) if in any other case the application is made to the Registrar, he may, at any stage of the proceedings, refer the application to the Court, or he may, after hearing the parties, determine the question between them, subject to appeal to the Court.

## *Evidence*

### **Mode of giving evidence**

**55.** In any proceeding under this Act before the Board of Trade or the Registrar, the evidence shall be given by statutory declaration in the absence of directions to the contrary, but, in any case in which the tribunal thinks it right so to do, the tribunal may take evidence *viva voce* in lieu of or in addition to evidence by declaration. Any such statutory declaration may in the case of appeal be used before the Court in lieu of evidence by affidavit, but if so used shall have all the incidents and consequences of evidence by affidavit.

In case any part of the evidence is taken *viva voce*, the Board of Trade or the Registrar shall, in respect of requiring the attendance of witnesses and taking evidence on oath, be in the same position in all respects as an official referee of the Supreme Court.

### **Evidence of orders, etc., of Board of Trade**

**56.**-(1) All documents purporting to be orders made by the Board of Trade and to be sealed with the seal of the Board, or to be signed by a secretary or an under-secretary or an assistant secretary of the Board, or by any person authorised in that behalf by the President of the Board, shall be received in evidence, and shall be deemed to be such orders without further proof, unless the contrary is shown.

(2) A certificate, signed by the President of the Board of Trade, that any order made or act done is the order or act of the Board shall be conclusive evidence of the fact so certified.

### **Evidence of entries in register**

**57.** Section repealed, 1986 Act, Sched. 3, para. 1.

**Evidence of things done by Registrar**

58. Section repealed, 1986 Act, Sched. 3, para. 1.

*Offences and restraint of use of Royal Arms***Falsification of entries in register a misdemeanour**

59.-(1) If any person makes or causes to be made a false entry in the register, or a writing falsely purporting to be a copy of an entry in the register, or produces or tenders or causes to be produced or tendered in evidence any such writing, knowing the entry or writing to be false, he shall be guilty of a misdemeanour.

(2) In the Isle of Man the punishment for an offence under this section shall be imprisonment for any term not exceeding two years, with or without hard labour and with or without a fine not exceeding one hundred pounds, at the discretion of the court.

**Fine for falsely representing a trade mark as registered**

60.-(1) Any person who makes a representation-

- (a) with respect to a mark not being a registered trade mark, to the effect that it is a registered trade mark; or
- (b) with respect to a part of a registered trade mark not being a part separately registered as a trade mark, to the effect that it is so registered; or
- (c) to the effect that a registered trade mark is registered in respect of any goods in respect of which it is not registered; or
- (d) to the effect that the registration of a trade mark gives an exclusive right to the use thereof in any circumstances in which, having regard to limitations entered on the register, the registration does not give that right;

shall be liable on summary conviction to a fine not exceeding five (fifty) pounds.

(2) For the purposes of this section, the use in the United Kingdom in relation to a trade mark of the word "registered", or of any other word referring whether expressly or impliedly to registration, shall be deemed to import a reference to registration in the register, except-

- (a) where that word is used in physical association with other words delineated in characters at least as large as those in which that word is delineated and indicating that the reference is to registration as a trade mark under the law of a country outside the United Kingdom, being a country under the law of which the registration referred to is in fact in force;
- (b) where that word (being a word other than the word "registered") is of itself such as to indicate that the reference is to such registration as last aforesaid; or
- (c) where that word is used in relation to a mark registered as a trade mark under the law of a country outside the United Kingdom and in relation to goods to be exported to that country.

(3) An offence under this section committed in the Isle of Man may be prosecuted, and any fine in respect thereof recovered, at the instance of any person aggrieved, in the manner in which offences punishable on summary conviction may for the time being be prosecuted.

**Restraint of use of Royal Arms, etc.**

61. If any person, without the authority of Her Majesty, uses, in connection with any trade, business, calling or profession, the Royal Arms (or arms so closely resembling the same as to be calculated to deceive) in such manner as to be calculated to lead to the belief that he is duly authorised so to use the Royal Arms, or if any person, without the authority of Her Majesty or of a member of the Royal Family, uses, in connection with any trade, business, calling or profession, any device, emblem or title in such manner as to be calculated to lead to the belief that he is employed by, or supplies goods to, or provides services for His Majesty or such member of the Royal Family, he may, at the suit of any person who is authorised to use such arms or such device, emblem or title, or is authorised by the Lord Chamberlain to take proceedings in that behalf, be restrained by injunction from continuing so to use the same:

Provided that nothing in this section shall be construed as affecting the right, if any, of the proprietor of a trade mark containing any such arms, device, emblem or title to continue to use such trade mark.

### *Miscellaneous*

#### **Change of form of trade connection not to be deemed to cause deception**

62. The use of a registered trade mark in relation to goods between which and the person using it any form of connection in the course of trade subsists shall not be deemed to be likely to cause deception or confusion on the ground only that the trade mark has been, or is, used in relation to goods between which and that person or a predecessor in title of his a different form of connection in the course of trade subsisted or subsists.

#### **Jointly owned trade marks**

63. Where the relations between two or more persons interested in a trade mark are such that no one of them is entitled as between himself and the other or others of them to use it except-

- (a) on behalf of both or all of them, or
- (b) in relation to an article with which both or all of them are connected in the course of trade, those persons may be registered as joint proprietors of the trade mark, and this Act shall have effect in relation to any rights to the use of the trade mark vested in those persons as if those rights had been vested in a single person.

Subject as aforesaid, nothing in this Act shall authorise the registration of two or more persons who use a trade mark independently, or propose so to use it, as joint proprietors thereof.

#### **Trusts and equities**

64.-(1) There shall not be entered in the register any notice of any trust express, implied or constructive, nor shall any such notice be receivable by the Registrar.

(2) Subject to the provisions of this Act, equities in respect of a trade mark may be enforced in like manner as in respect of any other personal property.

#### **Restrictions on importation of goods bearing infringing trade marks**

64A.-(1) The person who is registered as the proprietor or registered user of a trade mark in respect of any goods may give notice in writing to the Commissioners of Customs and Excise (in this section referred to as the Commissioners)-

- (a) that he is the proprietor or registered user of that trade mark, and
- (b) that such goods bearing the trade mark are expected to arrive in the United Kingdom at a time and place and by a consignment specified in the notice, and
- (c) that the use within the United Kingdom of the trade mark in relation to the goods would infringe the proprietor's exclusive right to that use, and
- (d) that he requests the Commissioners to treat the goods as prohibited goods.

(2) Where a notice has been given under this section in respect of any goods bearing a trade mark and has not been withdrawn and the requirements of any regulations made under this section are complied with, then, subject to the following provisions of this section, the importation into the United Kingdom of the goods shall, if the condition of paragraph (c) of the preceding subsection is satisfied, be deemed to be prohibited unless the importation is for the private and domestic use of the person importing the goods.

(3) The Commissioners may make regulations prescribing the form in which notices are to be given under this section, and requiring a person giving such a notice, either at the time of giving the notice or at the time when the goods in question are imported, or at both those times, to furnish the Commissioners with such evidence, and to comply with such other conditions (if any), as may be specified in the regulations, and any such regulations may include such incidental and

supplementary provisions as the Commissioners consider expedient for the purposes of this section.

(4) Without prejudice to the generality of the preceding subsection, regulations made under that subsection may include provision for requiring a person who has given a notice under subsection (1) of this section, or a notice purporting to be a notice under that subsection.-

- (a) to pay such fees in respect of the notice as may be prescribed by the regulations;
- (b) to give to the Commissioners such security as may be so prescribed, in respect of any liability or expense which they may incur in consequence of the detention of any goods to which the notice relates, or in consequence of anything done in relation to goods so detained;
- (c) whether any such security is given or not, to keep the Commissioners indemnified against any such liability or expense as is mentioned in the preceding paragraph.

(5) For the purposes of section 17 of the Customs and Excise Management Act 1979 (which relates to the disposal of duties) any fees paid in pursuance of regulations made under this section shall be treated as money collected on account of duties (whether of customs or excise) charged on imported goods.

(6) Regulations under subsection (3) of this section shall be made by statutory instrument, which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

#### **Recognition of agents**

65. Where by this Act any act has to be done by or to any person in connection with a trade mark or proposed trade mark or any procedure relating thereto, the Act may under and in accordance with the rules, or in particular cases by special leave of the Board of Trade, be done by or to an agent of that person duly authorised in the prescribed manner.

#### **Saving for jurisdiction of courts in Scotland, Northern Ireland and Isle of Man**

66.-(1) The provisions of this Act conferring a special jurisdiction on the Court as defined by this Act shall not, except so far as the jurisdiction extends, affect the jurisdiction of any court in Scotland or Northern Ireland in any proceedings relating to trade marks; and with reference to any such proceedings in Scotland the expression "the Court" means the Court of Session; and with reference to any such proceedings in Northern Ireland the expression "the Court" means the High Court of Justice in Northern Ireland.

