

GOOD WILL ^{cf}
TRADE-MARKS
AND
UNFAIR TRADING

BY ^{Edw. S. Rogers}
EDWARD S. ROGERS
OF THE CHICAGO BAR
NON-RESIDENT LECTURER ON THE LAW OF TRADE-MARKS
IN THE UNIVERSITY OF MICHIGAN



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**GOOD WILL,
TRADE-MARKS AND UNFAIR
TRADING**

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GOOD WILL—A NEW BUSINESS PROBLEM

EVERY business worth imitating has the problem of mistaken identity to deal with. The enthusiasm over a successful product, package, trade-mark, method or piece of copy hatches out its double almost overnight.

In the last thirty years, long range advertising and national distribution have become dominating mercantile facts. Manufacturer and jobber have quite generally adjusted themselves to this change. The retailer is now a dispenser of many standard brands to a neighborhood educated in trade-marks, trade names, labels and distinctive packages. Even the professional man no longer has a local but a sectional or national clientele.

Two trade provisions, consequently, are becoming every year more vital to the going concern; means of identification by which a pleased public, once won, will continue to distinguish its productions anywhere; and a trained "police power" to restrain or destroy the infringements and unfair competition which naturally attack any successful enterprise.

Around this twentieth century need of every progressive business for a constructive and protective policy as regards good will, this volume has grown.

It is not a law book. The author has returned to it, chapter by chapter, from working with business men and concerns in their efforts to defend and increase their trade good will. It is therefore an attempt in the frank

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vernacular of American business and in the most practical ways to help minimize infringement (for with the originator's due care of good will and trade-marks in the beginning, most cases of infringement would never have gained headway) and deal with unfair traders in or out of court.

Several special problems of good will which are just forcing themselves upon the attention of business men are also dealt with; advertising and sales policies which promise good will or threaten ill will; how the value of good will is arrived at; standard and cut prices in their relation to good will; how any proprietor may distinguish his business in an effective way, and control new, ingenious and subtle sorts of unfair trading.

Identified as it is with books of practical and specific help for the individual business head, the **SYSTEM** trade-mark seems to have a peculiar fitness for its place upon a book of this scope and authority, in a field at once so important and so difficult.

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THE PUBLISHERS

PART I

BUILDING GOOD WILL FOR A BUSINESS

CHAPTER I

POLICIES THAT CREATE GOOD WILL

IN 1878 a manufacturer of toilet soaps decided that he was using too many different fancy names for his goods. He had made up his mind to do some advertising and like a sensible man he wanted to concentrate on one or two brands, and not scatter his appropriation over a score. "We'll weed out some of these dead ones," he said; "'Pink Petunia,' 'Odors of Araby,' and a lot like that we're better off without. They never were sellers—we've never been able to persuade anybody to buy them yet. Let's get rid of them and push something that sells." So the labels went under the boiler. The names were taken out of price lists, and forgotten. "Pink Petunia" toilet soap was as completely extinguished as if it had never existed. That was in 1878.

There still is one old lady in a small New England town who, ever since 1878, several times a year sends in an order for "Pink Petunia" soap. She says that the druggist in her town does not keep it, though it is the best soap she ever used. It was somewhat inconvenient for the manufacturer to keep Pink Petunia alive for one customer. So years ago she was written to and asked if something else would not do as well. No, she said, she liked Pink Petunia—she had always used it—her mother before her had used it. It was good soap. Nothing else would do. She seemed a little hurt.

This single customer of Pink Petunia has become an institution in that business. Everyone feels that she is

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a member of the family. Once in a while someone in the office says: "Isn't it about time we heard from Mrs. Nickerson? I wonder if she's all right?"

Pink Petunia has been kept alive for Mrs. Nickerson, and labels printed for her alone since 1878. No one has had the heart to tell her that for nearly forty years she has been the only person in the whole country who has bought that soap.

Mrs. Nickerson's loyalty to Pink Petunia is somewhat humorous. Her friendliness is a little pathetic. But multiply Mrs. Nickerson by a million and the aggregate loyalty and friendliness is anything but humorous or pathetic. It becomes an asset worth much real money.

"George," said his mother to her small boy, "here's a penny. Run down to the grocery and get me a cake of yeast." After the digressions and diversions characteristic of small boys and just within the limit of tolerance, George returns with the yeast. "Where have you been?" says his mother with the accent on the *have*. "You've been gone twice as long as you should have." "I went to that new shiny grocery on Main Street," says the boy. "What possessed you to go there? Don't you ever do such a thing again. You know we always trade at Johnson's."

Mr. Johnson's continuance in business depends on George's mother, and others like her who "always trade" with him.

The soap manufacturer's continuance in business depends upon the multitudinous Mrs. Nickersons, who like his soap and buy it in preference to the soap of other makers.

This collective friendliness is good will.

Most people approach good will from the wrong end. It is commonly thought of as a thing to put into appraisals and bills of sale as an excuse for an issue of watered stock—a catch-all to pad a schedule of assets. As a matter of fact, however, it is a thing which concerns almost everyone. We are all of us, as individuals, constituents which go to make up the good will of those

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with whom we trade. If we are manufacturing or jobbing or shopkeeping for ourselves, we have an opportunity of building a good will of our own. If we are employees we are instruments in the creation of good will for our employers.

As with all intangible things, good will is hard to place mentally. Like reputation, popularity and friendliness, it is so elusive that there is little wonder its value and its very existence are so frequently ignored. Like character and reputation in an individual—the things which enable anyone to associate with his fellows—good will is what perpetuates a business.

FINDING OUT WHAT GOOD WILL IS

Good will is that which makes tomorrow's business more than an accident. It is the reasonable expectation of future patronage based on past satisfactory dealings. Promiscuous and casual customers or clients do not pay the profits. Those who come regularly do. These persons have found the dealer trustworthy, his goods of high quality, his skill and knowledge commendable. They have been satisfied with the treatment they have received in the past and are reluctant in the absence of some reliable recommendation or special circumstance, to risk transferring their custom to another. It is this hope and probability that keeps a business going and gives it a selling value above that of its leasehold, equipment and stock.

“The only proper signification of the word good will,” says Professor Parsons, “must be that benefit or advantage which rests only on the good will or kind and friendly feeling of others. It is, after all, nothing more than a hope grounded upon a probability.”

Many concerns have built up an asset of good will in a remarkably short time by definite methods of friendliness and tact, just as some salesmen have made themselves solidly popular in a short time by a card follow-up which enabled them to fit in with their prospects'

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nobbies and to avoid controversial subjects. It is suggestive, if nothing more, for the heads of a business to consider (1) the classes whose good will of one sort or another is important; (2) the chief points of contact with each of these groups.

Among the good will points of contact—the experiences from which those who view a concern externally draw their ideas of a business, the most important probably are:

1. Advertising.
2. Personal contact.
3. Service and deliveries.
4. The product in use.

When an ordinary person decides to make a purchase or a dealer plans to lay in stock, in almost every instance he must make a choice among several articles, individuals or establishments. Usually he has some past experience as a background. Of two haberdashers with whom he has traded before, a man returns to the store of which he has the pleasantest recollections. He is not inclined to experiment with a third without reason. He recalls perhaps that at one store, when he asked for a "union suit at about a dollar and a half," the salesman intimated by his manner that people of respectability never pay less than three dollars for such a garment. That or some like experience has left an unpleasant impression, so he goes to the other store. Here he is greeted by name and shown *exactly what he asks for*, which involves the implied compliment that he knows what he wants.

It may be the height of salesmanship to sell a man who wants a dollar and a half union suit, one costing him three dollars. If in so doing, however, the customer is made uncomfortable, he gets even in the only way open to him—he does not come again. The store has lost his good will.

A big suit store has recently faced the same danger. The store was a plain, unpretentious looking place, where a man with only fifteen dollars to spend for a suit felt

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as good as the firm. He was a patron—not a petitioner. He bought—and what is more, he came again. Consequently the store built up a large twelve-to-fifteen-dollar suit trade. The profits from this great middle class and its good will finally enabled the proprietor to put up a new building. He built in the immediate neighborhood but of granite, with plate glass and gilt chandeliers, carpeted floors and mahogany fixtures. But the twelve-to-fifteen-dollar trade has not followed to the new store. The man with twelve dollars to invest in a new suit does not feel at home in such a place. From the looks of it, he judges that he will be expected to spend more. The sales record of the new shop was not long in showing the absence of one great sustaining class of its trade. The new store has unwittingly made itself unpleasant for the twelve-dollar man and has lost his good will.

SAFEGUARDING THE SOURCE OF PROFITS

Another merchant saw this danger to good will in time. When he got ready to put up a new building, his architect suggested something with marble columns and elaborate fittings. “No,” said the merchant, “I have made my money selling plain things to plain people—I do not want to scare them away.” The new store he erected was plain, practical, convenient; and it retained the good will of its trade.

The expression occasionally heard, “they are nice people to do business with,” is more than an empty compliment. It is the index of a valuable asset, and just as such an expression spreads good will, ill will also multiplies through unfriendly word of mouth. Smoking car gossip sends many a guest to a particular hotel and keeps many away from their intended patronage.

One day an important client burst into the private room of a member of a big New York law firm. “Look here, Sam,” he said, “if I hadn’t been a client of yours for ten years, and if you didn’t know my affairs better than I do myself, I’d never come into your office again.”

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"Sit down and cool off," was the answer. "What's happened?"

"No, I won't sit down and cool off; I'm sore," rejoined the client. "If I were running this office, the first thing I'd do would be to fire that graven image you've got for a door man. Here I've been coming to see you every few weeks for years and he never knows me—asks me my name and who I want to see and what my business is. He did it just now. If I'm not of sufficient importance to be recognized by your employees, I'm going somewhere else."

To remember names and call people by their own is as subtle a compliment as one can pay another. People who are not fugitives from justice like to go where they are known and recognized. They like to have their tastes and peculiarities remembered by those with whom they come in contact. This point of contact, wherever it may occur, is where good or ill will is chiefly made. It may be in correspondence—many a customer has been lost by a complaint letter which in attempting to be firm, was only unreasonable, or in attempting to be vigorous was merely offensive.

The public is unlikely to distinguish between the professional and the personal acts of a proprietor and is almost sure to judge all parts of a business by the one service or blunder through which they first became acquainted with a house.

Good will conservation through correct and diplomatic house policies is a problem as big as the business itself, but it can be definitely approached by listing the classes whose good will is important and then examining its policy at every point of contact with any of these classes.

Only of late years have business men generally begun to appreciate the value of correct policy in these things that often cost nothing and yet create good will.

Historically, locality seems to have been the prime consideration in conceiving, defining and transferring good will. It used to be the almost universal provision in a contract for the sale of a business, for the seller to agree

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not to engage in the same business for a time within a certain distance of the old location. Most of our inherited notions concerning restraint of trade are derived from judicial opinions construing such contracts. If the buyer required the seller to restrain himself from competing further than was necessary to protect him in the enjoyment of the business purchased, the restraint was held unreasonable and the contract void.

HABIT IN ITS RELATION TO GOOD WILL

That locality should have been regarded as so important a consideration in earlier discussions of good will is natural enough when it is remembered that the wide distribution of manufactured goods in the modern sense is a matter only of the last sixty or seventy years.

Business used to be done face to face. People went to the local cobbler for their shoes, to the local miller for their flour, to the village tailor for their clothes. These things were not to be had elsewhere. They acquired the habit of going to certain places to buy certain things. If there were two men in the same business, they traded with the one whose past services gave them the best assurance of satisfactory future dealings. The present situation is exactly the reverse. We may want a specific thing, but thanks to modern methods of distribution, it may be had almost anywhere.

In the case of a business where dealing is face to face, location is important on account of the locality habit. People get used to turning certain corners, entering certain doorways; and constant repetition forms a habit. But with an article of merchandise of wide distribution, the locality habit is of no value. There is no need of going to a particular place to buy Quaker Oats or Winchester rifles. They can be bought anywhere. It is not a locality habit or a friendliness toward the immediate seller that counts so much as a friendliness toward the maker of the desired goods, or, more likely still, towards the goods themselves.

