The traditional rationale for the legal protection of trade marks is that trade marks protect consumers from confusion and reduce consumer search costs in the marketplace. Producers use trade marks to distinguish their goods and services from the goods and services of their competitors. Facilitating competition is therefore a fundamental, underlying principle of trade mark law. Trade mark protection provides incentives to producers to invest in consistency and quality, which benefits consumers. Trade marks thus have origin, guarantee and investment functions. They are indicators of trade source, they serve as guarantees of quality, and they provide a mechanism and incentive for investment in advertising and promotion.1

Trade marks are designed to facilitate competition for the benefit of consumers. Facilitating competition requires the identification of competitors, and, because competition only takes place in markets, identifying competitors must involve some form of market definition. Competition law offers a relatively developed approach to market definition and market analysis, drawing on economic principles and economic evidence. However, while courts in trade mark cases are regularly required to consider competition and competitors, they do not use competition law market analysis for this purpose.

This article argues for the adoption by courts of competition law market analysis in trade mark cases. The article first outlines the competition law approach to market definition under the Commerce Act 1986, and then identifies the registration and infringement provisions under the Trade Marks Act 2002 under which a market assessment is required in order to identify competition and competitors. The article then analyses recent cases in which New Zealand courts have considered registration and infringement of particular trade marks, and the approach that has been taken to the assessment of competition and markets, concluding that, even in recent cases, courts do not use competition law market definition. It is argued that the quality of analysis in trade mark cases would be enhanced if lawyers and the judiciary were to explicitly adopt a competition law style approach to market definition in these cases, and that this would also lead to more predictable outcomes based on empirical evidence. There is congruence in the purposes of trade mark law and competition law, both of which are crafted to protect consumers by protecting competition, and this congruence of purpose supports the use of economics-based market analysis in trade mark law, as in competition law.

Market definition under the Commerce Act 1986

The purpose of the Commerce Act 1986 is to promote competition in markets for the long-term benefit of consumers within New Zealand.2 This reflects the central concern of antitrust and competition laws internationally—the promotion of competition—and competition takes place, if at all, in markets. An initial step in assessing competition and market power is to define the relevant market. Market definition is a fundamental element of New Zealand competition law under the Commerce Act 1986. In relation to most restrictive trade practices, the Commerce Act requires identification of a market or markets in which the practices have restricted competition. For example, s.27 prohibits contracts, arrangements or understandings with the purpose, effect or likely effect of substantially lessening competition, s.29 has a substantial lessening of competition element, and s.36 refers to taking advantage of market power for the purpose of restricting entry into a market, preventing or deterring competitive conduct in a market, or eliminating a person from a market. All these provisions require market definition as a first step in assessing the effect on competition. The business acquisitions provisions also require market definition. Section 47 prohibits business acquisitions that would have, or would be likely to have, the effect of substantially lessening competition, s.29 has a substantial lessening of competition element, and s.36 refers to taking advantage of market power for the purpose of restricting entry into a market, preventing or deterring competitive conduct in a market, or eliminating a person from a market. All these provisions require market definition as a first step in assessing the effect on competition. The business acquisitions provisions also require market definition. Section 47 prohibits business acquisitions that would have, or would be likely to have, the effect of substantially lessening competition in a market. A market definition exercise is therefore required as an essential first step in determining liability under virtually all the substantive provisions of the Commerce Act.

In competition law, market definition is based on economic principles and economic evidence. “[A] market is the arena within which significant substitution in consumption or production occurs. That arena tends to exhibit uniform prices throughout.”3 The Commerce Act defines a market as “a market in New Zealand for goods or services as well as other goods or services that,

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2 Commerce Act 1986 s.1A.


