BORROWING GOODWILL

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Abstract: The elusive intangible property right known as "goodwill" serves as the central organizing concept for trademark and unfair competition laws in the United States. It also plays an important, but very different, role in the common law tort of passing off in the United Kingdom and Commonwealth countries. Yet the full history of goodwill—and its divergent incorporation into trademark doctrine—has not been adequately explored. Many historical accounts of American trademark law have incorrectly identified commercial goodwill as a nineteenth-century legal creation. The term goodwill, however, can be traced as far back as the sixteenth century, where it was used to describe an intangible property right. Commercial goodwill existed as a valuable cultural and market reality—eventually finding its way into the common law by the eighteenth century. During the nineteenth century, American courts often relied on the various strands of doctrine developed by British law and equity courts. But in 1916, in *Hanover Star Milling Co. v. Metcalf*, the U.S. Supreme Court took American law in a new direction by placing goodwill at the center of its trademark regime. In doing so, the Court committed the United States to resolutely use-based trademark protection, in contrast to the formal trademark registration models favored by most jurisdictions around the world.

This Article explores the earliest origins of commercial goodwill to show that it was already a well-established property right *before* the advent of modern trademark law. It goes on to demonstrate how the U.S. law came to identify goodwill protection as the primary aim of its trademark system. By reframing the historical narrative of American trademark law to contextualize the relationship between goodwill and trademark law doctrines, and contrasting that relationship with the U.K. law, it sheds light on some of the challenges and tensions seen in U.S. trademark law today.

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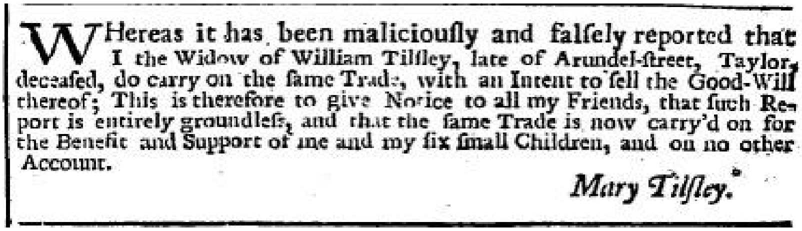
INTRODUCTION



WHereas it has been maliciouſly and falſely reported that I the Widow of William Tilſley, late of Arundel-ſtreet, Taylor, deceaſed, do carry on the ſame Trade, with an Intent to ſell the Good-Will thereof; This is therefore to give Notice to all my Friends, that ſuch Report is entirely groundleſs, and that the ſame Trade is now carry'd on for the Benefit and Support of me and my ſix ſmall Children, and on no other Account.

Mary Tilſley.

In late October 1732, Mary Tilsley, a mother of six, placed an advertisement in the London Evening Post—simultaneously announcing her intention to continue her late husband's trade as a tailor and contradicting false reports that she was keeping the trade going only because she hoped to get a good price for the "Good-Will" in the business.[1] The apparent expectation (or "malicious . . . and false . . . report") that Mrs. Tilsley planned to sell the goodwill in her late husband's trade is not surprising.[2] Certain classes of eighteenth-century English mercantile society commonly recognized the goodwill in a trade as property in its own right, which could be sold for a sum apart from the lease, stock in trade, or other assets of a business.[3] The marketplace, and increasingly the courts,[4] used the term *goodwill*—or variations such as "good-will," "good will," and "guid will,"—to mean the value of an existing business, in much the same way that businesspeople and lawyers use it as a term of art today.[5]

Although Mrs. Tilsley chose to trade as a tailor after her husband's death, the historical record demonstrates that widows often sold the goodwill in their late husbands' businesses to secure their financial futures.[6] For example, as early as 1695, a coach driver named Thomas Boulton paid a widow Madame Lawson two guineas for her "Good-will," on top of a fee of eight shillings a week, for the use of a hackney carriage license.[7] In 1725, Daniel Defoe de-

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[1] *Advertisements and Notices*, LOND. EVENING POST, Oct. 31, 1732 (on file with Burney Newspaper Collection, Seventeenth and Eighteenth Century Nichols Newspapers Collection), http://link.gale.com/apps/doc/Z2000633298/BBCN?u=txshracd2579&sid=bookmark-BBCN [perma.cc/PE8M-9J2N].

[2] *Id.*

[3] *See infra* notes 124–209 and accompanying text.

[4] *See infra* notes 134–155 and accompanying text.

[5] *See Goodwill*, OXFORD ENGLISH DICTIONARY, https://www.oed.com/dictionary/goodwill_n [perma.cc/322P-98DE] (defining goodwill in its commercial sense as "[t]he privilege, granted by the seller of a business to the purchaser, of trading as the recognized successor of the seller"). The dictionary entry notes that goodwill is now more generally used to mean "the established reputation of a business regarded as a quantifiable asset and calculated as part of its value when it is sold." *Id.*

[6] *See* ALICE CLARK, WORKING LIFE OF WOMEN IN THE SEVENTEENTH CENTURY 154, 293 (Harcourt, Brace & Howe ed. 1920) (1919).

[7] 11 JOURNALS OF THE HOUSE OF COMMONS 259, 260 (Mar. 8, 1694) (UK) ("*Thomas Boulton*; The Licence, No. 655, appears to be granted to one *Edward Sisson*; which Madam *Lawson*, Cousin to Mr. *Gee*, letts out to this *Boulton* at 8 *s*. *per* Week; and Two Guineas for her Good-will."). Licensed

scribed the practice of English widows selling the goodwill of their late husbands' trades in *The Complete English Tradesman*, noting, "often I have known a Widow get from 300 to 500 *l.* for the good-will, as 'tis call'd, of the shop and trade, if she did not think fit to carry on the trade."[8]

Three hundred years later, "goodwill," as it is still called, is the primary object, and central organizing concept, of trademark and unfair competition protection in the United States of America.[9]

But it didn't have to be.

A closer examination of the history of commercial goodwill reveals that it was by no means inevitable that goodwill would become the doctrinal bedrock upon which the framework of U.S trademark law rests. Early British and American legal doctrines related to goodwill developed separately from trademark protection and passing off—with at least a century of parallel development before nineteenth-century lawyers and jurists began to observe occasional conceptual overlaps between the two.[10] Goodwill would not become fully absorbed into the U.S. trademark system until the early twentieth century,[11] by which time there was a large body of case law on goodwill itself, distinct from trademark and unfair competition protection.[12]

The extensive historical evidence that goodwill occupied an important position in business and commerce helps explain why goodwill does not have the same role in trademark legal systems around the world. Commercial goodwill is *not*, in fact, the main object of registered trademark protection outside the United States. Although jurisdictions around the world invariably provide some more limited form of protection for unregistered trade symbols, they

hackney coaches were long required by law to bear distinctive marks; for instance, as summarized in William Hughes' statutory abridgement, "[N]one shall put the same mark or figure upon his Coach which is appointed for another Coach." WILLIAM HUGHES, AN EXACT ABRIDGMENT OF ALL THE STATUTES IN FORCE AND USE 23 (1663).

[8] DANIEL DEFOE, THE COMPLETE ENGLISH TRADESMAN, IN FAMILIAR LETTERS 352 (Lond., Charles Rivington ed.,1726).

[9] *See, e.g.*, Srividhya Ragavan, *The* Use *Doctrine in Trademark Law: Issues from Trade and Transborder Reputation*, 43 CARDOZO L. REV. 443, 446 (2021) (discussing how "the use theory enjoyed immediate judicial acceptance and soon became foundational in American trademark law even as the concept of use lost its central position in the rest of the world").

[10] *See, e.g.*, Churton v. Douglas (1859) 70 Eng. Rep. 385, 392; Johns. 174, 189–90 (observing, in the context of discussing the sale of goodwill in a business, that "[t]here are cases every day in this Court with regard to the use of the name of a particular firm, connected generally, no doubt, with the question of trade mark. But the question of trade mark is in fact the same question").

[11] *See* GRAEME B. DINWOODIE & MARK D. JANIS, TRADEMARKS AND UNFAIR COMPETITION: LAW AND POLICY 265 (6th ed. 2022) ("The U.S. trademark system is 'use'-based.").

[12] *See* Robert Burrell & Michael Handler, *The Garden Path and the Road Not Taken: The Australian Approach to Trade Mark Ownership and Its Connection with a Lost Model of Trade Mark Registration* ("The US has a true use-based system."), *in* RESEARCH HANDBOOK ON THE HISTORY OF TRADEMARK LAW 191 (Lionel Bently & Robert G. Bone eds., 2024).

primarily rely on formal registration as the primary method for establishing trademark rights.[13]

American trademark lawyers may wish to ask themselves, then, "well, how did we get here?" Robert Bone asked a similar question.[14] This Article supports Bone's thesis insofar as it questions the inevitability of goodwill's incorporation into trademark doctrine and identifies goodwill as a contributor to the expansion of trademark protection during the twentieth century.[15] This Article, however, presents an expanded historical narrative and challenges Bone's explanations for how and why goodwill found its way into American trademark doctrines. In doing so, this Article explores the origins of commercial goodwill itself, as well as the different ways goodwill was treated by common law courts in Britain and in the United States, to provide a fuller account of how the U.S. trademark regime came to protect goodwill as it does.

There have, of course, been many other accounts of the historical development of American trademark law and its British antecedents.[16] Most of those legal historical narratives, however, do not explore the origins of commercial goodwill itself.[17] In fact, it is not uncommon in the scholarly literature to see

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[13] *See id.* at 191–92 (challenging the prevailing characterization that Australia has a use-based trademark system and arguing that Australia has a registration-based system). Both Australia and the United Kingdom have primarily relied on formal registration to establish trademark rights and offer some protection for unregistered trade symbols through passing off. *Id.* at 205–07.

[14] Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 553 (2006) ("[I]f trademark law has no need for the idea of goodwill, then why and how did that concept become part of the law?").

[15] *Id.* at 551–53. Bone argues that goodwill's incorporation into trademark doctrine was historically contingent rather than inevitable, though he claims that its entrenchment as a trademark law concept was due to the dominance of natural property rights theory in the nineteenth century. *Id.* His narrative does not address or explain the extent to which the U.S. trademark doctrines came to diverge from the English law. *Id.*

[16] *See* FRANK I. SCHECHTER, THE HISTORICAL FOUNDATIONS OF TRADE-MARK LAW 6–9 (Fac. of L. of Colum. Univ. ed., 1925); Lionel Bently, *From Communication to Thing: Historical Aspects of the Conceptualisation of Trade Marks as Property*, *in* TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH 3, 20–28 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008) [hereinafter Bently, *From Communication to Thing*]; Bone, *supra* note 14, at 553, 560–83; Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1848 (2007). *See generally* César Ramirez-Montes, *A Re-Examination of the Original Foundations of Anglo-American Trademark Law*, 14 MARQ. INTELL. PROP. L. REV. 91 (2010); Keith M. Stolte, *How Early Did Anglo-American Trademark Law Begin? An Answer to Schechter's Conundrum*, 8 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 505 (1998); Jerre B. Swann, *The Evolution of Dilution in the United States from 1927 to 2013*, 103 TRADEMARK REP. 721 (2013); Kenneth J. Vandevelde, *The New Property of the Nineteenth Century: The Development of the Modern Concept of Property*, 29 BUFF. L. REV. 325 (1980).

[17] Some accountancy scholarship has examined the early origins of goodwill. *See, e.g.*, John K. Courtis, *Business Goodwill: Conceptual Clarification Via Accounting, Legal and Etymological Perspectives*, 10 ACCT. HISTORIANS J. 1, 1–4 (1983) (tracing the conceptual development of business goodwill through accounting literature, selected English case law, and etymology, primarily for purposes of definitional clarification rather than doctrinal legal history); L.L. Briggs, *Goodwill—*

claims that commercial goodwill was a nineteenth-century creation,[18] though Mrs. Tilsley could have indignantly informed us otherwise.[19] Correcting this error is important because scholars have used the claim that goodwill is a new term to justify and argue for its conceptual existence in historical sources where the term itself did not appear. In 1929, for example, Floyd Wright claimed:

> Many modern writers have traced the origin of the term "goodwill," and have found that the word itself is relatively new. But the *intangible res* itself (goodwill) has existed and been protected since very early times. Because we have failed to find the specific word "goodwill" in the early records, we have therefore (wrongly) concluded that the legal goodwill concept did not exist.[20]

This Article will show that Wright's premise that the specific word "goodwill" did not appear in early records is incorrect. More recently, Mark McKenna argued that early trademark cases protected commercial goodwill even though the term was not mentioned.[21] He explained that judges simply "did not always describe this right in one's business as 'goodwill' as courts would be accustomed to doing, since that terminology was just developing in the nineteenth century."[22] The argument that nineteenth-century judges did not use the term "goodwill" because it was new and unfamiliar is contradicted by its use to mean the intangible value of a business or trade centuries before the term "trade mark" ever appeared.[23] The evidence that eighteenth-century judges were familiar with both the term "goodwill" and the concept of goodwill, but that they did not use the term in cases dealing with marks and signs, is instructive. It is significant that, in 1742, in *Blanchard v. Hill*, Lord Chancellor Hardwicke refused the claimant's request for an injunction to prevent a competitor's use of the "Great Mogul" stamp for playing cards without any reference to

Definition and Elements in Law, 46 J. ACCT. 194, 195–97 (1928) (cataloguing early English and American decisions on goodwill and their definitional treatment).

[18] *See, e.g.*, McKenna, *supra* note 16, at 1874–75, 1886; Adam Mossoff, *Trademark as a Property Right*, 107 KY. L.J. 1, 11 (2018) ("As a legal concept, 'goodwill' first evolved in the early nineteenth-century . . . ."); Ian Tregoning, *The Meaning and Nature of Goodwill in the Tax Context*, 39 AUSTL. TAX REV. 123, 123 (2010) ("[T]he concept of goodwill as property tentatively emerged during the first half of th[e] [nineteenth] century . . . ."); Vandevelde, *supra* note 16, at 334 ("The collective effect of these developments [in the nineteenth century] was the creation of numerous species of nonphysical property such as business goodwill . . . ."); Deven R. Desai & Spencer Waller, *Brands, Competition, and the Law*, 2010 B.Y.U. L. REV. 1425, 1433 ("In some specific industry sectors leading up to the mid-nineteenth century, British law began to recognize the goodwill value and property-like interests that grew with the use of liability marks.").

[19] LOND. EVENING POST, *supra* note 1.

[20] Floyd A. Wright, *Tort Responsibility for Destruction of Goodwill*, 14 CORN. L. REV. 298, 301 (1929).

[21] McKenna, *supra* note 16, at 1886.

[22] *Id.*

[23] *See infra* Section II.B.

goodwill.[24] Yet less than a year later, in *Gibblett v. Read*, he observed that a shoemaker with "a house of great trade . . . must account for the value of what is called the [business's] good-will."[25] Nineteenth-century jurists found certain cases noteworthy when they *did* demonstrate conceptual overlap between goodwill and trademarks.[26]

The existing narratives have offered valuable insights into a complicated area of law, but they have also led to disputes over the interpretation of the historical record, in particular, the questions of when and how commercial goodwill became central to U.S. trademark doctrines. The answers to these questions have been presented differently by Bone and McKenna.[27] Some of the contradictory interpretations of trademark history in the United States can be resolved by exploring two areas neglected by those narratives: (1) the broader history of commercial goodwill and its relationship with trademark law, and (2) how goodwill came to inhabit an unusual position in American trademark law. Other scholars have noted the peculiar informality and common law basis for American unfair competition and trademark protection,[28] but the historical forces that led U.S. law to diverge have not been fully explored.

This Article demonstrates how historical accounts of American trademark law have missed something fundamental: the history of goodwill itself as an intangible property right and the different role it came to play within the intellectual property regimes of the United States as compared to the United Kingdom. Despite their common antecedents, the staunchly use-based approach to protection of trademarks and trade dress in the United States stands in contrast to the more formal, registration-based protection favored by English law since the late nineteenth century and subsequently adopted throughout the Commonwealth.

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[24] (1742) 26 Eng. Rep. 692; 2 Atk. 484, 484–85 (Lord Hardwicke LC) (Ch.).

[25] (1743) 88 Eng. Rep. 573, 574; 9 Mod. 459, 460 (Lord Hardwicke LC) (Ch.).

[26] *See, e.g.*, EDWARD LLOYD, THE LAW OF TRADE MARKS, WITH SOME ACCOUNT OF ITS HISTORY AND DEVELOPMENT IN THE DECISIONS OF THE COURTS OF LAW AND EQUITY 32, 35 (Yates & Alexander 2d ed. 1865) (noting that *Churton v. Douglas* was an unusual case because it "approache[d] more nearly than any other of the numerous cases on goodwill to the case of a trade-mark").

[27] *Compare* Bone, *supra* note 14, at 621–22 (highlighting the "pernicious effects" of the entry of the goodwill concept in trademark law and recommending reforms to reframe and limit goodwill protection), *with* McKenna, *supra* note 16, at 1870–71, 1881 (arguing that goodwill was always at the center of trademark protection as a proprietor-focused right).

[28] TIM W. DORNIS, TRADEMARK AND UNFAIR COMPETITION CONFLICTS: HISTORICAL-COMPARATIVE, DOCTRINAL, AND ECONOMIC PERSPECTIVES 76 (Cambridge Univ. Press 2017) ("Unlike German doctrine, which has always been founded on formalist privilege theory, US law is distinctly nonformal. The concept of goodwill has governed both trademark protection and unfair competition prevention since the 1800s."); Burrell & Handler, *supra* note 12, at 191 (explaining that the U.S. "has a true use-based system"); Rebecca Tushnet, *Registering Disagreement: Registration in Modern American Trademark Law*, 130 HARV. L. REV. 867, 870–74 (2017) (describing U.S. trademark law as fundamentally common-law and use-based, with registration functioning as an informal and imperfect overlay rather than a primary source of rights).

Some scholars have suggested that the current body of literature provides a thorough, if sometimes contradictory, narrative of the emergence and expansion of common law trademark protection in the nineteenth and early twentieth centuries.[29] This Article is the first attempt in the scholarly literature to examine *both* the origins of goodwill as an intangible property right and the forces that led to its installation at the center of the U.S. trademark system. Examining the nature, and older history, of goodwill is the key to understanding how and why the United States developed such an unusual system of trademark protection. The fact that goodwill was always a proprietor-focused, use-based right helps explain why placing goodwill at the center of U.S. trademark and unfair competition protection tends toward expansion in the interests of proprietors, despite judicial recognition of the other interests involved.

This Article proceeds as follows. Part I establishes the methodological approach of Article and offers a conceptual framework for understanding goodwill as an intangible commercial asset, as distinguished from other, more common, uses of the term.[30] Part II traces the development of commercial goodwill from its earliest appearances in sixteenth-century England through its widespread recognition as an alienable property interest by the mid-nineteenth century.[31] It draws on a wide range of primary sources, including testamentary documents, dictionaries, commercial advertising, popular literature, and cases and legal treatises from the United Kingdom and the United States. Part III examines how goodwill found its way into trademark doctrines after 1850.[32] In doing so, it contrasts the evolution of passing off and trademark registration in the United Kingdom with the United States' adoption of a goodwill-centric, use-based trademark regime. The Conclusion considers the implications of this revised historical narrative for contemporary debates about the scope of, and doctrinal basis for, modern trademark protection.[33]

I. Defining Commercial Goodwill in Historical Context

A. Defining Goodwill for Historical Research Purposes

To explore the historical development of goodwill as an intangible property right, it was necessary to identify primary sources where the term goodwill was used in a manner that could contribute to our understanding of the development of commercial goodwill. Naturally, numerous examples of the

[29] *See, e.g.*, Dornis, *supra* note 28, at 6 n.1 ("The history of . . . US trademark and unfair competition law has been ably documented and explained . . . ."); McKenna, *supra* note 16, at 1848 ("Much of the history of trademarks has been investigated thoroughly . . . .").

[30] *See infra* notes 34–63 and accompanying text.

[31] *See infra* notes 64–214 and accompanying text.

[32] *See infra* notes 216–396 and accompanying text.

[33] *See infra* notes 397–417 and accompanying text.

term "goodwill" as it is used to mean benevolence, good feeling, or friendship, abound in historical sources.[34] It was also sometimes used to mean positive assent.[35] Therefore, sifting through historical sources to find examples of the term "goodwill" used in an intangible property sense presents a challenge. It would be pointlessly restrictive to examine only primary sources where the usage corresponds exactly with twenty-first century definitions of commercial goodwill, but it is equally pointless to consider every appearance of the term goodwill in the historical record.

Therefore, this Article focuses on primary sources where the context suggests that the term "goodwill" was used to mean the intangible value of an existing enterprise arising from it being an ongoing concern.[36] This definition is intentionally broader than contemporary definitions of goodwill from law or accounting because it needs to encompass the probability of some semantic change over five hundred years. Attempting to trace that semantic change is itself an important element of the historical inquiry. This definition is, however, narrow enough to distinguish between primary sources that use the term "goodwill" to mean an intangible asset from the innumerable examples of the word goodwill used to mean benevolence or positive feelings.[37]

B. Defining Commercial Goodwill Historically

The term goodwill, used to mean an intangible asset, was in use for centuries before it was fully adopted into the legal lexicon. This long tradition of imprecise, informal use may have contributed to goodwill becoming a term of art that remains notoriously difficult to define.[38] In the first monograph to focus exclusively on the law of commercial goodwill, published in 1889, Charles Allan openly acknowledged the challenge of defining the subject matter.[39] Allan suggested that the difficulties in defining commercial goodwill stemmed

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[34] *See, e.g.*, SARAH BLACKBOROW, HEREIN IS HELD FORTH THE GIFT AND GOOD-WILL OF GOD TO THE WORLD, AND HOW IT IS TENDERED 1–2 (Lond., Thomas Simmons 1659) (using "good-will" to mean benevolence in the title and content of a religious tract).

[35] *See, e.g.*, The Petition of Right, 3 Car. I, c. 1 (1628) (Eng.) ("[N]o Tallage or Ayde should be layd or levied by the King or his Heires in this Realme without the good will and assent of the Archbishopps, Bishopps Earles Brons Knights Burgesses and other the Freemen of the Com[m]monaltie of this Realme . . . .").

[36] For the purposes of this Article, references to "goodwill" include close orthographic variants used in historical sources, including "good will," "good-will," and "good wyll." This Article also includes references to a few interesting sources where the intended meaning of "goodwill" is less clear and identifies them as such.

[37] *See supra* notes 34–35 and accompanying text.

[38] *See, e.g.*, *On the Nature of the Property in the "Good Will" of a Business*, 6 MONTHLY L. MAG. & POL. REV. 58, 58 (1840) ("The characteristics of this species of property are somewhat vague and undefined . . . .").

