



## Trademarks And Badges Of Affiliation? Lessons From Europe

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Arsenal Football Club, like it or not, is always in the news. The antics of players and management make entertaining reading, as a range of human fallibilities are usually exposed. It is therefore a surprise to see the club involved in a dispute that does not involve moral issues. The Financial Times of 12 November 2002 proclaimed in a headline that ♦ Arsenal score legal victory in trademark fight. ♦ Yet the saga continued and The Times of 13 December 2002 stated ♦ Europe overruled in Arsenal dispute. ♦ From the headlines alone it is clear that issues far beyond trademarks are considered in the case Arsenal Football Club plc v Matthew Reed. The status of European Union law is the main issue. British courts are now required to accept rulings from Europe as binding, though the mechanisms that will resolve any differences of interpretation remain to be settled. This case may be a landmark in English law, and there is even much of interests to those concerned with the legal status of heraldry. One of the trademarks of the club is a ♦ crest, ♦ and the way this case is decided could set wide-ranging precedents.

Briefly summarized, Mr. Reed sold a series of souvenirs outside Arsenal's Highbury ground since 1970. In 1989 Arsenal registered a number of words, including ♦ Arsenal ♦ and ♦ Arsenal Gunners ♦ as signs. At the same time the shield and cannon devices were registered as trade marks. This directly impacted Mr. Reed's business, as he sold Arsenal merchandise with these logos. The club also manufactures - or licenses companies to make - sports wear, souvenirs, and memorabilia. The trade is very lucrative for all parties concerned. In order to distinguish these from his products, Mr. Reed displayed the following sign in his shop:

*The word or logo(s) on the goods offered for sale are used solely to adorn the product and does not imply or indicate any affiliation or relationship with the manufacturers or distributors of any other product, only goods with official Arsenal merchandising tags are official Arsenal merchandise.*

Arsenal brought the case before the High Court of England and Wales, and alleged that Mr. Reed was in breach based on s10 of the Trade Marks Act 1994 (which implemented a Directive from Europe). The Court decided that instead of a trade mark, the devices were badges of support, loyalty or affiliation. The Court found that the marks did not indicate where the goods came from. The High Court interpreted that where a third party uses an identical trade mark on identical goods a connection between the two could be drawn. Yet they found, to the relief of street traders who sell unofficial merchandise, that there was no evidence that customers could be confused between official and unofficial products. In effect the claimant - the club in this case - would have to demonstrate that they had been damaged by confusion or uncertainty in telling the goods apart. The essential feature of a trade mark is to guarantee the identity of the origin of the goods or services.

The High Court then defined two questions that should be addressed in Europe before they made their final ruling, as Community trade mark law must be followed. The first issue is whether it is possible to use the defence that the marks do not indicate origin. The second issue is if the trade mark can be appreciated as a badge of support, then could it also be assumed to indicate origin. The European Court was not given the full facts of the case, and is restricted to deciding points of law alone.

The European Court found that it is possible that a trade mark could be appreciated as a badge of support, but that the names and the club crest were trademarks and that their use by Mr. Reed infringed on Arsenal's trademarks. The issue whether the marks were ♦ guarantees of origin ♦ was modified somewhat. The Advocate General (who advises and interprets the rulings of the European Court) found that the trade mark ♦...acquires a life of its own, making a statement about quality, reputation and even, in certain cases, a way of seeing life. ♦ The people who buy the goods in question do so because they incorporate distinctive signs. Further, the presence of the sign does not rule out that customers would not be confused. Unofficial goods taken away from the shop may be seen as officially sanctioned products. The European court was clearly worried that any other judgement would weaken proprietary rights. Europe took a clear stance that intellectual property should have a high level of protection. The case is far from over, as the European Court has been known to reverse their rulings on trade mark issues, but the story does not end there. When the case was referred back to the High Court for their decision, Europe was overruled.

On December 12 2002 Mr. Justice Laddie found that the European Court exceeded its jurisdiction, as the Court ruled not on a point of law but on a factual issue. The High Court noted that the European Court did not directly answer the questions, and that they decided in the circumstances such as those in the present case. Because they held that the badge of loyalty defence was possible, and disagreed on the facts of the case, the High Court could only find for the defence. The club is prepared to take the case to the Court of Appeal. This is the next court in the English hierarchy and it is qualified to overturn or to make supplementary findings of fact. What started as an important case for trade mark owners quickly grew in importance to question the role of the European Court.

Perhaps jumping a step further, this case is of great significance for heraldry. If trademarks can be regarded as badges of support, what of the legal position of heraldry? This issue stretches beyond individual grants of arms, and may have much wider implications. If Arsenal, which has a short history, does not have enforceable rights to its symbols, certainly the arms of various ancient corporations have then also passed into the public domain. A case could also be made for seeing arms of ancient families as essentially unprotected by any patent, particularly if the family played a major role in their community. What if a local person appropriates a coat of arms and uses it as a mark of affiliation to his or her region?

A number of wine manufacturers rely upon coats of arms for their labels. If these are based on the arms with local affiliations that go beyond wine making, is it not possible that a third party could manufacture items with the same logo? Given the rulings of the High Court it would indeed seem possible, though it can be noted that there is no English wine to speak of, so this scenario can remain in theory alone. It has been a long time since a case of heraldic infringement has been brought to English courts. The Court of Chivalry has existed since the 14th century, but in recent centuries had fallen out of use till the case of Manchester Corporation v Manchester Palace of Varieties in 1954. In this case a theatre was prevented from using the arms of the corporation. Already by this time the court was viewed as an anomaly. At the time it was stated that perhaps the usual method of trial in the future would be via trade mark legislation. Law may not be enough to protect owners from the popularity of their trademarks, which can be seen as having entered the public domain.

Following the line of reasoning from the recent High Court ruling, the case of a grant of arms made some time ago, perhaps to large landowner, may present a problem. A local person who assumes the arms, or perhaps one who makes goods depicting the arms, could claim that they were using it as a badge of affiliation. Heraldry can exist without legal protection, but like trademarks that are not enforceable, there is little incentive to opt for legal registration. What impact this would have on the art is open to debate, but one can hope that in the end a rational way forward will be found.

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