

## *Book Review: Research Handbook on Trademark Law Reform*

*Research Handbook on Trademark Law Reform*, edited by Graeme B. Dinwoodie and Mark D. Janis.

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This book has been my summer holiday reading – and an interesting and thought provoking read it has proved to be.

In one sense, the underlying ideas and policy of trade mark law<sup>2</sup> and trade mark registration practice are standardised and harmonised on an international level, primarily as a result of international treaties.<sup>3</sup> The European Union is its own special case in trade mark law and practice based on Directive (EU) 2015/2436<sup>4</sup>.

However, this appearance of a standardised international trade mark law and practice only goes so far in setting generalised international norms in trade mark law and trade mark practice. As always, the devil lies in the details. As Robert Burrell and Michael Handler observe in Chapter 2, this is not because trade mark law is near perfection, but that there are so many problems and issues with it, competing for attention.<sup>5</sup>

The editors of the *Research Handbook on Trademark Law Reform*, Graeme B. Dinwoodie and Mark D. Janis have gathered together specially commissioned articles on trade mark law and practice from a panel of leading international trade mark scholars, primarily from the USA, the United Kingdom, Australia and the European Union.

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<sup>2</sup> In this book review I have used the American spelling “trademark law” when referring to US trade mark law and the English (UK) spelling “trade mark law” when referring to UK, EU, Australian and New Zealand law

<sup>3</sup> For example the Madrid System for the International Registration of Marks, governed by the Madrid Agreement (1891) and the Madrid Protocol (1989) and the Trademark Law Treaty (1994) which applies to the registration practice of all Contracting Parties for visible signs applied to goods or services (but not to hologram marks or to other non-traditional marks.

<sup>4</sup> Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (Directive (EU) 2015/2436), OJ 2015 L 336.1 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32015L2436> retrieved 20 January 2022. Directive (EU) 2015/2436 operates as a congruent system of policy on trade mark law and practice at the national and EU wide level to “foster and create a well-functioning internal market and to facilitate acquiring and protecting trade marks to the benefit of the growth and competitiveness of European businesses” in the European Union; Recital 8, Directive (EU) 2015/2436

<sup>5</sup> Robert Burrell and Michael Handler “(Re)claiming trade mark protection” in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch. 1, p1

To do this, Dinwoodie and Janis asked their panel to “identify a problem area in contemporary trademark law, articulate aspirations for tackling that problem, and supply a normative framework to guide future framework to address that problem.”<sup>6</sup> They have turned them loose and given their distinguished panel of trade mark law scholars licence to reflect at large on issues in trade mark law and practice and how those issues might be solved.

The scope of the *Research Handbook on Trademark Law Reform* is both audacious and far reaching. It contains original scholarship on the theoretical bases of trade mark law and the (many) areas in which trade mark law and trade mark practice can be reformed. The ultimate issue is to catch the attention of those who formulate public policy in trade mark law and practice, and ultimately the legislatures who may pass new or amended trade mark legislation. It may be a slow process, but identifying the stress points and questioning the trade mark status quo is a vital part of this process.<sup>7</sup>

And over time it does bear fruit. That fruit may be in the form of legislative change alone or coupled with changes to registry practice. As Dinwoodie and Janis note<sup>8</sup> in their introduction to the *Research Handbook*, the work of Barton Beebe and Jeanne Fromer on the issue of trade mark depletion and cluttering<sup>9</sup> and Rebecca Tushnet’s work on the scope and nature of the rights conferred by registration<sup>10</sup> influence new provisions in the *Trademark Modernization Act* amendments to the Lanham Act in late 2020 which added new provisions to challenge registrations in the absence of real use of the mark, in commerce for part or all of the goods or services for which it is registered.<sup>11</sup>

Another perhaps more far-reaching example of the impact of academic analysis and its impact on the modernisation of EU trade mark law is the work of Annette Kur, Roland Knaak and Alexander von Mühlendaal from the Max Planck Institute for Intellectual Property and

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<sup>6</sup> Graeme B. Dinwoodie and Mark D. Janis “The drivers of trademark law reform: perspectives from the academy” in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch. 1, p1