(2) Nothing in this Act shall affect the jurisdiction of the courts in the Isle of Man in proceedings for infringement or in any action or proceedings respecting a trade mark competent to those courts.

#### **Exercise of powers of Board of Trade**

67. Repealed by Sched. 4 of the Industrial Expansion Act 1968. S.14 of that Act contains an equivalent general provision.

### *Supplemental*

#### **Interpretation**

68.-(1) In this Act, unless the context otherwise requires, the following expressions have the meanings hereby assigned to them respectively, that is to say-

"the appointed day" has the meaning assigned to it by section seventy-one of this Act;

"assignment" means assignment by act of the parties concerned;

"the Court" means (subject to provisions relating to Scotland, Northern Ireland or the Isle of Man) Her Majesty's High Court of Justice in England;

"limitations" means any limitations of the exclusive right to the use of a trade mark given by the registration of a person as proprietor thereof, including limitations of that right as to mode of use, as to use in relation to goods to be sold, or otherwise traded in, in any place within the United Kingdom, or as to use in relation to goods to be exported to any market outside the United Kingdom;

- "mark" includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, or any combination thereof;
- "permitted use" has the meaning assigned to it by subsection (1) of section twenty-eight of this Act;
- "prescribed" means (subject to provisions relating to Northern Ireland) in relation to proceedings before the Court, prescribed by rules of court, and, in other cases, prescribed by this Act or the rules;
- "the register" means the register of trade marks kept under this Act;
- "registered trade mark" means a trade mark that is actually on the register;
- "registered user" means a person who is for the time being registered as such under section twenty-eight of this Act;
- "the Registrar" means the Comptroller-General of Patents, Designs and Trade Marks;
- "the rules" means rules made by the Board of Trade under section thirty-six or section forty of this Act;
- "trade mark" means, except in relation to a certification trade mark, a mark used or proposed to be used in relation to goods for the purpose of indicating, or so as to indicate, a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the mark, whether with or without any indication of the identity of that person and means, in relation to a certification trade mark, a mark registered or deemed to have been registered under section thirty-seven of this Act;
- "transmission" means transmission by operation of law, devolution on the personal representative of a deceased person, and any other mode of transfer not being assignment;
- "United Kingdom" includes the Isle of Man.

(2) References in this Act to the use of a mark shall be construed as references to the use of a printed or other visual representation of the mark, and references therein to the use of a mark in relation to goods shall be construed as references to the use thereof upon, or in physical or other relation to, goods.

(2A) For the purposes of this Act goods and services are associated with each other if it is likely that those goods might be sold or otherwise traded in and those services might be provided by the same business, and so with descriptions of goods and descriptions of services.

(2B) Reference in this Act to a near resemblance of marks are references to a resemblance so near as to be likely to deceive or cause confusion.

(3) In the application of this Act to Scotland, the expressions "injunction", "plaintiff" and "defendant" mean respectively "interdict", "pursuer" and "defender".

### **Transitional provisions**

**69.** The transitional provisions set out in the Third Schedule to this Act shall have effect with respect to the matters therein mentioned respectively.

### **Repeal and savings**

**70.**-(1) *The enactments set out in the Fourth Schedule to this Act are hereby repealed to the extent specified in the third column of that Schedule.*

(2) Nothing in this Act shall affect any order, rule, regulation or requirement made, table of fees or certificate issued, notice, decision, determination, direction or approval given, application made, or thing done, under any enactment repealed by this Act; and every such order, rule, regulation, requirement, table of fees, certificate, notice, decision, determination, direction, approval, application or thing shall, if in force at the commencement of this Act, continue in force and shall, so far as it could have been made, issued, given or done under this Act, have effect as if made, issued given or done under the corresponding enactment of this Act.

(3) Any document referring to any enactment repealed by this Act shall be construed as referring to the corresponding enactment of this Act;

(4) Nothing in this section shall be taken to prejudice the provisions of section thirty-eight of the Interpretation Act 1889.

**Short title, commencement and extent**

**71.-**(1) This Act may be cited as the Trade Marks Act 1938.

(2) *Subs. (2) repealed but the Act to continue in force, Statute Law Revision Act 1950, Sched. 1.*

(3) It is hereby declared that this Act extends to Northern Ireland.

(4) This Act shall extend to the Isle of Man.

## SCHEDULES

## Section 37

## FIRST SCHEDULE

## CERTIFICATION TRADE MARKS

1.-(1) An application for the registration of a mark under section thirty-seven of this Act must be made to the Registrar in writing in the prescribed manner by the person proposed to be registered as the proprietor thereof.

(2) The provisions of subsection (2) and of subsections (4) to (7) of section seventeen of this Act shall have effect in relation to an application under subsection (1) of the said section seventeen, except that for references therein to acceptance of an application there shall be substituted references to authorisation to proceed with the application.

(3) In dealing under the said provisions with an application under the said section thirty-seven the tribunal shall have regard to the like considerations, so far as relevant, as if the application were an application under section seventeen of this Act and to any other considerations (not being matters within the competence of the Board of Trade under subparagraph (5) of this paragraph) relevant to applications under the said section thirty-seven, including the desirability of securing that a certification trade mark shall comprise some indication that it is such a trade mark.

(4) An application for the registration of a mark under the said section thirty-seven shall transmit to the Registrar draft regulations for governing the use thereof at such time before the decision of the Registrar on the application as he may require in order to enable him to consider the draft, and the Registrar shall report thereon to the Board of Trade.

(5) When authorisation to proceed with an application has been given, the Board of Trade shall consider the application with regard to the following matters, that is to say:

- (a) whether the applicant is competent to certify the goods in respect of which the mark is to be registered;
  - (b) whether the draft regulations are satisfactory; and
  - (c) whether in all the circumstances the registration applied for would be to the public advantage;
- and may either-

- (i) direct that the application shall not be accepted; or
- (ii) direct the Registrar to accept the application, and approve the regulations, either without modification and unconditionally or subject to any conditions or limitations, or to any amendments or modifications of the application or of the regulations, which they think requisite having regard to any of the matters aforesaid;

but, except in the case of a direction for acceptance and approval without modification and unconditionally, the Board shall not decide the matter without giving the applicant an opportunity of being heard:

Provided that the Board may, at the request of the applicant made with the concurrence of the Registrar, consider the application with regard to any of the matters aforesaid before authorisation to proceed with the application has been given, so however that the Board shall be at liberty to reconsider any matter on which they have given a decision under this proviso if any amendment or modification is thereafter made in the application or in the draft regulations.

2.-(1) When an application has been accepted, the Registrar shall, as soon as may be after such acceptance, cause the application as accepted to be advertised in the prescribed manner, and the provisions of subsections (2) to (11) of section eighteen of this Act shall have effect in relation to the registration of the mark as if the application had been an application under section seventeen of this Act:

Provided that, in deciding under the said provisions, the tribunal shall have regard only to the considerations referred to in subparagraph (3) of the last foregoing paragraph, and a decision under the said provisions in favour of the applicant shall be conditional on the determination in his favour by the Board of Trade under subparagraph (2) of this paragraph of any opposition relating to any of the matters referred to in subparagraph (5) of the last foregoing paragraph.

(2) When notice of opposition is given relating to any of the matters referred to in subparagraph (5) of the last foregoing paragraph, the Board of Trade shall, after hearing the parties, if so required, and considering any evidence, decide whether, and subject to what conditions or limitations, or amendments or modifications of the application or of the regulations, if any, registration is, having regard to those matters, to be permitted.

3.-(1) The regulations deposited in respect of a certification trade mark may, on the application of the registered proprietor, be altered by the Registrar, with the consent of the Board of Trade.

(2) The Board of Trade may cause an application for their consent to be advertised in any case where it appears to the Board that it is expedient to do so, and, where the Board cause an application to be advertised, if within the prescribed time from the date of the advertisement any person gives notice to the Board of opposition to the application, the Board shall not decide the matter without giving the parties an opportunity of being heard.

4.-(1) The Board of Trade may, on the application in the prescribed manner of any person aggrieved, or on the application of the Registrar, make such order as they think fit for expunging or varying any entry in the register relating to a certification trade mark, or for varying the deposited regulations, on the ground-

- (a) that the proprietor is no longer competent, in the case of any of the goods in respect of which the trade mark is registered, to certify those goods;
- (b) that the proprietor has failed to observe a provision of the deposited regulations to be observed on his part;
- (c) that it is no longer to the public advantage that the trade mark should be registered;
- or
- (d) that it is requisite for the public advantage that, if the trade mark remains registered, the regulations should be varied;

and neither the Court nor the Registrar shall have any jurisdiction to make an order under section thirty-two of this Act on any of those grounds.