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The average person is not a judge of values. You and I probably cannot by looking at it tell good sugar from bad. The dealer from whom we buy may not be a better judge than we are. Therefore the tendency more and more is to subordinate bulk goods and the retail purchaser's and distributor's comparative uncertainty as to quality, to package goods and the producer's certain guaranty of quality. The good will incident to particular premises is becoming relatively of less consequence. Its importance has been transferred to the good will which is not limited in space or dependent on location but attaches to the goods themselves, however far they may travel from their point of origin. The responsibility for quality is carried back through the channels of distribution to the producer.

Just as a woman continues to deal with her grocer because her past experience guarantees her future satisfaction, the customer goes on buying Quaker Oats, Heinz' pickles, or Elgin watches for precisely the same reason. The name is not a matter of sound or personality or locality, but of satisfactory goods.

The accident of locality or satisfactory intercourse is not the seat or cause of a good will towards a product. To what then does good will attach—it being the reasonable expectation of continued dealings? What is it that tells the purchaser that what he is buying today is the identical thing he bought a week ago, found good and now wants to buy again?

If all flour were put out in plain, unbranded bags, who could tell that this week's supply was made by the same mill making the flour bought last week? If all cigars were packed in boxes without labels, there would be nothing but the word of the dealer that today's panatela came from the same box as the good ones bought yesterday and desired again today, or the suffocators bought yesterday and to be avoided ever after. People who have no conception of or interest in the personality or even in the existence of the maker of particular goods, may desire them in preference to others because they have

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been tried and approved.

For example, I lose my fountain pen and want another like it. I have found it satisfactory and have no desire to experiment with other makes. So I go to a stationer's and ask for another "so-and-so" pen. If I had lived a hundred years ago and lost my favorite quill I should have gone to the place where I had bought it and described to the shopkeeper as best I could the sort of pen I wanted. I should have been careful to go to the same stationer, because this would be an important element in securing a new pen like the old one. Today I pay no attention to the name of the shop. I go to any stationer and ask for my favorite brand. I may have no idea who the manufacturer of it is or where it is made. I do not care. But I know that to get the same sort of satisfactory pen I had before I must ask for that brand.

FINDING THE TRADE NAME THAT FIXES GOOD WILL

The name is the means by which I am able unmistakably to fix the good will which I have toward this particular article of merchandise. It is not dependent upon a place, it designates a thing; and without this designation, the good will created by the satisfactory behavior of my old pen would be of no use to me or to the manufacturer. I have the hope and belief, based on the good service one such pen has given me, that another bearing the same name will be equally good. This is, then, an opportunity to connect good will with goods after they have left the hands of the producer and passed into the channels of trade. And there is no possibility of creating or perpetuating a good will without some identifying means.

The purchaser must be given a chance to choose. Otherwise, his friendliness toward a particular producer's commodity cannot manifest itself. It is of no consequence whether the identifying means is a name, a trade-mark, a label, a dress of package, or any other of the numberless things which enables a purchaser to pick out the mer-

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chandise he wants. This identifying means enables the producer of the preferred goods to benefit by the preference and perpetuate his business; it enables purchasers to be sure that succeeding purchases are of the same make as the first.

Producers would have no incentive to make a good article if buyers could not definitely ascertain its source. Inferiority could effectually hide itself in anonymity. If the bad could not be discriminated from the good, all would be bad. A trade-mark or other identifying means applied to merchandise is, therefore, the thing which distinguishes the object of good will to people who may know nothing about the maker.

Means of identification are not valuable for what they are but for what they stand for. The word "Ivory" was only one of millions of names which could have been selected as a trade-mark for soap, and any pleasant, convenient word, if used as "Ivory" has been used, would have practically the value which "Ivory" now has. There is no magic in the name. The magic is in the good will which the name symbolizes. People now ask for "Ivory" soap, not because the word Ivory has an attractive sound, but because the soap which they have previously bought under that name pleased them. The word "Ivory" is the means by which they are able to manifest their good will toward the desired product.

The probability that this friendliness, based upon the belief in the excellence of "Ivory" soap, will continue, and successive purchases result, is a property right of immense value. It was originally created and has been maintained by methods precisely analogous to those which encourage the retail grocer to hope that his customers of today will trade with him tomorrow, next week and next year.

It is as fatally easy to imperil the good will attached to a trade-marked commodity as it is for a storekeeper to drive away the people who patronize him. An unattractive store drives customers away. Unattractive packages, offensive advertising and any failure to appre-

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ciate that first impressions of goods, as of people, depend largely on externals, drive potential buyers to other goods, and sacrifice good will.

WHAT HOLDS THE FRIENDLINESS OF THE CUSTOMER?

The only real difference between the good will of a store, office, hotel or theater, and the good will of the manufacturer or jobber with wide distribution, lies in the means which people have of distinguishing the place where or the article which they wish to buy. With the former, location is one of these identifying means; and the sign over the door, the appearance and popular name of the place are others. When the thing is an article of merchandise passing through the channels of trade to the consumer, the good will must and does attach to the trade-mark or whatever identifies the article in the public mind.

The cultivation and conservation of good will as an asset requires the adoption and use of means by which it may be fixed in the minds of purchasers. This means once established must be protected from policies originating within by which its virtue as an identification and a symbol of good will may be impaired, and from assaults from without by which its value is sought unfairly to be appropriated by others. These considerations underlie and explain the necessity for trade-marks and their protection. Only second in importance to the building of good will is the establishing of the marks by which it is fixed and visualized, and their defence and protection from the assaults of the infringer and unfair trader.

CHAPTER II

SETTING A VALUE ON GOOD WILL

GOOD WILL or friendliness must be directed toward some identified individual or establishment. The recipient must be capable of being distinguished from others before there can be any benefit to him from the preference. These things have already been touched on.

Most men do not have occasion to appraise the good will of their enterprises until the question of sale arises. With almost every business that is salable, there are things of value beyond the tangible property, that pass and must have a value put upon them. Under the definition that the good will of a business is only the expectation of continued patronage due to the friendliness of the public based on past satisfactory experience, there are manifestly certain trade expectations which are not salable and others not due to public friendliness.

No one doubts that a lawyer or doctor who has been long established in a particular place may have a real good will. People are influenced by more than the mere learning, and skill of the practitioner. Personality counts for such, perhaps location also is an element. But these things, to the extent that they are essentially individual, are not salable. A man can hardly divest himself of his personality. There are cases which hold that good will depending upon personal effort or individual service cannot be transferred so as to clothe another with its advantages—that such good will cannot be sold. It was seen, however, at an early date, that to adopt any such rule

without exception would work hardship because there are advantages due to long and efficient service which are distinctly valuable and not so intimately personal as to be incapable of assignment. To forbid any transfer whatever would deprive the creator of these advantages of one incident of property—the right of disposition.

In England, where sales of professional practices are much commoner than in this country, and also in the United States, the courts have sustained sales of such a business and good will coupled with agreements on the part of the seller, limited in time and space, to keep out of practice; but have held that all the sale of the good will of a practice amounts to is to obligate the seller to introduce the buyer to his clients or patients and recommend him to them. The value of this recommendation is the value of such a good will and is obviously difficult if not impossible to estimate.

But the good will most frequently the subject of transfer is the sort connected with a place of business or a commodity. Now good will is incidental to a business and does not exist independently of it; it cannot be the subject of separate sale. Good will passes with a transfer of a business or its assets, whether it is specifically mentioned in the conveyance or not. It goes with the thing to which it is appurtenant. Good will is inseparable from the business. It could not well be otherwise. The good will of a business is the public's friendliness toward it. To transfer the friendliness without at the same time transferring the object of it, would be impossible.

There are some establishments where the future public patronage is not wholly dependent on choice. The railway lunch counter, the exclusive cab or baggage transfer line, the gas, electric or telephone company and the street car companies expect continued patronage, but this anticipation arises chiefly out of the public's necessity, not from their preference. It is scarcely an advantage obtained through long continued business or good service. The enforced absence of competition is, of course, a valuable thing, and is frequently called and appraised as

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good will; but it is not good will, properly speaking. It is not a voluntary preference of one trader over another, which presupposes competition actual or in the future.

True good will results in the choice of one article or business over another, induced by good reputation or past experience with one of them. Not only must there be this reason for a choice, but selection is not possible unless there is also an alternative short of going without.

The buyer's friendliness toward one party can be a subject of even approximately exact valuation only when it includes him and by the same operation excludes another possible recipient of it. Otherwise it is like election with only one candidate; he wins whether he deserves to or not and the fact of his winning is no certain indication of his popularity or future success.

The concern with trade expectations that depend on a monopoly is, however, coming to recognize (even if it cannot value it in dollars and cents) the importance of true good will. Its public, if untactfully treated, will go without, will accept a makeshift, will make selling more difficult, franchises precarious, regulation oppressive. To cultivate a genuine good will asset—to demand respect for all the observances which build up true friendliness—has a place, therefore, in the enlightened policy even of a business that excludes competition. Such a good will, though indirectly of great consequence in enhancing the worth of the property toward which it is directed, still is so subordinated to the monopoly element inherent in an exclusive business that it can hardly be called good will in the sense of that phrase as used throughout this discussion. In cases where two or more public service companies serve the same community, so that there is opportunity for the public to favor one and discriminate against another, true good will may well be an inducement to purchase; otherwise, any additional patronage due to public friendliness can hardly be segregated from patronage enforced by public necessity.

Patents and copyrights are of course taken into account in any appraisal. They are sometimes included in

good will, but should not be. They are limited statutory monopolies and their value is based on entirely different considerations from the subject here under discussion. Good will is founded not on monopoly but on absence of monopoly. Patents and copyrights are profitable because they carry the right to exclude. If the public want the patented thing, they must come to the patentee for it. Good will, on the other hand, is what induces the purchaser to buy a particular maker's commodity in preference to an article of the same kind made by some one else. It is choice, not compulsion. Patents and copyrights exclude competition; good will implies at least potential competition.

A person manufacturing a product under a patent monopoly can acquire a good will. This comes to him by the excellence of his work or the development of his business. It exists independently of the patent. It is not a thing which is created or made more valuable by the patent monopoly. This will be clear if for a moment we consider the patent monopoly apart from the business. As a monopoly it has precisely the same value whether it is exercised or not. It represents the same possibility of future trade, not, however, based on past service. When the patented article is upon the market, the maker may acquire a reputation as a manufacturer or merchant, but this in no way enhances or diminishes the value of the right the patent confers—the right to exclude others from the practice of the invention.

This separation of enforced from voluntary patronage suggests a method of clearing up some of the confusion that exists in the appraisal of good will. It is desirable to split away and value separately the monopoly factors of trade expectancy or the continued custom of those who return because they must, and leave as the basis of real good will the probability of continued patronage by those who return because they choose.

In estimating the value of earnings due to true good will, we may, therefore, exclude (1) a fair return on the value of all tangible property, (2) profits resulting from

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all exclusive franchises, and (3) from all patents and copyrights, and (4) from everything which places the probability of future patronage on any basis but the free choice or habit of the public. There remain then earnings which must have resulted from the choice or habit of purchasers, and it is reasonable to hope that under like conditions these profits will continue. From this probability of future trade due to past publicity, service and satisfaction, it is possible to estimate (1) the prospective rate of profit, (2) the probable endurance of this friendliness and hence (3) its capital value.

Necessarily, however, even with the closest study of the history of a business to be bought or sold, the value of the good will must be to a considerable extent conjectural, because of the questions that arise regarding its transference and its sensitiveness to every house policy and every attack upon it from without.

That this indefiniteness is widely felt may be judged from the fact that there seems to be no uniform practice in valuing good will. To ask a manufacturer to put a price on his good will is like asking an individual how much in dollars and cents his reputation is worth. Recently an inquiry was directed to a number of concerns whose good will is certainly of enormous value, to ascertain if possible how that value was arrived at. The answers received were utterly irreconcilable. A number replied in substance, "We do not put any estimate on such matters as good will, trade-marks, etc.—we never carry them on our books".

A confectionery manufacturer replied:

No separate value is given to trade-marks. Trade-marks, unless carried in a specific account and given a specific value, should be considered as part of the value, as given by us, of good will.

Good will represents a trade-getting and trade-holding value.

This is made up of the general reputation and prestige of our company, its products and its service and the demands for our products under names, designs, processes or trade-marks controlled by it.

This, therefore, entitles trade-marks to be reckoned with in determining the value of our good will.

