

Brand rules: When branding lore meets trade mark law

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Abstract

Brand management has traditionally been sustained by legally-protectable trade marks. But are trade mark laws keeping up with progressive branding practices? If not, should those practices be corralled within the law's traditional definitions and confines? Or should trade mark law be rethought and updated to reflect the world it regulates? Insight into the answers can be found in an exploration of the jurisprudence and commercial practices that underpin trade mark and branding practices, as evidenced by the rules that guide their implementation.

This paper thus investigates the key rules that govern brand management: trade mark law and branding lore. These two bodies of rules are built on the same foundation of indicating to customers the origin of goods and services. Yet culturally-inspired, commercially-motivated branding lore increasingly diverges from, and is inclined to conflict with, the mandates of trade mark law. In particular, traditional trade mark principles are challenged by neo-branding practices that transform brands into icons by which consumers express their identities and values. How can brand owners negotiate the inconsistencies between branding lore and trade mark law? How can they try to draw on the best of both worlds to meet their business needs? The paper offers some suggestions and concludes with speculation about the direction in which the law might develop.

INTRODUCTION

NikeTM, StarbucksTM, DisneyTM, BeckhamTM — they are some of the hottest, most famous and fabulously successful brands in the world today. They have massive consumer appeal and commercial value. Like other superstar brands, they reassure us of consistency and quality. They seduce us with messages that express and reflect our values, self-concepts and aspirations.¹ They make us feel special and as though we 'belong'.² Brands are the placards by which modern consumers choose their products and declare their principles, their ethos, their viewpoints, their beliefs and their membership of communities.³ This is

how brands invoke the consumer appeal that sells products, and to do all this they draw on an uneasy fusion of lore and law.

THE RULES THAT GOVERN BRANDING

Many rules govern branding, and these can be loosely dichotomised into laws that are established by the state and backed up by penalties for those who ignore them, and lores stemming from experience and utility. The latter invite compliance because they work, rather than because anyone mandates adherence to them.

Laws that directly govern branding include regulations concerning the

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content of advertisements: these dictate what may and may not be advertised, and what such advertisements may and may not portray. There are, for example, laws prohibiting tobacco advertising, laws regulating obscene or offensive advertisements, and laws that proscribe how certain products — such as pharmaceuticals, alcohol and junk food — may be represented in advertisements. Laws prohibiting false trade descriptions or derogatory comparative advertising impose additional limits on what may legally be said when promoting one's brand. Meanwhile, passing off and trade mark laws regulate branding by controlling the use of signs that distinguish the goods or services of one trader from those of another in the minds of consumers. These laws can all be enforced by recourse to the legal system of the jurisdiction in which the outlawed practice occurs. If one breaks them, the likely consequence is a financial penalty such as a fine or a requirement to pay compensation to the aggrieved party. Occasionally, the person responsible for the breach — such as a trade mark counterfeiter — may even face a prison sentence.

Lores, by contrast, lack legal force. *Lores* are customary or common-sense practices, generally followed by those engaged in branding. The rules of *lore* are not set out in legislation or other law books, they are not obligatory, they are not endorsed by the state, and there is not necessarily even consensus as to what they are. *Lore* does not contain compulsory codes that must be followed, and the failure to respect *lores* will not in itself precipitate legal penalties. The reason for complying with *lores* is that they tend to be tried and tested, and known to bring about desired results. They are the accumu-

lated wisdom of those who have gone before and, in the case of branding, the most likely consequence of disobeying them is the non-performance of one's advertising or watching one's product flop commercially. One imagines that the fear of failure's consequences — an unsuccessful product, disappointed clients, gloating competitors, the ridicule of colleagues, a washed-up career — offers an effective incentive to comply with branding *lore*. Perhaps this is even more persuasive than the penalties that threaten those who flout the above-mentioned laws?

When the word of the law collides with the wisdom of *lore*, the latter sometimes prevails; an upshot is complaints and court cases, and the risk of these is sometimes factored into the cost of doing business. High-profile clashes might result from flamboyant advertisements alluding to sex, drugs or violence that members of the public — and advertising regulators — find offensive. Using branding practices that draw on the celebrity of famous people, places that are otherwise unconnected to the brand, or signs that 'belong' to other traders, can also lead to litigation. When branding *lores* encourage practices such as these, and particularly when this sparks public outrage, fear of exploitation and/or concern to protect a society's moral standards, governments sometimes proclaim new laws intended to regulate these types of branding activities; absent such driving forces, the law tends to change slowly.

Less dramatic and notorious, but perhaps more significant and insidious in the long-term, are clashes between progressive branding *lore* and staid trade mark law. Trade marks are the

legal scaffolding on which brands are built. The law determines what sort of brand symbolism the state will allow a brand owner to monopolise as trade mark proprietor, and it determines what sorts of legal tools can be used against those who impinge on those monopolies. But, as will become apparent from the following discussion, trade mark law does not necessarily coincide with contemporary branding lore, and it sometimes seems ill-equipped to keep pace with the developing commercial environments that affect, and are affected by, modern branding practices.

BRANDING LORE

The legend of branding was born in pre-history: tribal tattoos, the branding of livestock and slaves, heraldic crests, hallmarks and pottery marks. The evolution of today's branding techniques was sparked by the advent of mass-production during the Industrial Revolution of the late 18th and early 19th centuries. A dazzling array of choice was suddenly being presented to consumers, and manufacturers began using brands to differentiate their goods from those of other traders. Some of these early brands still remain alive (think for example of Sunlight soap, Quaker oats and Singer sewing machines),⁴ having become 'household names' that permeated time and place with their relentless, comforting messages of quality, reliability, constancy and tradition.

Viewed from this perspective, branding can be summarised or defined by the function it serves:

'every successful business and organisation needs to be set up and organised around a

distinctive idea of some kind. To distinguish itself effectively and efficiently from other organisations, it is helpful to have some kind of shorthand: visual or verbal symbols, perhaps an icon that can be registered and protected.'⁵

This 'shorthand' is the familiar subject matter of old-style branding, and this is the sort of branding that trade mark law explicitly recognises and protects. Trade marks are the *material markers* — the name, logo and other symbols used to identify the (intangible) brand — over which the law gives monopoly rights to a trader to use them with respect to its business or products, and which can then be filled with meaning to form a brand.⁶ This meaning is accrued through consumers' collective encounters with the markers: it resides in consumers' minds, and it is the result of layers of experience, such as advertising, publicity, reliable or faulty products, wonderful or lousy customer service, and general public opinion about the brand. It is with the accumulation of positive consumer experiences associated with the material markers that traditional branding lore is mainly concerned.

