

PROOF OF INFRINGEMENT

Cocoatina Cacoatine, Cottoline Cottoleo, Momaja Mojava, Cuticura Curative, Cuticura Cutis-Cure, Cuticura Curato, German Sweet Chocolate Germania Sweet Chocolate, German Sweet Chocolate Sweet German Chocolate, Pride of Syracuse Hier & Aldrich's Pride, Payson, Dunton & Scribner's National System of Penmanship Independent National System of Penmanship, El Destino El Devino, El Destino El Destinacion, Apollinaris Apollinis, Apollinaris London Apollinaris, La Flor de Margareta Margarita, Trafford Stafford, Fort Fortress, Wamsutta Wamyesta, Bovina Boviline, Tonge's Tung's, Sapolio, Sapia, Sapolio Saponit, Sapolio Sapho, Sapolio Sapon, Chatterbox Chatterbook, Nitedals Medals, Pearl Pirle, Home Home Delight, Sunlight American Sunlight, Old Crow White Crow, Vitæ-Ore Vitalizing Ore, Cascarets Castorets, Cashmere Bouquet Violets of Cashmere, Uneeda Iwanta, Six Little Tailors Six Big Tailors, Demon Demotic, National Police Gazette United States Police Gazette, Derwent Derby, Rising Sun Stove Polish Rising Moon Stove Polish, Job Joe, Job Jop, The Excelsior White Soft Soap Bustard & Co.'s Excelsior White Soft Soap, Universal Universe, Royal Baking Powder Royalty Baking Powder, Royal Loyal, Vulcan Vulture, Germ Germea, Clipper Brand Clipper City Brand, Sorosis Sartoris, Gold Dust Gold Drop, Emollio Emolline, Pride of Rome Pride of the Home, El Falcon El Falco, Robert's Parabola Needles William Clark & Sons' Parabola Needles, Cream Baking Powder Star Cream Baking Powder, White Rock High Rock, White Rock Beacon Rock, Eureka Ammoniated Bone Superphosphate of Lime Baltimore Eureka Ammoniated Bone Superphosphate of Lime, The American Girl The American Lady, Dr. Fahrney's Alpenkrauter St. Bernhard Alpenkrauter, Black Crook Black Rook, Hunyadi Janos Uj Hunyadi, LaFlor de Habanas L Flora de Cubanas, Club Black Enamel Hub Black Enamel, Monopol North Pole, C. B. C. B. D. C. B. & Co., Honeymoon Honeycomb, Ky's Criterion Ky's Credential, Yusea U. C. A., Muralo Murrilo, Keep Clean Sta-Kleen, Beats-all Knoxall, Chantecler Chanteclair, Auto Sweet Chocolate Chocolate Auto-Noisettes, Creamalt Crown Malt, G. B. D. J. B. D., Comfort Home Comfort, Limetta Limette, Old Mill Soap Old Stone Mill Soap, Club Cocktails Outing Club Cocktails, B. S. A. B. A. S., The Model The Medal, Seccotine Securine, Georgia Coon New Coon, Ceresota Cressota, Ceresota Certosa, Old Homestead New Homestead.

So that an imitated name may be seen in its native habitat, on page 207 are contrasted the exhibits in a recent case brought by the American Lead Pencil Co. to enjoin the use of the word "Knoxall" on the ground that it was an infringement of the "Beats All" brand of pencils.

The defendant's brand was held to be an infringement, not only because of its resemblance to the com-

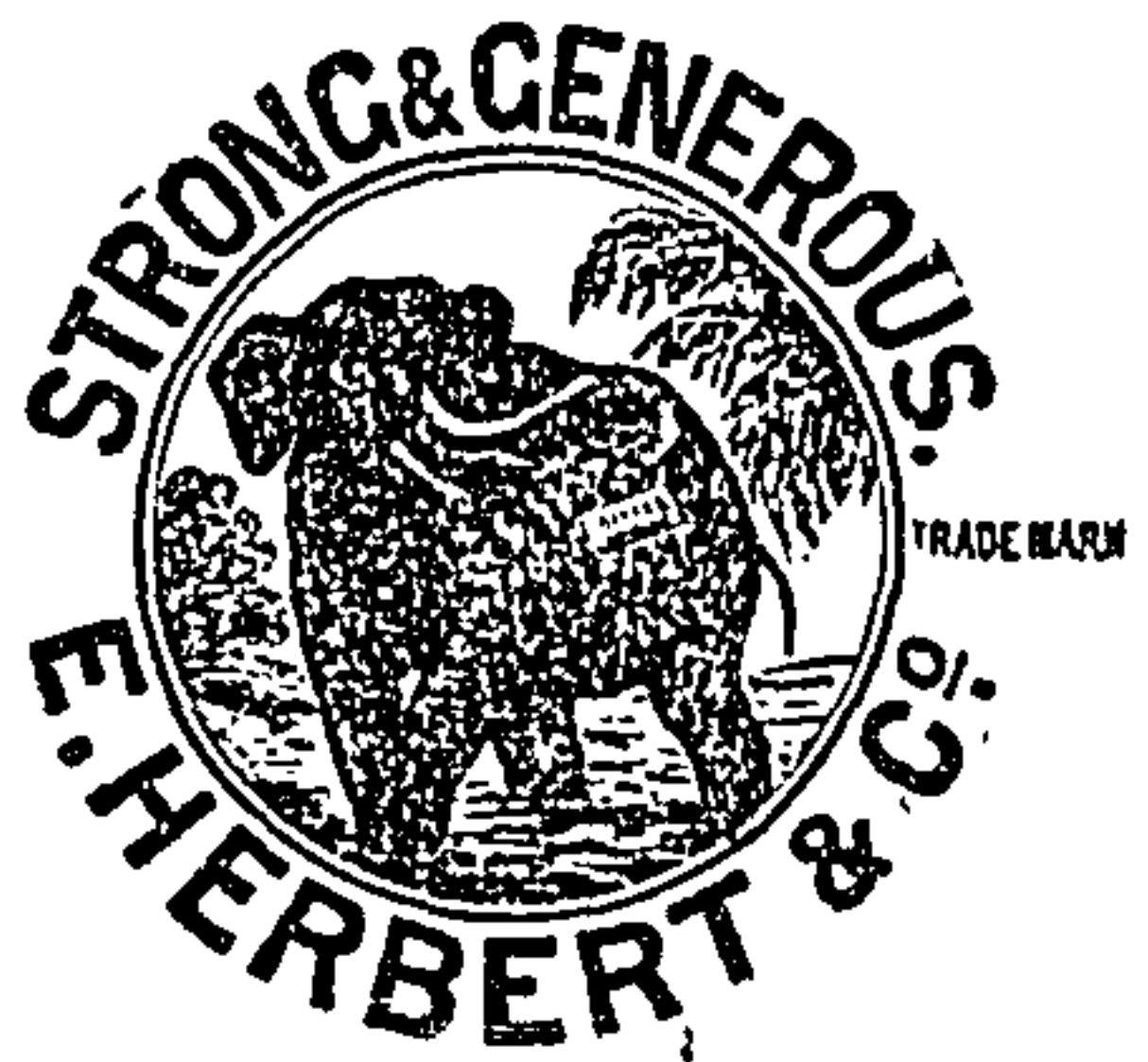
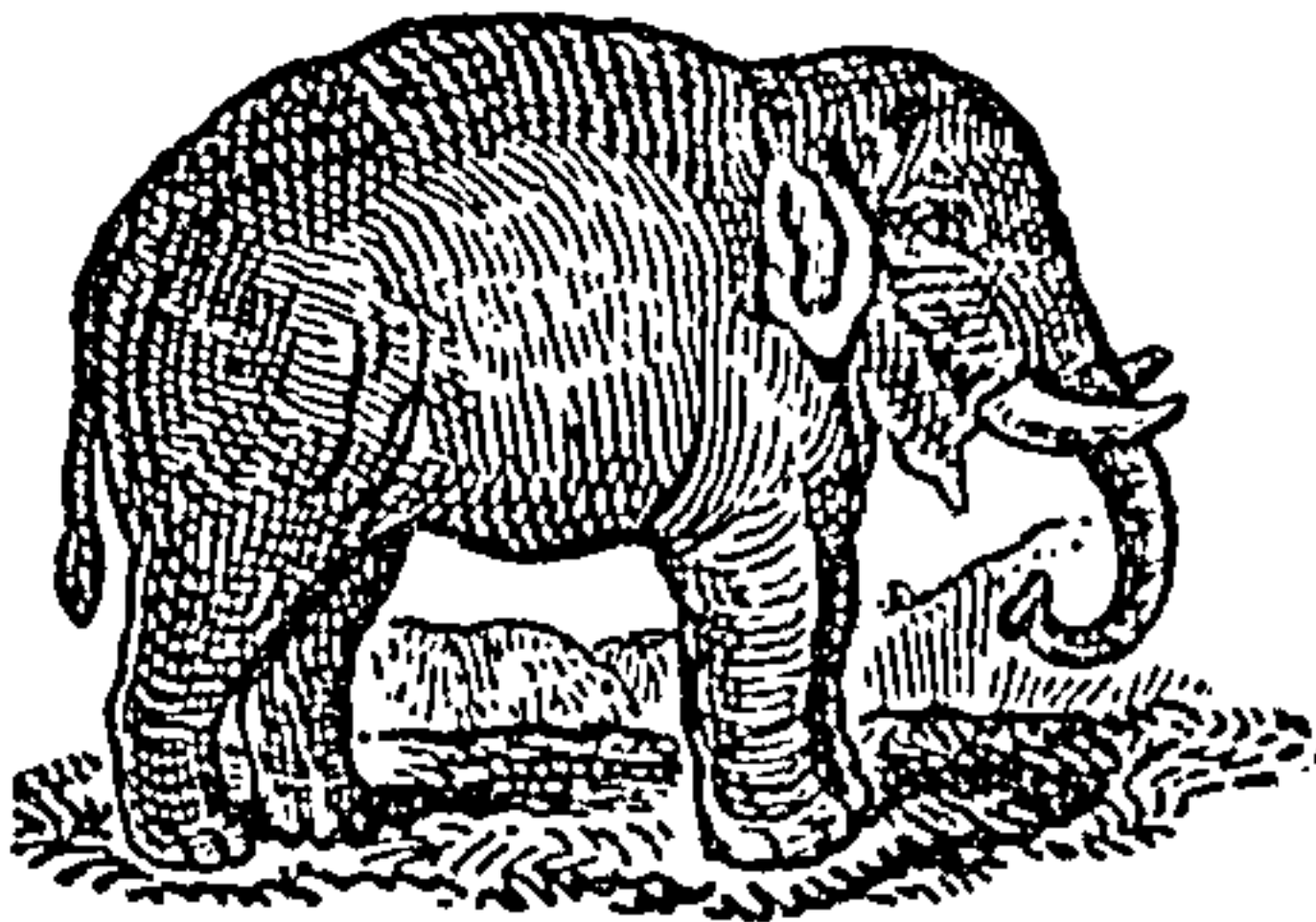
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plainant's when appealing to the eye or ear of the purchaser, but also because the similarity between the two phrases in their suggestion would readily lead to confusion in the minds of customers.

There is little use in theorizing on this aspect of trade-mark infringement. A description of a cow to a



man who had never seen one would not give him much of an idea of what a cow looks like. It is futile to attempt to describe devices, so I shall content myself with showing a few illustrations of devices that have been held to infringe.



The trade-mark of Enoch Morgan's Sons Company was held to be infringed as shown near the middle of page 179, the court remarking:

In the pictorial marks there is no difference, except that appellee has substituted a young woman's face for a young man's.

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The infringer rarely has the hardihood to make a Chinese copy. In respect to both of these marks, if greater similarity were required to establish infringement, nothing short of identity would suffice.

The second of the trade-marks for malt on the opposite page was held to infringe the first.

The Upper Assam Tea Company, whose trade-mark for tea was the picture of an elephant, succeeded in restraining E. Herbert & Co. from the use of a mark containing the figure of an elephant as shown in the third and fourth illustrations.

One of the distinguished English judges, who held that the defendant had infringed, thus expressed his views:

It is to be borne in mind that the purchaser of tea has not these two marks before him so as to be able to compare the one with the other. He wants tea, and it seems to me that he might very easily be misled. I think the similarity is such that, having regard to the fact that the two marks are not before him, it is calculated to deceive the unwary buyer.

CHAPTER XV

DECEPTIVE USE OF PLACE NAMES

GEOGRAPHICAL NAMES are not recognized as trade-marks, because from their very nature an exclusive right in them cannot and ought not to be maintained. To permit a single trader to exclude every other from the use of a place name would handicap those who might legitimately be doing business in that place in informing the public of the fact. It was, however, very early recognized that to hold that no rights could be acquired in the name of a place would open the door to deception of the public in a way that the judicial conscience could not tolerate. It was appreciated that the names of many places by common usage had also become the means of distinguishing the goods of certain producers from those of others. Present day illustrations readily occur to anyone—"Elgin" watches, "Waltham" watches, and many others. The name "Elgin" on a watch dial has little geographical significance; it means the product of the Elgin National Watch Company. To the extent that a place name may have obtained such an artificial significance, it is said to have acquired a secondary meaning.

A man who does business in a certain locality and first uses the place name as a trade name acquires certain rights with respect to it. He has a right in the name of the place to the extent of insisting that when others who may afterward establish themselves there use the place name in connection with their business, they do so

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only to indicate that they also do business there, and not use it merely as a device to steal away the customers of the establishment which has given the name of the place a value independently of its value as a means of designating a certain locality. Use of the place name in its primary or geographical significance by people doing business there is fair and legitimate. Use, however, when the result is confusion of identity of business is unfair and illegitimate. Two and perhaps three distinct rights have to be reconciled in such a case: the right of the original user of the name to the business that he has built up under it; the right of the new comer honestly to go to the place and establish a business there and to state the fact of its location, and the right of the public to purchase an article desired without deception. The latest comer will therefore be required so to use the name as not to injure the original user or mislead the public.

IN DETERMINING THE RIGHT TO A GEOGRAPHICAL NAME

The situation at Waltham illustrates the difficulties which confront the courts in solving such problems. The American Waltham Watch Company for many years was the only watch factory at Waltham. It designated its product "Waltham Watches". A Waltham watch to the public meant the product of the American Waltham Watch Company. The geographical significance of the name was entirely secondary. The defendant came to Waltham and established a factory there. This, of course, it had a right to do. It put the name "Waltham" on its watches. No one would deny that it had a right to indicate to the public where its product was made. The result, however, was that the defendant's watches were sold as "Waltham" watches and were thought to be the complainant's product. The public was deceived and the complainant injured. Mr. Justice Holmes, then Chief Justice of the Supreme Court

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of Massachusetts, discussed the question in his usual lucid way:

Whatever might have been the doubts some years ago, we think that now it is pretty well settled that the plaintiff, merely on the strength of having been first in the field, may put later comers to the trouble of taking such reasonable precautions as are commercially practicable to prevent their lawful names and advertisements from deceitfully diverting the plaintiff's custom. * * * It is desirable that the plaintiff should not lose custom by reason of the public mistaking another manufacturer for it. It is desirable that the defendant should be free to manufacture watches at Waltham and to tell the world that it does so. The two desiderata cannot both be had to their full extent, and we have to fix the boundaries as best we can. On the one hand the defendant must be allowed to accomplish its desideratum in some way, whatever the loss to the plaintiff. On the other, we think the cases show that the defendant fairly may be required to avoid deceiving the public to the plaintiff's harm so far as is practicable in a commercial sense.

It was thought that the name "Waltham" on the dial was not important in a geographical sense, and this use of the name by the defendant was enjoined, and it was further decreed that there should be an injunction "against the use by the defendant of the words 'Waltham, Mass.' upon the plates of its watches without some accompanying statement which would clearly distinguish its watches from those manufactured by the plaintiff, such as 'not the original Waltham Watch Company' or some similar explanatory statement".

In such a case, in order to succeed, the complainant must show (1) that the place name, by use on his goods, has come to be the means by which they are identified, and (2) that his competitor is using the name on his goods so as to deceive purchasers. These of course are questions of fact. The extent of the restraint imposed depends upon the strength of the proof of these two things and ranges from prohibited use, except with such explanations or distinctions as will prevent deception or minimize it consistently with the rights of the parties, to entire prohibition when it is clear that all distinctions, even if honestly meant, would be idle. In the Waltham case it was evident that the court thought



GOLD DROP WASHING POWDER



A Kalamazoo company adopted the label shown in the upper right-hand corner and was restrained by a Chicago company whose label adjoins. "Gold Drop" is unlawful when applied to a washing-powder. The beer label at the right infringed on the one at the left.

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that, since the defendant actually was making its watches in Waltham, it had rights which had to be conserved. On the other hand, where the use of the name of a town is nothing but a pretext for unfair trading, the injunction against the use of the name is absolute.

This is illustrated by the case of the Gage-Downs Company, manufacturers of corsets. Many years ago they adopted as a trade name the words "Chicago waist" and used it on the label shown at the upper left hand on page 149.

The corset acquired a wide reputation and was identified, spoken of and asked for at stores by the name "Chicago Waist". People so asking expected to get Gage-Downs' product. The defendants were engaged in business in Kalamazoo and not in Chicago, and put upon the market a similar waist with the label shown at the right on the same page.

The court was not called upon to reconcile the defendant's right to use the word "Chicago" as an address with the complainant's right to the benefit of the reputation it had built up under the name. Not being in Chicago, but in Kalamazoo, the defendant obviously had no right in the name "Chicago" as an address, and an absolute injunction was granted.

Cases of this kind are much less embarrassing and difficult where neither party is using a place name in a geographical sense, or where the defendant is not at the place, the name of which he is using.

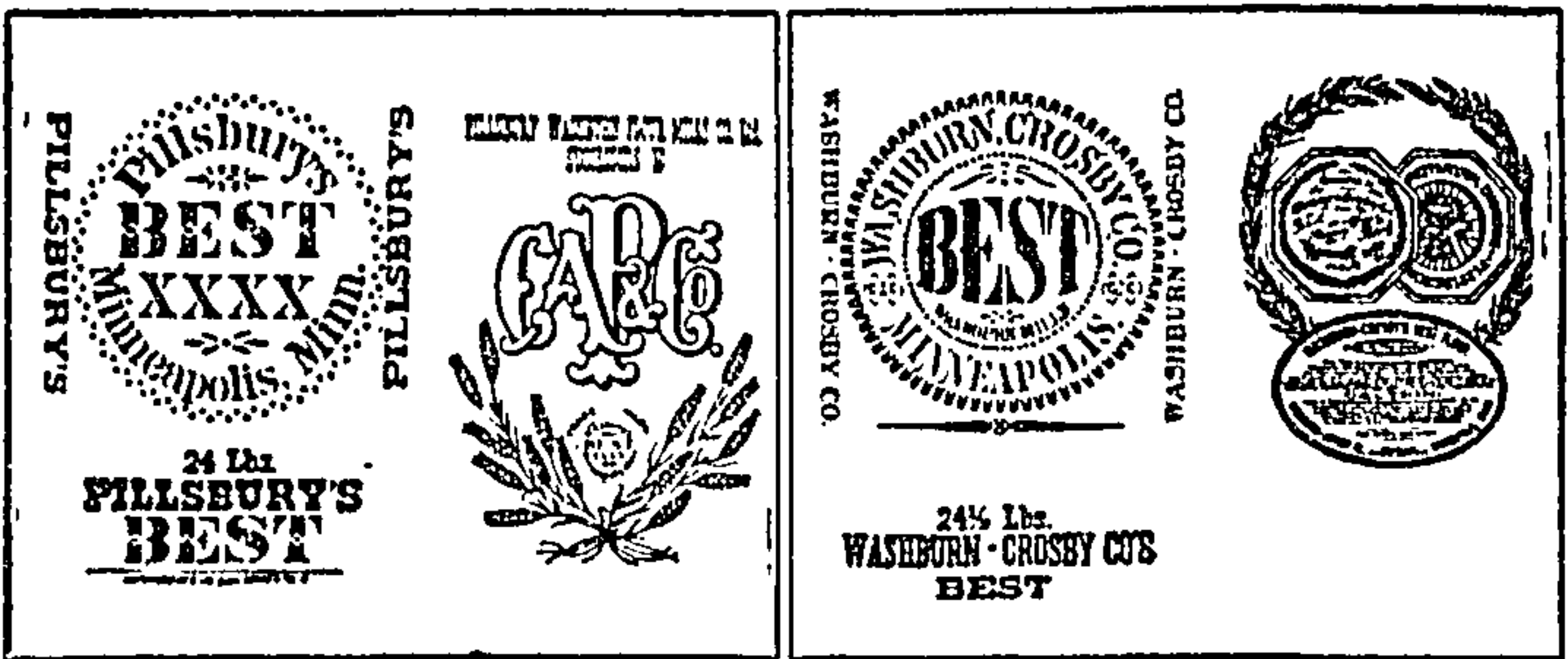
Probably few people who are familiar with Budweiser Beer associate it with the obscure Bohemian town of Budweis, but recognize the name as the designation of a specific product of the Anheuser-Busch Brewing Association, having not the slightest geographical significance. A Milwaukee brewer put upon the market a beer which he called "Original Milwaukee Budweiser". The labels of the parties are reproduced at the bottom of page 149.

It was held that the name "Budweiser" did not indi-

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cate geographical origin and as used was not a place name, and since the defendant was not using the name as indicative of the locality of its business and the contention that there was a process of brewing, originating in Budweis, known as the "Budweiser Process", having broken down, it was held that the use of the name "Budweiser" by the defendant was not necessary or proper as a description of its beer either as to origin or method of brewing, and that its use amounted to unfair competition and should be enjoined.

It is well recognized at the present time, though there are some earlier cases to the contrary, that the manufacturer of a product in a certain district has a right as against a person not manufacturing in that district to the use of the name of the district. That is to say, a person who is rightly and truthfully using the geographical designation of a locality from which his product comes has a right to stop outsiders from the false use of the name. The Anheuser-Busch Brewing Company succeeded in stopping another brewer, not located



in St. Louis, from the use of the words "St. Louis" on beer brewed elsewhere. Blackwell succeeded in stopping a person, not located in Durham, from selling Durham Smoking Tobacco. A manufacturer of cement in Akron, Erie County, New York, stopped a producer near Syracuse from using the word "Akron" on cement not produced in Akron, and in one of the most famous cases

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in the books, the flour millers of Minneapolis, suing on behalf of themselves and all the millers in Minnesota, enjoined a Chicago grocer from selling flour milled in



Milwaukee under a brand containing the words "Minnesota Patent, Minneapolis, Minn.," on the ground that both designations were false and tended directly to



injure the good name of the localities where the complainants were located and which they, and others similarly situated, alone had the right truthfully to use. Specimens of some of the complainant's brands, showing the use of the name "Minneapolis" are shown in the first four illustrations, and the defendant's brand, which was held to be deceptive and enjoinable, is shown in the fifth.

It is only where both parties to the controversy are using the place name as an indication of locality that

much difficulty arises in these cases, and this question is sometimes made additionally difficult, because the contention is made, and not infrequently sustained, that the defendant is not in good faith located in the town, the name of which he is using and which has been made famous by another.

In an interesting case brought by the Elgin National Watch Company against certain defendants, who were residents of Iowa, this state of facts appeared. The defendants had been engaged for a number of years in the assortment jewelry business. Apparently casting about for a town in which to establish their business, or part of it, they selected Elgin because, as was stated in a letter from one of them, which was in evidence in the case, "it is a town with the finest reputation of any in the United States on account of the fact that the Elgin watch is manufactured there. It is well advertised in every hamlet from one end of the country to the other. You will find no dead wood lying around as a result of the ravage of any scheme from Elgin." They thereupon attempted to incorporate as the Elgin Jewelry Company under the laws of Illinois, and opened an office in Elgin in the Young Men's Christian Association Building, where they put a young woman in charge. No business was conducted there. It was a mail station simply. Mail coming there addressed to the Elgin Jewelry Co. was answered by form letters where possible, otherwise it was forwarded to Iowa, where it was answered, sent back to Elgin, and there mailed so as to bear the Elgin post mark. Swarms of traveling salesmen were sent out through the country, registering at hotels from Elgin, and calling on the trade. They attempted to sell assortments of cheap jewelry. Their selling talk, as related in his own language by one of the witnesses in a lawsuit which followed, was about as follows:

McCarthy introduced himself as the salesman for the Elgin Jewelry Company and said that he was doing business really for the Elgin National Watch Co.; that we had a chance to do business with a

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wonderfully fine concern such as I had not seen for a long time. He opened up his samples of jewelry and told me the low prices. I then said, "It was a wonderfully low price; how can you sell them so cheaply?" He said, "I will tell you, Mr. Werner; formerly we threw away the scraps after making the movements of the watches; now we utilize them in making jewelry of them. What formerly went to waste we now use and that is why we can make and sell jewelry at less than half price." "Is that possible?" I said. "I had no idea that the Elgin National Watch Co. manufactured jewelry." He said, "Yes, that in fact the president of the Elgin National Watch Co. is president of the Elgin Jewelry Co. and the Elgin Jewelry Co. is under the same management as the Elgin Watch Co. In fact you are doing business with the Elgin National Watch Co." I said, "If that is the case and everything is as you represent it, I will give you an order." He said, "Yes, here is a contract." I thought it was queer; I said, "I am dealing with the Elgin National Watch Co.?" He said, "Yes, most assuredly." I said "Well, then I will take the goods." I signed what he called the contract.

The first conversation with McCarthy was on December 3, 1903. He told me, after mentioning his name, "I represent the Elgin Jewelry Company and will give you a chance to buy goods such as you have never had before." I said I did not want to buy any goods. He said, "Won't you buy goods when you can deal with such a concern as the Elgin National Watch Co.?" I said, "Yes, I would be glad to." He talked and showed the samples to me.

Before I signed the contract McCarthy told me, "I want you to understand that the president is a very pleasant man and it will interest you very much to come and see." Then he asked me, "Have you ever been through the Elgin National Watch Company's plant?" I said, "No." Then he said, "I would invite you to come out to our plant and examine it, and I will introduce you to the president of the company, who is a very pleasant man and you will have the finest reception you ever had in your life." "Would that be the president of the Elgin National Watch Co.?" He said, "Yes, the finest man you ever met." I asked him that question specifically in these words, "Would that be the president of the Elgin National Watch Co.?" and he said, "Yes."

Other witnesses testified that similar representations were made to them and that they purchased goods and signed contracts in the belief that they were dealing with the Elgin National Watch Co. In this way an entirely fictitious credit was obtained and large sales of cheap jewelry were made, all of which was made possible by the unfair use of the name "Elgin" and without which the sales could not have been accomplished. The court found that the defendants had not gone to Elgin

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in good faith and, whatever might have been their rights if they had been acting fairly, their location in Elgin was a sham for the purpose of taking advantage of the reputation of the Elgin National Watch Co., and directed an injunction against the use of the word "Elgin" in so far as the jewelry and watch trade of the defendants was concerned. The court, in the course of its opinion, stated:

It is plain from complainant's proofs that the continued use of the word "Elgin" by the defendants as used by them is liable to and will confuse buyers quite generally and lead many to believe that the jewelry sold and offered by defendants is that of complainant's manufacture, and that defendants are using this word as a part of their trade name to palm off upon the public their own jewelry as the product and manufacture of complainant, and that this will cease only when such use of said word ceases.