[39] CHARLES E. ALLAN, THE LAW RELATING TO GOODWILL, at iii (Stevens & Sons, Ltd. ed. 1889).

largely from its inability to exist apart from the business to which it is attached, the fact that its meaning varies with the "nature of the business to which it is attached," and the term's longstanding "indiscriminate[]" use in commercial practice without clear or consistent understanding of its boundaries.[40]

Evidence of attempts to define goodwill in its commercial sense appear in eighteenth-century dictionaries. For example, a 1729 French-English dictionary translated "[t]he good Will (Custom or Trade) of a House" into the French "*la Chalandise d'un Maison"*—"chalandise" meaning the habitual patronage of an establishment.[41] In 1760, a dictionary by John Marchant included the definition of "Good-Will" as a noun meaning "a friendly and benevolent disposition," or "a consideration for coming into a shop or business ready prepared."[42] In 1765, a dictionary by Thomas Dyche included a second definition of goodwill as "a premium given for being admitted into a house or shop of trade."[43] A 1771 English-Latin dictionary provided the Latin translation of "[g]ood will (kindness)" as "benevolentia," followed by a second definition of goodwill "(for a house, shop&c.)" translated as "premium," indicating the excess price charged over the cost of the lease or stock in trade.[44] These definitions do not attempt to inquire into the nature or purpose of commercial goodwill, but they are indicative of its widespread acceptance. It had become commonplace to charge a sum of money in addition to the ordinary price for the sale of a business—such as a public house or shop—in consideration for the intangible value of established custom.

In 1810, in *Cruttwell v. Lye*, Lord Chancellor Eldon articulated what became a commonly cited definition of goodwill as "the probability that the old customers will resort to the old place."[45] Nevertheless, that definition was subsequently criticized as too narrow to serve as a general definition of goodwill in all cases.[46] Taken in context, it does not appear that Lord Eldon intended it

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[40] *Id.* at 4.

[41] ABEL BOYER, LE DICTIONNAIRE ROYAL FRANCOIS-ANGLOIS ET ANGLOIS-FRANCOIS (1729).

[42] JOHN MARCHANT, A NEW COMPLETE ENGLISH DICTIONARY (Lond., J. Fuller 1760). This definition also appears in the second edition, published in 1762. JOHN MARCHANT, A NEW COMPLETE ENGLISH DICTIONARY (Lond., J. Fuller, 2d ed. 1762).

[43] THOMAS DYCHE & WILLIAM PARDON, A NEW GENERAL ENGLISH DICTIONARY: PECULIARLY CALCULATED FOR THE USE AND IMPROVEMENT OF SUCH AS ARE UNACQUAINTED WITH THE LEARNED LANGUAGES (Lond., Catherine & Richard Ware, 12th ed. 1765).

[44] JOHN ENTICK, THE NEW LATIN AND ENGLISH DICTIONARY (Lond., Charles Dilly 1771). "Praemium" in Latin means "reward," profit, or "advantage." *Id.*

[45] (1810) 34 Eng. Rep. 129, 134; 17 Ves. Jun. 335, 347 (Lord Eldon LC) (Ch.); *see, e.g.*, GEORGE ROSE, 1 CASES IN BANKRUPTCY 123, 128 (Lond., Reed & Hunter 1813) (reporting *Crutwell v. Lye*); P.D. LEAKE, COMMERCIAL GOODWILL: ITS HISTORY, VALUE, AND TREATMENT IN ACCOUNTS 2 (4th ed. 1921) (citing *Crutwell v. Lye* as the "earliest reported legal decision on goodwill"); McKenna, *supra* note 16, at 1884 n.202, 1886 n.210 (noting *Cruttwell v. Lye*'s definition of goodwill and observing that "[t]he notion of 'goodwill' as a legal concept is often traced to *Cruttwell v. Lye*").

[46] *See, e.g.*, Trego v. Hunt [1896] AC 7 (HL) 17 (appeal taken from Eng.) ("If the language of Lord Eldon is to be taken as a definition of goodwill of general application, I think it is far too narrow,

as a universal definition; rather, he was describing the scope of the commercial goodwill sold to the plaintiff in the particular case before him. The dispute in *Cruttwell* required Lord Eldon to interpret the terms of an assignment of goodwill in a carting business by the bankrupt defendant to the plaintiff, to determine if the plaintiff buyer was entitled to an injunction preventing the defendant seller from engaging in the carting trade between Bristol and London.[47] Lord Eldon's full quotation was "[t]he good-will, *which has been the subject of sale,* is nothing more than the probability, that the old customers will resort to the old place[,]" referring to the nature of the goodwill sold in that particular transaction.[48] The nature of goodwill is highly dependent on the particular business.[49]

In *Churton v. Douglas*, Vice Chancellor Page Wood set out a more expansive definition of goodwill with express reference to *Crutwell*.[50] He defined goodwill generally as:

> [E]very positive advantage . . . as contrasted with the negative advantage of the late partner, not carrying on the business himself, that has been acquired by the old firm in carrying on its business, whether connected with the premises on which the business was previously carried on, or with the name of the late firm, or with any other matter carrying with it the benefit of the business.[51]

Vice Chancellor Page Wood also interpreted Lord Eldon's description of goodwill in *Cruttwell v. Lye* as a contextual observation rather than the more general definition he himself provided.[52]

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and I am not satisfied that it was intended by Lord Eldon as an exhaustive definition."); FRANK S. MOORE, LEGAL PROTECTION OF GOODWILL: TRADE-MARKS—TRADE EMBLEMS—ADVERTISING—UNFAIR COMPETITION 6 (Ronald Press Co. 1936) ("[Lord Eldon's] definition is now too narrow, for we all know that in modern commercial life many business enterprises may be moved from one place to another without loss of goodwill.").

[47] *Cruttwell,* 34 Eng. Rep. at 132–34; 17 Ves. Jun. at 342–46.

[48] *Id.* at 134; 346 (emphasis added). Ian Tregoning also interprets Lord Eldon's description of goodwill in the factual context of the case. Ian Tregoning, *Lord Eldon's Goodwill*, 15 KING'S COLL. L.J. 93, 96 (2004). He writes:

> There is no evidence that Lord Eldon would have been limited to this conception in the face of different facts. Indeed, it must be said that too much emphasis has been placed on the definition from *Cruttwell v Lye*. It stands as a crisp definition to suit the facts of that case, nothing more.

Id. at 96.

[49] T.M. Stevens, *Outline of the Law Relating to Goodwill* (observing "that the exact nature of Goodwill fluctuates with the class of the business to which it refers; and that no general definition can be any good"), *in* LAWRENCE R. DICKSEE, GOODWILL AND ITS TREATMENT IN ACCOUNTS, at vii, xii (Lond., Gee & Co. 1897).

[50] (1859) 70 Eng. Rep. 385, 391; 1 Johns. 174, 188 (Ch.) (V.C. Page Wood).

[51] *Id.*

[52] Vice Chancellor Page Wood's explanation reads as follows:

Early American sources also offered broad definitions of goodwill. In 1835, in *Goddard v. Pratt*, the Massachusetts Supreme Judicial Court defined goodwill as "the privilege of coming into an already formed and active concern, with the benefit of its correspondence and established reputation and run of custom . . . ."[53] The first edition of Joseph Story's partnership law treatise included another well-received definition, defining goodwill as:

> [T]he advantage or benefit . . . acquired by an establishment, beyond the mere value of the capital, stock, funds, or property employed therein, in consequence of the general public patronage and encouragement, which it receives from constant or habitual customers on account of its local position, or common celebrity, or reputation for skill, or affluence, or punctuality, or from other accidental circumstances or necessities, or even from ancient partialities, or prejudices.[54]

Story's definition encompassed goodwill as it might be realized in a wider range of business ventures.[55] His inclusive understanding of goodwill was generally accepted by U.S. courts in the late nineteenth century. For example, in 1888, in *Menendez v. Holt*, the U.S. Supreme Court defined goodwill as:

> [E]very positive advantage that has been acquired by the old firm in the progress of its business, whether connected with the premises in which the business was previously carried on, or with the name of the late firm, or with any other matter carrying with it the benefit of the business.[56]

In 1896, J. Roberton Christie offered a similarly broad definition of goodwill as "the aggregate advantages arising from the business connection, reputation, and favourable situation of an established trading concern . . . ."[57]

> When Lord Eldon is speaking of a nursery garden, or a locality which the customers must frequent to look at the plants and other things; and when Sir Thomas Plumer, in another case, in speaking of a retail shop which a person must enter in order to buy the goods there exposed, they are only, as it appears to me, giving those as illustrations of what goodwill is.

Id. at 391; 1 Johns. at 188.

[53] 16 Pick. 412, 425 (Mass. 1835).

[54] JOSEPH STORY, COMMENTARIES ON THE LAW PARTNERSHIP, AS A BRANCH OF COMMERCIAL AND MARITIME JURISPRUDENCE, WITH OCCASIONAL ILLUSTRATIONS FROM THE CIVIL AND FOREIGN LAW 139 (Bos., Charles C. Little & James Brown 1841) (citing Cruttwell v. Lye (1810) 17 Ves. Jun. 336); *see also* A.S. Biddle, *Good-Will*, 23 AM. L. REG. 1, 1 (1875) ("The best definition of good-will is that of Mr. Justice Story.").

[55] STORY, *supra* note 54, at 139.

[56] 128 U.S. 514, 522 (1888).

[57] J. Roberton Christie, *Goodwill in Business*, 8 JURID. REV. 71, 71 (1896).

In the contemporary legal context, goodwill is usually described as an intangible property right that accrues in connection with a commercial enterprise.[58] In finance and accounting, it is conceived of as "[t]he primary [intangible asset] of a company, generally comprised of reputation, contact networks, intellectual property, and branding."[59] Expansive definitions of goodwill that appear in the fields of accountancy and finance may seem at odds with the meaning of the term as it is understood by intellectual property lawyers.[60] Indeed, 2020, in *Primus International Holding Co. v. Triumph Controls UK Ltd.*, an English case, the Court of Appeal had to choose between the parties' conflicting interpretations of the term "goodwill" in the context of a contractual liability exclusion.[61] Lord Justice Coulson rejected Primus's argument that goodwill in the contract should be interpreted as an accountancy concept, which identified the perceived value of a company's future cash flow over the present value of identifiable net assets.[62] Instead, the Court of Appeal took the term "goodwill" in a contract for the sale of a business to mean a "proprietary right representing the reputation, good name and connections of a business, . . . different to the particular or specific meaning attributed to the term by accountants."[63]

Thus, the exact meaning of commercial goodwill varies in its use across different countries, business contexts, and historical periods. For the purpose of this Article, a working definition of goodwill as "the intangible value of an existing enterprise arising from it being an ongoing concern" is broad—but it is narrow enough to distinguish the "goodwill" of the present inquiry from the many other irrelevant uses of the term in historical documents.

II. COMMERCIAL GOODWILL: THE FIRST THREE HUNDRED YEARS

It is beyond the scope of a single article to write a comprehensive history of commercial goodwill in Britain, or even to include every primary source reference collected during this research project.[64] Instead, this Part summarizes, and

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[58] *See* CHRISTOPHER WADLOW, WADLOW ON THE LAW OF PASSING-OFF 1, ¶ 1-1 (6th ed. 2021) (quoting Erven Warnink B.V. v. J. Townsend & Sons (Hull) Ltd. [1979] AC 731, 742 [1980] RPC 31, 91 (HL) (Lord Diplock)) (describing goodwill as a property right, which the tort of passing off will protect against damage from unlawful misrepresentations).

[59] ERIK BANKS, THE PALGRAVE MACMILLAN DICTIONARY OF FINANCE, INVESTMENT AND BANKING 243 (2010).

[60] *But see Goodwill*, BLACK'S LAW DICTIONARY (12th ed. 2024) ("A business's reputation, patronage, and other intangible assets that are considered when appraising the business . . . .").

[61] (2020) EWCA (Civ) 1228 [25], [29] (Eng.) (construing "goodwill" in a contract using its "ordinary legal meaning" as the "good name and public reputation of the business concerned").

[62] *Id.* [39].

[63] *Id.*

[64] This Part draws selectively from a much broader body of primary source material; accordingly, the discussion that follows is illustrative rather than exhaustive. During several years of research, the Author reviewed hundreds of published and unpublished sources documenting use of the term goodwill and its evolving meaning. For purposes of this Article, the particular sources were chosen to be

attempts to interpret, sources pertinent to the early origins of goodwill in the sixteenth century and the development of commercial goodwill until about 1850.[65]

A. The Origins of Goodwill

This Article examines a larger collection of pre-nineteenth-century primary sources on goodwill than any previous works on the subject. But many questions—particularly regarding the earliest appearances of the term—remain unanswered. There is evidence that the earliest examples of what we now call commercial goodwill described a form of customary tenure in land, initially found only in the north of England and Scotland. There is work to be done in searching for further evidence of goodwill in the sixteenth and seventeenth centuries—hopefully by legal historians who can combine expertise on feudal and early modern land tenures with an appreciation for the significance that goodwill would later have in intellectual property regimes.

1. Goodwill in Sixteenth-Century Legal Documents

The Oxford English Dictionary cites a 1571 testamentary document as the earliest recorded example of the use of the commercial definition of goodwill.[66] In that document, John Heworth, a quarryman dying of the plague, left "to John Stephen in money f[i]ve m'kes all my quarrel geare a blake skyn to maike hym a jerkyn & my whole interest and good will of my Quarrell."[67] Additional appearances of the term used in that manner appear in other mid sixteenth-century testamentary bequests. For example, a will from 1542 bequeathed the "good will" in a "farmehold,"[68] as did others from 1544[69] and

representative of the wide breadth of usage, as well as the larger patterns that developed. Where a case or source marked a turning point or was an outlier, it is indicated in the text.

[65] *See infra* notes 66–214 and accompanying text.

[66] OXFORD ENGLISH DICTIONARY, *supra* note 5.

[67] 2 WILLS AND INVENTORIES ILLUSTRATIVE OF THE HISTORY, MANNERS, LANGUAGE STATISTICS, &C. OF THE NORTHERN COUNTIES OF ENGLAND FROM THE ELEVENTH CENTURY DOWNWARDS pt. 1, at 351–52 (William Greenwell & James Raine eds., Lond., J.B. Nichols & Son 1835) (listing will of "John Heworth, of [Gateshead], Quarelman"). Mr. Heworth was a quarryman; in this context, "quarrel" means rock quarry. *Id.* at 351 n.1.

[68] JAMES RAINE, WILLS AND INVENTORIES IN THE REGISTRY OF THE ARCHDEACONRY OF RICHMOND, EXTENDING OVER PORTIONS OF THE COUNTIES OF YORK, WESTMORLAND, CUMBERLAND, AND LANCASTER 30 (Eng., George Andrews 1853) ("And also I wyll . . . my sonne Gregori to have the good will of my farmehold after me and my wif."). In the book, the date is printed as 1442, but this is likely an error, as it was recorded together with a group of other wills from 1542. *Id.*

[69] 1 TRANSACTIONS OF THE CUMBERLAND & WESTMORLAND ANTIQUARIAN & ARCHEOLOGICAL SOCIETY 221 (W.G. Collingwood ed., 1901) ("Will of Thomas Fysher of Swynstie, 1544"). "Allso I geve my gd wyll off my ferme holde aft my descess unto Wyllm my son or Robert or ye long' lyver off them." *Id.*

1548.[70] It is probably no coincidence that these earliest recorded examples of the term goodwill appeared shortly after the 1540 Statute of Wills,[71]which allowed land and rights associated with land, to be devised by will.[72] For centuries, it had not been possible at common law to bequeath freehold land in testamentary documents, an inconvenience which led to the development of a practical legal mechanism known as "uses," a precursor to the modern trust.[73] Land, in fact, was rarely referred to as "property" until the late sixteenth century; "property" meant goods and chattels.[74]

Additionally, the term goodwill appears in several published depositions from trials before the Bishop's Court in Chester in 1560 through 1561.[75] In those instances, the term was used in ways that indicate goodwill functioned as an alienable interest during the owner's lifetime.[76] In a testamentary dispute, a deponent testified that she "neuer gave hym any thinge for his good will of the said Lease, or any thinge in recompence thereof . . . ."[77] In a divorce action between a boy and a girl who had been married at ages nine and eleven, respectively, a neighbor of the (very) young couple stated in his deposition that after the death of girl's father, the boy's father had obtained "the Landlordes goodwill of the Tenement wherein the father of the said Constance did dwell, and so married the said Andrewe his sonne & the said Constance, together."[78] Thus, published primary sources from the sixteenth century offer persuasive evidence of goodwill as an intangible asset, and it is likely that further scrutiny of unpublished, archival material would yield further examples.

[70] *Id.* at 222 (listing the "Will of Robert Chamber, 1548," who bequeathed "[t]o Cuthbert & Robert [his] sonnes . . . the good wyll of [his] Fferme holde and of the Grant off one halfe off Callvoe Grange").

[71] Statue of Wills 1540, 32 Hen. 8. c. 1, § 1.

[72] *Id.*; JOHN BAKER, AN INTRODUCTION TO ENGLISH LEGAL HISTORY 276 (5th ed. 2019) ("The Statute of Wills . . . conferred for the first time the legal power to dispose of freeholds by will . . . ."); *see also* Neil Jones, *Estate Planning in Early-Modern England: 'Having' in the Statute of Wills 1540* (noting that it was "impossible at common law to make a will of freehold land" and explaining the consequences of the Statute of Wills 1540), *in* STUDIES IN THE HISTORY OF TAX LAW 227, 228–29 (John Tiley ed., 2004).

[73] 6 JOHN BAKER, THE OXFORD HISTORY OF THE LAWS OF ENGLAND 654–55 (Oxford Univ. Press 2003).

[74] *See* David J. Seipp, *The Concept of Property in the Early Common Law*, 12 LAW & HIST. REV. 29, 33, 39 (1994) ("For goods and animals there was 'property,' and for land the comparable term in the Year Books was 'right' (*dreit*).").

[75] FREDERICK J. FURNIVALL, CHILD-MARRIAGES, DIVORCES, AND RATIFICATIONS, &C. IN THE DIOCESE OF CHESTER, A.D. 1561–66, at 3–4, 10, 135–36 (Lond., Kegan Paul, Trench, Trübner & Co. 1897).

[76] *Id.*

[77] *Id.* at 135–36 ("Robert Olton v. R. Dod and the other Executors of John Olton's Will.").

[78] *Id.* at 9–10 ("Andrew Haworth v. Constance Entwisell: boy 9 at marriage; girl 11.").

2. Origins of Goodwill as a Customary Tenant Right

The sixteenth-century references to goodwill provide evidence the term was used before 1540—at least in some northern and border counties in England—to denote a form of heritable property, possibly a kind of customary equity interest appurtenant to customary tenure.[79] These sources support the theory that goodwill emerged as a customary tenant right,[80] recognized where there would otherwise have been a mere tenancy at will under common law.[81] Tenant right grew out of feudal practices on certain manorial estates and in particular regions, granting existing tenants priority in passing on their heritable, and probably alienable, estates.[82] As the old feudal bonds weakened and land interests evolved, many long-held customs treated as positive rights were eventually entrenched in law and protected by equity.[83] All of the examples of goodwill mentioned above are from the north of England, where the entrenched acceptance of customary tenant rights was considered a peculiarity of the northern counties.[84] A Scottish example appears in a 1614 deed in which John Gordone from Aboyne renounced his title in various land interests including "guid will."[85]

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[79] Customary tenures were known by many different local names. BAKER, *supra* note 72, at 644.

[80] Historians know relatively little about customary tenures between 1300 through 1500. *See* MARK BAILEY, THE DECLINE OF SERFDOM IN LATE MEDIEVAL ENGLAND 23 (Boydell Press 2014) (noting that historians have a comparatively limited and "patchy" understanding of customary and transitional tenures between roughly 1350 and 1500, due to sparse evidence and the gradual, inexact nature of tenurial change). Customary tenures demonstrated "great differences between one place and another . . . ." P.D.A. HARVEY, THE PEASANT LAND MARKET IN MEDIEVAL ENGLAND 329 (Oxford Univ. Press 1984).

[81] *See* 3 THE AGRARIAN HISTORY OF ENGLAND AND WALES, 1348–1500, at 590 (Joan Thirsk & Edward Miller eds., 1991) ("By the sixteenth century, many tenants in the northern counties held their land by what was known as 'tenant-right,' a heritable estate in land . . . .").

[82] *Id.* at 590–91.

[83] A.W.B. SIMPSON, AN INTRODUCTION TO THE HISTORY OF LAND LAW 150–58 (1961) (discussing the recognition of varied customs into common law over time); *see also* Jean Morrin, *The Transfer to Leasehold on Durham Cathedral Estate*, 1541–1626 ("[A]lthough tenant right was regarded in law as a customary tenure at the will of the lord, in practice the custom of the country caused it to be considered a hereditary tenure."), *in* LANDLORDS AND TENANTS IN BRITAIN, 1440–1660: TAWNEY'S *AGRARIAN PROBLEM* REVISITED, 117, 120 (Jane Whittle ed., 2013).

[84] *See, e.g.*, GEORGE CARY, REPORTS OR CAUSES IN CHANCERY 6 (Lond., W. Lee, D Pakeman & G. Bedell 1650) ("Tenure by Tenant Right as it is usuall towards the borders of Scotland . . . ."); WILLIAM LAMBARDE, A PERAMBULATION OF KENT 14 (Lond., Edm. Bollifant 1596) ("Neither be they here so much bounden to the Gentrie by Copyhold, or custumarie tenures, as the inhabitants of the Westerne countries of the realme be, nor at al indangered by the feeble holde of Tenant right, (which is but a discent of a tenancie at will) as the common people in the Northern parts be . . . ."); *see also* ERIC KERRIDGE, AGRARIAN PROBLEMS IN THE SIXTEENTH CENTURY AND AFTER 43 (1969) ("In the North-western and North-eastern Lowlands and in the North Country, the prevailing tenure was tenant-right.").

[85] THE RECORDS OF ABOYNE 217–18 (Charles Huntly ed., Aberdeen, Milne & Hutchison 1894) ("[T]he said Johne Gordon for him and his forsaidis renunces all richt tytill kyndes or guid will whil-

Etymologically, "good" as used in goodwill, "good" meaning desirable, and "goods" meaning possessions, share a common origin in the Anglo-Saxon word *gódian*, meaning to improve or make better.[86] Uses of the term goodwill in the sixteenth- and seventeenth-century examples above, however, suggest it was closely connected with another cognate: the Scots verb *gude* (sometimes spelled "guide" or "good"), which means to make improvements or repairs, and, more specifically, to improve land by spreading manure on it.[87]

Centuries later, occasional examples of the term goodwill used to mean a right akin to a customary land tenure still appeared.[88] For example, a political speech given by Sir George Savile in Newcastle in 1780 compared electoral corruption by buying and selling political influence to buying and selling goodwill: "[t]he tenant-right or good-will of a lease of three years is as saleable as that of a lease of seven. It will find its price at both the London and country markets. It will be bought, it will be sold."[89] Similarly, in Oliver Goldsmith's 1766 novel, *The Vicar of Wakefield*, set in the Yorkshire countryside, the narrator speaks of "having given a hundred pounds for [his] predecessor's good-will" in his farm.[90] In Ireland, "the tenant's right to sell the goodwill of" a farm holding was "a prominent feature of the Ulster custom," which was ultimately codified in 1870.[91] Notably, the Ulster custom first emerged between about 1617 and 1620, following an influx of English and Scottish settlers to the province.[92]

A similar use of the term goodwill in relation to land interests also appeared in eighteenth and nineteenth-century America, where it was used to describe an alienable right arising from the value of a non-owner, occupier's im-

kis he haid hes or may pretend to haif in and to the teyndis great or small of the saidsi foirnamit landis and thair pertenentes in favouris forsaid . . . .").

[86] *See* Joseph Bosworth & T. Northcote Toller, *An Anglo-Saxon Dictionary*, UNIV. TEX. AT AUS. LINGUISTICS RSCH. CTR., https://lrc.la.utexas.edu/books/asd/dict-G [perma.cc/3NPD-KXKT] (defining "gódian").