A packing company executive replied:

This company takes no account of good will, nor of its trade-mark, both of which are very valuable. Trade-marks and trade names are often carried separately. In other instances trade-marks and patents are carried as an asset until the corporation is going well, after which they are thrown into good will and carried as one item.

A prominent clothing manufacturer said:

To illustrate my personal views in the matter of good will and trade-mark values as an asset on the books of a corporation, take a corporation that has grown up without any reorganization or excessive expenses which can be offset by an account designated "good will" or trade-mark values, or both. The usual procedure, of course, is to charge all advertising and the like to an expense account and not to a capital account. In the course of time this creates a value to a going concern which does not show on the books. I do not know of a case where this good will valuation has been capitalized.

A bank cashier wrote:

It is my understanding that heretofore the prospective earnings of concerns have frequently been capitalized in the form of good will or trade-marks for about as much as the traffic would bear. I think there is no set rule fixing the amount of these items. Some concerns wish to begin paying dividends upon their common stock, which may represent either good will or trade-marks, very shortly, while others are willing to wait the lapse of some years before beginning to pay dividends, having capitalized these items for a larger amount than would be the case with those purposing to pay dividends quickly.

In the comptroller's statement of capitalization, International Harvester Company, it is said:

No capital stock was issued or cash paid for the patents, trade-marks, shop rights, good will, etc., which this company received through the purchase of plants and properties at the time of organization. Those patents, trade-marks, etc., were purchased, originated, or established at great cost by the former owners during long and successful terms of business, and are a valuable asset to the company. In the appraisal of personal property, the good will of the vendor companies are valued at \$18,957,771, and their patents, trade-marks, shop rights, etc., were valued at \$1,895,777. But in order that the capital stock of the International Harvester Company might only be issued for cash and physical properties fairly and reasonably appraised, the vendors agreed to waive the compensation due them for the value of their patents and good will.

The manufacturer of a famous brand of stoves suggested this method:

Any business concern that has a trade-mark which has become

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popular and is used in general advertising finds this trade-mark very valuable, or there is a lack of good business management, in the opinion of the writer, if it is not made so. Ours is considered very valuable to us and is represented by common stock. Preferred stock represents with us merchandise, real estate, buildings, machinery and everything that is taken into consideration in the inventory at the close of the year. We were at one time asked if we would sell our good will and trade-mark for the amount at which we valued our general plant. Our answer was, "No." We consider our trade-mark a very valuable asset. A great deal of money has been spent to popularize our make of stoves and when we capitalized this institution with preferred and common stock, the preferred stock represented what our assets showed at a low valuation and the common stock represented the same amount, as good will or value of trade-mark.

The producer of a nationally advertised foodstuff, in conference, outlined his plan in this way:

We figure that it takes five years to get a foothold in a market. This number is merely our guess at the average time. In some cases it takes three or four, in others longer. We figure that our total advertising expenditure for five years back represents an investment in good will at par. At the beginning of 1914 we charged off 1908 advertising and held the rest on the books as a good will asset. We realize that this plan is entirely arbitrary.

The auditor of a great automobile company replied:

Undoubtedly the good will under discussion is the good will of the proprietors or stockholders of a company.

I can imagine a time, years ago, when the good will of an honest, honorable and successful merchant retiring from business expressed in recommending to his patrons a continuance of their patronage to his successor, would be of value to his successor, for his good will undoubtedly vouched to his patrons an assurance that they would receive the same honest and fair treatment at the hands of his successor as they had received in their transactions with him. As the retiring merchant would not give this assurance unless he had an intimate knowledge of his successor, the whole thing resolves itself into a close knowledge of individuals, embracing the retiring merchant, his successor, and the customers.

Now, if this is the foundation for the value of good will, it will not take anyone long to realize how valueless it is in this day of transactions with parties who do not have even a speaking acquaintance with each other.

In the days that I mention, there were few statements, or trial balances, to express the value of a business, and so transactions were based upon what the man owned, less his debts, plus something

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for the profitable relations he had been enabled to establish between his customers and himself, good will.

In statements of affairs today, a successful business is expressed by a surplus account, and the unsuccessful business is indicated by a deficit account, and there is, therefore, no room for good will, for it is not and never has been a unit of intrinsic value. Today it is no more than a convenient way to balance a statement of affairs, and it has no place in the trial balance that is rendered as an accurate representation of affairs.

We have no good will in our trial balance, nor do we capitalize trade names or trade-marks.

The excuse for these extended quotations is that they show, more convincingly than any mere statement, the divergent views held by able business men respecting the capital value of probable trade continuance resulting from past satisfactory dealings.

Trade-marks and other means by which goods or a business is identified and distinguished from others, are what make good will effective. The identifying means are the symbols of good will. Identification is indispensable or there can be no choice, and the means of identification manifestly should not be separated from the things which they identify. Trade-marks and other identifying badges are inseparable from the good will, and merely embody the reasonable expectancy of future voluntary dealings. In appraising this expectancy the past is the only guide.

Probably as fair a way as any to put a money value on so intangible and elusive a thing as good will is that suggested in one of the above opinions and to my knowledge tested in practice by nearly a score, including clothing, glove and food product makers, among others. Take the earnings of the company over a sufficient period to make generalizations safe—five, or better still, ten years. Deduct a fair return upon the tangible property. Subtract also the earnings, as nearly as can be ascertained, from rights under patents or copyrights, and from everything such as franchises and strategical advantages that compel future dealings. These last items frequently pre-

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sent serious, but not necessarily impossible problems. What now remains are the earnings due to the friendliness of customers and the public. Capitalized at an agreed per cent depending upon the risks and condition of the business, and the efficiency of the management, this gives the approximate value* of the current good will, except as it may have been affected by sudden fluctuations.

The tangible assets of a company are, we will say, \$100,000. After necessary deductions for depreciation, the business has during the last five years earned an average of \$9,000. Deducting six per cent for the money invested, earnings to the amount of three thousand dollars remain to be capitalized. On a basis of six per cent this would be approximately \$50,000.00 additional capital, setting a total of \$150,000.00 capital value. In a conservative, well-managed corporation this method of appraising good will would not be an unsafe practice. Since the average return on securities approximates this percentage, stocks so priced find a market, being quoted above or below par, according to the judgment of investors as to the risks and chances they involve.

In a non-corporate business, however, there is no such adjustment of the estimated value of good will. It is usual, therefore, to agree on the tangible assets and to consider the remaining profit as ten to fifteen per cent on the value of the good will, including perhaps six per cent as an investment return, with three to five per cent each for (1) the responsibility and personal efficiency of management and (2) for the risk involved.

The foregoing is not intended as a prescription that will fit all cases, but rather as a reasonably safe method of getting at what may be regarded as a common ground for bargaining between buyer and seller.

*A more extended discussion of the valuation of good will in recognized accounting practice may be found in W. M. Cole's, "Accounts," p. 276-280, 306-311, and H. R. Hatfield's, "Modern Accounting," p. 110.

PART II

HELPING THE PUBLIC IDENTIFY YOUR PRODUCT

CHAPTER III

TRADE-MARKS AND WHAT THEY STAND FOR

WITHOUT good will all business which is not monopolistic would be temporary—depending as it would have to on casual patronage only. The element of good will—the desire on the part of customers to keep up more or less continuous trade relations and the reasonable expectation of such continuance on the part of the trader, is what gives permanency and stability to business. Good will is dependent on identification. It adheres to the means by which the business or commodity toward which the patron's or purchaser's friendliness is directed, may be distinguished from those toward which this friendliness is not felt or which are unknown and produce no reaction favorable or otherwise.

The development of business in the past furnishes curious parallels with present conditions. Similar problems were met, and strikingly similar solutions were devised.

The extent of the use of trade-marks is an accurate index of commercial conditions. When trading was face to face, the purchaser of a commodity dealing directly with the producer, a trade-mark was not used because none was necessary. The purchaser necessarily knew whose product he bought, and by returning to the same place was sure again of trading with the same individual and again of purchasing the article desired. The locality of the place was the essential means of identification and the seat of the good will. As soon, however, as a particular maker, by the excellence of his manufacture,

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acquired a reputation outside of his immediate locality, in order to visualize and perpetuate that reputation he adopted and used a mark to distinguish his product from others. When the eye salves of the Roman oculists became famous, and were sent all over the known world, trade-marks were placed upon them. When the tapestries of the Brussels makers were sold abroad, marks were adopted and used to identify them. The importance of any industry and the quality of the goods it produces can pretty accurately be gauged by the extent to which trade-marks are used in the industry and on the goods. For, if the market is at all extensive, and the goods are sold generally, a means of identification to the ultimate purchaser is essential—unless the quality of the product is not good, when no producer cares to identify it as his.

WHEN TRADE-MARKS WERE FIRST USED

Most of the text books on the subject of trade-marks begin with the case of *Southern v. How*, the date of which is doubtful, but which was probably decided in the reign of Queen Elizabeth. It is either expressly asserted, or by implication the impression is conveyed that trade-marks are a comparatively modern thing, when, as a matter of fact few human institutions can boast a more respectable antiquity. The use of trade-marks dates from the very earliest times of which we have any knowledge.

The recent excavations in Asia Minor and in Egypt have revealed bricks bearing names which are supposed to be those of the manufacturer, accompanied in many instances by devices. Roman bricks similarly marked have frequently been found. These inscriptions are of various kinds. In the days of republican brevity the date alone usually appears—sometimes the initials of the consuls or the name of the maker. During the period of the Empire more elaborate inscriptions occur—the names of the owners of the estates where the kilns were located, those of the owners or lessees of the factories, and those of the freedmen or slaves in charge of the work. In many

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cases the inscription is accompanied by a picture or a figure. It has been supposed that in addition to performing the function of a trade-mark these names and devices indicate a governmental or official regulation.

A number of Roman writers on architectural subjects advised that bricks be kept from two to five years so that they be thoroughly dried. In some places bricks could not be used in building until after the approval of a magistrate attesting that they had been moulded for five years. Whatever may have been the direct reason for these inscriptions, whether they were voluntary advertising, or the result of governmental regulation, the fact remains that from a very early date they were used exactly as trade-marks are today, to indicate the origin of the article.

The Greeks marked their works of art with the name of the sculptor. Greek pottery from the earlier times has borne inscriptions, usually the name of the maker and on decorated pieces the name of the decorator. The cup handles from the Ceramicus of Athens beside the maker's name often bore real trade-marks such as figures of Mercury staffs, oil jugs, bees, lions' heads, and the like. Greek inscriptions have been found on Etruscan vases dated from 800 to 400 B. C. This has suggested the question whether these vases were truly a Greek product, or whether the Etruscan potter had copied the trade-mark of some celebrated Greek maker, as the Roman engravers and sculptors were in the habit of doing in later times.

Marks upon goods were in very general use among the Romans. Wherever exist relics of Roman life, from Syria to Britain, are found the names of workmen, of manufacturers and of traders, pictorial marks, marks of local origin and chronograms. It is hardly too much to say that trade-marks played almost the same part in Ancient Roman commercial life as they do today.

The Italian stone cutters' marks go back to very early times. They are found in the ancient Roman city walls, in the buildings of the Palatine, and upon the stones that

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make up the walls of the city of Pompeii.

It has been possible to compile what is believed to be a fairly complete list of Roman lamp makers from the names and trade-marks found upon fragments of clay lamps.

The inscriptions found upon lamps consist of simple trade-marks, the names of makers, or of places and towns where they were made, that of the pottery or of the proprietors, the date of manufacture, dedication to deities, the acclamations used at the public games, events or facts. The little marks used by the potter, either instead of his name, or in conjunction with it, are of the first class. There is no very great variety of symbols; they usually are of the simplest kind, such as circles, half-moons, the print of a human foot, wheels, palm branches, or the vine leaf. Although the inscriptions upon lamps are by no means so numerous or complete as those upon tiles, yet they are instructive with regard to the potteries. A considerable portion only indicate that they were made by slaves, since they bear single names, such as Agatho, Attius, Arion, Aquilinus, Cinnamus, Bassa, Bagradus, Draco, Diogenes, Heraclides, Fabrinus, Fortis, Faber, Faustus, Inulucos, Memmius, Monos, Maximus, Muntipus, Nereus, Oppius, Primus, Priscus, Pastor, Publius, Probus, Rhodia, Stephanus, Successivus, Tertullus, Vibianus, Victorinus, and Vitalis. These names generally occur in the genitive, the word *officina*, "manufacture" or "factory", being understood. One rare specimen has "Diogenes fecit", and several makers use *f.* for *fecit* after their names.

