

The Law of Reputation and Brands in the Asia Pacific

Efforts to expand the scope of legal protection given to reputation and brands in the Asia Pacific region have led to considerable controversy. Written by a variety of experts, the chapters in this book consider the developing law of reputation and brands in a fraught area.

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The Law of Reputation and Brands in the Asia Pacific

Edited by

Andrew T. Kenyon, Ng-Loy Wee Loon and Megan Richardson











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# Foreword

Because they interfere with creativity in the name of promoting creativity, intellectual property rights are perennially puzzling. But no law is as mystifying as the legal doctrines that recognise exclusive rights in brand names and celebrity reputations. Copyrights and patents protect finite advances – a book, a song, an invention – that are directly attributable to a particular innovator or team. The rights endure for limited periods of time. They can be critical to protecting those who invest in innovation from free riders. Trade mark law is somewhat more problematic. Protection lasts indefinitely. The audience can play as important a role as the producer in vesting marks with meaning and value. But classically, trade mark law has a benchmark: it is triggered when unauthorised use creates a likelihood of consumer confusion. Furthermore, recognising trade mark protection serves clear public purposes: the exclusive right to a mark lowers consumer search costs and gives producers incentives to maintain quality.

The protection of brands and reputations is quite different. It is fraught with all of the problems of trade mark law – value resides partly in the eyes of the beholder and the right can endure forever. Here, however, the nature and boundaries of the advance are unclear and the social value of the protection is ambiguous. The underlying rationale appears, as in trade marks, to depend on a search—cost idea – the notion that if the consumer likes the way that X does A, then she will be equally pleased with the way it does B. But why should Calvin Klein's underwear be as nice as its outerwear? What does Ashton Kutcher really know about cameras? Is George Clooney genuinely a specialist in watches and cars; coffee and liquor? Isn't it misleading to imply that the competence of a company or a celebrity transcends the core business in which that company or celebrity is engaged? Instead of dispelling consumer confusion, these rights appear aimed at fomenting it.

There are other problems as well. Celebrities do not need incentives to invest in their own reputations. Brand protection can stifle competition, for the stronger the carry-over value of an old mark in a new market, the

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harder it is for other enterprises to enter that market and compete. More disturbingly, the criminal docket suggests that when some people say they'd 'kill' to own a particular brand, they come close to really meaning it. Nor do rights over brands and reputation have obvious jurisprudential roots. They borrow from the theories that animate the laws of trade mark, unfair competition, privacy, defamation and copyright. Or, as suggested in this volume, perhaps the impulse to protect derives from morality, religion, romance or magic.

Yet, clearly, branding is of growing significance to business enterprises. It has given birth to its own industry, bred a cadre of specialists, and convinced many a court. The strategy is spreading to all parts of the globe; it's been taken up by those who wish to protect the images of foodstuffs, artisanal products and traditional knowledge. Hence, the importance of this book. Since reputations transcend national boundaries, global harmonisation is highly desirable. But before international rules can be developed, the scope of the right needs more precise delineation. Its justifications need to be identified and examined critically. The costs and benefits of protecting brands and celebrity reputations must be compared in earnest and the contours of the right must be tailored to balance the needs of commerce against the social costs of privatising new swaths of the knowledge ecosystem.

This book takes an interdisciplinary approach to these questions, collecting the knowledge of experts in business, economics, law and cultural studies; professors and practitioners; doctrinalists, theoreticians, historians and empiricists. Most intriguingly, it focuses on the Asia Pacific, a region of increasing commercial importance, but whose law is largely unknown elsewhere; a region where legal doctrine is influenced by the United States and Europe, but leavened by such diverse sources as Islam, Confucius and traditional practice. These materials examine branding and reputation law in places where it is emerging (Indonesia, Malaysia, Hong Kong, Singapore) in light of the experience of countries where it is of longer standing while still evolving (the United States, Australia, New Zealand). The book illuminates the range of policy choices available. As such, it is sure to influence the shape of the ultimate transnational regime.

