AN EXAMINATION OF THE PROPERTY RIGHTS OF TRADEMARK IN NIGERIA*

Abstract

The property rights here are in relation to intellectual property rights. A trademark can be recognised by a name, word, letter, or design which identifies and distinguishes a business package from other competitors in an open market. A trademark can therefore be seen as property whereby the owner has the right to own and use such property as the owner pleased. Hence, trademarks are seen as private property rights which can be owned and used in the protection of words, designs, or letters, etc. This paper discusses the importance of trademarks in light of its property rights and the need for same to be protected against third party interlopers. A trademark is essential to the business enterprise of an owner and to the society. It should be seen as property which must be protected by adequate laws that aids economic and sustainable development. The need to protect trademark at the national and international levels will also be discussed. The owner of the trademark should therefore have property rights in the product once it has been registered. Hence, the aim of the paper is to discuss how a trade mark should reflect the fact that once it is registered, it should be regarded as an item of property and the proprietor has rights over such goods. Protection of trademark also ensures that the business reputation of the owner is protected against third parties and infringers.

Keywords: *Intellectual Property, Rights, Trademark, Nigeria*

1. **Introduction**

There are major functions of trademark which are relevant in any given modern society and they are firstly, that goods are easily identified by consumers; secondly, that it is able to distinguish or differentiate all other business of traders; thirdly, it serves as a representation of a certain level of quality and fourthly, it is an instrument which is recognised by consumers through advertisement.[1] The owner of a trademark has the right to use a mark but when there is an infringement, the proprietor can only succeed when the product is registered and it is registered under the national laws of different countries. Hence, the national laws protect the proprietor against interlopers from infringing on its right and thereby, ensuring consumer protection. The proprietor in this instance has the right to protect its property and private rights because if the proprietor has gained quality-based reputation over a long period of time, and there is an infringement, consumers will be the ones that will be at a disadvantage. The mark is registered in the country where the mark is situated. Hence, the owner of the trademark has the right to protect its property from persons that do not have the right to use same.[2] The ownership of trade mark could therefore be equated to property rights whereby the owner has exclusive rights to use such against the whole world. The registration of trademarks gives owners the right to use commercially, the names or symbols or graphic letters that have been protected by a particular country's judicial system. Therefore, where a trade mark has been protected, it would be easier for the owner through the appropriate authorities to put a stop to any infringement activities that might occur. In order to immediately stop infringing activities, such as the sale of counterfeit products, trademark holders can request seizures or preliminary injunctions through the court system.[3] The owner is thereby, able to build reputation in its enterprise and to prevent others from misleading consumers by false association with an enterprise, with which they are not connected.[4]

On the other hand, when a trade mark is not registered, it would mislead persons and they would be confused especially where there are similar marks that are being advertised in the same market place. When this occurs, consumers may become confused and disillusioned when a mark they think they know and recognise does not

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[1] J. T. McCarthy, 2004. McCarthy on Trademarks and Unfair Competition. 4th Edition. Section 26: 1-4, 29: 1-7 Retrieved August 12, 2013 from https//www.carswell.com/product-detail/Mccarthy-on-Trademark-and-Unfair-Competition

[2]William Landes and Richard Posner. Trademark Law: An Economic Perspective. [1987] (30) *Journal of Law and Economics*, 265, 271-73

[3] E. Baroncelli, et.al., 2005. The Global Distribution of Trademarks: Some Stylized Facts. Blackwell Publishing Ltd. World Economy, Volume 28, Issue 6. Pp 765-782. <http://dx.doi.org/10.1111/j.1467-9701.2005.00706.x> accessed 20 August 2013

[4] Ibid.

actually represent the source of the good they understood it to represent.[5] The reputation of the owner will be damaged irreparably when the property rights of the owner is not protected.[6] The reputational assets of a natural person or a legal or juristic person will be protected under each country's national laws by providing incentives for investments in the value of products sold to the public.[7]

The trademark law in Nigeria is protected under the Trade Marks Act, Laws of the Federation 2004. However, the Trade Marks Act is not up to date as it is the same Act since 1965. Nevertheless, the ownership of trade mark in Nigeria must be registered for seven years in the first instance and it can be renewed in accordance with the provisions of the Act from time to time.[8] When the right to use the trade mark has expired, an owner can renew for a further period of fourteen years.[9] In addition, the theories underlying trademark will also be discussed in line with the intellectual property rights.

2. Trademark as Property Rights

Intellectual property is divided traditionally into industrial property, which includes trademarks, patent, designs and geographical indications; and copyright.[10] The concept of trademarks signifies the materialization of creative minds toward branding of products which is essential in the 21st century business as purchasing decisions are constantly influenced by trademarks which help distinguish products and services from those of competitors and help identify a particular company as a source. It is essential that trade mark and intellectual property right be protected. Where trademarks are not protected, there would be a high level of counterfeiting of trademarks and every major producer of brand name such as clothing, shoes, agricultural chemicals and pharmaceuticals would be victimized by organized piracy and inadequate protection under trademark law in various third World countries; and many of the counterfeit goods make their way into Nigeria, and other foreign markets.[11] The importance of intellectual property is further expounded under the Universal Declaration of Human Rights,[12] that the owners of copyright, trademark, patent and design, have the right to benefit from their innovations and at the same time, be able to protect their economic interests resulting from such intellectual property rights.

Property rights in trademark appears to be an interface between law and economics as it forms the basis for all market exchange and the allocation of property rights in any given society.[13] Ownership is the right to use property exclusively and it signifies a title to a subject matter.[14] Trademarks are also a form of industrial property which can be compared to ownership rights and such rights are exclusive in that third parties are prevented from using the product without the permission of the owner. Trademarks are intangible goods which are capable of being owned in relation to goods and internet domain name system. The main objective of the law on trademark is to guarantee that a third party does not use a mark which is identical to or closely resembling the owner's trademark which would likely cause confusion to the public when trading.[15] In *CPL Industries Limited v. Morrison Industries Plc*, it was held that it is the duty of the court to determine likelihood of deception in cases of infringement and the question whether one Mark is likely to cause confusion is a matter upon which the Judge must discern and decide[16].