Angelo Mosso in his Dawn of Mediterranean Civilization, in discussing neolithic culture, calls attention to a collection of prehistoric Egyptian pottery marks, the so-called signaries of the First Dynasty, which were discovered on the cases in the tombs of Abydos. These signs are so different from the hieroglyphics that Dr. Petrie has treated them separately. The origin of this script is lost in the darkness of the neolithic age. Mosso concludes that, as was the case with stone weapons, pots

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were not always made at home, but that there were special factories whose goods were distinguished by the marks upon them. To quote:

At Tordos in Hungary, for example, makers' marks similar to those of Egypt were found on the pottery, and though the vases are of the neolithic age, the marks resemble the Minoan masons' marks carved on the blocks of Knossos and Phaetos. This fact indicates the existence of a common civilization over the whole of the Mediterranean and the continent of Europe, before Egypt and the Isle of Crete possessed a distinct culture of their own. We find the same signs in various countries of the Mediterranean, and Dr. Petrie refers to Spain and Caria, as examples, attributing great importance to the fact that they continued in use in Egypt from 6000 to 1200 B. C.

From the time of the neolithic age certain signs were used by seamen to enable their vessels to be recognized from a distance. They consist of horns grouped in various ways and fixed upon a shaft, or of figures of animals or branches of a tree. These signs were found upon neolithic vases by Dr. Petrie in Upper Egypt, and Professor Tsountas discovered exactly the same signs in his excavations in Greece. They include fish and figures standing at the prow of the vessels, incised on the vases.

Trade-marks were not peculiar to pottery, but are found on lead pipe and marble, on bronze instruments, upon gold, silver and iron articles, upon knives and gems. Professor Kelsey in his translation of Mau's "Life and Art of Pompeii", states that there have been found in Pompeii a large number of small jars containing the fish sauces of which the ancients were so fond. One bears this inscription: "Scaurus's tunny jelly, Blossom brand put up by Eutyches, Slave of Scaurus." Besides the seals which were used in signing documents the Romans had stamps, *signacula*, which they impressed upon various articles as a means of identification or as an advertisement. Impressions of such stamps are found upon bricks and other objects of clay—and in one or two instances upon loaves of bread. Several charred loaves in the Naples Museum have the stamp (C) *eleris Q. Grani Veri Ser.*,—“(made by) Celer, Slave or Quintus Granius Verus”.

The Roman oculists sent their eye salves all over the vast Roman Empire. The dry cakes were often stamped with the name of the physician, the formula and direc-

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tions for use. These marks were placed not only on solid remedies, but on earthen vessels containing liquids. Specimens of these ancient patent medicines have been found in England, in France and in Germany.

The origin of wine was marked on the jars, and the famous cheese of Etruscan Luna was marked with the picture of the city. Martial refers to this fact. In his epigrams (xxx Book xiii) he says: "A cheese from Luna. This cheese marked with the likeness of the Etruscan Luna will serve your slaves a thousand times for breakfast." The mark was probably some emblem of the moon or Diana.

Signs for inns and shops were as well known as they are now. There was the Elephant Inn in Pompeii with the sign of the elephant and the words "*Hospitium hic locatur triclinium cum tribus lectis et com (modis)*". (An inn with a dining room with three comfortable couches). On the tangs of the Norse swords of the early iron age frequently found in the mosses of Schleswig are the names of the armorers.

Dr. Kohler, speaking of the use of trade-marks in ancient Rome, says:

All of this shows us a side of Roman commercial life which is often overlooked by legal historians; Roman commercial relations, although resting on different principles, were not, in their results, as different from our own as has been generally supposed; the Roman world in the time of the empire was moved by the same general impulses of trade as today. These manufacturers' marks are not unique; they are connected with the same system of marking that is known in modern trade.

It is not our purpose to mention the particular marks antiquity presents to us and to draw from them the information which they furnish upon the history of ancient manufacture and trade. It is not our purpose to specify the particular marks which show how ancient commerce grew and decayed, how it extended itself in widening circles, and finally again contracted into narrow limits. Neither need we mention the great help furnished by chronograms in ancient political history and in the history of ancient buildings and architecture. Our object is only to demonstrate that the whole institution in ancient times was not exceptional; that it was an institution of the first rank, and one which covered the whole territory of the ancient civilized world. It is, however, doubtful whether this institution of commerce ever became a system of established

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law, and whether it did not rely upon commercial honesty and integrity rather than upon the law.

During the Middle Ages it was a common practice to mark upon artistic productions the name, monogram or device of the artist or workman. The practice of signing paintings is an example. Not only was this the case, but such monograms were protected against infringement. A decree of the Council of Nuremburg in the year 1512 provides, "*Whereas, a certain foreigner, who sells engravings under the Council Chamber, has, among others, certain ones bearing the signatures of Albrecht Dürer therefore, it is ordered that he shall obliterate all such signatures, and keep no more such engravings in future, and if he shall neglect so to do, he shall be brought before the Council of fraud*".

In France trade-marks were in use from the very earliest times. They were regarded as property and protected against infringement by civil remedies.

As early as the thirteenth century, the copying of valuable marks became so common and so injurious that infringement was made a misdemeanor and in some cases even a felony, and was punished in the barbarous manner characteristic of the times. The Elector Palatine in the fourteenth century issued an edict which, after reciting that the sale of spurious wine was the most outrageous form of deceit, punished by hanging any innkeeper who sold ordinary wine as Rudesheimer.

PENALTIES FOR INFRINGEMENT FOUR CENTURIES AGO

An edict of Charles V. of May 16, 1544, concerning Flemish tapestries, provided that "any master workman who makes or causes to be made any such tapestry, shall work upon one end and upon the bottom of the said tapestry a mark or symbol, and such signs as the city may require; that it may be known by the said marks of what city and of what master the said tapestry is a product". Infringers were punished by cutting off the right hand. In France a royal edict of Charles IX. in 1564 placed

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imitators of marks in the same category as counterfeiters, who were punished capitally. This was subsequently modified by reducing the punishment to the galleys. Other similar edicts were issued, notably the statutes protecting the drapers of Carcassone (1666), which imposed the penalty of the pillory on infringers.

By ordinance of Amiens (1374), every smith was required to place a mark "different from any other" upon the metal work, "so that * * * it may be known who made it".

There was a similar ordinance of about the same date in Abbeville.

The same duty was required of goldsmiths (1376), of weavers (fifteenth century) and of calendars (1518). Imitation of these marks was punished.

These acts seem to have been special, applying only to particular trades and resulted in the anomaly of making infringement when committed in one trade a felony and in another only a civil wrong.

In France, at least as early as the fourteenth century, each workman had his mark, with which he was required to mark his products. It was not optional, but obligatory, for the purpose of showing who was responsible for the work. In addition to this private marking, there was the public stamping after inspection and approval. As a corollary, a member, for example, of the corporation of mercers was required to promise "not to lend his mark to anyone whatever, to keep open shop", etc. Such lending of a mark was declared to be a violation of good faith and of the public ordinances in relation to marks. This is the present law. It was said in a leading case:

If the legislature and the courts are thus sedulous to protect the rights of individuals in respect to their own inventions, labels, and devices, it would seem to be implied that such individuals should not themselves attempt or allow any imposition upon the public by the false and fraudulent use of such labels, devices, or names, or inventions, for the sale of spurious or stimulated articles. The fact that the defendant contracted to purchase, and the plaintiffs to sell a large number of empty papers, or bags, for seeds, with the plaintiffs' labels thereon, implied, as was doubtless the fact, that the plaintiffs

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had acquired a high credit with the public for the good qualities of their seeds, and that their labels upon bags or papers of seeds would secure for them a ready sale and at appreciating prices. Money received by the defendant in the sale of the seeds he was to put in these bags and papers sold to him by the plaintiffs, would be money obtained by deceit and fraud, if not by false pretenses. Perhaps the provision in the contract, that the defendant should fill the bags with seeds of a good quality, might save the parties from a conviction for a conspiracy to commit an act "injurious to trade or commerce," under subdivision 6, of section 8, chapter 1, of part 4, of the Revised Statutes. But if it be a crime to counterfeit labels, words, or devices previously appropriated to distinguish property, or to vend goods thus stamped, without disclosing the fact to the purchaser, it is equally an offense against the spirit of the law, equally injurious to trade and commerce and equally an imposition upon the public, to palm off spurious goods under cover of genuine labels and devices. Contracts to do this are clearly against public policy and should not be upheld and enforced by the courts. The demurrer in this case to the second cause of action—as the consideration is entire—is well taken, and the decision of the special term should be reversed.

It is known that during the fifteenth and sixteenth centuries, workers in metals, weavers of tapestries, paper makers, publishers, printers, smiths, tanners and armorers had and used trade-marks.

The use of trade-marks by printers was the inevitable consequence of the conditions which resulted from the absence of any notion of property in literary work.

For many years after the invention of printing there was nothing which corresponded to the copyright laws of more modern times. Original contributions to literature were few; what was new was suspected of being heretical and not to be encouraged. The books of the day consisted almost entirely of the Greek and Latin classics and the writings of the fathers of the church. The end sought was not originality but accuracy and the publication of such works as these presented many difficulties in the securing of trustworthy texts from more or less doubtful manuscript and in educating compositors correctly to put such texts into type. The work of the reviser and proof reader under such circumstances demanded a very high standard of scholarship and a wide range of knowledge. Erasmus himself acted in this

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capacity for Aldus of Venice and Froben of Basle. Such printer-publishers as Aldus acquired a great reputation for the accuracy of their texts. Monograms and devices of various kinds were used to identify as theirs the books that they published. The dolphin and anchor of Aldus, the representation of a printing press of Badius and the monogram of Caxton are familiar examples. There being no copyright protection, other publishers pirated the literary contents of the works with impunity, but not being content with this copied the trade-marks of the publishers. In the preface to Aldus's *Livy* (1518) there appears this warning.

Lastly, I must draw the attention of the student to the fact that some Florentine printers, seeing that they could not equal our diligence in correcting and printing, have resorted to their usual artifices. To Aldus's *Institutiones Grammaticæ*, printed in their offices, they have affixed our well known sign of the Dolphin wound round the Anchor. But they have so managed that any person who is in the least acquainted with the books of our production, cannot fail to observe that this is an impudent fraud. For the head of the Dolphin is turned to the left, whereas that of ours is well known to be turned to the right.

This form of trade piracy seems to have been a common practice. Benedict Hector of Bologna cautions buyers of his "*Justinus et Florus*":

Purchaser, give heed when you wish to buy books issued from my printing office. Look at my sign, which is represented on the title page, and you can never be mistaken. For some evil-disposed printers have affixed my name to their uncorrected and faulty works, in order to secure a better sale for them.

And Jodocus Badius of Paris gives a similar warning:

We beg the reader to notice the sign, for there are men who have adopted the same title, and the name of Badius, and so filch our labor.

The abuse became so prevalent that in the regulations of the Milanese Printers' Guild, there appeared the following: "No printer or dealer must use for his sign a token identical with or closely similar to that already in use with an authorized printer or dealer."

That these symbols were regarded as valuable prop-

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erty is evident from the fact that it is said of Reynold Wolf, whose sign was a Brazen Serpent, "His trade was continued a good while after his demise by his wife Joan, who made her will the first of July, 1574, whereby she desires to be buried near her husband in St. Faith's Church, and bequeathed to her son, Robert Wolf, the chapel house (their printing office), the Brazen Serpent, and all the prints, letters, furniture, etc."

TRADE GUILDS AND TRADE-MARKS

In the German and Italian trade guilds of the Middle Ages, as in France, the use of marks was usually compulsory; the member was not only permitted but was compelled to use his mark, so as to strengthen the hold of the guild upon the trade. Dr. Kohler quotes a thirteenth century statute of Parma which is a more compact and adequate piece of legislation than the trade-mark act at present in force in the United States.