4 Commerce Act 1986 s.3(1A).
as a matter of fact and commercial common sense, are substitutable for them.\(^5\)

Competition law markets are generally understood to have dimensions of product, space, functional level and time.\(^5\) Where relevant, the Commerce Commission also defines the market in relation to the fifth, customer, dimension, considering different customer types within a market.\(^6\) Most important are the product and geographic markets. In relation to product, the Commerce Commission and the courts will consider economic substitutability on both demand and supply side, with reference (where available) to cross-price elasticities.\(^7\) The geographic market includes all the sources of supply to which buyers can turn if local prices increase.\(^8\)

Courts in competition law cases define markets to assess market structure and market shares, from which the courts can then assess market power.\(^9\) Market definition is, therefore, an instrumental concept.\(^10\) To be a useful instrument, the market defined has to be the market relevant to the alleged competition law violation at issue, and different markets within the same industry may be present for different competition law purposes.\(^11\) Competition law market definition is therefore a flexible concept that draws on economic principles to produce a tool for assessment of competition law violations.

### Trade marks law

#### Trade mark registration

Section 5 of the Trade Marks Act 2002 provides that a "trade mark"

\[
\text{"(a) means any sign capable of—} \\
\text{(i) being represented graphically; and} \\
\text{(ii) distinguishing the goods or services of 1 person} \\
\text{from those of another person . . . . "}
\]

Section 5 also provides that a "sign" includes

\[
\text{"(a) a brand, colour, device, heading, label, letter, name,} \\
\text{numeral, shape, signature, smell, sound, taste, ticket, or} \\
\text{word; and} \\
\text{(b) any combination of signs".}
\]

Part 2 of the Trade Marks Act 2002 provides for trade mark registration. Section 13 provides that a trade mark is registrable in respect of goods and/or services within one or more classes if an appropriate application is made, prescribed fees are paid, and the Commissioner of Trade Marks is satisfied that there are no absolute or relative grounds that would prevent registration. Absolute grounds for not registering a trade mark are set out in sub-part 2. Of relevance to this article are s.17(1)(a) and s.18.\(^12\) Each of these provisions potentially requires the identification of competitors within a market setting, and therefore requires an identification of the relevant market.

**Likely to deceive or cause confusion**

Section 17(1)(a) provides that the commissioner must not "register as a trade mark or part of a trade mark any matter the use of which would be likely to deceive or cause confusion". This provision replaces s.16(1) of the Trade Marks Act 1953 which provided that:

> "It shall not be lawful to register as a trade mark or part of a trade mark any scandalous matter or any matter the use of which would be likely to deceive or cause confusion or would be contrary to law or morality or would otherwise be disentitled to protection in a Court of justice."

The phrase "likely to deceive or cause confusion" was considered by the Court of Appeal in *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd.*\(^13\) In that case Richardson J. held that it was clearly settled that in considering the likelihood of deception or confusion all the surrounding circumstances have to be taken into consideration, including the circumstances in which the applicant's mark may be used, the market in which the goods may be bought and sold and the character of those involved in that market.\(^14\) However, he said that it was the use of the mark in New Zealand that has to be considered, and association of a similar mark with another trader in overseas countries or markets is irrelevant, except in so far as it bears on the likelihood of deception or confusion in the New Zealand market.\(^15\) He said that it was in relation to commercial dealings that deception or confusion had to be considered and that what was material was the states of mind of prospective or potential purchasers of "goods of the kind to which the applicant may apply his mark" and of others involved in the purchase transactions.\(^16\) He went on to say that the test does not require that all persons in the market are likely to be deceived or confused, but that it is not sufficient that someone in the market is likely to be deceived or confused: "a balance has to be struck."\(^17\) He said that the object of the section was not to protect competitors and potential competitors but "to protect the public interest by refusing to accord monopoly

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\(^{7}\) *ibid.*, at pp.14-20.

\(^{8}\) *ibid.*, Auckland Regional Authority v Mutual Rental Car (Auckland Airport) Ltd [1987] 2 N.Z.L.R. 641 at 677.

\(^{9}\) *Arenda et al.,* n.3 above, paras 531e and 532a, at p.190.