These cases are so essentially fact cases that it is difficult to make general statements that are accurate. If the court is convinced that the defendant is in good faith using a place name and has a valid reason for using it, such as truthfully to indicate where he is doing business, the use of the name will be permitted with such distinctions or explanations as will prevent deception. If on the other hand the defendant is not located in the town whose name he is using or if it is clear that his location in the town is a sham, devised for the purpose of stealing a successful competitor's business, the courts do not shrink from imposing drastic restraint even to the extent of total prohibition of all use of the place name.

In one English case, where the complainant for over a century had conducted a brewery in a town called Stone and his ales had acquired a reputation all over the United Kingdom under the name "Stone Ales", the defendant, who had formerly been a public house keeper, went to Stone, started a brewery, and immediately began the sale of ale under the designation "Stone Ales". He gave as a reason for going to Stone the excellent quality of the water and its adaptability to brewing. One of the members of the House of Lords, where the case

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was ultimately determined, who was a Scotchman, in commenting on this alleged reason for going to Stone, observed:

He (the defendant) had to find a site for his business. Where was he to go? After much consideration, influenced, as he said, by the peculiar virtue of the water, he resolved to go to Stone. One thing leads to another. Having gone to Stone, he could think of no better name for his brewery than Stone Brewery. He could find no more fitting designation for his ales than Stone Ales. Then came these proceedings. It is not the first time in these cases that water has got an honest man into trouble and then failed him at the pinch.

And in justifying a total prohibition of the use of the word "Stone" and the futility of attempted distinctions, the same Judge remarked:

It would have been impossible for him to have distinguished his ales from those of the plaintiff. Any attempt to distinguish the two, even if it were honestly meant, would have been perfectly idle. Thirsty folks want beer, not explanations. If they get the thing they want or something like it and get it under the old name, the name with which they are familiar, they are likely to be supremely indifferent to the character and conduct of the brewer and the equitable rights of rival traders.

CHAPTER XVI

DECEPTIVE USE OF PERSONAL NAMES

EVERY man's name is his own. He has a right to go into any lawful business and he has a right to use his own name in connection with it. These rights, of course, the law must recognize. Hence it is that personal names are not sanctioned as technical trade-marks. A technical trade-mark right is exclusive, and to give to one man who may bear a certain name the right to exclude others, who may also bear the name, from all use of it would be unconscionable. But all rights are coupled with corresponding obligations and whether it be his own name or any other thing that he owns, a man must so use it as not unnecessarily to damage his neighbor.

It was a fashionable method of unfair trading a dozen years ago for schemers to discover unknown persons bearing names made valuable by others or for such commercial nonentities to discover themselves and by starting in a similar business to attempt to profit by the patronymic coincidence. Few products known and advertised under personal names have been free of this sort of piracy. Rogers' Silverware, Pillsbury's Flour, Stuart's Dyspepsia Tablets, Bull's Cough Syrup, Baker's Chocolate, Gato's Cigars, Hall's Safes, Williams' Soaps, Royal Baking Powder, Beecham's Pills and many other products known by a surname have been the victims of this variety of thievery.

Where the parasite does not bear the name, but has

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deliberately adopted a famous name to do business under, no difficulty is experienced in putting a stop to his depredations. An absolute prohibition from all use of the name is decreed. In deciding a case where a man assumed the name (Pinet) of a well known English boot maker for trade purposes, the matter was thus concisely put by a distinguished English judge:

I think the case is a very clear one. As regards this man, who began life as an Irish solicitor under the name of Dutch, who has since changed successively to the trades of money lender and manufacturer of boots and shoes under various names, who, when he wants to deal in money in Pall Mall, takes the name of Ransom, and then changes subsequently to Gower, then again to Forbes Gower, then when he goes into boots takes the name of Pinet, for reasons which everyone knows, I think he is utterly wrong. He has been guilty from first to last of a commonplace clumsy fraud, and I think I should be wasting public time if I were to give any more words to the position he has in the matter.

It ought to be clear to everyone with a conscience that should Smith adopt the name Pillsbury and go into the flour business, or the name of Baker and go to making chocolate, he has but one purpose and that to steal the successful business so long conducted under this name. This sort of thing is a fraud on its face and the use of the name ought to be stopped and stopped completely, and the sooner the better. Of course Smith has the same right to go into the flour or chocolate business as anyone else. This is legitimate enough. The fraud lies in the name adopted. By reason of the long use of these names by their original bearers, a new Pillsbury's flour or a new Baker's chocolate must result in deceiving the public, and pirating the business already established under the old name. The deceptive effect would be the same, whether the newcomer's name was Smith and he assumed the name Pillsbury or Baker, or whether having the name Pillsbury or Baker he assumed the flour or chocolate business to use it in. But why, it is argued, should a man be kept out of the flour or chocolate business or be required to conduct it anonymously because he happens to bear the name he does in fact bear. This

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perhaps is no place to air individual views. I am unable personally to see the difference between changing a name to fit a business and changing a business to fit a name, where the result is the same in either case; namely, injury to a competitor and deception of the public. But the courts do make a distinction and hold that it is fraudulent for a man to adopt a famous name to do business under and stop the use of the name entirely, though they permit a man having a famous name to adopt a business and use the name in connection with it, often, however, restricting the use of the name in that business so as to minimize its deceptive effect. The difficulty of an equitable adjustment of rights under such circumstances is enormous.

AVOIDING DECEPTION IN PERSONAL NAMES

What distinctions will be sufficient must, of course, depend upon the circumstances in each particular case. A distinction ample in one trade would be utterly inadequate in another. For example, a man named Royal at Louisville, started to make baking powder and used his name upon the front of his cans in large letters. Of course this induced its sale as Royal Baking Powder, and was a manifest fraud. He was enjoined because the court found it was not necessary thus prominently to display the name. It was recognized that he had a right to state that he made the product, but was required by the court to place his name upon the back of the cans. A bicycle repairman named William H. Rogers of Plainfield, N. J., decided to go into the silverware business and used the name Rogers in connection with his plated ware. He was permitted to do so only when he used his full name, "William H. Rogers" or "W. H. Rogers" and in addition the words "Not the original Rogers" or "Not connected with the original Rogers" all in type of the same or greater size and clearness. These explanatory statements must accompany the use of the name, so as, to quote the language

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of Mr. Justice Holmes of the Supreme Court, "to give the antidote with the bane".

It must be said that the courts ten years ago were more severe in their restraint of the deceptive use of personal names than they are today. In the case involving Stuart's Dyspepsia Tablets, decided by the Circuit Court of Appeals in Chicago in 1899, complainant was the producer of the well known "Stuart's Dyspepsia Tablets" sold in packages bearing labels shown at the bottom of page 171.

The defendant, whose name was Stewart, put out a competing article in a package shown at the upper left-hand on page 171.

The complainant's package was a light blue, the defendant's an ultramarine blue. There was little physical resemblance between the packages. The deception lay in the use of the name "Stewart". The case was summarily disposed of, the Court concluding:

The case is too plain for further comment. The decree will be reversed and the cause remanded to the court below with directions to enter a decree in favor of the complainant pursuant to the prayer of the bill.

Following certain decisions of the Supreme Court of a later day, the lower courts have recently become, it seems to me, unduly liberal in permitting the parasitical use of famous surnames and under the present state of the law it probably must be accepted that a man has a right to go into any business he sees fit and may use his own name in it, and if that name happens to have been made famous by a predecessor in the same business it is the parasite's good fortune and the predecessor's misfortune. That any confusion due solely to the common surname must be put up with, but that the new comer must not use any artifice or contrivance to increase the confusion which may be caused by the common name, and that where the name has been so long used and is so closely associated with a specific product that it indicates the product and nothing else, the defendant's use of the name must be directly coupled with

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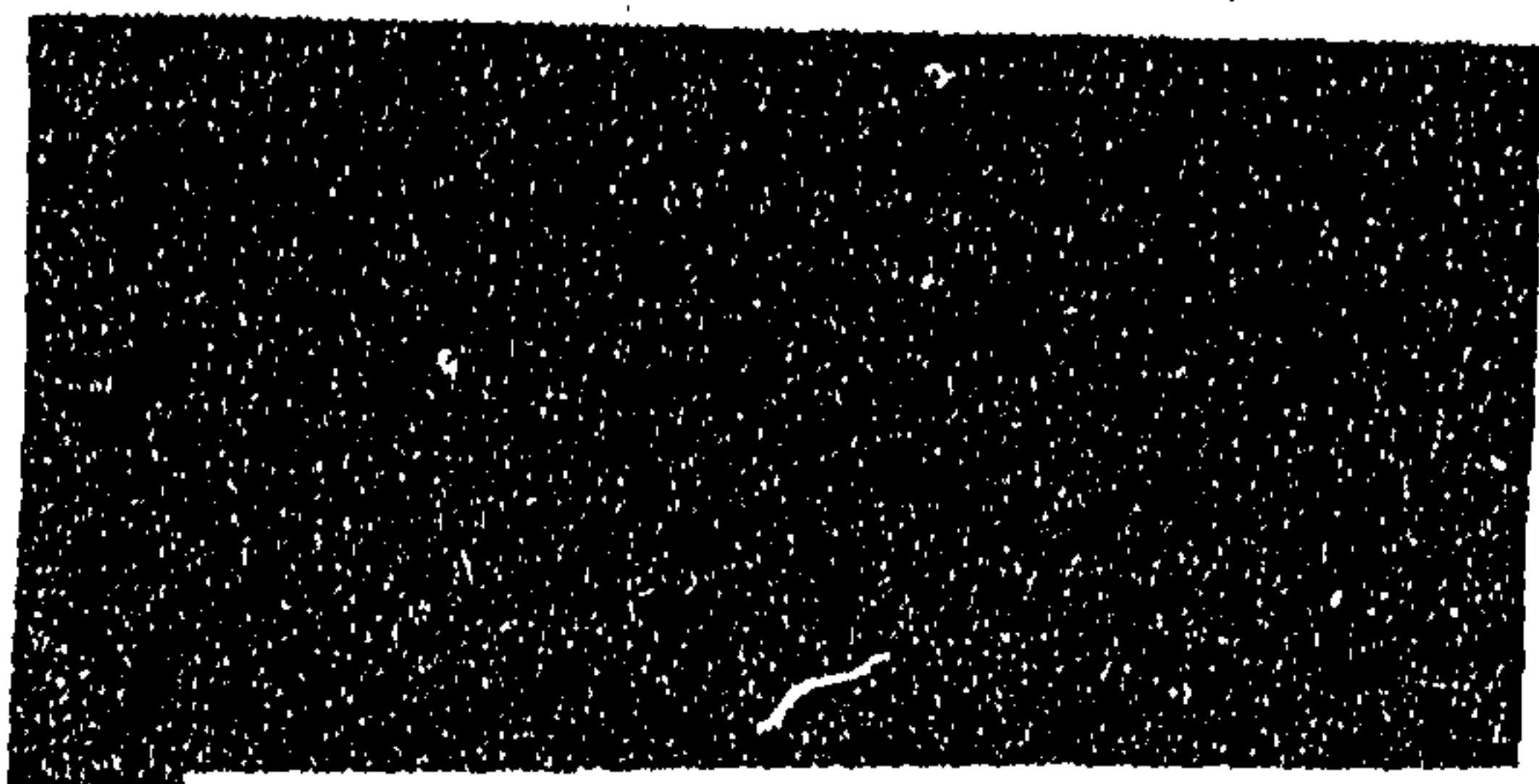
distinctions by positive statements or otherwise so that it will be made clear that he is a new comer and is not the old establishment.

The development of the Baker cases illustrates this condition. Walter Baker & Company has been in business for over a century, so that Baker's Cocoa and Baker's Chocolate were the names by which its products were known, that is to say, Baker's Chocolate did not mean a product made by a man named "Baker" as distinguished from a product made by a man named Robinson, but indicated a certain specific article of approved excellence. William Henry Baker, who was a grocer in Winchester, Virginia, in the months of May and June of 1894 had several conferences with J. Elwood Sanders, then in the employ of Rockwood & Company, manufacturers of chocolate. Baker engaged the services of Sanders, and commenced the sale of chocolate which he had made for him. A partnership was at that time contemplated between himself and Sanders and the firm name of W. H. Baker & Co. adopted. That partnership was not formed. Walter Baker & Co. had a brand called "German Sweet Chocolate". William Henry Baker immediately started with a "Germania Sweet Chocolate".

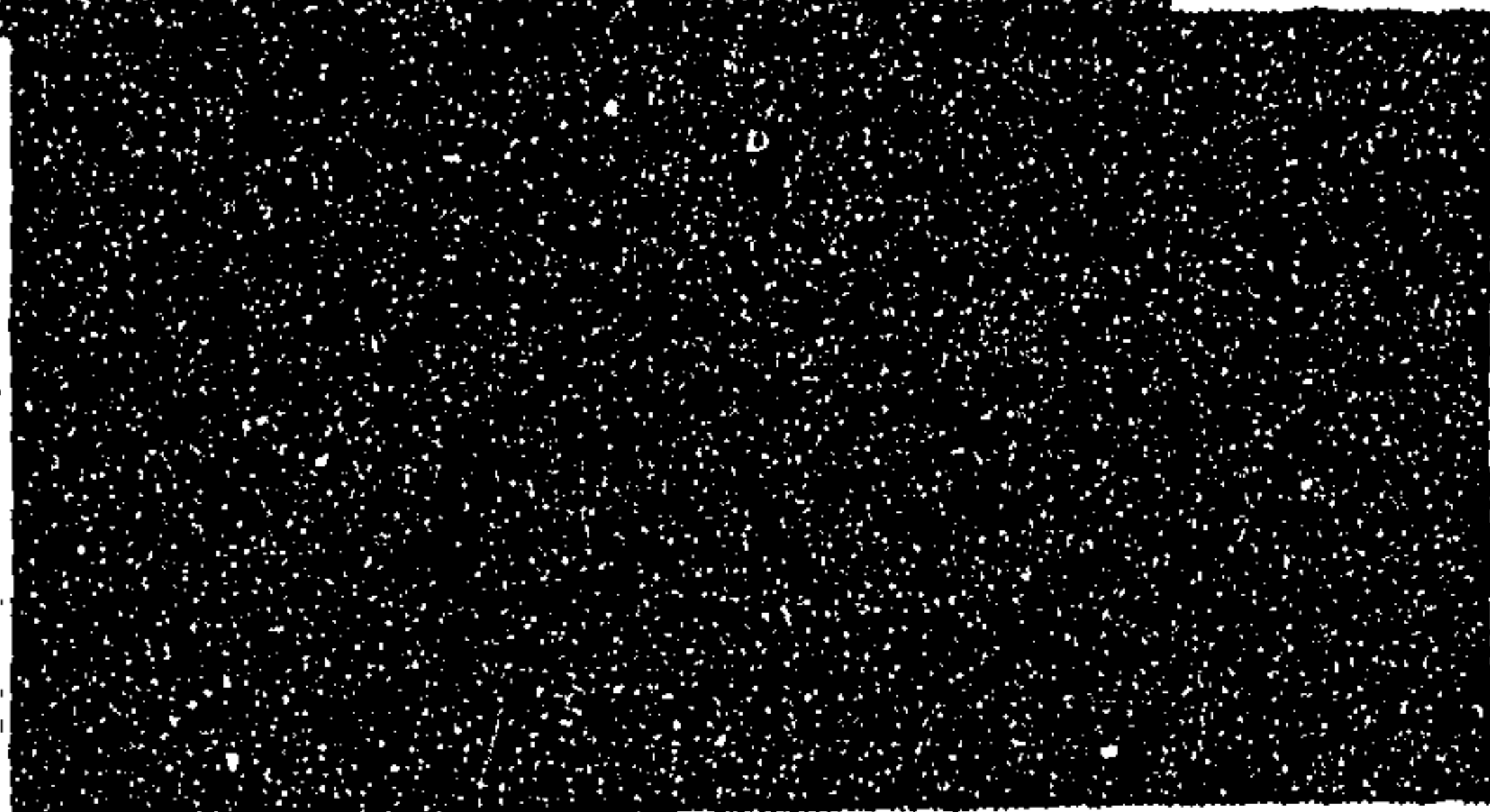
Walter Baker & Co.'s cooking chocolate label was as shown at the top of page 163.

William Henry Baker's original label for bitter chocolate was a lemon yellow on a blue wrapper in the form shown in the next figure on the same page.

A suit was started by Walter Baker & Co. and an injunction obtained against these obviously fraudulent practices and against the use of the name "Baker's" alone, and William Henry Baker was required to use the full name "W. H. Baker" or "W. H. Baker's" and was restrained from using any yellow label. He thereupon changed his label and substituted for the yellow label one light blue in color with the ingenious statement "Best quality now with blue label" in the form shown following the previous one.



ESTABLISHED 1852
W. H. BAKER & CO'S CHOCOLATE.
PREMIUM No 1
Customarily used by Bakers for all Baking purposes
It is manufactured of the highest grades of Cocoa and guaranteed
to equal or better than any other Chocolate made in the World
Directions - For a beverage grate fine cocoa like to an ounce
of this Chocolate; add about the same quantity of sugar; place
them into a pint of boiling water or milk, prepare an equal por-
tion of each. Thoroughly stir until dissolved. A few minutes
boiling will show a great improvement
W. H. BAKER & Co. Winchester, Va.
Producers of Premium Chocolate, Breakfast Cocoa, Sweet & Vanilla Chocolate.
PHILADELPHIA, PA. — NEW YORK.



Each of the three lower labels infringed on the Walter Baker & Company's label at the top, which was yellow. W. H. Baker's first label was also yellow, but the two succeeding ones were light blue. All the wrappers were deep blue. The last label was the one finally adopted and was sanctioned by the court

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Of course this second label was not less fraudulent than the first, though considerably more ingenious, and it was evident that a further restraint was necessary. The Court of Appeals held that William Henry Baker "should not be allowed to use his surname Baker whether his given name or its initials are prefixed, or not, so as to announce upon label or advertisement that the goods he sells are Baker's Chocolate". An alternative form of injunction was suggested, allowing the defendant to continue the label as above shown upon condition that there be affixed to every package sold, in type as prominent as the title, the statement "W. H. Baker is distinct from and has no connection with the old chocolate manufacturer, Walter Baker & Co.". This alternative was adopted and the label shown in the fourth figure on page 163 was continued.

The result of this litigation is instructive in showing how deception persists even when hedged around with what seem *a priori* the most ample safeguards, because William Henry Baker's product in the above dress, which was judicially approved, and was doubtless thought to be sufficiently distinguished to prevent deception and mistake, was systematically advertised and sold by Charles H. Slack, a Chicago grocer, as "Baker's Chocolate" and passed out to people who asked for "Baker's Chocolate", and it was not until the Circuit Court of Appeals had passed upon it that adequate relief was obtained and the public protected from imposition. That Court held that Baker's Chocolate meant Walter Baker's; that the William Henry Baker product, even under the label bearing the announcement of distinction, could not lawfully be sold as Baker's Chocolate, and that the announcement was not sufficient to protect the purchaser from imposition when the article was passed out at a retail store in response to requests for Baker's Chocolate.

However sedulously the courts at the present time attempt to permit a new trader to use his name where that name is a famous one in the line of business

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adopted, they do not shrink from restricting that use where the only result of permitting it would be to deceive the public and purloin an established trade. It is always argued by defendants in opposition to attempts to limit or restrict the use of personal names, that the name is the defendant's own and from this premise it is sought to draw the conclusion that every consequence arising from the use of the name is lawful. The fallacy involved in this conclusion has been exposed in these cases time and time again. Of course, the defendant's name is his own. This ought not to give him any more right to perpetrate a fraud by means of it than to perpetrate a fraud in any other way. The fact that it is his own name makes no difference; ownership is not a license unnecessarily to injure another. Blackbeard was none the less a pirate because he owned the ship in which he made his cruises along the Spanish main.

A distinguished Federal judge, who had much experience in these cases, once took occasion to comment upon the arguments so often advanced on behalf of piratical users of their own names by saying:

It was contended for the defendant, upon the hearing, that every man has a right to the use of his own name in business, and, as to the order of injunction below restraining defendant from using white paper for its labels, that every person has a constitutional right to use white paper. These propositions, in the abstract, are undeniably true, but counsel for the time overlooked the fact that, wherever there is an organic law, wherever a constitution is to be found as the basis of the rights of the people, and as the foundation and limit of the legislation and jurisprudence of a government, there the mutual rights of individuals are held in highest regard and are most zealously protected. Always, in law, a greater right is closely related to a greater obligation. While it is true that every man has a right to use his own name in his own business, it is also true that he has no right to use it for the purpose of stealing the good will of his neighbor's business, nor to commit a fraud upon his neighbor, nor a trespass upon his neighbor's rights or property; and, while it is true that every man has a right to use white paper, it is also true that he has no right to use it for making counterfeit money, nor to commit a forgery. It might as well be set up, in defense of a highwayman, that, because the constitution secures to

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every man the right to bear arms, he had a constitutional right to rob his victim at the muzzle of a rifle or revolver. It has been held, with reference to trade-marks, that a man has not the right to use even his own name so as to deceive the public, and make them believe that he is selling the goods of another of the same name.

It should never be forgotten, however, that these cases are cases of fact. The contention always is, on the part of the complainant, that the defendant, by the use of his personal name, is making the false representations to the public that his goods are the complainant's. It should be made perfectly clear by the evidence that this false representation is in fact being made, and since the courts invariably enjoin or restrict the efficient means of making this representation, when it is clearly shown that it is being made, they usually find a way to stop it even when a man is making it by the use of his own name. They recognize that fraud is fraud and it is the fraud and not the manner of it which calls for the interposition of the court.

CHAPTER XVII

DECEPTIVE USE OF DESCRIPTIONS

EVERYONE, it must be conceded, has the right to describe the goods he sells. A man who sells leather boots ought not to be prevented from stating that fact. A gold watch or a diamond ring is a gold watch or a diamond ring, and must be so described if described at all. To permit one dealer in watches to monopolize the word "gold" and prevent others from using that word to describe their gold watches would be unconscionable indeed. While it was seen many years ago that place and personal names might acquire a secondary meaning and so by constant association with a certain product come to designate it and be its trade identifying nickname, so as to make untruthful or undistinguished use by another unfair and deceptive, it was not thought possible for a description to lose its primary meaning and acquire any such artificial significance. That commercial fraud and the false representation that one trader's goods are another's could be made by the use of words or expressions accurately descriptive of both articles was not fully recognized judicially until 1896, and might not have then but for a curious combination of circumstances.

Frank Redaway was a manufacturer of belting, made out of hair, at Pendleton in Lancashire. There were a number of makers of this product, which had a large sale and, in countries where heat is great and the air very dry, is preferable to leather. All hair belt-

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ing, of whatever make, was generally composed more or less of stuff imported into England from Asia and sold in the English market as camel hair. Nobody imagined that the camel hair of commerce was true to name. It was believed to be a mixture of the hair of goats and of various other animals and the wool of sheep with which the hair of the camel might be found, but which was not even pretended to be wholly or even largely composed of camel hair. Indeed so little importance was attached to its nominal connection with the camel, that the yarn made from this product was sold generally in England under the name "brown worsted". It was the custom in the industry to name belting made from this mixture, and which was generally sold to native mill owners in British tropical dependencies, with the name of animals. For example, there was a "Yak" belting on the market and also "Llama", "Buffalo" and "Crocodile" brands. Reddaway, unfortunately for him as it turned out, selected the camel as his emblem. His belting was advertised under the name "Camel", "Camel Brand" and "Camel Hair" and usually in connection with the picture of a camel. The name was supposed to be a fancy and non-descriptive term. In fact Reddaway in 1892 brought a lawsuit on that theory against the Bentham Hemp Spinning Co. to restrain them from all use of the word "Camel Hair". In the report of the case it appears that the complainant's counsel argued "That the expression 'Camel Hair' is really a fancy name, that it is a fancy name that does not describe and is not meant to describe the material of which the belting is made". It was held by the court that the name being non-descriptive and fancy, its use by defendants was presumptively fraudulent. One of the judges, in commenting on the defendant's conduct, made this observation:

"The defendants might have called their belting 'Goat Hair Belting', 'Sheep Hair Belting', 'Buffalo Hair Belting' or many other names that could be easily suggested. They called their belting, however, 'Camel Hair Belting'. Surely the assumption of this description calls for explan-

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tion and is evidence of fraudulent intent, about which the opinion of the jury ought to have been taken."


It will thus be seen that everybody, including Reddaway himself, assumed that the use of the words "Camel" and "Camel Hair" on his belting was a purely arbitrary thing and it was no more descriptive than "Moon Brand" or "Sun Brand" would have been. After disposing of the suit he had against Bentham Hemp Spinning Co., Reddaway discovered that an ex-employee of his, named Banham, had gone into the belting business. At the outset Banham called his belting "Arabian" and coupled the name with a statement "Guaranteed to be better than the belting commonly called 'Camel Hair Belting'". It developed that Banham had some correspondence with an agent in which, among other things, he wrote, "Tell them we will stamp 'Camel Hair Belting' * * * if they choose without the maker's name". Another agent wrote to Banham, saying: "If I have here by Monday an exact duplicate sample to enclosed in appearance and quality stamped 'Camel Hair Belting' and nothing more, I think I can take this order from Reddaway's." The sample enclosed was a sample of Reddaway's belting. Thereupon Banham rechristened his "Arabian Belting" "Camel Hair Belting". It is very evident from this and from other circumstances that Banham purposed to get Reddaway's trade away from him, and that he chose the designation "Camel Hair Belting" as a means of accomplishing it. Reddaway thereupon sued and asked for an injunction restraining Banham from the use of the name "Camel Hair Belting". Defendant answered by a counter-blast, contending that Reddaway did not come into court with clean hands because he contended Reddaway "had described his belting as 'Camel Hair Belting' in advertisements, circulars and pamphlets, and stated that his belting was made of the hair of the camel, whereas in fact it is not made of the hair of the camel". Attention was called to certain of Reddaway's pamphlets wherein he described his wanderings in Asia with detailed state-

DR. STEWART'S DYSPEPSIA TABLETS
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SIX BOXES FOR \$2.00.
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DR. STEWART'S DYSPEPSIA TABLETS
are the only preparation of a fermentative principle which has been thoroughly tested and found to be the most effective remedy for indigestion, flatulence, heartburn, acid fermentation, and all other ailments of the stomach and bowels.


M & M
COMPOUND CELERY EXTRACT



CELERY

RESTORING STRENGTH
CLEANSES THE BLOOD
REGULATES KIDNEYS
LIVER AND BOWELS

Prepared in the Laboratory of
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PAINES' CELERY COMPOUND

A TROPIC WERVE TONIC
AN ACTIVE ALTERNATIVE
A RELIABLE LAXATIVE
AND DIURETIC
RESTORES STRENGTH
RENEW VITALITY
PURIFIES THE BLOOD
REGULATES THE KIDNEYS
LIVER AND BOWELS.