<sup>7</sup> In Australia these players have included public enquiries conducted by the Productivity Commission “Intellectual Property Arrangements” number 78 23 September 2016, recent public consultations in February to May 2021 by IP Australia under its Indigenous Knowledge Project, inter alia to enable Indigenous Knowledge owner to benefit from and consent to the use of Indigenous Knowledge in trade marks and designs registrations. In New Zealand, the Ministry of Business, Innovation and Employment consultations on a proposed Intellectual Property Laws Amendment Bill to make “technical” amendments to the *Trade Marks Act 2002 (NZ)* with an exposure draft of the Bill due for release; <https://www.mbie.govt.nz/business-and-employment/business/intellectual-property/proposed-intellectual-property-laws-amendment-bill/>

<sup>8</sup> Graeme B. Dinwoodie and Mark D. Janis “The drivers of trademark law reform: perspectives from the academy” in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch. 1, p 3-4

<sup>9</sup> Barton Beebe and Jeanne C. Fromer “The problem of trademark depletion and congestion: some proposed reforms” in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch 2

<sup>10</sup> Rebecca Tushnet “Reforming trademark registration” in *Graeme B. Dinwoodie and Mark D. Janis (ed) Research Handbook on Trademark Law Reform* (2021) Edward Elgar Publishing, Ch 3

<sup>11</sup> For example, the new right of any person to seek ex parte re-examination of trade registrations by the USPTO based on non-use; 15 U.S.C. 1066B and to seek ex parte expungement of registered trademarks that have never been used in commerce on or in connection with some or all of the goods or services of the registration; 15 U.S.C. 1066A

Competition Law and its impact on the substantive reforms to EU trade mark law in Directive (EU) 2015/2436<sup>12</sup> and Regulation (EU) 2017/1001. This analysis included a detailed review and harmonisation of procedure between what is now the European Intellectual Property Office and the national trade mark registries of the Member States of the EU.

The *Research Handbook* is in three parts:

Part I: Reforming the registration process

Part II: Reforming subject matter boundaries and protectability

Part III: Reforming the rules of scope and enforcement

There is considerable cross fertilisation within and between these parts.

Part 1 addresses the scope of trade mark registration and the work of the registration authorities. This has some of the most relevant portions of this book from the point of view of trade mark practitioners and trade mark registrars in Australia and New Zealand alike.

It has been assumed that the potential universe of signs that might be registered as trade marks is only confined by the ability of trade mark owners to invent new, competitively effective signs capable of registration. In Chapter 2 Barton Beebe and Jeanne Fromer report on an update and extension of their previous work on trade mark depletion (fewer potential trade marks remaining to be claimed by a potential trade mark owner) and trade mark congestion (where an already-claimed mark by an increasing number of trade mark owners)<sup>13</sup>. Based on a “big data” analysis based using five datasets including the USPTO Trademarks Case Files dataset from 1982 to 2016, they conclude that the supply of “good” trade marks (including of neologisms) is not inexhaustible and the problem of trademark depletion and trademark congestion are already altering the behaviour of trade mark applicants in the USA. They propose more rigorous auditing of trade mark applications up front to weed out overly broad claims in specifications or which are either not in use to the width claimed in the specification or which are not in use at all. More controversially they also suggest higher application fees, while recognising the effect of higher fees on small business and individual applicants.

This theme of overly broad registrations contributing to depletion and congestion is taken up in Chapter 3 by Robert Burrell and Michael Handler. “Overclaiming” in their view consists both of overly broad specifications and of composite marks which consist of several elements, without identifying which of those elements the applicant claims exclusivity. Both IPONZ and IP Australia have powers with respect to the registration of application with overbroad specifications. IPONZ has the ability to reject overly broad specifications in trade mark applications unless they are justified by evidence of the use or intended use of the sign<sup>14</sup>.

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<sup>12</sup> Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (Directive (EU) 2015/2436), OJ 2015 L 336.1 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32015L2436> retrieved 20 January 2022.

