

Goodwill, or not ... ?

Michael Edenborough QC
CITMA, Manchester
23 November 2017

serie court

Goodwill, or not ... ?

- What is Goodwill?
- To what does Goodwill attach?
- Who owns Goodwill?
- How is Goodwill transferred?
- How is Goodwill damaged?
- How is Goodwill extinguished?
- Summary

What is Goodwill?

- “*the attractive force which brings in custom*” per Lord Macnaghten in *IRC v Muller* [1901] AC 217
- not reputation “*The most seriously misused term*” Wadlow 1-32, *Starbucks v BSkyB* [2015] UKSC 31, [2015] FSR 29
- not rights in an unregistered trade mark *per se* (*Star Industry* [1976] FSR 256, but CTM reg)

To what does Goodwill attach?

- any trading activity, so traders primarily
- also some premises, *e.g.* the lease for pubs
 - cats, dogs, mice, &c
- not private activities – no trade

serle court

Who owns Goodwill?

- **the trading entity – company / individual**
- **collectives**
 - **partnerships: formal or at-will**
 - **joint ventures, trade collectives**
 - **unincorporated societies: officers**
- **not the holding company nor trade societies – no trade by them**

serle court

How is Goodwill transferred?

- need to transfer the “thing” to which g/w attaches, *i.e.* the trading activity – g/w does not exist in a vacuum
- assignments in gross are bad:
 - licensing the indicium alone (*Pinto v Badman* (1891) 8 RPC 181)
 - assigning the g/w *per se* (*Barnsley Brewery v RBNB* [1997] FSR 462)

How is Goodwill damaged?

- **operative misrepresentation, not confusion**
- **different types**
 - **direct**
 - **associated goods**
 - **licensed**
 - **extended group**
 - **inverse**

How is Goodwill extinguished?

- **cease trading activity – slow death**
- **abandon trading – cannot be revived**
- **deceptive trading – loss of distinctiveness**
- **adverse possession**

serle court

Summary

- the protection of goodwill is by the Common Law tort of passing-off, designed to protect trading activity:
 - no formalities
 - property resides in the activity
 - fluid in scope and intensity
 - operative misrepresentation leading to damage

serle court

Michael Edenborough QC

■ Contact Details:

- Serle Court, 6 New Square, Lincoln's Inn, WC2A 3QS, UK
- (t) + 44 (0)20 7242 6105
- (e) MEdenborough@SerleCourt.co.uk

■ Practice in all areas of intellectual property law and procedure

■ Instructed in over 50 matters before the General Court and the Court of Justice of the European Union

■ Instructed in over 275 matters before the UK IPO, and over 60 appeals before the Appointed Person

■ Acted for the UK Registrar of Trade Marks and CITMA