\(^{11}\) *Arenda et al.,* n.3 above, para 553, at pp.202-203.
rights to a mark, the use of which is likely to deceive or confuse those in the market for the goods. Richardson J. used the following test:

"Having regard to the awareness of the opponent's mark in the New Zealand market for goods covered by the registration proposed, would the use of the applicant's mark be likely to deceive or cause confusion to persons in that market?"

Richardson J. said that the first step was to identify the relevant New Zealand market or markets in which goods covered by the mark applied for might be expected to be sold. He went on to identify the market on the facts of the case beginning with the class of goods described in the application ("live chickens and poultry"), but noting that it was common ground that the market was confined to breeding poultry and did not extend to retail sales. In so defining the relevant market Richardson J. did not use competition law market definition, and did not consider substitution. Instead he took as a starting point the class of goods described in the application. This approach draws on trade mark classifications rather than on economic principle, and consequently risks defining a market either too broadly or too narrowly. This in turn could result in identification of an over-broad or over-narrow class of consumers in that market, with consequent misleading results on likely deception or confusion. By contrast, use of competition law market definition drawing on evidence of substitution would provide a more empirically based approach, and arguably more accurate, consistent and predictable results in relation to s.171 assessments of deception.

Subsequent cases have applied the Pioneer Hi-Bred approach to likely deception or confusion. In these cases courts have generally approached the assessment of the market as Richardson J. did, without employing competition law type market definition as part of the analysis.

**Distinctiveness**

Distinctiveness requires that consumers are able to differentiate a mark from competing signs used by rival traders, and that the trade mark can thereby function as an indicator of source. Section 18(1)(b) of the Trade Marks Act 2002 provides that the commissioner must not register a trade mark that has no distinctive character.

This provision replaces the distinctiveness provisions in s.14 of the Trade Marks Act 1953. Nevertheless, courts considering the requirement of "distinctive character" are likely to draw on concepts of distinctiveness established under the Trade Marks Act 1953.

Under the 1953 Act, distinctiveness required that the trade mark be "adapted to distinguish" the proprietor's goods or services. Distinctiveness must be shown at the time of application. In determining whether a trade mark was adapted to distinguish, the commissioner or the court might have regard to the extent to which the trade mark was "inherently adapted to distinguish", and the extent to which the trade mark was "in fact adapted to distinguish" by reason of its use or other circumstances. Inherent distinctiveness in this context referred to a mark's being adapted or capable of distinguishing goods without showing use of the mark. Generally invented words such as Kodak would qualify as inherently distinctive. Distinctiveness in fact referred to distinctiveness acquired through use of the mark. Case law also required that other traders could not legitimately desire to use the trade mark, for example to describe their goods and services. The rationale here is that competitors should not be prevented from using signs that are essential in trade to convey information about their goods and services. The New Zealand Court of Appeal has referred to the speech of Lord Parker in Registrar of Trade Marks v W & G du Cros Ltd:

"The applicant for registration in effect says, 'I intend to use this mark as a trade mark, i.e., for the purpose of distinguishing my goods from the goods of other persons,' and the Registrar or the Court has to determine before the mark is admitted to registration whether it is of such a kind that the applicant, quite apart from the effects of registration, is likely or unlikely to attain the object he has in view. The applicant's chance of success in this respect must, I think, largely depend upon whether other traders are likely, in the ordinary course of their business and without any improper motive, to desire to use the same mark, or some mark nearly resembling it, upon or in connection with their own goods. It is apparent from the history of trade marks in this country that both the Legislature and the Courts have always shown a natural disinclination to allow any person to obtain by registration under the Trade Marks Acts a monopoly in what others may legitimately desire to use."

