

## II. The legal system for trademarks

### *Introduction*

This chapter maps the terrain of legal sources of trademark rights. Part A charts the path towards a property right in trademarks, a path forged largely by the courts. Part B outlines the legal sources of trademark rights. The sources of law include international IP treaties, national legislation and case law. Trademark functions are considered based on the premise that denial of trademark rights creates costs to producers in the form of benefits lost. Part C defines the different types of moral exclusions to trademark registration. It will establish that moral exclusions are ubiquitous across trademark regimes globally, but there is no uniformity in what a given moral exclusion means or in the thresholds for it to operate. Finally, it deconstructs prevailing terminology governing immoral trademarks and posits that there is a ‘terminology problem’. It lays the foundation for an alternative taxonomy to address the terminology problem.<sup>110</sup>

### *A. Development of trademark law*

The Paris Convention for the Protection of Industrial Property of 1883 (‘Paris Convention’), recognised the notion of a property right in a trademark. But even before this intellectual property treaty, some countries were already grappling with the issue.

*From ‘merchant’ and ‘regulatory’ marks to assets.* Schechter surveyed the development of trademarks, from the Middle Ages through to the modern and contemporary periods. His classical work showed that trademarks in the Middle Ages were ‘merchants’ and ‘regulatory’ marks. The cloth trades ushered in the concept of the trademark as an asset of value. The cutlery trades then established “property in trade marks as a legal possession.”<sup>111</sup>

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110 The alternative classification scheme is proposed in Chapter V. It is prefaced by part C.3 of Chapter II, which deconstructs existing terms in classifications in the literature and identifies limitations.

111 Frank I. Schechter, ‘The Genesis of the Modern Law Relating to Trade-Marks’ in Dinwoodie GB and Janis MD (eds), *Trade mark and Unfair Competition Law:*

Cases throughout the 17th Century saw marks being transmitted as assets though marriage and being bought and sold.

From communication-based wrong to 'property' right. From the sixteenth Century, England provided common law and equitable protection against misrepresentation in trade,<sup>112</sup> but protection was based on deceit rather than property.<sup>113 114 115 116</sup> Stolte<sup>117</sup> recently identified Sandforth's *Case* (1584), displacing *Southern v How* (1618), as the oldest recorded trademark case in Anglo-American law. *Singleton v Bolton* (1783) was an action in law concerning medicines sold under another producer's mark. Other cases involving the protection of trademarks by law were *Day v Day* (1816) and *Sykes v Sykes* (1824).<sup>118</sup> In the courts of equity, *Blanchard v Hill* (1742) was a dispute between playing card merchants. Lord Hardwicke rejected the plaintiff's claim to a monopoly right to use his trademark "GREAT

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*Themes and Theories (Critical Concepts in Intellectual Property Series* (Volume I, Edward Elgar Publishing 2014), and as reviewed by - G. Hyland, Columbia Legal Studies (2011). Schechter created the trademark dilution theory.

- 112 The path towards a property right in nineteenth century England, was complicated by the division of common law and equity courts prior to the Supreme Court of Judicature Act 1873. An action in law had narrow scope due to the need to prove fraudulent intent, cf. an action in equity at the Chancery court that required a misrepresentation likely to mislead. The benefit of an action in equity was injunctive relief, however if there was doubt about the legal right the case had to go to common law court first.
- 113 A showing of fraudulent use of the trademark was required. Schechter (n 110) clarifies that the plaintiffs/senior users of the marks were defrauded not deceived.
- 114 Bently (n 2) confirms that the law, up until 1860, was confined to misleading use of trademarks and specific trades. "[T]here was no such thing as a legal concept of 'trade mark' in 1860".
- 115 Lionel Bently, 'From Communication to Thing: Historical Aspects of the Conceptualisation of Trade Marks as Property' in Dinwoodie GB and Janis MD (eds), *Trademark Law and Theory: A Handbook of Contemporary Research* (Cheltenham: Edward Elgar Publishing 2008) 133.
- 116 *ibid* 143. In the period until 1875, case-law and legislative efforts (i.e. the failed 'Sheffield Act') signified that "[T]rade mark law started to be conceptualised as protecting a trade mark as an asset, rather than fixing on particular qualities of communicative act". The 'reconceptualisation' was later put on a statutory footing in the 1875 Trade Mark Registration Act which established a registration system.
- 117 Keith M Stolte, 'How Early Did Anglo-American Trade mark Law Begin? An Answer to Schechter's Conundrum' (1997) 8 *Fordham Intellectual Property, Media and Entertainment Law Journal* 505.
- 118 *Ibid* 138.

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MOGUL” on playing cards.<sup>119</sup> Almost a century later in *Millington v Fox* (1838), Lord Cottenham granted equitable relief for trademark infringement. This was the first time that injunctive relief was granted in the courts of equity without evidence of intent to deceive.<sup>120</sup> Finally, in *Leather Cloth Company v. American Leather Cloth Company* (1863), the Chancery court recognised a property right in trademarks.