[87] 1 JOHN JAMIESON, AN ETYMOLOGICAL DICTIONARY OF THE SCOTTISH LANGUAGE (Edinburgh, Univ. Press 1808); *see also* JONATHAN DAVID BOBALJIK, UNIVERSALS IN COMPARATIVE MORPHOLOGY 188–91 (MIT Press, 2012) (noting cross-linguistic patterns in which verbs derived from the root for "good," including meanings related to fertilization of crops).

[88] *The Price of Rents, and of the Tenant's 'Good Will' in Ireland* ("The circumstance that would strike an Englishman as most remarkable on first investigating the agriculture of Ireland, is the enormous price given for the tenant-right or good-will of a farm, in addition to a full and sufficient rent."), *in* 6 THE FARMER'S REGISTER 154 (Peterburg, Edmund Ruffin ed., 1838).

[89] *Address of Sir George Savile, to His Constituents, to the Gentlemen, Clergy, and Freeholders of the County of York, Newcastle-upon-Tyne, Sept. 5, 1780*, *in* THE NEW ANNUAL REGISTER, OR GENERAL REPOSITORY OF HISTORY, POLITICS, AND LITERATURE FOR THE YEAR 1780, at 169–73 (Lond., G.G.J. & J. Robinson, 3d ed. (corrected) 1793).

[90] OLIVER GOLDSMITH, THE VICAR OF WAKEFIELD 24 (N.Y., Hurd & Houghton 1876) (1766).

[91] FINLAY DUN, LANDLORDS AND TENANTS IN IRELAND 98 (Lond., Longmans, Green & Co. 1881). "By the Land Act of 1870 the Ulster custom . . . acquired the force law of law." *Id.*

[92] *Id.* at 97–98.

provements to real property.[93] For example, in 1834, in *Sullivan v. State*, the Supreme Court of Alabama observed that an individual had claimed "the good will to, as it is commonly called among the squatters; or, in other words, the possessory right, as the improver" in a cabin on public land.[94] In *Smith v. Rankin*, the claimant unsuccessfully sought specific performance stemming from breach of a contract pertaining to "the right of possession and good-will" in vacant land in Tennessee.[95]

There is a direct conceptual connection between the examples of goodwill pertaining to rights in land and goodwill in trade. Both the term goodwill as used in the context of tenant right or squatters' rights in land improvements *and* the term goodwill meaning a traders' interest in an ongoing business could have evolved from this early modern concept. In both contexts, recognizing goodwill rights encouraged non-owner occupiers to invest in property by providing security and an equitable interest based on their investments.

The evidence suggests that the customary right in goodwill eventually developed into the concept of goodwill in an ongoing business as an intangible property right. Just as the recognition of goodwill and tenant rights provided tenant farmers who invested in improving the land they occupied with some security against the loss of their investments, it could provide similar security to shopkeepers and owners of public houses with limited property interests in the premises where they did business. The alienability of goodwill also served a valuable social function in both the agrarian and commercial contexts for individuals who could no longer effectively make those investments due to age or disability. The ability to sell goodwill could allow tradespeople to retire, giving them a return on their years cultivating a business beyond just the remaining stock. Goodwill was a right held by the individual who *cultivated* the land or business enterprise through their labor and actions, independent of any property rights in the land or buildings.[96]

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[93] *See, e.g.*, Hamilton v. Maze, 8 Va. (4 Call) 196, 200 (Va. 1791) (noting defendants' argument in a property dispute that the plaintiff had "sold his good will right" in the disputed property, a hunting cabin); Potts v. Gilbert, 19 F. Cas. 1203, 1205 (C.C.D. Pa. 1819) (No. 11,347) (concluding that the testimony in a property dispute did not provide sufficient information about whether "any conveyances were executed, or what each person sold;—whether it was title, possession, or good will"); Brown v. Morris, 20 N.C. 565 (3 & 4 Dev. & Bat. 429) (N.C. 1839) (noting that, at trial in a property dispute over a plantation, the defendant showed that he had purchased from the prior occupant—a Cherokee who emigrated west—"his improvement or 'good will,' as it was called" in the plantation); Whiting's Heirs v. Taylor's Heirs, 38 Ky. (8 Dana) 403, 419 (Ky. 1839) (relating that the defendant advised another settler to sell the "good will" to improvements he had made to the land, since neither party knew who held legal title).

[94] 5 Stew. & P. 175, 178 (Ala. 1834).

[95] 12 Tenn. (4 Yer.) 1, 2 (Tenn. 1833).

[96] If this theory is correct, "goodwill" in its intangible property sense and "goodwill" meaning benevolence are distant cognates that developed very different meanings. Thus, the positive feelings customers might have towards a business were unrelated to the original usage of goodwill as intangi-

Some late seventeenth-century sources indicate that the commercial meaning of goodwill had already entered the English lexicon. For example, payment for "good will," on top of the cost of the rent and license for the operation of a hackney carriage appeared in Parliamentary records in 1694.[97] For small business owners of the time, goodwill appears to have played an important socioeconomic role. A tradesman might allow an apprentice to marry his daughter and enter into his trade in return for a reduced dowry, though this would also mean giving up the hope of receiving an outside payment for the goodwill in his business.[98] A sermon published in 1672 suggested that giving a young trader the goodwill in one's existing business could be viewed as a benevolent act akin to paying for a person's university education or apprenticeship fees:

> I do good to some already; I give something to the maintaining of a Schollar in the University; somewhat I do for the binding of a poor Child to an Apprenticeship; and I have bestowed my good will towards the setting up of a young beginner in his trade . . . .[99]

The use of "good will" in the business or trade context, together with the two other examples involving financial donations, suggests that the sermon employed the term in a commercial, rather than sentimental, sense.[100]

Another contemporaneous example appears in 1666, in *Emerson v. Fairfax*, an action on the case for slander.[101] There, the plaintiff claimed to have "goodwill" in the neighborhood ("*de ses vicines*") and alleged that the defendant called him a bankrupt.[102] Because the plaintiff failed to establish that he was a trader in the business of buying and selling, the action could not stand under the scope of the bankruptcy statutes—suggesting that the reference to "goodwill" may have been intended in a commercial sense.[103] As the report was written in law French,[104] the appearance of the English term "goodwill"

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ble property. If so, the fact that, centuries later, goodwill is described as arising from the positive feelings of consumers represents an example of semantic contamination between etymological doublets.

[97] 11 JOURNALS OF THE HOUSE OF COMMONS, *supra* note 7, at 260.

[98] *See* JOAN LANE, APPRENTICESHIP IN ENGLAND, 1600–1914, at 200 (2005) (noting that the reduced dowry likely meant no payment for goodwill, "which was a welcome injection of capital to the smaller tradesman").

[99] *The Platform of Charity or the Liberal Man's Guide, Sermon 39*, *in* DANIEL FEATLEY ET AL., THE HOUSE OF MOURNING, FURNISHED WITH DIRECTIONS FOR PREPARATIONS TO MEDITATIONS OF CONSOLATIONS AT THE HOUSE OF DEATH 445, 454 (Lond., John Williams 1672).

[100] *Id.*

[101] (1666) 82 Eng. Rep. 1118; 1 Sid. 299 (K.B.). The decision appears in Siderfin's King's Bench report in Law French. *Id.* It was also reported under a variant caption in Keble's nominate reports as *Amersham v. Fairfax*. (1666) 84 Eng. Rep. 147; 2 Keb. 236.

[102] *Emerson*, 82 Eng. Rep. at 1118; 1 Sid. at 299.

[103] *Id*. The reports do not establish with certainty that the court used "goodwill" in a commercial sense, though the context permits that interpretation. *Id.*

[104] Law French refers to the corrupted dialect of Norman French used in English common law oral proceedings and legal documents from medieval times into the eighteenth century. *See* J.H.

may suggest its use as a term of art because the more common meanings would have been straightforward to translate.[105] Ultimately, the plaintiff's claim failed because he did not present adequate evidence that he earned his living as a trader through buying and selling, and unless he was a trader he would not fall under the scope of the bankruptcy acts; this may suggest that the plaintiff had referred to goodwill in its commercial sense in his attempt to demonstrate that he was a trader.

4. *Broad v. Jollyfe* (1620): Early Goodwill?

Broad v. Jollyfe—a seventeenth-century case reported in several law reports—is often cited as the earliest judicial opinion addressing commercial goodwill.[106] In 1620, the court enforced a defendant-mercer's promise not to compete with the plaintiff's shop in consideration for the purchase of his stock at an inflated price.[107] Citing the Croke Report of *Broad v. Jollyfe*, multiple editions of McCarthy's treatise on trademark law have asserted, "[a]s early as 1620, the English courts defined good will as 'the friendly attitude and patronage of customers.'"[108] This would be fascinating if true, but the term goodwill did not appear in Croke or the other reports, nor did the quoted phrase "the friendly attitude and patronage of customers" appear in the reports.[109] The law French in the Rolles Report also lacked language that could reasonably be translated as "the friendly attitude and patronage of the customers."[110] It is fair

Baker, *The Three Languages of Common Law*, 43 MCGILL L.J. 5, 5, 8 (1998) (noting that "[a] few, and only a very few, English legal and administrative terms were so untranslatable that they were adopted into French and Latin").

105 *Emerson*, 82 Eng. Rep. at 1118; 1 Sid. at 299.

106 (1620) 79 Eng. Rep. 509; Cro. Jac 596 (K.B.); *see, e.g.*, Gabriel A.D. Preinreich, *The Law of Goodwill*, 11 ACCT. REV. 317, 317 (1936) ("The oldest known decision on goodwill is said to be *Broad v Jollyfe* . . . ."); Jennifer D. Ary-Hogue, *Peace on Earth, Goodwill in Divorce: Revisiting* Travis *in Light of Oklahoma's Revised Ethical Rule Allowing the Sale of Law Practice Goodwill*, 61 OKLA. L. REV. 585, 591 (2008) ("The oldest known decision on goodwill appears in the 1690 case *Broad v. Jollyfe* . . . ."). Many law reports spell the parties' names differently from the spellings used in Harbottle Grimstone's English translation of Sir George Croke's report. *See, e.g.*, Jelliet v. Broad (1620) 74 Eng. Rep. 1064; Noy 98 (K.B.); Broad v. Jollyfe (1620) 17 Jac. 1. Roll 1265.

107 *Broad*, 79 Eng. Rep. at 509–10; Cro. Jac. at 596–97.

108 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 2:17, 2-40.4, n.4 (5th ed. 2025-1) (citing Broad v. Jollyfe (1620) Cro. Jac. 596, 79 Eng Reprint 509) (discussing judicial definitions of good will); 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 2.08[1], 2-38, n.4 (3d ed. 1996) (citing Broad v. Jollyfe (1620) Cro. Jac. 596, 79 Eng Reprint 509) (same); 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 2:8, 61, n. 19 (Law. Coop. Publ'g Co. 1973) (citing Broad v. Jollyfe (1620) Cro. Jac. 596, 79 Eng Reprint 509) (same). Reference to *Broad v. Jollyfe* does not appear in the third printing of the fifth edition of the treatise, published late in 2025. 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:17 (5th ed. 2025-3).

109 *Broad*, 79 Eng. Rep. at 509–10; Cro. Jac. at 596–97.

110 Jollie & Broads Case (1620) 81 Eng. Rep. 750, 751; 2 Rolle, 202, 203 (K.B.). The French version reads:

to say, however, that Croke's Report does describe a situation resembling common goodwill transactions centuries later: "[f]or he who gives that consideration, expects the benefit of his Customers . . . . It is but the selling of his custom and leaving another to gain it."[111] The supposed quotation from *Broad v. Jollyfe* also appeared in early editions of Rudolf Callmann's *The Law of Unfair Competition and Trade-Marks*, though it is no longer in the treatise.[112]

One possible source for the mistaken reference is an 1927 book on goodwill in accountancy by Yang Ju-Mei.[113] The text cites *Broad*, noting "[i]t was the friendly attitude and the patronage of the customers that was adjudged to be an element of purchase and sale in conjunction with the wares."[114] Another accountancy scholar L.L. Briggs used very similar language to describe the case, although he acknowledged that the term goodwill did not appear in the decision.[115] Nevertheless, the apocryphal seventeenth-century definition of goodwill has appeared occasionally in legal scholarship.[116] Since early drafts

> [U]n mill-stone ou un anvil del' smith ne poet estre distraine, car ceo est un hindrance a luy in son trade, & ils sont les tooles, per que il gaine son viver, & pur ceo 2 H. 5. est bon ley, mes ove cest difference, viz. lou le party ad le benefit by the leaving de son trade, come in nostre case, car il ad bon consideration done a luy pur ceo, & ad bon recompence done a luy de aler al auter lieu, & le benefit que il ad per cest contract countervaile le loss, que il ad per son trading there in Newport, & pur ceo le action voilt bien giser, mes e contra est lou il ad null benefit per son leaving de son trade, come sur ascun condition ou consideration . . . .

Id.

[111] SIR HAREBOTLE GRIMSTON BARONET, THE SECOND PART OF THE REPORTS OF SIR GEORGE CROKE 596–97 (Lond., Richard & Edward Atkins 1683) (citing Broad v. Jollyfe, Hill. 17 Jac. Roll 1265).

[112] 1 RUDOLF CALLMANN, THE LAW OF TRADEMARKS AND UNFAIR COMPETITION 27 (2d ed.1950); 1 RUDOLF CALLMANN & SEYMOUR KLEINMAN, THE LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES §§ 2.2, 38 (3d ed. 1980); *cf.* LOUIS ALTMAN, MALLA POLLACK, CALLMANN ON UNFAIR COMPETITION, TRADEMARKS, AND MONOPOLIES (4th ed. 2025). With thanks to Eugene Volokh for this reference.

[113] J.M. YANG, GOODWILL AND OTHER INTANGIBLES: THEIR SIGNIFICANCE AND TREATMENT IN ACCOUNTS 27 (Ronald Press Co. 1927).

[114] *Id.*

[115] Briggs, *supra* note 17, at 194 ("Although the term was not used in the text of the decision, it is evident that the vendor sold his goodwill with the business when he agreed to refrain from keeping shop in that particular neighborhood.").

[116] 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 2:17 (5th ed. 2025-1); *see also, e.g.*, Neal R. Platt, *Good Will Enduring: How to Ensure That Trademark Priority Will Not Be Destroyed by the Sale of a Business*, 99 TRADEMARK REP. 788, 795 n.12 (2009) (quoting McCarthy's formulation of goodwill as the "friendly attitude and patronage of customers") (citing Broad v. Jollyfe (1620) 79 Eng. Rep. 509; Cro. Jac. 596); Mark H. Anania, *The Plight of Small Business Trademark Holders*, 59 RUTGERS L. REV. 565, 569 (2007) (same); Irene Calboli, *Trademark Assignment "With Goodwill": A Concept Whose Time Has Gone*, 57 FLA. L. REV. 771, 809 (2005) (relying on McCarthy's account to define goodwill); Lars Smith, *Trade Distinctiveness: Solving Scalia's* Tertium Quid *Trade Dress Conundrum*, 2005 MICH. ST. L. REV. 243, 244 n.2 (same); David J. Franklyn, *Owning Words in Cyberspace: The Accidental Trademark Regime*, 2001 WIS. L. REV. 1251, 1272 n.115 (same).

of this Article were circulated, however, the reference to *Broad* in the online version of McCarthy has quietly disappeared.[117]

Despite the lack of direct evidence in *Broad* itself, contemporaneous commercial practices and legal disputes suggest that, by the seventeenth century, the meaning of goodwill as an intangible property right was shifting from agrarian to commercial contexts. It was a useful word to describe the value of a business being an ongoing concern, reflecting the investment made in the business by the proprietor, separate from real property or chattels. This understanding of commercial goodwill would, in many ways, be a natural development from protection of the interests of customary tenants, who otherwise might have had limited incentives to invest in property improvements. For shopkeepers, carters, hackney carriage-drivers, innkeepers, owners of public houses, and other businesses that operated outside of guild control and often required licensing, the intangible value and alienability of goodwill provided important security for an ongoing commercial investment in a business.

5. Guilds Lacking Goodwill

Although scholarly work on early trademarks has usually focused on the guilds—where marks and symbols sometimes played a role in facilitating regulation and control[118]—it is notable that most of the early evidence of goodwill transactions is *not* to be found in the history of the guilds. Instead, goodwill transactions appear primarily in relation to businesses that operated outside guild control. This pattern is unsurprising. Commercial goodwill emerged as a product of a competitive markets, where the value of an ongoing commercial enterprise could not be transferred seamlessly to children trained within a family trade, nor conveyed and enforced through the internal rules and decisions of livery company Masters. As Moore observed in his 1936 work on commercial goodwill, "Goodwill is of value only in a business world in which competition exists or may exist."[119] The guilds of the City of London, and the provincial guilds, were highly anticompetitive.[120] They regulated the transfers of established businesses under their control, restricted local competition through membership and apprenticeship requirements, and provided a security

[117] All editions of McCarthy's treatise on trademark law include the reference and cite to *Broad v. Jollyfe*. *See supra* note 108 and accompanying text. The reference does not appear in the third printing of the fifth edition, published in 2025, however. 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:17 (5th ed. 2025-3).

[118] *See, e.g.*, SCHECHTER, *supra* note 16, at 38–77.

[119] MOORE, *supra* note 46, at 8.

[120] *See, e.g.*, Sheilagh Ogilvie, *The Economics of Guilds*, 28 J. ECON. PERSPECTIVES 169, 174–75 (2014) (providing a general overview of how guilds regulated market structure and excluded new entrants from competition). For a somewhat extreme nineteenth-century view of the guilds, see 1 CHARLES GROSS, THE GILD MERCHANT 50 (Oxford, Clarendon Press 1890) (claiming the English guilds "completely shackled free commercial intercourse" in the Middle Ages).

system for members and their families.[121] Businesses such as public houses and hackney carriages required government licensure, but they lacked guild organization and oversight. Even Mrs. Tilsley's tailoring business was located on Arundel Street in Westminster—notably, outside of the City of London and the jurisdiction of the powerful Merchant Taylor's Company.[122]

B. Commercial Goodwill 1700–1850

"But I might get a sum of money for the good-will, mightn't I?"[123]

There is an abundance of primary sources demonstrating that the concept of goodwill was well-known in the eighteenth century,[124] and widely accepted as an intangible property right before 1800. As Daniel Defoe observed, "goodwill" was being bought and sold in London at the beginning of the eighteenth century.[125] By 1760, a guide intended to help attorneys draft common contracts included recommended language to facilitate the conveyance of the goodwill in a business.[126]

Early in the eighteenth century, goodwill transactions were found mainly in a social and economic milieu unfamiliar to the personal and professional lives of legislators, members of the judiciary, or even the wealthier merchants.[127] As goodwill became ubiquitous in commercial life, this situation changed. By the mid-eighteenth century, both Parliament and the courts had little choice but to recognize the commercial reality of goodwill; in conse-

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[121] Ogilvie, *supra* note 120, at 174, 177–78.

[122] LOND. EVENING POST, *supra* note 1.

[123] ANTHONY TROLLOPE, THE KELLYS AND THE O'KELLYS OR, LANDLORDS AND TENANTS 339 (Lond., John Lane, The Bodley Head, 1906) (1848).

[124] *See, e.g.*, NEWCASTLE COURANT, No. 479, JUNE 29, 1734, at 1–2, https://www.newspapers.com/image/404017241/ [perma.cc/8RQN-4XFQ] (describing a recent offer for the "good-will" of an inn prior to its destruction by fire). The news report on the fire read:

> On Thursday Morning between 3 and 4 o clock soon after the Stage-Coaches were gone, a Fire began in the Stables belonging to the Cross Keys Inn in Gracechurch street (tis said by a Servant leaving a Candle burning) and in two Hours Time burnt the said Inn to the Ground, *for the Good-will of which 1000 l. was lately offered*, together with all the Furniture, Stock & c.

Id. (emphasis added).

[125] DEFOE, *supra* note 8, at 228.

[126] 1 A GENTLEMAN OF LINCOLN'S INN, THE POCKET CONVEYANCER; OR, ATTORNEY'S USEFUL COMPANION 32 (Lond., G. Kearsley 1760) ("And also, that as soon as he the said A.B. shall execute a legal assignment of the said premises, he the said C.D. will pay or cause to be paid unto the said A.B. the sum of — for good-will of the said premises.").

[127] For example, public houses, hackney carriages, small shops, and traders outside of guild regulation who leased premises from others. *See infra* notes 128–176 and accompanying text.

quence, they began to examine goodwill's position in legal doctrine and theories of property.[128]

Sales of business goodwill were so common in the second half of the eighteenth century that examples from periodical advertising are far too numerous to include in this piece. An example from 1756 sought a buyer for "the Stock in Trade" who would "also give a valuable [c]onsideration for the Good-Will of the Trade, it being now in a more flourishing Way than it hath been in for near thirty Years."[129] According to the advertisement, the complicated question of valuation of the goodwill would be "left to any three reputable Tradesmen" to determine.[130] In 1791, goodwill appeared in a book of model interrogatories:

> Was you at any time, and when and by whom employed as a broker and auctioneer or how otherwise, to advertise in any and which of the daily papers the sale of the lease and good will of —— Coffee-house, on the premises in —— Street, London, on any and what certain day and hour?[131]

Goodwill emerged as a prominent feature of certain kinds of small businesses in the eighteenth century, such as coffee houses and public houses.[132] The premises of public houses were usually leased and subject to government licensure, so the value of repeat custom and/or a favorable location was often worth more than the perishable stock and other tangible assets associated with the transfer.[133] For example, in *Perkins v. Proctor and Green*, reported in 1768, the purchaser of a public house had paid thirty-five pounds for the goods and "40*l.* for the good-will of the house."[134] When the seller was declared bankrupt and the purchaser lost the leasehold interest in the premises to the seller's creditors, the court allowed recovery of the forty pounds for goodwill as damages,

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[128] *See, e.g.*, Millar v. Taylor (1769) 98 Eng. Rep. 201, 236; 4 Burr 2303, 2369 (K.B.) (discussing goodwill and similar commercial interests as widely bought and sold in practice, and acknowledging their commercial reality even while rejecting their status as absolute property rights).

[129] *To Be Sold, The Stock in Trade of Mr. White*, GEN. EVENING POST (London), No. 3549, Oct. 2–5, 1756, [perma.cc/AXK8-AJ63] ("The [v]alue of the Good-Will shall be left to any three reputable [t]radesmen.").

[130] *Id.*

[131] AN OLD SOLICITOR, A COLLECTION OF INTERROGATORIES FOR THE EXAMINATION OF WITNESSES IN COURTS OF EQUITY AS SETTLED BY THE MOST EMINENT COUNSEL 321 (Dublin, Henry Watts, 4th ed. 1791).

[132] *See, e.g.*, Marchioness Dowager of Tweedale v. Earl of Coventry (1783) 28 Eng. Rep. 1105, 1109; 1 Bro. C. C. 240, 247 (Ch.) (noting that "the good-will of a public-house" is an asset that may become of value in future).

[133] *See* PETER MATHIAS, THE BREWING INDUSTRY IN ENGLAND 1700–1830, at 124 (Cambridge Univ. Press 1959) (explaining how public houses with a favorable "site[,] trade[,] . . . regular custom[,] and bulk sales of a common necessity of life, gave them a business value above the price of the buildings and the stocks valued inside").