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[5] Ibid.
[6] Ibid.
[7] William Landes and Richard Posner, ibid.
[8] Section 23(1), NTMA, Laws of the Federation 2004
[9] Ibid.
[10] WIPO. What is Intellectual Property? Retrieved 15 March 2019 from https://www.wipo.int>wipo_pub>450
[11] D. Darlin, 1989. Where Trademarks Are Up for Grabs: U.S. Products Widely Copied in South Korea, Wall St. J**.,** Dec. 5, at B1, col. 3
[12] Article 27, Universal Declaration of Human Rights 1948. Retrieved from World Intellectual Property Organisation(WIPO) Publication No. 450 (E), ibid
[13] W. Kenton, Property Rights. [2018] <https://www.investopedia.com>terms> accessed 15 March 2019
[14] L. Kaplow & S. Shavell, 'Property Rules Versus Liability Rules: An Economic Analysis' [1996] 109 *HARV. L. REV*. 713, 716
[15] Section 5 (2) NTMA, Cap. T 13, Laws of the Federation 2004
[16] (2003-2007) 5 I.P.L.R.,

Trademark rights are, like all other intellectual property rights, characteristically territorial.[17] The territorial nature of these rights means that each state or region determines, for its own territory and independently from any other state or country, what is to be protected as trademark; who should benefit from such protection and for how long the protection should be enforced.[18] That is, each nation protects its intellectual property rights only insofar as these rights are exercised under domestic laws. Where a person seeks to register a trademark in another country apart from where the person is situated, the territorial nature of trademark is brought to the fore-front and such a person would have to pay the required procedural fees in each country where such protection is required and the probabilities of its success differs in each country.[19] What is protected as a trademark usually differs from country to country but notwithstanding, the owner of a trademark has statutory monopoly in the mark for the goods or services covered by its registration. [20]

In earlier times, trademarks applied only to marks in relation to goods. However, with the advent of globalization and the development of multinational enterprises offering standardized airline, hotel, tourist and restaurant services, trademark in some countries has been extended to marks used with such services. This protection is accomplished either by specific reference to service marks or by expanding the definition of the trade mark to include services.[21] It is also an essential part of e-commerce and web-based businesses which are protected by trademark laws.[22] Trademark owners have found that their marks are being used as domain names by unauthorized persons, often in a deliberate attempt to profit from the business of the owner of the trademark without permission.[23] A company's website can be a vital tool in promoting business online and for generating sales. The risk which is evident is that as e-commerce increases, so does the risk that others may copy the look and feel of the original owner of the website.[24] In other words, as identifiers of the source of commercial goods and services, trademarks are necessarily industry-specific and geographically limited. E-commerce continues to grow rapidly in Nigeria and is considered the fastest and preferred platform for buying and selling goods and services.[25] Trademark protection exists to prevent confusion over the origins of particular products or services in a specific commercial area. As long as there is no likelihood of confusion, companies using the same mark, can and will generally operate at the same time in different industries or locations.[26]

It is essential that trade mark and intellectual property right be protected. Where trademarks are not protected, there would be a high level of counterfeiting of trademarks and every major producer of brand name such as clothing, shoes, agricultural chemicals and pharmaceuticals would be victimized by organized piracy and inadequate protection under trademark law in various third World countries; and many of the counterfeit goods make their way into Nigeria, and other foreign markets.[27] The importance of intellectual property is further expounded under the

[17] M. J. Alexander & J. H. Coil, 1978. Geographical Rights in Trademark and Service Marks *68 Trademark Rep*. 101, 102
[18]Z. Slováková, Protection of trademarks and the Internet with respect to the Czech Law. 2006.<www.jiclt.com/index.php/jiclt/article/ViewFile/9/8> accessed 29 March 2019
[19] Stephen Pericles Landas. *Patents, Trademarks & Related Rights: National and International Protection.* (Harvard University Press, 1975) pgs.3-4
[20]S. Hart & J. Murphy, 1998. *Brands, The New Wealthy Creators* : Palgrave of Law and Economics
[21] This is included in section 2(xi) of the Model Law for English Speaking African Countries on Trade Marks, published by WIPO in 1979
[22] Understanding How Intellectual Property (IP) Relates to E-Commerce (WIPO). <www.wipo.int>sme>ip_ecommerce... > accessed 3 January 2018
[23]K. S. Dueker. Trademark law lost in cyberspace: Trademark protection for internet addresses. [1996] *Harvard Journal of Law and Technology*, Volume 9, No. 2, 483 at 500
[24] L. Verbauwhede. Intellectual property and e-Commerce: How to take care of your Business' Website.[2004] *Journal of Intellectual Property Rights*, Vol. 9, pp.568-580
[25] Nigerian Law Today. E-Commerce evolution in Nigeria: Opportunities and Threats. <nigerianlawtoday.com>e-commerce-evo…> accessed 3 January 2018
[26] *See* J. T. McCarthy. 2004. *McCarthy on Trademarks and Unfair Competition*. 4th Edition. Section 26: 1-4, 29: 1-7 <https//www.carswell.com/product-detail/Mccarthy-on-Trademark-and-Unfair-Competition> Accessed 12 August 2013
[27] D. Darlin. 1989. Where Trademarks Are Up for Grabs: U.S. Products Widely Copied in South Korea, Wall St. J**.,** Dec. 5, at B1, col. 3

Universal Declaration of Human Rights,[28] that the owners of copyright, trademark, patent and design, have the right to benefit from their innovations and at the same time, be able to protect their economic interests resulting from such intellectual property rights.