Nevertheless, there remained throughout this time (19th Century) a fear, among lawyers, merchants and legislators on both sides of the Atlantic, of recognising trademarks as property.<sup>121</sup> The U.S. Congress, for example, considered the matter of trademarks to be trivial and left it to the individual States to handle: “justice can be had cheaper and faster in the State courts.”<sup>122</sup> From the 1860s, a wave of trademark cases ensued, and the property right in trademarks began to be articulated.<sup>123</sup> Development of trademark accelerated in English and U.S. law, with the advent of the Industrial Revolution in the early twentieth century. In the U.S, the first recorded state infringement case was in 1837 and Federal case was in 1844.<sup>124</sup>

In the Middle East, the first reference of intellectual property was in relation to copyright protection.<sup>125</sup> Islamic law does not expressly entail protection of intellectual property. Where Shari’a law is silent, non-Shari’a legal norms are acceptable as long as they do not violate Shari’a principles.<sup>126</sup> In the UAE, IP laws began to be introduced in the early 1990s.<sup>127</sup> Saudi Arabia enacted its first trademark law in October 1939 (1358 Hijra).<sup>128</sup> Qatar introduced IP and trademark protection in the 1970s.<sup>129</sup>

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119 Schechter (n 111) 134.

120 Bently (n 115) 4.

121 Schechter (n 110) 141. This was evident in the report of the Parliamentary Committee (1862), and in the debates of Congress (1870).

122 *ibid.*

123 Bently (n 115).

124 *ibid.*

125 Amir H. Khoury, ‘Ancient and Islamic Sources of Intellectual Property Protection in the Middle East: A Focus on Trademarks’ (2003) 43(2) *IDEA – The Journal of Law and Technology*, 153.

126 *ibid* 162, (at footnote 46), citing Steven D. Jamar, *The Protection of Intellectual Property Under Islamic Law*, 21 *Cap. U. L. Rev.* 1079, 1081-82 (1993), 1082.

127 Hansen (n 12) 4.

128 Enacted by Royal Decree No. 33.1.4 of 24/6/1358H (October 1939). Bruce B. Palmer, ‘Saudi Arabia’s Trademark Law’ (1986) 1(3) *Arab Law Quarterly* 323.

129 David Price, *The Development of Intellectual Property Regimes in the Arabian Gulf States. Infidels at the Gates* (Routledge 2012).

## B. Legal system

## 1. Sources of trademark law

Sources of trademark law can be grouped as follows: (1) treaties and regional agreements (supranational), (2) national statutes and subordinate legislation, (3) case law, (4) practice statements and rulings of regional and national trademark registries, (5) academic and professional commentary.<sup>130</sup>

Supra-national standards for trademark protection are set by the Paris Convention, the Agreement on Trade-Related Aspects of Intellectual Property Rights ('TRIPS'), and the Protocol Relating to the Madrid Agreement concerning the International Registration of Marks ('Madrid Protocol'). TRIPS is administered by the World Trade Organisation ('WTO') and sets minimum standards for certain IP rights, including trademarks.<sup>131</sup> There are currently 164 WTO members.<sup>132</sup>

## a) Paris Convention

Article 6 of the Paris Convention confers some discretion in matters of trademark registration upon contracting states. It sets out mandatory and optional grounds of refusal to register trademarks. It also specifies unlawful grounds of refusal. To summarise: Countries *must* deny registration to state emblems, official hallmarks, and emblems of intergovernmental organisations.<sup>133</sup> Countries *cannot* deny registration on the basis of a failure to register in the country of origin of the national citizen, or the nature of the goods to which the mark is applied.<sup>134</sup> There is no express mention of political sensitivities, such as trade embargos. Therefore, it will be assumed that this scenario (and, potentially, other scenarios not expressly treated),

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130 This follows the categorisation of Jeremy Phillips in *Trade Mark Law, A Practical Anatomy* (OUP 2003), 3.05.

131 Pursuant to Article 1(1) TRIPS, WTO members enjoy some leeway in developing their national trademark laws but also restrictions: "Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement...".

132 As of September 2017. See: [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/org6\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm).

133 These are mandatory grounds of refusal (Article 6ter).

134 These are unlawful grounds of refusal, (Article 6(2)) and (Article 7) respectively.

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may fall under the “public order” provision. Lastly, countries *may* deny registration on grounds pursuant to Article 6bis and Article 6*quinquies* (B)(i)-(iii).<sup>135</sup> The main Paris provisions for this purpose of this paper are the optional moral exclusions under Article 6*quinquies* (B)(iii) and, to a lesser extent, Article 7 (Article 15(4) TRIPS).

Trademarks that are “contrary to morality or public order” can be refused registration or cancelled under Article 6*quinquies* (B)(iii) of the Paris Convention.

Article 7 is a restrictive provision: “The nature of the goods to which the trademark is to be applied shall in no case form an obstacle to the registration of the mark”.<sup>136</sup> The provision applies to harmful but not illegal goods. Illegal goods can be lawfully excluded from the register. In the GCC, there is an absolute bar to certain Classes of goods and services that are contrary to Islamic morals: alcoholic beverages (Class 33), pork products (within Class 29), illegal activities and services like gambling, casinos, nightclubs (within Class 41). This is discussed further in later chapters.<sup>137</sup>

### b) National laws

With regard to domestic laws, the TRIPS Agreement determines the extent to which countries can circumscribe registration rights. Article 15(2) of the TRIPS Agreement allows states to deny registration to a trademark that constitutes protectable subject matter under Article 15(1), as long as the provisions of the Paris Convention (1967) are honoured.<sup>138</sup> States can also go beyond the Article 6*quinquies* Paris Convention grounds of refusal.

Trademark matters also pertain to WTO Technical Barriers to Trade (TBT), TTIP IPR Chapter, and Bilateral investment treaties (“BITs”). With regard to ‘BITs’, because trademarks are IP rights, they are protected investments. As such, ‘investors’ can challenge state-imposed limitations that breach international IP treaties where there is an existing BIT.