A chapter for the protection of guilds and artisans in this state, and to prevent many frauds which are or may be committed upon them;—that no persons in the trade or guild shall use the mark of any other person in such trade or guild, nor place such mark, or a similar one, upon knives or swords; and if any person in such guild has continuously used a mark upon knives, swords or other steel or iron articles for ten years, and any other person is found to have used, within one or two years, the same mark or an imitation thereof, whether stamped or formed in any other way, the latter shall not in future be allowed to use such mark upon knives, swords or other steel or iron articles, under penalty of ten pounds of Parma for each and every offense, and that regardless of any compromise or award of arbitrators which may have been made. Tenth session, 1282, Aug. 28.

It is curious that this statute contains a provision which was regarded as a dangerous innovation when it was introduced into the English trade-mark act of 1875, and from there, in a modified form, into the United States statute of February 20, 1905. This is the so-called "old mark" section of the English act and the "ten year proviso" of our own, permitting the registration of any mark, whatever its character, which had been in con-

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tinuous use for a certain period previously to the passage of the act. Its analogue is to be found in the statute of Parma in the requirement of a continuous user for ten years, and it was doubtless enacted for the same reason that similar provisions are found in modern statutes, that it is safe to assume that a mark after a period of ten years continuous use serves to identify the origin of the goods to which it is affixed.

These matters were regarded in much the same way in France, Italy, Germany and England. Many ordinances in regard to marks are found in the guild statutes of Lübeck. In the statute of the crossbow makers of 1425: —“Every crossbow maker shall place his mark upon the bow of each crossbow that he makes in token that he has done and will do his work in a proper manner”. The guild statute of the bakers of 1547 required them to mark their bread with a “sign, which shall continue to be the property of the house, so long as it is continued as a bakery”. This act further provided for registration of the marks in a book as public notice of ownership. This statute clearly recognizes the distinction between personal and local marks in the provision that as the business belongs to the house and is transferred with it, so the mark belongs to the business, and passes to successors. This is the present law on the subject. In a comparatively recent case the Supreme Court said:

When the trade-mark is affixed to articles manufactured at a particular establishment and acquires a special reputation in connection with the place of manufacture, and that establishment is transferred either by contract or operation of law to others, the right to the use of the trade-mark may be lawfully transferred with it. Its subsequent use by the person to whom the establishment is transferred is considered as only indicating that the goods to which it is affixed are manufactured at the same place and are of the same character as those to which the mark was attached by its original designer.

The ordinances of the City of Strassburg of 1475 contain the following: “Every weaver shall weave his mill mark into his cloth, according to ancient custom”; the fustian inspection ordinances of 1537, “No dyer shall bring cloth for inspection without placing thereon his

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mark, under penalty of a fine * * * that it may always be known who dyed each piece"—“whoever shall remove a mark shall forfeit the goods to the city and shall also be punished”, and the linsey-woolsey inspection ordinance of 1616, “Every master who makes linsey-woolsey shall bring the same to be inspected, marked with his own mark and no other, under penalty of a fine”.

As a rule, a master, on becoming such, was required to choose a mark. This mark he was obliged to use on all his goods, and to retain all his life. The marking of goods with this mark was neither optional, nor a mere right, but was an obligation to his guild; it was a part of his duty to the community, demanded by the strict social order of the craft guilds of the Middle Ages.

TRADE-MARKS AND HERALDRY

There is a curious parallel between the marks of artisans and traders during the Middle Ages, and the heraldic devices in use at the same time. When knights were cased in plate and fought with vizors down, features were concealed and some method of distinguishing the individual in battle or in the lists was imperative. Thus leaders for purposes of identification adopted characteristic devices by which they could be recognized. These devices, originally badges of personal identification, later became hereditary. The analogy between the heraldic device as originally employed and trade-marks is exact. Both are identifying symbols.

Just as traders have controversies over the right to use particular trade-marks and brands, the knights had their disputes over the right to use their various devices. Accounts of cases of heraldic infringement are of frequent occurrence in the old chronicles and books on heraldry. One of the earliest, that between Bryan de Fitz Aleyne and Hue Poyntz, is spoken of in the roll of Caerlavrock. The most celebrated is the one which occurred in 1384 between Sir Richard Scrope of Bolton and Sir Robert Grosvenor, over the right to bear the arms, “azure a bend

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or". This controversy might well have been a modern case of trade-mark infringement as far as the method of procedure is concerned. It was asserted by the complainant that the use of the device by the defendant caused confusion and mistake. The parties appeared before the Earl Marshal and produced witnesses to prove priority of use. Some of the greatest men in England, among them John of Gaunt and Geoffrey Chaucer, testified on one side or the other. The case was decided in favor of Scrope and Grosvenor was enjoined from using the device. This particular dispute has attracted more attention than the others on account of Chaucer's connection with it. In fact, about all that is really known of the date of Chaucer's birth is derived from the deposition that he gave in this controversy.

The danger resulting from confusion by the use of similar coats of arms was a very real one. It has been said that the battle of Barnet was lost because of the similarity between the royal device, a sun, and that of John de Vere, Earl of Oxford, a star with streamers. Warwick charged Oxford mistaking him for the King.

It is curious that most of the provisions of our modern trade-mark statutes and many of the common law rules on the subject are to be found in surprisingly similar form in the mediæval guild regulations, municipal ordinances and royal decrees.

Lucien-Brun, a distinguished French writer on the subject, in the introduction of his book, comments on the parallels between modern French and mediæval law and conditions as follows: "At any rate, during the Middle Ages, and up to the time of the Revolution, we find that marks were in general use, as is proved by Dupinean in his 'Customs of the Duchy of Anjou' (Vol. II, p. 805); and Braun, in his 'Treatise on Trademarks' (p. 23) shows clearly that besides the public mark, that is, the mark of the trade or guild or corporation, a sort of stamp of authenticity, there was the private mark, the mark adopted by the individual workman, to distinguish his products from those of others

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of the same corporation. This was the case not only with manufacturers, but with merchants, and M. Braun cites, upon this point, commercial registers of Danzig dating from 1420, and of Frankfort, from 1556, and a work by the German jurist, Gottlieb Struvius, entitled 'Systema Jurisprudentiae Opificariae' (System of Industrial Jurisprudence), which sets forth most of the ideas which are still in vogue. The general rules were almost the same then as now."

It is certain that there was no knowledge of these provisions on the part of modern legislators and judges, and their reappearance can only be accounted for on the theory that similar commercial conditions have necessitated similar measures of protection.

MODERN RELIEF FROM INFRINGEMENT

Trade-mark recognition and protection in modern times can be said to begin in England only as late as 1783. And adequate relief against infringement was not granted by the English courts until 1838.

There seems to have been some demand for protection in the United States at a comparatively early date. Samuel Breck, a sail cloth maker of Boston petitioned Congress to be allowed to register his trade-mark. The matter was referred to Jefferson, then secretary of state, who reported as follows:

December 9, 1791.

The Secretary of State, to whom was referred by the House of Representatives the petition of Samuel Breck and others, proprietors of a sail-cloth manufactory in Boston, praying that they may have the exclusive privilege of using particular marks for designating the sail-cloth of their manufactory, has had the same under consideration and thereupon

Reports, That it would, in his opinion, contribute to fidelity in the execution of manufacturing, to secure to every manufactory, an exclusive right to some mark on its wares, proper to itself.

That this should be done by general laws, extending equal rights to every case to which the authority of the Legislature should be competent.

That these cases are of divided jurisdiction: Manufactures made and consumed within a State being subject to State legislation, while

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those which are exported to foreign nations, or to another State, or into the Indian territory, are alone within the legislation of the general government.

That it will, therefore, be reasonable for the general government to provide in this behalf by law for those cases of manufacture generally, and those only which relate to commerce with foreign nations, and among the several States, and with the Indian tribes.

And that this may be done by permitting the owner of every manufactory to enter in the record of the court of the district wherein his manufactory is, the name with which he chooses to mark or designate his wares, and rendering it penal to others to put the same mark on any other wares.

It is evident that there was not a sufficient demand at the time of Jefferson's report or for seventy-nine years afterwards for a law to put into effect his recommendations and it was not until 1905 that they were fully carried out. Laws requiring the marking of certain goods, as tobacco, flour, and pork, before sale or shipment, existed in the colonies and were continued by the states after the adoption of the Constitution, but no state law was enacted "to prevent fraud in the use of false stamps and labels", i. e., marks used in trade, until 1845, in New York. State laws under different titles but all looking toward the protection of the public by means of the regulation of marks on goods were passed in Connecticut in 1847; Pennsylvania, 1847; Massachusetts, 1850; Ohio, 1859; Iowa, 1860; Michigan, 1863; Oregon, 1864; Nevada, 1865; Kansas, 1866; Maine, 1866; Missouri, 1866.

These were all the state statutes on the subject of optional marks used in commerce within the state making the law until the national law of 1870.

In the preface of his *Treatise on the law of Trade-marks* (Albany, N. Y., 1860), Francis H. Upton says that no other book had previously been published on the subject. The next book was Cox's *American Trade-Mark Cases* (Cincinnati, 1871), purporting to publish in chronological order nearly all the trade-mark cases tried in this country in the civil courts. The first American trade-mark case proper to be reported was decided in the year 1837. This was followed by one case in each

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of the years 1844, 1846, 1847, 1848, two in the year 1849, one in the year 1850, one in 1851, one in 1853, three in 1854, two in 1855, three in 1856, six in 1857, one in 1859, six in 1860, one in 1861, and two in 1862, one in 1863, and one in 1864, three in 1865, seven in 1867, seven in 1868, four in 1869, and three in 1870, making a total of sixty-two, with which were included five others about newspaper names, four about hotel names, and others about names of stores and the like.

INCREASING LITIGATION IN MODERN BUSINESS

It has only been since about 1890 that the cases began to be at all numerous. For the last few years the number of reported cases in this country has been approximately two hundred annually. For every case that gets into the books there must be scores that do not. No account is here taken of the great number of interferences, opposition and cancellation proceedings involving trade-marks in the Patent office.

The increase of litigation is the result of the increased use of trade-marks, brands and other identifying indicia in present day business, which is directly traceable to the more extended distribution of products and this in turn is either the cause or the effect of modern advertising. The greatly increased number of trade-marks that are registered is significant. The first complete year that the Federal Trade Mark Act of 1870 was in operation there were registered under it in the Patent office four hundred and eighty-six trade-marks; during the corresponding period, under the Act of 1881, there were nine hundred and forty-seven registrations; and under the Act of 1905, during the first full year of its operation (the year 1906) ten thousand five hundred and sixty-eight trade-marks were registered and since then to and including 1913 there have been 35,792 trade-marks registered, the average number registered each year being about 5,000. During the year 1913 there were received by the Patent office 7,369 applications for registration of trade-marks, of which 5,065 were allowed.

CHAPTER IV

WHAT RIGHTS A TRADE- MARK GIVES

WHOEVER writes a book or paints a picture, may, by complying with certain formalities prescribed by statute, get a copyright. By this copyright the government gives him for a limited time the right to exclude everyone from making copies of his work.

A man who first invents a new machine may obtain a patent on it. By virtue of this he may for seventeen years exclude every one else from making, using or selling his machine.

These things are monopolies created by law. The right given in either case is not to make copies of the book or picture, or to make, use or sell the machine. The author, painter or inventor has this right without any law, copyright or patent. The new right is to exclude others.

The savage of the paleolithic age who first discovered that fire could be made by rubbing two sticks together, made a most valuable invention. So did the man who made the first bow and arrow. Neither of these prehistoric geniuses needed any law to permit him to keep on rubbing sticks and making fire or to keep on turning out and using bows and arrows. Their difficulty was that everyone else immediately seized upon their discoveries and the minute they found out how to do it, began making fire and bows and arrows for themselves. It has been stated by men whose opinions inspire respect that the invention of making fire and the invention of the bow and arrow were the inspirations of single individuals and

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that knowledge of these discoveries travelled over the world—that they were not independently discovered by different persons in different localities. However interesting this speculation may be, the fact is that the primitive inventor at once found his discovery seized upon by others for their own benefit. The only way he could prevent this was to keep his new idea to himself. If everybody did this, progress would be impossible. So taking a casual jump from the time of the Neanderthal man to Tudor and Stuart England we find the government encouraging people to invent and discover new things, and benefit the community by making these things known; and in consideration of full disclosure guaranteeing the inventor, not the right to practice his new invention—he always had that—but the right for a term of years to exclude everyone else from practicing it. This is the only right which a patent gives—the right of exclusion. This also is the right which copyright secures.