(2) The Registrar shall rectify the register and the deposited regulations in such manner as may be requisite for giving effect to an order made under the foregoing subparagraph.

5. Notwithstanding anything in section forty-four of this Act, the Registrar shall not have any jurisdiction to award costs to or against any party on an appeal to him against a refusal of the proprietor of a certification trade mark to certify goods or to authorise the use of the trade mark.

6. The following provisions of this Act shall not have effect in relation to a certification trade mark, that is to say, section four, section six, section nine, sections seventeen and eighteen (except as expressly applied by this Schedule), subsections (4) to (8) of section twenty-two, sections twenty-six to twenty-nine, section sixty-two, and any provisions the operation of which is limited by the terms thereof to registration in Part B of the Register.

## Section 38

### SEDCOND SCHEDULE

#### SHEFFIELD MARKS

1. The Cutlers' Company shall continue to keep at Sheffield the register of trade marks (in this Schedule called the "Sheffield register") kept by them immediately before the appointed day, and, save as otherwise provided by this Schedule, the Sheffield register shall for all purposes form part of the register.

2. An application by a person carrying on business in Hallamshire, or within six miles thereof, for the registration of a trade mark in respect of metal goods may be made either to the Registrar, or to the Cutlers' Company, at the option of the applicant.

3. An application for the registration of a trade mark made to the Cutlers' Company shall be notified to the Registrar in the prescribed manner, and the Cutlers' Company shall not proceed with such an application until authorised so to do by the Registrar.

4. The Registrar shall consider an application notified to him as aforesaid and shall either authorise the Cutlers' Company to proceed therewith or, if it appears to him that there is any objection to the application, shall give notice of this objection to the Cutlers' Company, who shall communicate it to the applicant.

5. Within the prescribed time after receipt of a notice of objection under the last foregoing paragraph, the applicant may submit to the Cutlers' Company either orally or in writing arguments against, or proposals for meeting, the objection, and the Cutlers' Company shall notify to the Registrar any arguments or proposals so submitted to them together with any observations that they may desire to make thereon.

6. The Registrar shall consider any arguments, proposals or observations notified to him as aforesaid and shall, if so required by an applicant who has submitted arguments or proposals as aforesaid, give the applicant an opportunity of being heard by him, and may refuse authorisation to proceed with the application or may authorise the Cutlers' Company to proceed therewith either without modification and unconditionally or subject to such conditions, amendments or modifications, or to such limitations, if any, as he may think right.

7. Where the Registrar refuses authorisation to proceed with an application, or authorises the Cutlers' Company to proceed therewith subject as aforesaid, the provisions of subsections (4) to (6) of section seventeen of this Act shall have effect in relation to the refusal or conditional authorisation as they have effect in relation to a refusal to accept, or a conditional acceptance of, an application, except that for references therein to the Cutlers' Company to proceed with the application.

8. Upon the registration of a trade mark in the Sheffield register, the Cutlers' Company shall give notice thereof to the Registrar, who shall thereupon enter the trade mark in the register, and such registration shall bear date as of the day of the application to the Cutlers' Company and have the same effect as if the application had been made to the Registrar on that day.

9. The provisions of this Act and of the rules with respect to the registration of trade marks, and all matters relating thereto, shall, subject to the provisions of this Schedule (and notwithstanding anything in any Act relating to the Cutlers' Company), apply to the registration of trade marks in respect of metal goods by the Cutlers' Company and to all matters relating thereto, and this Act and the rules shall, so far as applicable, be construed accordingly with the substitution of the Cutlers' Company, the office of the Cutlers' Company, and the Sheffield register, for the Registrar, the Patent Office, and the register respectively, and notice of every entry, cancellation, or correction made in the Sheffield register shall be given to the Registrar by the Cutlers' Company:

Provided that anything that by virtue of this Schedule is required or authorised to be done by, before or in relation to the Cutlers' Company or at their office may, with the consent of the party or parties concerned, be done by, before or in relation to the Registrar or at the Patent Office, as the case may be.

10. When the Registrar receives an application for the registration of a trade mark in respect of metal goods, he shall in the prescribed manner notify the application and proceedings thereon to the Cutlers' Company.

11. Any person aggrieved by a decision of the Cutlers' Company in respect of anything done or omitted under this Act may, in the prescribed manner, appeal to the Court, or in a case in which the decision had been a decision of the Registrar, the person aggrieved would have had an option under this Act of appealing to the Board of Trade, to the Court or the Board at the option of the appellant.

12.-(1) For the purposes of this Schedule the expression "metal goods" means all metals, whether wrought, unwrought, or partly wrought, and all goods which are comprised in any of such classes as may be prescribed as being classes which refer predominantly to metal goods, and are goods composed wholly or partially of any metal; and for the purpose of determining whether any goods are goods principally of any metal regard shall be had to the importance and nature of the metal part or parts of the goods having regard to the purposes for which the goods are adapted.

(2) Any question arising in connection with an application made to the Cutlers' Company for the registration of a trade mark as to whether the goods in respect of which the trade mark is proposed to be registered are metal goods, shall be referred to and determined by the Registrar, whose decision shall be final.

(3) The validity of the registration by the Cutlers' Company of a trade mark shall not be questioned on the ground only that the goods in respect of which it is so registered are not metal goods.

13. A certificate purporting to be under the hand of the master of the Cutlers' Company as to any entry, matter or thing that the Cutlers' Company are authorised by this Schedule or the rules to make or do shall be prima facie evidence of the entry having been made and of the contents thereof and of the matter or thing having been done or not done.



**Section 69****THIRD SCHEDULE****TRANSITIONAL PROVISIONS****Validity of registrations under previous Acts**

1.-(1) Subject to the provisions of this paragraph and of section thirteen of this Act, the validity of the original entry of a trade mark on the register of trade marks existing at the commencement of the Trade Marks Act 1905, or on any of the registers of trade marks kept under previous Acts that were deemed part of the same record as the last-mentioned register, shall be determined in accordance with the Acts in force at the date of such entry, and any such trade mark shall retain its original date, but for all other purposes it shall be deemed to have been registered under the Trade Marks Act 1905.

(2) No trade mark which was on the register at the commencement of the Trade Marks Act 1905, and which under that Act was then a registrable trade mark, shall be removed from the register on the ground that it was not registrable under the Acts in force at the date of its registration.

(3) No trade mark which was on the register at the commencement of the Trade Marks (Amendment) Act 1937, and which, having regard to any amendment by that Act of the Trade Marks Act 1905, or of the Trade Marks Act 1919, whether as respects limitations that might be imposed on registration or as respects any other matter, was then a registrable trade mark under the Trade Marks Acts 1905 to 1937, shall be removed from the register on the ground that it was not registrable under the Acts in force at the date of its registration.

(4) Nothing in the Trade Marks (Amendment) Act 1937, shall be taken to have invalidated the original registration of a trade mark that immediately before the commencement of that Act was validly on the register.

(5) Nothing in section thirty-six of the Trade Marks Act 1905, or in the Trade Marks (Amendment) Act 1937, shall be construed as having subjected any person to any liability in respect of any act or thing done before the commencement of those Acts respectively to which he would not have been subject under the Acts then in force.

**Assignments and transmissions (before appointed day) giving exclusive rights in different places in the United Kingdom**

2.-(1) The validity of an assignment or transmission of a trade mark effected or claimed to have been effected before the appointed day, in any such case as is mentioned in subsection (6) of section twenty-two of this Act, shall be determined as if the provisions contained in subsection (1) to (5) of that section had not been enacted:

Provided that, on application made in the prescribed manner within two years from the commencement of this Act, by a person who claims that an assignment or transmission of a registered trade mark to him or to a predecessor in title of his has so been effected, the Registrar shall have the like jurisdiction as under the proviso to subsection (6) of section twenty-two of this Act, and an assignment or transmission approved by him shall not be deemed to have been invalid on the ground of the subsistence of such rights as are mentioned in the said subsection (6) or on the ground that the assignment or transmission was effected otherwise than in connection with the goodwill of a business or was effected in respect of some (but not all) or the goods in respect of which the trade mark was registered, if application for the registration under section twenty-five of this Act of the title or the person becoming entitled is made within six months from the date on which the approval is given, or was made before that date.

(2) Any decision of the Registrar under this paragraph shall be subject to appeal to the Court.

**Saving as to retrospective provisions relating to assignments and transmissions**

3. The retrospective provisions contained in section twenty-two of this Act, and in the last foregoing paragraph, shall have effect without prejudice to any determination of a competent tribunal that was made before the appointed day, or to the determination of any appeal from a determination so made, or to any title acquired for valuable consideration before the appointed day.