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135 Article 6*quinquies* A(1) compels member countries to allow any trademark registered in the country of origin to obtain registration, unless an exemption ((B) (1)-(3)) applies.

136 It is recalled that this provision is an important point of contention in the Tobacco Plain Packaging cases.

137 See Chapter III.

138 Article 15(2) TRIPS Agreement states that WTO members are not restricted to the grounds of refusal in Article 15(1) TRIPS.

## 2. Trademark functions

Trademark law protects signs (confusion, double identity, unfair competition) and the functions of a trademark. The essential function of trademarks is to signal the *origin* of the goods and services for consumers.<sup>139</sup> Trademarks help consumers select goods by doing so. Frankfurter J called trademarks “a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants”.<sup>140</sup> In *L’Oréal*, the Court of Justice of the European Union (CJEU) recognised additional functions: guarantee of quality, communication, advertising or investment.<sup>141</sup> Swan et al. note that the modern trademark is more than an indicator of the source, it tempts the consumer to an experience through associations. It is a ‘trust mark’.<sup>142</sup> This status as a ‘trust mark’ confers several secondary benefits on a brand, including allowing it to assume a position in the minds of potential consumers who then have an emotional reason to buy the brand.

In EU trademark law,<sup>143</sup> infringement of a trademark is subject to a condition that “the use must affect, or be liable to affect, one of the functions of the trademark”. US trademark law considers the quality guarantee to be “the true function[s]”.<sup>144</sup> It seems that the *L’Oréal v Bellure* theory of the essential function is ‘consumer-focused’ (prioritises lowering consumer search costs), while the US theory of quality guarantee is trademark ‘owner-focused’ (as Philips puts it, “bind[ing]” the owner).

## 3. Registering trademarks

Almost all countries that regulate the protection of trademarks operate a national registry (although neither Paris nor TRIPS mandate it). These registers are government agencies,<sup>145</sup> governed by national law and usually

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139 *Arsenal Football Club plc v. Mathew Reed* [2001] ETMR 860.

140 Frankfurter J in *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co* 316 U.S. 203, 205 (1942).

141 Case C-487/07 *L’Oréal SA v. Bellure NV* [2009] ECR I-05185.

142 Jerre B. Swann, Sr., ‘The Trademark Reporter as Catalyst’ (2011) 101(1) Trade mark Reporter, 88

143 Article 10(2)(a) Directive (EU) 2015/2436

144 Frank Schechter, ‘The Rational Basis of Trade mark Protection’ (1927) 40 Harvard Law Review, 813, 818.

145 See n 333-335.

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connected to the patent or IP office.<sup>146</sup> An example of a regional trademark registry is the European Union IP Office (formerly OHIM) and the Benelux registry. The GCC has six national registries and no regional registry.

Article 6(1) of the Paris Convention makes the conditions for filing and registration of trademarks a matter for the domestic legislator. The U.S. and GCC countries examine absolute grounds of refusal and relative grounds *ex-officio*. The EUIPO examines on absolute grounds only, as does the UK, which rescinded relative examination through the Trade Marks (Relative Grounds) order, SI 2007/1976.<sup>147</sup>

*Opposition.* Unless successfully opposed, trademark protection ensues upon entry in the register. Renewal fees must be paid to prevent it from being cancelled. Conflict with prior rights is addressed in the opposition period. Here, an owner of a senior mark may file an opposition to prevent the acquisition of registration rights by a junior user.<sup>148</sup> In some jurisdictions, 'interested' third parties can file an opposition on grounds other than prior rights. In Europe, the main grounds for opposition are 'double identity' or 'likelihood of confusion.' Public order or immorality is only a cancellation ground (and absolute ground. See below, Part C.1). In contrast, in the U.S., an interested party can oppose the registration of a trademark they consider immoral, scandalous or disparaging in violation of section 2(a) of the Lanham Act<sup>149</sup> on the ground that its registration will cause them damage,<sup>150</sup> or injury.<sup>151</sup> In the GCC, any interested party can file an opposition on grounds such as fame and absolute grounds as per *Article 6ter* or Article *6quinquies* (B)(iii) of the Paris Convention. It is significant that in the context of opposition, trademark rights can be excluded before they come into existence.

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146 Phillips (n 130), 43.

147 Section 5 Trade Marks Act 1994. Available at <http://www.legislation.gov.uk/ukpga/1994/26/section/5>.

148 Publication in the official gazette initiates an opposition period: a third party can assert that they have prior rights and that the applied for mark is identical or confusingly similar. Not to be confused with cancellation proceedings.

149 Other grounds include abandonment of the mark; fraud; dilution.

150 Part A(3)(C), Trade mark Opposition Proceedings in the United States. Available at: [http://www.wipo.int/export/sites/www/sct/en/comments/pdf/sct17/us\\_1.pdf](http://www.wipo.int/export/sites/www/sct/en/comments/pdf/sct17/us_1.pdf).

151 Lynda Oswald, 'Challenging the Registration of Scandalous and Disparaging Marks under the Lanham Act: Who has Standing to Sue?' (2004) 41 American Bus. L. J. 251.