The patentee or copyright proprietor may license others. By so doing he conveys nothing. He does not confer upon his licensee anything that he does not already have, but the patentee agrees that he will not, as against him, exercise his right of exclusion. A license is the right not to be sued.

HOW TRADE-MARKS DIFFER FROM PATENTS AND COPYRIGHTS

A trade-mark is quite a different thing. There is no element of monopoly involved at all. Returning for the moment to our prehistoric bow and arrow maker, the minute his neighbors saw the device they at once set about making bows and arrows for themselves. But the original inventor was a better workman than his copyists and made better bows and arrows. Those who were unable to make good ones for themselves traded with him for those he made. He, having a natural pride in his work, painted or marked the bows he fashioned in some way so that they would at once be recognized as of his make. He had no monopoly in making bows and arrows. Every-

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one was doing it, but he made better ones than the others, and he put his mark upon them to indicate that he made them and that therefore they were good.

A trade-mark then is not the result of a monopoly but quite the contrary. A trade-mark precludes the idea of monopoly. It is a means of distinguishing one product from another; it follows therefore that there must be others to distinguish from. If there are others there is no monopoly, and if there is a monopoly there is no need for any distinguishing. If all the watches in the world were produced by one company and could be produced only by it, there would be no advantage in placing the maker's name or mark upon them. There would be no advantage in distinguishing them from watches made by others. There would be no others.

Similarity of the goods to be distinguished is presupposed. There would be no purpose in adopting marks to differentiate between sugar and coal; these things are sufficiently wide apart to distinguish themselves, without any marks.

The fact that trade-marks are used indicates two things: (1) that there is no monopoly in the product but that there is competition actual or potential in its sale; and (2) that the man who stamps his mark upon his goods is not ashamed of them, but is willing to let the public judge between his goods and the similar goods of his competitors by giving purchasers the means of making their judgment effective—ability to tell them apart. So that if the comparison is favorable they may choose his goods again and if unfavorable they may avoid them. A trade-mark then is only a handy means of announcing the make of goods which others do or may also make. Its value depends solely on the value of this information as an influence on the buyer of the goods enabling him to make a choice,—to manifest his good will or his ill will, by buying or avoiding the product desired on the one hand or disliked on the other.

Most people assume that a trade-mark is something which is intrinsically susceptible of ownership, that it

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exists as a separate and independent thing, and that it can be valued in money—that a trade-mark is a piece of wizardry which in some mysterious manner has created a great business. These notions are wholly erroneous. A trade-mark in and by itself is not the subject of a legal property and has no value. A name, symbol or device as an abstract thing is not capable of ownership. A trade-mark is not a talisman which insures success. It is rather the result of success. If a trade-mark has value it is because it means something, because it indicates to the purchaser that certain goods have a certain commercial origin, and if the fact of their having this origin makes them desirable and more readily accepted by the public than goods having a different origin, then the trade-mark is of value exactly as the information it conveys is of value. It is a sign that the article to which it is applied is the one which the consumer by faith or experience believes to be good. It is a name, symbol or device which distinguishes the merchandise of one producer from that of others.

WHEN A TRADE-MARK SERVES ITS PURPOSE

A trade-mark to perform its function of unmistakably identifying should not be some microscopic thing upon a label, something that must purposely be looked for to be seen. It should be so obtrusive that it need not be looked for and cannot help being seen. It should thrust itself upon the attention of the observer in spite of himself. It should stand out like John Hancock's signature to the Declaration of Independence.

The value of proper trade-marks in modern business is so perfectly obvious that it is difficult to understand why their use is not universal, and why any man who has goods to sell and is not ashamed of them, should hesitate an instant in adopting a trade-mark and beginning its use, because in no other way can he secure to himself and perpetuate the good will of his business.

Ownership in a trade-mark is acquired solely by prior-

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ity of adoption and continuous use. The right to it does not depend upon invention or discovery or registration, but upon first and continued use on goods in the market, with the purpose and result of distinguishing them from the similar productions of others.

There is no end of misinformation among otherwise intelligent people as to how the right to a trade-mark is acquired. Every lawyer of much experience in trade-mark matters will instantly recall the client who tiptoes into his office, closes the door with an air of mystery and wants immediate protection of some name or device he has conceived. He says that he wants it "copyrighted" (this is the expression generally used) or registered immediately, and before anyone can steal it. The notion uppermost in his mind is secrecy and the prime necessity of getting from some official bureau a document with a seal on it.

The rights confused with the right to a trade-mark by the average business man are patents and copyrights. These are grants from the government and have to do, in the case of patents, with machines and compositions of matter and the like and in the case of copyrights with works of literature, art, music and the drama. The exclusive right to these things is a monopoly created by statutory law, secured by the compliance with certain formalities. A trade-mark on the other hand is an indication of the commercial origin of merchandise, and the right to it is not created by any such witchcraft. It is not a grant from the government or from a governmental bureau. It is not dependent upon invention or discovery, or evidenced by imposing documents embellished with red seals and red tape. It depends upon one thing only, priority of adoption and use, and continuous occupancy of the market with goods bearing the mark.

CHAPTER V

DEVISING AN EFFECTIVE TRADE-MARK

HUMILIATING as the admission may be, human beings reason very little. We do ten things from habit where we do one as the result of reasoning.

If you have any doubt on the subject read Professor James' chapter on Habit in his Psychology, or if you are of an experimental turn of mind, and if in dressing in the morning you are in the habit of putting your right arm into your coat sleeve first, tomorrow morning try putting your left arm in first and see how hard it is.

I have a friend who became much interested in the "Scientific Management" of which we read so much in the magazines. Applying the principles announced in his own daily life he decided that he was dressing in the morning in a most wasteful and unscientific fashion. He arose, took a shower, put on his underclothes and *then* shaved. To get the lather off he washed his face a second time (having washed it once in the process of bathing) with the consequent waste of time. Great triumph for scientific management—he would *shave first*, then take his bath and dispense with the superfluous face washing! He forced himself into the unaccustomed routine for a few mornings but finally gave it up and confessed himself completely beaten, because without a constant mental effort he found himself unable to break a habit of twenty years which coerced him into doing certain things in a certain order. So much for the power of habit.

It requires only a little introspection to demonstrate

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the truth of these assertions. Their application to selling goods is obvious. I may think that I have the tobacco habit—I haven't. I have a brand habit. I do not smoke cigars in general. I smoke one brand in particular and take any other under protest. You in turn may fancy you like oatmeal. You do not as a matter of fact; you like "Quaker Oats".

This isn't a matter of reasoning at all. I know nothing at all about the personality of the maker of my brand of cigars; the chances are I cannot tell his name. I don't know how they are made or of what. You probably are equally ignorant about all the essentials of your oatmeal. Reason has little to do with our preferences. It is habit pure and simple, and it is a brand habit, a trade-mark habit that we and others like us have, and that habit is worth something to the producer of the goods to whose use we have become habituated. It eliminates competition, for to us there is nothing "just as good". His factory may burn and he himself may die, but the demand for his goods continues because locality and personality have nothing to do with it; it is a trade-mark habit and habits are hard to break.

We speak complacently of our "custom" of patronizing certain establishments or buying certain products, implying something external involving an act of the will and the exercise of a rational choice, when as a matter of fact it is usually an entirely involuntary disposition or tendency to do easily, naturally and with growing certainty what we do often.

The producer of merchandise ought to take advantage of this fact and his efforts should be directed toward inducing the consuming public to get the habit of using his goods.

Of course, these notions apply more distinctly to articles of personal and daily consumption, but no vendible commodity is unaffected by the force of habit; and it all depends upon trade-marks, for in the absence of an unmistakable means of identification the habit cannot be formed or become fixed.

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That habit is an important factor in economics has long been recognized. In the article, "Custom," in Calgrave's Dictionary of Political Economy, is pointed out that habit is, in fact, the source of all custom. When the two are distinguished, habit is an unwritten law or tradition of individuals, custom is so for society. Every custom has thus begun in some habit; and both custom and habit have a power analogous to *vis inertiae* as defined in Newton's First Law of Motion. Men continue in a state of rest or of uniform motion in a straight line, except in so far as they are led to change that state by force impressed on them.

POWER OF CUSTOM IN DETERMINING GOOD WILL

It is only roughly true that men are emancipated from custom in proportion to their education. They are seldom removed by it from the influence of fashion, which is simply a form of custom where the capriciousness of the unwritten law is not concealed, and where the matters concerned are supposed to be beyond exact utilitarian calculation. Fashion often determines not only what men eat and wear, but where they buy and even to some extent what they pay. The good will of a business is simply this fashion considered from the purveyor's point of view.

Custom has always been a factor in fixing wages, prices and the like. If prices are affected by custom, still more is the currency itself. Custom prevents the adoption of a decimal currency in Great Britain. No money is currency if it falls under suspicion, even groundlessly. Money is unlike all other tools in depending almost entirely on custom, instead of mechanical fitness; for its efficiency. The general outward character of European coins has accordingly changed only by a series of variations which were, each, very slight indeed at the time of their introduction. To be current, a coin needs to have a familiar look and resemble its predecessors in almost all respects.

It is taken for granted by economists that the only

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serious hindrance to perfect competition, i. e., the free play of individual self interest, is custom or community habits, which, as defined by Professor Sidgwick, is the tendency to do as one has done before, and the tendency to do as others do. He says that men continually get less for their money, goods or services because they exchange them, not in the best market, but in the market they have been used to frequent.

Nicholson states that custom as opposed to competition includes, in the first place, the mere force of habit, the *vis inertiae*, which is opposed to any kind of change simply because it is a change. Habit of this kind is one of the chief causes of inequality of wealth; the paths to fortune are often made by breaking through routine.

HOW HABIT AFFECTS PRICE

The influence of habit on price is thus stated by Mr. Walker. Far beyond the range of customary price is the effect of habit and mental inertia, in restraining, or wholly repressing, the movements of price. In the wider field now in contemplation, buyers and sellers are left free, so far as outside influence is concerned, but are constrained, in a higher or lower degree, by the laws of their mental constitution. No human being ever escapes from the force of habit. It is always easier to do what we have done before than to do what we have never done; to do what we have done twice than what we have done but once; to do what we have done often than what we have seldom done.

Many economists have striven to establish competition as the scientific law of exchange, but their efforts as yet have not met with success. Mr. Mill's confession that competition is not the ruler of retail trade, is decisive of the fact that human nature will not and does not take its stand absolutely on competition.

Bonamy Price in his chapters on Practical Political Economy says that men, in buying and selling, are not uniformly governed by the desire of making as large a

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gain, or saving as much money as possible, however much this principle is fondly laid down by economists, as the one foundation of their science. There are indestructible elements in human nature which come into play here as disturbing forces. Men will not uniformly buy in the cheapest, though they generally strive most vigorously to sell in the dearest market. It is not ignorance of political economy which misleads them into error; it is their own carelessness, indifference or laziness. Fancy acts on the feelings of buyers or a long habit of dealing at a particular shop, kindly feelings for a tradesman, a strong dislike for the trouble which the pursuit of cheapness imposes. Who has not witnessed the endless cases of wilful determination to persist in buying of some particular dealer, though people know perfectly well that he refuses to come down in his price when the value of his goods has fallen in the general market.

WHEN A TRADE-MARK ESTABLISHES A HABIT OF BUYING IT BECOMES AN ASSET

All of the foregoing, which is a free quotation from and condensation of the views of eminent economists, has a direct bearing on business, good will and trade-mark practice. However the original purchase may have been induced, people continue to buy particular brands from habit. The habit on the part of the public of purchasing goods bearing a certain trade-mark is an asset to the producer of such goods. It represents the value of the trade-mark by which alone the habit becomes possible and is perpetuated. The psychological fact and economic factor of habit in the sale of goods should be recognized, cultivated and exploited.

It would be well to set out deliberately in devising a label or brand to get, if the expression may be used, a habit-forming trade-mark, and in that way, to get one that will perpetuate itself. In the absence of a certain means of identifying the goods, no purchaser can be certain that his second purchase is of the same manufacture

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as his first. This is enough to show the necessity of the use of trade-marks or other unmistakable means of identification, because the only way any habit can be acquired is by constant repetition of the same act until it is done without thought or conscious effort.