The distinctive character requirement is therefore designed to facilitate competition in markets for goods and services, and to prevent monopolisation by particular traders of marks "that might reasonably be used in relation to products of the kind in question."
concern here is to promote market freedom, allowing other market traders to compete by using signs that are commonplace, descriptive or generic. The issue commonly arises in relation to descriptive marks. In *McCain Foods* the New Zealand Court of Appeal expressly affirmed the market freedom approach to distinctiveness in relation to the mark *Healthy Choice* for food products. Gault P. identified the issue as being whether the combination of words gained from their juxtaposition a sufficient identity and unusual connotation:

> "Do the words in combination convey a different meaning or allusion from that conveyed separately, or would other traders in food products of the kind covered by the application reasonably wish to use the word combination in normal descriptive contexts in relation to their products?"

In taking this approach the Court of Appeal declined to take the approach taken by the European Court of Justice in the *Baby Dry* case. In that case the ECJ moved away from the market freedom approach which emphasises the legitimate interests of competing traders, and favoured instead an approach that would allow registration of descriptive signs unless they could not actually fulfil the trade mark function as indicators of trade origin. Gault P. rejected this approach, and said that it was unlikely that *Baby Dry* would qualify for registration in New Zealand. New Zealand law therefore continues to take a market freedom approach to distinctiveness, and does not permit monopolisation through registration by one trader of signs other traders might reasonably use in relation to similar products.

Application of the distinctive character requirement necessarily involves identification of competitors and prospective and potential consumers, and therefore identification of the relevant market. Further, the Court of Appeal has observed that use by traders in relation to different goods or in different markets may assist in determining distinctiveness, depending on the circumstances. However, the Commissioner and the courts do not generally use competition law style market definition for this purpose. The Court of Appeal in the *McCain Foods* case did not undertake a market definition exercise, and neither did the High Court in *Frucor Beverages Ltd v Commissioner of Trade Marks*. In that case distinctiveness was an issue in relation to the mark *B-Ticket*. In the High Court John Hansen J. considered distinctiveness in relation to the mark *Healthy Choice* for food products. Gault P. rejected this approach, and said that it was unlikely that *Baby Dry* would qualify for registration in New Zealand. New Zealand law therefore continues to take a market freedom approach to distinctiveness, and does not permit monopolisation through registration by one trader of signs other traders might reasonably use in relation to similar products.

The judge found that it had not been shown that the mark *just* was sufficiently distinctive for registration and "other traders should not be prevented from using a term which has become an acceptable feature of the marketing of products in this field". The judge did not undertake any exercise in competition law style market definition in the course of his analysis.

It might be argued that a market definition exercise was unnecessary in *McCain Foods* and *Frucor*, because both involve a range of food products, and the result in each case was unlikely to be affected by finding a broader or narrower market definition. However, there are other cases in which a finding on market definition would make a difference to the outcome of the case. For example, distinctiveness was an issue in relation to the mark *Black Water Rafting in Waitomo Adventures Ltd v BWR Resources Ltd*, and the mark was held by the High Court not to be distinctive. WAL presented evidence of a survey of members of the general public aged 15 years and over, the results of which suggested that the mark was used descriptively to refer to the activity rather than to refer to a particular company. Randerson J. accepted criticism of that evidence on the grounds that the general New Zealand public were not the market for the activity, because 75–80 per cent of consumers were visitors from overseas, and few were New Zealanders over 55. It was suggested that a survey of "actual or potential users on a representative basis" would have been more useful. It was also suggested that evidence from providers, travel agents or tourism promoters would have been useful. These criticisms reflect a lack of clarity on the facts as to what constituted the relevant market, but there was no use of economic market definition, and no competition law style analysis. Use of such an analysis by both the parties and the court could have resulted in better quality survey evidence being led, and a result based on strong empirical analysis.