*Benefits of registration.* The main benefit to an owner of a registered trademark is exclusivity in the Class(es) in which it was registered. Additionally, registration acts as a warning to potential competitors that are already operating in that space. Competitors and courts are also guided by registered trademarks as competitors can invest in reliance on the mark's scope and courts can easily establish infringements.<sup>152</sup>

### C. Moral exclusions

#### 1. Legal origins

Moral exclusions fall under absolute ground objections to trademark protection. They are “*intrinsic* limits”<sup>153</sup> or “*inherently*” objectionable.<sup>154</sup> Notwithstanding common law trademark rights in the U.S.,<sup>155</sup> common law protection in the UK (passing off) and some mixed systems such as in Germany, trademark rights are acquired through registration. The general rule for registrability is that the mark should be distinctive and not descriptive of the goods or services being sold/offered. A mark that meets the requirements can still be rejected per the exception in Article 6*quinquies*(B) (iii) of the Paris Convention for marks that are “contrary to morality or public order”<sup>156</sup>

The parallel provisions to Article 6*quinquies*(B)(iii) are Article 7(1)(f) of the European Union Trade Mark Regulation 2015/2424,<sup>157</sup> Article 3(1)(f) of the European Union Trade Marks Directive 2015/2436;<sup>158</sup> Article 3(3)(a)

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152 *Myles Ltd's Application, case R711/199-3,5 December 2001 (OHIM)*, [11].

153 Firth et al. (n 8).

154 Edward Smith, ‘Absolute Grounds’ paper submitted by United Kingdom for SCT Assistant Principal Hearing (2009). Available at [http://www.wipo.int/export/sites/www/sct/en/comments/pdf/sct21/ref\\_uk.pdf](http://www.wipo.int/export/sites/www/sct/en/comments/pdf/sct21/ref_uk.pdf)

155 In the U.S., rights stem from use.

156 The exception was incorporated into the TRIPS Agreement by Article 2(1).

157 Regulation (EU) 2015/2424 of the European Parliament and of the Council of 16 December 2015 is an amendment to the Council Regulation that governs EU trademarks: the EU Community trade mark regulation (Council Regulation (EC) No 207/2009 of February 2009 on the Community trade mark [2009] OJ L 341/21). In addition to the EU CTMR, European trademarks are also governed by the Community Trade mark Implementing Regulation (2868/95).

158 Directive (EU) 2015/2436 is a recast of the 1989 Directive (2008/95/EC). Directive (EU) 2015/2436 approximates the laws of EU member states for national trademarks.



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of the Trade Marks Act 1994 (UK); Section 2(a) of the Lanham Act (US); Article 3(2) of the GCC Trade Mark Law; Article 2(c) of the Law of Trade marks (Saudi Arabia); Article 8(2) (Qatar); Article 3(2) (UAE).

*The significance of linguistic variations in morality exclusions.* The wording of the exclusion varies across the written laws of different countries but is substantively the same. Language can differ, be supplemented, or be formulated more or less broadly. Linguistic variations provide a small window into the approach of a country towards this problematic category of marks.

At the European level, Article 7(1)(f) of Regulation 2015/2424 formulates the exclusion as “trademarks which are contrary to public policy or to accepted principles of morality.” The EUIPO clarifies that ‘morality’ and ‘public order’ are different but overlapping concepts.<sup>159</sup> The Office also clarifies that the provision is formulated “very broad[ly]” and when interpreting it, the interests of traders and the public should be balanced. Section 3(3)(a) of the UK Trade Marks Act 1994, which implements Directive 2015/2436, follows this wording. Germany also refers to “accepted” principles.<sup>160</sup> It may be suggested that the inclusion of “accepted” signifies a dynamic element to social norms and attitudes. Indeed, Gibbons refers to a “pendulum”, suggesting that the shifts can be bidirectional.<sup>161</sup> The Appointed Person in *Ghazilian’s Trademark Application* remarked that “accepted principles of morality change with time.”<sup>162</sup> France’s Law 1991-7 employs the Paris Convention language,<sup>163</sup> as does the trademark law of Italy

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159 EUIPO Guidelines (n 94).

160 World Trademark Review Yearbook 2017 - Trade mark procedures and strategies: Germany (Available at: <http://www.worldtrademarkreview.com/Intelligence/Yearbook/2017/Country-chapters/Germany>). German Trade mark Act, implements the Directive 89/104/EEC.

161 Llewellyn Joseph Gibbons (2005), ‘Semiotics of the Scandalous and the Immoral and the Disparaging: Section 2(A) Trademark Law after Lawrence v. Texas’ 9(2) Marquette Intellectual Property Law Review, 217.

162 Ghazilian’s Trade Mark Application (n 4).

163 World Trademark Review Yearbook 2017 - Trade mark procedures and strategies: France (Available at: <http://www.worldtrademarkreview.com/Intelligence/Yearbook/2017/Country-chapters/France>). France implemented the first Directive 89/104/EEC (which uses “Accepted principles” Article 3(1)(f)) in its Law 1991-7. Article L711-3(b) of the Intellectual Property Code: Book VII. Trade marks, Service Marks and Other Distinctive Signs. Note that “Accepted principles” is used for designs (Article L511-7, BOOK V, Designs and Models), but not trademarks or patents.

and others.<sup>164</sup> Poland's trademark law contains a rather strong exclusion for marks that are "contrary to principles of social existence."<sup>165</sup>

Outside of Europe, Malaysia distinguishes scandal from offence, recognising a prohibition on registration for marks containing or comprising "scandalous or offensive matter or would otherwise not be entitled to protection by any court of law;"<sup>166</sup> Brazil's exclusion extends to respectability and honour, and alludes to disparagement against beliefs and members of religious cults. Unregistrable signs are those that are "contrary to morals and standards of respectability or that offend the honor or image of persons or attempt freedom of conscience, belief, religious cult or ideas and feelings worthy of respect and veneration."<sup>167</sup> The language comes quite close to that of the tort of defamation. There is no specific reference to public order but it may be covered, to some extent, by the listed freedoms (conscience, belief, religious cult). Chile bars "signs that are contrary to public order, morality and good behaviour, and the principles of fair competition and business ethics."<sup>168</sup> The U.S and Canada bar marks that are "scandalous, obscene or immoral."<sup>169</sup>

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164 World Trademark Review Yearbook 2017 - Trade mark procedures and strategies: Italy. Available at: <http://www.worldtrademarkreview.com/Intelligence/Yearbook/2017/Country-chapters/Italy>.