<sup>13</sup> Barton Beebe and Jeanne Fromer “Are we running out of trademarks? An empirical study of depletion and congestion and congestion” (2018) 131 Harvard Law Review 945

<sup>14</sup> *Trade Marks Act 2002* (NZ) s32(2), New Zealand Intellectual Property Office Practice Guideline 3.4 [https://www.iponz.govt.nz/about-ip/trade-marks/practice-guidelines/current/classification-and-specification/#jumpto-4\\_002e-broad-specifications-3](https://www.iponz.govt.nz/about-ip/trade-marks/practice-guidelines/current/classification-and-specification/#jumpto-4_002e-broad-specifications-3) retrieved 28 January 2022

IP Australia has similar powers to reject overly broad specifications<sup>15</sup>. However, IP Australia's trade mark examiners use their powers with respect to specifications to ensure correct classification of goods or services and that prohibited terms like "all good/services in this class" are not used. These are perhaps the "low-hanging fruit" of examination of trade mark applications, particularly when the use of AI driven classification tools and specification builders by applicants is taken into account. Considering the width of what has been claimed in a specification and whether the applicant uses or intends to use the trade mark on all of the goods or services claimed in the specification requires evidence from the applicant and analysis of that evidence in the course of examination. IP Australia states that the discretion under Regulation 4.8(3) is rarely exercised in Australia, without further explanation.<sup>16</sup>

Part of the solution, as noted by Burrell and Handler, might lie in further judicial developments of the ground of invalidity for bad faith in the EU and New Zealand<sup>17</sup> compared to Australia allied to lack of intention to use.<sup>18</sup> They also argue that the Courts should construe the specification strictly considering the scope of the NICE classification or classes claimed in the registration<sup>19</sup>. This is contradicted by Federal Court authority including of the Full Court that the Nice classification is essentially a question of administrative convenience and the specification, as construed by the Court, determines the width of the trade mark registration, aided by evidence of how an infringer has used the mark, where this is relevant to the task of construction.<sup>20</sup>

My very brief discussion of some of the issues in Part 1 of the *Research Handbook on Trademark Law Reform* shows that there is plenty of room in Part I alone for active discussion and further argument on the nature and width of trade mark registrations as well as for reform of trade mark law and practice – including in Australia and New Zealand.

And that is before we get to the question of reforming subject matter boundaries and protectability of trade marks in Part II.

Part II has its own riches.

Martin Sefntleben<sup>21</sup> considers the intersection of copyright law and trade mark law to assess critically why (and how) how to draw a new boundary between trade mark law and practice,

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<sup>15</sup> *Trade Marks Regulations 1995* (Cth) reg 4.4(2) and 4.8(3)

<sup>16</sup> IP Australia *Trade Marks Manual of Practice and Procedure* Part 10.5.2.3

<https://manuals.ipaustralia.gov.au/trademark/5.-specification-of-goods-and-or-services> retrieved 28 January 2022

<sup>17</sup> Robert Burrell and Michael Handler "(Re)claiming trade mark protection" in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch. 1, p61-62;

<sup>18</sup> *Trade Marks Act 1995* (Cth) ss 55(1), 59, 88(2)(a)

<sup>19</sup> Robert Burrell and Michael Handler "(Re)claiming trade mark protection" in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch. 1, p72-74

<sup>20</sup> *Bauer Consumer Media Ltd v Evergreen Television Pty Ltd* [2019] FCAFC 71, 367 ALR 393 at [242] to [244] per Burley J

<sup>21</sup> Martin Sefntleben "Towards a new copyright/trademark interface – why (and how) signs with cultural significance should be kept outside trade mark law" in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch. 5 p130 - 136

copyright law and the preservation of the public domain between the subject matter of copyright protection, compared with trade mark protection. Interestingly, the CJEU has held that the reputation of a sign of cultural significance may be such a rich cultural and conceptual reference that it greatly reduces its distinctiveness as a trade mark. Seftntleben argues that this also reduces the protection from dilution of such marks as being “well-known”.<sup>22</sup> It also begs the question of when this rich cultural and conceptual significance is judge. He uses the example of NIKE as one where use and brand development may eclipse the previous fame of a culturally significant sign Nike, the Greek goddess of victory. And as Seftntleben points out – it takes no account of the culturally significant signs of indigenous communities, that might be registered as trade marks. He considers why (and how) signs with cultural significance might be excluded from trade mark registration relying on the public order and morality exception under Article 4.1 (f) of Directive (EU) 2015/2436<sup>23</sup> and Article 7(1)(f) Regulation (EU) 2017/1001<sup>24</sup>.