Lore books — such as marketing or advertising texts, and branding 'how to' manuals — burst with advice about how to create and maintain a successful brand. This wisdom has been largely built up through a process of trial and error, growing ever more sophisticated throughout the last hundred years. Techniques have responded to changing commercial contexts and to new technological possibilities, and they have been subject to fresh interpretations, but the fundamental principles of branding have remained remarkably stable.

Core to branding lore is the tenet that people consume products but buy brands,⁷ and most other branding insight seems to radiate from here. Branding is said to be 'the most critical element of commercial success', which depends on advertising an aspirational image in association with the brand⁸ and creating a consistent brand personality to which consumers can relate.⁹ A successful brand expresses the *values* — a mission, strategy, objective and/or culture¹⁰ — inherent in a company or its product. These can then be portrayed as consumer *need-satisfiers*¹¹ to build perceptions of positive experiences with the brand in consumers' minds.

In order to communicate its values clearly, there is a sense that a brand should be narrowly defined and distinguishable by a short, simple name that is unique to each product.¹² This will help to link the brand and the product in the consumer's mind. As Al and Laura Ries list among their (arguably misnamed¹³) 22 *immutable laws* of branding: 'If you want to build a brand, you must focus your branding efforts on owning a word in the prospect's mind. A word that nobody else owns.'¹⁴ They argue that a brand name and its associations give a product meaning in the consumer's mind, so that meaning — the essence of the brand — must be reduced to a single thought or attribute that nobody else has already attached to a brand in the same category.¹⁵ The authors also recommend that, in choosing this magically evocative association, all brand owners strive to make their brand synonymous with a descriptive word that represents a laudable quality such as 'safety', 'elegance', 'luxury', 'overnight', or even 'quality' itself.

As will become clear, this presents problems from the perspective of trade mark law.

Similarly problematic is the same authors' suggestion that brand owners achieve domination of their category of goods or services¹⁶ by endeavouring to implant their brand in the consumer psyche as the generic name for the product.¹⁷ To do this, brand owners should aim to launch their brand as the first in a new category, should use the accompanying publicity to become entrenched, and should use advertising primarily to maintain their position as the leading brand in that category.¹⁸ But, again, this domination of a generic word is the sort of situation that law is keen to avoid.¹⁹

These examples of branding lore's traditional staples remain essentially important. However, branding today does so much more than just perform its *trade mark function* of distinguishing the goods or services of one trader from those of another:

'Branding these days is largely about involvement and association; the outward and visible demonstration of private and personal affiliation. Branding enables us to define ourselves in terms of a shorthand that is immediately comprehensible to the world around us. Diesel, Adidas and W hotels is one lifestyle; Hermès, Ralph Lauren and the Ritz is another. You can mix 'n' match to customize, enhance and underline your own particular self-perception ... Brands were created by marketing people inside large companies to seduce customers — to sell products by creating and projecting colourful but simple ideas clearly, again and again. The mechanism of branding was designed for and defined by modern communication techniques. But the branding idea has become successful way beyond the dreams of its creators, even the most ambitious of them.'²⁰

In line with branding's dazzling accomplishments, recent years have witnessed an explosion of consumer-led branding practices — which one might dub neo-branding — that are generating new lores of branding.

Explaining neo-branding, Douglas Holt has proposed a theory of *iconic brands*.²¹ This addition to branding lore suggests that iconic brands are those that transcend the traditional trade mark function: they have come to be associated with such strong myths in the collective minds of consumers that they have metamorphosed into cultural icons. Due to the degree of social consensus about the meanings that has been built up around these brands, the iconic brand takes on additional *secondary meanings* — associations or connotations in the public mind that mediate between the term and its goods or services — and it is by associating themselves with these meanings that consumers are able to use iconic brands to express their own identities and values.²² This might be as a result of clever marketing and use of traditional branding lore by the brand owner, or it might be due to hijack of the brand by consumers: either could amount to neo-branding. So long as it remains associated with socially acceptable values, transformation from a mere brand to an iconic brand can represent promotion to brand glitterati status and can be a harbinger of unforeseen commercial fortunes.

In his Brand Hijack Manifesto — which he says is not 'immutable' — Alex Wipperfurth thus recommends that brand owners '[l]et go of the fallacy that your brand belongs to you. It belongs to the market.'²³ This approach essentially advises marketers to relinquish control of their brands

and allow their consumers to shape brand meaning:²⁴ brand personality then becomes something that is developed through an alliance between a grassroots or bottom-up hijack of top-down marketing. In the most pure form of brand hijack, consumers commandeer a brand's ideology, use and persona: 'the brand essentially becomes *public property*; it's defined and led by its user community'.²⁵ This approach requires trusting consumers if they take the product in unexpected directions as they reinterpret how it fits into their lives,²⁶ with the proviso that control of the brand should be reclaimed if it falls into the hands of the wrong people.²⁷ The theory suggests that, so long as the brand is being hijacked by acceptable consumers and the brand remains true to the values and principles of its early market,²⁸ allowing hijacking should build devoted brand loyalty and a likelihood that consumers will endorse the brand to others.²⁹ In summary, the traditional owner of the hijacked brand facilitates its appropriation by groups of consumers or subcultures to whom it permits the brand to mean different things, and these groups are encouraged to feel 'ownership' of it.³⁰

Such advice effectively means relinquishing a degree of control over the use of one's brand to one's consumers in accordance with Jeremy Bullmore's claim that: 'Products are made and owned by companies. Brands, on the other hand, are made and owned by people ... by the public ... by consumers.'³¹ Bullmore presents this principle as a fact of neo-branding, and it recently seems to have gained widespread acceptance in branding lore.³²

Perhaps brands are the public property of consumers as commentators like Wipperfurth and Bullmore have suggested, but a glance at trade mark law suggests that this is probably not the case. And while following the tenets of such branding lore will not usually lead to a breach of trade mark law in itself, a brand owner who follows the lore just surveyed does run a serious risk of losing the protection their brand would otherwise enjoy under trade mark law.