Trademarks are recognized as identification factors which are used in distinguishing the source of one product from the other.[29] In *Hanover Star Milling Co. v. Metcalf***,**[30] the Court upheld the function of the law on trade mark as being able to identify the origin or ownership because of the mark attached on the body of the product.[31] Consumers play a major part in differentiating and making choices between goods available for sale as this motivates owners of trademark in maintaining and thereby, improving the quality of the goods offered up for sale which would, meet the high expectation of consumers. Thus, manufacturers are rewarded because of the consistent quality goods that are produced and this aids economic growth and creates wealth for the owner.[32] Groves[33] stated that in identifying where the product originated from, it goes far beyond knowing only the owner and the source of the good on which it is used but that where it is able to distinguish the undertakings of one person from those of other undertakings, then, it can be said to have served the function of trade mark. With the advent of trade between countries and border margins, there is the need for the owner of a mark to protect his goods because when this is not done, consumers will be baffled as to where the product originated from. Therefore, the role of trademark is to ascertain a product as suitable to be purchased by the society.[34] Lemley[35] opined that trademark should be attributed to property which has intrinsic value of its own and serves as a form of identification. Cohen opined that trademarks should be regarded as property rights and be accorded due legal protection as large companies such as Microsoft, Coca-Cola, would invest large sums of money into strengthening and promoting their marks.[36] Furthermore, by granting ownership rights over trademarks, it encourages investment in product quality and prevents consumer deception.

Hence, trademark is a valuable property and the owner of the trademark should be alert in taking legal action against an interloper who uses the trademark without the consent of the owner.[37] In addition, trademark owners should be protected and that consumers should also be protected as the signs or symbols affixed to goods serves as a promise of a certain quality.[38] It can be deduced that Schechter believed that both the trademark owner and the consumer had a great impact on the macro-economy as the mark sells the goods. The advantage being that the commercial regulation of trademarks maximizes goods through the encouragement of quality products whilst at the same time, decreasing consumer search costs and reinvigorates the economic sector.[39] A trademark is a word, phrase, symbol or other indicator that identifies the source or sponsorship of goods or services.[40] If an individual, business, or other organization uses a trademark to sell or promote its goods or services, such an individual would have the right to exclude other people in profiting from the reputational value and when it is not curbed, it would harm the business of the original trademark owner.[41] For instance, owners of famous trademarks like 'Windows' or 'Google' have the right to intercept infringers from using their business logo which is similar in the course of trade.[42] Trademarks are

[28] Article 27, Universal Declaration of Human Rights 1948. Retrieved from World Intellectual Property Organisation(WIPO) Publication No. 450 (E), ibid

[29] See D. Kitchin et.al. *Kelly's Law of Trademarks and Trade names*; [2005](London: Sweet and Maxwell 2005), p.9; P. J. Groves. 1997. *Intellectual Property Law.* Cavendish Publishing Limited, London, p.512.

[30] (1916) 240 U.S. 403

[31] See Groves, ibid.

[32] WIPO- Intellectual Property Handbook: Policy, Law and Use. (2nd Edition. WIPO Publication, Geneva 2004) No. 489 (E). <http://www.wipo.int/about-ip/en/iprml> accessed 7 October 2013

[33] Groves, 1997. *Intellectual Property Law.* (London: Cavendish Publishing Limited 1997), 512-513. Adebambo Adewopo and Chidi Oguamanam. The Nigerian Trademark Regime and the Challenges of Economic Development. [1999]. *International Journal Review of Industrial Property and Copyright Law.* Volume 30, Issue II, 632-653

[34] Groves, ibid., at p. 515

[35] Mark Lemley. The Modern Lanham Act and the Death of Common Sense. [1999] 108 Yale L.J. 1687, 1688

[36] F. Cohen. Transcendental Nonsense and the Functional Approach. [1935] (35) Colum. L. Rev. 809, 815

[37] G. Uloko. *Modern Approach to Intellectual Property Laws in Nigeria*. (Princeton Publishing, 2010), 66

[38] F. Schechter. Rational Basis of Trademark Protection. [1927] (40) *Harv. L. Rev*. 813. Schechter is regarded as the fore-father of trademark laws

[39] F. Schechter, ibid. at p. 819

[40]F. Shyllon, Intellectual Property Law in Nigeria. [2003] published by the Max Planck Institute for Intellectual Property, Competition and Tax Law, Munich, 184

[41] Ibid. at p. 184

[42] Ibid., at p.184-185

very fundamental to the promotion of trade and economic development especially in countries where trademark laws are regularly updated to reflect modern trends in products or services identification.[43]

The rationale for the protection of trademarks is that the owner has spent time and money in presenting a service or product to the consumer, the owner then should be able to protect this investment by being allowed to prevent others from using the trademark and profiting from the owner's investment. Therefore, the value of the trademark is determined by the strength, or goodwill, of the association between the trademark and its source, and it is the consumer who determines this value.[44] Trademarks have become even more fundamental in the various commercial lives due to the basic changes taking place in the intensely competitive international markets in consumer goods.[45] The primary reasons why trademark exists is majorly to enhance decisions of consumers in choosing appropriate goods known to them and to motivate manufacturers to produce quality goods which should be known by consumers before they buy anything.[46] The property right that is vested in a trademark is of immense value to the owner who 'is entitled to the protection which the highest powers of the courts can afford'.[47] The safeguarding of this right protects the consuming public from deceit, raises fair competition and fortifies the advantages of reputation and goodwill by precluding their diversion from those who have created them to those who have not.'[48]