**Association of Trade Marks assignable or transmissible as a whole only under the Trade Marks Act 1919**

4. Where immediately before the appointed day a trade mark was registered in Part B of the register subject to a condition rendering it assignable or transmissible only as a whole with another trade mark registered in the name of the same proprietor or with two or more other trade marks so registered, and not separately, the trade marks shall be deemed to be associated trade marks, and the entries in the register relating thereto may be amended accordingly.

**Previous use of a trade mark by person becoming registered user on application made within one year of appointed day**

5. Where a person is registered as a registered user of a trade mark on an application made within one year from the commencement of this Act, subsection (2) of section twenty-eight of this Act shall have effect in relation to any previous use (whether before or after the commencement of this Act) of the trade mark by that person, being use in relation to the goods in respect of which he is registered and, where he is registered subject to conditions or restrictions, being use such as to comply substantially therewith, as if such previous use had been permitted use.

**Use of trade mark for export trade before appointed day**

6. Section thirty-one of this Act shall be deemed to have had effect in relation to an act done before the appointed day as it has effect in relation to an act done after the commencement of this Act, without prejudice, however, to any determination of a competent tribunal which was made before the appointed day, or to the determination of any appeal from a determination so made.

**Trade marks registered under section sixty-two of the Trade Marks Act 1905, to be deemed to have been registered under section thirty-seven of this Act**

7. Section thirty-seven of this Act shall have effect, in relation to a trade mark that immediately before the appointed day was on the register by virtue of section sixty-two of the Trade Marks Act 1905, as if the said section thirty-seven had been in force at the date of the registration of the trade mark and it had been registered under that section, subject however to the following modifications, that is to say:

- (a) the proviso to subsection (1) of the said section thirty-seven shall not apply;
- (b) in a case in which regulations for governing the use of the trade mark are deposited at the Patent Office at the commencement of this Act, those regulations shall be deemed to have been deposited under the said section thirty-seven;
- (c) in a case in which no such regulations are deposited at the commencement of this Act, the proprietor shall be at liberty, or may be required by the Board of Trade as a condition of the continuance of the registration, to deposit at any time thereafter such regulations as the Board may permit or require; and
- (d) in a case in which no such regulations are for the time being deposited, the said section thirty-seven shall have effect as if references therein and in the First Schedule to this Act, to the regulations had been omitted.

**Cotton marks registered before appointed day**

8. No registration as of a date before the appointed day of a cotton mark as defined in section sixty-four of the Trade Marks Act 1905, in respect of cotton piece goods or cotton yarn shall give any exclusive right to the use of any letter, numeral, line heading, or any combination thereof.

**FOURTH SCHEDULE**

*Enactments Repealed*

This Schedule was repealed but not so far as to revive the Acts repealed by it, Statute Law Revision Act 1950.

## APPENDIX 2

## ACT No 1998 OF 1939 GOVERNING MARKS

## Chapter A

## Definition

Section 1.1. Shall be considered a mark any sign that is useful for determining that given products originate from a certain industrial agricultural or stock-breeding enterprise and also determining that given objects in the trade originate from a certain commercial enterprise.

2. The title of a newspaper or a periodical shall also be considered a mark.

## Contents and acquisition of right

Section 2. The right to the exclusive use of a mark shall only be acquired by the depositing of the mark in conformity with the provisions of this Law.

## Signs non susceptible of depositing

Section 3.1. May not be admitted for depositing as marks the following signs:

(a) Signs of common use or devoid of any distinctive characteristic of signs made up exclusively of lines numbers words signs or indications whenever these can be utilized to show the kind quantity weight destination value locality provenance of the good or the product.

In the evaluation of the distinctive characteristic of a mark shall be taken into consideration all actual circumstances and in particular the duration of use of the mark as a distinctive characteristic of the products supplied by the enterprise of the applicant.

(b) The emblems and symbols of the Greek State the royal emblems as well as the emblems of any other Authority and the religious symbols. Also the denominations and representations expressing these.

(c) Signs that are inconsistent with morality and public policy.

(d) Signs containing declarations or representations which obviously do not correspond to truth and involve the risk of misleading (people).

(e) Signs constituting counterfeiting or imitation of a mark that was previously declared in the legal manner and has not been deleted and which is used for distinguishing the same or a simiral product.

(f) Names and pictures of third parties even though they gave their consent.

2. Irrespective of the cases referred to above shall not be admitted for depositing any mark the depositing of which is inconsistent with good faith.

## Names of marks

Section 4. Where the mark consists of the proper name of the depositor and the same name has already been deposited by another as a mark in respect of the same products or products of the same kind a distinctive element must be added in order to ensure a clear distinction of the subsequent mark from the former.

## Depositing

Section 5.1. In order to deposit a mark a declaration must be submitted to the Ministry of Commerce (Department of Marks) together with ten copies of the mark; in case the mark to be deposited consists of a given coloured composition then in addition must be submitted five

coloured copies of the mark of standard plate except when the mark consists of mere denominations (marks made up of words); and be also accompanied by a receipt issued by a Public Cashier evidencing payment of the dues reserved for the Government.

The declaration shall also include obligatorily the appointment of an authorized lawyer and of a representative the powers of which are established by the inscription of their names in the declaration.

2. Failure to comply with the above formalities shall prevent the drawing up of the report referred to hereinbelow.

3. Upon the submission of the declaration a report shall be drawn up and filed in distinct registers destined respectively for local and foreign marks; the report shall include:

- a) the date and time of submission of the declaration
- b) the number of the receipt issued by a Public Cashier evidencing payment of the dues to the Government.
- c) a description of the products or goods that are to be distinguished by the mark
- d) the name of the declarant and of the lawyer who is his special attorney
- e) the date of expiration of the time period during which the mark shall be protected.

4. On the report shall be affixed one of the copies of the mark and the said report shall be signed by the authorized lawyer of the declarant and by the competent head of the Departement.

## Chapter B

### Courts to deal with marks

Section 6.1. On the admission of a declaration of depositing (of a mark) shall decide the two Courts of first and second degree organized by the present law.

2. The Court of first degree competent to deal with marks shall have three members consisting of one Counsel or Deputy Counsel serving at the State Council (who shall assume the Presidency) of the Director of the Directorate of Internal Commerce and Industrial Property at the Ministry of Commerce and of one industrialist.

3. The Court of second degree competent to deal with marks shall have five members consisting of one Vice-President of the State Legal Council who shall assume the Presidency of one Counsel or Deputy Counsel serving at the State Council of one Professor of the Athens University specializing in Commercial law of one Judge sitting at the Athens Court of Appeal and of one industrialist.

4. The members above referred to of both degrees of jurisdiction shall (with the exception of the Director of Internal Commerce and Industrial property and of his Deputy the head of the Department of Marks) be appointed for a two year term of office in the month of December and their re-appointment shall be permitted. The Professor of Commercial Law and his Deputy Professor or Assistant Professor of Commercial Law shall be appointed by the Faculty of Law of the Athens University; the Vice-President of the State Legal Council and his Deputy a Legal Counsel shall be appointed by the President of the State Legal Council; the Counsels and Assistant Counsels serving at the State Council together with two of their colleagues as Deputies shall be appointed by the President of the State Council; the Judge sitting at the Court of Appeal and a Deputy (also sitting at the Court of Appeal) shall be appointed by the Minister of Justice. The industrialists shall be appointed for a two year term of office alternatively by each of the Athens and of the Piraeus Commercial and Industrial Chambers.

5. As Registrars to the above Courts shall be appointed by a decision of the Minister of Commerce two of the Secretaries or Rapporteurs of the said Ministry who must be titular of a Law degree delivered by a Faculty of Law attached to a University Studies or by the Pantios School.

By a similar decision may be appointed an equal number of Deputies from among the officials attached to the Department of Marks.

### Procedure

Section 7.1. The Courts competent to deal with marks shall have their seat in Athens; they shall hold hearings in one of the rooms of the Ministry of National Economy to be specified by a decision of the Minister which must be placarded on the walls in the office of the competent head of Department.

2. The hearings held by the Courts are public and relevant minutes shall be drawn up. The Courts shall sit on dates and times fixed by their President at the beginning of each year and made public through placarding on the walls in the office of the competent head of Department. The deliberations shall take place on the basis of a schedule drawn up by the President according to the order of submission of the declaration or of the appeal. The schedule shall be placarded five days prior to the date fixed for the deliberation on the walls in the office of the competent head of Department in the offices of the Athens Commercial and Industrial Chamber and in the premises of the Athens Lawyers Association.