PRICE \$1.00

Prepared by
WELLS, RICHARDSON & CO.
PHARMACEUTICALS
BURLINGTON VT

STUART'S Dyspepsia Tablets.

W. D. Stewart

TRADE MARK. Price, \$1.00.

DIRECTIONS.

Take one or two of the large tablets after each meal, allowing them to dissolve in the mouth slowly, or if unpleasant to the taste, break into small pieces and take with a swallow of water. For heartburn, sour stomach, or pain and distress after a meal, also take one of the small tablets after each meal, or once an hour until relieved, as the taste is unpleasant, a small piece, use the small tablet with a swallow of water. In most cases the large tablet or lozenge is fully sufficient for a cure, but in obstinate cases the small tablets will greatly assist and hasten the cure. The tablets may be used at any time and in any quantity without injury to the most delicate stomach.

6 Boxes for \$5.00.

Stuart's Dyspepsia Tablets.

Relieve and cure all forms of *Dyspepsia, Indigestion, Catarrh of the Stomach, Heartburn, Acid Fermentation and Mal-assimilation of Food*. As soon as taken into the stomach, they thoroughly digest the albuminous foods, and cure the indigestion by relaxing and assisting the stomach until normal digestion is restored.

STUART'S DYSPEPSIA TABLETS

Increase Cash and appetite in thin emaciated persons, because they contain digestive properties which completely digest all albuminous or *flesh-forming foods*, viz: meats, eggs, oatmeal, etc. In recovery from severe sickness and general weakness and debility these tablets are valuable because they immediately strengthen the stomach and restore healthy appetite by insuring perfect digestion of the food.

Unfair trading by the use of a deceptive personal name, is illustrated by the "Stewart" package. Aside from the name both packages were readily distinguishable. The proprietor of "M & M" extract was prevented from using the picture of a celery head and the words, "Celery Compound"

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ments calculated to lead the public to believe that large quantities of camel hair were imported by him and made into his belting. These statements, the defendant contended, were false. Reddaway's statement in the case against Bentham, that the bulk of the material sold by him was composed of wool of the sheep and hair of the wild goat, was referred to as a demonstration of the falsity of the designation "Camel Hair".

Reddaway therefore found himself facing alternatives equally unpleasant. If he contended, as he had in his case against the Bentham Company, that the name "Camel Hair Belting" was a fancy name he might be barred from relief on the ground of his own misrepresentations. If he contended the name to be an accurate description of his belting, he admitted himself out of court because, up to that time at least, no court had gone so far as to hold that any right could be claimed in a descriptive name. During the course of the trial at the Assizes at Manchester it was proved partly by the evidence of experts and partly by an exhibit collected from a living animal at the Manchester Zoological Gardens that the camel hair of commerce, of which many bundles were produced, and of which Reddaway's "Camel Hair Belting" was admittedly made, was really and truly for the most part composed of genuine camel hair. Hence the name "Camel Hair" as used by Reddaway was merely a description of his goods. This evidence seems to have come as a revelation to Reddaway and his advisers. It established that Reddaway's trade designation, instead of being as theretofore supposed a fancy name, was nothing more or less than a substantially accurate description of the material of which his belting was composed.

The court before whom the case was tried at first instance put certain questions to the jury. (1) Does "Camel Hair Belting" mean belting made by the plaintiffs as distinct from belting made by other manufacturers? or (2) does it mean belting of a particular kind, without reference to any particular maker? (3) Do

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the defendants so describe their belting as to be likely to mislead purchasers, and to lead them to buy the defendant's belting as and for the plaintiff's belting? (4) Did the defendants endeavor to pass off their goods as and for the plaintiff's goods, so as to be likely to deceive purchasers? The Jury answered "Yes" to questions one, three and four, and "No" to the second question.

The court below gave a judgment for Reddaway on the verdict of the jury. The case then went to the Court of Appeals, where the judges could not get themselves into a state of mind which would permit a man to acquire any right in a descriptive term and reversed the judgment, one of the judges thus expressing his views:

I think that one may lay down this rule; a man may call the goods he is selling by the name by which any one wanting the goods would, in the ordinary course, call them in any market in which he wanted to buy them or sell them, although, in so doing, he calls them by the name by which the person who complains has called his goods in the market, until in that market the name alone is taken to mean his goods alone. For instance, a man invents shovels made wholly of iron. He takes no patent, and he has no trade-mark. He sells them as "iron shovels" until he gets the name. His iron shovels are such a good article in the market, that anybody who asked for iron shovels, or who ordered iron shovels, would be taken to either ask for or to order his iron shovels. Then another man comes into the market and makes iron shovels, and offers them for sale as "iron shovels". If anybody wanted to buy iron shovels, that is, shovels made only of iron, in any market, what could he ask for? He could not ask for tin shovels, he could not ask for wooden shovels, or shovels, or shovels with wooden handles. The only thing he could ask for would be iron shovels, and he would ask for them in any market where he was. Well, then, the man who comes into the market and makes iron shovels has a right to sell iron shovels by the name by which anybody dealing with them in the market would have to call them, and therefore it is a true description of them. I can give other instances. Suppose a man makes soda lozenges or liquorice lozenges, lozenges made of soda, or made of liquorice only. He gets a name for his "Soda Lozenges" or "Liquorice Lozenges"; but if anybody wants to buy soda lozenges in any market what can he ask for? He cannot ask for anything else. Therefore, if a man comes into the same market, and asks for soda lozenges, or if a man says "I sell soda lozenges", he is within the definition which I first gave of using the correct name for

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the goods. In such cases the man who sells soda lozenges, or iron shovels, cannot be enjoined against saying, "I sell, or I offer to sell, iron shovels or soda lozenges". He cannot offer anything else. Therefore it is within the exception to the rule; and if his name be the same name as the plaintiff's, why then he says, "I, Reddaway, offer to sell iron shovels". It is true that by his so doing, the people in the market may deceive themselves, and think that they are buying the other Reddaway's iron shovels. They must put up with that misfortune, because they cannot get an injunction against a man to say, "You are not to call them iron shovels, so that if you sell iron shovels you are to call them something else," or, as was contended in the case of *Turton v. Turton*, "you are not to say that your name is Reddaway; you are to say that it is something else". The law does not undertake to prevent anybody in England from taking either of these courses. But if you use a fancy name for the goods, then you are not giving a description of the goods. You are giving a name only, and not a description. And in a case which I believe has been actually before the court, if a man whose name is not Reddaway—a second man—comes into the market and calls himself Reddaway, he is not telling the truth; he is telling a falsehood, and then the exception does not apply.

The House of Lords, however, approached the question from the other side, not from the standpoint of the defendant's abstract right to describe his goods, but from the point of view of Reddaway's rights in the business he had built up under the name "Camel Hair Belting" and the public's right to buy the article they thought they were getting by the name by which it had always been known, and totally declined to accept the views of the Court of Appeals. One of the Law Lords observed:

I cannot help saying that if the defendants are entitled to lead purchasers to believe that they are getting the plaintiff's manufacture when they are not, and thus to cheat the plaintiff of some of their legitimate trade, I should regret to find that the law was powerless to enforce the most elementary principles of commercial morality. I do not think your lordships are driven to any such conclusion.

In my opinion, the doctrine on which the judgment of the Court of Appeals was based, that where a manufacturer has used as his trade-mark a descriptive word, he is never entitled to relief against a person who so uses it as to induce in purchasers the belief that they are getting the goods of the manufacturer who has theretofore employed it as his trade-mark, is not supported by authority and cannot be defended on principle. I am unable to see why a man

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should be allowed in this way more than in any other to deceive purchasers into the belief that they are getting what they are not, and thus to filch the business of a rival.

Another judge thus expressed his views:

The learned counsel for the respondents maintained that the expression "camel hair belting" used by Banham was "the simple truth". Their proposition was that "where a man is simply telling the truth as to the way in which his goods are made, or as to the materials of which they are composed, he cannot be held liable for mistakes which the public may make". That seems to me to be rather begging the question. Can it be said that the description "camel hair belting" as used by Banham, is the simple truth? I will not call it an abuse of language to say so, but certainly it is not altogether a happy expression. The whole merit of that description, its one virtue for Banham's purposes, lies in its duplicity. It means two things. At Banham's works, where it cannot mean Reddaway's belting, it may be construed to mean belting made of camel hair; abroad, to the German manufacturer, to the Bombay mill owner, to the up-country native, it must mean Reddaway's belting; it can mean nothing else. I venture to think that a statement which is literally true, but which is intended to convey a false impression, has something of a faulty ring about it; it is not sterling coin; it has no right to the genuine stamp and impress of truth.

He then concluded in this eloquent language:

But fraud is infinite in variety; sometimes it is audacious and unblushing; sometimes it pays a sort of homage to virtue, and then it is modest and retiring; it would be honesty itself if it could only afford it. But fraud is fraud all the same; and it is the fraud, not the manner of it, which calls for the interpretation of the court.

My excuse for thus quoting and analyzing this particular case is because it first announced in unmistakable terms that the accepted principle, that no one has a right to represent his goods as the goods of another, is perfectly general in its application; that it makes no difference how the false representation is being made or what is the efficient means of the deception; that it may be made by the unfair use of a descriptive term and if it is in fact so being made, it is no more to be regarded as legitimate than if made in any other way. When the fact is proved that one man's goods are distinguished from others by a descriptive term, and that descriptive

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term is being used by another so as to represent that his goods are those to which the descriptive term had previously been applied, in short, where a descriptive term is used to deceive the public and defraud a previous user of that term, the courts will interfere to prevent the accomplishment of the fraud by enjoining the use of its efficient instrument. In this respect the case of *Reddaway v. Banham* marks an epoch in the development of the law. No new principle was laid down in this case, but an old principle was applied to a situation to which it never before had been. The decision created no end of discussion in England and in the United States, but it now embodies the accepted doctrine in both countries. To show the manner of its application concretely one or two illustrations may perhaps be profitable.

ENJOINING THE USE OF AN ACCURATE DESCRIPTION TO PREVENT FRAUD

Wells & Richardson Co. for many years have produced a medicine widely known and advertised as "Paine's Celery Compound". The article was made of various ingredients, among them extract of celery seed. The package contained the name "Paine's Celery Compound" printed in conspicuous fashion and the picture of a head of celery. The article was known in the trade and among purchasers as "Celery Compound" simply. People asking at retail stores for "Celery Compound" expected to get "Paine's Celery Compound" and this was understood to be quite as definite a request for this particular product as if the whole name had been used. Siegel, Cooper & Co. placed on sale at their Chicago store a product called "M. & M. Compound Extract Celery" with a picture of a celery head upon the package and advertised "Celery Compound". Placards were put in the aisles of the store, reading "Celery Compound 85c.". People going to the counter and asking for "Celery Compound" were given, not "Paine's Celery

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Compound" but "M. & M. Compound Extract Celery". The packages are shown in the illustrations on page 171. It is true of course that there was an obvious attempt to imitate the appearance of the "Paine's Celery Compound" package, but one of the important elements in the accomplishment of the unfair trading was the deceptive use of the descriptive term "Celery Compound" and it was contended by the defendant that this phrase was a mere description and that the picture of a celery head as used by the complainant was nothing but pictorial description. An injunction, however, was directed against the imitation of the package, the use by the defendant of the words "Celery Compound" and the picture of the celery head.

WHEN DESCRIPTIONS ACQUIRE AN ARTIFICIAL SIGNIFICANCE

The Sterling Remedy Co. for many years has put upon the market a remedy well known as "Cascarets" with a sub-title or catch phrase "Candy Cathartic", which was very generally used both upon the packages and in advertisements. The top of the "Cascarets" box was in the form shown at the left on page 179.

A Cleveland man put upon the market a product in boxes like the following figure on the same page. In addition to the manifest imitation by the defendant of the appearance of the box, the most deceptive thing about it was the conspicuous use of the words "Candy Cathartics" and it was sought to enjoin the use of this term as well as the other imitated features. Many druggists were called as witnesses who testified that consumers were in the habit of coming to their stores and asking for "Candy Cathartics" and that in response to such requests "Cascarets" were always furnished; that no customer had ever refused to take it on the ground that it was not what they wanted.

To quote a line or two from the testimony. Richard P. Williams, a Detroit druggist, testified that "Candy Cathartic" meant "Cascarets". He was being cross-



NATURE'S REMEDY
PURELY VEGETABLE
DELIGHTFULLY EFFECTIVE

Cascarets

TRADE MARK

LIVER STIMULANT
STRENGTHENS THE
BOWELS & PURIFIES BLOOD

THE ONLY **CANDY CATHARTIC**

Cure Chronic Constipation

PRICE 25 CENTS

PREPARED BY
Spelling Remedy Co.

CHICAGO, MONTREAL, CAN., NEW YORK

PURELY VEGETABLE
ALWAYS EFFECTIVE

Gorey's
CASCARA CANDY
CATHARTICS

STRENGTHEN THE BOWELS,
MAKE PURE BLOOD,
STIMULATE THE LIVER.

CURE CHRONIC CONSTIPATION

PREPARED BY
R. J. GOREY & CO.

PRICE 25 CENTS

CLEVELAND, O. CHEMISTS, TORONTO, CAN.



All of the labels shown at the left were declared infringed by those at the right, and the defendants enjoined. A baker of an oval loaf of bread succeeded in preventing another baker from selling a loaf of the same appearance

DECEPTIVE DESCRIPTIONS

examined on this phase of the case by opposing counsel and being somewhat badgered.

Q. You don't mean to say that the term "candy cathartic" has not got a well defined meaning in the English language?

"Maybe in the English language, but not in the drug trade," was the retort. "It means 'Cascarets' in the drug trade."

John Rabotau, a St. Louis druggist, testified:

Q. Do you know how people ask for this medicine? Under what name or style?

A. Usually they ask for "Cascarets," but occasionally some person will forget the name and describe it.

Q. Describe the tablet?

A. Describe the tablet. Sometimes they will ask for "Candy Cathartic."

Q. Have you ever had an instance of that kind where they described the tablet or asked for "Candy Cathartic"?

A. Yes, very often they forget the name.

Q. When that is done what do you supply?

A. "Cascarets."

Edward Wolff, another druggist, testified:

Q. Is there any other way in which this article, this remedy "Cascarets" is asked for?

A. Yes, sir.

Q. How?

A. The name "Candy Cathartic".

Q. When an inquiry is made for "Candy Cathartic" what do you supply?

A. "Cascarets."

Q. Was it ever refused on the ground that that was not what was intended?

A. No, sir; the names are synonymous.

Edward J. Schall testified:

Q. I wish to ask you whether you are familiar with the way in which Meyer Brothers Drug Co. gets orders for "Cascarets"?

A. Yes, sir.

Q. How are they ordered?

A. They are ordered as "Cascarets". Sometimes they order them as "Candy Cathartic". I have also seen orders written Sterling Remedy Company tablets.

Q. When Meyer Bros. Drug Co. gets an order for "Candy Cathartic" what does it send?

A. It sends "Cascarets".

Q. Does it ever get them back on the ground that they are not what was ordered?

A. Never.

RESTRAINING UNFAIR TRADE

The defendant's own trade witnesses admitted that before "Cascarets" came on the market they had never heard of the words "Candy Cathartic" and nobody ever asked for such a thing; that after "Cascarets" came on the market people did ask for "Candy Cathartic" and that they understood by such requests that "Cascarets" were meant. An injunction was directed against the use of this phrase.

There is no necessity perhaps of further citing particular cases. Suffice it to say that many obviously descriptive terms have been protected against deceptive use by others on account of the fact that they had acquired a designative significance in connection with particular articles. Some of these are Silver Pan for preserves made in silver pans, Horseshoe Boilers, Health Food, Air Cushion Horseshoes, Elastic Seam Underwear, Turpentine Shellac, High Standard Varnish, Cohesive Tile, Keep Kleen Brushes, and Beats-All Pencils. The fundamental thing in cases where it is sought to protect descriptions against deceptive use by others is to prove that the description has by usage come to point distinctly to a certain article as its identifying name. The less obviously descriptive the word or phrase is, the less difficult it is to make this proof and in some cases where the word is mere suggestion rather than a description or where the description is more or less fanciful and remote the courts protect such words and phrases with very little proof of a special identifying significance because the name or phrase being suggestive only and not obviously descriptive the presumption of ownership and identification is in proportion to its fancifulness.

This view is expressed very clearly by one of the courts in a case involving an infringement concerning Holeproof Hosiery, where it is contended that the word "Holeproof" was a mere description. "Nor do we find any particular force," said the Court, "in the objection that the word is descriptive. The record as it now stands sufficiently indicates that by extensive advertis-

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ing and large sales during several years the word 'Hole-proof' has acquired a secondary meaning, indicating to the prospective purchaser not that socks sold under it are indestructible but that they are those which complainant is making and is supplying to consumers, apparently to their entire satisfaction." Where, however, the name or phrase is an accurate and obvious description a good deal of proof is required and in cases where it is a necessary description it is probable that no amount of proof could establish the fact of exclusive identification with a single product. How far particular words, signs or pictures identify, in any particular case, must always be a question of evidence, and the more simple the phraseology and the more likely it is to be a mere description of the article sold, the greater becomes the difficulty of proof; but if the evidence establishes the fact, the legal consequences follow.

The relief granted in cases involving misuse of descriptions depends upon the circumstances and no hard and fast rule can be laid down. Enough limitations are put upon the defendant's use to prevent deceptive results. Whatever the form of the injunction it is only such a form as prevents the mischief pointed to, but what in each case or each trade will accomplish the prohibition intended is a matter which must depend upon the circumstances of each case and the peculiarities of each trade. It would be very rash in advance to say how far a thing might or might not be deceptive without being familiar with the technology of the trade.

To quote the language of one of the judges in the "Camel Hair Belting" case:

What right, it was asked, can an individual have to restrain another from using a common English word because he has chosen to employ it as his trade-mark? I answer, he has no such right; but he has a right to insist that it shall not be used without explanation or qualification, if such a use would be an instrument of fraud.

CHAPTER XVIII

DECEPTIVE IMITATION OF LABELS AND PACKAGES

LABELS and packages are almost always visual in their appeal. The impression created on the mind of the retail purchaser is through the sense of sight. He remembers a label as a thing seen before. The deception created by an imitation package is accomplished by showing to the eye of the prospective purchaser a confusing picture. At the risk of repetition it may be well to approach the question, what is an imitated label or package, by first considering the purchaser and what we know about him and how the courts regard him.

Anyone who has occasion to examine the cases involving unfair trading by the imitation of labels, packages and the like, must at once be struck by their irreconcilable conflict. While, of course, the facts in no two cases are alike, this diversity cannot account for the variance in result. The rule of law to be applied is not seriously disputed; there is substantial agreement that infringement occurs when the labels or packages of one trader resemble those of another sufficiently to make it probable that ordinary purchasers exercising no more care than such persons usually do in purchasing the article in question will be deceived.

The person to be considered, the courts say, is not the first or intelligent purchaser, but the ultimate or ordinary purchaser; not the expert or the careful person, but the normal everyday purchaser, or, as some judges have designated him, the unpracticed purchaser,

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the inattentive purchaser, the ignorant purchaser, or the unwary purchaser. This last seems by far to be the favorite expression. People are known to act hurriedly in making their purchases and are not bound to be careful. We all know that they are heedless and inattentive and do not give an article supplied more than a casual look. Details of packages are not remembered. Makers' names are not observed. In deciding package and label cases all these things are considered by the courts.

The setting of the stage upon which the unwary purchaser performs is a proper subject of judicial inquiry, therefore evidence of the customary manner of exposing the goods in question for sale is received. The names and manner of familiar identification of the article, and evidence of the characteristics of the unwary purchaser himself are proper, whether he is intelligent or the reverse, educated or illiterate, what may be his age, whether a child or mature, and his station in life. Objectively the unwary purchaser is pretty comprehensively investigated. Subjectively, however, he seems to have been wholly neglected, and I believe that the irreconcilable conflict among the decisions is due to this neglect.

ANALYZING LABELS AND PACKAGES TO DETERMINE DECEPTION

The question of the likelihood of deception is, however, one which the courts reserve for their own determination. The first and not infrequently the only step is an inspection by the court of the respective labels. For the purpose of this inspection the labels are, of course, placed side by side and the defendant's astute counsel is at hand to point out and dwell upon such differences between the two as may exist. This is a privilege which the "unwary purchaser" is denied; he does not know that there are two labels; still less has he an opportunity to make a side-by-side comparison, and he has not the assistance of able counsel to help

him discriminate. Some courts recognize this and have said so, but it must unconsciously have its effect and by suggestion tend to accentuate the differences.

Equity judges certainly are better equipped mentally than the average run of people and their training tends to make them more inclined to analyze and discriminate. Unconsciously the judge projects his mentality on to that of the "unwary purchaser" so that this mythical person becomes judicially quite a different individual from the one which he is in fact and is transformed into what the court thinks he ought to be, and more frequently still what the court himself is. This metamorphosis of the unwary purchaser is all in the direction of greater care and greater ability to discriminate. The illiterate consumer of plug tobacco, as he is in fact, would in all probability not recognize himself if he were suddenly confronted with the person whom the court strives to protect from imposition in a trade-mark case involving tin tags. His judicially injected intelligence and perception would doubtless astonish him. Courts cannot help endowing the unwary purchaser with a part of their own intellectuality and regard with impatience evidence which seeks to credit him with less.

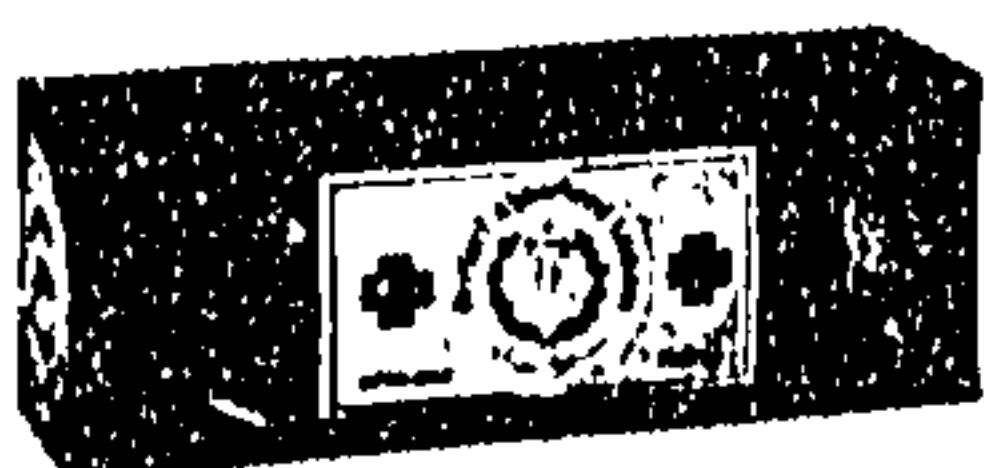
Mr. Justice Farwell's remarks on this subject are typical: "They" (the trade witnesses called), he observed, "are not experts in human nature, nor can they be called to give such evidence, and apart from admissibility, one cannot help feeling that there is a certain proneness in the human mind to think that other people are perhaps more foolish than they really are. I do not think that Carlyle is alone in his estimate of the inhabitants of these islands."

The following illustrates how a choleric judge considers the testimony of trade witnesses in these cases:

You must exercise your own opinion as to whether what they are saying is sensible or can be accepted. If a man was to come and tell me that a horse was like a cat, he might swear to it, and you might get fifty persons to swear to it, but I should not act on such evidence, because it is pure nonsense; and if people come and tell me that all the natives of India are of the same class of intelligence,

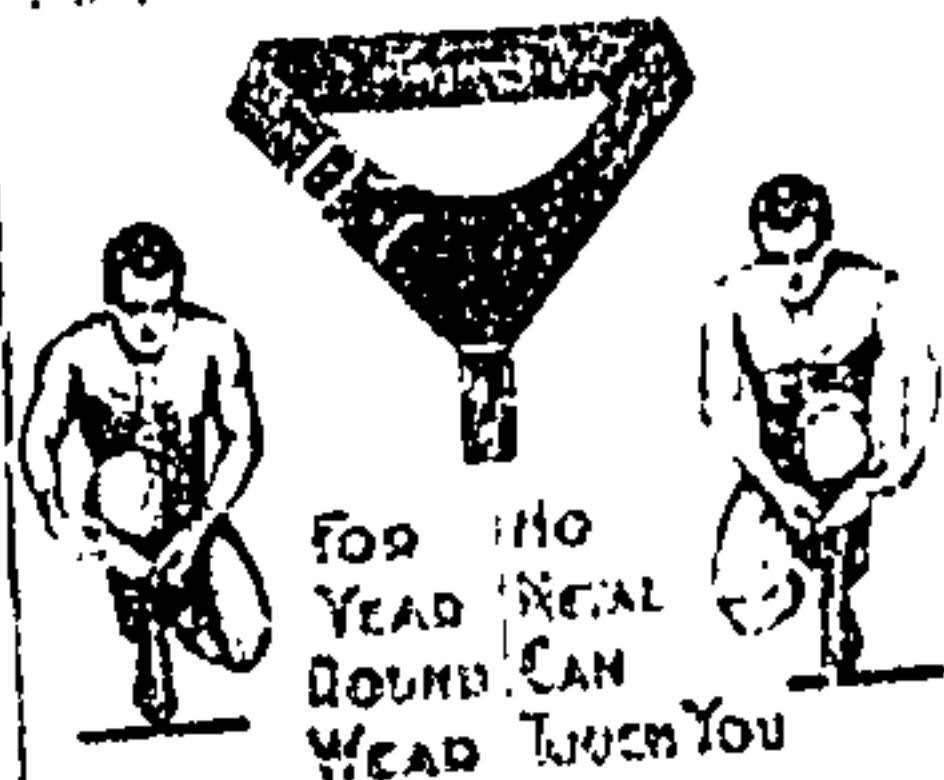
French Tissue
 For Corns, Bunions, etc.
 SUPERIOR TO BAIVES ETC
 SAFE, SURE, CLEAN & COMFORTABLE.
 APPLY A FRESH PIECE OF TISSUE EVERY OTHER
 NIGHT, BEFORE APPLYING BATH TO THE FEET IN
 WARM WATER AND REMOVE THE HARD FILLS
 WHICH CAUSE
 THE SILVER SUDS MFG. CO.
 PHILADELPHIA, PA.

FRENCH TISSUE
 For Corns, Bunions, Ingrowing Nails, etc.
 SAFE, SURE, CLEAN & COMFORTABLE.
 APPLY A FRESH PIECE OF TISSUE EVERY OTHER
 NIGHT, BEFORE APPLYING BATH TO THE FEET IN
 WARM WATER AND REMOVE THE HARD FILLS
 WHICH CAUSE
 THE SILVER SUDS MFG. CO.
 PHILADELPHIA, PA.



GENUINE, MEDICATED
FRENCH TISSUE
 FOR CORNS, BUNIONS, INGROWING NAILS, ETC.
 DIRECTIONS:
 Soak the foot in
 warm water, remove the
 dead skin, then apply a piece
 of French tissue, change
 every night,
 until the corn is
 cured.
 THE SILVER SUDS MFG. CO.
 PHILADELPHIA, PA.