To claim ownership and to have the right and control to use the products in a specific locality, marks were affixed to identify manufacturers.[49] The law of trademarks was formalized with the process of registration which gave exclusivity to a trader to deal in goods using a symbol or mark of some sort to distinguish his goods from similar goods sold by other traders. Hence, the grant of a trade mark and the ability to use it cannot be transferred and it is only a limited right of user that can be granted via a licence.[50] In *Zeneca Limited & Ors v. Jagal Pharmaceutical Limited,*[51] it was held that registration of a trade mark entitles the proprietor to sue or institute an action in any case of infringement. Registration entitles the proprietor to the sole exclusive use of the mark and also the right to sue for passing off if the goods of the owner were being infringed upon by a person who does not have any right to the use of such a mark. The NTMA therefore, serves as a guide as to the application and procedure for registering a trade mark.[52] Similarly, in *Beijing Cotec Tech. Corporation & Anor v. Greenlife Pharm Ltd & 5 Ors,*[53] the 1st Plaintiff is a registered proprietor in respect of a drug called, '*COTECXIN DIHYDROARTEMISININ*' while the 2nd plaintiff is the sole marketer and licensee of the 1st Plaintiff in Nigeria. The Plaintiffs obtained the approval for the sale of its anti-malaria drugs based on its Patent, '*DIHYDROARTEMISININ*' from the National Agency for Food Drugs Administration and Control (NAFDAC) in the year 2000. In July 2000, the Plaintiffs discovered a drug known as '*ALAXIN*' which has the active ingredient and compound, *'DIHYDROARTEMISININ*' in Nigeria and a complaint was made to NAFDAC and the agency promised to take necessary action. On July 21, 2003, the Vanguard newspapers reported that the 1st-5th Defendants were launching their anti-malaria drug which had the same component and ingredient with that of the Plaintiff. The plaintiffs thereby filed for an order of injunction restraining the defendants from infringing the plaintiff's patent. It was further held in this case that when a mark is registered, the proprietor has the right to sue or institute an action for an infringement when an interloper tries to use what does not belong to him.

The core essence of trademark is that goods or services must be distinguished from one undertaking to other undertakings and even though the source of the product is unknown, the function will still be carried out as long as the public is able to distinguish between different goods that have been offered for sale. That is, the consumer might

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[43] O. A. Olugbenga & O. O. Suliyat, 2014-2015. The Trademark Acts of Nigeria and the United Kingdom: A Comparative Examination. *NIALS Journal of Intellectual Property [NJIP],* at.63

[44] Ibid.

[45]M. Leaffer. The New World of International Trademark Law. [1998] <http://scholarship.law.marquette.edu/iplr/vol 2/iss1/1>accessed 15 March 2015

[46] N. Economides. 'Trademarks' in Newman (ed.) The New Palgrave Dictionary of Economics and the Law (Peter Newman ed.) [1998] <https://papers.ssrn.com/Sol3/papers.cfn?abstract=61148> accessed 13 September 2013

[47] *Scandinavia Beltng Co.* ***257*** *F. at 941.*

[48] S. Rep. No. 1333. 79th Cong., 2d Sess. 4. *Reprinted in* 1946 U.S. Code Cong. & Serv. 1274. 1275 [hereinafter cited as Senate Comm. on Patents]

[49] L. Bently & B. Sherman. *Intellectual Property,* (4th Edn. Oxford University Press, 2014) 809

[50] E. Verkey 2015. *Intellectual Property*. (Eastern Book Company Publishing (P) Ltd., 2015), 154. See *Ramdev Food Products (P) Ltd. v. Arvindbhai Patel* (2006) 8 SCC 726

[51] (2003-2007) 5, I.P.L.R. p.409

[52] 'J. Babafemi. Intellectual Property: The Law and Practice of Copyright, Trade Marks, Patents and Industrial Designs in Nigeria. (Justinian Books Ltd., 2007), p. 205

[53] (2003-2007) 5, I.P.L.R. p.100

not know who the manufacturer is but they will be able to identify or associate the goods or services as that of a particular manufacturer. Therefore, exclusive rights are conferred on the proprietor to use a sign in relation to specified commercial activities.[54] Traders are enabled to protect their marks through registration before they are displayed for purchase in the market place.[55] There are many advantages of registering a trade mark and an important reason is the fact that it confers on the owner, the assured right to use the product in a specified region.

3. Theories underlying the Property Rights of Trademarks

A registered trade mark is an item of property, which identifies and protects the business reputation of the owner and goodwill and ensures that consumers are free from deception and not purchasing inferior goods in the belief that they originate from or are provided by another trader.[56] The theories to be discussed underlie why there is the need to protect the property right of the trademark owner. These theories are the jurisprudential schools of thought and they are the utilitarian and economic theory, labour theory and the social planning theory.

Utilitarian and Economic Theory

Utilitarianism in relation to intellectual property law is an assessment of the consequences of maximizing the benefits to society as a whole, rather than prioritizing individual benefits. In relation to trademark law, utilitarianism justifies legal protection because in protecting trademarks, it maximizes the benefits to society and reduces search costs associated with the purchase of products by consumers.[57] Such protection provides brand owners with incentives to improve the quality of their trademarked products.[58] McCarthy stated that without trademark protection, the end result would be a race to produce inferior products, rather than competition to produce better products.[59] Thus, trademark protection provides incentives to owners to invest in their trademark not only by improving the quality of the underlying product but also in other ways such as advertising.[60] A number of scholars[61] adhere to the utilitarian theory to justify trademarks and intellectual property systems. For instance, Peter Menell, argues that utilitarianism is the principal theory to be applied to such works and systems.[62] He asserts that trademarks particularly, are justifiable upon utilitarian terms. In his words: 'trademark law is principally concerned with ensuring that consumers are not misled in the marketplace and hence is particularly amenable to economic analysis.'[63] Utilitarian theorists start their argument by studying the benefits and advantages of protecting intellectual creations and trademarks as the basis for justifying their protection and existence. They emphasize the fact that the economic role such creations play is the grounds for the existence of systems protecting them. They provide that trademarks should be accorded protection on the basis that such protection shall result in the maximizing of wealth.[64]

The first and most considered benefit of trademarks is that brand names reduce search costs of consumers.[65] The rationale is that trademarks 'facilitate and enhance consumer decisions,'[66] in choosing the product they wish to consume. Consumers will be able to identify the product bearing the mark and distinguish it from amongst other products of the same class of goods.[67] Customers, in future would be able to recognize the good they require without being obliged to differentiate between the products and trying to stipulate which product identifies and fulfils their

[54] Bently & Sherman, op.cit. at p.925

[55] Ibid. at p.925.