3. Before any deliberation the parties in dispute shall be invited under the care of the competent head of Department by notification addressed to them or to their representatives five full days in advance; at the date fixed for the hearing the case shall be considered even in the absence of the parties that were notified. The Court may at the request of the parties or even on its own initiative postpone the case to another hearing. The default of one party shall not be interpreted as an admission; the Court shall consider the case as if the defaulting party were present. A judgment issued by default shall not be subject to opposition.

4. The parties shall be represented by lawyers and shall be entitled to develop before the Court both orally and in writing their contentions and to submit any element or document in support. The Court can permit the questioning of witnesses.

5. The judgments are given by a majority vote; they must be specifically motivated. The minority view shall be recorded in the judgment. The judgments shall be pronounced in public on the same or a subsequent hearing and shall be signed by the President and the Secretary.

6. A summary of the judgment accepting the mark shall be published under the care of the competent head of Department in the bulletin of commercial and industrial property of the Government Gazette; the said head of Department shall be under an obligation to proceed with the publication within one month as from the issue of the judgment. The said summary must include the name and surname, the profession and the domicile of the declarant a description of the product the distinguishing of which by the mark is sought and a picture of the mark; judgments denying the admission of the mark must be notified under the care of the competent head of Department as well as of any party concerned to the parties in the dispute or their representatives.

7. As regards the maintaining of order during the hearings the drawing up of the judgments and of the relevant minutes the grounds and procedure for the exclusion of Judges shall be applicable by analogy the relevant provisions of Civil Procedure.

8. The violation of a provision governing procedure shall entail nullity in the case where at the Court's discretion such violation caused harm to the party that invokes it.

#### Appeal

Section 8. An appeal may be lodged within one month from the judgement of first instance by a party in the proceedings before the second degree of jurisdiction.

#### Opposition by third party

Section 9. Any third party having a lawful interest even if it not be a pecuniary interest as well as any Commercial and Industrial Chamber or Professional and Craftsmen Chamber in the land may lodge within six months an opposition against the judgment given before the jurisdiction of first or second degree which issued the judgment.

#### Exercise of judicial recourses

Section 10. Time periods for the exercise of the judicial recourses above referred to shall begin to run in regard to judgments denying admission as from the notification to the party

concerned and in regard to other decisions as from the 16th day of the month following the month in which has appeared the bulletin of commercial and industrial property of the Government Gazette in which was published the summary above referred to of the judgment to be attacked.

However the recourse may be lodged even before the expiration of the said time period.

2. The judicial recourses of appeal and third party opposition shall be carried out through the filing of an application with the competent head of Department who shall register the recourse in separate registers depending on whether it be an appeal or an opposition; upon the filing a relevant act shall be drawn up and signed by the head of Department and the applicant.

3. Instead of filing the judicial recourses above referred to may be exercised through a notification of the application to the competent head of Department in accordance with the provisions governing serving of documents of the Civil Procedure. The head of Department shall on the next day at the latest as from the serving register the notified appeal or third party opposition in either or the two registers kept by him as the case may be.

4. The application on a judicial recourse shall include:

- a) the names and domiciles of the parties in the dispute;
- b) a note of the judgment being attacked;
- c) all of the grounds on which the recourse is based;
- d) the date and signature of the party concerned or his attorney.

5. Before any deliberation on a judicial recourse or a request pursuant to the provisions of sections 15, 19 and 21 shall be deposited an amount of three hundred drachmas the restitution of which shall be ordered in the case where the judicial recourse lodged or the request were admitted; at the same time shall be submitted a note evidencing the paying to the Cashier of deposits and loans of the sum of drachmas five hundred and fifty in case of a recourse before the second degree of jurisdiction or of drachmas three hundred and fifty in case of a recourse before the jurisdiction of first instance towards the remuneration of the members of the Court dealing with the case.

6. With regard to the deliberations and the decisions on judicial recourses shall be applicable the provisions of section 7.

7. In the registers of judicial recourses shall be recorded:

- a) the serial number of the case
- b) the date and
- c) the name and surname of the applicant.

8. Third party oppositions and appeals as well as interventions in legal actions pending before the Court of Marks shall upon being filed with or served on the competent head of Department be noted on the appropriate filing records.

For the same purpose the Registrar of the State Council shall be under an obligation to notify to the competent head of Department any applications aiming at the annulment of judgments given by the Court of Marks.

Section 11.1. As against a judgment of the Court of first degree that became final or a judgment given by the Court of Marks of second degree shall be admitted a request for annulment brought before the State Council by any party in the dispute on the grounds set forth in section 42 of law No 3713 of 1928.

2. The request shall be filed within one month as from the date on which the judgment of the Court of first instance became final or in the case of a judgment given by the Court of second degree within one month as from the date determined in accordance with paragraph 1 of section 10 above.

The request shall be deposited with the Registrar of the State Council.

#### Intervention

Section 12.1. Any third party having a lawful interest even if it not be a pecuniary interest as well as any Commercial and Industrial Chamber may voluntarily intervene either before the Court of Marks or before the State Council.

2. The intervention shall be exercised through an application to be filed with the competent head of Department or with the Registrar of the State Council and be notified three full days before the date of the hearing.

3. The intervention shall set forth the grounds on which it has been made.

### Recording

Section 13.1. The judgments given by the Court of Marks as well by the State Council shall be noted by the competent head of Department in the special register of Record referred to in paragraph 2 of this section of the law. Upon the mark being admitted by a final decision the word "recorded" shall be noted together with any change regarding the products or goods to which the mark refers.

The entries shall be made in chronological order.

2. The register of Record is public; copies thereof or extracts therefrom shall in the form to be determined by decisions of the Minister of Commerce published in the Government Gazette be issued to all applicants.

Copies or extracts relating to the mark deposited shall be issued free of charge of the owner of the mark.

Date as from which the depositing of a mark shall come into force

Section 14. A mark that was admitted shall be deemed to have been deposited as from the date of submission of the request.

### Deletion

Section 15.1. A mark shall be deleted upon a decision given by the Court of Marks at the request of any person having a lawful interest as well as of any Commercial and Industrial Chamber or Professional and Craftsmen Chamber in the following cases:

a) Where the person entitled to the mark has not put in circulation products bearing the mark within three years as from the registration; in the case of a newspaper or periodical within one year as from the registration; and in the case of marks distinguishing pharmaceutical preparations within four years as from the registration.

b) Where the person entitled to the mark has during two years ceased to circulate products bearing the mark; during one year in the case of a newspaper or a periodical.

c) Where the enterprise in respect of whose products the mark was deposited has ceased to function since at least two years; since one year in the case of a newspaper or a periodical.

The mark shall not be deleted where the person entitled thereto established that he has not put in circulation or has ceased to circulate the products the newspaper or the periodical for good reason or that the enterprise has justifiably ceased functioning.

d) Where the mark became of common use.

In such event a request for deletion may not be filed before twenty years have elapsed as from the first depositing.

e) Where the mark deposited constitutes a counterfeit or an imitation of a characteristic distinguishing the same or a similar product which already prior to the depositing was sufficiently known in transactions carried out in Greece.

In such a case the application for deletion shall be submitted within a period of three years beginning to run as from the date of the bulletin of commercial and industrial property in which was published a summary of the decision attacked subject to the condition that concomitantly the products together with the mark deposited have actually been put in circulation.

f) Where the mark cannot be deposited pursuant to the provisions of paragraph 1 of section 3 of this law. In such a case the request for deletion may be submitted within three years in the manner laid down in the preceding paragraph (e) by any third party having a lawful interest in regard to a mark constituting a counterfeit or an imitation of an anterior mark lawfully declared and not deleted used to distinguish the same or a similar product.

g) Where the mark registered constitutes an imitation or a counterfeit of another foreign mark in respect of which though declared subsequently a right of priority is claimed going back to a date preceding the date of depositing of the mark registered. In such a case the request for deletion shall

be submitted within six months as from the registration.

h) Where the depositing of the mark was made in bad faith.

In such a case the request for deletion shall be submitted within a period of five years as from the registration subject to the condition that concomitantly the products together with the mark deposited have actually been put in circulation.

2. The effects of a decision of deletion shall begin as from the date on which the decision became final; a legal action for damages or for achieving a conviction shall not be admissible in respect of the preceding period.

3. Upon the deletion of the mark being ordered such deletion and the serial number of the decision shall be noted by the competent head of Department in the special register of Record referred to in paragraph 2 of section 13 of this law; a summary of the said decision shall be published in the bulletin of commercial and industrial property.

## Chapter C

### Manner of use

Section 16. The registration of the mark shall afford to the depositor alone the exclusive right of affixing the mark on the self same products or goods which it is intended to distinguish thereby on the covers and packings thereof on letter-heads on invoices on price-lists on announcements on publicity material of any kind and on any other document.