165 Phillips (n 129), 67.

166 Section 14(1)(b), Trade Marks Act 1976 (Act 175, incorporating all amendments up January 1, 2006)

167 Article 124(III) of the Law on Industrial Property (9,279/1996). Brazil's provision is broader than Paris, protecting personal respect and even personality rights, Article 124(III) prohibits signs that are contrary to "morals and standards of respectability or that offend the honor or image of persons or attempt freedom of conscience, belief, religious cult or ideas and feelings worthy of respect and veneration".

168 Chile's 'Industrial Property Law (19.039)' (September 30 1991. Modified by Law 19.996 (December 14 2005). Also governing Chile's trademark law is Law 20.160 (of January 2007. The law is regulated by Decree 236 of December 1 2005, modified by Economy Decree 36 of May 23 2012).

169 Canada - 'Trade marks Act', Article 9(1)(j); U.S. - Lanham Act, Section 2(a) (15 U.S.C. § 1052(a)), WTR Yearbook 2017 - Trade mark procedures and Strategies. Under section 2(a) of the Lanham Act the U.S. bars from the principle register, "immoral" or "scandalous" marks (and prior to "The Slants" Supreme Court decision, marks that may "disparage...persons, living or dead, institutions, beliefs or national symbols, or bring them into contempt, or disrepute").

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Turning to the GCC, none of the six member states include the dynamic term “accepted” in their national trademark laws.<sup>170</sup> GCC and other Arab/Muslim majority countries, such as Egypt, Turkey, Algeria, Morocco, Iraq, Jordan, Libya, stay close to Paris Convention (quinquies B(iii)) language.<sup>171</sup> Many add a separate clause in relation to symbols with a religious character or specific logos, like Red Cross, Red Crescent.<sup>172</sup> Saudi Arabia goes further by referring to marks that “violate” religion. Lebanon prohibits trademarks that include “a word, signal or symbol which is revolutionary or in breach of the public order or sound and good discipline.”<sup>173</sup>

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- 170 Qatar - ‘Law No. 9 of 2002 on Trademarks, Trade Names, Geographical Indications and Industrial Designs’ Article 8(2) “Every expression, design or sign contrary to moral or public order”; Bahrain - ‘Law No. (11) For the year 2006 on Trade marks’ Article 3(B); UAE - ‘Federal Law No. 37 of 1992 on Trade marks’ (as amended by Law No. 19 of 2000 and Law No. 8 of 2002), Article 3(2); Saudi Arabia - ‘Law of Trade marks’ (promulgated by Royal Decree No. M/21 of 28 Jumada I 1423 [Hjjra]. Corresponds to August 7, 2002 in the Gregorian calendar), Article 2(c) “Any expression, sign or drawing inconsistent with public order or public morality”; Oman - ‘Industrial Property Rights Law’ (promulgated by the Royal Decree No. 67/2008), Article 38(4)(c)(3); UAE – ‘Federal Law No. 37 of 1992 on Trademarks’ (as amended by Law No. 19 of 2000 and Law No. 8 of 2002), Article 3(2) “Any mark breaching the public morals or violating the public order”
- 171 Egypt - Article 67, Law No. 82 of 2002 Pertaining to the Protection of Intellectual Property Rights; GCC - Trade mark Act of the Member States of the Cooperation Council for the Arab States of the Gulf Article 3(2); Turkey - Article 7(k), Decree-Law No.556 Pertaining to The Protection of Trade Marks, in force as from June 27, 1995; Sudan. ,The Trade marks Act (1969 Act No.8); Algeria - Article 7(4), Order (Act) No. 03-06 dated 19 Jumada I, 1424 corresponding to July 19, 2003 related to Trade marks; Morocco - Article 135(b), Law no. 17-97 on the protection on industrial property (as modified and supplemented by Law 31.05); Iraq - Article 5(2), Trade marks and Descriptions Law No. 21 Of 1957 (as amended by Coalition Provisional Authority Order Number 80, April 2004); Jordan - Article 8(6) Law No. 33 of 1952 on Trade marks amended by Law No. 34 of 1999 Amending the Trade marks Law; Libya - Article 5(b), Trade marks Law (No. 40 of 1956).
- 172 National laws (n 170), Qatar –Article 8(5); Saudi – Article 2(b); UAE – Articles 3(4), 3(5).
- 173 Article 71 (Laws and Systems of the Commercial and Industrial Property in Lebanon Resolution No. 2385, issued on January 17th, 1924, amended by the Law of 31 January 1946, Decree No. 245 of February 23rd, 1983. Law No. 152 / L R of July 19, 1939). Member of Paris as of September 1, 1924. Not yet WTO member or Madrid Protocol member.