Dev Gangee offers an interesting perspective on the debate about trade mark protection and innovation<sup>25</sup>. He examines the arguments that trade mark registrations encourage innovation, by allowing investors to recoup their investment in businesses with brand exclusivity through their registered trade marks. This issue as Gangee points out is that while the level of trade mark registrations may have a connection with innovation this may be an indirect connection rather than a direct indication of innovation. Other motivations drive the need to seek trade mark protection apart from innovation and the creation of new inventions. Interestingly, Gangee argues that the connection between trade mark registration as a driver of innovation and trade marks may be stronger for new types of services and the trade marks and brands used to promote them. He uses the example of services marks branding financial services products and online gaming with specific services aimed at gamers<sup>26</sup>. It is an area where further data driven research is required.

That leads me to Part III on trade mark scope and enforcement. The themes of Part III revolve around likelihood of confusion as a basis for liability for trademark infringement in the US together with the question of the characteristics of the “average consumer” under

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<sup>22</sup> Referring to the CJEU decision 12 January 2006 in case C-361/04P ECLI:EU:C:2006:25 *Ruiz Picasso and Others v OHIM* at [27] (“Picasso/Picaro”)

<sup>23</sup> Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (Directive (EU) 2015/2436), OJ 2015 L 336.1 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32015L2436> retrieved 20 January 2022.

<sup>24</sup> Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R1001> retrieved 28 January 2022

<sup>25</sup> Dev Gangee “Trade marks and innovation?” in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch. 8

<sup>26</sup> Dev Gangee “Trade marks and innovation?” in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch. 8 p 219 - 221

the tort of passing off in the United Kingdom <sup>27</sup> and from the perspective of US trademark law <sup>28</sup>.

In EU, UK trade mark law and in s18 *Trade Marks Act 2002* (NZ) derived from it, the “average consumer” is assumed to be reasonably well-informed, reasonably observant and circumspect<sup>29</sup>. Jennifer Davis argues that the average consumer has been given different characteristics and treatment for the purposes of passing off and of anti-competition law compared to the “average consumer” in trade mark law. Further she argues that the average consumer has different characteristics in classic passing off cases,<sup>30</sup> compared to extended passing off cases involving misrepresentations a class of goods, such as geographical origin. In extended passing off cases the ordinary or average consumer may be unfamiliar with the class of goods in question - the least informed and least circumspect of consumers, almost to the point of unwariness and carelessness.<sup>31</sup> Jennifer Davis concludes that the average consumer in extended passing off cases should be the “trade mark” average consumer. To similar effect, Michael Grynberg argues that the average consumer must be a prudent consumer for the purpose of assessing likelihood of confusion between marks – in fact be a “skillful consumer” with a duty to exercise reasonable prudence and skill in buying goods or services and a level of care commensurate with familiarity with the marketplace in which those choices are being made<sup>32</sup>. These are concepts imported from tort law in balancing the risk of setting the boundaries of registration with the risk of consumer confusion.

The final theme in Part III is the liability of intermediaries for trade mark infringement particularly online intermediaries such as Google, eBay and Amazon. This is a tricky area and one dealt with by the requirement in Australia and New Zealand that a sign be used by the putative infringer “as a trade mark”, which is usually not the case with freight handlers, or online intermediaries.<sup>33</sup> Stacey Dogan <sup>34</sup> analyses the potential liability of intermediaries for trademark infringement with the US law of secondary liability and contributory liability for copyright infringement, especially with respect to counterfeit goods. The analogies with primary and secondary liability for intermediaries drawn from copyright infringement can

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<sup>27</sup> Jennifer Davis “Exiling the unwary consumer from unregistered trade mark law in the UK: the case for change” in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch 12

<sup>28</sup> Michael Grynberg “The consumer’s duty of care in trademark law” in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch 13

<sup>29</sup> See eg *Lloyd Schuhfabrik Meyer and Co GmbH v Handel BV* Case C-342/97 [1999] ETMR 690 at [26] <https://curia.europa.eu/juris/showPdf.jsf?text=&docid=44270&pageIndex=0&doclang=EN&mode=lst&dir=&oc=c=first&part=1&cid=658336> retrieved 301 January 2022

<sup>30</sup> Jennifer Davis “Exiling the unwary consumer from unregistered trade mark law in the UK: the case for change” in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch 12 p 315 -316