PARIS GARTERS



PARIS GARTERS
 NUMBER 2820 CC10R

FRENCH GARTERS
 JAPETELLE FRANÇAISE
 BEST FOR ALL YEAR WEAR
 NO METAL TOUCHES YOU
 NUMBER **FRENCH GARTERS** COLOR

The French tissue label on the left was the complainant's. A competitor was enjoined from using the one at the right. Afterward the label below was adopted. The change was held not to be sufficient to prevent deception and this label also was enjoined. The upper of the two absorbent cotton labels was held to infringe the lower on account of the use of the red cross upon it. The use of the garter box on the right was enjoined by the maker of Paris garters. Unfair trading was found by reason of the general imitative get up and approximation of catch phrases. The word French was decided to be an unfair simulation of Paris

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and some people think they are all exceedingly sharp, and some think that they are all exceedingly stupid, I have a right to bring my own knowledge of the world into play; I have a right to bring to bear that knowledge which all educated people have who have read about India or who have known the history of India, and to say that such evidence is simply absurd. When you have all the different castes in India, and the actually different nationalities; when you have all the different educations which we know exist, and there is the highest class of education, and we know that there are people without any education at all; we know that there are human beings made in the same way, although not of the same color as we are, why it is simply absurd to come and tell anybody with senses in his head that the intelligence of all these people must be equal. There are some of them as clever as any Europeans, and some of them more clever, and some of them as stupid as any Europeans, and I suppose it is difficult to be more stupid. Therefore, that evidence cannot be received.

Judicial impatience is not surprising when one considers what this "evidence" usually consists of. Most of it is pure nonsense and the transcript of trade testimony in some unfair competition cases reads like an extract from "Alice in Wonderland".

"What do you know about this business?" the King said to Alice.

"Nothing," said Alice.

"Nothing whatever?" persisted the King.

"Nothing, whatever," said Alice.

"That's very important," the King said, turning to the jury. They were just beginning to write this down on their slates.

"The Red Queen shook her head. 'You may call it nonsense if you like,' she said, 'but I've heard nonsense compared with which that would be as sensible as a dictionary.'"

As a matter of fact a good share of the "evidence" of trade witnesses is nothing but gossip. These people, whatever their intelligence may be, are certainly not trained to observe correctly, to think accurately or clearly to express what they see or think, and frequently their ignorance is abysmal.

Then there is the "unwary purchaser" himself. Probably he knows less about his own mental processes than

anybody. He thinks himself infinitely more acute than he is, he is disposed to resent interrogation and suspect that he is being made sport of, and finally, the judges usually pay no attention to his own estimate of himself. The courts are getting to heed less and less the testimony of trade "experts" concerning the likelihood of deception by imitated labels. Judges will not surrender their own judgment or what their own eyes tell them to the views of any witness, however experienced. This is reasonable enough, for after all, seeing is believing.

The question of what resemblance is enough to deceive is really in my opinion a problem in practical psychology to be solved by modern laboratory methods, by experiment with enough normal people to make generalization safe. Professor Münsterberg has been conducting such an investigation and in Chapter XXII of his "Psychology and Industrial Efficiency" gives an account of the results so far obtained, but until the subject develops further, we must, to determine the question of infringement, depend on the judge's eyesight and the ability he thinks he has to tell how external things will affect other people's minds—whether one label is enough like another to deceive the average purchaser—and since this is a question of fact and not of law, the guess of any intelligent person on this is as good as the decision of the most learned judge. So instead of attempting to generalize or describe, let us for a moment test the judgment of the courts with our own.

Below are illustrated labels and packages which courts have held to be enough alike to fool the public:

The injunction went against the name "Iwanta" as well as the package, the court observing, in holding the name an infringement:

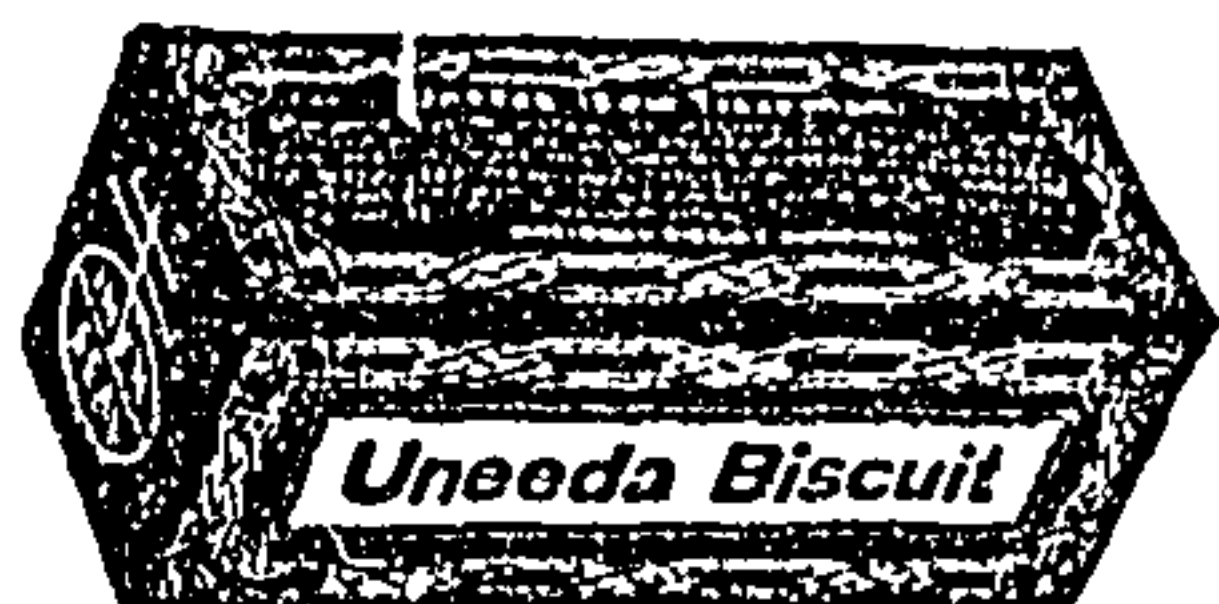
The incessant use of the personal pronouns in daily speech has associated in every one's mind the sounds represented by the letters "I" and "U"; the two words are of precisely the same length; both end with the same letter "A"; and both express the same idea; namely, that the prospective purchaser's personal comfort would be promoted by the acquisition of a biscuit.



Notice the striking resemblance in idea, design and lettering between these labels. When the case came into court, it was held that the label of the Seattle company had been infringed by that of the Los Angeles company.

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As an illustration of the deceptive effect of copying color the following are instructive. The familiar "Inner Seal" device was held infringed by the second device shown, which was printed in the same shade of red.



Fairbank's "Gold Dust" package was held infringed by the package shown adjoining it on page 207, the color on both boxes being orange and the printed matter black.

The upper of the two beer labels on page 191 was held infringed by the lower.

While differences which are capable of discernment and description are present in all of these labels it is evident that in the hurry of retail trading they would probably escape detection and deception would result. In any case, however, where there are arguable differences between the labels of the parties, the mere probability of deception, based on comparison alone, ought not wholly to be relied on. A careful and systematic search for cases of actual deception and mistake should always be made. Naturally it lends enormous weight to an argument that deception is probable to produce actual instances where it has in fact occurred.

CHAPTER XIX

INFRINGEMENT BY IMITATION IN FORM AND APPEARANCE

HE who sets out to design a label is a free agent. He is limited only by his own ingenuity. On the other hand the container to which the label is to be attached is usually a fixed quantity. Bottles and boxes are generally pretty much alike—their size and shape are determined by the nature and volume of their contents and not by the taste of the designer of them. From the very nature of things in most cases there can be nothing individual and distinctive about a container. But where it can be shown that there is something individual about a particular container, that particular products can be and are distinguished from others by the form or peculiarities of the enclosure, then the form or peculiarity is protected and use of it by others is restricted. This is but another application of the same rule which is applied in place, personal and descriptive name cases. There can be no exclusive right in the name of a place, but when that name by custom has come to distinguish a particular man's goods, deceptive use by others of the place name will be stopped. In the absence of a patent there can be, for example, no exclusive right to use a particular shaped bottle, but where it can be shown that unrestricted use by another will cause his goods to be sold as those of the man who previously used the peculiar bottle, the law steps in and places such limitations upon the new comer's use as will prevent the defrauding of the previous user and

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the deception of the public. The identification of particular goods by the form or by some peculiarity of the enclosing package is not an impossible thing. A little thought will demonstrate that it is quite common. The square Mount Vernon whiskey bottle, the colored capsules on champagne bottles, the high-shouldered, short-necked Hires Root Beer bottle are examples of such peculiarities which have been protected by the courts against deceptive imitation. These cases, like all other cases of unfair trade, are cases of fact. Two questions must be answered affirmatively: (1) Does the form or other peculiarity serve to distinguish the plaintiff's merchandise from the similar goods of others? (2) Is the defendant using this identifying element in a way which is calculated to represent to the public that his goods are the plaintiff's? The principle, that no one has any right to represent his goods as the goods of another, being perfectly general in its application, it necessarily follows that an affirmative answer to these questions must result in the prohibition or limitation of the use of the form or peculiarity of package which is the efficient means of making the false representation which the law says shall not be made.

PROTECTING THE SHAPE AND APPEARANCE OF THE CONTAINER

As an illustration of the application of this rule, take the case of the Mount Vernon whiskey bottle.

The Hannis Distilling Co. is the manufacturer of a whiskey known as Mt. Vernon Rye. It was the custom of dealers to buy it in barrels and bottle it, and sell it under the name of "Mt. Vernon". The Cook & Bernheimer Co. obtained by contract with the distiller the exclusive right to bottle this whiskey at the distillery. The United States Statutes forbid rectifying within six hundred feet of a distillery, hence the location of the bottling establishment at the distillery was a guaranty against adulteration. The Hannis Distilling Co. also

gave to the Cook & Bernheimer Co. the right to place upon their labels the words "Purity guaranteed by the Hannis Distilling Co.". Cook & Bernheimer Co. adopted for its bottling of "Mt. Vernon" whiskey, a peculiar square-shaped bottle with a bulging neck, and it appeared that with consumers of whiskey, who were in the habit of purchasing their beverage over the bar, this peculiar form of bottle was relied upon as a means of identifying the complainant's bottling, and was a distinctive means of distinguishing Mount Vernon whiskey bottled by the Cook & Bernheimer Co. from other whiskies and from other bottlings of Mount Vernon whiskey. About six years after the Cook & Bernheimer Co. began the use of this peculiar bottle, defendants, who were also bottlers of Mount Vernon whiskey, adopted a square-shaped, bulging neck bottle. Defendants disclaimed all fraudulent intentions and claimed that the bottles were of a common form and could be purchased at any bottlemaker's, and insisted that they were doing only what they lawfully were entitled to do. In granting an injunction the Court observed:

Despite the defendants' denial, and they only deny intent to deceive the public, not intent to use the form of package just like complainant's, the court cannot escape the conviction that they found the square-shaped bottle convenient and useful, because it was calculated to increase the sale of their goods, and that such increase, if increase there be, is due to the circumstance that the purchasers from defendants have a reasonable expectation that the ultimate consumer, deceived by the shape, will mistake the bottle for one of complainant's. This is unfair competition within the authorities, and should be restrained.

It will be seen that in this case the circumstances of sale were a material consideration in determining the fact that the complainant's bottling was identified by the form of bottle. It was established that those who buy drinks over the bar, whether on account of previous potations or otherwise, were in the habit of recognizing complainant's bottling by the form of the enclosure rather than by the label upon it, and it appeared as a fact in this case that the labels upon the complainant's bottles and those

upon the defendants' were quite distinct. The element of deception was the shape and appearance of the bottle.

In litigation brought by the Charles E. Hires Co. against the Consumers Co. over carbonated root beer, a somewhat similar condition of affairs obtained. Hires' Root Beer is usually dispensed from ice boxes. The bottles come in contact with the ice and the labels are very easily washed off, so that in the customary method of serving the product, the label was not and could not be a means of identification. The Hires Company thereupon set about devising an unmistakable means of identifying their product in the absence of a label, and selected a peculiar shaped cylindrical bottle with high shoulders and a short neck. The Consumers Company, of Chicago, for the purpose of bottling their root beer, adopted the same shape of bottle, though their beverages other than root beer were put in bottles of different shape. The Court below granted a partial injunction, not broad enough, however, to include the shape of the package. The Court of Appeals held that any restraint which did not include the form of bottle would be ineffective to prevent deception and an injunction was granted which included the form of the bottle.

Other cases of a similar kind are scattered through the reports.

Sawyer's Bluing in a cylindrical box with a blue label and a red disc at the top was protected against an imitation in color and getup.

The Moxie Nerve Food Co. for a while used a champagne bottle as an enclosure and proceeded against a bottling establishment putting up a beverage similar in taste, flavor and appearance in the same sort of bottle. An injunction was granted, which was broad enough to include the shape of the package.

As has been indicated by the discussion of the Hires and Mt. Vernon whiskey cases, the law of unfair trade adapts itself to the circumstances in the particular case. In those cases it was shown, owing to the manner in which the goods were customarily sold, that the form of the

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enclosure was an important identifying element. Therefore, the deceptive imitation of that form was stopped.

In the same way, in a number of cases involving the capsules of champagne bottles, it was shown that champagne is dispensed from coolers; that the bottle is liable to lose its labels before it is sold to the customer; that the bottle, in serving, is covered with a napkin, so that in such cases the capsule is the only easily available means of identification, and while the courts realize that in view of the widespread use of capsules and the limited number of colors that it is possible to use, it is inequitable to confer upon any one producer an exclusive right to a certain color, they have not hesitated to state that where a colored capsule is used in such a way as to delude the customer into the belief that one producer's wine is another's, appropriate relief will be accorded.

PROTECTING THE ORNAMENTATION OF THE ARTICLE

From protecting the form of enclosures and containers, the step to the protection of the ornamentation and appearance of the article itself was natural and easy. As a matter of fact, the painting and decoration of an article, like a coffee mill, a scale and the like, is exactly analogous to the application of a label to a package. There is room for the play of fancy and the designer is not limited by considerations of utility. Take the case of a coffee mill; it can be painted any color of the spectrum. It can be gilded, silvered or bronzed and can be ornamented in any way that fancy dictates. There is no hardship then when a particular make is identified by a particular ornamentation, in insisting that others making similar goods decorate them in an original or at least not in an imitative fashion.

The Enterprise Manufacturing Company for a great many years were manufacturers of coffee mills, and for a long period they cast their mills in a particular shape and design and colored and decorated them so that they soon became readily identified by their character-

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istic appearance. Landers, Frary & Clark started to compete with the Enterprise in the line of coffee mills, conforming their goods to the Enterprise Manufacturing Company's in size and general shape, as well as in all minor details of structure, every line and curve being reproduced and superfluous metal put into the driving wheels to produce a strikingly characteristic effect, while the goods were so dressed with combinations in color, with decorations reproduced or closely simulated with style of lettering and details of ornamentation, that except for the fact that on the one mill was found the name "Enterprise Manufacturing Co." and on the other, "Landers, Frary & Clark," it was difficult to tell them apart. The Court held that this was an aggravated instance of unfair trading and enjoined its continuance.

In other cases, copying of peculiarities of structure, not including the shape of the article itself, has been enjoined. In one case the construction of an oven in a stove with white enamel lining was held to be a possible ground for complaint by one manufacturer who had previously used such a construction to the extent that his goods were called "white enamel stoves".

In another a bill which sought to enjoin the imitation of the gilding on horse shoe nails was held to state a cause of action.

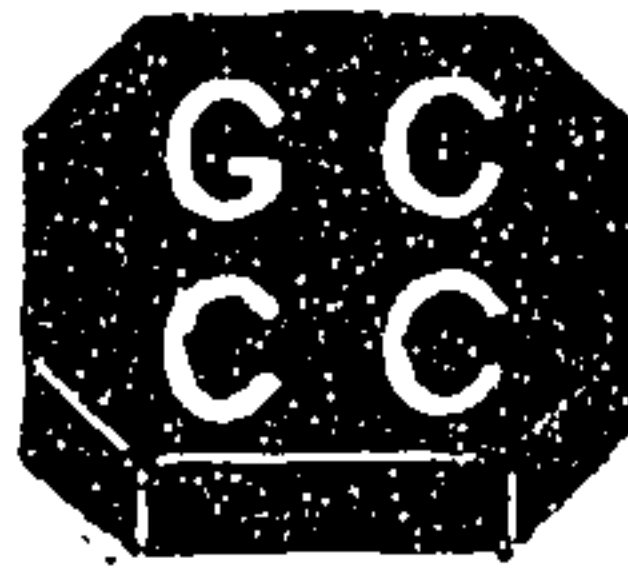
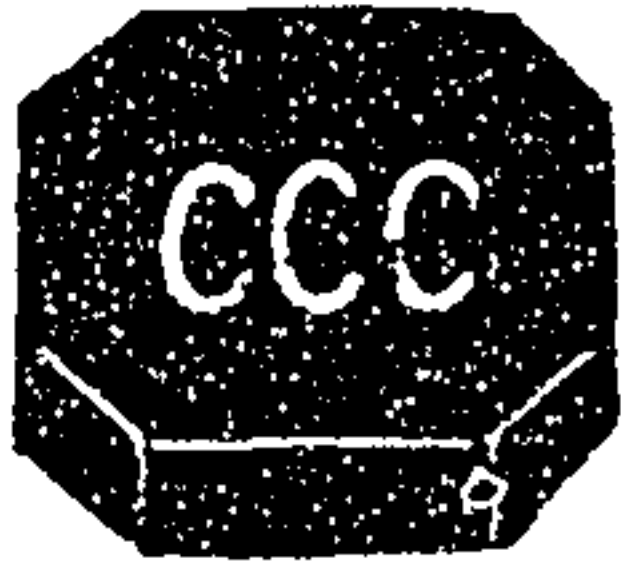
PROTECTING THE STRUCTURE OF THE ARTICLE

All of these things had to do with the more or less arbitrary decoration or ornamentation of an article. When it came, however, to the imitation of the structure of the thing itself, much difficulty was experienced, because it is plain that articles for similar purposes will be more or less alike. All loaves of bread are on the same general line; all carpet sweepers; all automobile lamps; all padlocks more or less resemble each other. But in spite of this, it is conceivable that certain articles may be identified and distinguished from others by their mere structure, and that the use by another of the same

RESTRAINING UNFAIR TRADE

structure without affirmative means of distinguishing will work a fraud upon the public.

For example, when "Cascarets" were first placed upon the market, the tablets were arbitrarily made in an octagonal form, as shown. A competitor put upon the market a similar product, unnecessarily casting his tablets in the similar form shown in the second illustration:



It was held, in a suit brought to restrain the shape of the tablet, as well as other imitated features, that the Cascaret tablet, apart from the box, could be and was distinguished from others by means of its shape and that the unnecessary assumption of that shape by a competitor was unfair and enjoined.

The Yale & Towne Manufacturing Co. succeeded in enjoining a competitor from making a padlock in exact imitation of the Yale lock.

The Supreme Court of California went so far as to hold that the imitation of the architecture of a store front was unfair. There is a department store in the City of Sacramento, called "Mechanics' Store". The architecture of the building is peculiar and unusual. The defendant, on a lot adjoining the plaintiff's, erected a building identical in architecture with plaintiff's building, opened a department store and called it "The Mechanical Store". The court enjoined the use of the name "Mechanical" as an infringement of the trade name "Mechanics", and further ordered that the defendant in the conduct of his business "distinguish his place of business from that in which the plaintiff is carrying on its business, in some mode or form that shall be a sufficient indication to the public that it is a different place of business from that of the plaintiff".

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In another case the complainant manufactured zithers, which were in somewhat an unusual shape. The defendant made a zither in all respects the same and refrained from putting its name upon it, with the result that confusion ensued. The Court required the defendant to place his name upon the zithers of his manufacture.

George C. Fox Co., of Charlestown, Mass., had some interesting cases involving the shape of a loaf of bread. Its bread is put up in an oval loaf, as shown on page 179. After the Fox bread had acquired a valuable reputation, other bakers began to put upon the market bread under similar names and with loaves closely imitating the shape and appearance of those in which Fox had been accustomed to sell his bread. The courts have uniformly enjoined the duplication of the visual appearance of the loaf on the ground that the imitation of the distinctive Fox loaf would result in deception and constituted unfair competition.

Similarly the Coca-Cola Company has succeeded in enjoining the deceptive imitation of the color of Coca-Cola where it was shown that a competitor's product was unnecessarily and artificially colored to resemble Coca-Cola. The Court rested its conclusion upon the fact that the imitative color was adopted as a means of aiding a contemplated fraud, and that even if its adoption were also in part innocent, confusion was caused by reason of the imitative color; that the burden was upon the defendant to see to it that ultimate fraud did not result from this confusion, and in so far as the defendant could not safeguard this result he should not be permitted to use the color, and that since it was not apparent how deception could be efficiently prevented, save by giving defendant's product a non-deceptive color, defendant was enjoined from selling his syrup of the same or substantially similar color to Coca-Cola.

The law on unfair trading with respect to the imitation of structure or visual appearance of an article is not settled. The difficulty is to determine the question whether the structure or visual appearance of the de-

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defendant's article results from necessity or whether it is a pretext merely. In the case of machines the unnecessary duplication of non-functional parts is presumptively fraudulent. In a case brought by the Singer Manufacturing Co. it appeared that on the Singer machine there was a patented set screw. The defendant imitated the machines exactly. Not daring to use the patented construction of the set screw, it placed a dummy screw, serving no useful purpose whatever, on its machine at the precise point where the patented screw was on the Singer machine. The Supreme Court held that this was evidence of fraud and it was one of the controlling circumstances in the case. So, where it can be shown that complainant's distinctive structure is imitated by the defendant, not for the purpose of mechanical efficiency, but unnecessarily and for the purpose of imitation, it is safe to say that appropriate restraint will be imposed.

On the other hand, where the defendant is using for the purpose of increasing the efficiency of his device, a shape of apparatus which is desirable mechanically, even when it is a possible means of accomplishing unfair trade, the courts are reluctant to interfere, and as far as they are disposed to go is to require that the defendant by a name plate or other appropriate means distinguish his manufacture from that of the complainant. The better rule seems to be that the unnecessary imitation of a non-functional part should always be enjoined; that the use of a shape or configuration of an article, even though it has become identified with another producer's goods, will not be interfered with, but where deception will follow such a use if unexplained, the defendant will be required by the use of a name plate or in some other unmistakable way plainly to state that the article is of his production and thus to counteract by positive statement the implied misrepresentation that the structure of the article itself conveys.

CHAPTER. XX

EQUIVALENTS THAT DECEIVE BUYERS

VARIOUS aspects of the subject of unfair trading have been discussed; the imitation of names which are an appeal directed both to the eye and to the ear, though their primary purpose is verbal identification, and the deceptive effort of the pirate devoted to verbal confusion; the imitation of labels and packages which are largely visual in their appeal and the parasite's attempt to deceive by presenting a confusing picture. We come now to a phase of unfair trading which is more elusive than either—where the deception is neither directly verbal nor visual, but is essentially psychological and where the attempt is to confuse the mind of the prospective purchaser, not by imitation of name or appearance, but by the use of some ingeniously deceptive contrivance by which he may be so mentally befogged and indirectly confused that a spurious product may be sold to him when he thinks he is getting the genuine. These cases are based on the postulate that while trade names and brands are known and recognized, the public does not know the names of the producers of the articles it consumes. Retail purchasers are not expected to know or have in mind the names of makers, and as a matter of fact, they do not know and usually do not care anything about the producer as a personality. This is true generally, but is frequently lost sight of in discussing cases of unfair trading. We talk of the secondary or trade meaning of place or personal names—

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that a "Waltham Watch" means a watch produced by the Waltham Watch Company; that "Pillsbury's Flour" means flour made by the Pillsbury Flour Mills Co.; that "Blue Ribbon Beer" is Pabst's beer; that "Budweiser" is Anheuser-Busch's, and the like. The consumer has no such definite knowledge. Of course, he knows Pillsbury's Flour, to use that as an example. If the average person were asked what he means by Pillsbury's Flour, the answer is "Pillsbury's Flour, of course".

The following is a brief transcript of certain testimony taken in a case involving the use of the name "Baker" for chocolate and shows the mind of the consumer better than any amount of windy disquisition. Edward A. Keil, a San Francisco grocer:

We never have occasion to call it "Walter Baker's", I had to look on this package to find out what his first name was. I had really forgotten it.

Mrs. J. C. Echols, Columbus, Nebraska, a housekeeper for twenty-one years and familiar with Baker's chocolate all that time, said:

Well, it is Baker's. I don't know that I noticed the name of it.

Mrs. Julia McGowen, Columbus, Nebraska:

I just call for Baker's chocolate and I supposed that was the only kind. I thought it was just Baker's. I didn't know what his other name was.

W. J. Eisenman, Columbus, Nebraska:

I don't know whether the man's name is Walter or Peter or what it is. Baker's, that is all I know. That is all I have paid any attention to.

In the same way Waltham Watches are "Waltham Watches", Blue Ribbon Beer "Blue Ribbon Beer", and so on.

Naturally when the brand name is a surname, it is usually a part of the name of the producer and the connection between the two is more likely to be made, though even here, as shown by the quotations just given, it frequently is not made, but where the brand is a device or fancy word, or, in fact, anything but the producer's

EQUIVALENTS THAT DECEIVE

name, or a part of it, it is rare, indeed, for the average consumer to know who makes the brands he buys. He knows the brand or mark of identification and seeing that goes no further. As a matter of fact, the very purpose of a trade-mark is to give to the purchaser such a certain, ready and instant means of distinguishing the particular article desired, that there is no necessity for him to look for producers' names, addresses and the like. When it is said, therefore, that a name means a certain producer's goods or that a device or package identifies a certain producer's commodity, it implies only that the name or device identifies a certain article as a commercial entity, a thing which, in fact, is of a certain origin, but which the purchaser recognizes simply as an article that by faith or experience he believes to be good and as to the personality of whose maker he has no knowledge or curiosity. This fact, which the courts have come to recognize, is an important circumstance in the decision of cases involving indirect infringement. It is frequently argued by defendants in these that there can be no identification of a name with a certain producer unless the producer as a personality is known. Such an argument was disposed of by a distinguished English judge as follows:

I think that the fallacy of the appellants' argument rests on this—that it is assumed that one trader cannot be passing off his goods as the manufacture of another unless it be shown that the persons purchasing the goods know of the manufacturer by name, and have in their mind when they purchase the goods that they are made by a particular individual. It seems to me that one man may quite well pass off his goods as the goods of another if he passes them off to people who will accept them as the manufacture of another, though they do not know that other by name at all.