### Own and another's products

Section 17.1. The use of the mark shall only be allowed on the owner's own products.

2. Shall also be considered own products those products which in their main part are manufactured or prepared by the person owning the mark and are merely adjusted together or completed by another product.

3. Where the manufacture or adjustment or completion is made in a country other than the one in which the mark was first used the locality in which the manufacture or adjustment or completion took place must be inscribed in a clear manner and in the Greek language where such locality is in Greece.

4. A person who is not the producer of the same or a similar product may make use of his own mark on the owner's products when sold by such person subject to the condition of maintaining intact the existing mark of the producer of the products.

5. In any other case the use of one's own mark shall not be allowed on another person's products or goods even if such other person consented.

### Limitation of the protection

Section 18. The depositing of a mark shall not prevent another person from using his name, surname or domicile and from making declarations on the kind time and place of production on the quality the destination the price or the weight of any similar product or good to the extent that such use was not made in the guise of a mark.

### Duration of protection

Section 19.1. The protection of a mark shall last for a period of ten years beginning to run as from the day following the date of depositing.

2. In each case the period of protection may be extended for another ten years by the timely submission to the Ministry of Commerce of the receipt evidencing payment of the legal dues to the Government.



3. The submission of the said receipt in respect of dues payable for the extension must be made within the last year of the protection afforded.

After the expiration of the ten year period and within six months as from such expiration the owner of the mark may still submit a receipt evidencing payment of the dues but in such event he shall be bound to pay dues increased by one half.

4. Where the receipt relating to the extension dues has been presented in time the competent head of Department shall make an entry in respect thereof on the margin of the original depositing and such entry shall also be signed by the person who applied for extension.

5. Where a receipt for the extension dues has not been presented within the time period fixed in paragraph 3 of this section the mark shall be deleted and a relevant act shall be drawn up by the competent head of Department.

6. A summary of the extension or the deletion shall be published under the care of the competent head of Department in the bulletin of commercial and industrial property of the Government Gazette.

7. Any difference between the person applying for the extension of the protection and the competent head of Department as well as any objection regarding a deletion made pursuant to paragraph 5 hereinabove shall be resolved by the Court of Marks at the request of the person concerned.

## Chapter D

### Transfer

Section 20.1. The right to a mark is hereditary and may only be transferred during the lifetime (of the beneficiary) together with the enterprise with which the mark is connected.

2. An agreement the subject-matter of which is the transfer of the mark alone shall be null.

3. The transfer shall be admissible even though the mark consists of a name.

4. Where a mark was declared to cover several products or goods of the same kind the transfer of the enterprise to another person in so far as only one of such products or goods is concerned shall prevent the utilisation of the mark by the transferor in regard to the other products or goods also.

5. Where the enterprise of the beneficiary of the mark extends to several countries a transfer of the mark may be concluded by the section of the enterprise that is established in Greece to the extent that the transfer includes also the exclusive right to manufacture or sell the products bearing the mark and produced in Greece; the provisions of paragraph 3 of section 17 hereinabove shall be applicable by analogy.

6. A transfer shall only be effective in regard to third parties after recording in the register of marks. The recording may only be entered upon the presentation of a receipt evidencing payment of the relevant dues to the Government.

### Succession through inheritance

Section 21.1. Where there are several heirs the mark shall devolve on the heir or heirs who a) according to the will of the principal or b) by common consent or c) pursuant to a Court decision will carry on (the exploitation of) the enterprise.

2. In this last case the mark shall remain in force until the issue of a final Court decision and may be utilized (in the interval) by the heir or heirs who were allowed by a judicial decision to carry on temporarily (the exploitation of) the enterprise.

3. Where the exploitation of the enterprise is pursued by several heirs the exploitation must be carried on in common.

4. Where the exploitation of the enterprise is not continued or the enterprise has been dissolved the mark shall be deleted.

5. Where a contestation has arisen as to whether or not an enterprise is carried on the Court of Marks shall decide the issue at the request of the person concerned.

### Companies or partnerships

Section 22. The provisions of section 21 shall be applicable by analogy also in the case of dissolution of a company or partnership.

### Attachment and liquidation in case of bankruptcy

Section 23.1. A compulsory attachment and liquidation of the mark shall only be permitted together with the enterprise as a whole.

2. Upon an attachment being effected the relevant report shall be communicated to the competent head of Department and shall be inserted in the appropriate register.

3. Upon the beneficiary of a mark being declared bankrupt the mark may only be sold off together with the enterprise with which the mark was according to the relevant declaration connected.

4. Where the mark consists of the name of the beneficiary an attachment or liquidation in the event of bankruptcy shall not be admissible.

## Chapter E

### Legal action for discontinuation of use or damages

Section 24.1. Whoever makes use or counterfeits or imitates a mark belonging to another person may be sued for discontinuation or damages or both.

2. The legal action shall be brought before the competent Court of First instance. The action for damages shall be prescribed by limitation at the lapse of three years as from the end of the year in the course of which was first made the unlawful use counterfeit or imitation.

### Provisional measures

Section 25.1. A person entitled to claim the discontinuation of an act that is contrary to the present law may also apply for the issue of provisional measures by the President of the Court of first instance; the provisions governing provisional measures relating to disputes in the matter of possession shall be applicable by analogy.

2. Where the claim is directed against a third party shall always be joined in the proceedings the owner of the enterprise the products of which bear the mark which is being contested if the identity of such owner results from the mark.

3. Shall have jurisdiction for ordering provisional measures both the President of the Court in the district of which lie the products or the goods and the President of the Court in the district of which is established the seat of the enterprise the products of which bear the mark contested.

4. An appeal shall be allowed from the decision of the President of the Court of first instance before the president of the Court of Appeal within ten days as from the notification of the decision; this time period may not be extended on account of distance.

5. The President may order the drawing up of an inventory or the attachment of the products or goods and to prohibit the further circulation thereof; he shall however be bound to fix a date for the institution of legal proceedings not later than two months.

6. When allowing provisional measures the President may order the furnishing of a guarantee by the applicant; he may also appoint an Expert to assist the bailiff in his task of ascertaining the products or foods bearing the mark the attachment of which was authorized by the drawing up of the relevant inventory.

## Penalties

Section 26.1. Shall be punished with imprisonment of up to one year and with a fine of up to one hundred thousand drachmas or with either of these penalties

- a) the person who counterfeited a mark or who has knowingly made use of a counterfeit mark
- b) the person who has knowingly affixed on the products of his enterprise or the objects of his trade a mark belonging to another
- c) the person who without counterfeit has imitated in whole or in part with a view of deceiving a purchaser the mark of another or who has knowingly made use of such a mark
- d) the person who has knowingly sold or exposed for sale or circulation products or goods bearing a mark that constitutes a counterfeit or an imitation of a mark belonging to another
- e) the person making use of a mark in violation of the provisions of section 17
- f) the person making use without prior depositing of marks emblems and symbols falling within the scope of sub-paragraph (d) of paragraph 1 of section 3 of this law.

2. The penalties set forth in the preceding paragraph may be increased up to the double in case of relapse.

## Exercise of criminal proceedings

Section 27. In regard to the offences described in sub-paragraphs (a), (b), (c) and (d) of paragraph 1 of section 26 the criminal proceedings shall be instituted upon a complaint filed concerning acts committed after the depositing of the plaintiff's mark; with regard to the offences described in sub-paragraphs (e) and (f) criminal proceedings may also be instituted on the Public Prosecutor's own initiative; shall have jurisdiction the Court for misdemeanours.

## Publication of criminal judgments

Section 28. The Court for misdemeanours shall order the insertion at the expense of the person condemned of any condemnation pronounced in the matter of marks in two newspapers circulating in Athens where the offence was committed in that city; or in one newspaper circulating in Athens and in one circulating in the locality where the offence was committed or if no newspaper circulates in such locality then in a newspaper circulating in the nearest town when the offence was committed elsewhere in Greece.

## Cancelling and destruction of marks impounded

Section 29.1. The Court shall order the taking away from the products or the goods and the destruction of any marks impounded.

2. Where the mark may not be destroyed without the thing on which it is affixed the Court may in case of necessity order also the destruction of such thing in whole or in part.

3. The Court may order the taking away or the destruction of marks even in case of acquittal of the person accused when the Court considers that a risk of confusion exists.

## Jurisdiction of ordinary Courts

Section 30. Ordinary Courts shall have no jurisdiction at all in the matters in which the Courts of Marks have competence pursuant to the present law. The decisions made by the Courts of Marks are obligatory in regard to the ordinary Courts and any other Government Authority.