[56] D. I. Bainbridge 2012. Intellectual Property. (9th Edition, Pearson Education Ltd., 2012), 689

[57] B. Beebe. The Semiotic Analysis of Trademark Law. [2005] (*51) UCLA CLA. L. Rev*. 621, 623. See also W. Landes & R. Posner. The Economics of Trademark Law. [1988] *78 Trademark Rep.* 267, 271

[58] Roger Meiners and Robert Staaf. Patents, Copyrights and Trademarks: Property or Monopoly. [1990] *13 Harv. J.L. & Pub. Pol'y* 911, 931

[59] T. Mccarthy. 2008. Mccarthy on Trademarks and Unfair Competition § 2:4 (citing to The Craswell Report 7 (1979) (FTC Policy Planning Issues Paper: Trademarks, Consumer Information and Barriers to Competition, FRC Office of Policy Planning)).

[60] Landes & Posner, ibid.

[61] Such scholars include William Landes, Richard Posner, Peter Menell, Nicholas Economides, WR Cornish, Jennifer Phillips and others.

[62] P. Menell. Intellectual Property: General Theories in Encyclopedia of Law and Economics: [1989] Volume II, 129, 156-163.<http://levine.sscnet.ucla.edu/archive/ittheory.pdf> accessed 13 August 2014

[63] Ibid at 129, 156-163

[64]S. Kinsella. Against Intellectual Property. [2001] *15 J. Libertarian Stud.* 11. http://www.mises.org/journals/jls/l5_2/15_2_1.pdf/> accessed 2 December 2016

[65] William Landes and Richard Posner. The Economics of Trademark Law. [1988] 78 *Trademark Rep.* 267, 270. *See also* S. Carter. The Trouble with Trademark. [1989-1990] *99 Yale L.J.* 759, 762

[66] Economides. The Economics of Trademarks. [1988] (78) *Trademark Rep.* 523, 526.

[67] S. Carter, bid. at 762

needs and preferences. For example, a consumer who wishes to purchase Nescafe coffee in particular, not any other brand, will be able to distinguish Nescafe from a quick look over the trademark affixed on it. Without the affixed trademark, to predict which bottle contains the Nescafe coffee would be difficult.[68] Trademarks are thereby symbolic and are used by a producer 'to identify goods and distinguish them from those manufactured and sold by others.'[69] From the utilitarian perspective, it is believed that producers depend on repeated purchases by their regular customers as trademarks serve to facilitate the identification of a product. This is because a trademark 'is easier to recognise and remember; and it is often easier to physically mark on the goods themselves rather than provide the producer's full name and address and this is because consumers do not usually know or recall the full name and address of the producer but will definitely recall the mark itself.'[70]

The claim of the theorists is the impact such protection will have on the trademark owner's right which would result in the benefit and good for the society as a whole and for others. The claim by the theorists is that, subject to economic terms, the impact of the protection of a trademark owner's rights would result in the benefit and good for the society as a whole and for others; otherwise trademarks protection should not exist. This is because '[the key concept of the economic theory of property rights is that of externality. An externality is an economic situation in which an individual's pursuit of his self-interest has spill-over effects on the utility or welfare of others.'[71] The purpose of externality under the law of trade mark is to protect that which has been created by a person so that unauthorized persons would not have the right to use the product without the permission or consent of the owner.The theorists also argue that the primary justifications for trademark law is to facilitate and enhance consumer decisions and to create incentives for firms to produce products of desirable qualities even when these are not observable before purchase.[72] If trademarks were not affixed to products, that is, if trademark system did not exist or if those systems did exist but trademarks are not sufficiently protected, then producers would not have the incentive to produce high quality products and would not improve their goods or services. The reason for trademark protection is not far-fetched as consumers will not be able to distinguish between the desired products and will not choose the product they require.[73] Further, if a number of guarantees were not provided, producers of intellectual creations will be reluctant to produce intellectual property and imitators will particularly, free-ride such works without baring any costs. The result of non-protection is that the possibility would reduce the incentive for a successful firm to mark its goods and would thereby raise consumer search costs.[74] In other words, if someone has products or services of high and superior quality, he or she will be deterred from putting its products or services in the market because the lack of trademark protection will make him/her unable to inform consumers of the qualities of such products or services. [75] The utilitarian theorists further argue that the economic justification of trademarks does not recognize the rights of the trademark proprietor alone but that it tries to draw a balance between the trademark owner's economic rights and the interests of the consuming public.[76] The claim of the theorists is the impact such protection will have on the trademark owner's right which would result in the benefit and good for the society as a whole and for others. The claim by the theorists is that, subject to economic terms, the impact of the protection of a trademark owner's rights would result in the benefit and good for the society as a whole and for others; otherwise trademarks protection should not exist. This is because '[the key concept of the economic theory of property rights is that of externality. An externality is an economic situation in which an individual's pursuit of his self-interest has spill-over effects on the utility or welfare of others.'[77] The purpose of externality under the law of trade mark is to protect that which has been created by a person so that unauthorized persons would not have the right to use the product without the permission or consent of the owner.