TRADE MARK LAW

Trade mark law largely dictates how a brand owner can protect its brand against unauthorised use — such as copying, appropriation and misrepresentation — by others. Acquiring a registered trade mark gives the brand owner monopoly rights, and the power to sue others who infringe those rights. It also gives the proprietor responsibilities if the registration is to be maintained.

A trade mark is a communicative symbol that can be registered for exclusive use by the proprietor with respect to specified goods or services.³³ It might be a word, name, slogan, letters or numbers, a logo (known as a 'device' or 'figurative' mark), shape, colour, sound, smell, taste, hologram, or gesture. In practice, however, the requirement that the sign be portrayed in a 'graphical representation' means that some signs — such as smells or tastes — are almost impossible to register as trade marks.³⁴

In order to achieve registration as a trade mark, the sign must also be capable of distinguishing the goods or services of one trader from those of another. That is, it must be *distinctive*.

Trying to choose a sign that could act as the trade mark foundation of a brand can be complicated and expensive. The most distinctive type of word trade mark is a neologism (a coined or made up word, also known as a 'fanciful' mark) because it has no inherent meaning and any association built up between it and the relevant goods or services will therefore be directly attributable to the proprietor/brand owner. The downside is that consumers need to be educated to mentally link neologisms with a proprietor's goods or services, which takes time and money.³⁵ Branding practice and trade mark law can therefore be motivated by contradictory imperatives.

From a legal perspective, brand owners are well advised to steer clear of descriptive terms: attempts to register these as trade marks will be rejected unless the proprietor can show that the word has already become distinctive of their goods or services in the minds of consumers (ie that it has *acquired distinctiveness*, which is the trade mark law term-of-art for *secondary meaning*). Descriptive words include generic terms that describe the product category, such as 'BOOK' for use with books or bookshops, or (proper) nouns that have come to describe the product category, including those that were once registered as trade marks (such as 'escalator': once a trade mark, but now the generic term for moving staircases). Laudatory terms — such as 'best' or 'luxury' — are also considered descriptive. Avoiding descriptive and generic terms obviously flies in the face of the branding lore that advises brand owners to associate their products with a laudatory word and to build their brand name as the generic term for the category in consumers' minds.

In addition, a registrable sign must not fall foul of the *absolute grounds* for refusal of a trade mark, which include flaws such as being descriptive, customary in the current language of the trade, against public policy or morality, deceptive, prohibited by other laws, comprising a specially protected emblem such as the Royal Arms or a national flag, being part of an application made in bad faith, or consisting of a shape that is the shape of the product itself or a shape that gives substantial value to the product. Nor may it conflict with any existing proprietary sign, such as an identical or similar trade mark that has already been registered for use with respect to identical or similar goods or services, or a 'well-known mark'.³⁶ A sign that clashes with an existing mark is rejected on the basis of a conflict with the *relative grounds* for refusal of registration, but a sign that does not fall foul of either the absolute or relative grounds for registration may be registered as a trade mark. The brand owner thus becomes a trade mark proprietor and — despite what recent branding lore might say about ownership by consumers — the exclusive rights to prevent unauthorised use of the brand's essential material markers are then legally recognised as the property of the registered proprietor.³⁷

The registered proprietor's exclusive rights to use its trade mark are infringed by anyone who, without permission, uses an identical or similar sign with respect to identical or similar goods, or who 'dilutes' the sign by using it in a way that is detrimental to the distinctive character or repute of the trade mark or takes unfair advantage of it. The legal notion of 'use' includes affixing the sign to goods or

their packaging, using the sign in connection with goods offered or advertised for sale, using the sign in connection with goods being imported or exported, or using the sign on business papers or advertising. The brand owner thus obtains quite extensive rights upon registering a trade mark and, while non-commercial uses might fall outside this legal definition, there is no recognition here of any consumer 'right' to use the brand in any way other than that sanctioned by the trade mark proprietor. Hence, Mattel sued artists and brand-devotees in the USA who had created new associations for its Barbie brand, including a San Francisco artist who exhibited Trailer Trash Barbie and Big Dyke Barbie, and a collector who gave the 'Ugliest Barbie' prize to the Elizabethan Queen Barbie.³⁸ This might have been a public relations disaster that itself led to negative encounters with the brand being recorded in the public memory — an embarrassing failure to prevent the unauthorised associations being planted in consumers' minds, and thus counterproductive from a brand management perspective — even if it was legally sound. Again, the word of the law and the wisdom of the lore can be quite contrary when it comes to branding.

Trade mark registration also gives the brand owner responsibilities. In order to preserve its registration, the trade mark proprietor or its licensee must use its mark in connection with the sorts of goods or services for which it is registered. A trade mark can be revoked (ie cancelled) if it becomes generic — 'the common name in the trade for a product or service for which it is registered' — as a consequence of

the actions or inactivity of the trade mark proprietor.³⁹ Again, this law contradicts the branding lore that advises proprietors to make their mark generic so that it comes to distinguish a product category in consumers' minds.

Similarly, if the use to which a trade mark is put by the trade mark proprietor or with its consent — which could perhaps include tacit consent — causes the mark to become misleading, this can also provide grounds for a revocation action.⁴⁰ It is conceivable that such a situation could arise if a trade mark proprietor was aware that consumer behaviour was adding 'secondary meanings' to the mark (in the manner suggested by Wipperfurth's concept of 'brand hijack') that differed from those it had itself sought to associate with its trade mark.⁴¹ If its proprietor did nothing or insufficient to try to prevent this, could the result be revocation of the trade mark? Time and future case law will no doubt tell. In the meantime, the risks are clear: a trade mark is in peril if a brand owner does not keep sufficient control over it, and revocation of a trade mark can be disastrous for brand management as it increases the difficulty of preventing others from copying, counterfeiting or otherwise misusing one's brand.

The moral? What is effective branding practice is not necessarily protected by trade mark law. The competing practices recommended by branding lore are not illegal, but some of the brand associations they would create — such as those comprised only of laudatory words or generic terms — cannot be protected by trade mark law unless these common terms have already become associated with a particular trader's goods or services. That is, such words will only survive as trade

marks if they have gained sufficient secondary reputation or acquired distinctiveness to link them with the brand owner's products in the minds of consumers. It is a fine balancing act because building such associations may lead to the unregistrability or revocation of a trade mark on the basis of genericism. And 'genericide' can be equivalent to committing commercial suicide.