## Packings-Preconditions for affording protection

### Chapter G

#### Special and transitory provisions-Foreign marks

Section 35. Greek citizens and aliens who have a professional establishment outside of Greece may be protected in conformity with the provisions of this law if their marks are protected in the State in which they are professionally established and such State applies reciprocity in the matter of protection of Greek marks instituted by an international Convention or by an exchange of declarations between Greece and the foreign State.

2. In order that the securing of protection in Greece may be simplified the depositing of the mark in accordance with the provisions of this law shall be necessary; in respect of such depositing shall be required in addition to the particulars referred to in section 5 the following:

a) An attestation issued by the foreign competent Authority to the effect that the mark the depositing of which is applied for in Greece has been deposited and is protected pursuant to the legislation of the foreign State in which is situated the professional establishment of the applicant.

Shall not constitute a ground for non admission (of the application) amendments of unimportant parts of the mark that do not alter the overall impression.

In the matter of marks deposited together with a claim of priority within six months as from the filing of declaration in the foreign State the attestation above referred to may be filed within six months at the latest as from the registration of the mark in the foreign State. Such attestation may be dispensed with under the condition of reciprocity.

b) A special power of attorney legalized by the competent Greek Consular Authority including a provision accepting the jurisdiction of the Courts in Athens. Such provision of acceptance may be replaced by a declaration made by the attorney of the applicant before the competent head of Department.

3. All documents deposited that are drawn up in a foreign language shall be accompanied by a Greek translation certified by a person who is legally entitled to make (official) translations.

4. A foreign mark that has been legally registered in Greece shall become independent from the mark registered in the country in which the beneficiary thereof is professionally established.

#### Bulletin of commercial and industrial property

Section 36.1 All publications made through the official bulletin of commercial and industrial property shall henceforth be effected in a special issue of the Government Gazette published monthly under the title "Bulletin of commercial and industrial property".

2. The "Official bulletin of commercial and industrial property" hitherto issued pursuant to section 3 of Decree No 1/8 of September 1924 shall cease being issued.

### APPENDIX 3

#### ACT No 3205 OF 1955 AMENDING AND COMPLETING THE PROVISIONS OF LAW No 1998 OF 1939 ON MARKS

Section 16.1. By a decision of the Courts for Marks may be allowed the depositing of one and the same mark for distinguishing of the same or similar products as may also be allowed only the use of the mark by another person to the extent that there exists between such other person and the beneficiary who first deposited the mark a close and substantial economic relationship and on condition that the use of the mark shall not entail the risk of misleading the general public and is not contrary to public interest. As a proper economic relationship may be considered the furnishing of funds or machines or the exploitation of an invention or industrial secret (know how) or basic raw materials. The leasing of a mark shall be prohibited.

2. In the matter of marks of foreign pharmaceutical products that circulate legally in Greece shall in addition be necessary for the admission of the depositing of such marks by a Greek citizen a special authorization of the Ministry of Social Affairs to be issued after a motivated opinion of the Highest Health Council was given to the effect that there exist the scientific prerequisites for the manufacture of such products in Greece.

3. A declaration submitted by the beneficiary who first deposited the mark to the effect that the economic relationship has been dissolved shall entail ipso jure as from the filing of such declaration the deletion of the mark deposited by another person or of the right to make use of such mark. In the matter of applications for deletion submitted by third parties shall decide the Courts for Marks.

4. With regard to products that bear a mark registered or the use of which has been allowed pursuant to the above provisions the mention "Made in Greece" should be clearly affixed on such products in the Greek language in so far as these are manufactured in Greece.

Section 17. Collective marks 1. Associations, Unions or Clubs which pursue the realization of professional aims and enjoy a juristic personality may even though they do not own an enterprise deposit marks for distinguishing the products or goods produced or sold by their members (collective marks).

2. Juristic persons belonging to the public sector shall also be assimilated to the juristic persons above referred to.

3. A declaration relating to the depositing of a collective mark shall be accompanied by a solemn declaration setting forth the style seat purpose, names and surnames of the legal representatives and a nominal list of the members entitled to make use of the mark as well as the terms and conditions governing the rights and obligations of the members for the use by them of the mark. A similar declaration should be filed in respect of any change in the above particulars.

4. The right to a collective mark may not be transferred as such to another.

5. The exercise of the rights flowing from the registration of a collective mark shall in any case only belong to the Association, Union or Club which as a juristic person is the beneficiary of the collective mark.

6. A special register shall be kept for the recording of collective marks; the dues relating to the depositing or extension thereof shall be calculated at five times the dues for the time being in force in respect of other marks.

7. The deletion of a collective mark shall take place in all the cases provided for in section 15 as replaced by section 8 of the present law the provisions of which shall be applicable by analogy; in addition a deletion shall intervene where the beneficiary tolerates that the mark be used in a manner which is contrary to the purposes of the Association, Union, Club, etc. or to the terms and conditions that were solemnly declared as governing at the time of depositing or tolerates that the mark be used in a manner entailing deception in the transactions.

8. Foreign Associations, Unions, Clubs or juristic persons belonging to the public sector which were created in accordance with the provisions of private or public law of the country in which these have their seat may deposit collective marks if Greek collective marks can be deposited and protected in their respective countries.

9. The use of a collective mark shall necessarily be made with the mention "collective

mark".

10. In regard to collective marks shall be applicable all the provisions of law No 1998 of 1939 as hereby amended to the extent that such provisions are not inconsistent with the provisions of this section.

## APPENDIX 4

### Presidential Decree 317/92

Amendment and completion of Act 1998/39 "Concerning Trade Marks" as amended, in accordance to the First Directive of the Council of 21 December 1988, concerning the harmonisation of the Laws of Member States relating to trade marks

Section 1 The purpose of this decree is to adjust Act 1998/39 "Concerning Trade Marks" as amended by the provisions of Act 3205/55, Act 164/75, Act 1380/83, Act 1934/91, Act 1961/91 and which is in use today, to the provisions of the first Directive 89/104/EEC of 21 December 1988 concerning the harmonisation of the Laws of Member States relating to trade marks (EEL 40/11.2.1989)

Section 2 Section 1 of Act 1998/39 "Concerning Trade Marks" is amended as follows:

#### Section 1

Signs of which a trade mark may consist

1. As a trade mark is considered any sign capable of being represented graphically capable of distinguishing the goods or services of one undertaking, from those of other undertakings  
A trade mark may consist particularly of, words, personal names, images, signs, letters, numerals, sounds including musical phrases, the shape of goods or of their packaging.
2. As a trade mark is also considered the title of a newspaper or a periodical.
3. The procedure of registering and examining sound trade marks will be determined by decrees of the Minister of Commerce.

Section 3 Section 3 of Act 1998/39 "Concerning Trade Marks" is amended as following:

#### Section 3

Absolute grounds for refusal

1. May not be admitted for depositing signs which:
  - a) cannot constitute a trade mark according to section 1 of this Act;
  - b) are devoid of any distinctive character;
  - c) consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, characteristics, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;
  - d) consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;
  - e) consist exclusively of the shape which results from the nature of the goods themselves, or which is necessary to obtain a technical result, or which gives substantial value to the goods;
  - f) is contrary to public policy, or to accepted principles of morality;
  - g) may mislead the public, for instance as to the nature, quality, or geographical origin of the goods or service
2. There will also not admitted as trade marks:
  - a) the flag, the emblems, the symbols, the badges and the signs of the Greek State and of the other States. which are referred to in article 6tris of the Paris Convention for the Protection of Industrial Property (Act 213/75), hereinafter referred to as the "Paris Convention", and in accordance with the provisions of this article, as well as signs of high symbolic value, in particular a religious symbol;
  - b) signs, the application for registration of which was made in bad faith.
3. By derogation from the provisions of paragraph (b), (c) and (d) of sub-section (1) of this section, a sign may be admitted for registration, if up till the last discussion for its registration, it has acquired a distinctive character through its use.