DISHONEST SELLING BY INDIRECT DECEPTION

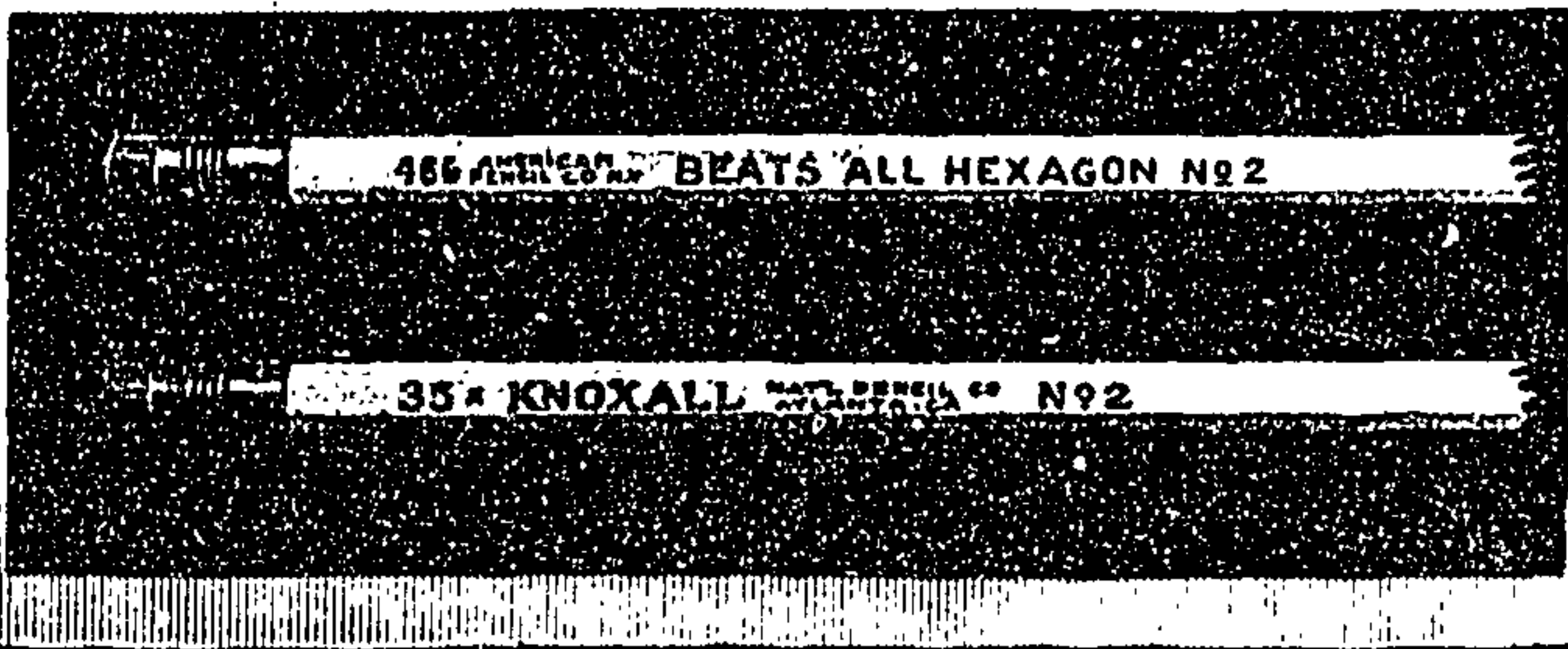
Many illustrations of similar roundabout deception readily suggest themselves. When the Pabst Brewing Company, both as an ornament and as a badge of identification, tied a blue ribbon about the necks of bottles containing a brew of fine light beer, which was labeled

RESTRAINING UNFAIR TRADE

“Select”, people immediately began to call for this beer as “Blue Ribbon”, though these words nowhere appeared in connection with it. No one paid any attention to the name “Select”, which the beer had been christened, and which was conspicuously printed on label and capsule. Everybody knew “Blue Ribbon”, no one “Select”. “Blue Ribbon” meant Pabst’s beer, and nothing else, and it was “Blue Ribbon Beer” that was called for, whether those words were on the label or not. A rival brewer then put out a beer with no bit of ribbon tied to the bottle, but with the words “Blue Ribbon Beer” printed upon the label, and claimed a right superior to Pabst by priority of use. The question to be answered was—what does “Blue Ribbon” mean? Pabst’s beer, of course. Not Pabst’s by name as a personality or an establishment perhaps, but Pabst’s in the sense of the brewery which has always produced the article known as “Blue Ribbon” beer. The beer with the words “Blue Ribbon” on the label was not “Blue Ribbon” beer in that sense, but was falsely representing to be. The thirsty citizen who ordered “Blue Ribbon” beer and was served with the product labeled “Blue Ribbon” was not getting the thing he had had before, whether he knew the name Pabst or not, and therefore he was deceived. Hence its use by the second brewer was an infringement. It was through this rather circuitous method of reasoning that the Pabst Brewing Company’s undoubted rights in the designation “Blue Ribbon” were secured to it.

HOW THE USE OF EQUIVALENTS RESULTS IN UNFAIR TRADING

It may be laid down as a general rule that if the goods of a manufacturer have from the mark or device he has used become known in a market by a particular name, the adoption by a rival trader of any contrivance which will cause his goods to bear the same name in the market is as much a violation of the rights of the original manufacturer as the actual copy of his device.



Both washing-powder packages bore orange-colored wrappers with printing in black. The "Buffalo" package infringed. The right beer label was unlawful in that its use caused the defendant's goods to bear the same popular name as that given to the plaintiffs. The "Knoxall" pencil was also held to infringe

EQUIVALENTS THAT DECEIVE

As an illustration of the application of this principle, Hutchinson, Pierce and Company used the label shown in the lower left hand on page 179 upon shirts of their manufacture. As a result their product became known as "Star Shirts". A Chicago haberdasher placed the mark shown in the next figure upon the shirts he sold. It was enjoined as an infringement, because it might cause defendant's goods to be sold as "Star Shirts" and give color to a claim that defendant's goods were "Star" goods, and hence the goods of the complainant.

Baker's cocoa and chocolate have long been identified by the familiar chocolate girl figure (see page 179), as well as by the name "Baker". This has for years appeared upon the packages and is a ready means of visual identification. The product was very commonly called for by purchasers as "the chocolate with the picture of the woman," "the chocolate with the girl on it," "the chocolate with the picture of the lady".

The Puritan Pure Food Company put out a chocolate with the picture at the right (page 179) on the label. It was enjoined as likely to cause the defendant's goods to be known by the same name; viz., "The chocolate with the girl or lady", as that by which the complainant's had long been designated.

The American Tin Plate Company and its predecessors for many years made roofing, which they identified by the first brand shown below, the letters "MF" in a monogram enclosed by a circle.

As a result the product became known and identified as "MF" terne plate, was so specified by architects and dealt in by the trade. The defendant, a rolling mill in Northern Kentucky, began the manufacture of terne plate under the other brands shown.

In justification of their use it was asserted that the letters were the initials of a man named Herman and they had secured authority from him to use them. It appeared that Herman was an obscure cornice maker in Newport, Kentucky. The Court viewed the justification with some suspicion, but without passing upon it, de-

RESTRAINING UNFAIR TRADE

cided that the use of the letters "MF" by the defendant, even when coupled with the other letters, was calculated to cause its terne plate to be known as "MF" terne plate,



which was the name by which complainant's product had long been distinguished, and granted an injunction.

I.C. I.C.
M.F.H. M.F.H. M.F.H.
EXTRA. BEST.

The classic example of this sort of infringement is what is known as the "Dog's Head Beer" case. The complainants were a firm engaged in bottling Bass's ale. To indicate their bottling they used the now familiar label showing a picture of a bull dog and the words "The Bull Dog Bottling"* illustrated on page 207.

On account of the picture of the dog's head, Read Brothers' bottling became well known in the British Colonies as "Dog's Head Beer". The defendants, also bottlers of ale, invaded the colonial markets of Read Brothers, and in these districts used upon their ale a label (page 207) showing the picture of a terrier and the words "The Celebrated Terrier Bottling". As far as the physical resemblance between the two labels was concerned, there was none at all. The complainant's was blue, the defendant's red—the backgrounds black and the dogs' heads buff. No two dogs could be less alike and still be dogs, but when it was shown as a fact that Read Brothers' bottling was known as "Dog's Head

*Reproduced from Cox Manual of Trade-Mark Cases.

EQUIVALENTS THAT DECEIVE

Beer" and that the use by the defendants of the picture of a terrier would enable their beer to be described and sold as "Dog's Head Beer",—an injunction was granted to restrain the use of any device which would cause the defendants' goods to bear the same name in the market as the complainant's. This is apparently an extreme case, but is cited as an illustration of the length to which courts go to secure to a trader the full benefit of the reputation and business which he has built up and the efficiency with which they unmask and stop any schemes, however subtle, by means of which others attempt to steal this business away.

CHAPTER XXI

REFILLED PACKAGES, SUBSTITUTION AND PASSING OFF

NO LEGAL difficulty is involved in this species of unfair trading. Anyone indulging in it is guilty of a commonplace, clumsy, vulgar fraud. The only trouble is in the detection of the offense. The defendants are usually persons of little consequence and no morality, restaurant and saloonkeepers, soda water dispensers, barbers and the like, who, when setting up in business, buy a bottle or two of a reputable article which, as the supply is consumed, without obliterating the genuine labels, is refilled with imitation goods. The original bottle, like Fortunatus' purse, is inexhaustible. The makers of Lea & Perrin's Sauce, Pinaud's Hair Tonic, Horlick's Malted Milk and other well known articles are continually subjected to this sort of fraud, which is dangerous and insidious and almost impossible to detect. The pirate carefully retains in his own possession the decoy genuine bottle, from which he dispenses, and the defrauded purchaser has only his sense of taste or smell to safeguard his pocketbook. Usually the evidence submitted to counsel, when it is attempted to stop this sort of substitution, is little more than a well-grounded suspicion that it is going on. Fraud of this kind is dangerous, because it reacts immediately and seriously on the reputation of the genuine article. A man goes to a soda fountain and asks for a glass of Horlick's Malted Milk. He is served out of a Horlick's Malted Milk dispensing bottle with a substitute which looks like Hor-

SUBSTITUTION AND PASSING OFF

lick's Malted Milk. If he notices any difference in the taste he attributes it to deterioration in the quality of the genuine and instead of keeping away in future from that particular store, he says to himself: "Horlick's Malted Milk is not as good as it used to be, I will try something else next time."

Horlick's Malted Milk is used simply as an illustration. The injury is the same in the case of any article dispensed to the public out of a distinctive package where the consumer does not get possession of the package. The results are frequently very far reaching.

The Sealshipt Oyster System a number of years ago started on a campaign of advertising based upon the assumption that if the public could get oysters without adulteration, floating or preservatives, those oysters would be sufficiently superior in quality to the common kind to create and keep an enormous business for any concern which would be able to deliver such oysters to the consumer. Thereupon there was devised an elaborate system of inspection, grading and packing, a complete system of carriers from the producer through the jobber to the retailer, so that the retailer secured in original sealed packages the best oysters without any chance of adulteration or manipulation. The Sealshipt Company apparently had taken every precaution at every step—except one. The retailer was furnished with complete and elaborate dispensing receptacles, which were distinctive and which identified Sealshipt oysters, *but* no means were devised by which the retailer was prevented from selling any oysters he chose to the public out of the Sealshipt container, and there was no way for the Sealshipt Company to tell whether what were sold as Sealshipt oysters out of the Sealshipt container were in fact oysters which had been so carefully safeguarded from their origin to the retailer or whether they were an inferior product dumped into the container at the last moment by the dealer. It was found as a practical question that it was impossible to catch the substituter unless someone was on hand when the substitution was actually

RESTRAINING UNFAIR TRADE

made and could testify that with his own eyes he saw a dealer put into the Sealshipt retail dispensing container oysters which were not Sealshipt oysters, which gets back to the original proposition—the law is plain enough that the sale of a substituted product out of a genuine container is unlawful and will be stopped *when proof can be furnished that it is being done*. As a general thing this proof can be only of three kinds: (a) where witnesses testify that they have in fact seen the accused dealer fill a genuine package with spurious goods and sell these spurious goods from the genuine package; (b) where it is possible to detect the difference between the genuine and spurious by analysis and witnesses can testify that they procured from the accused dealer the suspected package and its contents, and an analysis shows the contents spurious; or (c) where a portion dispensed from the suspected package is preserved and analyzed and is spurious. No other testimony is really worth much. Suppose a dozen men testify that they went to a certain saloon and asked for a drink of “Green River Whiskey”, that the bartender passed them glasses and a bottle bearing a “Green River” label, that they poured out drinks and consumed them, and that the whiskey dispensed did not taste like “Green River Whiskey”, and in their opinion was not “Green River Whiskey”. The bartender, the proprietor of the saloon and all his assistants swear that they never sold out of a “Green River” bottle anything but “Green River Whiskey”, and that the particular bottle testified to by the complainant’s witnesses contained “Green River Whiskey”. The result is that the sense of taste of a number of people is set up against the positive statements of others and the sense of taste is almost always discomfited.

Suppose again there is a suspicion that a certain soda dispenser is substituting a spurious product when “Hires’ Root Beer” is asked for. Witnesses are produced by the complainant, who testify that on such and such a day they went to defendant’s place, asked for “Hires’ Root Beer”, and were served with something which, in their

SUBSTITUTION AND PASSING OFF

opinion, was not "Hires' Root Beer". This defendant has two grounds of defense open to him, that the witnesses are mistaken in their taste and what was furnished was "Hires' Root Beer", or the dispenser and half a dozen other witnesses, who were conveniently at hand, testify they remember the circumstance perfectly, that the witnesses came in and did not ask for "Hires' Root Beer", but asked for root beer simply.

DETECTING FALSE REPRESENTATION AND SUBSTITUTION

These illustrations serve to show the difficulty of proof in cases of this kind. At one of the large expositions within the last few years it was suspected that the concessionaire for soft drinks about the grounds was systematically substituting a spurious product for "Hires' Root Beer". No one had any doubt that the substituting was going on. The difficulty was of proving it. There were perhaps twenty of the defendant's oases scattered about the exposition grounds and it was arranged that at precisely the same time three persons should present themselves at each stand and ask distinctly for "Hires' Root Beer". Each person had in his pocket a bottle big enough to hold the drink. Precisely at the appointed time they all presented themselves at the stands and all distinctly asked for "Hires' Root Beer". The drinks were served and instead of drinking them each person produced his bottle, placed it on the counter, poured the drink into it, sealed it up and went away. An analysis disclosed that in no case was "Hires' Root Beer" furnished, and as a result of this team work the defendant was around the next morning with a full confession and abject apology, and promises of reform, which were religiously carried out.

The refilling of genuine packages is really nothing but the oral passing off of one article in response to a request for another. The genuine package filled with spurious goods is simply a little touch to lend verisimilitude to the transaction. It is a representation that the article con-

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tained in the package is the genuine stuff. The same representation can be made without the use of the genuine package. It was so made in the "Hires' Root Beer" case above referred to, and it is made in many other cases in similar fashion, sometimes merely by passing off without any comment a spurious product in response to a request for the genuine. This is enjoinable. A housewife at a store who asks for "Gold Dust" washing powder is entitled to get it, and if the dealer passes out something else he has committed an actionable wrong for which the Fairbank Company has redress in the courts. There are many cases involving this sort of fraud. Enoch Morgan's Sons succeeded in stopping a retail grocer from selling, in response to a request for "Sapolio" an article called "Pride of the Kitchen". The Supreme Court itself has passed upon this question and sustained an injunction secured by the proprietor of "Hunyadi Janos Water" against Siegel Cooper Company, restraining the passing off, in response to requests for "Hunyadi Janos", of any other water.

EVIDENCE MUST SHOW PASSING OFF TO BE INTENTIONAL

The problem in cases of this kind is nothing but a question of proof, but the proof is always difficult. Enough instances of passing off should always be obtained to negative the idea of casual blunder or honest mistake. It should be shown to be systematic, habitual and deliberate. It is never safe in my judgment to proceed in these cases unless there are at least twenty instances of the passing off of one article for the other on different days, testified to by different people, and where possible the substitution should be made in response to a written and not an oral order, because this, of course, at once destroys the contention so frequently made by defendants in these cases that the purchaser did not ask for the complainant's specific article, but used some general designation, which allowed the defendant to use his discretion as to what should be furnished. This sort

SUBSTITUTION AND PASSING OFF

of fraud is a most convincing argument for the necessity of trade-marks and their use right through to the ultimate purchaser. Where a consumer knows the mark upon the genuine goods and is able unmistakably to identify and distinguish them from others of a similar kind, passing off cannot be practiced, because the mark is so conspicuously before the consumer's eye and so indelibly impressed upon his mind that an attempt to pass off anything else in place of the genuine article is bound to result in failure. It is only in cases where from the nature of the article dealt in or the custom of the trade, trade-marks cannot be used or are not used as they should be used; namely, to bridge the gap between retailer and consumer, that substitution and passing off are much indulged in or have any likelihood of success. This, I think, is demonstrated by the fact that this kind of fraud, which is about the most petty and contemptible of any, is most often practiced with respect to articles which get to the consumer in bulk and not in packages. Soda fountain syrups, ingredients of prescriptions and the like are the ones which suffer most.

Where a consumer is sufficiently interested by advertisements or otherwise to want any particular brand of goods and ask for it, he should in all fairness be furnished by the manufacturer of those goods, with means which enable him to be certain that the product offered to him is the thing that he wants and not something else, the sale of which enables an unscrupulous dealer to make a few cents more profit.

CHAPTER XXII

PROTECTING GOOD WILL FROM UNFAIR ADVERTISING

DECEPTIVE advertising has received a great deal of attention from the courts. A complainant's advertisements are always scrutinized where the defense is raised that he does not come into court with clean hands, and it is the law that material and substantial false statements concerning a business or a product for which the protection of a court of equity is sought, disentitle to relief. Unfair trading by means of deceptive advertising involves a consideration of the advertisements not so much of the complainant as those of the unfair trader.

It is perfectly evident that the business of one firm or establishment may be appropriated and diverted to another by means of false advertising. The matter, however, is usually so mixed with other things that it is difficult to pick out cases where the unfairness was limited to advertising. Deceptive advertising is usually only one element of a deceptive scheme. A rough classification of misleading advertisements may perhaps be tried, and therefore first there will be discussed advertisements which are unfair and deceptive in themselves without reference to concurrent deception of other kinds or additional fraudulent acts.

The consideration of cases of mere unfair advertising is, as a general thing, a little involved because the injury resulting from an advertisement is not always apparent. This is illustrated in a case brought by

ADVERTISING ATTACKS ON GOOD WILL

Price's Patent Candle Company, who are makers of soap. Their soap had a picture of a ship on the wrapper and was known as "Ship Mark Soap". Jeyes' Sanitary Compounds Company, rival soap makers, began the use of a poster, showing, among other things, the picture of a ship and bearing the words "The Only Royal Warrants for Disinfectants, Jeyes' Fluid, Powder, Soaps". Price brought suit to restrain the use of a ship picture on defendant's advertising posters. It was contended by defendant's counsel that no injury could possibly result to the complainant on account of his client's advertising the picture of a ship in connection with soap, that if the complainant's soap was known as "Ship Mark Soap", the more the defendant advertised the picture of a ship the more the complainant was benefited, because it was an advertisement of their soap and could not conceivably hurt them any. Complainant's argument was: "Our soap is known as 'Ship Mark Soap'. 'Ship Mark Soap' means Price's soap. Defendants advertise soap with the picture of a ship in connection with the name Jeyes. This is a representation that 'Ship Mark Soap' is Jeyes' soap, and enables defendants to divert to themselves the good reputation of 'Ship Mark Soap'."

The Court seemed to take kindly to this view, interrupting defendant's counsel's argument by saying:

"You may have an answer behind, but you have not answered it. At present you have only answered it by saying that as Jeyes is written upon it he must know that he is buying Jeyes' soap. That really does not meet the difficulty in the least degree. I want you to meet the difficulty. You are saying it is quite impossible that any person endowed with sense could be deceived, and that he could not be deceived because he could not mistake the one poster for the other, but it is put to you that he may be deceived in this way, that he may wish to buy 'Ship Mark Soap'; he may not know what the name of the manufacturer is of 'Ship Mark Soap', but he knows the soap is a very good soap and has a good name in the market. He may by those false posters be induced

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to buy Jeyes' soap, and if he does he will not get what he meant to. What he meant was Price's soap, and although he did not know the name of Price, he meant that soap of Price's which he knows under the name of 'Ship Mark Soap'."

In the celebrated case about Hoffman House Cigars the complainant used the familiar advertisement of the picture of a banquet scene, where prominent men of various political faiths were assembled about the board. A box of Hoffman House cigars was shown being served to them. The idea intended to be conveyed by this picture was that the Hoffman House cigar was a favorite upon such occasions and smoked by the most eminent statesmen and orators of the land. The inference, of course, was that no matter how much they might differ on political questions, they agreed upon the proper cigar to smoke when the rivalries of politics were laid aside and they met upon common ground.

This picture the defendant boldly appropriated as an advertisement for his "Banquet Hall Cigar". The arrangement of the group was somewhat changed, but the same distinguished assembly was shown, they were drinking the same wine, and listening to the same orator.

It was held that this was unfair competition. The Court observed:

Where the goods of a manufacturer have become popular, not only because of their intrinsic worth, but also by reason of the ingenious, attractive and persistent manner in which they have been advertised, the good will thus created is entitled to protection. The money invested in advertising is as much a part of the business as that invested in buildings or machinery, and a rival in business has no more right to use the one than the other, no more right to use the machinery by which the goods are placed upon the market than the machinery which originally created them. No one should be permitted to step in at the eleventh hour and appropriate advantages resulting from years of toil on the part of another.

Of course, it is an appropriation of a man's brains to steal his original and distinctive advertising, but the injury resulting from it is an inferential one. The legal theory on which the courts seem to base relief is that



Evidence showed that when a purchaser, attracted by this advertising, asked for a "Big Ben" clock, he was offered another and a cheaper clock. No explanation whatever was made. An injunction broke up the scheme

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where A advertises his goods in distinctive and original fashion to such an extent that his advertising has become characteristic of his products, B will not be permitted to use advertisements which will inferentially represent that B's goods are the goods which the public has become habituated to associate with the distinctive advertising of A. To put it concretely, A makes "Star Brand Soap", which has a reputation. B will not be permitted in his advertisements to do anything which will convey the impression that he and not A makes "Star Brand Soap". Such cases as these are not common.

UNFAIR ADVERTISING IS USUALLY PART OF A PLAN OF INFRINGEMENT

The more common sort of advertising fraud is the kind which is a link in a general chain of unfair trading, where the advertising itself may be honest enough, but where it is used simply as a decoy to inveigle the observer into patronizing a certain individual in the belief that he is dealing with another, or buying a certain article and having sold to him a different one. Some of the Baker cases illustrate this point.

Slack, a Chicago grocer, for years advertised in the daily papers "Baker's Chocolate" and "Baker's Cocoa". In response to requests for "Baker's Cocoa" or "Baker's Chocolate", Walter Baker's goods were sold. This, of course, was honest advertising and fair trading. Slack's business prospered, and he continued the advertising of "Baker's Chocolate" and "Baker's Cocoa", but he afterwards sold without explanation, in response to requests for the product under that name, cocoa and chocolate which were not made by Walter Baker & Company. The same advertising by this consequence became fraudulent. The Court expressed its views in this language:

This was seeking to use the reputation and good will of complainant in the sale of the spurious product and was an efficient means to that end. This was as much a fraud as an actual oral misrepresentation to a proposing purchaser.

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As a graphic illustration of this method of unfair trading, which is really nothing but a clumsy device, on page 221 is reproduced a photograph of the display window of a Pittsburg jeweler. The announcement "Big Ben \$1.65" (without at this time considering the question of price cutting involved) was a perfectly honest announcement, provided that when the purchaser, attracted by this advertising, asked for a "Big Ben" clock he got it, but when it was shown that, in response to a request for a "Big Ben" clock, another and different clock was furnished without explanation, an injunction was granted against the continuing of the advertisement unless, in response to requests for "Big Ben" clocks the genuine clock was supplied. The ingenious manner in which the window was baited up for the unwary by a few "Big Ben" clocks indicated that this particular defendant was more or less of an artist.

Some courts, notably those in England, have held that such signs are deceptive and unfair, even where the purchaser is informed that while the genuine article is being advertised on the outside of the store, it is not on sale in the inside—that it is unfair to use another's reputation as a decoy.

In a proceeding brought by the Singer Company, the defendant advertised "Singer Machines", but explained both to callers and correspondents that the machines were not "Singers" and the machines sold were not so marked. The Court said:

Then I am asked to hold that because when the applicant in answer to the advertisement sends for particulars and those particulars do not deceive him, and cannot deceive him, that therefore there is no deceit at all. Now, I take an entirely different view. I think this is a clever device on the part of fraudulent traders having entrapped their victim, having got the man to answer their advertisement, under the notion that he is going to purchase a "Singer" machine, then they cover themselves with a lot of documents which refer to the "Empira" and hope that the "Singer" part of it will be forgotten and that he will order an "Empira" and never consider the "Singer". I believe it is all part of a deliberate plan, and I have not the slightest doubt myself, that not only is there deceit,

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but intended deceit, and as such the court ought to deal with it as severely as it can.

During the production in Chicago of the dramatization of Gen. Wallace's "Ben Hur", an enterprising purveyor of polite vaudeville and tip-top minstrelsy a block

NOTE—Pending decision of Hon Judge Kohl-
sant of United States Court, the opening
Date of "BUN-HER" the Great Big Funny Bur-
lesque on

"BEN-HUR"

Has Been Temporarily Postponed

away from the Illinois Theatre, where the genuine performance was being given, announced at his theatre, "Soon the funny burlesque Ben Hur". The producers of the genuine work, which was a serious and reverent

CLEVELAND'S
THEATRE
TWICE DAILY
INJUNCTIONIZED
HER BUN
BURLESQUE ON
BEN HUR

thing, at once objected to this, to which the defendant paid no attention; and then filed a bill in the Federal Court and obtained an injunction restraining defendant from using the name "Ben Hur". Literally obeying the

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letter of the injunction, but fracturing its spirit, defendant put the announcement in the newspapers shown above on page 225.

The name "Bun Her" was thereupon enjoined, and then the town was placarded with posters like the lower one shown on page 225.

This last poster was hung in windows about the city. Another, shown below, was posted on billboards.

This bill contained as its most conspicuous feature the name "Ben Hur" and was in its general appearance and effect misleading and deceptive. In fact, as an exhibition of the number and variety of the falsehoods that

W. S.

**CLEVELAND'S
THEATRE**

E X T R A !

BECAUSE OF THE FACT THAT
KLAW & ERLANGER
THE FOUNTAIN HEAD OF THE ALL POWERFUL
THEATRICAL TRUST
HAVE SECURED THROUGH THE
UNITED STATES COURT
—AN—
INJUNCTION
RESTRAINING ME FROM PRODUCING Fanny
"BUN HER" MY BURLESQUE ON
BEN HUR
THE FOLLOWING ACTS HAVE BEEN ENGAGED AND
WILL POSITIVELY APPEAR

can be expressed by the use of display letters this second bill was unique. Reading the words in large capitals the announcement is that shown on page 227.