Much other wisdom about how to protect one's registered trade mark and avoid genericide⁴² also flies in the face of branding lore. Lawyers and trade mark attorneys advise trade mark proprietors *not* to use their trade marks as nouns (ie the name of the product or category itself) or verbs, but as adjectives beside generic words.

To further protect their trade marks against misuse and genericide, brand owners are advised to use the TM symbol with unregistered trade marks (eg those signs that they are using in a trade mark-like way, even if they have not registered the sign as a trade mark) and to use the ® symbol with registered trade marks: this reminds everyone that there is a proprietary claim to these words. Other good practices include capitalising or otherwise highlighting the trade marked word in text, using the trade marked word in exactly the way it is registered and avoiding using it in a possessive or plural form, avoiding abbreviating or otherwise modifying the mark, consistently presenting the word in the same font, typeface or script so that it becomes instantly recognisable, and placing a proprietary statement with the trade mark,⁴³ for example, 'COLUMBIA is the exclusive trade mark of Sony Music Entertainment Inc.' It is also good practice to use a trade mark

Table 1 Examples of dangerous and smart uses of trade marks

Dangerous use	Smart use
'I'm going to Google the internet'	'I'm going to do a search on the internet using the Google™ search engine'
'Please Xerox this page'	'Please make a copy of this page on the Xerox™ photocopier'
'He needs to Hoover the floor'	'He needs to use a Hoover™ vacuum cleaner to vacuum the floor'
'Listen to the song on my Walkman'	'Listen to the song on my Walkman™ portable cassette player'

only in connection with the goods or services for which it is registered, and to register it for any additional goods or services for which its use is desired. Proprietors should — and should encourage others to — follow the examples for smart use of their trade marks that are set out in Table 1.

For the brand owner who follows the wisdom of branding lore as it tries to guess at, drive and respond to consumer whims and the mood of the market, these sorts of rules can seem cumbersome and oppressive. But to ignore the laws could kill a brand.

A BRAND NEW LAW?

There is clearly scope for quite fundamental clashes to arise between branding lore and trade mark law. Commercial imperatives might indeed propel brand owners towards trying to choose marks that are descriptive and conjure images of laudable aspects of their products, or towards trying to choose generic words as trade marks or turn their distinctive marks into generic descriptors of a category of product, or towards allowing market forces and consumers to create secondary meanings for their brands and then call those consumers the true 'owners' of the brand. But legal practitioners cringe at such suggestions: all can produce outcomes that prevent

or destroy trade mark registrations and make it much more difficult to build and protect the brand on the back of the law.

The reasons for the inconsistencies between branding lore and trade mark law no doubt stem from the different philosophical principles underpinning the two types of rule. The law grew from a tradition in which trade marks existed to distinguish the goods and services of one trader from those of another, and to thereby decrease the likelihood of consumer confusion and increase the probability that traders would find it worthwhile to invest in maintaining quality and consistency in their products.⁴⁴ Branding lore grew from the same beginnings, but shifting demographics and changing commercial practices have led to developments with which trade mark law has not kept pace. The result is a misfit between the two types of rule.

What — if anything — should be done about this?

Trade mark law should arguably be adjusted to reflect and meet the needs of the society it regulates, rather than the other way around. Brand owners, their industry bodies and their legal representatives might therefore find it beneficial in the long term to draw the attention of legislators to the inconsistencies between branding practice and the law that regulates it. Trade

mark law is intended to protect brand owners and consumers alike,⁴⁵ so it would surely be in everyone's interests to investigate further how trade mark law could be better reconciled with branding lore. This becomes increasingly important as neo-branding practices cause ever greater fissures between the two bodies of rules.

Branding lore could perhaps be seen as a custom followed by marketers. 'Custom' is a traditional source of inspiration for law-making,⁴⁶ and throughout history the law has been slow but steady in responding to developing commercial customs.⁴⁷ This has arguably occurred each time a new trade mark statute has been issued. For example, the Trade Marks Act 1938 (UK) relaxed the prohibition on assignment of trade marks, and as '[c]ontemporary commercial developments had made some legal recognition of the practice of licensing trade marks desirable [t]he 1938 Act cautiously opened the door to licensing.'⁴⁸ The Trade Marks Act 1994 (UK) responded to changing business practices with measures such as the recognition of new types of signs as trade marks, and expanding notions of trade mark dilution. It seems likely that the trend will continue into the future, although it could require some well-targeted lobbying by brand owners and the legal community in order to draw the advantages of legal evolution in response to neo-branding to the attention of legislators.

Meanwhile, brand owners have several options.

An obvious choice would be to act cautiously to ensure that they always do their utmost to protect their registered trade marks, even if this means foregoing some commercial

opportunities that might flow from creative use of the brand. If such conservatism is the best way to protect the trade marks that underpin one's brand, and the business is one in which the brand is a key asset, then this might well seem the wisest route to follow. Company directors have duties to act with skill, care and diligence to protect the interests of their company, and this includes managing the company's intangible assets responsibly.⁴⁹ How is this done? According to the 2005 report by *BusinessWeek* and Interbrand, which conduct an annual survey of the world's most valuable brands:

'The names that gained the most in value focus ruthlessly on every detail of their brands, honing simple, cohesive identities that are consistent in every product, in every market around the world, and in every contact with consumers.'⁵⁰

In such conditions, prudence might dictate resistance to branding lore and neo-branding practices that conflict with trade mark law.

Then again, too rigid resistance to progressive branding lore and neo-branding practices could leave a brand increasingly out-of-touch with its consumers and foundering in the wake of competitive brands that have embraced the challenges thrown up by the conflicts being created by branding lore and trade mark law. The *BusinessWeek*/Interbrand report also observes:

'The era of building brands namely through mass media advertising is over. The predominant thinking of the world's most successful brand builders these days is not so much the old game of reach (how many consumers see my ad) and frequency (how

often do they see it), but rather finding ways to get consumers to invite brands into their lives.⁵¹

The effect of failing to do so might be to protect one's trade mark at the cost of one's business, and it is questionable whether this would be in the best interests of the company.