Religious sensibilities are expressly protected by some countries, including Pakistan, Iran, and the UAE. Pakistan refers to morality<sup>174</sup> and to trademarks containing “scandalous design” that may “hurt the **religious sensibilities** of any class of citizen of Pakistan, per se, or in terms of **goods or services**...intended to be so registered.”<sup>175</sup> Public policy is only invoked in relation to collective marks<sup>176</sup> and certification marks.<sup>177</sup> The Islamic Republic of Iran prohibits a mark “if it is contrary to Rules of **Sharia**, public order or morality.”<sup>178</sup> Saudi Arabia’s Law of Trade marks denies registration to “Any expression or sign or drawing **violating religion**, or which is identical or similar to a symbol of religious nature.”<sup>179</sup> The UAE also covers protected religious symbols: “Logos of the Red Crescent or Red Cross”;<sup>180</sup> and “Marks that are identical or similar to symbols having a purely religious character.”<sup>181 182</sup>

Some countries have added provisions relating to religious or tribal-based marks. Sudan prohibits marks that are “emblems of exclusively **religious, sectarian or tribal** organization” (Article 8(g)) or that portray “a religious or tribal leader or any sectarian significance.” (Article 8(h)).<sup>183</sup> Iraq’s trademark law was amended by the Coalition government (under the administration of U.S. L. Paul Bremer, Administrator, Coalition Provisional Authority) in April 2004.<sup>184</sup> The amended law prohibits marks identical with, or similar to, “the insignia of the Red Cross, Red Crescent, or Geneva Cross” (Article 5(4)), only a minor change from the previous language which included the “Red star”. Absent from the Coalition-amended law is the Israeli boycott clause that had been Article 5(12).<sup>185</sup>

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174 Ordinance No. XIX of 2001, Article 14(3)(c).

175 *ibid* Article 14(3)(b).

176 *ibid* Article 6(1)(b), 13(c)(ii).

177 *ibid* Article 7(1)(a)(ii), 15(d)(ii).

178 Patents, Industrial Designs and Trade marks Registration Act of the Islamic Republic of Iran (2008), Article 32(b), available at <https://wipo.int/en/legislation/details/7706>.

179 The first Saudi Arabian trademark law was enacted by Royal Decree in 1984 and amended by the current trademark law of August 2002. Article 2 enumerates trademarks that cannot be registered.

180 UAE trademark law (n172) Article 3(4).

181 UAE trademark law (n172) Article 3(5).

182 Also see Libya Article 5(e), 5(f) and Bahrain Article 3(E), (F).

183 The Trade marks Act of 1969. The Republic of Sudan is a member of the Arab League.

184 CPA/ ORD/26 April 2004/80.

185 “Marks which the office of Israel boycott decides to be identical to or resembling on Israeli Mark, emblem or symbol”. Articles 5(9)-5(12) suspended.

## 2. Understanding ‘morality’ and ‘public order’

The meaning of ‘morality and public order’ remains to some extent an enigma. Morality has been defined in patent case law as “the belief that some behavior is right and acceptable whereas other behavior is wrong, this belief being founded on the totality of the accepted norms which are deeply rooted in a particular culture”.<sup>186</sup>

The meaning of ‘public policy’ has been discussed by commentators including Bodenhausen,<sup>187</sup> Lloyd,<sup>188</sup> Giorgio del Vecchio,<sup>189</sup> and the Appointed Person Richard Arnold QC<sup>190</sup> who in the appeal against a failed invalidity declaration against the trademark FCUK provides a comprehensive history.<sup>191</sup> The idea that conduct and laws might contravene public policy or morals has its origins in the civil law (*ius civile*) tradition of continental Europe.<sup>192</sup> In 19th century France (the “codification period”),<sup>193</sup> ‘public policy’ was incorporated into the *French Civil Code of 1804* (Code Napoleon) and later in the Italian and Spanish Civil Codes.<sup>194</sup> Public policy norms are contractually underogatable: “laws relating to public policy and morals cannot be derogated from by private agreements.”<sup>195</sup> The civil law system bore the idea of public policy norms. These are “laws of manda-

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186 T356/93 *PLANT GENETIC SYSTEMS/Glutamine synthetase inhibitors* [1995] EPOR 357.

187 Bodenhausen, ‘Guide to the Application of the Paris Convention for the Protection of Industrial Property’, as revised at Stockholm in 1967, 113-116. Available at [ftp://ftp.wipo.int/pub/library/ebooks/wipopublications/wipo\\_pub\\_611\(e\).pdf](ftp://ftp.wipo.int/pub/library/ebooks/wipopublications/wipo_pub_611(e).pdf).

188 Dennis Lloyd, *Public Policy: A Comparative Study in English and French Law* (London: Athlone Press, 1953), 27 (as cited by Marks and Betancourt, *infra* n 194).

189 ‘Los Principios generales del Derecho’ (translated by Juan Ossorio Morales) (Barcelona: Bosch, 1979), 41.

190 In UK trademark disputes, the hearing officer’s decision can be appealed to the appointed person or the High Court. The ‘Appointed Person’ is a senior IP lawyer appointed by the Ministry of Justice.

191 *French Connection Ltd., No. 2184549 v. Woodman, No. 81862, Dec. O-137-06 (May 17, 2006)*

192 Tony Marks and Julio Cesar Betancourt (2012). ‘Rethinking public policy and alternative dispute resolution: negotiability, mediability and arbitrability’, *Arbitration* 2012, 78(1), 19.