ROCHELLE COOPER DREYFUSS Pauline Newman Professor of Law New York University School of Law New York, June 2011



# Editors' preface

Trade marks – or brands as they are popularly known – can be extremely valuable intangible assets, not just in the Asia Pacific. The rights conferred by trade mark law together with other forms of legal protection are considerable, and firms have sought to exploit these to bolster their creative strategies designed to build and foster relationships with consumers and other audiences. Not surprisingly, they look to law to protect against attack by others when self-help measures seem inadequate for the purpose. At the same time, individuals who trade on their reputation have sought to establish allied forms of legal protection – extending the trope of the 'personality' of a brand to their own personal attributes which they may treat more or less as brands in their professional lives. In addition, individuals may draw on the powerful metaphor of privacy as a further rhetorical device to demand legal protection of their personalities against a diverse range of personal attacks by others in situations when the language of brands seems less appropriate or persuasive. This of course is not to deny that for many if not most people, privacy and personality have significant human dimensions, taking their functions beyond the commercial. Sometimes we even see 'analogous' reasoning extended to commercial brands, with traders now arguing that not merely commercial but more 'personal' features of their brands are under threat if law does not intervene to provide yet further protection against, for instance, dilution by blurring or tarnishment of the brand, or taking advantage of the brand's distinctiveness or reputation. These arguments further challenge existing efforts to measure the value of a brand and the impact on a brand of competitive and other conduct, leading us to wonder about the use of scientific measures in the increasingly non-positivistic field of trade mark law. Most recently (in this part of the world) a range of other groups have begun to insist that their rights over their signs and symbols should be recognised by law, arguing that these have distinct cultural significance, serving as markers of the group's personality as well as commercial value. On the other hand, all these extended forms of behaviour and attempts

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to enlarge the scope of legal protection have attracted considerable controversy, due to the severe limits these behaviours and laws may impose on competition and free speech and more specifically on the creativities and personalities of others.

What then makes the Asia Pacific distinctive in its response to these issues and controversies? For one thing it is more commercially and culturally diverse than other parts of the world, even if there is a common interest and history in engaging in international trade (especially among countries of the former British Empire). And the trade mark and other intellectual property laws that we are talking about are often newer there. Therefore rights may be less entrenched and more able perhaps to be contested. As the French sociologist Alexis de Tocqueville wrote in relation to his America field study in the 1830s:

Generally men become attached to a right or feel respect for it because of either its importance or the long period over which it has been in force. Such individual rights as are found in democracies are usually unimportant or of very recent date or impermanent. As a result they are often given up without trouble and almost always violated without remorse.<sup>1</sup>

De Tocqueville spoke as a former European coloniser staring at a part of the new world that was growing in power and authority, was not like Europe or Britain in important ways, and was showing its independence. Now Europe (including the United Kingdom) and the United States are staring at the 'new world' of the South. Moreover, in the same way as France and Britain's relations with America were reshaped in the nineteenth century by the previous century's wars so relations between the United States and other parts of the Asia Pacific are now being rewritten by the conflicts of the current and immediate past century, in ways that are not yet completely clear and with the future even more fluid and unpredictable.

This lack of clarity and predictability is also relevant to our project. There is a substantial and growing body of high-quality writing around the law of reputation and brands in the United Kingdom and more broadly Europe as well as the United States, including in other books in the Cambridge Intellectual Property and Information Law Series. In contrast, far less is known – certainly of a scholarly reflective character – about the equivalent law of the Southern Asia Pacific. There is an important gap in knowledge here which this book seeks to address (or at least begin to address) with a range of linked essays written by scholars working

Alexis de Tocqueville, Democracy in America (George Lawrence trans., JP Mayer (ed.), Anchor Books, Garden City, New York, 1969) 699 [trans. of: De la Démocratie en Amérique].



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in the diverse specialisations of the typical modern academy, and mostly coming from the common law world. Primarily we are legal scholars and practitioners, in keeping with the book's focus on law. But we also include experts in economics, marketing and business strategy, whose contributions are designed to enlarge legal understandings.

The essays in this book have grown out of workshops held at the University of Melbourne and the National University of Singapore in January and June 2010 respectively. We are grateful to those who participated, as their questions and comments helped the authors of the papers that have ended up as chapters in this book to extend their knowledge and refine their ideas - and we are delighted that Rochelle Dreyfuss, who participated in the Melbourne workshop and offered many useful ideas, also generously agreed to write the Foreword. We are grateful also to our editorial assistant Oscar O'Bryan and to Vicki Huang who acted as editorial consultant for much of the project, as well as staff at the Melbourne Law School and NUS Law Faculty who assisted with the workshops. We also express our appreciation to the research and professional institutes which have made financial as well as specialised in-kind contributions to this project: the interdisciplinary Intellectual Property Research Institute of Australia (IPRIA) at the University of Melbourne, the Centre for Media and Communications Law (CMCL) at the Melbourne Law School, and the IP Academy in Singapore. Finally, we are grateful to the editors of the Cambridge Intellectual Property and Information Law Series and its referees for their advice and guidance and to our Commissioning Editor Kim Hughes for her patient and helpful support.

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