[68] Landes and Posner, ibid., at 270
[69]Economides, ibid. at 524.
[70]D.M. Higgins & T. J. James, 1973-1992. The Economic Importance of Trade Marks in the UK. A Preliminary Investigation, 4 (1996). Retrieved from Mohammad Amin Naser, Op.cit. p. 26
[71] H.M. Spector, 1989. An Outline of a Theory Justifying Intellectual and Industrial Property Rights, *11 Eur. Intell. Prop. Rev. 271.*
[72] A. Moore. Intellectual property, Innovation, and Social Progress: The Case Against Incentive Based Arguments, [2003], *26 Hamline L. Rev.* 601, 607
[73] Landes & Posner, ibid., 272
[74] Ibid. at 611
[75] W. R. Cornish & J. Phillips, 1982. The Economic Function of Trade Marks: An Analysis with Special Reference to Developing Countries, *13 Int'l Rev. Indus. Prop. Copyright L.* 41, 46
[76] L. Zemer. On the Value of Copyright Theory. [2006] *(1) INTELL. PROP. Q. 55, 56*, 57
[77] H. Spector. An Outline of a Theory Justifying Intellectual and Industrial Property Rights, [1989], *11 Eur. Intell. Prop. Rev. 271.*

Labour-based Theory

John Locke's *Two Treatises of Government,* is a text that was written almost three centuries ago and it discusses property rights.[78] Locke's opinions was on tangible property and there was never any notion to cover industrial property rights, such as trademarks.[79] In describing nature, Locke believed that God was the Supreme Being and that God had given the inheritance of the earth to the children of man.[80] Locke further argued that since Man is the owner of himself, and can work by tilling and cultivating the land, then, he can enjoy the fruits of his labour and what he earns at the end of the day, will be his own to keep and nurture and this would be regarded as his property.[81] Locke states that in so far as man improves or cultivates his environment, there will be entitlement to the fruits of his labour. In Locke's common and primitive state, he discusses objects which are sufficient in satisfying the needs of everybody and that there are enough unclaimed goods for labourers to enjoy the fruits of their hard work without infringing upon goods that have been appropriated by someone else.'[82] Locke believed in the world that nothing should be wasted and that every person who is able to work, should be entitled to his property and should not take any other person's property as his own. Locke's theory is subject to a number of restrictions and conditions; these are known as the 'no harm principle.'[83] The 'no harm principle' consists of two conditions which are referred to as 'the enough and good condition' and 'the non-waste condition'.[84] Locke explains that a man is entitled to private property as long as there is enough and as good left to others. In Locke's words: '[n]or was the appropriation of any parcel of Land, by improving it, any prejudice to any other Man, since there was still enough, and as good left; and more than the yet unprovided could use.'[85] Locke's theory is however bound with criticisms as it is considered not applicable to trademarks but it is appropriate when justifying copyright or patent.[86]

Under the non-waste condition however, some commentators regard the non-waste condition 'as an ugly step- sister of the enough and as good condition,'[87] while others have questioned the need of this condition in the presence of the 'enough and as good' condition.[88] For Locke, '[n]o one was entitled to more than was necessary for [his/her] maintenance because the excess would spoil before it could be consumed'.[89] He considered this as an offence 'against the common law of nature.'[90] Hence, no person should appropriate more than the amount he/she could use. Locke demonstrates this limitation by stating that what is used by man, should not be wasted and that everything that a man has, is owned by God and hence, in as much as a man can labour and fix a property, then, there should be no wastage.[91] He further stated that for the requirement of property, there is the need for man to work so that he can enjoy the fruits of his labour. In addition, he believed strongly that man should not take the property of another and make it as his own.[92] Where the goods of others are taken, it would worsen the situation of others in that their reputation will be irreparably harmed by the appropriation of their goods and as such, this is prohibited.[93] This has however been set as not being practical by several scholars. It has been stated that if this condition, is applied to trademarks, this means that not using the mark is a waste, according to Locke's non-waste limitation. Thus, one shall not be able to appropriate a mark if one is not intending to use it. Although trademarks are not literally perishable

[78] K. Vaughn. John Locke and the Labour theory of Value. [1978] *Journal of Libertarian Studies*, Vol. 2, No. 4, pp. 311-326

[79] P. Drahos. A Philosophy of Intellectual Property. [1996], Volume 6 of Applied Legal Philosophy, Dartmouth series in applied legal philosophy, at p. 47. See also Shiffrin, S.V. 2001. Lockean Arguments for Private Intellectual Property, in New Essays in the Legal and Political Theory of Property (Stephen Munzer ed., 2001)

[81] Locke ibid, at 308.

[82] J. Hughes. The Philosophy of Intellectual Property. [1988], *77 Geo. L.J.* 287, 290

[83] L. Zemer, 2006. On the Value of Copyright Theory *I INTELL. PROP.Q. 55, 56*

[84] Locke, *ibid. at p.* 305-06.

[85] Locke, ibid. at p. 209

[86] K. Port. 1995. The ''Unnatural' Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary? [1995], *85 TRADEMARK REP.* 562

[87] Hughes, ibid., 325

[88] R. Nozick. 1974. Anarchy, State and Utopia. Retrieved from Mohammad Amin Naser. *Revisiting the Philosophical Foundations of Trademarks in the US and UK*. <buffaloipjournal-org/volume5/pdfs/b[iplj511.pdf> accessed 17 November 2016

[89] D. M.Byrne, Locke, Property, and Progressive Taxes. [1999] *78 Neb, L. Rev. u700***,** 706

[90] Locke, op.cit at p.313

[91] Ibid. at p. 308

[92] Hughes, op.cit, 287, 290

[93] W. Hamilton. Property According to Locke. [1932] *41 Yale L.J.* 864. 867

and could not be spoiled, not using a mark is indeed true waste. The trademark owner shall have monopoly rights over his/her mark, and if it is not used then this is waste because others could have made use of it.[94]