For skilful and rule-astute brand managers, there might be an alternative, middle way to deal with this dilemma. If caution is observed and a degree of control maintained, it is arguably not necessary for brand owners to turn their backs on the ideas underpinning the neo-branding tactic of allowing brand hijack to create unintended secondary meanings and iconic brands. Brand managers at Harley-Davidson have won critical acclaim from branding commentators for incorporating some of the secondary associations given to its bikes by its loyal consumers. One of these is with the rebel motorcycle club Hell's Angels. Laurence Vincent has observed how the 'outlaw' narrative was adopted by Harley-Davidson's consumers, thus pushing the brand in a direction not originally intended by the brand owner,⁵² but which was gently managed to produce stunningly successful results. Similarly, Douglas Atkin notes that, while this association has never been officially endorsed by Harley-Davidson,⁵³ the brand owner has successfully exploited the 'bad boy' image that was first whipped up by the media and then internalised by its consumers.⁵⁴

By adopting elements of this maverick image into its 'brand values' and adjusting its self-concept to incorporate these emergent values, Harley-Davidson profited from con-

sumer-led associations while still maintaining control over its brand. It did not allow a complete hijack, but it arguably modified its own self-image and (brand) personality as its consumers led it in new directions. The effect was a clear, robust brand identity that, although perhaps deviating from its original character traits, complied with the trade mark law requirements of distinguishing its goods and services from those of other traders while not becoming generic, descriptive, deceptive, and so on.

The lesson for brand managers is surely that the consumer-led creation of brand meanings can be permitted to be a fact-of-life that need not be feared. If assimilated and gently guided, neo-branding offers fresh new marketing opportunities that are perceived to be in line with a brand's core values. By adopting acceptable aspects of the consumer-generated meanings into its brand's broader personality, and by lightly steering the brand away from unwanted meanings,⁵⁵ the brand owner is able to keep guiding the public use of its trade marks. In this way, the brand owner is able to benefit from the extreme loyalty that consumers often show to the brands whose messages they relate to; they can simultaneously build their brand while still exhibiting the control over their trade marks that is required by trade mark law.

Finally, it seems worth observing that courts are sometimes willing to manipulate existing legal principles to try to prevent injustice when legal conflicts do arise between users of brands and the letter of the law seems ill-equipped to respond.

In the recent saga of *Arsenal Football Club v Matthew Reed*, the European Court of Justice (ECJ) was asked by

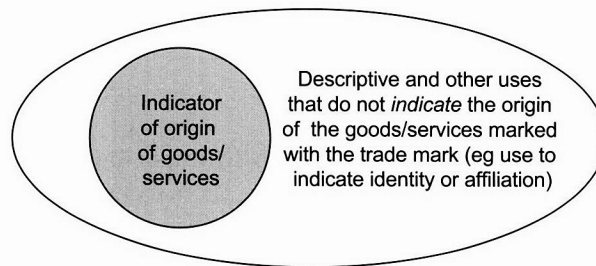


Figure 1 Meaning of 'infringing use' of a trade mark in traditional English law

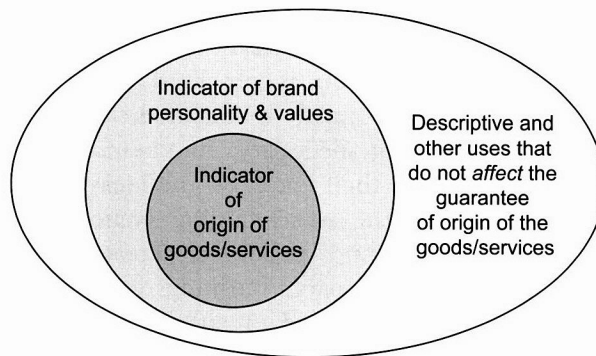


Figure 2 Meaning of 'infringing use' of a trade mark in contemporary European law

an English judge to give guidance in a case concerning whether the sale of scarves and caps branded with a football club's name or logo amounted to trade mark infringement. The English judge had found that the goods were being worn as badges of support, loyalty and affiliation to the football club, and that selling goods that used the trade mark in such a way — rather than to indicate that the goods were sourced from the trade mark proprietor — did not amount to trade mark infringement. This view of the span monopolised by a trade mark registration is depicted in Figure 1, where the sorts of uses of the sign that can amount to trade mark infringement are shaded in grey and it is clear that the shaded area covers just one of several roles that the sign/trade mark might play.

In accordance with traditional philosophy about the 'trade mark function', the ECJ held that the role of a trade mark is to indicate to consumers the origin of the goods or services to which it is applied, and that its unauthorised, non-descriptive, commercial use therefore constitutes trade mark infringement (regardless of why it is being used). This was a more expansive view, and the ultimate finding was that if the use of the trade mark by someone other than the brand owner is liable to affect the guarantee of origin of the goods, it is immaterial whether the trade mark is in fact being used as a badge of support for, loyalty to, or affiliation with the brand owner.⁵⁶ As Figure 2 — in which the sorts of uses that amount to trade mark infringement are again shaded in grey — illustrates, this approach stretches

the trade mark proprietor's monopoly rights much further.

Not least because the notion of 'infringing use' delineates the boundaries determining which sorts of uses of a trade mark can and cannot be protected by recourse to the courts, this case has caused much controversy about the proper scope of trade mark law. Was the original English judge resisting 'progress' from a traditional, narrow view of trade mark law towards the contemporary European view that any unauthorised use that could affect the guarantee of origin function of a trade mark amounts to infringement regardless of whether other functions of the signs were swept up in that decision?⁵⁷ The original judge seemed to be saying that trade mark infringement did not occur simply because of *trade mark use as a brand* if the *trade mark (badge of origin) function* was not invoked. The ECJ countered that a trade mark is infringed when the use could undermine its *trade mark (badge of origin) function*, even if it was not in fact being used as a badge of origin (the reasoning being that such use automatically communicates a 'badge of origin' message as well). This protects *trade mark use as a brand* and recognises a broader scope of protection for brand owners vis-à-vis their trade marks.

Two potential consequences of this case should be noted.