193 *ibid* at (footnote 13) citing Thomas Glyn, *An Historical introduction to Modern Civil Law* (Aldershot: Brookfield, 1999)

194 Article 12 Italian Civil Code (1865); Article 1255 Spanish Civil Code (1889).

195 Marks and Betancourt (n 192), referring to the French Civil Code of 1804.

tory application.” They represent a State’s priorities.<sup>196</sup> Public policy is an idiomatic translation of “order public” which was used in *Philips v Remington*.<sup>197</sup> The direct translation ‘public policy’ is more commonly used in trademark legislation.<sup>198</sup>

In the GCC, the terms have never been classified<sup>199</sup> and in practice, the terms are conflated.<sup>200</sup> No explanations or guidelines are known to exist for GCC examiners. In the U.S. public policy seems to be an umbrella concept for all marks that are immoral, scandalous, disparaging, contemptuous, disreputable, deceptive and suggestive of a false connection.<sup>201</sup> UK and European case law is replete with examples where this distinction has been articulated. Clarifications are provided in the UK Trade Marks Manual.<sup>202</sup> The EUIPO Examination Guidelines state that marks rejected due to “accepted principles of morality” are rejected based on an objective assessment of “subjective values,”<sup>203</sup> while marks rejected based on policy are rejected by an assessment based on objective criteria. Under the EUIPO approach, morality is subjective (perceived by the relevant public as directly against the basic moral norms of society) and the standard is the reasonable consumer with average sensitivity and tolerance thresholds.<sup>204</sup> Policy is considered objectively to contradict the basic principles and fundamental values of the European political and social order. Nevertheless, the overall goal of applying moral exclusions to trademark protection is to protect the public, moral norms, and encroachments on human dignity.

Public policy was defined in *Indica* as “the body of all legal rules that are necessary for the functioning of a democratic society and the state of

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196 Phillip Louis Landolt. *Modernised EC Competition Law in International Arbitration*. Ch 5, 6-21.

197 Richard Arnold QC (n 191) at [6], citing *Philips Electronics NV v Remington Consumer Products Ltd* [1998] RPC 283, [310] lines 8-12; Marks and Betancourt (n 192) 2 (citing Denis Lloyd).

198 ‘Public order’ is used in TRIPS Article 27(2) for patents and the Biotechnology Directive 98/44/EC Article 6(1), EPC 1973 Article 53(a).

199 Survey responses.

200 The examiners will usually cite both together, simply following the wording of the law (Survey response).

201 Baird (n 76) 795.

202 Available at: [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/587937/Manual-of-trade-marks-practice.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/587937/Manual-of-trade-marks-practice.pdf).

203 EUIPO Trade Mark Guidelines, Ch 7, available at: <https://euipo.europa.eu/ohim-portal/en/trade-mark-guidelines-pdf>.

204 Judgement of 09/03/2012, T-417/10 ‘¡Que bueno ye! Hijoputa!’ para.HIJOPUTA! (§ 21).

law.<sup>205</sup> It is a necessary condition that the sign itself, or the message it conveys, is prohibited in law. Thus, it turns on ‘legality’.

The morality and public order prohibition relates to harm. In *Dick Lexic Ltd’s Application*, the Board stated that the mark DICK & FANNY for Class 9, 16, and 25 goods, should not have been rejected by the examiner.<sup>206</sup> Among other reasons, this was because it did not go beyond a question of taste. In order to meet the threshold of the prohibition, the mark must ‘transmit a message’. This looks like a harm argument. This statement also reinforces the idea discussed earlier that ‘mere distaste’ is insufficient in the EU and should not be legislated. This is a higher standard than the GCC in terms of what constitutes harm.<sup>207</sup>

### 3. Tackling the terminology

Terminology and taxonomy in this area is confusing (Figure 1). Scassa sets out three categories of antisocial trademarks: (1) trademarks that are inherently contrary to morality or public order, (2) trademarks that are rendered objectionable by association with the goods or services (3) trademarks having an antisocial brand message. She focuses on the second and third categories. Within the first category are five sub-categories.<sup>208</sup> Baird focuses on the Lanham Act § 2(a) and finds seven types of Scandalous mark.<sup>209</sup> Abdel-Khalik, also US focused, proposes six types of Scandalous mark.<sup>210</sup> The UK Trade Marks Manual reduces offensive marks that are ‘contrary to public policy or to accepted principles of morality’ into three categories: (1) criminal connotations,<sup>211</sup> (2) religious connotations,<sup>212</sup> and (3) explicit/taboo signs.<sup>213</sup> The Manual states that marks can offend against morality without offending public policy, but the reverse is not as often true. “The

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205 INDICA 65572/00.

206 *Dick Lexic’s Application* (n 9).

207 This difference in thresholds is covered further in chapter III, chapter IV(A)(1), and chapter V.

208 Scassa (n 18).

209 Baird (n 76).

210 Jasmine Abdel-khalik, ‘Disparaging Trademarks: Who Matters’ (2015) 20(2) Michigan Journal of Race and Law 288-319.

211 *To promote* illegal or otherwise offensive behaviour.

212 *To undermine* accepted religious value.

213 UK Trade Marks Manual, 165, available at: [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/587937/Manual-of-trade-marks-practice.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/587937/Manual-of-trade-marks-practice.pdf).

term “public policy” in section (3)(3)(a) is intended to deny protection to marks which could “induce public disorder, or increase the likelihood of criminal or other offensive behaviour.” This statement shows that there is a harm element in public policy. The US 2017 Trade mark Manual Examining Procedure (TMEP) 1203.01 clarifies that ‘scandalous’ and ‘immoral’ have different dictionary definitions, but in case-law and legislative history the two are conflated and treated as synonyms. According to Baird, ‘immorality’ is the redundant term, as no case has relied solely upon that term to refuse a mark.<sup>214</sup>

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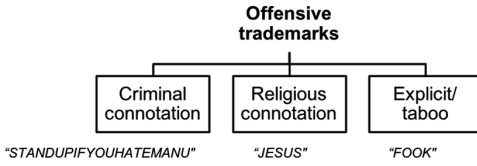
214 Baird (n 76) 728. The same point is made in *In re McGinley*, 660 F.2d 481, 485 at footnote 6.