In some cases courts do consider and make a finding on the definition of the relevant market for distinctiveness purposes, but without undertaking a competition law style market definition exercise using economic principles and economic evidence. For example, distinctiveness was an issue in *Re United Air Lines*, in relation to the mark *E-Ticket*. In the High Court John Hansen J. considered distinctiveness in relation to the "New Zealand market for passengers using travel and reservation services". He thus identified a relevant market, but did not undertake a market definition exercise. Similarly, in *Resene Paints Ltd v Orica New Zealand Ltd*, Hammond J. considered the protection of paint names, although the case was in passing off, as the marks were unregistered. In so doing, he distinguished the premium paint market from the non-premium paint market.

29 *Trade Marks Act* 2002, s.18
30 *McCain Foods*, n.26 above.
31 ibid., at [51].
34 *McCain Foods*, n.26 above, at 51.
35 ibid., at 69.
38 *Waitomo Adventures Ltd v BWR Resources Ltd* High Court, Hamilton, (CPT2/00) April 26, 2002, Randerson J.
39 ibid., at [30].
40 *Waitomo Adventures Ltd*, n.38 above, at [31].
41 *Re United Air Lines* High Court, Auckland (AP 404/49/00) March 5, 2001, John Hansen J.
42 ibid., at [5].
market, but did so without reference to economic evidence as to whether or not consumers see these paints as being substitutes, and in what circumstances.\textsuperscript{43} Resene had accepted Orica's use of the names in the non-premium market, but brought proceedings when Orica commenced use in the premium market. Orica argued that the names had not become distinctive of Resene's products. Resene obtained an interlocutory injunction. At trial, the court's decision on the relevant market may well make a difference to the outcome in the case. It would be desirable if the finding on the relevant market was based on the kind of economic analysis used in competition cases.

**Shape marks**

Distinctiveness is a particular issue in relation to shape marks, which are not explicitly included as trade marks under the definition of "sign" in the Trade Marks Act 2002. In assessing distinctiveness in relation to shape marks, courts consider whether rival traders need to use the shape in order to compete.\textsuperscript{45} Where competitors do need to use a shape, then the shape mark may be excluded from registration as not being distinctive.\textsuperscript{46} Any assessment of distinctiveness in this context necessarily involves some identification of a market in order to identify competitors. If the market is defined narrowly then competitors will be seen to need to use that shape to compete. However, if it is defined broadly, then a range of possible substitutes exist, and competitors need not therefore use the trade mark shape to compete.

New Zealand courts have not as yet had to deal with issues of distinctiveness in relation to shape marks. However, shape marks have been considered in other jurisdictions. In *Koninklijke Philips Electronics NV v Remington Consumer Products Ltd*,\textsuperscript{47} the European Court of Justice considered a shape mark under European law. The case involved an electric shaver with a head consisting of three rotary blades arranged in a triangular pattern, and a registered trade mark that was a graphic representation of the shaver head. Under s.3(1)(e) of the Directive\textsuperscript{48} signs cannot be registered if they consist exclusively of "the shape of goods which is necessary to obtain a technical result". The Court of Justice held that the provision:

> "must be interpreted to mean that a sign consisting exclusively of the shape of a product is unregistrable by virtue thereof if it is established that the essential functional features of that shape are attributable only to the technical result. Moreover, the ground for refusal or invalidity of registration imposed by that provision cannot be overcome by establishing that there are other shapes which allow the same technical result to be obtained".

This approach arguably does not require an exercise in market definition, as it does not consider substitutes. New Zealand law, however, has no equivalent provision to s.3(1)(e), so that courts can be expected to take an approach that does allow consideration of substitute shapes available to competitors, under general distinctiveness law. An exercise in market definition drawing on evidence as to what products consumers regard as substitutes will be relevant. If the market is defined narrowly (for example, shavers with three heads in a triangle pattern) then a court will be likely to find that competitors need to use this shape to compete, and will be less likely to find distinctiveness. On the other hand, if the market is defined broadly (for example, electric shavers) then a court will be much less likely to find that competitors need to use the mark to compete, and consequently more likely to find distinctiveness.