<sup>31</sup> Jennifer Davis “Exiling the unwary consumer from unregistered trade mark law in the UK: the case for change” in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch 12 p 308-311

<sup>32</sup> Michael Grynberg “The consumer’s duty of care in trademark law” in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch 13 p 338 - 340

<sup>33</sup> *Trade Marks Act 1995* (Cth) s 120; *Trade Marks Act 2002* (NZ) s89

<sup>34</sup> Stacey Dogan “Reforming trademark law’s approach to intermediary liability” in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch 15



only be stretched so far. It is still important to ask these questions - and to consider whether liability of intermediaries is better left to the law of misleading or deceptive conduct in Australia and New Zealand, rather than being imported into trade mark law.

The reform perspectives of the Australian, United Kingdom and European Union scholars represented in the *Research Handbook on Trademark Law Reform* are particularly relevant to trade mark practitioners, trade mark registrars and academics in Australia and New Zealand. This is due in part to our fused patent attorney profession in Australia and New Zealand, requiring trans-Tasman patent attorneys to study the trade mark law and practice of both Australia and New Zealand. From the New Zealand perspective, the *Trade Marks Act 2002*(NZ) is substantially based on the text of the *Trade Marks Act 1995* (UK), itself a transposition into United Kingdom law of Directive 2008/95/EC and its predecessor Council Directive 89/104/EEC of 21 December 1988<sup>35</sup>. New Zealand trade mark law (and I suggest its trade mark practice) thus draws heavily on the trade mark law and regulatory policies of the European Union and the United Kingdom.

That is not to say that the US contribution is less relevance. Among the reform proposals put forward by the US scholars in this book on the scope and nature of trade mark registration are:

- more rigorous requirements for proof of use in the course of registration and perhaps more controversially as the price of trade mark renewal<sup>36</sup> including the possibility of re-examination of trade mark registrations for non-use, as a procedure stopping short of full on proceedings for removal for non-use;
- addressing the issue of trademark congestion and trade mark depletion of the Register by changing the standards of distinctiveness and by more rigorous auditing of statements of use by trade mark registrars;
- that trade mark law should not confer protection on shapes, packaging and trade dress<sup>37</sup> as this is better regulated by the law of passing off or by unfair competition statutes<sup>38</sup> ;
- prosecution history estoppel to confine litigants in trade mark infringement to the actual width of registration to avoid overbroad claims of rights on infringement particularly for marks that are effectively product design or ornamentation

One area that is missing from the *Research Handbook on Trademark Law Reform* is a scholarly consideration of Indigenous Knowledge and the trade mark system. This has been the subject of active public consultations before IP Australia in 2020 to 2021, as well as a considerable body of practice with respect to trade marks likely to offend a significant

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<sup>35</sup> Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (OJ L 299, 8.11.2008, p. 25) <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32008L0095> retrieved 20 January 2022. This Directive was itself a codification and amendment of the original EEC trade marks harmonisation directive, Council Directive 89/104/EEC of 21 December 1988 (OJ L 40, 11.2.1989 p1)

<sup>36</sup> Noting the apparent bar on the requirement to prove use as a requirement for trade mark renewal under Article 13(4) Trademark law Treaty (1994)

<sup>37</sup> Caitlin Canahai and Mark P McKenna “The case against product configuration trade dress” in Graeme B. Dinwoodie and Mark D. Janis (ed) *Research Handbook on Trademark Law Reform* (2021), Ch. 6

<sup>38</sup> Locally the actions for misleading or deceptive conduct under the Australian Consumer Law (sch 2 *Competition and Consumer Act 2010* (Cth)) and the *Fair Trading Act 1987* (NZ)

section of the community, including Māori under s17(1)(c) *Trade Marks Act 2002 (NZ)* before IPONZ.

The other area that is not addressed is geographical indications (GIs) as a legal category and their intersection with trade mark law<sup>39</sup>.

I was well pleased with my holiday reading. I recommend the *Research Handbook on Trademark Law Reform* to any reformers and researchers out there looking to challenge their ideas on trade mark law and practice and advance the debate on its reform in Australia and New Zealand.

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<sup>39</sup> However, GIs are the subject of a previous work in this series of Research Handbooks - Dev S. Gangjee (ed.) *Research Handbook on Intellectual Property and Geographical Indications* (Edward Elgar Press, 2016)