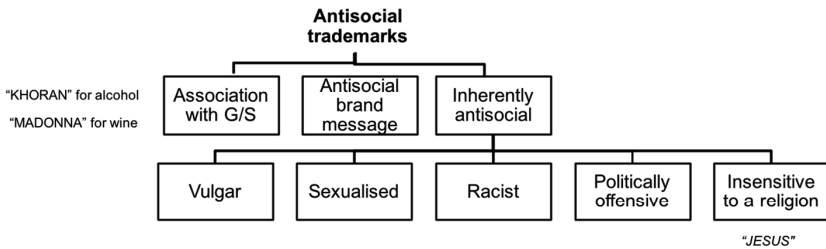
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Figure 1: Current classifications in the literature.<sup>215</sup>

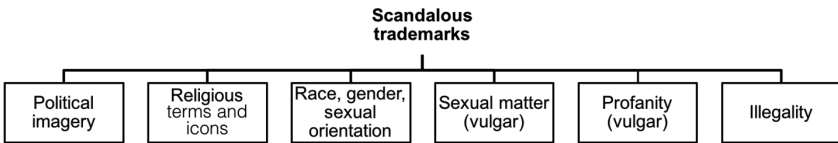
*UK Trade marks Manual*



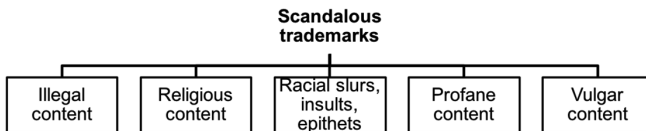
*Scassa*



*Abdel-khalik*



*Baird*



215 These classifications represent the understanding of the author of this thesis and may not be accurate.

*Advantages.* Scassa's classification is prescriptive for trademark practitioners. It incorporates some of the 'methodological nuances' that practitioners will have to consider in order to derive the meaning, before deciding whether the meaning is offensive. Baird and Abdel-Khalik focus on "scandalousness". Their taxonomies are similar. Baird adds an 'innuendo' category, which is another methodological nuance. They all comprehensively classify the scenarios that could arise. The UK Trademarks Manual taxonomy facilitates a useful separation between marks likely to offend public policy on the one hand (criminal, religious marks) and marks relating more to principles of morality (explicit/taboo marks) on the other hand.

*Limitations?* In considering ways to leverage these classifications, it is important to understand what logics should be present. The first logic is how the offensive meaning of the trademark is rendered: is it rendered literally, from an unambiguously vulgar word? Is it rendered by innuendo, such that the examiner has to put in extra effort? One can think of this as a 'methodological nuance,' or even a 'pre-logic.' The second (and principal) logic is, what is the nature of the objection; in other words, why should this word be objected to (the nature of the harm)? This can be considered a 'substantive nuance' or 'interpretative nuance.'

There is room for improvement in four areas: [1] Some classifications combine elements from two different logics.<sup>216</sup> The logics may overlap in practice but conceptually they should be kept separate; [2] Most classifications fail to reach behind descriptive labels that do not explain the "harmfulness" of the mark;<sup>217</sup> [3] The taxonomies of Abdel-Khalik and the UK Trade marks Manual appear to contain a single logic, which is also insufficient. Additionally, the UK classification fails to explicitly account for trademarks of a political nature or slurs against minority groups. These would have to be considered under 'explicit/taboo' or 'criminal connotation.'<sup>218</sup> Indeed, it has been argued that the last Western taboos are slurs against minority groups/individuals;<sup>219</sup> [4] Finally, none of the taxonomies includes a meaning that is rendered only upon translation of the word into

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216 They combine the "methodological" and the "interpretative" nuance or logic. Note that 'nuance' and 'logic' are used interchangeably.

217 See Chapter I (A) "A Concept of Harm"

218 It could be considered incitement to discrimination perhaps.

219 Johnson, 'Swearing: The Last Taboos' (Blog: *Prospero*, 21 January 2015), available at: <https://www.economist.com/blogs/prospero/2015/01/johnson-swearing>.

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the local language.<sup>220</sup> Chapter V presents an alternative taxonomy to overcome these limitations.

### *Conclusion*

This chapter presented the development of a legally-constructed, transactable property right in trademarks. It analysed morality and public order as a basis of state intervention to restrict trademark rights and presented linguistic variations in morality exclusions between countries. Humanistic terms such as “respect” and “honour” were unique to non-Western jurisdictions and suggest a broader, more consumer-focused prohibitory mandate. Express clauses protecting religious sensibilities were also found. These variations suggest that trademark law cannot be separated from cultural norms. The chapter also showed that the morality and public order distinction has been extensively explored in Western jurisprudence, yet it remains somewhat elusive. GCC trademark practitioners are not yet engaged in this intellectual exercise. Finally, the chapter critiqued current approaches to classifying objectionable signs. It introduced a concept of methodological and interpretative nuance in order to clarify distinct and consecutive logics that drive the examination of trademarks under the prohibition.

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220 It would not replace logic 1. After translation, logic 1 would still need to be applied. Most often the meaning would be rendered by the literal meaning of the translated word.