A US case is also illustrative. In *In re Weber-Stephen Products Co*\textsuperscript{49} this involved an application for registration of a design of a barbecue grill that used a "kettle body and legs," which was rejected by the Examining Attorney as functional.\textsuperscript{50} In arguing that the mark was not functional, the applicant presented extensive evidence of alternative shapes and designs. The Board held that\textsuperscript{51}:

> "In summary, the evidence indicates that a wide variety of alternative barbecue grill designs, including other covered round designs, is available to applicant's competitors, and that applicant's covered round design is not superior, in cooking performance, to any of the other covered designs, be they round, square, rectangular, or whatever".

The Board also found no evidence that the applicant's design was cheaper or simpler to make than existing grills.\textsuperscript{52} The Board held that the mark was not functional.\textsuperscript{53} It thus gave careful consideration to the needs of competitors. Although it did not undertake an express exercise in market definition, the Board effectively found that there was a market for barbecue grills in which the applicant's design was just one of a number of substitute grill designs.\textsuperscript{54}

In relation to distinctiveness of both word and shape marks, it is argued that use of competition law style market definition in identifying competitors is likely to produce more robust and predictable decisions, based on economic principles and economic evidence.

\textsuperscript{44} In distinctiveness cases, courts generally take the view that distinctiveness is easier to prove among purchasers of expensive or specialised goods than among purchasers of cheaper goods. *(See Advantage Group Ltd v Advantage Computers Ltd [2002] 3 N.Z.L.R. 741 at 746 (CA).* This is based on the assumption that consumers are less likely to make impulse purchases of expensive goods. However, this view is not necessarily based on empirical evidence, and has the potential to distort findings on whether goods are in competition, by finding effectively separate markets for expensive and cheap goods which may actually be regarded by consumers as being substitutes and in the same market.

\textsuperscript{45} Considerations of functionality are not expressly provided for in the Trade Marks Act 2002. Such provisions were considered by the Commerce Select Committee, but the committee preferred to rely on the general tests for distinctiveness. S. FrankeL and G. McLay, *Intellectual Property in New Zealand* (2002), p.432.

\textsuperscript{46} It was concerned to protect competition that led to the long-standing prohibition on shape trade marks. See *Re Coca Cola [1986]* 2 All E.R. 274, HL.


\textsuperscript{50} *ibid.*

\textsuperscript{51} *In re Weber-Stephen*, n.49 above, at 1668.

\textsuperscript{52} *ibid.*, at 1669–1670.

\textsuperscript{53} *ibid.*, at 1669–1670.

\textsuperscript{54} *ibid.*, at 1667.
Trade mark infringement

Market definition also arises in relation to trade mark infringement. Section 89 of the Trade Marks Act 2002 provides that:

"(1) A person infringes a registered trade mark if the person does not have the right to use the registered trade mark and uses in the course of trade a sign—
(a) identical with the registered trade mark in relation to any goods or services in respect of which the trade mark is registered; or
(b) identical with the registered trade mark in relation to any goods or services that are similar to any goods or services in respect of which the trade mark is registered, if that use would be likely to deceive or confuse; or
(c) similar to the registered trade mark in relation to any goods or services in respect of which the trade mark is registered if that use would be likely to deceive or confuse; or
(d) identical with or similar to the registered trade mark in relation to any goods or services that are not similar to the goods or services in respect of which the trade mark is registered where the trade mark is well known in New Zealand and the use of the sign takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark.

(2) Subsection (1) applies only if the sign is used in such a manner as to render the use of the sign as likely to be taken as being use as a trade mark.

(3) Sections 92-98 override this section".

In infringement proceedings, courts in some cases are required to decide whether a sign is used in relation to goods or services similar to those in respect of which it is registered. In deciding whether goods or services are similar, courts are effectively deciding whether the goods or services are in competition. In order to be in competition, they must be operating in the same market, so that an exercise in market definition is required for this analysis. However, courts generally do not use a competition law style market definition for this purpose.