[134] (1768) 95 Eng. Rep. 874, 875; 2 Wils. K.B. 382, 383 (K.B.).

treating goodwill as a separable and compensable interest independent of the premises.[135]

The high prices charged for goodwill in public houses created ample opportunities for the unscrupulous to take advantage of the unwary. A magistrate writing about the regulation and business of public houses warned that the government was granting too many licenses for local custom to support.[136] As intangible property—or "ideal property," as the author described it—worthless goodwill in public houses could be sold along with a license to inexperienced buyers:

> [I]t is . . . to be sincerely regretted that the Magistrates . . . have become the dupes of speculating builders, who have become accustomed to create a kind of ideal property out of licenses they obtained . . . by the sale of what is called the *good-will of the house*, perhaps to a brewer, or to some unguarded person, who, by being entrapped into a purchase, found, when it was too late, that his *real* property was truly converted into *ideal*, inasmuch as the *good-will* was worth nothing, and the undertaking itself fraught only with ruin and destruction, at least to the occupier, if had any property to lose.[137]

Would-be proprietors of public houses had reason to be cautious when laying down large sums for goodwill.[138] For instance, in 1793, in *Thresh v. Rake*, the brewer supplying the "Green Dragon" public house learned of the intended sale of its goodwill; believing that the prospective purchaser intended to use a different beer supplier, the brewer unlawfully compelled the seller to breach his agreement.[139]

Given its growing prominence in eighteenth-century commercial life, it is no surprise that Justice Yates used the example of goodwill in his notable dissent in the 1769 copyright case, *Millar v. Taylor*.[140] Consistent with his challenge to the idea of copyright as property, Yates criticized the accepted treatment of goodwill as property:

> The good-will of a shop, or of an alehouse . . . are constantly bargained for and sold, as if they were property. But what are these? Nothing more than the good-will of the customers, who may withdraw from them, the very next day, if they please. The purchaser of

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[135] *Id.* at 875–77; 383–86.

[136] PATRICK COLQUHOUN, OBSERVATIONS AND FACTS RELATIVE TO PUBLIC HOUSES 19–21 (Lond., Charles Dilly ed., 2d ed. 1796).

[137] *Id.* at 20–21.

[138] *See, e.g.*, Whitchurch v. Bevis (1789) 29 Eng. Rep. 306, 311; 20 Bro. C.C. 560, 568–69 (Ch.) (discussing the sale and legal treatment of goodwill in a public house).

[139] (1793) 170 Eng. Rep. 277; 1 Esp. 53 (K.B.); *Law Report: Thresh v. Rake*, SUN LONDON, Dec. 2, 1793, at 4, [https://perma.cc/PU93-Z2FX].

[140] (1769) 98 Eng. Rep. 201, 236; 4 Burr 2303, 2369 (K.B.) (Yates, J., dissenting).

> this custom or good-will gains no certain property in it; he has no power to confine it to himself, nor can he use any power to prevent other people from gaining the custom. It is an advantage, indeed so far of service, as it gives the purchaser a priority for custom.[141]

Years before, Justice Yates had used the same argument when he appeared as counsel in *Tonson v. Collins,* claiming that although "the good-will of a shop is every day sold for a valuable consideration . . . that does not make it property."[142] Sitting as a judge in *Tonson*, Lord Mansfield disagreed, saying there were: "[M]any decrees which make these things assets. I remember one with regard to the title of the *St. James Evening Post*. The buyer was quieted in the possession of it, and nobody else permitted to set it up."[143] Lord Mansfield's response reflected his pragmatic approach to incorporating commercial practices into the common law[144]—one that would increasingly shape how courts treated goodwill when legal administration required valuation, accounting, or transfer.

1. Goodwill as a Testamentary Asset

It is possible that Lord Mansfield's *dicta* in *Tonson*[145] was a reference to *Gibblett v. Read*,[146] a 1743 chancery case dealing with the question of whether shares in The St. James's Evening Post were property, for which the widowed executrix of her husband's estate was required to account.[147] Comparing the right to publish the newspaper with various other forms of property—including the "good-will" of a successful trading house[148]—Lord Chancellor Hardwicke determined the shares were indeed property (though he acknowledged that it might be "difficult to define the various natures of property") and required the widow to account for their value.[149] Similarly, in 1740, in *Hide v. Haywood*, a

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141 *Id.*

142 (1762) 96 Eng. Rep. 180, 185; 1 Black W. 321, 335 (K.B.). Yates advanced this critique in the course of a broader argument that literary works could not constitute common-law property once published. *Id.* at 185; 333–35.

143 *Id.* at 186; 336 (Lord Mansfield).

144 *See* NORMAN S. POSER, LORD MANSFIELD: JUSTICE IN THE AGE OF REASON 220–21 (2013) (noting Lord Mansfield's knowledge of commercial matters and "sympath[y] to the interests of merchants and industrialists" when he became Chief Justice of the King's Bench).

145 96 Eng. Rep. at 186; 1 Black W. at 335 (Lord Mansfield); *supra* notes 142–144 and accompanying text.

146 *See, e.g.*, Gibblett v. Read (1743) 88 Eng. Rep. 573; 9 Mod. 459 (Ch.) (Lord Hardwicke LC); Hide v. Haywood (1740) 26 Eng. Rep. 479; 2 Atkyns 126 (Ch).

147 *Gibblett*, 88 Eng. Rep. at 573; 9 Mod. at 459–60; *see also* Biddle, *supra* note 54, at 3 (citing *Gibblett v. Read* as the first case to use the term "goodwill").

148 *Gibblett*, 88 Eng. Rep. at 573; 9 Mod. at 459–60.

149 *See id.* at 573–74; 460–61 ("For I go on this foot, that it was a valuable thing at the testator's death; she might have sold it, and ought to have sold it . . . ."). Lord Hardwicke required the widow to account for the value of the shares at the time of the testator's death, with interest at five percent. *Id.*

chancery dispute over the disposition of the decedent's goodwill,[150] the court decreed costs against fraudulent executors of a will who had refused an offer of £150 from a prospective buyer "for the good-will of a house, part of the testator's estate . . . . unless he would promise to employ them in the way of their trade as wine merchants."[151]

In 1791, in *Worral v. Hand, Administratrix*, Lord Kenyon held that money received by an executrix from the sale of the goodwill of a public house constituted "assets in her hands."[152] He explained, by analogy to chancery practice, that goodwill—like other beneficial interests—was an asset subject to accounting.[153] Many years later, in *Wiley's Appeal*, the Supreme Court of Pennsylvania followed *Worral*, holding the administrator of an estate, which included a tavern and public house, accountable for $325 for the "good-will" of a public house and tavern.[154] Although the administrator had not sold the goodwill, nor received any money for it, the court reasoned that because he took possession of the premises, refused a bona fide offer, and continued to operate the business for his own benefit, he was required to account for the goodwill as an estate asset.[155]

2. Goodwill in Government Takings

By the end of the eighteenth century, goodwill had attained sufficient status as a recognized property right that the British government provided business owners with compensation for goodwill when taking private property for public works.[156] Edmund Burke enthusiastically praised the treatment of goodwill and other intangible property under British law, in contrast with the treatment of more traditional forms of property in revolutionary France:

> What vestiges of liberty or property have they left? The tenant right of a cabbage garden, a year's interest in a hovel, *the goodwill of an alehouse or a baker's shop*, the very shadow of a constructive property, are more ceremoniously treated in our parliament than with you the oldest and most valuable landed possessions, in the hands of the

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[150] *Hide*, 26 Eng. Rep. at 479; 2 Atkyns at 126.

[151] *Id.*

[152] (1791) 105 Eng. Rep. 95; Peake 95 (Ch.). After the intestate's death, defendant executrix sold the goodwill "for a sum of money," and argued that the proceeds did not constitute estate assets. *Id.*

[153] *See id.* (treating goodwill as a beneficial interest analogous to renewable leases).

[154] 8 Watts & Serg. at 245–46 (citing Worral v. Hand, 1 Peake 95); *see also* Leach v. Leach, 18 Pick. 68, 70 (Mass. 1836) (noting that complainants accused a surviving copartner of unlawfully "availing himself of the good will of the store for his private benefit").

[155] *Wiley's Appeal*, 8 Watts & Serg. at 245–47.

[156] *See, e.g.*, Hull Market Place and Dock Improvement Act 1801, 41 Geo. 3. C. 65, § 12 (authorizing compensation by jury for the taking of property for public works, including payment for "goodwill"); Port of London Improvement Act 1800, 39 & 40 Geo. 3. C. 47, § 34 (same); Port of London Improvement and City Canal Act 1799, 39 Geo. 3. C. 69, § 17 (same); Charles Street (Westminster) Act 1799, 39 Geo. 3. C. 74, § 4 (same).

> most respectable personages, or than the whole body of the monied and commercial interest of your country.[157]

Compensation for lost goodwill in a business became an important factor when determining the cost of public building projects. During House of Commons debates on the "Publican's License Bill" in 1807, members raised the issue of removing existing buildings to make improvements at Westminster Abbey; the House was assured that when removal was required, the commissioners overseeing the improvements "not only paid for the house itself, but, if a shop or place of business, they allowed for the good will also, or any other loss sustained by the proprietors."[158]

Valuing goodwill to account for speculative future benefit posed inherent difficulties.[159] As a result, some government takings statutes created ad hoc decision-making bodies to assist with valuation of commercial goodwill.[160] For example, an 1802 law authorizing construction of a new bridge in Boston, England provided for a special jury to determine just compensation for the loss of real property and associated interests, as well as goodwill and other consequential injuries.[161] The statute instructed the special jury to assess the value of the goodwill according to what it "would have been worth" had the contemplated public improvements not been anticipated.[162] Similar jury-based valuation mechanisms appeared in an 1809 law authorizing construction of the Strand Bridge over the Thames (Waterloo Bridge, in its present incarnation), which likewise provided compensation for real property interests and goodwill sustained by affected parties.[163]

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[157] EDMUND BURKE, REFLECTIONS ON THE REVOLUTION IN FRANCE 225–26 (Lond., J. Dodsley, 4th ed. 1790) (emphasis added).

[158] HC Deb (8 Aug. 1807) (9) col. 1105.

[159] *See* 6 EARL OF HALSBURY, THE LAWS OF ENGLAND BEING A COMPLETE STATEMENT OF THE WHOLE LAW OF ENGLAND 36 (Butterworth & Co. 1909) (referencing government compensation and stating that "[i]n ascertaining the value to the owner in respect of its use by him, loss of business and of goodwill, in so far as they enhance that value to him, may be regarded"); *see also* Lynda J. Oswald, *Goodwill and Going-Concern Value: Emerging Factors in the Just Compensation Equation*, 32 B.C. L. REV. 283, 286–87, 292 (1991) (explaining that goodwill is difficult to value in takings cases because of its intangible and forward-looking nature); Joseph M. Cormack, *Legal Concepts in Cases of Eminent Domain*, 41 YALE L.J. 221, 257–58 (1931) (observing that goodwill and other business losses in condemnation may be excluded from condemnation because their speculative character makes valuation impracticable).

[160] *See, e.g.*, Boston (Witham) Bridges and Improvement Act 1802, 42 Geo. 3 c. 96, § 4.

[161] *See id.* §§ 1, 4 (empowering the special jury to "enquire of the [v]alue of all . . . [t]enements, [h]ouses, [b]uildings, [l]ands, or [h]ereditaments, . . . and also for [g]oodwill, [i]mprovements, or any [i]njury or [d]amage").

[162] *Id.*

[163] Strand Bridge Act 1809, 49 Geo. 3 c. 191, § 72, sch(s) (authorizing compensation for all affected property interests). In addition to compensation for land and buildings taken or damaged, the statute expressly provides compensation for goodwill and other consequential injury or loss. *Id.* Under the law, goodwill is valued by a jury according to what it would have been worth absent anticipation

Some juries were very generous in their valuations of goodwill. During Parliamentary debates over the construction of the new post office in 1815, Henry Sumner pointed out that "one material item had not been taken into consideration," in their debates over the cost—namely, "what was called goodwill."[164] He pointed out that goodwill "[i]s an ideal thing—one which every[]one flattered himself, by supposing its value to be greater than it [i]s in reality," and warned that its purchase may "perhaps cost more than the property itself."[165] His concern was a valid one. In 1817 proceedings before the Lord Mayor's Court, the landlord of the Blue Anchor claimed compensation for loss of goodwill due the compulsory removal of his public house for the construction of the new post office.[166] He had received £563 for the property in the lease and was offered £506 for the "good will, loss of trade by removal, &c." which he rejected.[167] The jury ultimately returned a verdict of £800 compensation to the landlord for his goodwill.[168] In contrast with English practice, some American cases established that goodwill was *not* recoverable when property was taken for public works, characterizing such losses as speculative or "imaginary."[169]

3. Landlords, Tenants, and Goodwill

Goodwill protection required that owners of real property could not claim legal rights to the goodwill in businesses established or improved by their tenants.[170] In an 1811 English trust case, the Attorney General charged the defend-

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of public improvements, either by lump sum or reference to annual rents. *Id. See generally Waterloo Bridge*, LOND. MUSEUM: OBJECTS & STORIES, https://www.londonmuseum.org.uk/collections/london-stories/waterloo-bridge/ [perma.cc/4VSK-NYBY] (providing historical background on the Strand Bridge, which was "renamed Waterloo Bridge to commemorate Napoleon's 1815 defeat at the Battle of Waterloo").

[164] *New General Post Office (Feb. 16, 1815)*, *in* 29 WILLIAM COBBETT, THE PARLIAMENTARY DEBATES FROM THE YEAR 1803 TO THE PRESENT TIME 777, 781 (T.C. Hansard ed., Lond., Baldwin et al. 1815).

[165] *Id.* at 781.

[166] *The Mayor and Corporation of the City of London v. George Oakley, The Lord Mayor's Court*, *The New Post Office*, MORNING CHRON. (Lond.), No. 15151, Nov. 22, 1817, [perma.cc/7YXL-LSWZ] (reporting proceedings in "[The Mayor and Corporation on the City of London] v. George Oakley"). Mr. Oakley was the "landlord of the Blue Anchor public house." *Id.*

[167] *Id.*

[168] *Id.*

[169] *See, e.g.*, Patterson v. City of Boston, 23 Pick. 425, 430 (Mass. 1839) (excluding compensation for "imaginary or speculative losses" arising from customer departure, "loss of good-will, run of custom and the like"); Oswald, *supra* note 159, at 287, 292 (observing that American courts have often treated goodwill losses as noncompensable in takings because of their intangible and speculative character).

[170] *See* 2 JOHN EYKYN HOVENDEN, A GENERAL TREATISE ON THE PRINCIPLES AND PRACTICE BY WHICH THE COURTS OF EQUITY ARE GUIDED AS TO THE PREVENTION OR REMEDIAL CORRECTION OF FRAUD 71 (Lond., S. Sweet 1825) ("A tenant who occupies a house in which a particular business is carried on cannot . . . be compelled to continue the business, . . . [and] the landlord has no pretence to consider the goodwill as his property.").

ant lessee, Magwood, with undervaluing the rent of a charity estate lease.[171] After completing repairs and reestablishing a public house that had previously operated on the property, Magwood subleased one of the houses for a substantial premium of £960 in addition to the annual rent of £50.[172] As trustee, Magwood was accountable to the charity estate for rents obtained through the sublease, but not for the premium.[173] This arrangement raised concerns that he had undervalued the rent to his own benefit.[174] Although fraud was not at issue, the case turned on how much of the property's rental value was attributable to the goodwill developed by Magwood's own efforts in repairing and re-establishing the business.[175] The Master of Rolls provided a clear explanation of the relationship between the interests of the landlord and tenant when a tenant carried on a trade:

> As to the good-will, where there is a treaty for a house, in which a particular trade is carried on, the landlord by refusing to renew may occasion a loss to the tenant; but cannot appropriate to himself the advantage arising from the trade of that house. The tenant, not being under an obligation to continue the trade, may relinquish it; and the consequence will be, that the landlord, refusing to renew, will have the house without the trade established there. Though therefore the tenant has an inducement to give some additional rent, to prevent his removal, the landlord has no pretence to consider the good-will as his property.[176]

A landlord could evict a tenant operating on a business or raise the rent to a point where the tenant no longer wanted to stay, but the law would not allow the landlord to consider the goodwill in the tenant's business as his own.

4. Goodwill in the Law Courts

Due to the wide variety of disputes in which goodwill could arise, it is not surprising that the term appears frequently in eighteenth- and nineteenth-century cases in courts of equity and courts of law in the United States and the United Kingdom. While Lord Eldon was grappling with goodwill in chancery,[177] the law courts often addressed goodwill in straightforward breach of contract cases. For example, in 1802, in *Elliot v. Edwards*, the Court of Common Pleas addressed an action to recover a deposit paid under an agreement

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[171] Attorney-General v. Magwood (1811) 34 Eng. Rep. 336; 18 Ves. Jun. 315 (1811) (Ch.).
[172] *Id.*
[173] *Id.* at 337; 317.
[174] *Id.*
[175] *Id.* at 338; 320.
[176] *Id.* at 337; 318.
[177] *See* Tregoning, *supra* note 48, at 93 (crediting Lord Eldon's jurisprudential contributions to the legal conception of goodwill due to his having dealt with it in "a relatively large number of cases").

for the sale of a lease "together with the good-will of the school" for one thousand pounds.[178] In 1801, *Farrer v. Nightingal* concerned a claim to recover deposit money paid pursuant to an agreement for the purchase of "the interest and good-will" of a public house after the transaction fell through.[179] In 1800, in *Wilson v. Kearse*, a court held that a contract for the purchase of "the good-will and stock of a public-house" entered into by a minor was unenforceable, allowing the minor to recover his deposit.[180]

Sometimes, litigants mistakenly turned to the chancery courts to resolve their contractual disputes over goodwill transactions when jurisdiction rested with the law courts. For example, Lord Eldon referred the 1803 case of *Bunn v. Guy* from chancery to the King's Bench.[181] He questioned whether the personal nature of a professional business distinguished such sales from sales of goodwill in ordinary businesses, and he sought a determination from the common law judges, who found the contract to be valid.[182] In 1836, in *Zeigler v. Sentzner*, the Court of Appeals of Maryland rejected the argument that a chancery court had jurisdiction to order specific performance in what was essentially a contract dispute involving the sale of the goodwill of a meat stall.[183] The court explained that "[a] careful examination of the cases referred to, and others, has not resulted in finding any decision, asserting that courts of equity will assume jurisdiction over contracts because they relate to good will."[184] Joseph Story likewise agreed that the mere presence of goodwill in a contract was insufficient to confer equity jurisdiction.[185] He nevertheless observed that courts of equity might grant specific performance where a contract involved "the sale of a good will of a trade, and of a valuable secret connected with it."[186] Thus, identifying the correct venue for a dispute involving goodwill was highly dependent on the circumstances of the case and the remedies sought.

5. Goodwill in the Equity Courts

A recurring dispute in equity litigation concerned whether the sale of goodwill bound the seller not to compete with the buyer after the sale. Eighteenth- and nineteenth-century courts divided on whether such sales in a busi-

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[178] (1802) 127 Eng. Rep. 100; 3 Bos. & Pul. 181 (C.P.).

[179] (1801) 170 Eng. Rep. 481; 2 Esp. Rep. 639 (K.B.).

[180] (1800) 170 Eng. Rep. 243; Peake Add. Cas. 196 (K.B.).

[181] (1803) 102 Eng. Rep. 803, 803; 4 East 190, 190–91 (K.B.).

[182] *Id.*; *see also* Tregoning, *supra* note 49, at 98 (discussing *Bunn v. Guy*).

[183] 8 G. & J. 150, 159 (Md. 1836) ("For the purpose of the argument we will concede the utmost, which the complainant, the appellee, here can claim, that good will is as much the proper subject of contract and sale as another vendible property . . . .").

[184] *Id.*

[185] 2 JOSEPH STORY, COMMENTARIES ON EQUITY JURISPRUDENCE AS ADMINISTERED IN ENGLAND AND AMERICA 29 (Bos., Hillard, Gray & Co. 1836).

[186] *Id.*

ness implied a restriction on competition in the absence of an explicit promise in the contract.

Usually, sales of goodwill did not prevent the seller competing in the same trade unless there was a promise or fraud was involved. Writing his treatise on the law of injunctions in 1821, Eden could not "find any reported case in which the court has interposed by injunction to restrain the breach of a covenant entered into by a vendor, upon the sale of the goodwill of a shop or premises, not to carry on the same trade."[187] Observing that "[t]he doctrine upon the subjects of covenants in restraint of trade, ha[d] been much discussed both at law and equity," Eden pointed to *Shackle v. Baker* as establishing the prevailing rule.[188] There, the court held that the "mere sale of the good will of a trade, without any further provision, [did] not prevent the vendor from immediately setting up the same trade next door . . . ."[189] In 1837, in *Dakin v. Williams*, a New York court of law—addressing the enforceability of a liquidated damages provision in the sale of goodwill in a newspaper—treated it as settled that, absent an express restrictive covenant, the seller of goodwill would be allowed to compete.[190]

Disputes over goodwill also frequently arose in the partnership context.[191] A leading treatise on the subject observed that "upon the death of [a] partner . . . the *good will* of a trade carried on in partnership survives, and is not to be considered partnership stock to which the representatives a deceased partner have any right."[192] Courts often treated goodwill as a partnership property for purposes of valuation upon dissolution,[193] but recognized exceptions where the partnership articles or circumstances indicated otherwise.[194]

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[187] ROBERT HENLEY EDEN, A TREATISE ON THE LAW OF INJUNCTIONS 311 (Lond., Joseph Butterworth & Son 1821).

[188] *Id.* (citing Shackle v. Baker, 14 Ves. Jun. 468); *see also* Shackle v. Baker (1808) 34 Eng. Rep. 1141; 14 Ves. Jun. 468 (Ch.) (holding that "equity will not specifically execute a contract for sale of a mere good-will, because goodwill is "only an accessory, not the sole subject of agreement").

[189] EDEN, *supra* note 187, at 311 (citing Shackle v. Baker, 14 Ves. Jun. 468).

[190] 17 Wend. 447, 451–55 (N.Y. Sup. Ct. 1837).

[191] *See, e.g.*, Farr v. Pearce (1818) 56 Eng. Rep. 437, 439; 3 Madd. 74, 78–79 (Ch.) (holding that a deceased partner's estate was not entitled to proceeds from the sale of goodwill absent provision in the partnership articles); Kennedy v. Lee (1817) 36 Eng. Rep. 170, 174; 3 Mer. 442, 452 (Ch.) (discussing whether goodwill was included in the valuation of partnership property upon dissolution). As another example, in 1783, in *Hardy v. Martin*, a brandy-merchant sold his share of the shop's goodwill to his partner for £300, left the business, and agreed not to compete for 19 years. (1783) 29 Eng. Rep. 1046; 1 Cox 26 (Ch.). He later breached the noncompete agreement, and the court issued an injunction. *Id.* at 1047; 28.

[192] WILLIAM WATSON, A TREATISE OF THE LAW OF PARTNERSHIP 363 (Lond., J. Butterworth 1807).

[193] *See, e.g.*, Dougherty v. Van Nostrand, Hoff. Ch. 68, 70 (N.Y. Ch. 1839) (holding that good will in a trade must be disposed of following the dissolution of a partnership); Case v. Abeel, 1 Paige Ch. 393, 401 (N.Y. Ch. 1829) (same).