The impression created on an ordinary reader by this specimen of typographical mendacity would be that in spite of the injunction "Ben Hur" would positively ap-

ADVERTISING ATTACKS ON GOOD WILL

pear at Cleveland's Theatre. It was not till repeated applications were made to the court that a sufficient re-

W. S.
CLEVELAND'S
THEATRE
EXTRA!

KLAW & ERLANGER

THEATRICAL TRUST

UNITED STATES COURT

INJUNCTION

BEN HUR

WILL POSITIVELY APPEAR

straint was imposed, because no one not a clairvoyant could foresee what new scheme the defendant's ingenuity would hatch.

CHAPTER XXIII

PROTECTING BUSINESS NAMES

THE COURTS protect from the deceptive assaults of unfair competitors business good will, however symbolized. When the subject matter is merchandise, the good will attaches to the means by which one producer's commodity is distinguished from others. It is obvious that a business not a producer of merchandise which passes from hand to hand, may also have a good will. A particular store, hotel, bank, office building, theatre, lawyer, physician, or even a church may be preferred to another of equal merit, and thus the continued patronage of the same people be probable.

One corporation as a business institution, independently of the goods it makes, may be liked by the public better than another, and thus, irrespective of the identification of its merchandise by trade-mark or otherwise, may have the good will of the community. Illustrations of these things readily suggest themselves. Many a corporation has a reputation for fair dealing and integrity among people who know nothing about the goods it may produce. Many banks may have a reputation for soundness and stability among people who never have been inside their doors. Many hotels, restaurants and theatres, lawyers and doctors are well known to people in distant places, who never have patronized them. The fact of knowledge alone is of value because it is potential patronage, and the actual friendliness of people who come in contact in a business way with any of the individuals

PROTECTING BUSINESS NAMES

or institutions named is an actual asset of great value.

This friendliness can result in benefit to the person or concern toward which it is directed only when definite recognition is possible. Good will must be focused upon something—it must be more than a general uncrystallized feeling of friendliness. There must be something to which it can attach to be of any value to anyone. To patronize a store or hotel a second time, or to patronize it the first time, if the patronage is anything but an accident, it must be identified. Whatever it is that fixes identity and thus makes certain to the potential patron that his friendliness or good will toward it is not being diverted from the intended recipient to another, is the embodiment of the store or hotel proprietor's expectation of the public's continued patronage and the benefits resulting to him from it. The means of identification of business establishments are the things to which good will attaches and which make it a continuing asset. It may be the name of the proprietor, the sign over the door, a device on the wrapping paper, a peculiarly designed store front, a partnership style, a corporate name or a nickname. It is of no consequence what it may be in any particular case; if it is a means of identification it may not be used or imitated by competitors so as to impair the value to the true owner of the good will and patronage which its use secures to him. The principles of commercial morality enforced by the courts in cases of this kind are quite as rigid as those applied in cases of trademark infringements or other manifestations of unfair trading.

The following instances are cited, not as an exhaustive collection by any means, but as illustrations merely of the application of the law against unfair competition to many divergent conditions, and the effective methods of the modern law in dealing with the business parasite.

In 1851 in New York arose a case out of the attempted piracy of the name of the old "Irving House", which had been opened in the fall of 1848. The defendants opened a hotel which they called the "Irving Hotel" and an

RESTRAINING UNFAIR TRADE

injunction was sought to restrain the use of this name. It was contended by the defendants that there was no sign on the front of plaintiff's hotel to indicate that it was the Irving House and consequently if anybody had a right to the name it was the defendants, because they had first placed a sign containing the name "Irving" on their hotel. The Court paid little attention to this argument. They said:

If we were permitted to speak from our own knowledge, we should say that the fact of such name being applied by the plaintiff to his hotel was, at the time the defendants applied the same name to their hotel, and is now, notorious. There would be no more necessity for the plaintiff to place in large letters upon the front of his building, "This is the Irving House," in order to designate it and secure an appropriation of the name, than there would be to write on the public edifices of the city, "This is the City Hall," and, "This is Trinity Church".

We think that the principle of the rule is the same, to whatever subject it may be applied, and that a party will be protected in the use of a name which he has appropriated and by his skill rendered valuable, whether the same is upon articles of personal property which he may manufacture, or applied to a hotel where he has built up a prosperous business.

We are not disposed to interfere with the lawful pursuits of any one. Every man may and ought to be permitted to pursue a lawful calling in his own way, provided he does not encroach upon the rights of his neighbor or the public good. But he must not, by any deceitful or other practice, impose upon the public; and he must not, by dressing himself in another man's garments, and by assuming another man's name, endeavor to deprive that man of his own individuality, and thus despoil him of the gains to which by his industry and skill he is fairly entitled. To make the application: If one man has, by close attention to the comfort of his guests, and by superior energy, made his hotel desirable for the traveler, and caused its name to become popular throughout the land, another man ought not to be permitted to assume the same name in the same town, and thus deprive him who first appropriated the name of some portion of the fruits of that good will which honestly belong to him alone.

During the same year, the proprietors of the old Revere House in Boston got into a lawsuit concerning the name of that establishment. A man named Marsh agreed with Paran Stevens that he would keep good carriages, horses and drivers on the arrival of certain trains

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on the Boston and Worcester Railroad, to convey passengers to the Revere House. Stevens agreed to employ Marsh for this purpose and authorized him to put on his coaches and the caps of his drivers the words "Revere House". A man named Billings, who had previously had the contract, continued to use the words "Revere House" as a badge on his coaches and on his drivers' caps. When trains arrived at the station Billings' drivers called "Revere House" and diverted passengers from Marsh's coaches to Billings'. Marsh thereupon sued. The Court, in delivering his opinion, observed:

The ground of action against the defendants is not that they carried passengers to the Revere House, or that they had the words "Revere House" on the coaches and on the caps of the drivers merely, but that they falsely and fraudulently held themselves out as being in the employment, or as having the patronage and confidence of the lessee of the Revere House, in violation of the rights of the plaintiffs. The jury would have been well warranted by the evidence in finding that the defendants used the words "Revere House" not for the purpose of indicating merely that they carried passengers to that house, but for the purpose of indicating and in a manner and under circumstances calculated and designed to indicate, that they had, and to hold themselves out as having, the patronage of that establishment.

The facts and the decisions in these two cases are referred to at some length for the purpose of showing that as early as 1851 the courts had gone far in protecting reputable business men in the good will which they had created.

Many similar instances may be found scattered through law reports.

A man in New York started a store for the sale of antiques and curiosities, which he called "The Little Shop". A neighbor started a "Little Antique Shop". He was enjoined.

A tailoring concern, calling themselves "The Six Little Tailors" succeeded in enjoining a competitor from using the name "Six Big Tailors".

An amusing case arose in Texas. Plaintiff opened a general variety and notion store at Bowie, which he called the "Nickle Store". The defendant afterwards

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opened a similar store in the same town under the same name, and contended that he had a right to do so because "Nickle" was descriptive and conveyed the idea that it was a cheap store. The Court called attention to the fact that the word representing a five-cent coin is spelled "nickel", while the one on the plaintiff's sign was spelled "nickle". The Court consulted the dictionary and found that "nickle" is the name of the European green woodpecker and disposed of the defendant's contention that the name was descriptive as follows:

It is not contended that appellant dealt in woodpeckers * * * and hence the name is not descriptive of his merchandise. Nor is it insisted that it is descriptive of his manner of doing business, unless, perhaps, it was intended to suggest that "the early bird gets the worm". * * * The citizens of Montague and adjoining counties, who were not so deeply versed in orthography and natural history, supposed that it meant that a customer could there buy for a nickel all that he could carry. Mr. Cleaver, seeing the continuous stream of customers which was attracted to appellant by this magic trade name and door sign, began to consider how he might disturb that stream, and divert a portion of its current into his estuary, and thereupon set up a similar sign over his place of business, and thus said unto the natives: "Lo! Here is 'The Nickel Store' you have seen advertised. Come hither and trade." We are of opinion that, according to the definition given by Mr. Webster, the name and sign was unique, and the appellant had obtained a property right therein at Bowie, Tex., and that appellee had no right to use the same or any similar word on his door sign or otherwise in a manner calculated to injure the appellant, by causing his customers to deal with appellee, believing they were dealing with appellant.

Weinstock, Lubin & Co. conducted a dry goods and clothing store in Sacramento, which they called the "Mechanics' Store". The architecture of the building was peculiar and distinctive, and different from anything in the town. By strict attention to business, Weinstock, Lubin & Co. had built up a valuable reputation for fair dealing. The defendant set up a store next door to the plaintiff's and erected a building, which, so far as the lower story was concerned, was similar in appearance in every respect to the store of plaintiff's, and placed a sign upon it "Mechanical Store". There was no difficulty, as far as the name was concerned.

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"That the words, 'Mechanics' Store,'" said the court, "may be made a trade name, and the user thereof become entitled under the law to protection from pirates preying upon the sea of commercial trade, we have no doubt. We think the defendant should be restrained from the use of the words 'Mechanical Store'."

The imitated architecture of the defendant's building presented a much more difficult problem, and the Court looked in vain through the books for any precedent to justify the relief which it felt must be given.

"By device," said Judge Garroute, "defendant is defrauding plaintiff of its business. He is stealing its good will—a most valuable property—only secured after years of honest dealing and large expenditures of money; and equity would be impotent indeed, if it could contrive no remedy for such a wrong. * * * The fact that the question comes to us in an entirely new guise, and that the schemer has concocted a kind of deception heretofore unheard of in legal jurisprudence, is no reason why equity is either unable or unwilling to deal with him."

An injunction was ordered requiring the defendant, in the conduct of his business, to distinguish his place of business from that in which the plaintiff carried on its business, in some mode which would be a sufficient indication to the public that it is a different place of business from that of plaintiff.

The New York courts have also had occasion to deal with imitated store architecture, and came to a similar conclusion.

The imitation of corporate and partnership names has been productive of much litigation. The Standard Distilling Company enjoined the Standard Distilling and Distributing Company. The Philadelphia Trust Safety Deposit & Insurance Company enjoined the Philadelphia Trust Company. The International Committee of Young Women's Christian Association stopped the Young Women's Christian Association. The Elgin National Watch Company enjoined the use of the name Elgin Jewelry Company. The following have been held to infringe:

Holmes, Booth & Haydens—Holmes, Booth & Atwood; Merchants' Detective Association—Detective Mercantile Agency; Manufacturers' Outlet Company—Taunton Outlet Company; The New York Denta:

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Rooms—The Newark Dental Rooms; Boston Peanut Roasting Company—Boston-Trade Peanut Roasting Company; Allegretti Chocolate Cream Company—Allegretti & Company; United States Dental Association—United States Dental Rooms.

The United States Light & Heating Co. of Maine—The United States Light & Heating Co. of New York; Celluloid Mfg. Co.—Cellonite Mfg. Co.; Northwestern Knitting Co.—Northwestern Knitting Mill; Lamb Knit Goods Co.—Lamb Glove & Mitten Co.; Penberthy Injector Co.—Lee-Penberthy Mfg. Co.; Charles S. Higgins Co.—Higgins Soap Co.; Universal Life Assurance Society—Universe Life Association; William Rogers Mfg. Co.—Rogers & Spurr Mfg. Co.; National Folding Box & Paper Co.—National Folding Box Co.; Health Food Co.—Sanitarium Health Food Co.; Chicago Landlords' Protective Bureau—Landlords' Protective Department; Rogers Bros.—Rodgers Bros. Cutlery Co.; Roy Watch Case Company—Camm Roy Watch Co.

There are an enormous number of cases scattered through the law books involving the deceptive use or imitation of corporate or business names or styles by competitors, and the rule applied is the same which the courts apply in connection with trade-mark infringement. If the use by the defendant of the name complained of is calculated to induce persons to deal with him in the belief that they are dealing with the older institution, unfair competition exists and relief is afforded.

LOCATION HAS LITTLE BEARING ON DECEPTION

The mere fact that the institutions may be in different cities is not conclusive on the question of deception. Best & Co., of New York, the proprietors of the "Lilliputian Bazaar", were successful in enjoining A. S. Best & Co., of Chicago, who described themselves as "Lilliputian Outfitters", from the use of the name "A. S. Best & Co." and the word "Lilliputian", it being shown that confusion was not only probable, but that it had in fact occurred. The National Cloak & Suit Company of New York enjoined two Chicago dealers in cloaks from using the name National Cloak Company.

Hotel and theatre names are protected on the same principle and to the same extent.

Difficulty is occasionally experienced in regard to hotel

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and theatre names, which is directly traceable to the perplexity involved in telling where the good will which is symbolized by the name resides. For example, a man for many years has been the lessee of a theatre or the proprietor of a hotel. He calls it The Captains Hotel or Ford's Theatre. The lease expires or he gets into a controversy with his landlord and moving, takes another theatre or another hotel to which he applies the name he made valuable in connection with the old premises. The landlord then leases the old theatre or hotel building to another manager, who continues to describe it as the Captains Hotel or Ford's Theatre, and the courts are called upon to decide which of the two is entitled to use it—whether the name indicates a person or describes a building. The cases are irreconcilable, but the rule ought to be that where the good will is essentially personal, is created by the individual and is dependent upon his efforts, it belongs to and follows him regardless of locality; but where it is impersonal and identifies the place it attaches to it and remains with the premises by whomever they may be operated. The question to be determined is always whether, as was stated by Vice Chancellor Pitney in a recent New Jersey case, the name is given to the place as well as to the business. If the name is given to the place, it adheres to the place. If it is given to the business it goes with the business. The difficulties in particular cases of determining this question are obvious, and no attempt will be made to reconcile the conflicting decisions. It is enough, however, to suggest that if a lessee of premises where he conducts his business desires to secure to himself all the profit which may result from the good will that he will establish, he should see to it that the element of personality is emphasized and locality minimized. On the other hand, if the lessor or owner of the premises desires to have the good will which his lessee will create attach to the premises and not be carried away by the lessee when he moves, he should see to it that the locality idea is stressed and the personal subordinated.

CHAPTER XXIV

RIGHTS IN NAMES OF PATENTED AND COPYRIGHTED ARTICLES

ONE CLASS of names the courts have held to be descriptive by a course of reasoning which is not perhaps convincing to persons unused to legal methods of thought. These are the names which have been applied to patented articles. After a good deal of discussion and many diverse decisions the courts have at last with substantial unanimity laid down the rule that the name applied to a thing covered by letters patent is descriptive.

The theory is that the article cannot be the subject of patent unless it is absolutely new. Being new it must have a name. The name, therefore, describes a new thing and becomes the descriptive or generic name of that thing. During the term of the patent the right to use the name which has been applied to the thing belongs exclusively to the owner of the patent, who may license the use of the name in connection with the patent, and restrain its use on other than the patented article, because this would be a deceptive misdescription. No particular difficulty is experienced during the life of the patent because its owner, having the exclusive right to make, use and vend the patented thing and being able to stop the use of the name on articles not made in accordance with the patent, enjoys a complete monopoly of the article and name. But the trouble comes when the patent expires. Then everyone has the right to make the article, and with the right to make the article, the courts have

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held that its name also goes to the public.

Under this rule it has been held that the name "Singer Sewing Machine" is public property. The same rule has been made in the case of Castoria—Featherbone—Linoleum—Goodyear Rubber and others. These names can be used to describe products made in accordance with the specifications of the patents under which the original articles were made.

The right to use the name of the patented thing after the expiration of the patent is, however, coupled with a corresponding obligation—it must be used so as not to misrepresent the origin of the goods. Therefore, while the public has the right to make Singer Sewing Machines, other manufacturers than the Singer Manufacturing Company must by a positive announcement or in some other unmistakable way indicate that the machines are made by them and not by the Singer Company.

The same rule applies to books on which the copyright has expired. Thus, the term "Webster's Dictionary" has been held to be a descriptive name, but others than the G. & C. Merriam Company were in one case compelled to distinguish their book from the Merriam book by coupling with the word "Webster" the statement "This dictionary is not published by the original publishers of Webster's Dictionary or by their successors".

Where, however, the name indicates the commercial origin of the article and is not generic, it does not pass to the public with the expiration of the monopoly; as for instance, where a name was applied to an article before any patented features were embodied in it.

A person who claims the right to use the name by which an article made under an expired patent is known, must justify the truthfulness of his use.

In one case a manufacturer claimed the right to use the name "Singer" upon sewing machines made by him because, he contended, the Singer patents had expired. But it developed that his machines were not made in accordance with the expired Singer patents. They were of a type known as the "Domestic". He was enjoined ab-

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solutely from the use of the name "Singer" on the ground that while the term might be justified if truthfully applied, his use was untruthful. In any event there must be no contrivance of artifice calculated to mislead as to the make of the product. The use of the generic name must be with such distinctions as will clearly indicate the true origin of the article, and not misrepresent it.

Another phase of unfair trading which has been the subject of much discussion and misapprehension, concerns the names of publications. Publishers have suffered from the depredations of the commercial as well as the literary pirate.

PROTECTING THE GOOD WILL OF A PUBLISHER

There seems to be a great amount of confusion among the decisions, owing to the tendency of the judges to regard anything and everything connected with a book or literary production in the light of copyright principles and to ignore trade-marks altogether. The copyright law does not protect a title. The title is protected, if at all, on the same theory which prohibits the deceptive use of names attached to articles of merchandise. The word System is just as much the trade designation of a commodity as is the name "Ivory" upon a cake of soap, or "Climax" upon a plug of tobacco. The unauthorized use of the name System upon a periodical would not be a violation of literary property or copyright. It would be an ordinary case of fraud and misrepresentation as to the origin of the goods. The distinction was clearly pointed out many years ago by a distinguished English judge, who said:

Literary property is liable to invasion in three modes, I believe, and three modes only. It arises, first, where a publisher in this country publishes the work openly, or where a man introduces and sells a reprint made abroad. That is open piracy. It arises, secondly, where a man, pretending to be the author of a book, illegitimately appropriates the fruit of a previous author's literary labor. That is literary larceny. These are the two things against which the copyright legislation has protected an author. There

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is another case, which, to my mind, is wholly irrespective of, and anterior to, any copyright legislation whatever: that is, where a man is selling a work under the name or title of another man, or another man's work. That is not infringement of copyright. That is common law fraud. It is to be redressed, and it is capable of being redressed by ordinary common law remedies, wholly irrespective of any of the conditions or restrictions imposed by the copyright acts. Supposing a man were to publish a cookery book, calling it *Soyer's Cookery Book*, which it is not; or *Colenso's Arithmetic*, which it is not; or, as in *Metzler v. Wood*, "*Hemy's Pianoforte Tutor*," which it is not; that is common law fraud. That has nothing whatever to do with the copyright act. It is not subject to the conditions of the act as to registration or anything of the kind. But it must be one of those three things before a man has any right to complain.

Applying this principle the courts have enjoined imitations of various identifying features of works of literature, art and music, such as the name "*Sherlock Holmes*" as applied to a drama; the "*Automobile Blue Book*"; "*The Hagerstown Almanac*"; "*The Grocer's Journal*"; "*Nick Carter*"; "*Bell's Life*"; and "*The Social Register*".

"*Comfort*" was held infringed by "*Home Comfort*"; "*Payson Dunton & Scribner's National System of Penmanship*", by "*Independent National Systems of Penmanship*"; "*Chatterbox*", by "*Chatterbook*"; "*Suburban Life*", by "*Philadelphia Suburban Life*"; "*Chanticleer*", by a burlesque under the name "*Chanteclair*", and "*Ben Hur*", by "*Bun Her*".

The infringer is no respecter of persons—the use of the name "*Oxford Bible*" by an American publisher was enjoined by the University of Oxford, and the "*National Police Gazette*" enjoined the use of the words "*United States Police Gazette*".

These cases were all decided on principles analogous to those applied to the use or imitation of trade-marks and identifying words, and not upon any theory of exclusive literary property. A little reflection will demonstrate that this must be so. Copyright and literary property are concerned exclusively with the matter between the covers of a book as a piece of literature. In many cases the literary element completely overshadows

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everything else. The name immediately suggests the authorship of an individual to the exclusion of other things. The fact that the work may have been given to the world by one firm of publishers rather than another is of no consequence. "Bleak House" to anyone suggests Dickens, the author, not Bradbury & Evans, the publishers. On the other hand, books are merchandise as well as literature. They are merchandise in two ways. As literature they are salable by the author to the publisher, and as the work of a particular author or publisher, they are salable to the public. There is then an author's good will for his literary merchandise, which the courts have protected, and a publisher's good will for the mechanical excellence of his product.

PROTECTING THE AUTHOR'S GOOD WILL

A number of cases have arisen where writers have succeeded in enjoining the offering under their names of books which they did not write. Lord Byron sued and stopped a publisher from publishing poems claimed to be by him, but which were not. Mark Twain stopped the issue of a sketch "by Mark Twain" which he did not write. Other authors have enjoined the publication not only of wholly spurious works but of mutilated versions of their genuine writings. This is exactly analogous to the protection given to names and brands of commodities. A writer has a good will in connection with the merchandise he produces and deals in—literature. He is entitled to be and is protected against the theft of his unpublished work by the common law and against the unauthorized copying of his published work by the copyright statutes; he is also entitled to be and is protected against the offering of any work as his which is not his—exactly as a merchant in any other commodity is protected.

"Tales by Rudyard Kipling" is a representation that Rudyard Kipling wrote the tales. If he did not he is being injured, and the public is likely to be defrauded. The courts therefore grant relief exactly as they do in

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cases involving the infringement of trade-marks.

Many book titles, however, cannot indicate literary contents or authorship. Newspaper, magazine and periodical names are examples. The literary matter varies from day to day or month to month. The names Saturday Evening Post, System, The Century Magazine, The Atlantic do not guarantee to the purchaser that this week's or month's issue has the same literary contents as the last, or anything as to the individual authors or contributors whose work may be between the covers, but they are a guarantee of the continuance of certain desirable qualities. These names represent good will and are a means of identification which secure and make possible continued patronage. In this respect they are exactly like flour brands or cigar labels and are protected against deceptive use and imitation by others on precisely the same principles. So also are the names given to series of books, particular sets or editions. The question always is, does the name or title distinguish the books not as literature, but as *merchandise* from other books as *merchandise*. If it does, it performs the function of a trade-mark and should be protected as such.

The considerations elsewhere discussed with reference to the use of distinctive names and appearance of merchandise generally apply equally to books. There are elements which enter into the marketing of newspapers and periodicals where successive purchases by the same individuals are sought, which of course do not apply to the sale of isolated books, but even here it has always seemed to me that certain principles of merchandising found successful in other businesses could profitably be followed.

Trade and distinctive marks of publishers could very well be more extensively used than they are, and thus one successful book be made to help the sales of the future offerings of the same publisher. We may if we choose, decry the commercializing of the drama, but the fact remains that the keen business men who have controlled things for the last ten or fifteen years have there

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applied with success the principles tested in other lines of business. This is particularly true of the moving picture producers who have recently started the widespread and persistent use of trade-marks in connection with their productions. Habitués of the "movies" will pay their money to see a Pathé or Essanay film solely on the faith that they will see a good show, inspired by past experience with films bearing these brands.

With the generality of people purchasing their periodical reading matter very much as they do their soap or their cigars, an attractive dress and easily recalled name are quite as valuable in the one case as in the other. Uniformity of style, insuring instant and ready recognition, are important in securing continued patronage whether the merchandise is sold at the end of the news-stand devoted to cigars or at the end where magazines are displayed.

Other methods successfully employed in the sale of merchandise can well be applied to the sale of literary and artistic merchandise, and chief among these is the furnishing to the once pleased patron unmistakable assurance by definite means of identification that he is again buying the make of art or literature which pleased him before. He can then be sure that he is taking less of a chance of being disappointed than by giving his patronage to one with whom he has had no previous experience.

In the case of periodical publications having a large news-stand circulation a ready and definite means of identification is as necessary as in any other merchandise. It helps the person who has bought before to buy again without uncertainty or loss of time, and secures to him whose previous efforts have produced the desire, the benefit of the preference.

CHAPTER XXV

THE DECEPTIVE USE OF COMMUNITY MARKS

BY "COMMUNITY MARKS" I mean not necessarily marks applicable to geographical communities, but those which are rightfully used by a group of persons, or at least by more than one. Certain geographical names, which will readily occur to anyone, illustrate one aspect of what I have in mind. Particular places have a reputation for producing meritorious goods. This may be caused either on account of some natural advantage of the place, the fact that a natural product originates there, as in the case of mineral waters, beds of coal, clay and the like, or because the manufacturers of such a place, by their own capability or the advantage of locality, have a reputation for manufacturing excellent goods. Producers in a reputable locality, whether the reputation of their goods is derived from their own skill or from the fact that nature has been good to that particular place, are entitled to whatever advantage ensues from their location there, and it is manifestly unfair for persons outside of the reputable locality falsely to use its name for the purpose of taking advantage of this reputation. The public, too, has a right to obtain under the place name the genuine article coming from the place.

In the discussion of unfair competition by the deceptive use of geographical names the case of the Minneapolis millers was cited. Here all the flour millers of Minneapolis, whose efforts had given the name "Minneapolis" a value in connection with flour, successfully en-

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joined a Chicago grocer from branding flour coming from Milwaukee "Eagle's Best Minnesota Patent, Minneapolis, Minn."

In a similar way the city of Carlsbad enjoined a New York druggist from selling a powder made without the use of the genuine Carlsbad water under the name "Improved Effervescent Carlsbad Powder".

The proprietors of the Blue Lick Springs in Nicholas County, Kentucky, were successful in stopping the use of the words "Blue Lick" by H. P. Northcut in connection with his advertisement and sale of water from an artesian well in Campbell County.

The right of honest users of place names to stop dishonest users was not thoroughly established in this country until the decision in the millers case just referred to. It had, however, been recognized in continental Europe for many years.

The wine growers in the District of Champagne were successful before the French courts in enjoining producers outside of this district from the use of the word "Champagne" upon sparkling wine. The Court of Appeals of Angers in 1891 enjoined a producer of wines in Saumur from designating his product "Champagne" in menus, prospectuses and advertisements circulated in England, on the theory that "Champagne" meant a product from the District of Champagne, and that Saumur is not in that district. There are many French decisions along similar lines. The wine producers in the vicinity of Rheims and Epernay have been diligent and successful in prosecuting vineyard proprietors in other districts for the false use of the word "Champagne".

This controversy culminated in the delimitation decree of Dec. 7, 1909, by which it was sought to restrict the application of the word "Champagne" to wines grown in the department of the Marne and some adjacent communes in the departments of Aisne and Haute-Marne. The outsiders protested, and getting no results, indulged in violent demonstrations, destroying vast amounts of property. Quiet was only restored after a promise that

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all attempt at delimitation should be given up.

In the same way in Germany the brewers of the town of Pilsen have been successful in the German courts in stopping dealers outside of Pilsen from branding their beer "Pilsener Beer".

The decisions of the courts both in this country and in Europe thus many years anticipated the pure food laws and stopped by private action false indications of geographical origin quite as effectively as the present pure food acts do by public enactment. Some unsuccessful attempts have been made to stop this sort of unfair trading, but the lack of success in such cases has been due very largely to a failure to appreciate the theory on which the law affords relief.