The kind of a trade-mark or identifying means to adopt is a matter which involves the consideration of many obscure questions. Ordinarily the getting up of a mark or label is more or less fortuitous. A manufacturer decides that he will advertise a certain product that he makes. The desirability of using a trade-mark is obvious. He goes to an advertising agency. Perhaps he calls in the representative of a label manufacturer and the thing is discussed. Various names are suggested and forms of packages canvassed. Then the advertising man or the label man comes back with suggestions, usually in the form of sketches. The manufacturer or manufacturer's executive goes through the list of names, and what does he do? He picks out the one that he individually likes the best. The designs for labels, devices and the like, are taken up in the same way. The one that is selected is the one that appeals most to the individual producer.

HOW NOT TO DEVISE A TRADE-MARK

It is an everyday occurrence that an article is put upon the market under a name and with labels and brands intended to appeal to millions, which represent the choice of one individual or at most a small group of persons who assume, and have no reason in the world for such assumption, that because a particular get-up of package appeals to them it will appeal to the general public, who are expected to purchase the goods. Giving the general public credit for all the virtues and intelligence imaginable, assuming them to be possessed of discrimination, taste and a desire to get the most for their money, is it proper to assume that any one individual or any small group of individuals epitomizes the likes and dislikes of the public at large?

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In discussing the adoption of a trade-mark we hear a good deal about that hard-worked person, the "ultimate consumer", and his supposed characteristics. The "ultimate consumer" is not an imaginary being, but a flesh and blood individual with certain virtues and failings and with money to spend. He is real and not like Colonel Bogey or the stork. The difficulty is that what he knows and what he likes are usually figured out *a priori*. "A" guesses what "B" is thinking about or is probably going to think about. Now clairvoyants are rare, and even the most competent seventh son of a seventh son is likely to go wrong when it comes to telling what is going on inside another person's head.

We are apt to conventionalize the "ultimate consumer". We think we know all about him very much as we know all about Santa Claus. Everybody knows what Santa Claus looks like. He is round and fat and jolly, wears white whiskers and smokes a pipe; he has a little round nose and gibbous abdomen; he wears a suit of fur clothes, he has a pack on his back and drives a team of reindeer with bells on them hitched to a sleigh. There is no mistaking him. We know how he acts, too. He always comes down the chimney on Christmas, after the folks are abed. We ought not to make a Santa Claus out of that friend of all of us, the "ultimate consumer". He is a real person. Let us look him over as he is, and the only way to do this is to experiment with enough normal people of the type sought to be reached to make generalizations safe. These things ought not to be decided by guesswork, as they usually are. The only way of telling whether any machine is going to work is to try it. The physicist studies the electrical phenomena of a thunder-storm by tiny sparks from his laboratory apparatus. He works out problems in wave motion by stirring up artificial waves in a pool. The naval architect determines the lines of a great ship by observing the behavior of paraffin models in a tank of water. Why should not similar experimental methods be employed in the selection of a name or label?

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Take the matter of a name. Leaving aside the legal aspects of the case, three things are essential. The name must be attractive, easy to recognize and recall and easy to say by the persons who are expected to buy the article to which the name is to be applied. Why assume that a name which seems good to an executive board or an advertising agency is good in fact? *Why not find out?* Take a list of possible names and submit it to a considerable number of people, both men and women, and ask each to number the names which to him are most attractive, in the order of attractiveness. Repeat the experiment enough times so that it will be reasonably safe to generalize from the result. Have the lists of names returned, and after a day or so (approximately the interval which may be expected to elapse between actual purchases of the goods) ask the persons to whom the lists were submitted to tell the names they remember and see which ones they can repeat correctly after the interval. The same experiment can be carried out with the proposed labels. Find out whether the observer is able to tell after, say, a week's interval, whether a particular package was shown him on the previous occasion. These things are really an application of experimental psychology to be solved according to modern laboratory methods and not haphazard.

WHAT MAKES A TRADE-MARK VALUABLE

I think there can be no dispute that a trade-mark name should be attractive, easy to recognize and recall, and easy to say. What names are, in fact, attractive, easy to remember and easy to say, is a thing which may very well give rise to disputes. The psychologists have not yet been able to formulate any rule by means of which it can be determined in advance what names or marks attract and please. I have no doubt, however, that some working hypothesis will some day be formulated, and in the meantime careful experiments with identifying devices before adoption will go a long way, at least,

DEVISING AN EFFECTIVE MARK

toward helping to eliminate those which actually repel, or are negative.

The artists have got farther along. While, of course, no set rule can be laid down that a picture containing certain elements will invariably be pleasing, Professor Münsterberg in his essay, "Psychology and Art", has this to say:

Think first of the effects. Psychology has analyzed the impressions on our sense of beauty, and each fact must express a rule which can be learned. Blue and red are agreeable, blue and green are disagreeable; therefore, combine red and blue, but not green and blue. The golden section of a line is the most agreeable of all divisions; therefore, try to divide all lines, if possible, according to this rule. Such psychological prescriptions hold, of course, for all arts; do not make verses with lines of ten feet; do not compose music in a scale of fifths. Step by step we come to the prescription for a tragedy, for a symphony, for a Renaissance palace; how much more for the details of a simple drawing! Fill the space thus and thus; take care of good balance; if there is a long line on one side, make the short line on the other side nearer to the center; these are æsthetic prescriptions which can be learned and exercised like the laws of perspective for architectural drawing. Whenever the pupil follows the rules, his drawing will avoid disagreeable shocks to the spectator.

It seems to me that the designing of a trade-mark or label for attractiveness presents precisely the problem here outlined, that it is one that can be solved, or at least simplified by experimental methods. If artistic prescriptions worthy to be taught can be deduced from psychology, why cannot a useful trade-mark or label prescription be formulated?

There should be some rule that ought to help in this situation. There ought to be some way of telling in advance, with reasonable accuracy, after a sufficient number of experiments with enough different people to make generalization safe, whether a name, label or package is likely to succeed or not. There ought to be ways of telling, in the same way, out of a different number of names, marks and packages, which have been by experiment demonstrated to be equally acceptable to the public, which of these several is most easily impressed upon the memory of the purchaser and most easily recognized,

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retained and recalled. We all know from personal experience that some names are easier to remember than others; that some faces or localities are easier to recall than others. We do not know the reason for it in many instances, but we appreciate the fact. Every manufacturer has had the experience of selling the same article under different names and labels, on the face of things equally attractive, each given the same chance of success in advertising and distribution, and had one package or label succeed and others fail, for no apparent reason.

These things have happened so often and under so many different circumstances that it cannot be said to be the result of chance. Some trade-mark names succeed while others equally euphonious do not. Some packages attract and some do not attract, and some actually repel, though all are apparently equally attractive from an artistic standpoint.

There ought to be some way of finding out these things beforehand. The methods of the psychologists' laboratories could very well be applied to such an important question. Instance after instance can be recalled where manufacturers about to put a new brand upon the market, where trade-marks have been selected, packages and labels devised, advertising copy prepared, space bought, perhaps a hundred thousand dollars invested in the enterprise, quality of the goods determined and known to be good and no one able to tell whether the public would take to it or not. In no other business, where the same amount of money is going to be invested, are such chances taken.

Someone who is a psychologist and wishes to demonstrate that a science which most people regard as sterile and barren has a real application to everyday problems, should be able to answer the question here suggested.

CHAPTER VI

A STUDY OF THE CONSUMER

QUESTIONS of infringement of trade-marks are always approached by the courts from the side of the ordinary purchaser. The rule of law is that one mark, name or device infringes another if there is a sufficient resemblance to make it probable that ordinary people using the degree of care that such persons usually do in purchasing commodities like those before the court would be deceived and buy one article thinking it to be the other. It is not the careful person with his wits about him, the expert or the cautious who is considered, but the ordinary everyday unwary buyer.

An intelligent answer to the question, "Is the defendant's mark in any particular case within the rule?" can only be given after a careful investigation of the characteristics, habits and mental make-up of purchasers of very many different kinds of articles.

Take a case involving the alleged infringement of tin tags on plug tobacco. The court is asked by the complainant to say that the resemblance is close enough as to be likely to deceive the ordinary buyer of plug tobacco. The defendant always argues there is no such resemblance, and since few infringers have the hardihood to make a Chinese copy of a rival's mark, there is usually room for an argument and such differences as do exist are made the most of. The judge must, as nearly as he can, put himself in the shoes of the ordinary consumer of plug and decide whether or not the marks are enough

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alike to fool him. It behooves counsel on either side of such a case to know what sort of people buy his client's goods; how intelligent they are, how careful, and what are their habits and characteristics. In short, before he can rationally argue to a court that a given mark, name or device is or is not likely to deceive an ordinary purchaser, he must, or should, know himself and at first hand what sort of a person the ordinary purchaser is and how he behaves.

If an argument in a trade-mark or unfair trade case is ever to become more than a discussion of mere abstractions, like the disputations of the mediæval churchmen concerning the number of angels who could stand on the point of a needle, the ordinary purchaser, who is the real party complainant in every infringement case, ought to be studied at first hand by the counsel in the case who is expected to look after his rights.

CARELESSNESS IS CHARACTERISTIC OF THE ORDINARY PURCHASER

For many years I have followed the trail of the ordinary purchaser. In cases involving Pillsbury's Best and Washburn-Crosby's Gold Medal brands I have haunted grocery stores and watched him (or usually her) buy flour. I have stood by the hour in jewelry stores to see how people ask for and identify Big Ben clocks, in general stores in the South and watched men buy Schnapps Plug or Lorillard's Good Smoke,—in the North, Union Leader and Tuxedo cut plug, Pall Mall cigarettes and Manuel Garcia cigars. I have studied the buyers of dozens of other articles, Fairbank's scales, Quaker Oats, Baker's Cocoa, Ingersoll watches, Hole-proof hosiery, Paine's Celery Compound, Coca-Cola, Cascarets and so on. It is an exceedingly interesting study as a matter of human nature and practical psychology, and a useful thing in examining and cross-examining trade witnesses and participating in cases concerning the products.

This observation and study of the ordinary purchaser

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extending over a period of nearly twenty years have given me certain general notions on the subject of what trademarks, labels and packages are best recognized and recalled. These notions may be all wrong, and I offer them with considerable trepidation.

In the first place, the ordinary purchaser is less well informed than we think he is; he is inattentive, indifferent and careless; he does not keep in mind the details of packages and labels, infrequently examines with care what is offered to him; he seldom reads labels; he pays little attention to names of manufacturers, and, as a matter of fact, *in nine cases out of ten does not know who makes the goods he is in the habit of buying.*

OFTEN THE DEALER DOES NOT KNOW WHO MAKES HIS GOODS

It is astonishing how little dealers know about these things. In a recent case, the subject matter of which was the brand, "Mother's," a number of trade witnesses, all grocers, were called. One testified that he had dealt in "Mother's" brand of canned tomatoes for several years. He was asked to give the name of the producer, but was unable to do so. One man, who had been in business forty years, swore that "Mother's Oats" were made by The Mother's Oats Company. Another testified that he had dealt in "Mother's" gelatine and had it in stock in his store when he was testifying, but could not tell who made it and would not even hazard a guess. One witness insisted that an article dealt in by him and which, as a matter of fact, was made by the party on whose behalf he was testifying and was directly involved in the controversy, was made by another establishment. The foregoing is a truthful statement of sworn testimony taken within the last year in a pending case. The men testifying were intelligent, prosperous retail grocers and much better informed on such things than the average consumer.

If the dealer does not know who produces the goods he sells, the consumer can hardly be expected to. The situation here disclosed is typical and by no means excep-

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tional. It has come under my observation so repeatedly that I have accepted it as a matter of course.