[194] *See* Caldwell v. Leiber, 7 Paige Ch. 483, 494 (N.Y. Ch. 1839) (recognizing that partners may contribute unequal assets and that goodwill need not be jointly owned). The court noted, "one, for

6. Goodwill in a Business Detached from Location

Consistent with its early origins, goodwill was often connected with real property,[195] but over time, courts identified cases in which the connection between goodwill and specific premises was weak or nonexistent. For example, in 1842, in *England v. Downs*, the Court of Chancery held that the goodwill of a public house attached to "the stock and license, and *not* the [business] premises," reasoning that the custom and probability of continued trade were incident to those assets rather than to the premises themselves.[196] Courts also recognized personal goodwill in professional partnerships, such as medicine and law, where goodwill could be conceptually separated from specific premises.[197] In an 1803 dispute over the interest in a solicitor's practice, the court thought there was no basis for distinguishing solicitors from tradesmen,[198] finding the situation comparable to: "the common case of contracts for the sale of the good-will of a trade, which, in common experience, are enforced by actions at law at every sittings. The very term good-will imports that the purchaser is to have the recommendation of the seller to his customers."[199]

Claimants seeking to protect interests in periodical names often relied on goodwill as the object of protection, without any connection to particular premises. Later jurists would see a conceptual overlap between goodwill in the name of a publication and trademark protection, though none of following cases referred to trademarks as such. In 1803, Lord Eldon determined the defendant's publication to be "a fraud upon the goodwill" of the claimant's publication in *Hogg v. Kirby*. While he did not elaborate upon the point, the language of the judgment implied that "goodwill" itself was the right that required legal protection.[200]

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example, may devote money or goods, and the other labor and skill. One may own the buildings and be possessed of the 'good will' of the business, and the other may possess other qualities which compensate for this." *Id.*

[195] *See* Crawshay v. Collins (1808) 33 Eng. Rep. 736, 739; 15 Ves. Jun. 218, 224 (Ch.) (questioning whether partnership goodwill would survive dissolution of a partnership).

[196] (1842) 49 Eng. Rep. 829, 832–33; 6 Beav. 267, 276–77 (Ch.).

[197] *See, e.g.*, Farr v. Pearce (1818) 56 Eng. Rep. 437, 439; 3 Madd. 74, 79 (Ch.) (holding that the estate of a deceased partner in a medical practice was not entitled to share in the goodwill upon sale, and observing that goodwill in professional partnerships differs from that of commercial trades); May v. Thomson (1882) 20 Ch. D. 705, 718 (explaining that although goodwill could attach to a medical practice, its sale was effectively meaningless unless supported by clear, express agreements governing the vendor's personal obligations). *But see* Austen v. Boys (1858) 44 Eng. Rep. 1133, 1136; 2 De G. & J. 626, 635 (Lord Chelmsford LC) (finding difficulty "giv[ing] any intelligible meaning to the term 'goodwill' as applicable to the professional practice of a solicitor in the abstract sense").

[198] Bunn v. Guy (1803) 102 Eng. Rep. 803, 806; 4 East 190, 198 (K.B.).

[199] *Id.* at 805; 197.

[200] *Id.*; *see, e.g.*, Ian Tregoning, *What's in a Name? Goodwill in Early Passing Off Cases*, 34 MONASH U. L. REV. 75, 91 (2008) ("Here, the protection of a critical magazine copyright and the sales of that magazine may be seen as the protection of the business and its goodwill."). *But see* Lionel Bently, *The Confusion, Uncertainty, and Dissatisfaction with the Legal Protection of Newspaper and*

In 1825, in *Snowden v. Noah*, the Chancery Court of New York also addressed goodwill protection in an action brought by the purchaser of a newspaper, *The National Advocate.*[201] After the proprietor of *The National Advocate* had sold his interest, the editor, Noah, set up a rival newspaper called *The New York National Advocate*; the purchaser of *The National Advocate* sought an injunction to prevent the publication.[202] The court—citing *Hogg v. Kirby* and *Crutwell v. Lye*— allowed Noah to continue publishing because it found no evidence that the public was deceived into believing the second publication was the first.[203] The Chancellor observed:

> The good will of an established trade, the custom of an inn, and the right of a publisher of books, may be injured by acts of deception or piracy; but the injury for which redress is given in such cases, results from the imposture practised upon the customers of an existing establishment, or upon the public.[204]

In his view, the case was "nothing more than an open competition between two newspaper[s], for the good will of those who were the patrons of the first establishment, and for the favor of the public."[205]

After situating goodwill alongside other intangible interests traditionally protected by equity—such as patent and copyright rights and unpublished works—Story's equity treatise distilled the American legal position on periodical titles as follows:

> An injunction will be granted against publishing a magazine in a party's name, who has ceased to authorize it; and from vending an article of trade under the name of a party with false labels, to the injury of the party, who has already acquired a reputation in trade by it.[206]

An 1807 English partnership treatise also compared rights in periodical titles with goodwill protection, stating "the right to continue a periodical publication under a particular name or title, seems very much to resemble the good will of a trade," echoing Lord Hardwick's *dicta* from *Gibblett*.[207] An 1831 article ti-

Periodical Titles in Nineteenth-Century England, 51 VICT. PERIODICALS REV. 692, 696–97 (2018) (discussing how the lack of doctrinal clarity led to *Hogg* being described as a copyright case in some subsequent commentary).

201 Snowden v. Noah, Hopk. Ch. 347, 351 (N.Y. Ch. 1825).

202 *Id.* at 351–52.

203 *Id.* at 351–53.

204 *Id.* at 352.

205 *Id.*

206 STORY, *supra* note 185, at 223.

207 WATSON, *supra* note 192, at 364; *see* Gibblett v. Read (1743) 88 Eng. Rep. 573, 574; 9 Mod. 459, 460 (Lord Hardwicke LC) ("Suppose the house were a house of great trade, he must account for the value of what is called the good-will of it.").

tled "Of the Copyright and Goodwill of Newspapers," did not mention trademarks in its discussion of the question of "how far a proprietor of a newspaper, who has sold what is called the 'good will' of his paper, in answerable for still continuing to issue a paper."[208]As recognition of trademark doctrines developed over the next several decades, however, some commentators saw parallels between trademark protection and the treatment of goodwill in cases dealing with firm names.[209] Thus, early cases where the goodwill lacked a connection with the business premises offered a conceptual bridge between goodwill protection and the protection of a name.

7. Assets That Were Not Goodwill

Some litigants attempted to use goodwill as the basis for their claims when the intangible rights they asserted could not be protected by patent, copyright, or trade secret laws. For example, in 1813, in *Canham v. Jones*, the plaintiff sought an injunction against the defendant, who was alleged to have made and sold a medicinal syrup according to the plaintiff's own recipe.[210] The Vice Chancellor refused to protect his interest in the recipe as an established legal right akin to goodwill.[211] Dismissing the case, he said it did not fall "within the Cases, in which the Court has restrained a fraudulent Attempt by one Man to invade another's Property; to appropriate the benefit of a valuable interest, in the Nature of Good-will, consisting in the character of his Trade or Production, established by individual merit."[212] The fact that litigants attempted to use goodwill protection as an analog when making creative intangible property claims suggests the strong legal recognition of goodwill itself in the courts of the time.

C. Summary: Goodwill Before Trademarks

Primary sources demonstrate that the term "goodwill" was in regular use by lawyers and judges in the United Kingdom and the United States many years before terms such as "trade mark," "passing off," or "unfair competition" were used in legal circles. In 1825, Hovenden dedicated an entire chapter to the subject of goodwill in his book on equity jurisdiction: "Frauds upon the

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[208] *Of the Copyright and Goodwill of Newspapers*, 12 U.S. L. INTELLIGENCER & REV. 443, 443 (1831); *see also* Bell v. Locke, 8 Paige Ch. 75, 76 (N.Y. Ch. 1840) (recognizing that there could be rights in "good will" in a "periodical work").

[209] *See, e.g.*, *Trade Marks*, 25 AM. JURIST & L. MAG. 269, 274 (1841) ("The name of a particular firm seems to be considered in the nature of good-will, and therefore the right to use the name of any firm goes to the surviving partner, and his representative on his death has a right to make use of that name in any manner he pleases, and may restrain others from using it.").

[210] (1813) 35 Eng. Rep. 302; 2 V. & B. 218 (Ch.).

[211] *Id.* at 303; 221.

[212] *Id.*

sale of, what is termed, a Goodwill of a Business."[213] By contrast, the term "trade mark" did not appear as a chapter heading in an equity law treatise until several decades later, in 1841.[214] Indeed, most cases involving goodwill between 1700 and 1850 were unrelated to the kind of actions that would later be described as trademark infringement or passing off. Nevertheless, some judges and legal writers noticed that certain kinds of goodwill disputes, specifically those involving firm names, resembled nascent trademark law.

III. GOODWILL AND TRADEMARKS AFTER 1850

This Part addresses the development of passing off and trademark laws from about 1850–1950, exploring how and why commercial goodwill began to be incorporated into these emerging legal doctrines.[215]

Goodwill became the object of protection for the tort of passing off in English law—but not the object of registered trademark protection—because it solved a jurisprudential problem created by the adoption of a formal registration system.[216] This was a jurisprudential problem that the United States didn't have. The Supreme Court had held in 1879 that the Acts providing for federal trademark registration were unconstitutional, though it left the door open to future legislation based on interstate commerce.[217] Bone's description of the impact of goodwill assimilation into U.S. trademark law does not adequately explain why U.S. law adopted it as a central organizing concept for its trademark regime in 1916 because other common law countries did not adopt the same approach.[218]

In the early twentieth century, American trademark law faced problems different from its English counterpart. American business owners were clamor-

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[213] HOVENDEN, *supra* note 170, at 65.

[214] CHARLES STEWART DREWRY, A TREATISE ON THE LAW AND PRACTICE OF INJUNCTIONS 228 (London, S. Sweet 1841) ("Chapter IV. Of Injunctions to restrain the Publication of secret inventions, and Use of another's Name or Designation; and the Imitation of Trade Marks.").

[215] *See infra* notes 216–396 and accompanying text.

[216] *See* Bently, *From Communication to Thing*, *supra* note 16, at 20–28 (explaining how proprietary language was used to describe rights acquired by registration under the 1875 Trade Mark Registration Act, leaving the basis for common law rights unclear).

[217] *See* Trade-Mark Cases, 100 U.S. 82, 99 (1879) (holding the federal trademark registration statutes unconstitutional under the Patent and Copyright Clause); *see also* U.S. CONST. art I, § 8, cl. 8 ("The Congress shall have Power . . . [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries . . . ."). The Court, however, emphasized the narrowness of its holding and left unresolved whether trademarks bear sufficient relation to interstate commerce to support congressional regulation. *Trade-Mark Cases*, 100 U.S. at 95–96.

[218] *See* Bone, *supra* note 14, at 567–69 (explaining the rise of goodwill as trademark law's "central organizing" concept). Contemporary English and Commonwealth authorities, however, took a different approach, maintaining a conceptual separation between goodwill protected through passing off and property in trademarks created by registration. *See infra* notes 272–285 and accompanying text.

ing for trademark registration and the government had committed to trademark treaties, but in the *Trade-Mark Cases*, the Supreme Court declared trademark protection to be wholly the product of common law.[219] The Court explained that the federal government lacked express constitutional power to legislate in the areas of trademarks and unfair competition unless it fell within the reach of the interstate commerce clause.[220] The Trademark Act of 1905 was extremely limited in its applicability and the protection it offered; the onus was on the common law to protect goodwill, and goodwill, unlike trademarks, had been accepted as a property right for centuries.[221] In the initial decades of the twentieth century, lawyer Edward Rogers envisioned goodwill protection as the primary aim of unfair competition laws, including trademarks;[222] the Supreme Court eventually took the same view in *Hanover Star Milling Co. v. Metcalf*.[223]

A. The United Kingdom

By the early nineteenth century, courts of law and courts of equity were regularly resolving disputes that recognizably fell within the remit of what modern American lawyers would categorize as trademarks and unfair competition.[224] In general, the common law cases were based in fraud, and wronged parties brought their claims before the courts in the form of actions on the case in the nature of deceit.[225] In 1855, in *Farina v. Silverlock*, Vice Chancellor Page Wood asserted that trademark actions were grounded in fraud and that

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[219] *See Trade-Mark Cases*, 100 U.S. at 94 ("At common law the exclusive right to it grows out of its *use*, and not its mere adoption.").

[220] *Id.* at 94–96.

[221] Trademark Act of 1905, ch. 592, 33 Stat. 724 (1905) (formerly codified at scattered sections of 15 U.S.C.), *repealed by* Lanham Act, ch. 540, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051–1141n).

[222] *See* Jessica Litman, *Edward S. Rogers, the Lanham Act and the Common Law* (discussing Rogers's argument that trademarks were not property but "simply symbols of goodwill"), *in* RESEARCH HANDBOOK ON THE HISTORY OF TRADEMARK LAW, *supra* note 12, at 427, 436 (Robert Bone & Lionel Bently eds., 2024). *See generally* EDWARD S. ROGERS, GOOD WILL, TRADE-MARKS, AND UNFAIR TRADING (1914).

[223] 240 U.S. 403, 414 (1916), *superseded by statute*, Lanham Act of 1946, Pub. L. No. 79-489, 60 Stat. 427, *as recognized in* Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189 (1985).

[224] BAKER, *supra* note 72, at 488 (explaining that in nineteenth-century England, "[u]surping a trade-mark was an infringement of property, actionable per se, prohibitable by injunction, and eventually punishable as a crime, whereas passing off by other means was a tort, usually actionable only on showing deceit or at least a tendency to deceive").

[225] *See, e.g.*, Edelsten v. Edelsten (1863) 46 Eng. Rep. 72, 78–80; 1 De G.J. & S. 185, 199–204 (Ch.) (granting injunctive relief for innocent infringement). The court, however, required the defendant to have knowledge of the infringement to recover damages at law. *Id.*; *see also* Hazel Carty, *Spalding v. Gamage (1915)* (explaining how divergent approaches in courts of law and equity obscured the doctrinal basis of nineteenth-century passing off), *in* LANDMARK CASES IN INTELLECTUAL PROPERTY LAW 181, 186–88 (Jose Bellido ed., 2015).

courts of equity could enjoin fraudulent conduct at its inception, without requiring the plaintiff to wait until deceptive sales were completed.[226]

Despite extensive historical evidence of its legal ancestors, it is difficult to disagree with Lionel Bently's observation that trademark law *qua* trademark law did not emerge until the second half of the nineteenth century.[227] Christopher Wadlow has helpfully identified three interrelated but distinct jurisprudential strands in trademark and passing off law that emerged by 1870: (1) the "common law action for passing-off," which required fraud to be proved and allowed only damages as a remedy; (2) the passing off action in courts of equity, which allowed injunctive relief *quia timet* without proof of scienter; and (3) the "equitable doctrine of property in trade marks . . . which treated infringement as a wrong irrespective of knowledge or intent."[228] Although Wadlow's categorization may suggest greater clarity and organization than the morass of nineteenth-century trademark judgments actually reflected, this description is nonetheless helpful in understanding how goodwill eventually became central to the common law tort of passing off in the twentieth century.[229]

The three strands Wadlow described began to require untangling due to the interaction between the Judicature Acts of 1873–1875 and the Trade Mark Registration Act of 1875 in the United Kingdom.[230] The Judicature Acts consolidated law and equity jurisdiction into one High Court, ending centuries of separate jurisdiction.[231] By that time, trademark doctrine had developed from equity at least as much as from law, and equity generally viewed marks as property.[232] While the creation of a trademark registration system in 1875 brought some clarity to the treatment of trademarks in the newly-established High Court, which now had jurisdiction over both law and equity, it also raised

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[226] *See* (1855) 69 Eng. Rep. 560, 563–64; 1 K & J 509, 516 (Ch.) (V.C. Page Wood) (explaining that where a defendant is "committing fraud, either by selling goods under the plaintiff's trade mark, or enabling others to do so," equity may intervene by injunction "to arrest the evil at its source").

[227] Lionel Bently, *The Making of Modern Trade Mark Law: The Construction of the Legal Concept of Trade Mark (1860-1880)*, *in* TRADE MARKS AND BRANDS: AN INTERDISCIPLINARY CRITIQUE 3 (Lionel Bently, Jennifer Davis, & Jane C. Ginsburg eds., 2008) [hereinafter Bently, *The Making of Modern Trade Mark Law*].

[228] WADLOW, *supra* note 58, at 29, ¶ 1-91.

[229] *Id.* at 29, ¶ 1-91; *see also* Bently, *The Making of Modern Trade Mark Law*, *supra* note 227, at 5 (discussing the inconsistent bases for trademark judgments in the nineteenth century).

[230] Trade Marks Registration Act 1875, 38 & 39 Vict. c. 91 (U.K.); Supreme Court of Judicature Act 1875, 38 & 39 Vict. c. 77 (U.K.); Supreme Court of Judicature Act 1873, 36 & 37 Vict. c. 66 (U.K.); WADLOW, *supra* note 58, at 29, ¶ 1-91.

[231] *See* 38 & 39 Vict. c. 91, § 1 (U.K.) (establishing "[a] register of trade marks"); 36 & 37 Vict. c. 66, §§ 3–4 (U.K.) (consolidating courts of law and equity and establishing the "High Court of Justice"); *id.* §§ 16, 24 (vesting the High Court with jurisdiction in both law and equity). The Judicature Act of 1875 implemented and consolidated the 1873 reforms. 38 & 39 Vict. c. 77 (U.K.).

[232] Lionel Bently, Day v Day, Day and Martin *(1816)*, *in* LANDMARK CASES IN INTELLECTUAL PROPERTY LAW 87 (Jose Bellido ed., 2017).

some significant points of uncertainty for future trademark practice.[233] First, it was not clear whether relevant common law and equitable doctrines had been explicitly superseded by the Trade Mark Registration Act. Second, it was not clear whether the High Court would follow the approach of the equity courts in trademark cases when equitable relief was sought and the common law approach when a claim was framed in fraud—or try to create some kind of coherent basis for relief.

Due to the desirability of obtaining injunctive relief in many of these cases, however, claimants often sought the courts of equity in preference to the law courts.[234] Nevertheless, it was still necessary for claimants to prove their rights at law before equity jurisdiction could intervene, unless the legal rights were very clear.[235] Where claimants had established their legal rights, some equity cases began to hold that proof of the defendant's fraudulent intent was *not* needed in order for a claimant to prevail.[236] Equity protected rights of property;[237] thus, lawyers often characterized their clients' claims in equity as arising from a violation of property rights (though the nature of such rights was often unclear and lawyers frequently alleged fraud).[238] Accordingly, evidence that a defendant had an intention to deceive was unnecessary, although it could still be helpful in proving a case.[239]

In 1838, in the landmark case *Millington v. Fox*, the Court of Chancery held that, as a matter of equity, a claimant could obtain an injunction to protect

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[233] 38 & 39 Vict. c. 91, § 1 (U.K.); 36 & 37 Vict. c. 66, § 4 (U.K.).

[234] *See* Hogg v. Kirby (1803) 32 Eng. Rep. 336, 340; 8 Ves. Jun. 215, 225 (Ch.) (granting injunctive relief where damages were inadequate because the defendant's acts might damage the plaintiff's interests to "an incalculable extent"); *see also* Jake Linford, *The Path of the Trademark Injunction* ("Courts likewise historically considered injunctive relief "the remedy of choice" for trademark plaintiffs . . . ."), *in* RESEARCH HANDBOOK ON THE LAW AND ECONOMICS OF TRADEMARK LAW 403, 416, 426 (Glynn S. Lunney, Jr. ed., 2023).

[235] *See* Motley v. Downman, (1837) 40 Eng. Rep. 824, 829; 3 My. & Cr. 1, 14 (Ch.) (Lord Cottenham L.C.) (refusing injunctive relief where the rights needed to be determined at law); Ramirez-Montes, *supra* note 16, at 105 (discussing the "auxiliary nature" of the equity jurisdiction in such cases).

[236] *See* Lionel Bently, *The Place of Scienter in Trade Mark Infringement in Nineteenth Century England: the Fall and Rise of* Millington v. Fox, 71 CASE W. RSRV. L. REV. 493, 520–24 (2020) (describing how *Millington v. Fox* was eventually acknowledged as binding chancery precedent for the principle that trademark infringement was a question of strict liability).

[237] *See, e.g.*, Macaulay v. Shackell (1827) 4 Eng. Rep. 809, 820; 1 Bligh N.S. 96, 127 (HL) (Lord Eldon LC) (observing that equity "lends its assistance to a man who has . . . a right of property").

[238] *See* Ramirez-Montes, *supra* note 16, at 124–26 (explaining that although equity courts formally grounded jurisdiction in fraud and unfair competition rather than recognized trademark property rights, litigants framed claims to protect the trader's interest in the fruits of enterprise and trade).

[239] JOHN CUTLER, ON PASSING OFF, OR, ILLEGAL SUBSTITUTION OF THE GOODS OF ONE TRADER FOR THE GOODS OF ANOTHER TRADER 6 (1904) (describing intention to deceive as unnecessary but "by no means immaterial" evidence that deception did occur). In the modern law of passing off, while intent is not required to show a misrepresentation has occurred, evidence of deliberate fraud is probative. *See* HAZEL CARTY, AN ANALYSIS OF THE ECONOMIC TORTS 226–27 (2001).

its marks even where the defendant lacked knowledge of the infringement or intent to deceive.[240] Lord Chancellor Cottenham adjudged, "[i]t does not appear to me that there was any fraudulent intention in the use of the marks. That circumstance, however, does not deprive the Plaintiffs of their right to the exclusive use of those names."[241] This strict liability approach to trademark protection was not universally embraced in the years following; as Bently demonstrates, the division between trademark protection at common law and equity was not as stark, nor the development so linear, as some narratives suggest.[242]

Millington was neither a radical departure from previously established principles, nor was the judgment received or followed uncritically.[243] In 1842, in *Perry v. Truefitt*, Lord Langdale centered the basis of the action on deceit:

> [T]he principle on which both courts of law and equity proceed . . . is very well understood. A man is not to sell his own goods under the pretense that they are the goods of another man; he cannot be permitted to practice such a deception, nor to use the means which contribute to that end.[244]

Nevertheless, by the end of the nineteenth century, trademark experts looked back at *Millington* as a landmark precedent establishing that fraud was not required for trade mark infringement in the courts of equity.[245]

Millington was not a case about goodwill—it was a case about title in "marks" used by the claimant.[246] But, as mentioned in the previous section, some of the mid-nineteenth century cases noticed that there could be conceptual overlap between trademark protection and goodwill protection in particular cases.[247] In *Churton v. Douglas*, Vice Chancellor Page Wood observed that when dealing with goodwill attached to firm names rather than specific premises, "the question of trade-marks is, in fact, the same question."[248] He went on to explain:

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240 (1838) 40 Eng. Rep. 956, 962; My. & Cr. 338, 352 (Ch.) (granting a perpetual injunction based on the plaintiff's title to the marks, notwithstanding the absence of fraud or intent to deceive).

241 *Id.* at 962; 352.

242 *See generally* Bently, *supra* note 236.