First, *Arsenal v Reed* is significant for its acceptance that trade marks might have an identity-expressive function, and thus implicitly acknowledges the neo-branding model of branding lore. Like all judicial decisions, the findings of this case answered the questions before the court and, although the effect of a trade mark indicating support, loyalty or affiliation was discussed,

it did not have a decisive impact. The judges' comments on this point may nonetheless influence future cases. Intentionally or otherwise, *Arsenal v Reed* drew attention to the clash of traditional trade mark law with branding lore and neo-branding practice. Perhaps it will ultimately eventuate that this case stands as the watershed in legal history with which the law acknowledged that trade marks are used by consumers to express their support, loyalty or affiliation to a brand, and not just to indicate the origin of the product as traditional trade mark theory would suggest. The judicial acknowledgment in *Arsenal v Reed* that trade marks can perform identity-expressive functions in addition to the traditional 'badge of origin' function on which they are justified may prove to be an important principle as the law unfolds through future cases.

The second point is a natural extension of this: even if the ECJ has grouped them together within the notion of 'infringing use', the *trade mark (badge of origin) function* is not necessarily the same as the neo-branding function of a brand, and the affiliation the trade mark represents need not necessarily be with the brand owner. This concept is familiar to neo-branders, as it is to criminologists and police who observe gang members wearing clothing emblazoned with a sports team's emblems to indicate their gang affiliation rather than any affiliation with, loyalty to, or support for the sports team itself.⁵⁸ This might be the sort of secondary meaning and brand hijack that the sports team's brand owner would not favour, and the law will no doubt be called upon at some stage to address the question of whether trade mark proprietors should

be protected against such practices or punished for losing control of their brands. One risk is that the contemporary, expanded view of trade mark law's monopoly rights, as highlighted by the ECJ in *Arsenal v Reed*, could then be turned against the brand owner in revocation proceedings in which it is argued that the trade mark has become generic or deceptive as a result of the brand owner/trade mark proprietor's neo-branding use (or consent to such use) of the trade mark. This would obviously make allowing brand hijack an even more hazardous proposition than if the control the brand owner was expected to maintain was only over the trade mark as an indicator of origin of its goods or services. Viewed from this perspective, the expanded notion of trade mark use — which seems able to incorporate all the secondary meanings attributed to the brand by the brand owner and consumers — could become a liability to trade mark proprietors. But this is conjecture, and we will only discover if this is indeed the way trade mark law will develop as we watch the progressive elucidation of principles in future judicial decisions.

It is arguably through incremental advances as a result of judges' responses to the social and commercial realities at play in the cases they decide that the law belatedly catches up with lore and its implications. This has recently been occurring with respect to the branding practices of character and personality merchandising, which are being gradually recognised and protected in the UK (where legislation is silent on the issue and where the law traditionally did not provide remedies when one's image was appropriated without one's permission).⁵⁹ Judicial

decisions in this area arguably reflect a gradual shift in branding practices in response to a changing — more consumerist — commercial environment. The changes brought about by this sort of piecemeal law making are slow, and they sometimes involve the distortion of existing legal principles along the way. But they do occur, and they have a habit of acting as a catalyst for more wholehearted legislative overhauls of the law. It would not be a surprise if the law responded to neo-branding practices in this manner.

Brand owners thus have a variety of options, each of which offers opportunities and risks. They can choose conservative legal prudence and ignore branding lore. They can choose to take the law into their hands in order to follow tried-and-tested branding lore. Or they can tread a tightrope stretching between these two extremes. They can be educated by their lawyers and trade mark attorneys as to how to best protect their trade marks, and they can in turn educate their lawyers, trade mark attorneys and legislators as to their commercial branding needs. And, looking towards longer-term resolutions to their dilemmas, they can patiently, passively wait for judges to interpret trade mark law in ways that will catch up with branding lore, or they can perhaps help speed up the process by lobbying politicians to pass laws that better meet the contemporary needs of brand owners and consumers alike.

References

- (1) Atkin, D. (2004) 'The Culting of Brands: When Customers Become True Believers', Portfolio, New York, NY, at pp. 8–16.
- (2) *Ibid* at p. 17.
- (3) See eg Quart, A. (2003) 'Branded: The Buying and Selling of Teenagers', Arrow,