It was sought a number of years ago by the Key West Cigar Manufacturers' Association to enjoin manufacturers of cigars in New York from stamping upon their boxes the words "Key West" on the ground that this was a representation that the cigars were made in Key West, and therefore calculated to injure the value of that name to the producer of cigars in that city. The suit brought by the association, a corporation, was unsuccessful. The court held that the association as such could not bring an action because it was not in business, was not using the name upon any goods, and hence suffered no injury, but that the members of the association individually or collectively might sue for the reason that the false use of the name "Key West", which they were rightfully using in their trade, was an injury to them.

The California Canning Association in another suit was successful in enjoining the use of the word "California" on canned pears made in Baltimore because it appeared that the association itself was engaged in the canning of pears and was using the name "California" as a trade designation, and hence was injured by its misuse.

The same rule was applied many years ago in connection with the misuse of the union cigar label. This familiar blue strip upon cigar boxes is supposed to in-

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dicating that cigars to which it is attached are made by union workmen and not in prisons or tenement houses. Manufacturers of cigars operating non-union shops used an imitation of this label upon their boxes and the Cigar Makers' Union sued to enjoin the unfair trading thus accomplished. While there are one or two decisions to the contrary, the majority of the courts held that the union as a union was not injured by this conduct, but that the individual members, who were rightfully using the union label, could properly bring a suit; and later the federal court squarely accepted this doctrine and enjoined at the suit of an individual union member the use of the union label by any person not a member of the union.

Thus it will be seen that the community mark theory does not apply exclusively to communities in a geographical sense.

ESTABLISHING THE RIGHT TO A PERSONAL MARK

It has been applied in the case of personal names. There were a number of silversmiths in the country named "Rogers" who distinguished their products one from the other by some efficient means. Each of these men and their successors had a right to use the name, but it has been held that any of them might bring an action to restrain the piratical use of the name "Rogers" by a new comer.

A similar ruling was made in the cases involving Clark's Thread. The fact that the "Mile End" Clarks had an equal right with the Clark Thread Company to use the name "Clark" was no justification for the use of the word "Clark" by an interloper for the purpose of stealing the business of those rightfully using the name. The court concluded its judgment as follows:

A, who has a right to a trade name, may prevent C, who has no right, from using it, even though B, who has an equal right with A, does not object to use by C. One who has an interest in the preserve can, without the co-operation of his co-tenant, punish the common poacher.

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Along lines similar to the union label case just referred to are a number of English cases having to do with false indications of membership in societies and the like.

The Society of Accountants in Edinburgh, the Institute of Accountants and Actuaries in Glasgow and Society of Accountants in Aberdeen and individual members of each joined in a suit to prevent a concern, calling itself The Corporation of Accountants, Ltd., and certain members, from using the letters "C. A.". In Great Britain great value is attached to these letters because they import that persons using them are chartered accountants. Complainants in this action were the only ones incorporated by royal charter and hence they contended the only ones entitled to authorize their members to use the letters "C. A.". These letters had long been used to distinguish members of these organizations and were so understood by the public.

Speaking of the use of the letters "C. A." by members of the defendant society (it was asserted that these letters meant corporate accountants) one of the judges observed:

In doing so they are holding themselves out as being in the same position professionally as the members of the society incorporated by royal charter. I am satisfied on the proof that the intention of the members of this company in using these letters is that they may pass for chartered accountants belonging to the chartered societies and get the benefit of their being supposed to be such. No other purpose can well be suggested and I see none and none is in fact suggested. * * * If a public body has adopted a name and a certain abbreviation of that name has been publicly accepted and understood to belong to the members of that body, there arises a legal right to prevent the unauthorized use of that designation by persons who desire to get the advantage of the reputation attaching to it.

One of the other judges, who by the way was a choleric Scotchman, had little patience with the defendant's conduct. He said:

The answer is, "Oh, we are doing it, we have been doing it, and we mean to continue doing it. It is our right to mislead the public by representing that we are members of the incorporated societies,

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“which we are not.” Did your Lordships ever hear of such a right put into plain language in a Court of Justice? The interdict asked for is that they shall be prohibited and no more from using language which will mislead the public into believing that they are members of an incorporated society, of which they are not members. They say they are not members and that they are misleading the public and that they have a right to do it, or at all events that no one has a right to complain. I think that is nonsense on the face of it, and I do not think the case presents any difficulty either in fact or in law.

In one of the English courts a similar result was obtained where the Incorporated Society of Accountants designated themselves as “Incorporated Accountants”. The defendant, not a member of the society, advertised himself as an incorporated accountant and was enjoined.

If these decisions should be carried to their logical conclusion, a good deal of advertising fraud could readily be prevented. For example, a quack doctor attaches to his name professional degrees to which he is not entitled and represents himself to be a member of learned societies of which he is not a member, or an architect falsely represents himself to be a member of the American Institute of Architects. They could be stopped from doing so not on account of the violation of any penal statute, but as a result of a private suit on the theory that such use caused or made possible an unfair competition between the impostor and the professional man rightfully using the designations.

STOPPING THE FRAUDULENT USE OF A DESCRIPTIVE TERM

False use of geographical community names thus being unlawful, false use of group personal names being enjoined, false representation as to membership in societies and the like having been held to be misleading and capable of being stopped by those rightfully using the name or designation, it would seem as if the next step logically should be that false use of a descriptive designation could be stopped by anyone using the descriptive term truthfully.

While the courts have not yet arrived at a position

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where they have accepted this last suggestion without reserve, still there are some cases in which they come very close to it. For example, Wm. Bengers Sons of Stuttgart since 1879 had been manufacturers of underwear which they designated "Dr. Jaeger's Normal Underwear", but chiefly by the terms "Dr. Jaeger" and "Jaeger". The manufacture was supervised by Professor or Doctor Gustav Jaeger, who gave his consent to the use of the name. The desirable feature of this underwear was supposed to reside in the fact that it was made entirely of animal fibre. An exclusive right was given to Dr. Jaeger's Sanitary Woolen System Company for the United States. LeBoutillier Bros. put upon the market underwear not manufactured by Dr. Jaeger or his licensees which they described as "Jaeger's Underwear". They justified their assumption of the name by contending that underwear of the character described was known as "Jaeger's Underwear" or "Jaeger's System Underwear" by whomever made, and that the name indicated simply that the product was made in accordance with Dr. Jaeger's hygienic notions and did not represent that it was made by him or his licensees. It was held that this contention was made out and that the appellation "Jaeger" had no necessary relation to the origin of the goods, but only indicated their style or quality. "The name 'Jaeger,'" said the court, "applied to underwear implies an idea". It appeared, however, that the defendant was selling for genuine Jaeger underwear goods that were part cotton. It was held that this was properly enjoined. The court observed:

The plaintiff's right to use the name "Jaeger", as designating underwear made in accordance with the Jaeger system, is so qualifiedly exclusive that its right to protection of its use against infringement by others rests upon the ground that such use by them is an untrue or deceptive representation. The application of the name "Jaeger", or "Jaeger System" to underwear containing an admixture of cotton is an untrue and deceptive representation, and, as against such a use, the plaintiff is entitled to relief. It is a false representation of fact, which tends to confuse the identity of the defendant's goods, not made after the Jaeger

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system, with the goods of the plaintiff, made in accordance with that system, and creates a dishonest competition, detrimental to the plaintiff. One of the uses by the defendant of the name "Jaeger" to designate underwear containing an admixture of cotton must be held to be for the purpose of taking advantage of the reputation the all-wool Jaeger goods have acquired, and of the Jaeger name, as applied thereto. The application of the name "Jaeger" by the defendant to goods part cotton tends to deceive the purchasers and users of plaintiff's goods, and actually mislead them into buying the goods containing cotton sold by defendant, in the belief that they are the goods dealt in by the plaintiff. Moreover, since the goods containing an admixture of cotton can be profitably sold at a less price than the all-wool goods, the tendency must be to unfairly divert custom from the plaintiff to the defendant.

This rule must of course be a workable one. Suppose, for example, a distiller made a reputation for distilling whiskey of excellent quality and which was in fact pure rye whiskey. Would he have a right by private action to stop another distiller who made greatly inferior goods, not rye whiskey at all, from describing his product as "pure rye whiskey"? To carry it still further, would he have a right to enjoin a rival from selling a mixture of caramel, raw spirits and prune juice under the name "pure rye whiskey"? Under such circumstances our courts today would be likely to hold that the injury to particular individuals would be so remote that it would not be a case for private action but for redress under public statute; that this conduct would affect all of the public rather than an individual competitor, and that a private action could not be maintained. Considerations of this sort doubtless contributed to the enactment of the pure food laws in this country, merchandise marks acts in Great Britain and similar laws in other jurisdictions. As soon, however, as the misdescription can be shown to affect injuriously a particular producer or group of producers to such an extent that they are appreciably damaged by it, it seems to me that under the present state of the law as shown by the decisions about briefly referred to, the powers of a court of equity are ample to deal with the situation. Apparently the principal reason why the jurisdiction of this court is not in-

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voked to stop this kind of fraud because of the prevalent belief that there must be a specific statute aimed at every wrong before it is legally cognizable and capable of being redressed.

THE RULE THAT GOVERNS UNFAIR TRADING

As far back as 1886, when the law of unfair competition was in its infancy, a distinguished Federal judge announced the rule:

“The interposition of a Court of Equity is frequently invoked and always successfully to restrain unlawful competition in trade. All practices between rivals in business which tend to engender unfair competition are odious and will be suppressed by injunction. A merchant or trader will be protected against the fraudulent or deceptive simulations by a competitor of tokens which tend to confuse the identity of business of one with the other and against the false representation of facts which tend to mislead the public and divert custom from the one to the other.”

There has been no disposition, so far as I am aware, on the part of any of the courts to recede from this enlightened view. On the contrary in a very recent case the Circuit Court of Appeals of the Second Circuit made use of this language:

We cannot resist the conclusion that the defendants take too narrow a view of the law as it relates to unfair competition. The law has a three-fold object: first, to protect the honest trader in the business which fairly belongs to him; second, to punish the dishonest trader who is taking his competitor's business away by unfair means; and, third, to protect the public from deception.

It was said a good many years ago by high judicial authority that the courts do not interfere to prevent the public at large being misled into anything and that mere lying descriptions of articles sold create no right to sue on the part of anyone, except the individual purchaser who may have been defrauded. There is, however, an aspect of the misdescription of goods on packages and in advertisements which is in all essential respects unfair competition, using the phrase in its broad sense. For example, the false advertisement or description by a

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dealer of cloth which is partly cotton as "all wool", is unfair and ought to be unlawful—unlawful because morally wrong and designed to cheat, and unfair because if the misdescribed goods are sold at the prices of genuine woolens a higher rate of profit is obtained than would be possible if the goods were sold for what they are, or they can be profitably sold at a less price than genuine woolens. In either event producers of genuine "all wool" goods are compelled to meet a dishonest competition. They are regarded by the public as extortioners because they make honest goods, sell them for what they are, and ask a fair price for them.

A manufacturer of egg noodles which really contain eggs and naturally cost more than noodles without eggs, ought not to have to compete with a man who advertises as egg noodles a product which is innocent of eggs. The public has no way of telling whether the representation is true or not, but is inclined to regard the cheat as a benefactor and the honest advertiser as a robber. The honest producer of condensed or evaporated milk, who truthfully states the proper dilution to obtain a substance fit to be used, suffers from the advertisements of less scrupulous competitors who advise the use with their goods of an excessive amount of water and advertise the attenuated substance resulting as "milk as pure and rich as the cow gave it", thus creating the impression that theirs is an article of peculiar excellence and the honest advertiser's product inferior or at least excessively priced. Entirely apart from the deception of the public involved, these and like artifices are unfair to all dealers in the same commodity who advertise their goods honestly.

The advertisement of imaginary "fire sales", sales of "bankrupt stocks", "overloaded manufacturers' surplus", fraudulent "mark down sales" and the like are other examples of a similar business depravity. The merchant with a conscience and a sense of sportsmanship suffers unfairly from such practices. They engender an unhealthy competition, which does not benefit the public and

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which an honest man cannot meet. Many business men who despise such methods find themselves forced to adopt them because they cannot stay in business unless they do. The result is often a trade demoralization that is deplorable.

The laws against unfair competition, as they exist in Germany and Denmark, for example, give redress in these and similar cases. The Merchandise Marks Act in England covers also certain phases of this sort of unfair business. In this respect we, in the United States, are backward. The Federal Food and Drugs Act, which is now limited in scope to the adulteration and misbranding of foods and drugs, could profitably be extended to include all merchandise which is the subject of interstate commerce; further than this, the law of unfair competition, either by statute or otherwise, might well be expanded so as to prohibit and penalize such manifestly unfair practices. If a private right of action were created, or the law could be set in motion by who ever might suffer by the conduct forbidden, such commercial knavery would soon become dangerous. This change would probably put certain advertisement writers out of employment, but they could devote their enforced leisure to the production of fiction of a less injurious sort.

CHAPTER XXVI

HOW FAR DO TRADE-MARK RIGHTS EXTEND?

I HAVE tried to make clear that a trade-mark is not a monopoly in the sense that it involves any exclusive right to make or sell as a commodity the article to which it is applied. It is not analogous to a patent or copyright. It is a badge of identification which distinguishes the merchandise of one trader from the similar goods of others. It is a handy means of telling the purchaser who is responsible for the article to which it is applied.

The value of his trade-mark to the owner equals the friendliness which the fact it announces or implies inspires in the buyer of the goods bearing it.

The buyer probably does not put his ideas into syllogistic form. Ale with a red triangle on the label is Bass' ale. Bass' ale is good ale. Therefore ale with a red triangle on the label is good ale. He jumps to his conclusion—ale bearing a red triangle is good ale—but the whole syllogism is there just the same. The ale is good, not because it has a red triangle on the label, but because it is Bass'—*and the red triangle is a simple way of stating the fact.* With these things in mind, what are the limits to Bass' right to a red triangle?

We must assume that the red triangle inspires good will, not ill will—a desire to buy, not to refrain from buying. Marks which induce ill will are not imitated—they inspire no interest in the pirate.

Even burglars keep away from a house with a sign "small-pox here" on it.

SIMILAR MARKS ON UNLIKE PRODUCTS

Another brewer puts out his ale with labels bearing a red triangle. The courts stop him, because as applied to his goods the red triangle is a falsehood; he is lying to the public and stealing for his goods a good will and credit to which they are not entitled. This proposition answers itself in the stating of it.

If on the other hand, a maker of canned vegetables puts a red triangle on his canned tomatoes, what then? Bass is not injured, because the good will which the public feels toward his goods is based on past experience with them; and canned tomatoes are a product of such a different character that a reputation for making good ale would not justify the assumption on the part of the buyer, that the tomatoes also came from Bass.

ONE TEST TO UNCOVER UNFAIR TRADING

This situation suggests one of the most difficult phases of unfair competition. When the goods on which the common mark is used are not the same, where should the line be drawn between what is fair and what is not? To reconcile the decisions of the courts is hopeless. To deduce a general rule that will fit all cases is impossible. With the desire to secure to the original user of a mark the good will he has created and not to create a monopoly in a name or device which apart from its function as a means of symbolizing such a good will is not susceptible of ownership and is valuable only as a means of imparting information as to the commercial origin of goods, the courts have found themselves confronted with a puzzling problem.

The best test which can be arrived at is this. Given a reasonably intelligent purchaser at retail, who knows the plaintiff's mark and is familiar with the goods sold under it, let him in the ordinary course of dealing see the defendant's goods, bearing the mark, the use of which is claimed to infringe; what impression would he be likely to get concerning the commercial origin of the defendant's goods from the use of the mark upon them? If he

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would probably assume that they were of the plaintiff's manufacture, then the defendant infringes.

The question in these cases always is—is the information that the mark gives truthful? Take the Kodak case as an example. The English courts held that a bicycle called a Kodak would probably be accepted by the public as made by Eastman. It was not made by Eastman, hence it implied a falsehood, and since it was a falsehood that would, if permitted to continue, likely cause injury to Eastman, Eastman could stop it.

But a miller uses the word "Ivory" as a flour brand. Is this an implied representation that the flour is made by the makers of Ivory soap? Would an ordinary buyer at retail so conclude? Probably not.

A judge of much experience in these matters has thus laid down the rule in a case where J. C. Eno Company, the proprietors of "Eno's Fruit Salt", which is powder for making an effervescent medicinal drink, attempted to stop the use of the words "Fruit Salt" by a competitor upon baking powder:

I have no doubt that those words are calculated to deceive. They are calculated, and I think designed, to create a confusion in the minds of those persons to whom Mr. Dunn's advertisements are addressed and to lead the ordinary run of such persons to suppose that his baking powder is in some way or other connected with Mr. Eno's preparation. The object I think was, and if Mr. Dunn's application were successful, the result, I am convinced, would be in some cases at any rate to induce people to buy under an impression "not founded in truth" and not, perhaps the less misleading because it is vague and indefinite, and, it may be, incapable of bearing the very slightest examination.

It would seem as if every reasonable doubt ought to be resolved in favor of the one whose efforts have made the mark valuable.

Use by a new comer of an established trade-mark, even if the goods upon which he uses it are not the same, should be stopped if the deception of the public and the diversion of the good will of the earlier user is a probable or even a possible consequence.

CHAPTER XXVII

HOW PRICE CUTTING REACTS ON GOOD WILL

NO attempt will be made to discuss the desirability of fixing and maintaining by agreement, reasonable sale and resale prices of merchandise generally, except to express the belief that unrestrained competition in price alone can be carried to a point where no one is benefited by it. This subject, while of enormous economic and social importance, has no place in a book devoted to good will, trade-marks and unfair trading.

There is, however, one aspect of price cutting—germane to these subjects—which is just now being much debated—the cutting by dealers, for advertising purposes, of the known and established prices of reputable articles bearing the trade-mark or other means of identification of the producer.

Cutting of prices on advertised goods is a by-product of advertising.

The advertising to the consumer of articles bearing trade-marks or other means of identification has not been approached scientifically until within comparatively recent years and the trade conditions resulting from such advertising, except in a few lines of business, have not been analyzed.

National distribution is an essential condition to make national advertising effective. Standardized and uniform resale prices of nationally advertised articles is believed by most national advertisers to be a desirable thing and necessary to secure the widest distribution.

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The producers of proprietary medicines were the first to indulge in wide national advertising to create consumer demand, and it was in the drug trade that price cutting first became a serious problem. The so-called *tripartite* plan of the National Wholesale Druggists' Association and the National Association of Retail Druggists and certain proprietary manufacturers was adopted in 1900 and was one of the earliest attempts to check retail price cutting, which was believed to be a serious menace to legitimate merchandising. The *tripartite* plan briefly was this: The Retail Druggists' Association undertook to furnish information concerning "aggressive cutters", and a list was published which contained the names of druggists who were alleged to cut prices on proprietary goods, for the benefit of the manufacturers and jobbers who might, if they chose, refrain from selling such goods to them. This plan in its operation was regarded by the government as objectional under the Sherman Law and was stopped.

EFFECTS OF PRICE CUTTING ON PRODUCTION

Since 1900 several plans of varying degrees of completeness and ingenuity have been devised, having as their purpose the suppression of the cutting of standard prices of advertised articles. All of these plans have proceeded upon the postulate that such price cutting is injurious to the producer and advertiser of such article.

The producers were interested in the question because they felt that while the cutting of prices on their goods might stimulate a temporary demand for them, in the long run they were bound to suffer. The wholesale and retail trade felt that the cutting of established prices bred a destructive competition among themselves, dependent not upon service, but upon cheapness, and deprived them of the profits to which they were legitimately entitled. They argued that it was beneficial to the community as well as important to themselves, that they remain in business. To remain in business they had to

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make a profit. If they were compelled to meet cut prices made by such of their competitors as were willing to sacrifice ultimate survival to immediate gain, profits would be destroyed and extinction was only a matter of time.

The retail distributors found that if one of their number in any locality started a cut rate war on an advertised product, they, the other members of the trading community in that locality would be unable to sell the article at the standard price. They were unwilling to meet the cut, because profits would be sacrificed. If they did meet the cut price or retaliated by cutting still lower the goods were handled at a loss, which meant that soon they were not handled at all.

The public is vitally affected because indiscriminate and continued price cutting results in restricting the distribution of the goods whose price is cut and to their ultimate elimination from particular markets. If it is desirable for the public to have the goods, then whatever restricts their distribution and makes them harder to get is not to the public interest.

Price cutting is also a potent factor in promoting substitution.

When an article, as the result of a cut price war, can only be sold at a loss, where a purchaser demands the article a dealer has three courses open to him—to furnish the article demanded and lose money; to say he hasn't it and lose a customer, or to offer something "just as good" and make a profit. The presence of a customer in a store with money in his hand ready to buy is worth something; if he is permitted to escape without buying he represents a dead loss. If the customer will permit himself to be persuaded to buy the profitable substitute offered, the dealer is satisfied, but the purchaser has been compelled to accept the dealer's guaranty of the excellence of the article sold, instead of the producer's guaranty represented by his trade-mark on the article which he expected to buy when he entered the store. This sort of substitution is essentially unfair to the producer of the advertised goods and to the consumer, and benefits

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nobody but the dealer. Many do not content themselves with persuasion, but sometimes pass off without explanation a substitute for the called-for goods, trusting to the known carelessness and good nature of the public not to detect, or if detecting, not to resent, the imposition.

The direct injury to the consumer resulting from this sort of merchandising is evident. It has in addition a demoralizing effect on both the public and the dealer; it engenders a mutual distrust which is deplorable and is a reversion to the methods of a time when *caveat emptor* was a principle of universal application. Any man went into a store then at his peril—expecting to be swindled unless he could beat the dealer in a battle of wits.

HOW FAR SHALL RETAIL PRICES BE STANDARDIZED?

Standardizing retail prices is a thing of great complexity. It involves the consideration of advertising as an economic factor; the distribution of the advertised merchandise; the desirability of keeping the channels of trade unclogged and unobstructed.

The question is whether it is to the benefit of the producer, the distributor and the public to have wide distribution of such goods or instead, to have distribution through fewer channels and in perhaps larger quantities. The standardization of prices has as a background the whole field of distribution. The desirability of standardizing resale prices is an economic problem to be investigated in an unprejudiced and non-partisan way. The facts must be ascertained, collated and studied, and this is a problem for the investigator, the statistician and the economist. The Federal Bureau of Corporations has had in progress such an investigation.

If the standardization of prices and maintenance of resale prices is sound economically it will survive and the law will ultimately conform to the economic necessity, because law is nothing but crystallizing public opinion. The economic theory which seems now to be accepted by legislators and the courts, is that unrestrained competi-

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tion in prices is a desirable thing. ' It is only recently that this idea has been seriously questioned. Standardizing of sale and resale prices prevents this unrestrained price competition in the same article, and, therefore, at the outset collides with the judicially and legally accepted economic theory.

If the standardization of sale and resale prices is economically unsound and can be demonstrated to be economically unsound and prejudicial to the true public interest, it cannot survive, because the commodities which are the subject of price cutting, and in the sale of which it is worth anybody's while to disregard standardized prices and sell for less, are those which are advertised, which are identified by trade-marks or other means as the goods of a certain producer. The continued sale of such articles is dependent upon the public good will toward them.

If the sale of such articles at standardized prices is known or believed to be prejudicial to the public interest, the minute the public (slow moving as it is) finds out about it, as it is bound to do if the results of the investigation are published, as they will be, its good will toward the article will be alienated and ill will substituted, and no article, the sale of which depends upon public good will, will face such conditions.

The right solution of the standardized price problem is dependent upon ascertainment and publication of the economic facts in regard to it. If it is a good thing, economically, for the producer, the dealer and the public, it is bound to be permitted and sanctioned by public opinion; and the law, either by statutory enactment or judicial construction, will follow public opinion. If it is not a good thing economically for the public, and that fact becomes known to the public, it will not be permitted and all efforts to accomplish it are bound to fail, because if the courts will not construe existing laws to conform to public opinion, the legislatures will enact new laws of express prohibition. It all gets back to the question of public opinion, and public opinion is formed and guided

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by knowledge of facts and conditions.

At present it must be said that the Supreme Court has, in every instance where the matter has been presented, condemned all efforts to maintain resale prices, whether accomplished by contract or by licenses under patents or copyrights.

Briefly, the following plans to control resale prices have been held to be unlawful or at least unenforceable:

(1) The publication by trade associations of lists containing the names of aggressive cutters.

(2) The so-called direct contract plan, as it was formerly operated, which involved a contract of sale by a producer to a jobber by which the jobber agreed in consideration of being supplied with the producer's goods to sell only at certain prices and only to such retail dealers as were designated by the producer. The producer designated such retailers as made contracts with him to maintain a standard retail price.

In one line of cases, the contract with the jobber was one of consignment and that between the jobber and the retailer one of sale. Both were held in restraint of trade.

RESTRICTIONS THAT DID NOT STAND THE TEST OF LAW

The patent license cases arose out of disregard by a retailer who had bought the goods from a jobber, who in turn had bought from the patentee or his licensee, of a notice that the use or sale of the patented article was licensed only on condition that a stated retail price was paid. The license was held unenforceable under the patent laws. In the cases which were brought under the copyright law, the books contained a notice that sale at less than a price named would constitute infringement of the copyright. This restriction was also held unenforceable.

These decisions probably reflected the almost universal unfavorable public opinion which existed throughout the country at the time they were rendered. No one can say whether the decisions were based upon the assumed un-

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lawfulness of the means used in the particular cases to control resale prices, or whether it was the controlling resale prices, as a thing in itself, which was condemned.

If the establishment of resale prices is unlawful in itself, it is of no consequence that lawful means are adopted to accomplish it.

Whether or not the standardization of prices and the establishment of resale prices is economically sound, it is evident that from the standpoint of the producer the cutting of known and established prices works an injury to him, and it is believed that the law of unfair competition should be elastic enough to restrain such assaults on business good will by analogy to established principles.

In the cases enjoining trade-mark infringement and unfair competition in its commonly accepted sense, the theory is that everyone is entitled to the first reward of his honesty, skill or enterprise. If his product is preferred by purchasers to the goods of others, he has a right to every benefit which ensues from that fact, and by a trade-mark or otherwise, visibly to symbolize and perpetuate his reputation. The good will which he has created belongs to him alone. Attempts by others to divert it to themselves are wrongful.

It is a fair deduction from the decisions that it is the damage to the plaintiff's good will and not the defrauding of his customers which is the foundation of the right of action in trade-mark infringement and unfair competition cases. Mere deception of the public is not a ground for private action. "Somebody," said Lord Justice James, "has a right to say 'You must not use a name, whether fictitious or real, or a description, whether true or not, which is intended to represent, or calculated to represent to the world that your business is my business, and therefore deprive me by a fraudulent misstatement of yours from the profits of the business which would otherwise come to me'. That is the sole principle on which the court interferes—for the purpose of protecting the owner of a trade or business from a fraudulent invasion of that business by somebody else. It does not interfere

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to prevent the world outside from being misled into anything." Of course fraud does not necessarily mean intentional fraud. The element of actual fraud has long ceased to be important. While it has frequently been said that fraud is the essence of unfair competition, this can mean no more than constructive fraud. Here, as elsewhere, men are presumed to intend the natural consequences of their acts. The act, however innocent, is considered constructively fraudulent if the result would tend to unfair trade, to confusion of goods and to interference with the rights of another.