243 *Millington*, 40 Eng. Rep. at 962; 3 My. & Cr. at 352; *see, e.g.*, WILLIAM WILLIAMSON KERR, A TREATISE ON THE LAW AND PRACTICE OF INJUNCTIONS IN EQUITY 488 (Lond., William Maxwell & Son 1867) (criticizing *Millington v. Fox* and arguing that fraud remained central to passing-off doctrine).

244 (1842) 49 Eng. Rep. 749, 752; 6 Beav. 66, 73 (Ch.) (Lord Langdale LC) ("[T]he principle on which both the [c]ourts of law and of [e]quity proceed, in granting relief and protection in cases of this sort, is very well understood.").

245 *See* Bently, *supra* note 236, at 543 ("By the last decades of the nineteenth century, few, if any, doubted the authority of *Millington v. Fox*."); *Millington*, 40 Eng. Rep. at 961–62; 3 My. & Cr. at 352.

246 *Millington*, 40 Eng. Rep. at 961–62; 3 My. & Cr. at 350–52.

247 *See supra* Section II.C.

248 Churton v. Douglas (1859) 70 Eng. Rep. 385, 391; 1 Johns. 174, 189–90 (Ch.).

> That the name is an important part of [a business'] goodwill is obvious . . . consider[ing] that there are . . . large banking firms and brewing firms . . . which do not contain a single member of the individual name exposed in the firm. That being so, . . . when the [d]efendant parted with the goodwill . . . to the [p]laintiffs, he handed over to them all the benefit that might be derived from holding themselves out as the persons interested in that particular business, which had been identified as being carried on by the particular firm.[249]

Vice Chancellor Page Wood did not, however, suggest that goodwill was *always* relevant to trademark protection, or vice versa—a distinction that nineteenth-century legal scholars appreciated.[250] Drewry described the case as "not strictly and properly a *trade* mark case, but . . . approximate," explaining that the judgment was "founded upon the same principles."[251] Edward Lloyd also observed that *Churton* was an unusual case, which "approache[d] more nearly than any other of the numerous cases on goodwill to the case of a trade mark."[252]

Shortly after the Judicature Acts unified the courts of law and equity, the 1875 Trade Mark Registration Act created a register of trademarks—seemingly eliminating the equitable rights in unregistered trade marks by providing that "a person shall not be entitled to institute any proceeding to prevent the infringement of any trade mark as defined by this Act until and unless such trade mark is registered in pursuance of this Act."[253] The Act was widely, if not universally, understood to ensure the status of registered trademarks as property, and it did not require proof of intent for infringement of a registered trademark.[254] This legislative intervention raised a question the earlier case law had never squarely resolved: how, if at all, should the common law respond to trade misrepresentation involving signs or marks that were not registered and/or incapable of registration under the Act?[255]

The interaction between the provisions of the Trade Mark Registration Act and the Acts of Judicature created a doctrinal dilemma—particularly when one factored in the precedent of *Millington v. Fox*—which some lawyers and courts worried about while others conveniently ignored. An 1876 treatise summarized the dilemma as follows:

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[249] *Id.*

[250] *Id.*

[251] DREWRY, *supra* note 214, at 74.

[252] LLOYD, *supra* note 26, at 35.

[253] Trade-Marks Registration Act 1875, 38 & 39 Vict. c. 91, § 1 (U.K.); Supreme Court of Judicature Act of 1873, 36 & 37 Vict. c. 66, § 24 (U.K.); WADLOW, *supra* note 58, at 29, ¶ 1-91; Bently, *The Making of Modern Trade Mark Law*, *supra* note 227, at 3–4.

[254] 38 & 39 Vict. c. 91 (U.K.); Bently, *From Communication to Thing*, *supra* note 16, at 28–30.

[255] Bently, *The Making of Modern Trade Mark Law*, *supra* note 227, at 23 ("The Act, unfortunately, left unclear the relationship between registration, non-registrability, and other forms of protection.").

> [I]f the principles which have hitherto actuated the Courts of Common Law are still to prevail in the Common Law Divisions of the High Court, it is submitted that the person whose trade mark is infringed cannot succeed in obtaining a judgment without alleging and proving fraud on the part of the infringer. . . . While to support the suit in Equity under the old system, it was never necessary to prove wilful fraud on the part of the infringer in order to obtain an injunction to prevent the continuance of the infringement, and an injury as to the damages sustained. It was only necessary, and this is still the case with the amended procedure, to prove the title of the plaintiff to the trade mark, and the infringement thereof by the defendant.[256]

By the latter half of the nineteenth century, the prevailing view that equity required trespass on a property right for a strict liability action to prevail in the absence of fraud had grown stronger rather than weaker. While some earlier cases, such as *Farina v. Silverlock*, seemed to question whether equity jurisdiction required a property right to provide relief for trademark infringement,[257] dicta in the 1861 decision *Emperor of Austria v. Day and Kossuth* strongly suggested that trademark actions indeed relied on trespass of a property right.[258]

Thus, according to the prevailing understanding of equity principles, doctrinal consistency required a property right for non-statutory protection of unregistered trade symbols. But to identify that property right as an "unregistered trademark" seemed contrary to the very purpose of the new legislation.[259] Arguments against protecting marks that could have been registered under the various Trade Mark Registration Acts, but had not been so registered ultimately failed; concurrent statutory and common law protection prevailed, albeit without consensus on the precise nature of the rights.[260] Without a clearer basis

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[256] EDWARD MORTON DANIEL, THE TRADE MARKS REGISTRATION ACT, 1875, at 18 (Lond., Stevens & Haynes 1876).

[257] *See* (1856) 43 Eng. Rep. 1214, 1216; 6 De G.M. & G. 214, 217 (Ch.) (grounding equitable relief in "preventive justice" to stop misleading use of a mark, even though the right "cannot be properly described as copyright").

[258] (1861) 45 Eng. Rep. 861, 870; 3 De G.F. & J. 217, 240 (Ch.) (Lord Campbell) ("I consider that this Court has jurisdiction by injunction to protect property from an act, threatened, which if completed would give a right of action."); *id.* at 253 (Turner, L.J.) ("I agree that the jurisdiction of this Court . . . rests upon injury to property actual or prospective, and that this Court has no jurisdiction to prevent the commission of acts which are merely criminal or merely illegal, and do not affect any rights of property . . . .").

[259] *See* WADLOW, *supra* note 58, at 30, ¶ 1-96 (pointing out that courts were hesitant to describe passing off as protecting a property right in an unregistered trademark after the Registration Act, because "d[oing] so . . . would have been no more than the abolished common law infringement action under another name").

[260] *See id.* at 29–30, ¶¶ 1-93 to -94; *see also* E. HOLROYD PEARCE, PASSING OFF: THE LAW AS TO IMITATION AND DECEPTION IN TRADE 16 (Solics. L. Stationery Soc'y, Ltd. 1928) (noting that while it was argued that a mark "which might have been registered under the Acts but had not been registered, could not be protected in an action for passing off," that argument "was . . . unsuccessful").

for equity jurisdiction, British courts in the initial decades of trademark registration tried to avoid any in-depth analysis of unregistered marks as property, often trying to rely on the less-complicated doctrine of fraud if they could.[261]

The courts continued to finesse the doctrinal difficulties, and the tort of passing off continued to be used as a means of protecting trade symbols not registered under the Registration Act, although the specific property basis for the tort remained vague and inconsistent.[262] In the 1877 case of *Singer Machine Manufacturers v. Wilson*, for example, Lord Blackburn was not yet ready to settle on a doctrinal basis for passing off liability and avoided stating a clear legal foundation for the right.[263] In *Reddaway v. Banham*, the House of Lords asserted that the "common law" protection of trademarks still remained, despite the existence of statutory trademark protection, and it confirmed that even words of ordinary meaning might be protected if used in trade.[264] The Lords, however, stayed on the safe side by identifying fraud in *Reddaway*;[265] in subsequent cases the basis of the common law right was often vague or unstated.[266] Mentions of "fraud" even appeared in chancery claims.[267]

The case of *The Cellular Clothing Co v. Maxton & Murray*, in the Scottish Court of Session, is a further example of how this lack of clarity could create doctrinal confusion.[268] At trial, the Lord Ordinary had skirted over the nature of the right at issue, confidently asserting that proof of actual or constructive fraud was not required in these cases.[269] Nonetheless, his opinion denied that the defendant's use of "cellular" to describe its clothing constituted a willful misrepresentation to the claimant's prejudice; the judgment simply de-

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[261] Carty, *supra* note 225, at 185 (noting "the analysis of trademarks or names as property went out of fashion" in this period); WADLOW, *supra* note 58, at 20, ¶ 1-66 (observing "a hiatus of over 30 years" after the Registration Act "during which hardly any judge suggested passing off defended property rights at all"). *Spalding v. Gamage* marked the end of this hiatus by expressly grounding pass off in the protection of goodwill as a property interest rather than in fraud alone. *Id.* at 20, ¶ 1-65 (citing Spalding v. Gamage (1915) 32 RPC 273 (HL)).

[262] Carty, *supra* note 225, at 186–88 ("[T]he law of passing-off emerged into the last quarter of the nineteenth century with its scope unaffected but one possible theoretical basis destroyed. It could not be said that passing-off protected a right of property in a TM because if it did so it would have been no more than the abolished common law infringement [that is, TM infringement] under another name."); William Cornish et al., *Part V. Personality Rights and Intellectual Property* (explaining that courts assumed—and later held—that the Registration Acts did not displace passing off, which continued to protect unregistered trade symbols despite uncertainty about its property basis), *in* 13 THE OXFORD HISTORY OF THE LAWS OF ENGLAND 1001–03 (Oxford Univ. Press 2010).

[263] [1877] 3 App. Cas. 376 (HL) 400 (Lord Blackburn) (appeal taken from Eng.).

[264] [1896] AC 199 (HL) 209–10 (appeal taken from Eng.).

[265] Yet, Lord Herschell also referred to the mark being "appropriated by another." *Id.* at 209.

[266] *See, e.g.*, Tchr. v. Levy [1906] 23 RPC 117, 123–24 (grounding relief in fraudulent passing off and deception, while leaving the doctrinal basis of the plaintiff's common law right largely unstated).

[267] *See, e.g.*, Lever v. Goodwin [1887] 4 RPC 492, 498 (Ch.) ("The law on this head is plain. It is founded on fraud.").

[268] (1898) 25 R 1098 (Lord M'Laren) (Scot.).

[269] *Id.* at 1102.

scribed the defendant as not "passing off their own goods as the goods of the [Cellular Clothing Company]."[270] On appeal, Lord M'Laren, however, gave closer attention to the nature of the right, observing the "established principle in our law that interdict will not be granted except on proof of an invasion or attempted invasion of the pursuer's rights by the defender."[271] In upholding the Lord Ordinary's refusal to grant relief, Lord M'Laren focused on the lack of deception, distinguishing the case from *Reddaway v. Banham*, where, in his view:

> [T]he determining element was that the defendants, in concert with a purchaser from them, had connived at the passing of their goods as the goods of the plaintiffs, because they were induced by the purchaser to mark their goods in a particular way on being told that by so doing the purchaser hoped to take away the order from Reddaway.[272]

By the end of the nineteenth century, registered trademark protection was conceptually distinct from common law passing off. In 1894, the first edition of Kerly's treatise on trademarks described the state of the law as follows:

> The trade mark cases . . . were so much more numerous and important that . . . a definite property right in the use of a trade mark was set up and the action for infringement became a specialised and distinct form of the more general action to restrain or to obtain damages for "passing off."[273]

Yet some cases protected unregistered trademarks as well, and the precise right protected by passing off was still not clear.[274]

In 1915, the House of Lords resolved the doctrinal inconsistencies created by the 1875 Act.[275] *Spalding v. Gamage* marked another critical moment in the conceptual separation between the protection of property in registered trademarks via legislation and the protection offered by the common law tort of passing off.[276]

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[270] *Id.* at 1101.

[271] *Id.* at 1110.

[272] *Id.* at 1112.

[273] DUNCAN M. KERLY, THE LAW OF TRADE-MARKS, TRADE-NAME, AND MERCHANDISE 5 (London, Sweet & Maxwell 1894).

[274] *See, e.g.*, Brit.,Telecomms. PLC. v. One in a Million Ltd. (1999) 1 W.L.R. 903 at 914 (noting that "prior to 1938 there were two causes of action, one for infringement of trade mark and one for passing off"). "Both actions were used to protect property; the former being to protect property represented by the right to the mark and the latter to prevent damage to goodwill associated with the name or mark." *Id.*

[275] Spalding v. Gamage [1915] 32 RPC 273 (HL) 284–85 (appeal taken from Eng.) (Lord Parker of Waddington).

[276] *See id.* (clarifying that passing off protects "property in the business or goodwill" injured by misrepresentation, whereas registered trademarks enjoy a distinct statutory property right under the Trade Marks Act 1875).

Spalding was not a case about misrepresentation as to the source of the goods but as to their nature; the defendant Gamage had resold defective footballs discarded by the plaintiff under a similar name.[277] While "false representation" formed the basis for an action in passing off, Lord Parker asserted fraud was not necessary.[278] That left him to identify the property right that had been violated.[279] The year before, Lord Parker had explored the nature of goodwill in a case on tax assessments.[280] In *Spalding*, he settled on "property in the business or goodwill likely to be injured by the misrepresentation" as the object of protection in passing off actions, though he acknowledged there was a lack of consensus.[281]

It is telling that the leading definition of goodwill cited in twentieth- and twenty-first-century common law passing off cases is from a case entirely unrelated to trademarks or passing off. In describing the nature of goodwill in a tax case interpreting the Stamp Act of 1901, Lord Macnaghten's expansive definition of goodwill as the "benefit and advantage of the good name, reputation, and connection of a business" and "the attractive force which brings in custom"[282] was adopted by a century of passing off actions.[283] Lord Macnaghten's definition of goodwill incorporated many different aspects of an established business, not just marks.[284]

Identifying goodwill as the object of passing off protection provided a demarcation point between the tort of passing off and statutory protection of registered trademarks under common law—albeit not in the United States. With a property right in goodwill becoming the object of protection, the courts could be more confident in their shift towards strict liability. The modern form of common law passing off has its own identity separate from the protection of registered trademarks, though it can be an important complement to registration-based trademark protection in the U.K. and other Commonwealth countries.[285] As summarized in a twenty-first century British case, "[s]ince the be-

[277] *Id.* at 285–86.

[278] *Id.* at 283; Carty, *supra* note 225, at 181 (discussing how Lord Parker's speech clarifying the tort of passing off "combined the two elements that had bubbled away separately throughout the nineteenth century: deception and property protection").

[279] *Spalding*, 32 RPC at 283–85.

[280] Comm'rs of Inland Revenue v. Walker (1914) SC (HL) 1 (Lord Parker of Waddington) (Scot.). The Lords were asked to interpret a section of the "Finance (1909–10) Act 1910" that allowed land value attributable to "goodwill . . . in the land" to be deducted when assessing the total land value in some circumstances. *Id.* at 3, 6–7.

[281] *Spalding*, 32 RPC at 283–85.

[282] Comm'r of Inland Revenue v. Muller & Co.'s Margarine, Ltd. [1901] AC 217 (HL) 223–24 (Lord Macnaghten) (appeal taken from Eng.).

[283] *Id.*; WADLOW, *supra* note 58, at 86, ¶ 3-3.

[284] *Muller & Co.'s Margarine*, AC at 223–24.

[285] As explained:

ginning of the 20th century trade mark rights have been based on registration, while passing off rights have based on use."[286]

B. The United States

> A form of ideal property more concrete still, and in which the public interest is more directly concerned than in good-will, is the trade-mark. The line between good-will and trade-mark is as indefinite as that between two colors of the solar spectrum. They insensibly melt into each other. The habit of the travelling public to use a certain tavern is good-will. The special marks and devices of spool-cotton are trade-marks clearly. But the right to use a firm name in a given business is both. Consequently the decisions of the courts have frequently spoken of incidents of good-will as incidents of trade-marks and *vice versa*.[287]

The historical record demonstrates that goodwill was not always the focus of trademark law. Commercial goodwill was a customary practice that became a distinct common law concept; it first coexisted with, and was later incorporated into, U.S. trademark law. Around the same time, goodwill became the object of the tort of passing off in Britain. The English cases of *Crawshay v. Thompson*[288] and *Perry v. Truefitt,*[289] both decided in 1842, are often cited as the first recorded uses of the term "passing off" in this context,[290] though the phrase appeared earlier in the 1837 Massachusetts decision, *Thomson v. Winchester*.[291] Goodwill,

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> But the [Trade Mark] Acts only apply to trade-marks, and even these have to fulfil certain definitions before they may be registered; so that the law of passing off is in nowise superseded by the statutory action for infringement of trade-mark, and, indeed, is generally pleaded as a second string to the plaintiff's bow in actions for infringement of trade-mark.

PEARCE, *supra* note 260, at 16.

[286] Inter Lotto (UK) Ltd. v. Camelot Grp. PLC [2003] EWCA (Civ) 1132 [38] (citing Brit.,Telecomms. PLC. v. One in a Million Ltd. [1999] FSR 1, 8–9).

[287] James D. Whelpley, *Ideal Property*, THE ATLANTIC 167, 169 (Aug.1868).

[288] (1842) 134 Eng. Rep. 146; 4 Man. & G. 357.

[289] (1842) 49 Eng. Rep. 749; 6 Beav. 66 (Ch.).

[290] *See, e.g.*, WADLOW, *supra* note 58, at 24, ¶ 1-79 ("By 1842, the term 'pass off' was in use . . . .") (citing *Crawshay*, 134 Eng. Rep. 146; 4 Man. & G. 357 and Perry v. Truefitt (1842) 49 Eng. Rep. 749 (1842)). Defense counsel also used the term "passing off" in argument in *Motley v. Downman*. (1837) 40 Eng. Rep. 824, 827; 3 My. & Cr. 1, 8–10 (Ch.) ("[T]here is no attempt to impute to the Defendants a fraudulent purpose of *passing off* their plates as being made by the Plaintiffs.") (emphasis added).

[291] 19 Pick. 214, 217 (Mass. 1837) (concluding that "falsehood and fraud on the part of the defendant, in passing off his own medicines as those of the plaintiff, would be a ground of action").

however, was not central to most of the early British or American cases, with *Partridge v. Menck* standing as a notable pre-1850 exception.[292]

Goodwill remained conceptually distinct from trademarks throughout most of the nineteenth century. Upton's treatise mentioned that "[a]n unlawful encroachment upon the *good will* of a business, is sometimes the essence of the wrong involved in the violation of a trade mark."[293] For example, an 1868 article in *The Atlantic* classified the four kinds of "ideal property" as "reputation or good-will, trade-mark, copies, and inventions."[294] In his 1889 treatise, Allan identified two kinds of goodwill, only one of which had a direct association with trademarks: (1) "the possession of the premises and of the old stock," and (2) the "right to carry on the old business, and to represent that it is the old business that is carried on."[295] In his view, the latter form of goodwill could include the right to use trademarks associated with the business, though they were separate concepts.[296]

American courts did, however, comment on the relationship between goodwill and trademark protection occasionally when it was relevant, just as the British courts did. The court in *Glen & Hall v. Hall Manufacturing Co.* observed that a: "[T]rade mark, or a designation of one's trade, may thus be sold by order of the court, whether it be attached to a new business or to one long existing. In such case 'good-will' and trade marks are governed by similar rules."[297] In 1879, the Supreme Court of Indiana asserted it was settled law "that the 'good-will' of a business, like a trade-mark, is a species of property subject to sale by the proprietor, and which may be sold by order of court."[298] In 1876, in *Peltz v. Eichele*, a Missouri court commented on the fact that some legal theorists considered trademarks to be part of the goodwill in a business:

> The good will of a business as embodied in a firm name, or in the labels used, will be protected on principles analogous to those applied in cases of infringement of trade marks. It is true that a trade

[292] 2 Sand. Ch. 622, 626 (N.Y. Ch. 1846).

> [H]aving appropriated to himself a particular label, or sign, or trade mark, indicating to those who wish to give him their patronage, that the article is manufactured or sold by him, or by his authority, or that he carries on business at a particular place, he is entitled to protection against a defendant who attempts to pirate upon the *good will* of the complainant's friends or customers or the patrons of his trade or business, by sailing under his flag without his authority or consent.

Id. (emphasis added).

[293] FRANCIS H. UPTON, A TREATISE ON THE LAW OF TRADEMARKS 59 (Albany, Weare C. Little 1860).

[294] Whelpley, *supra* note 287, at 168.

[295] ALLAN, *supra* note 39, at 13.

[296] *Id.* at 18–19.

[297] 61 N.Y. 226, 231 (N.Y. 1874).

[298] Smock v. Pierson, 68 Ind. 405, 408 (Ind. 1879).

> mark is held by some of the text writers, and, perhaps, in some adjudicated cases, to be a part of the good will, and necessarily included in a sale thereof.[299]

It is clear that the court in *Peltz* still saw a distinction between commercial goodwill, even if embodied in a firm name, and trademarks.

Courts in other states did not agree that firm names were an inherent part of the goodwill in a business.[300] In 1892, a Louisiana court held that the name of a hotel was not included as a part of the goodwill of the business in *Vonderbank v. Schmidt*.[301] According to the Court,

> [T]he name given to a building in which an hotel is kept, which contains the name of the proprietor, does not constitute an element of good-will, though it may tend to enhance the business reputation of the place or *situs* of the business establishment, which is an ingredient of good-will . . . .[302]

Early twentieth-century American legal scholars did not reach a consensus on the relationship between goodwill and trademarks, and some noticed that the English law on trademark protection had taken a different path from the American. For example, a 1903 *Harvard Law Review* article observed that "in England, by reason of the statutes providing for registration of marks, the term 'trade-mark' has become practically synonymous with 'registered trademark.'"[303]

In 1909, Henry Nims distinguished goodwill from trademark protection, giving it a separate chapter in his book and noting that "[o]ne can pass off such good-will as he possesses, as the good-will of another, just as he can pass off his goods as those of another . . . ."[304] He also correctly explained that in "England and the United States injury to good-will has not been considered as a part of the law of unfair competition," and contrasted this with the protection under German law.[305]

The same year, Edward Rogers fully embraced goodwill as central to trademark law,[306]declaring that the inconsistencies of the past decades of case law was down to a misunderstanding of the relationship between goodwill and

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[299] 62 Mo. 171, 179 (Mo. 1876).

[300] Vonderbank v. Schmidt, 10 So. 616, 617–21 (La. 1892).

[301] *Id.* at 621.

[302] *Id.*

[303] E.R. Coffin, *Fraud as an Element of Unfair Competition*, 16 HARV. L. REV. 272, 275 (1903).

[304] HARRY D. NIMS, THE LAW OF UNFAIR BUSINESS COMPETITION 92 (1909).

[305] *Id.* at 94.

[306] *See* Edward S. Rogers, *Comments on the Modern Law of Unfair Trade*, 3 ILL. L. REV. 551, 555 (1909) ("[T]he good will is the substance, the trade mark merely the shadow, and that this business good will is the property to be protected against invasion.").

trademarks.[307] Citing a decision of the Missouri Supreme Court in a criminal prosecution involving counterfeit cigars,[308] Rogers asserted that a trade mark was not itself property but "a recognizable symbol of business good will . . . ."[309] Rogers's view would ultimately prevail in the United States.