As afore-mentioned, in relation to the labour theory, its applicability to trademarks is of crucial importance because he starts by emphasising on the need in justifying that nobody is entitled to any right if labour is not mixed with property or objects from the commons. Locke's theory in relation to commons has been met with criticisms as 'commons' has no meaning under trademark systems and that it refers to objects rather than to intangible property of which trademark is premised upon. Trademark is not premised on objects and hence, its inapplicability to the protection of marks.[95] It has also been argued that the Locke's theory does not suffice under trademarks because the production of trademarks does not include any kind of labour and that the mere act of choosing a name from the common of words or symbols and affixing it to goods or services does not include labour and also that trademarks are examples of things that are made effortlessly.[96] In addition, the best analogy of the argument that trademarks lack labour in their creation is in the words of the United States Supreme Court, which stated that, 'trademarks do not depend upon novelty, invention, or genius and laborious thought; and that trademarks are simply founded on priority of appropriation.' [97] A contrary argument under this theory is that there is no labour involved in the creation of a mark as against the extent of rights and entitlements but that it would be apt to state that the creation of such marks does include some form of mental labour.[98] In the course of trade, after a mark has been registered, proprietor(s) have the right to protect such marks against third parties that might want to infringe on the goods or services of the owner. Hence, such proprietors are protected under trade mark statutes over a limited period. Hence, the arguments on this theory are that it cannot justify trade mark, being an intangible property and there is no mental labour, which is said to be sufficient enough to grant property rights.[99]

Social Planning theory

'Social planning theory' was invented by Professor William Fisher as a way to congeal various ideas proposing that intellectual property rights 'can and should be shaped so as to help foster the achievement of a just and attractive culture.'[100] This is regarded as the newest theory and it is not common like the other theoretical approaches,[101] and it is not widely applied to trademarks as it is to copyrights or patents.[102] One reason could be the commercial aspect of trademarks, which does not lend itself as easily to a dialogue of most of the social planning theory concepts. While trademarks have become important symbols in daily life, extending beyond the underlying products, there may still remain a bias towards viewing trademarks as having nothing more to add to society than mere symbols used to purchase products. While several components of social planning theory have existed as long, or perhaps longer, than the other theories, as applied to intellectual property, it is acknowledged that social planning theory as a whole is less developed and less recognized.[103] Nevertheless, this theory has been propounded as having sound foundation because it creates a fair balance between the rights of the owner and that of the populace.[104]With the advent of technology, media and social networks, trademark serves as an instrument of advertising and it creates positive implications for the society.[105] With this, the owners of trademark are able to project the ideas of their mark in the minds of the public and also promoting the property rights of the product.[106] This theory therefore, focuses on the reaction of the consuming public and whether this reaction has any effect on the basis and justification of trademark systems.[107] The foundation on which Social-Planning theory stands is that it recognizes the rights of the proprietor of the trademark owner and that of the public and attempts to strike a balance between the two parties in that the

[94]M. A. Naser. *Rethinking the Foundations of Trade Marks*. Retrieved <buffaloipjournal-org/volume5/pdfs/b[iplj511.pdf> accessed 17 November 2016
[95] S. Wilf. Who Authors Trademarks? [1999] *17 CARDoZO ARTS & ENT. L.J.* 1, 30
[96]Nozick, op.cit. at 175.
[97]Port. Foreword: Symposium on Intellectual Property Law Theory. [1992-1993] *Chi-Kent L. Rev.* 585, 594 (citing The Trademark Cases, 100 U.S. 82 (1879)
[98] Naser, ibid.
[99] Ibid., 16
[100] W. Fisher II. Property and Contract on the Internet. [1998] *73 Chi-Kent L. Rev.* 1214-1215
[101]Ibid. at p. 1214
[102] K. Aoki. Distributive and Syncretic Motives in Intellectual Property Law (with Special Reference to Coercion, Agency, and Development), [2007], 40 *U.C. Davis L. Rev.* 717
[103] William Fisher, ibid, 173
[104] Ibid.
[105] Naser, op.cit. at p. 36,37
[106] Ibid. at p. 37
[107] Ibid.

public has a role to play in the creation of trademarks.[108] The framework for the justification of trademark is premised on the economic-social planning theory. It has been reiterated that trademarks are not only important in reducing consumers' search costs and helping consumers to choose the products they need but the social-planning theory is based on the premise that trademarks protect social interests in the freedom of speech and at the same time, promoting expressive activities.[109] The procedure at which a product is recognised by the public has several stages which must be adhered to until the public recognises the value of the trademark.[110] The owner of the trademark therefore has the right to use its products and ensure that the trademark is registered, by excluding others from using that same mark.[111]

The Social-Planning theory therefore regulates the rights of the trademark owner with that of the public and this is achieved by linking the rights of the owner and the public. This would lead to both parties basing their rights on economic terms.[112] The best theory for justifying the protection of trademarks tilts towards the economic- social planning which has been propounded to lead to better clarity of the connection between the trademark owner and the consuming public. It states that trademarks are not only important in reducing consumer search costs but that it also helps the consumers to choose the products they desire between all products offered up for sale.[113] The theorists recognise the fact that there are stages which ought to be achieved in the formulation of trademarks: the first stage is that the owner of the trademark would create new word which would be affixed to products and then, puts up such product for sale amongst other products which had also been offered for sale. The second process is that after the public has gone through all the products in the market, it would be able to recognise that a product is better through advertisement and then, the public would recognise such products amongst all other products which has been offered for sale. This process is the most important because of the recognition which had been given to the product by the public. Hence, be that as it may, the public has a role to play when the products of the owner are offered up for sale as this will determine the success of the product.[114]In the expansive world of goods and services, trademark should be protected globally, for their main functions as source and origin identifiers. However, as the principle of territoriality states, the owner's protection is confined to the territory in which the trademark was registered. Hence, the property rights of the owner in relation to the product are limited to the area where the registration of the mark was effected. In addition, this theory further states that other traders would be allowed to use similar goods so long as their use does not create confusion in the mind of consumers as to the source and origin of the products; and that anyone who passes off a good as his own, would be regarded as an infringer.[115]