That a trader cannot be legally injured in his business good will, except by the stealing away of his customers from him by deceit, cannot be the law. It is the damage to good will, not the manner of it, which is important.

PRICE CUTTING ANALYZED

Depriving the business proprietor of his customers by deceiving them is only one method of unnecessarily injuring a man in his good will. Other conduct on the part of one trader not involving deception of the public, if it results in unnecessary damage to the business of another and jeopardizes his good will, ought as well to be capable of redress. It would seem as if relief should depend not on the element of public deception, but upon the answer to the query: Is a business or good will being diverted from one who has created it, to his injury and to the benefit of the parasite? If it is being taken away so that its value to its creator is sensibly diminished, why should he not have redress? Why make sneak thievery a crime and legalize highway robbery?

Take a common case of price cutting. An article of recognized merit has an established retail price fixed by the producer of it. It is extensively advertised. The price is known. It is a reasonable price or at least is believed to be by the public, else it would not be paid. Under modern trade and advertising conditions articles

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must be nationally distributed. They must be in the hands of as many retail dealers as possible. The effect of an advertisement of a particular article is not lasting. It creates an immediate impulse to buy or it is of little use. To have a return on advertising expenditure, the purchaser must be able to obey the impulse while he has it. It must not be permitted to wear off. The price of the article is usually stated so that the reader of the advertisement may know that it is within his means, but, most important of all, while he is in the notion he must be able to buy the thing conveniently at the time he wants it. He must be made to feel that he can get it at one place as cheaply as another, otherwise he will shop around for a bargain, and in the meantime he forgets; the impulse to buy that particular article has evaporated. Therefore, with national advertising, general distribution and uniform prices are indispensable. The retail dealer in such an article need make little effort to sell it. It sells itself. The producer's advertising sends purchasers to his store. The established price guarantees a profit on the average turnover.

After the reputation and popularity of a nationally advertised and thoroughly distributed article are established, everyone who knows the article probably knows its retail price. The consumer knows it as well as he knows the price of a dollar bill. A retail dealer then, for the purpose of attracting custom to himself, advertises and sells the article at a price conspicuously lower than the established and recognized price. He offers an obvious bargain. Frequently this price is cost or below, the expectation being that any direct loss sustained will more than be made up by the value of the advertising received and in the sale at enhanced prices of other articles whose prices are not known.

The advertisement by a department store of Big Ben clocks which everybody knows are universally sold at two dollars and a half, at a cut price of one dollar and ninety-eight cents gives verisimilitude to the statement which immediately follows in the same advertisement that

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thirty dollar suits are being sold at thirteen sixty-nine. A dealer, for example, can well afford to sell for sixty-nine cents a watch which is advertised by its producer as a dollar watch, and which everyone else in his town sells at a dollar, if he can sell with it for a dollar, a fifty cent chain or give to the public the impression that he sells everything he deals in thirty-one per cent cheaper than anyone else. People buy, not because a watch is advertised at sixty-nine cents, but because a particular watch under a well known trade-mark, which is known to be universally sold at a dollar and believed to be worth it, is offered by this particular dealer at a price which is less than anyone else charges. In short, it is the utilization by the dealer of the good will of the producer that makes the situation possible at all. It is the localized good will of the producer in the community in which the retailer does business that makes cutting of prices on the producer's goods worth while. It is the knowledge of the public that the producer's goods are reputable and have the value which the producer has set upon them, by fixing the price, that makes their sale at cut prices attractive.

One cut price sale invariably provokes others in retaliation. Where one dealer cuts the price of a dollar watch to sixty-nine cents, his neighbor, not to be outdone, advertises it at fifty-nine cents. Another then cuts to less, with the result that sooner or later all the dealers in the community are forced to sell this particular watch at a price which yields no profit. The result is that purchasers are persuaded not to buy, or to take an unknown article represented to be "just as good". The reputable and popular article is sold under protest or not at all. The local shop which survives this barbarous competition is invariably a department store, or other concern of large resources, which can afford to do a part of its business for a time at a loss.

The effect of a cut rate war on the producer, whose well advertised and reputable product was the subject of the first attack, is disastrous. Through no fault of his

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own he is deprived of the distribution of his goods in the community. His market is taken away from him for no reasons except that his reputation is good and his products are in demand, of recognized value and known to be worth the price he asks. His advertising expenditure is wasted because ineffective. Purchasers with the impulse to buy cannot gratify it, and it is manifest that such conditions, if at all extensive, will ruin any business.

The public is not benefited because, even if for a while they are able to get an article of recognized value at a cut price, soon they cannot get it at all, or only at great inconvenience.

There is another very real element of danger arising out of such conditions. The article which is the victim of the slaughter is of known value, its price is marked on the package. It weakens public confidence in the thing to have it hawked about at unstable prices.

When an article the price of which is announced upon it is a dollar, is sold at sixty-nine cents, it becomes a sixty-nine cent article. The public does not analyze the situation and cannot be made to believe that the dealers in selling at sixty-nine cents are losing money on every sale. People jump to the conclusion that the article the price of which is advertised as a dollar is not worth it and that dealers who charge a dollar are getting an excessive profit.

SPECIFIC INJURIES INFLICTED ON GOOD WILL BY PRICE CUTTING

The dealers who cut prices in this way may roughly be divided into two classes. First are those who do it deliberately for advertising purposes and charge the loss to advertising exactly as they charge the cost of newspaper advertising. In this event it is a part of the overhead expense of the business, for which, of course, the public pays. The second class is unfortunately numerous enough. It is made up of those dealers who have no system of figuring costs, who do not know what it costs them to do business, who honestly think that they can

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sell an article for which they pay seventy cents at eighty-five and not lose money.

In whichever class the price cutter belongs, the persistent cutting of prices on goods of known value is ruinous to the producer of them because it restricts his distribution. It tends to concentrate the sale of his goods in the hands of department and chain stores and take them out of the hands of the small dealer, who, of course, will not handle them because he cannot sell at the established price in the face of cut price competition and will not at the prevailing cut price because they yield him no profit. The result is that distribution is seriously hampered if not destroyed. The goods are cheapened in the public estimation on account of the fluctuating price, like a depreciated currency. Their reputation is damaged and the producer's reputation as a fair dealing man is questioned, because he is accused of fixing an excessive price at the outset. No one will believe the fact that dealers in cutting prices lose money on the particular article whose price is cut.

The first step in this progress of destruction is the utilization, without permission, of the producer's good will for another's private gain, resulting in damage. The result is the same as if the producer's good will were taken away from him by fraud. The effect is the same as it would be if the element of deception, as in ordinary cases of unfair competition, were present.

The law of unfair competition has been extended in the last twenty years to include the suppression of all deceptive artifices by which one trader's customers are taken away from him and transferred to another. The element of deception cannot be the sole consideration. The real injury and the only thing which gives a private right of action is the damage to the business good will of the original trader and its unlicensed utilization by a competitor to his own advantage.

In view of the recent decisions of the Supreme Court it must of course be admitted that maintaining resale prices, except perhaps in cases of agency or consign-

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ment, cannot be accomplished by contracts or by licenses under patents or copyrights, if title to the article is parted with. The essence of the situation here under discussion is not the propriety, legality or necessity of fixing resale prices. It is in the doing of an act calculated to injure and resulting in injury with respect to that most subtle of property rights, business good will. That such conduct is felt to be a real menace is shown by the fact that in at least two widely separated localities it has been made the subject of statutory prohibition. There is a section of the Danish statute dealing with illegal marking of goods and unfair trading which expressly forbids price cutting, and a recent New Jersey statute is broad enough to cover it.

THE VIEWPOINT OF THE LAW

The opponents of efforts to maintain resale prices invariably contend that where an article is purchased, title passes and control over it by the seller is gone; that it is the property of the purchasing dealer to do with as he pleases. This has long been the favorite argument of those who justify the perpetration of unfair trading by the use of personal names or by the deceptive use of other devices in which no exclusive right can be maintained. A man's name is undeniably his own property, but he is not permitted to use his own property, whether it be his personal name, or anything else he may own, in such a way as unnecessarily to cause damage to his neighbor. Ownership is not a license to injure another. Sixteen String Jack, whose operations on Houndslow Heath have made him immortal, doubtless owned the black mask and pistol which were the necessary tools of his trade. A man with his own rifle may lawfully shoot at a target. He ought not in all conscience, however, to be permitted to pot his neighbors and defend on the ground that he owns the gun.

It may be objected that relief against injurious price cutting would be novel. All the law of unfair competi-

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tion was novel, not so many years ago. Because a notion is new it is not necessarily unsound. It has always been the boast of courts of equity that they adjust themselves to modern instances, and as new wrongs develop, new remedies will be applied or old remedies will be enlarged to meet the changed conditions. As a distinguished judge recently observed:

It must be remembered that the common law is the result of growth, and that its development has been determined by the social needs of the community which it governs. It is the resultant of conflicting social forces, and those forces which are for the time dominant leave their impress upon the law. It is of judicial origin, and seeks to establish doctrines and rules for the determination, protection and enforcement of legal rights. Manifestly it must change as society changes and new rights are recognized. To be an efficient instrument, and not a mere abstraction, it must gradually adapt itself to changed conditions. Necessarily its form and substance have been greatly affected by prevalent economic theories. For generations there has been a practical agreement upon the proposition that competition in trade and business is desirable, and this idea has found expression in the decisions of the courts as well as in statutes. But it has led to grievous and manifold wrongs to individuals, and many courts have manifested an earnest desire to protect the individuals from the evils which result from unrestrained business competition. The problem has been so to adjust matters as to preserve the principle of competition, and yet guard against its abuse to the unnecessary injury to the individual. So the principle that a man may use his own property according to his own needs and desires, while true in the abstract, is subject to many limitations in the concrete. Men cannot always, in civilized society, be allowed to use their own property as their interests or desires may dictate, without reference to the fact that they have neighbors whose rights are as sacred as their own. The existence and well being of society requires that each and every person shall conduct himself consistently with the fact that he is a social and reasonable person.

CHAPTER XXVIII

THE RACE BETWEEN THE UN-FAIR TRADER AND THE LAW

THE principles * * * apply to all cases where fraud is practiced by one in securing the trade of a rival dealer; and these ways are as many and various as the ingenuity of the dishonest schemer can invent. * * * The fact that the question comes to us in an entirely new guise, and that the schemer has concocted a kind of deception heretofore unheard of in legal jurisprudence, is no reason why equity is either unable or unwilling to deal with him. (Judge GARROTE in *Weinstock, Lubin & Co. v. Marks*, 109 Cal. 529, 42 Pac. 142.)

The trade-mark pirate of not so very many years ago pursued his calling in as rude a fashion as his colleague who followed his trade upon the highway with mask and pistols or the deep sea variety whose place of business was along the Spanish main and whose tools were boarding pike and cutlass. There are few refinements in the methods of any of them. Jerry Avershaw without apology and circumlocution robbed his victims at the muzzle of a pistol. Blackbeard laid himself alongside and looted. Their commercial analogues were equally frank about their depredations. They boldly counterfeited labels and trade-marks. Such a thing as crafty simulation was regarded as unprofessional and boys' work—like picking pockets.

There doubtless was trade-mark piracy in England in the Middle Ages, as in other countries, and perhaps a search through the year books and the proceedings of the Livery Companies would disclose the fact, but the first case to get into the reports was in the time of

James I and this was probably a common law action for deceit brought by the defrauded purchaser. No other case seems to have got into the books until 1742. In the century between 1742 and 1842 there was a remarkable development of the judicial conscience. In 1742 Lord Hardwicke when asked to enjoin one trader from using a mark previously appropriated by another, declined, saying:

In the first place, the motion is to restrain the defendant from making cards with the same mark, which the plaintiff has appropriated to himself.

And in this respect, there is no foundation for this court to grant such an injunction.

Every particular trader has some particular mark or stamp; but I do not know any instance of granting an injunction here, to restrain one trader from using the same mark with another and I think it would be of mischievous consequence to do it.

An objection has been made, that the defendant, in using this mark, prejudices the plaintiff by taking away his customers.

But there is no more weight in this, than there would be in an objection to one innkeeper, setting up the same sign with another.

In 1842, in a case where the proprietor of "Perry's Medicated Mexican Balm" sued a rival producer of a similar article to restrain the use of an imitated label, Lord Langdale said:

I think that the principle on which the courts both of law and of equity proceed, in granting relief and protection in cases of this sort, 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. He cannot, therefore, be allowed to use names, marks, letters, or other indicia, by which he may induce purchasers to believe that the goods which he is selling are the manufacture of another person. I own it does not seem to me that a man can acquire a property merely in a name or mark; but whether he has or not a property in the name or mark, I have no doubt that another person has not a right to use that name or mark for the purposes of deception, and in order to attract to himself that course of trade, or that custom which, without that improper act, would have flowed to the person who first used, or was alone in the habit of using, the particular name or mark.

And in the following year the same judge in a similar case remarked:

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It has been very correctly said that the principle in these cases is this—that no man has a right to sell his own goods as the goods of another. You may express the same principle in a different form, and say that no man has a right to dress himself in colors, or adopt and bear symbols, to which he has no peculiar or exclusive right, and thereby personate another person, for the purpose of inducing the public to suppose, either that he is that other person, or that he is connected with and selling the manufacture of such other person, while he is really selling his own. It is perfectly manifest that to do these things is to commit a fraud, and a very gross fraud.

The rule of law thus announced by Lord Langdale is unquestionably sound, but he was years in advance of his time. It was not fully accepted until 1896 that the rule is perfectly general and without exception—that no one has a right to represent his goods as the goods of another. This is the present state of the law.

The means adopted in particular cases are not important. Any contrivance, however subtle or ingenious, which involves the false representation that one trader's goods are another's is unlawful. It is a question of fact in each case whether or not the false representation is being made, but if it is being made the legal consequences follow and the use of the efficient means of deception, whatever it may be, is enjoined or restricted in such a way as to prevent the accomplishment of the deception.

It took a long time and much labor to arrive at this conclusion. The courts did not hesitate to deal summarily with the counterfeiter of labels, or technical trademarks, but when it came to the deceptive use or imitation of identifying personal, geographical, or descriptive names, color of labels, form and style of enclosing packages, configuration or visual appearance of the article itself, the use of equivalents or the silent substitution of one article for another, progress was slow, but ultimately relief was accorded. When at last the courts found themselves face to face with the question of stopping a false representation that one man's goods were another's by the use of a name which with reasonable accuracy was a description of both, the hesitancy manifested almost amounted to immovability, but at last the

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judicial inertia was overcome and it was recognized that fraud is fraud just the same, and it is the fraud, and not the manner of it, which calls for the interposition of the court. This truth once accepted it necessarily followed that the deceptive use of descriptive terms was enjoined.

For want of a better term these cases in this country are compendiously designated cases of unfair competition or unfair trading and in England, passing off. Passing off probably more accurately described the wrong as at present recognized, but unfair trade seems a preferable term because more comprehensive. The wrong has not been defined and should not be, because like fraud the minute it is defined it is limited.

THE TEST AND PROOF OF UNFAIR TRADING

It must not be assumed that the progress from the state of mind of Lord Hardwicke in 1742 to the enlightened rule applied by the courts today was a steady and uninterrupted one. Quite the contrary. As a general thing the infringer has always been a little ahead of the courts. By the time the judicial machinery arrives at a place where the pirate was yesterday, ready to deal with him, that elusive person has moved forward and is still a little ahead—at a place the courts will not reach until tomorrow—and is there engaged in doing something which will enable him to advantage himself at someone's else expense in some manner hitherto unthought of.

The various methods briefly outlined of stealing business and good will were very effectively and adequately dealt with by the courts *when they got to them*, but one has only to study the reported cases during even the last twenty years to be convinced that as the judicial conscience has expanded, the ingenuity of the infringer has been correspondingly stimulated. The present rule of law, which has been crystallized into a single sentence—no one has a right to represent his goods as the goods of another—places all cases on a common basis of fact

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—is the false representation being made? Is the defendant in fact representing his goods as those of a competitor? Wherever this false representation is made, there is unfair trade. At this point the courts have caught up with the parasite and are dealing with him adequately. It seems, however, now to be assumed that unless the false representation that one trader's goods are the goods of another, is being made, there can be no unfair trade; that no trading is unfair unless it involves the passing off of one trader's goods as and for the goods of another. Unless unfair trade is to be given a broader meaning than mere passing off, the unfair trader will still maintain his lead. At present he is discarding as unscientific and old-fashioned mere passing off and is indulging in other methods of benefiting himself and injuring his rivals, frequently not involving the element of deception of the public hitherto considered indispensable. Unless, therefore, unfair trading is a broadly comprehensive term and the law still in the course of development and unless it develops rapidly, the business pirate will keep ahead of it.

There are cases scattered through the law books which are essentially cases of unfair trade in its broader sense, though obscurely digested under such captions as contracts, torts, injunctions, actions and the like. With respect to contracts, the following may fairly be deduced from them.

THE RIGHT TO CONTRACT

The right to contract is a property right. Business and contracts are property. Inducing the breach of contract is actionable and if repeated, enjoinable. It was formerly held that the person inducing the breach must have acted maliciously, that is to say, with the preconceived intent to injure one of the contracting parties—with actual malevolence. Without entering upon a discussion of the effect of bad motive upon otherwise lawful acts, it may safely be said that at the present

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time the words "malice" and "maliciously" are little more than legal billingsgate and mean no more than knowledge of the relation and a disregard of it—foreseen or even less than that.

Inducing the breach of a valid and subsisting contract relation is not however the only wrong of this character for which the law affords relief. It is unlawful to interfere and prevent the formation of contract relations. A man has a right to enter into contracts and it is unlawful for another, without a valid excuse, to intermeddle and prevent it.

A trader has certain other rights with respect to his business. Every man has a right to carry on his private business in his own way. He may deal with whom he pleases. He may refuse to deal with any individual or group of individuals for any reason or for no reason. Attempts by outsiders to coerce, control or interfere with the exercise of these rights are unlawful. The courts will not compel a man to deal with one with whom he does not choose to deal, or in the absence of statutes prohibiting discrimination to sell goods to one on as favorable terms as they are sold to others or on any terms at all, and this whether he is acting with a proper motive, with reason or merely for caprice.

THE RIGHT TO BE FREE FROM INTERFERENCE

The converse of the proposition is also true; a man having a right to deal with whom he chooses, if he choose to deal with certain persons who are willing, it is unlawful for another to interfere and come between them and thus hinder or prevent the exercise of the right. In a recent case complainant was a manufacturer of wagons, maintaining traveling agents in Washington who took a number of vehicles and drove through the country selling chiefly to farmers. Defendant, an association composed of local dealers, entered upon a systematic course of interference with the business of complainant by employing men to follow each of its agents,

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stopping at the same hotels and stables, starting out when he started, following him throughout the day to every prospective customer and interfering with the conversation. They took with them no goods and generally offered none in competition, their sole purpose apparently being to interfere with and prevent sales by breaking in on conversations, disparaging complainant's goods and treatment of its customers and by molestation to drive complainant out of business. Enjoined as an unlawful attempt to destroy complainant's business.

The doctrine of such cases is by no means novel. In one very old case plaintiff declared that he was possessed of a close called Minott's meadow, a decoy pond, to which wild fowl used to come. Plaintiff had prepared decoy ducks, nets and other apparatus and enjoyed the benefit of taking them. Defendant knowing this, and to quote the quaint language of plaintiff's declaration, "with intent to fright away the wild fowl and deprive plaintiff of his profit did resort to the head of said pond and discharged six guns laden with gunpowder and with the noise and stink of the gunpowder did they drive away the wild fowl then being in the pond". It was alleged that defendant did this on three separate days. Not guilty was pleaded. Holt, C. J., held an action lay, saying:

I am of opinion that this action doth lie. It seems to be new in its influence, but is not new in the reason or principle of it. For, first, this using or making a decoy is lawful. Secondly, this employment of his ground to that use is profitable to the plaintiff, as is the skill and management of that employment. As to the first, every man that hath a property may employ it for his pleasure and profit, as for alluring and procuring decoy ducks to come to his pond. To learn the trade of seducing other ducks to come there in order to be taken is not prohibited either by the law of the land or the moral law; but it is as lawful to use art to seduce them, to catch them, and destroy them for the use of mankind, as to kill and destroy wild fowl or tame cattle. Then when a man useth his art or his skill to take them, to sell and dispose of for his profit; this is his trade; and he that hinders another in his trade or livelihood is liable to an action for so hindering him. * * * But if a man doth him damage by using the same employment; as if Mr. Hickeringill had set up another decoy on his own ground

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near the plaintiff's, and that had spoiled the custom of the plaintiff, no action would lie; because he had as much liberty to make and use a decoy as the plaintiff. This is like the case of 11 H. 4, 47. One schoolmaster sets up a new school to the damage of an ancient school, and thereby the scholars are allured from the old school to come to his new. (The action there was held not to lie.) But suppose Mr. Hickeringill should lie in the way with his guns, and fright the boys from going to school, and their parents would not let them go thither; sure that schoolmaster might have an action for the loss of his scholars. 29 E. 3, 18. A man hath a market to which he hath toll for horses sold; a man is bringing his horse to market to sell; a stranger hinders and obstructs him from going thither to the market; an action lies because it imports damage.

There are other similar cases, some of them very curious. In one decided in 1793 plaintiffs were the owners of a ship called the *Tarleton*, engaged in trade with the natives on the coast of Africa. Plaintiffs also owned a small vessel, the *Bannister*, which had been sent by the captain of the *Tarleton* loaded with proper articles for trading to another part of the coast. While she was lying off Cameroon for the purpose of trading with the natives there, a canoe with some natives on board put off from the shore and came to the *Bannister* for the purpose of trading, and went back toward the shore. Defendant, master of a ship called the *Othello*, fired a shot at the canoe, hitting it and killing one of the natives, whereby the natives on that coast were hindered and deterred from trading with the plaintiffs. Lord Kenyon said:

This action is brought by the plaintiff's to recover a satisfaction for a civil injury which they have sustained. The injury complained of is, that by the improper conduct of the defendant the natives were prevented from trading with the plaintiffs. The whole of the case is stated on the record, and if the parties desire it, the opinion of the court may hereafter be taken whether it will support an action. I am of opinion it will.

The plaintiffs had a verdict, and the parties agreed to refer the damages to arbitration.

In the first years of the nineteenth century an action was brought for assault and false imprisonment under the following circumstances: In the year 1809, Covent

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Garden Theatre, London, was rebuilt. When it was opened to the public, the proprietors increased the price of admission and reserved certain of the boxes for subscribers, much to the disgust of the theatre's patrons. To express their disapproval of the new order of things, the audience began hissing and yelling, springing rattles and ringing bells, so that the noise and disorder completely drowned the voices of the performers on the stage. Plaintiff in this action attended the play on one of these uproarious nights. He did not encourage the disorder, but sat quietly in his seat. His only participation in the demonstration was to place in his hat, at the request of a person in the audience, a card bearing the letters "O. P." signifying "Old Prices". On his way from the theatre he was arrested by a constable at the instigation of the doorkeeper and taken before a magistrate, but as nothing was proved against him, except that he bore the placard in his hat, he was discharged. Sir James Mansfield, in charging the jury, said:

It appears that for a great many nights there were riots there of such a nature as to put an end altogether to dramatic representation. I cannot tell upon what grounds many people conceive they have a right, at a theatre, to make such a prodigious noise as to prevent others from hearing what is going forward on the stage. Theatres are not absolute necessities of life, and any person may stay away who does not approve of the manner in which they are managed. If the prices of admission are unreasonable, the evil will cure itself. People will not go, and the proprietors will be ruined, unless they lower their demands. But the proprietors of a theatre have a right to manage their property in their own way, and to fix what prices of admission they think most for their own advantage. It is said, if the prices asked are considered too high, people have a right to express their disapprobation in the tumultuous manner they have adopted. From this doctrine I must altogether dissent.

In a similar case decided at about the same time the jury found for the plaintiff.

Plaintiff was an actor and was to perform Hamlet at the Covent Garden Theatre. The declaration alleged that for the purpose of ruining plaintiff and making it impossible for him to continue in his profession, defendant

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hired two hundred persons to attend the performance and "to hoot, hiss, groan and yell at and against the plaintiff, and to make a great outcry, uproar, and riot at and against the plaintiff during his performance of the said character on the occasion aforesaid". Chief Justice Tindal held that an action would lie.

It has recently been held in several cases to be unlawful to establish or conduct a rival business for the sole and malicious purpose of destroying a competitor.

If the law has not yet arrived at that point, the next step in advance should be not only that a business man ought to be protected against any device by which the good will of his business or any part of it is being stolen away from him, but that he is also entitled to the custom which would naturally come to him, and that he should be protected against any unfair interference with his business by means of which this custom is diverted or prevented. He should be protected against any acts by which his customers are taken away from him by fraud, actual or constructive, by force, intimidation, threats, by unfair price inducements, by the false or misleading advertisements or trade descriptions of his rivals or by meddlesome persuasion, and further, that his good will, custom and business and the things that he has created in which they are embodied should be secured to him against every unfair (though not necessarily fraudulent) attack or appropriation by others in any way that will diminish their value to their original creator.

WHAT THE PUBLIC DEMANDS OF BUSINESS

The public conscience has lately become awakened and we hear much of "unfair trade practices" in connection with discussions of the conduct, not only of what we are in the habit of calling the "trusts", but of other concerns. Things are now considered unfair which were regarded twenty years ago as entirely legitimate, if not praiseworthy. To call a business man sharp or shrewd is nowadays a doubtful compliment.

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People are beginning to realize that business should be conducted as games are played among gentlemen—not only in accordance with the letter of the rules but with a proper sense of sportsmanship. The courts are more and more reflecting this healthy public sentiment, and are alive to the fact that in business as in the ordinary affairs of life there are things which while in violation of no express law, decent people do not do. Judges are realizing that relief in these cases cannot be made to depend upon principles of law evolved in past centuries concerning contracts, trade-marks, literary property and the like, when conditions were different, affairs less complex, and when parasitic ingenuity was less highly developed. As was said by the Circuit Court of Appeals of the Seventh Circuit when confronted with a novel and ingenious attempt by a parasite to take unfair advantage of a corporation's enterprise:

Property, even as distinguished from property in intellectual production, is not, in its modern sense, confined to that which may be touched by the hand, or seen by the eye. * * * It is needless to say, that to every ingredient of property thus made up—the intangible as well as the tangible, that which is discernible to mind only, as well as that susceptible to physical touch—equity extends appropriate protection. Otherwise courts of equity would be unequal to their supposed great purposes; and every day as business life grows more complicated, such inadequacy would be increasingly felt. * * * Are we to fail our plain duty for mere lack of precedent? We choose, rather, to make precedent.

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