Decades before, the U.S. Supreme Court had held in the *Trade-Mark Cases* that "[a]t common law[,] the exclusive right to [a mark] grows out of its *use*, and not its mere adoption."[310] Zvi Rosen has aptly shown how the 1870 Federal Trademark Registration Act was strongly motivated by the pressure to keep up with other nations as they instituted formal systems of trademark registration and entered into bilateral and multilateral treaties; the *Trade-Mark Cases* probably left the United States in breach of its international obligations.[311] With this background in mind, one can see why the Supreme Court felt compelled to give powerful assurances that trademark rights were the product of common law and would continue to be fully protected by the law, while declaring the acts providing federal registration of trademarks to be unconstitutional. Although lawyers were unsurprised by the result, some nevertheless sought to assuage the business community's concerns by explaining that trademarks are entirely a product of common law, and that the elimination of federal registration would not leave them unprotected.[312]

Congress made attempts at ameliorative legislation,[313] but the provisions of the 1881 Trade-Mark Act were considered so limited as to be useless, and the Act was not much better.[314] Early drafts of the 1905 Act were criticized as

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[307] *Id.*

[308] *Id.* at 555 n.15a (citing State v. Bishop, 31 S.W. 9, 11 (Mo. 1895)). "Abstractly and apart from its application and use, a trade-mark has no recognized ownership. Its value is in its employment in marking the goods upon which it is placed. This gives it the character of property. It is, then, a symbol of reputation or good will." *Bishop*, 31 S.W. at 11–12 (citing Derringer v. Plate, 29 Cal. 292 (Cal. 1865); Bradley v. Norton, 33 Conn. 157 (Conn. 1865)).

[309] Rogers, *supra* note 306, at 555.

[310] 100 U.S. 82, 94 (1879).

[311] *See* Zvi S. Rosen, *In Search of the* Trade-Mark Cases*: The Nascent Treaty Power and the Turbulent Origins of Federal Trademark Law*, 83 ST. JOHN'S L. REV. 827, 842 (2009) ("While domestic trademarks were, perhaps, not absent from the consideration of the 1870 Act, they were neither the impetus for the law nor the prime reason for its passage and seem to have been of no more than evanescent concern.").

[312] *See, e.g.*, *The Trade-Mark Decision, No Cause for Alarm—A Talk with a Patent Lawyer,* N.Y. DAILY TRIB., Nov. 22, 1879, at 10, https://www.loc.gov/resource/sn83030214/1879-11-22/ed-1/?sp=10 [perma.cc/48EF-LXSX] (reporting a patent counsel's view that federal trademark statutes created no property rights and that trademarks had "always existed under the common law," so invalidation of federal registration would not leave merchants unprotected).

[313] Trade-Mark Registration Act of 1881, ch. 138, 21 Stat. 502 (1881), *repealed by* Trademark Act of 1905, ch. 592, 33 Stat. 724 (1905) (formerly codified at scattered sections of 15 U.S.C.), *repealed by* Lanham Act, ch. 540, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051–1141n).

[314] *See* Wallace R. Lane, *Development of Secondary Rights in Trade Mark Cases*, 18 YALE L.J. 571, 582 (1909) (describing how the scope of the Trade-Mark Act of 1905 "d[id] not adequately meet

too European in their recognition of registration-based property rights;[315] the enacted statute ultimately protected a narrow category of trade symbols.[316] The flawed 1905 Act was intended to codify some aspects of the common law of trademarks, within constitutional limits, mainly to satisfy business interests and help facilitate treaty arrangements.[317] Against this backdrop, the doctrine of technical trademarks was another feature of the struggle to reconcile the increasing divergence between U.S. trademark law and the rest of the world.[318] Technical trademarks were considered roughly parallel to registered trademarks under English law,[319] whereas trade names were protected under state common law in a manner that resembled earlier forms of the tort of passing off.[320]

McKenna claims that American trademark and unfair competition law was traditionally grounded in passing off: "From the very beginning, trademark cases and those only 'analogous' to trademark cases were grounded in the same fundamental principle—that no person has the right to pass off his goods as those of another."[321] Yet nineteenth-century U.S. judges did not always frame the protection of goodwill in terms of misrepresentations to the public. For example, in 1885, in *Burckhardt v. Burckhardt*, the Supreme Court of Ohio characterized goodwill as a positive right rather than a negative one:

> Good will, as a legal concept, must indicate some sort of a legal right—a right recognized and enforced by law, to do something which other people may not do. The right to use the name of a concern, and after its dissolution, to hold oneself out as its successor in

business conditions"); *see also* Rosen, *supra* note 311, at 889 ("There was once again a federal trademark law, but its coverage was exceedingly scant, pursuant to congressional understanding of the Supreme Court's opinion.").

[315] *See* AM. BAR ASS'N, REPORT OF THE TWENTY-SIXTH ANNUAL MEETING OF THE AMERICAN BAR ASSOCIATION 87–88 (1903) (discussing status of federal trade-mark legislation).

[316] Trademark Act of 1905, ch. 592, 33 Stat. 724 (1905) (formerly codified at scattered sections of 15 U.S.C.), *repealed by* Lanham Act, ch. 540, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051–1141n).

[317] *Id.* § 23 ("[N]othing in this Act shall prevent, lessen, impeach, or avoid any remedy at law or in equity which any party aggrieved by any wrongful use of any trade-mark might have had if the provisions of this Act had not been passed.").

[318] DORNIS, *supra* note 28, at 84 (describing the differences between European and U.S. doctrines, the latter of which relied on "the distinction between technical trademarks and trade names (or 'rights analogous to trademarks')").

[319] Daniel M. McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TRADEMARK REP. 305, 316 (1979) (noting that "the problem of monopoly posed by recognition of trademarks as exclusive property" in differentiating technical trademarks was "similar to the development in England").

[320] *See, e.g.*, Grafton Dulany Cushing, *On Certain Cases Analogous to Trade-Marks*, 4 HARV. L. REV. 321, 322, 332 (1890) (explaining that technical trademarks are definite signs capable of registration, whereas cases "analogous to trade-marks" require a showing of fraud); *see also* Calboli, *supra* note 116, at 801–02 (describing how courts developed a distinction between technical trademarks and tort-based rights).

[321] McKenna, *supra* note 16, at 1861.

> business, has value in commerce, and has acquired recognition as a legal right, under the name of good will. That this right to hold oneself as the successor of an establishment is the precise legal right indicated by the term good-will, is evident from the authorities. It is the very right in the exercise of which all the cases show the purchaser of good-will to have been protected.[322]

Other cases addressing goodwill transfers for businesses made similar distinctions and connections between the goodwill and the trademarks.[323]

In a way, the Supreme Court was backed into a corner in trying to follow the precedent set by the *Trade-Mark Cases*, which had insisted that trademarks were a wholly common law creation, ensuring some security for the businesses relying on the value of their trademarks in the absence of registration.[324] Moreover, in the *Trade-Mark Cases*, the Supreme Court had not accepted that trademarks were an article of commerce.[325] The basis of federal legislation had to be interstate commerce; at the same time, the pressure to protect trademarks in a manner that would better facilitate protection of marks and meet international obligations was increasing.[326] The Supreme Court attempted to solve this doctrinal question in the 1916 case of *Hanover Star Milling Co. v. Metcalf*,[327] selectively—and not quite accurately—citing English authorities on passing off to identify goodwill as the object of strict liability trademark protection.[328] Notably, the Court did not cite *Spalding v. Gamage* for support.[329]

Bone claims courts incorporated goodwill into trademark law because they had two profound problems with treating trademarks as property: (1) they

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[322] 42 Ohio St. 474, 493 (Ohio 1885).

[323] What is known as the "good-will" of the business is recognized by the law as a proper subject of sale or contract, in connection with a transfer of a business plant. An established business, with plants and products well known to the trade, has a money value often far above that of its mere plant, and this is often the controlling motive for the purchase. Labels, trade-marks, particular words and phrases devised or used to distinguish or identify the products of the plant, and associated with such products in the public mind, are in like manner usually transferred with the plant, and are regarded as valuable acquisitions for the purchasers. They are, equally with the good will, proper subjects of such sale and contract. Symonds v. Jones, 19 A. 820, 822 (Me. 1890).

[324] 100 U.S. 82, 92 (1879) ("This exclusive right was not created by the act of Congress, and does not now depend upon it for its enforcement. The whole system of trade-mark property and the civil remedies for its protection existed long anterior to that act, and have remained in full force since its passage.").

[325] *See id*. at 95 ("The question . . . whether the trade-mark bears such a relation to commerce . . . as to bring it within congressional control . . . we proposed to leave undecided.").

[326] *See* U.S. CONST. art I, § 8, cl. 3 ("The Congress shall have the power . . . [t]o regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.").

[327] 240 U.S. 403, 414 (1916), *superseded by statute*, Lanham Act of 1946, Pub. L. No. 79-489, 60 Stat. 427, *as recognized in* Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189 (1985).

[328] *Id.*

[329] *Id.*; Spalding v. Gamage [1915] 32 RPC 273 (HL) 283–85 (appeal taken from Eng.) (Lord Parker of Waddington).

resisted protecting words and symbols that were in regular use as property and (2) it was difficult to justify placing geographical limitations on protection if trademarks were considered property.[330] These were factors, but they were not the only problems, as shown above. Using the common law approach to goodwill and treating trademarks as a mere corollary to goodwill confirmed the future doctrinal direction of American trademark law, despite the reliance on English common law precedents.[331] With rights obtained through the acquisition of goodwill as the central focus of protection, the use-based approach to trademark law became entrenched in U.S. law.

After 1916, U.S. law would treat trademarks "as merely a protection for the good-will, and not the subject of property except in connection with an existing business."[332] By 1917, Nims accepted that "[r]ecently, . . . it has been seen that the actual property to be protected is *not* the mark, but the good-will behind the mark, of which the mark is but a symbol."[333]

Yet some courts still found the goodwill theory of trademarks to be a poor fit. For example, in 1935, in *Premier-Pabst Corp. v. Elm City Brewing Co.*, a federal district court in Connecticut examined the nature of goodwill and questioned the prevailing tendency to treat goodwill as a trademark concept:

> As commonly conceived, it is a compound of many factors, and those factors chiefly associated with the concept seem to have little association with rights in a name. Thus value "as a going concern" is frequently considered as a part of "good will." But such value seems quite distinct from the value attributable to the right to a name.[334]

In 1946, Congress enacted the Lanham Act, the first comprehensive federal trademark statute.[335] Despite some attempts to develop formal, registration-based federal trademark protection through the Lanham Act, the United States retained the use-based approach to protection, while also incorporating a few provisions awkwardly imported from registration-based systems, such as incontestability.[336] The purpose of the 1946 Lanham Act was to provide a sys-

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[330] Bone, *supra* note 14, at 567–68.

[331] MOORE, *supra* note 46, at 10 ("The right to use a trade-mark or other means of identifying goodwill is derived from no statute but arises under 'the common law.'").

[332] *Hanover Star Milling Co.*, 240 U.S. at 414.

[333] HARRY D. NIMS, THE LAW OF UNFAIR COMPETITION AND TRADE-MARKS 35 (2d ed. 1917).

[334] 9 F. Supp. 754, 757 (D. Conn. 1935).

[335] Trademark Act of 1946 (Lanham Act), 15 U.S.C. §§ 1051–1141n.

[336] *Id.*; *see Hearings on H.R. 82 Before a Subcomm. of the Senate Comm. on Patents*, 78th Cong. 58–61 (1944).

> A basic defect in the bill is its grant of incontestable rights to the registrant of a trademark. Past trade-mark legislation in the United States has been based upon the common-law principle that the function of the trade-mark was to indicate the origin or ownership of

tem of federal registration and a body of substantive federal law to "secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers."[337] Following the implementation of the Lanham Act, commentators observed that it "does not require registration but it is believed it will create an incentive to register trademarks so there will be a place to go search for marks that are registered."[338]

Even after the enactment of the Lanham Act, Nims's treatise on trademarks observed that statutes and registration still remained far less important to trademark law in the United States than in Britain.[339] As Jessica Litman has observed, incontestability is a poor fit in a use-based system because it is still subject to potential defects in title.[340]

Years later, in *Inwood Laboratories v. Ives Laboratories, Inc*, the U.S. Supreme Court reinforced the idea that "the purpose of the Lanham Act was to codify and unify the common law of unfair competition and trademark protection."[341] Even after 1988, when the United States stopped requiring evidence of commercial use prior to registration, the focus on goodwill-creation and use lingered.[342] Thus, common law principles maintain a central role in federal trademark law, shaping both its structure and limits.[343]

> the product to which the mark was affixed and that it was the producer's good will and not a monopoly of language or product which should be protected or promoted.

Hearings on H.R. 82 Before a Subcomm. of the Senate Comm. on Patents, *supra*, at 59.

337 Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 198 (1985).

338 HARRY AUBREY TOULMIN, JR., THE TRADE-MARK ACT OF 1946, ANALYZED, ANNOTATED AND EXPLAINED 10 (1946).

339 2 HARRY D. NIMS, THE LAW OF UNFAIR COMPETITION AND TRADE-MARKS 730, § 222 (Baker, Voorhis & Co., Inc. 4th ed. 1947).

340 *See* Litman, *supra* note 222, at 463 (arguing that incontestability provides limited practical security in a use-based system because registered marks remain subject to extensive defenses and continuing challenges to title).

341 456 U.S. 844, 861, n.2 (1982) (White, J., concurring) (citing S. REP. NO. 1333, 79th Cong., 2d Sess. (1946)).

342 Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935 (1988); *see* 15 U.S.C. § 1057(c) ("[T]he filing of the application to register [a] mark shall constitute constructive use of the mark . . . ."); Angelo Genova, *Why the United States Was Right: The Brief for "Use in Commerce" as the Standard*, 12 J. CONTEMP. LEGAL ISSUES 420, 421–22 (2001) (describing the shift to intent-to-use registration while maintaining that goodwill—and thus enforceable trademark rights—continued to depend on subsequent commercial use).

343 *See* Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992) (confirming the overlap between the protections offered by section 43(a) and those offered to registered marks under the Lanham Act); Robert C. Denicola, *Some Thoughts on the Dynamics of Federal Trademark Legislation and the Trademark Dilution Act of 1995*, 59 LAW & CONTEMP. PROBS. 75, 79 (1996) (arguing that the Lanham Act largely codified over a century of common law doctrine, preserving common law standards for protectability and infringement); DORNIS, *supra* note 28, at 150 ("[T]he Lanham Act, although implementing the first federal regime of acquisition and protection, did not jettison use-based rights as the doctrinal paradigm.").

The American use-based trademark regime, where formalities play a secondary role and registered and unregistered marks are protected more-or-less identically,[344] is nearly unique in the world, a fact which perhaps should be cause for self-reflection rather than self-congratulation. Goodwill has always been a proprietor-focused, use-based property right; identifying goodwill as the foundational basis for U.S. trademark and unfair competition protection maintains the proprietor's use at the center of the analysis.[345] Comparing U.S. and German trademark and unfair competition law, Dornis emphasized the need for critical legal historical analysis.[346] He argued that the common-law foundations of the American system—particularly its focus on goodwill—help explain its tendency "to overextend the protection of domestic rights and competitors . . . ."[347]

C. Goodwill, Trademarks, and Transatlantic Confusion

Even Edward Rogers, the great proponent of goodwill as the focus of trademark protection, admitted, "In many nations the theory of trade-mark ownership differs from ours."[348]

The idiosyncratic nature of the goodwill-focused approach to trademark protection in the United States, and the accompanying rejection of formalities, did not go unnoticed. A 1936 manual for business owners on *The Legal Protection of Goodwill* pointed out the confusion that this could cause for foreign practitioners:

> In many foreign countries exclusive title to a trade-mark is acquired by registering the mark with a department of the government. He who first registers the trade-mark owns it. We have seen that in the United States no registration is necessary and that he who first uses a true trade-mark upon his goods in good faith in the regular course of business with the intention of continuing such use acquires the title to the mark. He is the owner of the mark with the exclusive right to use it upon his goods in his territory to identify his goodwill. A large part of the public and many lawyers erroneously believe that registration of a trade-mark in the United States Patent office con-

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[344] *See* Tushnet, *supra* note 28, at 879–80 (noting that in the U.S. use-based trademark system, courts have "eviscerated the distinction between registered and unregistered marks").

[345] *See* 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 19:1.75 (5th ed. 2025) (contrasting the U.S. trademark regime with registration-based systems); Graeme B. Dinwoodie, *Territorial Overlaps In Trademark Law: The Evolving European Model*, 92 NOTRE DAME L. REV. 1669, 1690–91 (2017) (explaining that in use-based systems such as U.S. common law, the territorial scope of trademark protection is defined by actual use and the extension of a trader's reputation, rather than by formal registration).

[346] DORNIS, *supra* note 28, at 7–8, 76–77.

[347] *Id.* at 77.

[348] ROGERS, *supra* note 222, at 111.

> fers some sort of title or ownership upon the holder of the registration. In this they are wholly mistaken.[349]

Even the experts could be confused by the divergent focus of trademark protection in the United States when compared with other common law countries. In 1925, Frank Schechter published his history of trademarks, ending with a discussion of whether trademarks are property and elaborating upon "the difficulties of the courts in classifying trade-mark rights as property rights."[350]

A review of Schechter's book by Percy Winfield, a distinguished English legal historian, bemusedly observed that Schechter did not seem to be aware that trademarks were, in fact, considered property under English law:

> The final chapters of the book are occupied with an interesting discussion of the theory upon which Anglo-American law courts protect trade-marks from infringement. Dr. Schechter shows that there is not much consistency in the judicial views held on his side of the Atlantic. We have not much to boast of here, but the position is perhaps clearer than he is inclined to believe. The court of chancery does not seem to have had much difficulty in recognizing a trade-mark as property, but the common law judges not unnaturally flinched from regarding as part of a man's estate (using the word in its widest sense) what, at one time, was really nothing but a right to sue an action on the case in the nature of deceit against one who affixed the plaintiff's trade-mark to his own goods and sold them to the public. There is little doubt that the attitude of equity is now the one which is adopted by our law.[351]

Schechter also approached John Salmond's analysis of tort principles with a critical eye and a distinctly American perspective.[352] Salmond had asserted that:

> A title to a trade mark can be obtained only by registration . . . . The statutory remedy for the infringement of a registered trade mark, and the common law remedy for passing off goods, whether by the deceptive use of a trade mark (registered or unregistered) or otherwise, are therefore concurrent and independent.[353]

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[349] MOORE, *supra* note 46, at 73.

[350] SCHECHTER, *supra* note 16, at 151–52, 160–63.

[351] Percy H. Winfield, Book Review, 41 ENG. HIST. REV. 291, 292–93 (1926) (reviewing FRANK I. SCHECHTER, THE HISTORICAL FOUNDATIONS OF TRADE-MARK LAW (Fac. of L. of Colum. Univ. ed., 1925)).

[352] SCHECHTER, *supra* note 16, at 151.

[353] JOHN W. SALMOND, THE LAW OF TORTS: A TREATISE ON THE ENGLISH LAW OF LIABILITY FOR CIVIL INJURIES 424 n. 34, 437–38, 438, (2d ed. 1901).

Schechter contrasted Salmond's position with other equity writers, such as John Norton Pomeroy, who understood trademark protection to arise from the "property right in the manufacturer or vendor to have his trade protected."[354] Schechter expressed surprise that "Judge Salmond in his work on *Torts* intimates . . . that it is only by registration that a trade-mark becomes thereby a species of incorporeal property."[355] In doing so, Schechter did not seem to appreciate the fact that Salmond—a New Zealand jurist—was not stating an opinion but the operative reality of trademark protection under the English law and throughout the Commonwealth.[356]

Registered trademarks had indeed been widely accepted as property under English law for decades.[357] Yet, in 1916, the U.S. Supreme Court reached precisely the opposite conclusion in *Hanover Star Milling Co. v. Metcalf*, where the Court incorrectly asserted that English law did not recognize trademarks as property, despite the substantial authority to the contrary.[358] Instead, the Court identified goodwill as the property right upon which trademark law is based, and many of the American authorities supported this position.[359]

As law and economics justifications began to dominate U.S. intellectual property theory, including trademarks,[360] the idea that protection of the proprietor's goodwill was central to trademark doctrine jarred with notion that trademarks serve primarily as a mechanism to improve the efficiency of information transmission for the benefit of the public.[361] Some legal scholars claimed that trademarks were now being treated as property when they had not been so treated historically, and they identified the tendency towards proprietization as a contributing factor to trademark doctrine's expansive tenden-

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[354] SCHECHTER, *supra* note 16, at 151.

[355] *Id.*

[356] *See* SALMOND, *supra* note 353, at 429–38, § 150 (setting out the English law governing deceptive trade names and marks).

[357] Bently, *From Communication to Thing*, *supra* note 16, at 5 ("As a result of case-law developments, particularly during the 1860s, and finally the adoption of a Trade Mark Registration Act in 1875, trade marks came to be widely recognised as property.").

[358] *See* 240 U.S. 403, 414 (1916) (citing Ainsworth v. Walmsley, L.R. 1 Eq. Ca. 518, 524, to claim that "the trademark is treated as merely a protection for the good-will, and not the subject of property except in connection with an existing business"), *superseded by statute*, Lanham Act of 1946, Pub. L. No. 79-489, 60 Stat. 427, *as recognized in* Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189 (1985).

[359] *Id.* at 414; *see* ROGERS, *supra* note 222, at 53 ("A trade-mark in and by itself is not the subject of legal property and has no value.").

[360] *See* William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 265–66 (1987) (concluding "that trademark law . . . can be best explained on the hypothesis that the law is trying to promote economic efficiency"); Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621, 624 (2004) (asserting the dominance of the law and economics model for trademark law analysis).

[361] *See* Bone, *supra* note 14, at 549 (noting the "well-recognized consumer-oriented goals of trademark law").

cies.[362] These claims were challenged, in turn, for incorrectly assuming that past courts had never viewed trademarks as property.[363]

Bone's assertion that courts were compelled to identify goodwill as the source of the right—because "there was a serious problem with identifying the mark itself as the property"[364]—cannot fully explain American trademark law's adoption of a goodwill-protection model. Identifying the mark itself as the property is exactly what English courts and legislators eventually did. Although Bone noted that "[t]he concept [of goodwill] was familiar to jurists from its use in business and from its prominent role in the law of partnership dating from at least the early nineteenth century, as well as from its occasional use in trademark law[,]" he did not engage with the origins or nature of goodwill as an independent concept outside the trademark context.[365] Bone's narrative demonstrated that focusing on goodwill as protected property does not always fit well within the American trademark system.[366] It did not, however, provide the historical context necessary to explain two related points: (1) that this misfit reflects centuries of prior recognition of goodwill as a property right, independent of trademark doctrine; or (2) that the American approach to goodwill is unusual when compared with the development of the U.K. law during the same period.

Ultimately, the historical record of inconsistent and/or overlapping doctrines supports McCarthy's opinion that the goals of trademark law include both the protection of the public from deception and "the protection of the trademark as property."[367] Trademarks do not and cannot encompass all the value arising from business goodwill. Challenging a "goodwill-as-property" approach to trademark doctrine might be more helpfully framed as challenging the premise that protecting commercial goodwill should be the primary focus of trademark protection.

Against this doctrinal and historical backdrop, goodwill's centrality to trademark protection created a doctrinal environment in which Schechter's

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[362] *See, e.g.*, Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1697 (1999) ("Courts seem to be replacing the traditional rationale for trademark law with a conception of trademarks as property rights . . . ."); Philippe Gilliéron, *Online Advertising Business Models and Distinctive Signs—Should One Rethink the Concept of Confusion?*, 39 INT'L REV. INTELL. PROP. & COMPETITION L. 688, 688 (2008) ("Trademarks historically function as an identifier rather than as property.").