- London, UK, Chapter 1; Lury, G. (2001) 'Brandwatching: Lifting the Lid on Branding', Blackhall Publishing, Dublin, Republic of Ireland, at pp. xi, 48.
- (4) For a summary of this history of brands, see Blackett, T. (2004) 'What is a brand?', in Clifton, R. and Simmons, J. (eds) 'Brands and Branding', Bloomberg Press, Princeton, NJ, pp. 13–15.
- (5) Clifton, R. 'Introduction', in Clifton, R. and Simmons, J. (eds) 'Brands and Branding', *ibid*, pp. 6–7.
- (6) Holt, D. B. (2004) 'How Brands Become Icons: The Principles of Cultural Branding', Harvard Business School Press, Boston, MA, at p. 3.
- (7) Lury, ref. 3 above, p. xi.
- (8) Wipperfürth, A. (2005) 'Brand Hijack: Marketing without Marketing', Portfolio, London, UK, at p. 3.
- (9) As explained in Lury, C. (2004) 'Brands: The Logos of the Global Economy', Routledge, New York, NY, at p. 90: 'What marketers call personalisation, the production of a personality, is once again involved here. This is because a personality, figure or face is the most easily identifiable, intelligible and perhaps also the most powerfully persuasive configuration of space and movement. But this use of personalisation is not the signification of the individual as the origin of the product which the logo marks ... but rather an iconic signification of the brand. This means that the personality that sustains the iconic logo need not necessarily be embodied in an individual, fictional or real, alive or dead, but is instead an abstract amalgam of qualities. It is a signification of the indeterminate composite of values that are commonly associated with individuals in the abstract.' [references omitted]
- (10) This has been expressed as the 'aesthetics' encapsulated in a brand: Schmitt, B. and Simonson, A. (1997) 'Marketing Aesthetics: The Strategic Management of Brands, Identity, and Image', The Free Press, New York, NY, at p. 25.
- (11) Franzen, G. and Bouwman, M. (2001) 'The Mental World of Brands: Mind, Memory and Brand Success', World Advertising Research Center, Henley-on-Thames, UK, at p. 163.
- (12) Ries, A. and Ries, L. (2003) 'The 22 Immutable Laws of Branding', Profile Books, London, UK, at pp. 13–15.
- (13) Surely the authors mean 'lores' not 'laws'? As for the claim that these tenets are 'immutable' (ie unchangeable), it will become clear below that there are significant risks associated with following many of these rules if a brand owner wants to register a trade mark or maintain a registered trade mark. The Ries' lores may perhaps be immutable, but they can be broken.
- (14) Ries and Ries, ref. 12 above, at p. 39.
- (15) *Ibid* at p. 44.
- (16) *Ibid* at pp. 20–21.
- (17) *Ibid* at p. 41: 'You know your brand owns the category name when people use your brand name generically.'
- (18) *Ibid* at pp. 27–29.
- (19) See eg passing off case law that states that a business will not be able to monopolise a generic term simply because it has been the first to use that term with respect to its category of products: *Rizla v Bryant May* [1986] RPC 389; *Hodgkinson & Corby Ltd v Wards Mobility Services Ltd* (No. 1) [1995] FSR 169.
- (20) Olins, W. (2004) 'On B@nd', Thames & Hudson, London, UK, at p. 14.
- (21) Holt, ref. 6 above.
- (22) *Ibid* at pp. 4–5.
- (23) Wipperfürth, ref. 8 above at pp. 9 and 31.
- (24) *Ibid* at p. 6.
- (25) *Ibid* at p. 17.
- (26) *Ibid* at p. 35.
- (27) *Ibid* at p. 44.
- (28) *Ibid* at pp. 39–40.
- (29) *Ibid* at p. 6.
- (30) *Ibid* at p. 45.
- (31) Bullmore, J. (2001) 'Posh Spice & Persil: Both Big Brands; Both Alive; and Both Belonging to the Public', The Brands Lecture, British Brands Group, London, UK, 5th December, at p. 2. Available at: <http://www.britishbrandsgroup.org.uk/Lecture%202.pdf>. This lecture was reprinted in Bullmore, J. (2001) 'Behind the Scenes in Advertising, Mark III: More on Bull More', World Advertising Research Centre, Henley-on-Thames, UK, at pp. 112–129.
- (32) For a more detailed argument against the claim that 'consumers own brands', see Lury, G. (2006) 'The king is dead, long live the king' in this issue of the *Journal of Brand Management*.
- (33) The following discussion refers specifically to the requirements of trade mark laws in operation throughout the EC. The requirements in other jurisdictions may differ, although the broad principles are likely to be reasonably uniform as around 88 per cent of the world's nations are signatories to the Paris Convention for the Protection of Industrial Property 1883, which sets out minimum standards for trade

- mark laws in member states.
- (34) This difficulty was explored in the European Court of Justice's decision in *Ralf Sieckmann v Deutsches Patent-und Markenamt* [2003] ETMR 466, regarding smells, and by the Office for Harmonisation in the Internal Market (European trade mark registry) Board of Appeal decision in *Eli Lilly/The Taste of Artificial Strawberry Flavour* [2004] ETMR 4, regarding tastes.
- (35) Bouchoux, D. E. (2001) 'Protecting Your Company's Intellectual Property: A Practical Guide to Trademarks, Copyrights, Patents and Trade Secrets', AMACOM, New York, NY, at pp. 25–26.
- (36) 'Well-known marks' are signs that the competent authority in the country of registration or use considers to be well known in that country, so that the proprietor of the well-known mark is entitled to the benefits of Article 6bis of the Paris Convention. This provides that the trade mark authority is required: 'to refuse or to cancel the registration, and to prohibit the use of a trade mark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well known mark or an imitation liable to create confusion therewith.'
- (37) See eg UK Trade Marks Act 1994, s.2(1): 'A registered trade mark is a property right obtained by the registration of the trade mark under this Act and the proprietor of a registered trade mark has the rights and remedies provided by this Act. Similarly, the goodwill that can be protected under the law of passing off in the UK is 'property': *Spalding & Bros v A W Gamage Ltd* (1915) 84 LJ Ch 449 and *Artistic Upholstery v Art Forma (Furniture)* [1999] 4 All ER 277.
- (38) Wipperfürth, ref. 8 above at pp. 32–33.
- (39) See eg UK Trade Marks Act 1994, s.46(1)(c); First Council Directive 89/104/EEC of 21st December, 1988 to approximate the laws of the member states relating to trade marks, Art. 12(2)(a); Council Regulation No. 40/94 of 20th December, 1993 on the Community Trade Mark, Art. 50(1)(b).
- (40) See eg UK Trade Marks Act 1994, s.46(1)(d); First Council Directive 89/104/EEC of 21st December, 1988 to approximate the laws of the member states relating to trade marks, Art. 12(2)(b); Council Regulation No. 40/94 of 20th December, 1993 on the Community Trade Mark, Art. 50(1)(c).
- (41) An analogy might perhaps be drawn with a situation in which a trade mark is assigned without goodwill, in which case the use of a trade mark by a third party — a licensee — could cause it to become deceptive as to origin. 'Goodwill' (as used in trade mark and passing off law) was famously defined by Lord Macnaghten in *IRC v Muller's Margarine* [1901] AC 217 at 223 as: 'a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates. Goodwill is composed of a variety of elements. It differs in its composition in different trades and in different businesses in the same trade. One element may preponderate here and another element there ... goodwill has no independent existence. It cannot subsist by itself. It must be attached to a business.' For a discussion of assignments of trade marks without goodwill, see eg Kitchen, D., Llewelyn, D., Mellor, J. Meade, R. Moody-Stuart, T., Keeling, D. and Jacob, R. (2005) 'Kerly's Law of Trade Marks and Trade Names', Sweet & Maxwell, London, UK, Chapter 13.
- (42) Such wise counsel could perhaps be dubbed 'trade mark lore'.
- (43) Murphy, J. M. (1990) 'Brand Strategy', Director Books, Cambridge, UK, at pp. 138–139.
- (44) See eg Drahos, P. (1996) 'A Philosophy of Intellectual Property', Ashgate, Aldershot, UK, at p. 205.
- (45) See eg the statement by the European Court of Justice in *Sieckmann v Deutsches Patent-und Markenamt* [2003] RPC 38 at 691 (35): 'the essential function of a trade mark is to guarantee the identity of the origin of the