4. **Property Rights at the International Level**

The importance of the property rights can also be noted under international law where trademarks are protected to ensure that interlopers do not infringe on the rights of the owner. Hence, the need for an international protection of trademarks arose because of the fear that the free exchange of goods and services could be severely hampered.[116] Trade marks, though governed essentially by domestic law, are quite to an extent subject to international law because marked goods are traded across international boundaries.[117] Hence, countries in order to protect their marks have signed on agreements facilitating the protection of trade marks. Such conventions include the Paris Convention 1883. TRIPs Agreement 1994, Nice Agreement 1957.[118] Other treaties include Vienna Agreement Establishing the International Classification of the Figurative Elements of Marks 1973; the Madrid Protocol on the International Registration of Trademarks 1989; and the Trademark Law Treaty 1994.[119] However, Nigeria is a member only to the Paris Convention and TRIPs. The international treaty which has been in existence for over 100 years is the Paris Convention and it relates to intellectual property and trademarks. There are 172 member countries under the Paris Convention at the time of writing this paper.[120] It provides the relevant procedural provisions stating that each member state must establish a special industrial property service and a central office for the communication to the

[108] Ibid. at p. 37, 46
[109] R. Coombe. The Cultural Life of Intellectual Property [1998] 42
[110] Naser, op cit. at p. 37
[111] Ibid. at p. 46
[112] Ibid. at p. 47
[113] Coombe, op cit.
[114] Mohammad Amin Naser, ibid. at p. 46
[115] Ibid. at p. 46
[116] C. Gausmann, op cit.
[117]F. Shyllon, op.cit. at p. 227
[118] Nice Convention concerning the International Classification of Goods and Services for the Purposes of the Registration of Trade Marks, June 14, 1957, last revised at Geneva October 2, 1979, 23 U.S.T. 1336, 550 U.N.T.S. 45
[119] Shyllon, op cit. at p. 227
[120] F. Mostert. Famous and Well-Known Marks: An International Analysis. (2nd Edition Published by International Trademark Association, 2004) 1-29:1-30

public of patents, utility models, industrial designs, trademarks but each member state's industrial property service must publish an official periodical sheet.[121] In relation to industrial property, what is applicable to member countries under the Paris Convention are the principles of national treatment and independence of rights which are to be strictly adhered to.[122] A member state may not however, subject foreigners benefiting from such Convention to higher industrial property protection standards than those applicable to its own citizens.[123] It is therefore not necessary to justify that a trademark has been registered in the country of origin prior to registering it in another member state.[124] For instance, if a citizen or corporation of Singapore wishes to obtain an industrial property right in France, where both countries are Paris Convention member states, the Singapore national will obtain the right under the same conditions as a French citizen or corporation and the same would apply to a Nigerian citizen also.[125]The principle of national treatment provides that a member state may refuse industrial property rights protection to citizens or corporations of states that are non-members of the Paris Convention.[126] A non-member state may therefore be subject to stricter conditions than those applicable to its own nationals.[127] The national treatment principle was the first elementary and efficient rule aimed at facilitating the international protection of industrial property rights.[128] This principle, asserted in 1883, has now been introduced into TRIPS and applies between all TRIPS member states.[129] The independence of trademarks principle states that a mark duly registered in a country of the union shall be regarded as set apart from the marks registered in other countries of the Union, including the country of origin. Hence, when a mark has been registered, it would not affect any decision taken with respect to similar registrations for the same marks in all other countries automatically.[130]The Convention also obliges a member country to cancel registration and to prohibit the use of a trade mark that is liable to create confusion especially with another mark that is originally well-known in that other member country.[131] Therefore, a trade mark may have been used in a country in the sense that goods bearing that mark must have been sold there, yet it may be well-known in the country due to publicity in that country for advertising to other countries.[132] Under the United Kingdom (UK) law, traders on a local level may protect their marks on a transnational basis.[133] The UK is a party to international conventions for the protection of trademarks such as WIPO, the Paris Convention, and more recently, the WTO TRIPs Agreement.[134] The main aim or advantage of international registration is that instead of trade mark holders having to file a series of applications in each of the jurisdictions in which they would like to protect, they are able to obtain protection in a range of jurisdictions with a single application.[135]

5. **Conclusion**

The importance of trademark in the economy of today cannot be relegated to the shadows. There is the need to protect trademark and also for the owner of the product to ensure that the product is registered so that an infringer will not reap the goodwill of the proprietor. It is essential therefore that the property right of the owner is protected at the national and international laws.

[121] Article 12, Paris Convention 1883
[122] J. Schmidt-Szalewski, op.cit. at pp. 193-194. See Folarin Shyllon, op.cit. *Intellectual Property Law in Nigeria*. Published by Max Planck Institute for Intellectual Property, Competition and Tax Law, Munich, at p. 227
[123] Article 2(1) of the Paris Convention, ibid.
[124] Article 6(2) of Paris Convention, ibid.
[125] J. Schmidt-Szalewski, op cit, Vol. 9: 189
[126] Ibid. at p. 194
[127] Ibid.
[128] J. H. Reichman, 1989. Intellectual Property in International Trade: Opportunities and Risks of a GATT Connection. J. Vand. Transnat'l L., 22
[129] Article 3, TRIPs 1995
[130] Ibid.
[131] Article 6bis, Paris Convention, op.cit.
[132] *Exxxon v. Exxon Nominees* (1989) F.H.C.R. 1
[133] D. Bainbridge, op.cit at p. 820
[134] Ibid. at p. 821
[135] Ibid. at p. 907