[363] *See, e.g.*, Bently, *From Communication to Thing*, *supra* note 16, at 33–34 (reviewing the history and finding it "plausible that contemporary accounts are attributing too much influence to the rhetoric of property"); McKenna, *supra* note 16, at 1846–47 (rejecting characterizations of the expansion of American trademark protection on the basis of proprietization).

[364] Bone, *supra* note 14, at 567.

[365] *Id.* at 568.

[366] *Id.* at 568–69.

[367] 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:17, § 5:2 (5th ed. 2025).

theory of dilution protection aligned naturally with the proprietor's interest in creating and maintaining goodwill as the core of trademark protection.[368] In 1927, Schechter articulated the theory of trademark dilution, arguing that the only "rational basis" for protecting trademarks was the preservation of their uniqueness.[369] He defined dilution as "the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods."[370] Thus, dilution harms the owner's investment in the mark.[371] Passing off cases had traditionally focused on deceit and its impact on the public, but goodwill protection had always been entirely about protecting the owner's investment.[372]

The U.S. Supreme Court stated in *Hanover Star Milling Co.* that "[c]ourts afford redress or relief upon the ground that a party has a valuable interest in the good-will of his trade or business, and in the trademarks adopted to maintain and extend it."[373] Schechter's dilution theory logically follows from this goodwill-centric doctrine.[374] If trademarks are merely appurtenant to the broader goodwill, but also a tool best used to *extend* that goodwill, there is no logical reason to limit that protection to confusion-based harms. Nor was Schechter the only one to express the logic of this position. Edward Lukens reasoned that, if "unfair competition is really the theft of an intangible form of property, the good-will" and the "value of the good-will is indicated by the vast sums that are spent for advertising[,]" then equity should be able to prevent the misappropriation of trade signs even on dissimilar goods.[375] Even without the federal dilution cause of action that would be codified decades later in the Lanham Act, judges had already begun to see that a goodwill-centric basis for trademark protection could reasonably expand protection beyond direct competitors.[376]

As Dornis correctly observed, *Hanover Star Milling* "reflects a natural law approach," insofar as "[e]arlier common law trademark doctrine had regularly made reference to a theory of natural rights protection," analogous to

[368] *See* Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 830–33 (1927).
[369] *Id.* at 831.
[370] *Id.* at 825.
[371] *Id.* at 831.
[372] *See supra* Section III.A. (reviewing passing off doctrine).
[373] 240 U.S. 403, 412 (1916), *superseded by statute*, Lanham Act of 1946, Pub. L. No. 79-489, 60 Stat. 427, *as recognized in* Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189 (1985).
[374] Schechter, *supra* note 368, at 830–33.
[375] Edward C. Lukens, *The Application of the Principles of Unfair Competition to Cases of Dissimilar Products*, 75 U. PA. L. REV. 197, 205 (1927).
[376] In 1995, Congress passed the Federal Trademark Dilution Act of 1995, Pub. L. No 104-98, 109 Stat. 985 (codified at 15 U.S.C. § 1125(c) and amended by the Trademark Dilution Revision Act of 2006); *see, e.g.*, Yale Elec. Corp. v. Robertson, 26 F.2d 972, 973 (2d. Cir. 1928).

copyright.[377] Goodwill protection flourished under state common law as interpreted by federal courts, largely unconstrained by the doctrinal restrictions that emerged in twentieth-century British passing off cases. Even in the twenty-first century, the U.K. tort of passing off offers different protection than trademark registration under the Trade Marks Act 1994, and it does not provide general unfair competition protection.[378] The Lanham Act, however, offers nearly identical protection to registered and unregistered marks.[379] As Adam Mossoff has observed, "once trademarks were transformed from a property law doctrine into a derivative form of commercial and trade law doctrine, there was no longer any principled basis by which to delimit trademark protection."[380]

The focus on protecting use rather than on delineating rights more precisely through registration cannot be held fully responsible for the expansion of trademark protection in the twentieth century, but the focus on use in the United States gave Schechter's arguments about the true basis of trademark protection (i.e., the goodwill of the trader) fertile ground in which to flourish.[381] According to Schechter, by only offering protection against consumer confusion and not broader protection for harm to distinctiveness, the law was failing to acknowledge that trademarks "could have an agency for the actual creation and perpetuation of good will."[382] By using the marks, the proprietor can accumulate more goodwill; the more goodwill the proprietor accumulates, the further the goodwill can extend . . . requiring more protection.[383]

There is little doubt that U.S. law's emphasis on the ability of trademarks to embody and promote goodwill—combined with its incentives for owners to invest in goodwill creation and a use-based approach to protection—became a driving force in the expansion of trademark protection. Even without Schechter's substantial influence,[384] a system that rejects formalities and embraces rights beyond those granted through registration would likely have led towards expanded protection rather than otherwise. As Bone warned, "[t]he proposition

[377] DORNIS, *supra* note 28, at 106; *see Hanover Star Milling Co.*, 240 U.S. at 419.

[378] *See, e.g.*, L'Oreal S.A. v. Bellure N.V [2007] EWCA (Civ) 968 (Eng.) ("I think the tort of passing off cannot and should not be extended into some general law of unfair competition.").

[379] Lanham Act, 15 U.S.C. §§ 1051–1072; *see, e.g.*, Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 786 (1992).

[380] Adam Mossoff, *What Is Property? Putting the Pieces Back Together*, 45 ARIZ. L. REV. 371, 422–23 (2003).

[381] Schechter, *supra* note 368, at 818.

[382] *Id.*

[383] *Id. See generally* Robert G. Bone, S*chechter's Ideas in Historical Context and Dilution's Rocky Road*, 24 SANTA CLARA COMPUT. & HIGH TECH. L.J. 469, 475–76 (2008) (describing Schechter's doctrinal innovation as a move "from the idea of protecting existing goodwill to the idea of protecting the mark itself as a device to sell products and generate new goodwill").

[384] *See* 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:67 (5th ed. 2025) (crediting Frank Schechter with introducing the dilution theory into U.S. trademark law and identifying his work as fundamental to later doctrine).

that trademark law protects a firm's goodwill has sometimes been used to justify costly liability expansions that offer little in the way of trademark benefits."[385] Rebecca Tushnet also pointed out how the adoption of a common law, use-based approach to trademarks, instead of a formal approach, focused on defining the scope of protection through a registration system, can lead to "all of the internal boundaries of protectability [being] based on consumer understanding."[386]

Catherine Ng takes a different position, claiming that the understanding of goodwill in U.S. law is, in fact, narrower than the understanding of goodwill in other common law jurisdictions: "[w]hile the American definition of 'goodwill' appears similar to that adopted in English law, the property right in the [U.S.] to unregistered trade marks in a passing off context extends only so far as to prevent public confusion as to the origin or endorsement of the underlying goods."[387] Although this might appear to be correct based on a straightforward reading of section 43(a) of the Lanham Act, American trademark lawyers are well aware that the protection offered by the law goes far beyond the precise language of the statute.[388] Practitioners and law students from outside the United States often struggle to accept the idea that, despite the existence of federal legislation and registration, U.S. courts still treat trademark rights as the creation of common law, *not* statute. Accordingly, judicial understandings of the nature of goodwill and the extent of its protection need not be constrained by the precise language of the Lanham Act.[389]

Nevertheless, subsuming goodwill into trademark jurisprudence could theoretically have had a restrictive effect in practice. If protecting trademarks means protecting the underlying goodwill, then one could argue that protecting goodwill means protecting trademarks—i.e., protecting them only in a trademark sense. Such reasoning might be circular, but it is also familiar. Yet the American courts have clearly not taken such a uniformly narrow approach to defining and protecting goodwill, which shows that Ng's thesis does not reflect the real result of conflating trademark law with goodwill protection.[390]

The fact that the United States has adhered to a use-based approach to protecting goodwill instead of trademarks as property also explains its prohibition on assignment and licensing of trademarks without the associated goodwill.[391] The U.S. Supreme Court has justified prohibiting bare licensing and

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[385] Bone, *supra* note 14, at 550.

[386] Tushnet, *supra* note 28, at 878.

[387] CATHERINE W. NG, GOODWILL IN PASSING OFF: A COMMON LAW PERSPECTIVE 23 (2021).

[388] 15 U.S.C. § 1125(a)(1)(A).

[389] *See* DORNIS, *supra* note 28, at 123 ("[T]he Lanham Act did not alter the existing design of common law rights protection at the interstate level. On the contrary, the goodwill paradigm even became ennobled by its inclusion into lawmakers' statutory policies.").

[390] NG, *supra* note 387, at 23.

[391] *See* Beebe, *supra* note 360, at 647; Calboli, *supra* note 116, at 799–806.

assignment by asserting that "there is no property in a trade-mark apart from the business or trade in connection with which it is employed"—therefore, a trademark cannot be the subject of a transaction absent the associated goodwill.[392] In contrast, British law has a longer tradition of flexibility in allowing for assignment of marks without goodwill; there is no reason for restrictions on transfers of trademark rights absent goodwill, as long as they do not result in consumer confusion or deception.[393] As interpreted by Lord Nichols in *Scandecor Developments v. Scandecor Marketing*, the Trade Mark Act 1994 allows a registered trademark to "be assigned in the same way as other personal property and either with the goodwill of a business or independently."[394]

Any attempt to separate U.S. trademark doctrine from broader commercial goodwill interests steadily eroded over the course of the twentieth century. American trademark law persists in viewing trademark protection as a subset of goodwill protection.[395] By refusing to establish a precedent recognizing trademarks as statutorily-created property, and instead adopting the broader concept of goodwill protection, the Supreme Court in *Hanover Star Milling Co. v. Metcalf* inadvertently created a fertile landscape for expansive proprietor-focused protection to flourish.[396]

CONCLUSION

In 1947, German trademark scholar Rudolf Callmann claimed that the "concept of 'unfair competition' in the United States is the equivalent of 'passing off' in England."[397] There is some truth to his statement, but it is also misleading. The modern tort of passing off in British and American unfair competition law share common ancestors in the various legal doctrines dealing with goodwill, trade diversion, and deceit—but they did not evolve into the same animal.

[392] Am. Steel Foundries v. Robertson, 269 U. S. 372, 380 (1926) (citing United Drug Co. v. Rectanus Co., 248 U.S. 90, 97 (1918)); *see also* Schechter, *supra* note 368, at 822 (linking the rule against trademark property *in gross* to public-policy concerns about separating a mark from the business and its goodwill); Jake Linford, *Valuing Residual Goodwill After Trademark Forfeiture*, 93 NOTRE DAME L. REV. 811, 827–35 (2017) (discussing consumer contributions to goodwill as a partial justification for the assignment in gross doctrine).

[393] A.L.S. Legislation Note, *The English Trade Marks Act: Assignment in England and the United States*, 24 VA. L. REV. 440, 441–43 (1938).

[394] [2001] UKHL 21 [34] (Eng.).

[395] "A trademark has no existence separate from the good will of the product or service it symbolizes. Good will and its tangible symbol, a trademark, are inseparable. Therefore, a trademark cannot be sold or assigned to another unless the associated goodwill is also sold." 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:15 (5th ed. 2025-3).

[396] 240 U.S. 403, 414 (1916), *superseded by statute*, Lanham Act of 1946, Pub. L. No. 79-489, 60 Stat. 427, *as recognized in* Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189 (1985).

[397] Rudolf Callmann, *Unfair Competition Without Competition? The Importance of the Property Concept in the Law of Trade-Marks*, 95 U. PA. L. REV. 443, 444 (1947).

After the Trade Mark Registration Act of 1875, the United Kingdom was firmly fixed on its path towards protecting registration-based trademarks as property rights, though it still had to identify legal mechanisms to deal with unregistered trade symbols and trade dress.[398] In 1879, in the *Trade-Mark Cases*, the Supreme Court shifted the direction of U.S. law onto a slightly different trajectory, asserting trademark rights were wholly the creation of common law and rejecting the constitutionality of the federal trademark registration system.[399] By the early twentieth century, registered trademark protection and the common law tort of passing off were legally and conceptually separate under English law. In contrast, the U.S. Supreme Court latched on to goodwill as the foundational basis for trademarks and unfair competition protection in *Hanover Star Milling Co. v. Metcalf*, in 1916, and later reaffirmed that commitment to use-based protection in *Two Pesos*. Ironically, the Supreme Court's rejection of trademarks-as-property, and its insistence on a proprietor-focused, use-based system aimed at goodwill protection, allowed for more expansive protection than that offered by the United Kingdom's formalized trademarks-as-property system.[400]

Improving our understanding of the emergence and development of trademark protection can be as essential to current legal practice as it is to the historical record. U.S. Supreme Court decisions in the area of trademarks have been informed by legal history, just as they have been in other areas of intellectual property law.[401] More recently, in *Vidal v. Elster*, Justice Thomas's majority opinion relied primarily on historical arguments about trademark law principles to analyze the constitutionality of the Lanham Act's names clause.[402] Justice Thomas's reliance on legal history prompted several justices to file concurring opinions.[403] These opinions challenged both the logic and historical accuracy of what they described as his selective use of historical examples to assess the constitutionality of a modern trademark regime that the Framers of the Constitution could not have contemplated, as well as the accuracy of the

[398] 38 & 39 Vict., Ch c. 91, § s 1.

[399] 100 U.S. 82, 92 (1879).

[400] *See* McKenna, *supra* note 16, at 1903–04 (finding similar irony in the fact that having rejected both a natural law basis for trademark protection and the traditional limitations of passing off, "modern law protects a trademark owner's hypothetical future business in its market and other potential markets" in an increasingly expansive manner).

[401] *See, e.g.*, Ebay Inc. v. Mercexchange, L.L.C. 547 U.S. 388, 394–95 (2006) (Roberts, C.J., concurring, joined by Scalia & Ginsburg, JJ.) (invoking the Court's "long tradition of equity practice," which dates back to the nineteenth century, to support the continued use of the "traditional four-factor test" applied when determining whether to grant patent injunctions). Chief Justice Roberts, quoting Justice Holmes, emphasized that "a page of history is worth a volume of logic." *Id.* at 395 (citing N.Y. Tr. Co. v. Eisner, 256 U.S. 345, 349 (1921) (Holmes, J.)); *see also* Golan v. Holder, 565 U.S. 302, 320–23 (2012) (Ginsburg, J.) (reviewing historical practice from the eighteenth and nineteenth century to uphold the constitutionality of legislation removing copyright works from the public domain).

[402] 602 U.S. 286, 295–308 (2024) (majority opinion).

[403] *Id.* at 311 (Kavanaugh, J., concurring in part); *id.* (Barrett, J., concurring in part); *id.* at 325 (Sotomayor, J., concurring).

history presented.[404] Incomplete and inaccurate historical narratives can find their way into authoritative treatises and form the basis of future Supreme Court opinions.[405]

Having provided a revised narrative focused on the nature of goodwill, and its history and conceptual identity apart from trademark law, one may ask whether this revised narrative has implications for normative debates about the proprietary nature of trademarks. Such debates related to the "propertization" of intellectual property regimes have often discussed whether the law was traditionally focused on protecting trademark proprietors or consumers in the past, using history to support arguments about the expansion of trademark protection over time.

It is fair to say both McKenna and Bone are correct that the history demonstrates that treating trademarks as "property" or goodwill as "property" cannot alone be blamed for the expansion of trademark protection in the United States. Indeed, the resistance to calling trademarks "property" may have contributed to the problem by identifying a use-based right without offering much help in the way of theoretical, realist, or formalist boundaries. Early legal protection of goodwill did not rely on fraud or deceit, but proprietary rights emerged based on the value of the proprietor's own investment. Thus, in many cases, goodwill can be an odd fit if one views the primary function of trademarks as being about accurate communications between producer and consumer.

Maintaining the Lanham Act as a clarification and codification of common law rights aimed at goodwill protection, instead of as a mechanism for creating rights, has made it difficult for trademark protection in the United States to do anything other than expand. Despite the growing influence of eco-

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[404] *See id.* at 311 (Barrett, J., concurring in part) ("[T]he Court's evidence, consisting of loosely related cases from the late-19th and early-20th centuries, does not establish a historical analogue for the names clause."). According to Justice Barrett, "the legislative history of the Lanham Act also undercut[] Justice Thomas' conclusion." *Id.* at 322. Justice Barrett's skepticism regarding the *Vidal* majority's approach to historical analysis is well-founded. For example, Justice Thomas found "no evidence that the common law afforded protection to a person seeking a trademark of another living person's name." *Id.* at 303 (majority opinion). There were, however, nineteenth-century English cases holding that individuals who were not themselves using their own names to sell products could not prevent others from doing so. Dockrell v. Dougall, [1899] 80 AC 556 at 557–58 (Eng.) (refusing an injunction to a doctor whose name was being used to promote a medicinal product); Clark v. Freeman (1848) 50 Eng. Rep. 759, 761–62; 11 Beav. 112, 118–19 (Lord Langdale, M.R.) (Ch.) (refusing to grant an injunction preventing the use of an eminent physician's name on quack consumption pills); *see also* DuBoulay v. DuBoulay, [1869] 2 PC 430 at 441 (Eng.) (finding no right to a name as such and distinguishing the legal protection of the "right to the exclusive use of a name in connection with a trade or business"); B.W.S., Note, *Should a Name Be Protected as "Property"?*, 11 MICH. L. REV. 391, 392 (1913) ("The existence of an abstract right of property in a name has never been judicially sustained either in England or the United States . . . .").

[405] *See* Jake Linford, *The Constitutional Future of Trademark Tarnishment*, WM. & MARY BILL RTS. J. (forthcoming 2026) (manuscript at 49–57) [http://dx.doi.org/10.2139/ssrn.6065748] (discussing the likelihood of the Supreme Court reviewing historical caselaw in subsequent trademark cases).

nomic theories that justify trademark protection as a means of facilitating consumer decision-making efficiency, the United States's common law, use-based approach has proven predictably resistant to law-and-economics orthodoxy.[406] As Wright asserted:

> Property is always a question of degree. Trademarks are generally referred to as property, and they, like other forms of goodwill, have been held to be property for various purposes. So it would not seem amiss to say that an infringement is a violation of a property right. But, of course, either leads nowhere.[407]

The reality of twentieth-century trademark legal supports Wright's pragmatic view. The law of registered trademarks in the United Kingdom treats trademarks as property rights,[408] but it was European harmonization of trademark law, not property status, that led to broader protection in 1994.[409] The scope of exclusive rights offered to U.S. trademark owners is not limited by registration, whereas under U.K. law, the registration "determines the scope of the property protected as a trade mark."[410] The English tort of passing off offers more limited protection than U.S. unfair competition laws.[411]

The legal recognition of goodwill as a property right arose as a necessary response to social and commercial norms, whereas its inclusion in trademark law represented a top-down effort to develop a coherent framework for governing competition in the marketplace. Recognizing goodwill as a property right was a social and economic necessity in a context where the investment in a longstanding trade would easily be detached from ownership in the land; for the trader to realize any value from the business, there had to be something to sell.

Dinwoodie has queried whether trademark law should "be structured *reactively* to protect whatever consumer understandings or producer goodwill develops, or . . . *proactively* seek to shape the ways in which consumers shop and producers sell or seek to acquire rights, thus shaping how the economy

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[406] *See* Lemley, *supra* note 362, at 1688 ("Unfortunately, the changes in trademark doctrine over the last fifty years are not supported by the new economic learning. Rather, these changes have loosed trademark law from its traditional economic moorings and have offered little of substance to replace them.").

[407] Wright, *supra* note 20, at 310.

[408] Section 22 of the Trade Marks Act 1994 defines trademarks as "personal property" or, "in Scotland, incorporeal moveable property." c. 26, § 22 (UK).

[409] *Id.* c. 26, Preamble (UK) (citing implementation of the European Trade Mark Directive as the first stated purpose of the legislation).

[410] LIONEL BENTLY, BRAD SHERMAN, DEV GANGJEE & PHILLIP JOHNSON, INTELLECTUAL PROPERTY LAW 928 (5th ed. 2018).

[411] *See, e.g.*, L'Oreal S.A. v. Bellure N.V [2007] EWCA (Civ) 968 [161] (Eng.) ("I think the tort of passing off cannot and should not be extended into some general law of unfair competition.").

functions?"[412] The history of goodwill provides examples of both this reactive and proactive approach to dealing with competition in the marketplace. Once the intangible property of goodwill in a business was recognized as a thing that could be sold for serious cash, it was only natural that owners would make claims against those who willfully caused harm to that goodwill. Goodwill was initially associated with the working classes, which helps explain why it took longer for courts to give it sustained doctrinal attention. As Pollock observed, "[t]he term *goodwill* is a commercial rather than a legal one . . . ."[413] Yet, goodwill overcame its humble beginnings, eventually finding a central role in trademark and unfair competition jurisprudence, with books written on the many categories of goodwill and advising which forms of goodwill the law should protect.[414]

It is necessary to recognize that goodwill was a well-established property right *before* the advent of modern trademark law to fully appreciate its later role in the development of trademark doctrines. The history of goodwill provides a notable example of the law taking a reactive approach to commercial realities rather than developing doctrines through conscious jurisprudential development; legal recognition of goodwill in courts occurred because the public treated it as an alienable asset.[415] Unlike the rights protected in early trademark and unfair competition cases, early cases took goodwill's status as an intangible property right for granted because it was already bought, sold, and argued about on a daily basis. The realities of the marketplace continue to drive legal analysis of trademark law today; the history of goodwill demonstrates that, for better or for worse, this is not a new phenomenon.

The definition of goodwill remains elusive. Although some have claimed that "[t]he basic levels of thought which have guided jurists in their formulation of the legal concept of goodwill are the same as those along which economic analysis has developed[,]"[416] others find that "the concept of 'goodwill' remains ambiguous among legal authorities."[417] The role of goodwill, as we (almost-but-not-quite) understand it today, was created in law through the in-

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[412] Graeme B. Dinwoodie, *Trademarks and Territory: Detaching Trademark Law from the Nation-State*, 41 HOU. L. REV. 885, 889–90 (2004).

[413] FREDERICK POLLOCK, A DIGEST OF THE LAW OF PARTNERSHIP 105 (Lond., Stevens & Sons, 5th ed. 1890).

[414] *See, e.g.*, NG, *supra* note 387, at 3–6 (distinguishing "structural goodwill" from "substantive goodwill").

[415] JOHN WILLIAM SMITH, A COMPENDIUM OF MERCANTILE LAW 66 (Phila., John S. Littell 1837) ("There is another sort of property, if property it can be called, of a nature so exclusively mercantile, as to deserve a separate mention.").

[416] Preinreich, *supra* note 106, at 317; *see also* Sidney I. Simon, *Court Decisions Concerning Goodwill*, 31 ACCT. REV. 272, 272 (1956) ("The legal viewpoints thus agree with the modern accounting concept that good-will is not presumed to exist only in connection with the customers of a business.").

[417] NG, *supra* note 387, at 1.

fluence of the marketplace, then became widespread, then became central to U.S. trademark law: partly the result of doctrinal accident, partly the influence of acute legal minds trying to solve a problem. Thus, the upstart American trademark law borrowed an old British intangible property right—and left the legal scholars to clear up the confusion.