- marked product or service to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish that product or service from others which have another origin and that, for the trade mark to be able to fulfil its essential role in the system of undistorted competition which the EC Treaty seeks to establish, it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality.'
- (46) Custom was the basis of the English common law tradition, and the law was created by the decisions of judges who recognised some customs and rejected others. This practice still exists, although to a very limited extent. Strictly speaking, a custom will only be regarded as conferring legally enforceable rights if it fulfils several criteria, including having existed since 'time immemorial'. See Elliott, C. and Quinn, F. (2002) 'English Legal System', Pearson Education Limited, Harlow, UK, at p. 74. This would tend to exclude new commercial customs being explicitly recognised as 'customary law', but it does not stop them being implicitly recognised by judicial reasoning as being business customs that it is in the interests of 'commercial efficacy' to accept. See Kiralfy, A. K. R. (1990) 'The English Legal System', Sweet & Maxwell, London, UK, at p. 121.
- (47) Kiralfy, *ibid*: 'English law has been ready to recognise and enforce changing commercial customs and will receive evidence on the matter, as it does not take judicial notice of them until embodied in judicial decisions, e.g. new types of shipping documents, changes in banking practice and a growing assimilation of partnerships to companies. But some alleged customs fail to satisfy standards of proof.' [reference omitted]
- (48) *Scandecor Development AB v Scandecor Marketing AB* [2002] FSR 7 at 135 (28), per Lord Nicholls of Birkenhead (House of Lords).
- (49) See eg Ernst & Young (2002) 'Press Release: Failure to Protect Innovation May Put Directors in Breach of Shareholder Duties', 3rd May, available at: http://www.ey.com/Global/content.nsf/Australia/News_release_-_Failure_to_protect_innovation_may_put_directors_in_breach_of_shareholder_duties. Quoting Sharyn Ch'ang, intellectual property partner: 'The market is placing an increasing importance on intangibles, and this mandates a greater accountability of directors to ensure that [intellectual property] assets are identified, protected, appropriately valued and reported. Failing to do so could mean directors are negligent in their duties to shareholders.'
- (50) Berner, R. and Kiley, D. (2005) 'Global brands', *BusinessWeek*, 1st August, at p. 86.
- (51) *Ibid* at p. 89.
- (52) Vincent, L. (2002) 'Legendary Brands: Unleashing the Power of Storytelling to Create a Winning Market Strategy', Dearborn, Chicago, IL, at pp. 192–193: 'Hell's Angels helped and hindered the Harley-Davidson brand. On the one hand, they made the brand a legend. They raised brand awareness and imbued it with the rugged, libertarian personality it holds today. On the other hand, Hell's Angels threatened to limit the brand. It faced the real danger of being too closely linked with outlaws, criminal activity, and trouble. As fate would have it, many white-collar riders enjoy the association with the outlaw imagery, and it has ultimately helped the brand. Still, it is an example of brand culture taking a brand on a new narrative course beyond the control of its management.'
- (53) Atkin, ref. 1 above, at p. 22.
- (54) *Ibid* at p. 25: '[T]he singular thread within the Harley community is the desire to express the 'bad boy'. And where did that bad boy imagery come from? It started on that day in Hollister [when Hell's Angels, some riding Harleys, raised mayhem that attracted enormous media attention], it was sealed by the behavior of the Hell's Angels, and reinforced by Easy Rider and The Wild One and countless media depictions since. The recent management has been smart enough to exploit what has happened serendipitously. The history and the values that the membership itself created have been incorporated into the declaration of difference that the brand now proudly trumpets.'
- (55) For example, a brand owner might choose not to market its products in geographical areas populated by unwanted fans, or might change its product line to stop marketing a product that has been inappropriately hijacked. See Wipperfürth,

ref. 8 above, at p. 44, which notes when Ben Sherman clothing company stopped marketing to France, Germany and Italy during the 1990s because its lines were attracting a neo-Nazi following in those countries. Wipperfurth calls this 'reclaiming' the brand.

- (56) *Arsenal Football Club Plc v Reed* [2003] RPC 9 at 173 (61). See also *Arsenal Football Club Plc v Reed* [2001] RPC 46 at 939-940 (58), where Justice Laddie stated: 'In my view ... the Arsenal Signs on Mr Reed's products would be perceived as a badge of support, loyalty or affiliation to those to whom they are directed.' In *Arsenal Football Club Plc v Reed* [2003] RPC 39 at 715 (69) the UK Court of Appeal agreed with Justice Laddie on this point, with Lord Justice Aldous stating: 'I accept the judge's finding that the trade marks upon the goods are considered to be badges of allegiance ...'. Note that the Court of Appeal nonetheless allowed the appeal against Justice Laddie's decision.
- (57) This viewpoint was argued by Sumroy, R. and Badger, C. (2005) 'Infringing "use in the course of trade": Trade mark use and the essential function of a trade mark', in Phillips, J. and Simon, I. (2005) 'Trade Mark Use', Oxford University Press, Oxford, UK, at pp. 164, 174 and 179-180.
- (58) Miller, J. A. (1995) 'Struggles Over the symbolic: Gang style and the meanings of social control', in Ferrell, J. and Sanders, C. R. (eds) (1995) 'Cultural Criminology', Northeastern University Press, Boston, MA, at pp. 226-227. A Los Angeles probation officer explained: 'Every time I talk to a kid, and I see him dressed that way ... that means that he does still have affiliation with the gang. Regardless of what he tells me. Show me. When you're telling me you're not a gangster, you don't dress with any of the Raiders clothing on. Or the Georgetown, or the sports clothing.' The author adds: 'when they see youths in sports paraphernalia, the officers often ask questions like, "Well, who's the new center for the Kings then? If you like the Kings, who in the hell is the new center?" In doing so, they let the youths know that they were aware of the gang meanings attached to their attire.'
- (59) See eg the development of the UK common law (the law developed by judges' decisions as opposed to being set down by parliament) towards punishing the unauthorised use of a celebrity or famous fictitious character's image in 'passing off' cases such as *Mirage Studios v Counter-Feat Clothing* [1991] FSR 145 and *Irvine v Talksport* [2002] FSR 60. These cases flew in the face of a long history of cases in which courts had been unwilling to recognise the unauthorised use of celebrities' or fictitious characters' images as passing off, eg *McCulloch v May* [1947] 2 All ER 845, *Lyngstrad v Annabas Products* [1977] FSR 62 and *Wombles Ltd v Womble Skips* [1977] RPC 99.