Section 4 After section 3 of Act 1998/39 "Concerning Trade Marks", as amended by this, section 3a is added which is as follows:

Section 3a

Relative grounds for refusal

1. A sign is not admitted for registration:

a) if it is identical with an earlier trade mark, and the goods, or services for which the trade mark is registered are identical with the goods or services for which the earlier trade mark is protected;

b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark;

c) if it is identical with or similar to, an earlier trade mark and is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered, where this has acquired reputation and the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trade mark

2. "Earlier trade marks" within the meaning of sub-section 1 of this section means:

a) trade marks which have been registered before the date of the application for registration of the trade mark, considering also all rights of priority which may be claimed

b) previous applications for registration pending admission;

c) trade marks which, on the date of application for registration of the trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the trade mark, are well known in the sense in which the words "well known" are used in article 6 bis of the Paris Convention

3. A sign will not be admitted for registration:

a) if it contrasts to rights on an unregistered trade mark or another distinctive sign or characteristic which is used in trade, and which gives to the owner the right to prevent the use of a later trade mark, and under the condition that those rights have been acquired before the date of application for registration of the sign, and considering any claims of rights of priority;

b) if it contrasts a previous personality right of another person, or a previous copyright or an industrial property right other than those which are regulated through this Act;

c) if it is identical to a trade mark which has been registered and used in a foreign country, at the time of the application, which may create confusion and under the condition that the application was made in bad faith by the applicant

Section 5 Section 15 of Act 1998/39 "Concerning Trade Marks" is amended as follows:

Section 15

Deletion

1. The trade mark is deleted, partially or wholly, following an irrevocable decision of the Administrative Council of Trade Marks, in the following cases:

a) if it has been registered in breach of the provisions of sections 3 and 3a of this Act;

b) if, within a period of five years following the registration of the trade mark, the proprietor has not put the trade mark to genuine use in connection with the goods or services in respect of which it is registered, or if he suspends such use during an uninterrupted period of five years;

c) if in consequence of acts or inactivity of the proprietor, the trade mark has become publici juris or the common name in the trade for a product or a service in respect of which it is registered;

d) if in consequence to the use of the trade mark by the proprietor or with his consent for the goods or services in respect of which it is registered, may mislead the public for instance as to the nature, quality, or the geographical origin of the goods or services

2. The trade mark is not deleted:

a) if despite the existence of an earlier conflicting trade mark, there exist grounds for its deletion, due to non-use, according to sub-section 1, paragraph b of this section

b) if the proprietor of the earlier trade mark or of another right which grants to its owner the right to prohibit the use of a later trade mark, has acquiesced for a period of five successive years, unless registration of the later trade mark was applied for in bad faith



3. By derogation to the provisions of sub-section 1, paragraph b of this section, the trade mark is not deleted:

a) if the proprietor of the trade mark establishes that the non-use of it is due to a proper reason;

b) if the proprietor of the trade mark, during the interval between expire of the five-year period and filing of the application for revocation, has started or resumed genuine use of the trade mark. The commencement or resumption of use within a period of three months preceding the filing of the application for revocation which began at the earliest on expire of the continuous period of five years of non-use, shall, however, be disregarded where preparations for the the commencement or resumption occur only after the proprietor becomes aware that the application for revocation may be filed.

4. The following shall also constitute use for the purposes of this section:

a) use of the trade mark in a form differing in elements which do not alter the distinctive character of the mark;

b) affixing of the trade mark to goods or to the packaging thereof in Greece concerned only for export purposes;

c) use of the trade mark with the consent of the proprietor as well as use of a collective trade mark by any person who has authority to do so

5. The application for deletion is filed by any natural or legal person with a lawful interest as well as from any commercial, industrial or professional Chamber.

In the case of section 3a the application is filed only by somebody with a lawful interest.

6. If the grounds for deletion of the trade mark concern a part only of the goods or the services in respect of which it is registered, the deletion is restricted only to those specific goods or services.

7. The application for deletion is filled within a period of five years which starts from the date of publication of the Bulletin of Commercial and Industrial Property in which the summary of the decision by which the trade mark has been admitted, is published, unless it has been registered in bad faith. In the case of paragraph (c) of sub-section 1 of this section, the application for deletion cannot be submitted before the conclusion of a period of twenty years from the registration of the trade mark

8. The results from the decision for the deletion of the trade mark begin when it becomes irrevocable and there are no grounds for an action for damages, or criminal action for the period before this.

9. When the deletion of the trade mark is ordered, the deletion and the number of the decision is noted by the director of the Ministry who is responsible in the report included in the book for which section 2(3) of Act 3205/55 provides.

Section 6 Section 16 of Act 1998/39 "concerning Trade Marks" is amended as follows:

Section 16

Rights conferred by a trade mark

1. The registration of the trade mark confers on the proprietor the exclusive right to use, and especially of affixing it to the goods or products which its purpose is to identify, to characterise the services which are offered, to affix it to the packaging of the goods, to invoices, price-lists, to any kind of advertisements as well as to any other printed, electronic, visual or auditory means. Use of a trade mark will also constitute all acts referred to in section 15(4) of this Act.

2. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark;

c) any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has

acquired a reputation in Greece and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

Section 7 Section 18 of Act 1998/39, concerning trade marks is amended as follows:

Section 18

Limitation of the effects of a trade mark

1. The right conferred by the trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, his name, surname and address as indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering the service, or other characteristics, as well as the trade mark itself, if this is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts.

This use must be in accordance with honest practices in industrial or commercial matters and certainly not use as a trade mark.

2. The trade mark shall not entitle the proprietor to prohibit third parties to use, in the course of trade, an earlier right which only applies in a particular locality, if that right is applied in the limits of the territory in which it is recognised.

3. The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under the trade mark by the proprietor or with his consent

The previous paragraph shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialization of the goods, especially where the condition of the goods is changed, or impaired, after they have been put in the market.

Section 8 After sub-section (1) of section 16 of Act 3205/55 subsections (1a) and (1b) are added which read as follows:

Section 16

Licensing

1a. Licences may be granted for some or all of the goods or services in respect of which the trade mark is registered, and for the whole or a part of the Greek territory, and they may be exclusive or non-exclusive.

1b. The proprietor of a trade mark may invoke the rights conferred by that trade mark against a licensee anyone who has been granted a licence to register or to use, according to sub-section (1) of this section, if he contravenes any provision in his licensing contract with regard to its duration, the form covered by the registration in which the trade mark may be used, the scope of the goods or services for which the licence is granted, the territory in which the trade mark may be affixed, or the quality of the goods manufactured or the services provided by the licensee.

Section 9 After sub-section 17 of Act 3205/55 a new sub-section (2a) is added, which reads as follows:

Section 17

Collective trade marks

By derogation to the provisions of section 3(1)(c) of this Act, a collective trade mark may consist from signs or indications which may serve, in trade, to designate the geographical origin of the goods or the services. Such a trade mark does not entitle the proprietor to prohibit any third party from using in the course of trade such signs, provided he uses them in accordance with honest practices in commercial and industrial matters. Such a mark may not be invoked against a third party who is entitled to use a geographical name.

Section 10 Transitory provisions

1. Service marks are governed from the general legislation concerning trade marks.

2. Admission of service marks which have already been used in practice until the enactment of this Decree, will be made in accordance with the claimed priority in use and in a case of a challenge to it by a third party, with a lawful interest, in accordance with the use which is proved.

3. Applications for registration of trade marks which have been filed before the enactment of this Decree are evaluated as to the conditions of admission according to the previous law.

Section 11 Classes of Services

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## APPENDIX 5

## Act 146/14 Concerning Unfair Competition

Section 1. Any act made in commercial, industrial or agricultural transactions for purposes of competition which is contrary to moral principles shall be prohibited. The offender may be sued to refrain and to make good any damage caused.

Section 3. Any inaccurate statement about relations concerning transactions under Article 1 contained in public communications or announcements destined to a larger circle of persons shall be prohibited, and in particular statements concerning the quality, the initial origin, the manner of manufacturing or the pricing of goods or industrial activities, the manner or the source of supply, the possession of awards or other honourable distinctions, the cause the cause or the purpose of the sale, or the size of the available stock, if such statements are capable of giving the uimpression of an especially favourable offer.

The offender may be sued to refrain from the inaccurate statements and to make good any damage caused.

Section 13. Anyone who, in the course of business, makes use of a name, a firm name, or the special designation of a business establishment or of an industrial enterprise, or of a printed work, in a manner capable of causing confusion with the name, firm name, or special designation legitimately used by another, may be enjoined from such use by the latter. He shall also be liable to the injured party for damages, if he knew or should have known that the misuse was capable of causing confusion.

Business symbols of a business establishment or an enterprise which are considered within the trade concerned as the distinctive signs of such establishments or enterprise shall be equivalent to the special designation

The special presentation or the special decoration of the goods and the packaging or the covering thereof are assimilated to the special designation, if they are considered within the trade concerned as the distinctive signs of the similar goods of another.

The provision of the last sub-paragraph of Art.10 is applicable by way of analogy".

**APPENDIX 6****Act Against Unfair Competition  
(Of June 7, 1909; As Amended in 1987)**

Section 1 Any person who, in the course of business activity for purposes of competition, commits acts contrary to honest practices, may be enjoined from these acts and held for damages.

Section 3 Any person who, in the course of business activity for purposes of competition, makes deceptive statements concerning business matters, in particular concerning the nature, the origin, the manner of manufacture, or the pricing of individual goods or commercial services or of the offer as a whole, concerning price lists, the manner or the source of acquisition of goods, concerning the possession of awards, concerning the occasion or purpose of the sale, or concerning the size of the available stock may be enjoined from making such statements.

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