The starting point is the class of goods or services for which the mark has been used, and reasonable generalisation recognises the reality of the market-place. This approach involves considering whether goods or services are in competition, and requires identification of channels of trade. However, the approach to identifying competitors is very different from the economic approach taken by courts in competition law cases. Jacob J.'s approach to identifying whether goods or services are in competition takes into account how those in trade classify goods, but does not, at least explicitly, take into account whether consumers regard the goods or services as substitutable. The approach also takes account of factors that may or may not link to substitutability, for example the physical nature of goods or services. In applying his approach to the facts, Jacob J. did not undertake a full market definition exercise and did not use economic evidence. His conclusion on the facts was a narrow one, finding that a sweet syrup to be poured over desserts was not similar to a sweet-flavoured spread.

The New Zealand Court of Appeal referred to the similar goods or services provision in infringement in Advantage Group Ltd v Advantage Computers Ltd. In that case the Court of Appeal considered the distinctiveness of the trade mark Advantage. The court said that registration is not limited precisely to goods or services on which the mark has been used, and reasonable generalisation recognises the reality of the market-place. Thus "distinctiveness proved in relation to raspberry jam will flow over to other jams". However, "distinctiveness in relation to jam could not justify a registration
covering all foodstuffs". In that case, the Court of Appeal did not discuss what approach a court should take to determining the line between reasonable and unreasonable generalisation to similar services, other than saying that the approach should be "practical".

Courts in trade mark infringement cases are therefore required in similarity cases to consider whether goods or services are in competition. However, while they do consider competition, they do not use competition style market definition, based on empirical economic evidence, in order to identify competitors.

Applying competition law market definition to trade mark law

The foregoing analysis demonstrates that, in relation to both registration and infringement, courts in trade mark cases are required to identify competitors and competing products. In competition law cases, courts would use established market definition techniques for this purpose, drawing on economic evidence of substitution by consumers as demonstrated by cross-price elasticities. However, the same courts do not use competition law market definition to identify competition in trade mark cases.

It is not clear why courts in trade mark cases do not use competition law style market definition. It may be that judges are reluctant to import competition law market definition into trade mark law, as this would require expensive and time-consuming economic evidence, which might be seen as a burden to both courts and parties. While this may be an explanation, it is argued that an economic approach should be preferred if it improves the quality of decision-making, so long as the costs do not outweigh the benefits. It may also be that judges prefer the flexibility of a less formalised approach, as it gives them more freedom to decide on what they see as the overall justice of the case. The benefits of this kind of flexibility should, however, be weighed against the risk of uncertain results and the difficulties posed for litigants and potential litigants. Another explanation may be that reliance on precedent means that lawyers do not argue trade mark cases on the basis of competition law market definition, so that adequate economic evidence is not presented and judges do not have a basis for a market definition finding. Thus, even though competition market definition may offer a better approach to decision-making, it may not be an option for courts simply because it is not argued.

Whatever the explanation, this article argues that, in areas of trade mark law in which courts are required to identify competitors and consider competition, use of competition law market definition would produce more rational decision-making based on empirical evidence, and would lead to more predictable and robust decisions. The primary goal of trade mark law is the facilitation of competition in order to protect consumers. This goal is entirely consistent with the goals of competition law. In cases where identification of competition and competitors is required, it would be preferable to use economic evidence. Use of competition law market definition would produce more empirically based results and more consistent outcomes.

Conclusion

This article has reviewed the use of concepts of competition and markets in New Zealand trade mark law, and has identified areas of trade mark registration and infringement law in which decision-makers are required to identify competitors and assess competition. Analysis of recent case law has demonstrated that courts do not use competition law market definition techniques for this purpose, and possible explanations have been reviewed. It is argued that use of competition law market definition in these areas of trade mark law would enhance the quality of decision-making, producing more robust and predictable results.

64 ibid., at 746.
65 ibid., at 747.