One would naturally suppose that after a century's constant advertisement and use, housewives would know that Baker's cocoa and chocolate are made by Walter Baker & Co., Ltd., of Dorchester, Mass. I had occasion recently to go through a record of testimony in an unfair trade case over the use of the surname Baker by another and much more recently established concern. The depositions of a very large number of women were taken. An analysis disclosed that many of them asked for the product as Baker's cocoa and Baker's chocolate; that the name Walter Baker & Co. was not used and is seldom known; that a large number of purchasers did not know whether the name was Walter Baker, William Baker or what it was; the location of the place of business of the producer was not known. A large number said it was in the East, "somewhere". Some few knew Dorchester, Mass.; others said New York. Many said they did not know. A considerable proportion of purchasers designated the product as "the chocolate with the girl on it". Some said, "The chocolate with the lady". Some called the picture "the Quaker girl or the Quaker lady"; some, "the picture in Colonial costume"; "the picture with the tray and cups"; "the little chocolate woman"; "I can't just describe it, only the picture is on it of a Quaker lady"; "there is a lady on the back"; "it is the one with the yellow label and a German lady on the wrapper"; "I don't know how she is dressed, shawl around her shoulders"; "the one with the woman on it"; "a little Dutch girl on the back"; "Puritan figure on the back"; "on the back of it is generally a little piece of paper with a lady on it"; "I thought it was a woman with a red kimono".

Anyone who will indulge in a little introspection will admit that this is typical. Suppose, for a moment, you smoke Carolina or Romeo and Juliet cigars—what is the maker's name? Try to visualize or describe the label. Who makes the Boston or the Paris garter?

The ordinary person has as much difficulty in remem-

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bering the names of brands as the names of persons. The name of the article is easy enough—that is a part of the language, but the brand name is like the name of an individual. Brand names are much more easily remembered when they are helped by pictures which suggest the name, and pictures and peculiarities of package are better remembered and described than are names recalled. In the Baker case, just referred to, and in others concerning the same product, it appeared that over twenty-five per cent of the women who testified did not use the name Baker at all in ordering, but designated the product desired as “the chocolate with the girl”; “the chocolate with the lady” or “the chocolate with the Quaker lady”, “with the Dutch lady”, “with the Puritan girl”, or in some similar fashion.

WHY PICTURES ARE VALUABLE AS LABELS

It is the universal human trait to remember pictures better than names — picture writing and ideographic writing were in use long before alphabets were invented. “Your face is familiar, but I can’t recall your name,” is so commonplace that it has ceased to be an insult, and yet all faces bear more resemblance to one another than most names. It seems to me, therefore, that there ought to be an easily recognized picture where possible on every label. It ought, too, to represent something with which the ordinary person is familiar, so as at once to be recognized as something known and within everybody’s experience. Pictures are a universal language, understood by all people. A dog’s head is a dog’s head, whether a person speaks English or Hindustani. If possible, the picture should suggest the name, or better still, should be the name expressed pictorially. The label or package then shows the same thing twice — in two languages — appeals to two senses — sight as well as hearing — to the illiterate as well as the literate observer, and it has the added force of repetition. It is easier for most people to describe things than to name them. We all identify

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people more easily by some physical characteristic than by name, and we can usually tell whether we have seen a person before, though we may never know his name.

The same applies to packages of goods—it is easier for people to ask for the macaroni in the yellow package with the red band around it than it is for them to say the name, Fould's. Pabst Blue Ribbon beer is an illustration. Captain Pabst was a horse and stock fancier. The brewery put a particular brew of fine, light beer upon the market in an attractive package under the name "Select". As an ornament and additional badge of identification a strip of blue ribbon was tied about the neck of the bottle, very much as similar ribbons are fastened to prize-winning cattle and horses. It was an attractive thing and whatever suggestion it conveyed was in the right direction. The name on the label was "Select" and the words, Blue Ribbon, nowhere appeared upon the package. The public immediately began to order and ask for the beer as "Blue Ribbon beer". The word "Select" was seldom or never used by consumers or dealers. If the beer was designated by the name "Select", which was on the label, in shipping to buyers, objection was made at once and letters were received protesting that what was wanted was not "Select" but "Blue Ribbon" beer. Finally, out of regard for the universal public acceptance of "Blue Ribbon" as the name of the beer, the word "Select" was dropped from the label and "Blue Ribbon" placed there instead.

A few years after this change was made, in the course of a lawsuit with another brewery over the alleged infringing use of the name "Blue Ribbon" by it on beer of its production, a large number of liquor dealers, saloon keepers, bartenders and consumers of beer were examined as witnesses for the purpose of showing that the name "Blue Ribbon" was the recognized public designation of this particular variety of Pabst's beer. These men had handled, dealt in and used the beer daily from the very beginning. Out of several hundred not more than a dozen remembered the name "Select". Many swore that that

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word had never appeared on the label, but that "Blue Ribbon" always had been there and that there never had been any change in this respect. I recall one choleric German saloon keeper, who wanted to fight counsel who was cross-examining him about the name "Select" on the labels. He said the name never was there at any time and that the lawyer was trying, as he expressed it, "to ball him up and make an *esel* out of him". In all of the testimony taken not one witness was at all uncertain about the blue ribbon tied to the neck of the bottle—they all remembered that—just as in the Baker cases all the witnesses knew the chocolate girl and some knew no other identifying element.

These instances are examples merely and are so typical that it seems clear that pictures or conspicuous physical characters are more easily recognized and recalled than names.

But, of course, people must have something to ask for. If they have a picture that suggests a name or a physical characteristic that they can describe, the name problem is solved. "Blue Ribbon Beer," "Dog's Head Ale," "Quaker Oats" and the like, illustrate this. When the picture or characteristic is described, the name is spoken. One mental operation on the part of the buyer is all that is necessary. There is no need of a double effort on the part of the consumer to remember name and device and which name goes with which device, and connect two variant elements; and the consequent liability of getting mixed up is avoided.

WHAT MAKES A GOOD TRADE NAME

The name selected ought to be simple, short and easy to say, and to pronounce. From some points of view coined words have advantages, but the practical difficulty with them is that the person who adopts such a word as his trade-mark has three difficult things to do. He must add a word, hitherto unknown, to the language; he must teach indifferent people what it means, and he must in-

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duce them to use it in their daily speech. I refer here to words which are really invented, like Kodak, and not the feeble attempts so often met of taking a descriptive term and, by misspelling or in some other witless fashion of assuming, to give it an arbitrary character. Such names are the blank checks of intellectual bankruptcy. Coined words being unfamiliar, are difficult to pronounce and people hesitate to make the attempt for fear of ridicule.

I recall one woman, who was a witness in a case involving a food product sold under a most euphonious invented title, who testified, when asked how she identified the article, "I usually point to it when I can see it; if I can't see it I don't buy it; I'm not sure how to pronounce the name, so I never try. I'm always afraid I'll get it wrong and the grocer will think I'm a fool." In this particular case this drawback was so serious and so many complaints were heard that the name was changed to one less difficult.

Even names so simple that it seems almost impossible that they can be mispronounced sometimes are mangled almost beyond recognition. I was haunting drug stores several years ago to satisfy myself as to the extent that purchasers asked for Cascarets, using the words "Candy Cathartic". A woman came in and asked for a bottle of "Scodliver Oil". The druggist produced a bottle of ordinary cod liver oil. The woman declared that that was not what she wanted, she wanted "Scodliver oil", and accused the druggist of substituting. A good deal of cross-questioning disclosed that what the woman wanted was "Scott's Emulsion".

VALUE LIES IN A TRADE-MARK THAT IS SIMPLE AND EASY TO REMEMBER

A trade-mark name ought, if possible, to be a word that people are familiar with and an easy word, not a hard one out of the back of the book; then the man who wants to identify such a word with his goods has only one thing to do—associate it with the article or the package; he has only to give a new association and meaning to an

old word,—he does not have to teach people a new language and compel them to speak it. Everybody knows the words “Gold Dust”, “Ivory”, etc. They do not have to be learned. The public must only be educated to associate them with certain merchandise — a much simpler thing than to teach them that there is a word spelled “cephalogine”, and that it is pronounced in a certain way and is a headache remedy.

Trade-marks and labels should be simple. People cannot and will not get and keep complicated impressions. It is a fact that the ordinary person can only see at one time three or four words in a printed line. Most labels are too elaborate and have too much on them. In the effort to have a large number of distinctive elements the effect of each is destroyed and no distinct impression is made. It is much better to have a few things on the label, the fewer the better, and have each stand out like a lighthouse — a very few good strong colors and no superfluous ornamentation and printed matter. Then the impression created is instant, distinct and will last. A multiplicity of separate elements creates a multiplicity of impressions, the strength of each in inverse ratio to the number. One good strong one concentrated on one thing is far better than ten scattered among ten different things.

Modern label designers could well emulate the almost brutal simplicity of the paleolithic artists who decorated, with pictures of animals, the caves of Altamira. These pictures once seen are not soon forgotten, while a man may walk miles in a modern gallery and be sure of nothing except that he has seen some pretty pictures.

CHAPTER VII

MAKING A TRADE-MARK LEGALLY SOUND

I HAVE tried in previous chapters to express my personal views concerning the kind of trade-marks which are most easily recognized and recalled by the ordinary consumer. I concede that this is a matter on which there may very well be differences of opinion. Everyone, however, will, I think, agree that a trade-mark should be attractive and easy to recognize and to recall. The attractiveness helps to sell the first package. The quality of the product plus a ready means of identifying it sells the second and assures the purchaser that the same article which has pleased before is again being bought. Hence, the identity between the second and the first must be assured and the unmistakable means of giving this assurance are the identifying elements on the package. That these elements may perform their functions, it is essential that they be such that they can be recognized after the interval between successive purchases and recalled without serious mental effort. It seems to me, therefore, that this generalization is safe.

It is not difficult to agree on generalizations, but when it comes to specific instances, there is always room for differences of opinion. In the present case, what is attractive is a matter of taste, and tastes seem to differ widely. What is easy to recognize and recall is, or should be, a matter of experiment, but experiments are not usually made and in their absence individual opinions vary just as they always vary when there is no common

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basis. The attractiveness of a trade-mark and its capacity for being recognized and recalled are both, in my own opinion, simple problems in experimental psychology and should be so considered. They are not matters of haphazard choice, inspiration or accident.

In addition to these problems, which I think are really scientific and not empirical, there are others quite as important and quite as frequently ignored. The first and most important of these is—is the trade-mark one which the law will protect?

It may be well to have clearly in mind exactly what a trade-mark is. The Supreme Court in a number of cases has adopted a definition. "A trade-mark," it has said, "is a word, letter, device or symbol or some combination of these used in connection with an article, and either inherently or by association pointing distinctly to the origin or ownership of the article to which it is applied." The word "distinctly" in this definition is not to be overlooked. To be a trade-mark, the name or device must indicate *distinctly* the commercial origin of the goods, otherwise, of course, the use by another would not involve a false representation in this respect. The public would not be deceived by it and no one would be injured.

The failure to observe the significance of the word *distinctly* and the importance of this requirement are responsible for a good share of the litigation over trade-marks, most of the substitution that is practiced and a good share of the piracy that goes on.

The ordinary man in buying a piece of real estate has his abstract examined so as to be sure that he will really own what he is paying for. A man who buys a bond wants to know something about the assets by which it is secured. If he buys a share of stock in a corporation he wants to know something about the company issuing the stock. In short, in the ordinary affairs of life the average business man takes reasonable precautions, but when it comes to adopting a trade-mark, which involves commonly an expenditure of large sums of money, he stakes his reputation and the reputation of his business

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upon something which he may own and he may not—which may be his exclusive property and which he may have to share with every conscienceless parasite with more covetousness than decency. He ought, therefore, to exercise the same precaution in the adoption of a trade-mark that he does in the acquisition of any other property and be sure that he can be protected in its exclusive use. Recalling again that to be a trade-mark the name or device must indicate distinctly the commercial origin of the article, it is well to bear in mind a few *don'ts*. When it comes to choosing a trade-mark (1) don't select a personal name; (2) don't select a geographical name; (3) don't select a descriptive name; (4) don't select a deceptive name; (5) don't select an infringing name; (6) don't be commonplace. Recollecting that a trade-mark to be such, must point distinctly to the origin, with a certain institution, of the product to which it is affixed, it is obvious that names or devices of the character above enumerated lack this quality of distinctiveness.

DON'T SELECT A PERSONAL NAME

While it would seem, as a matter of first impression, that a man's own name is about as distinctive a thing as it is possible to use to indicate that the merchandise to which it is affixed emanates from him, a little reflection will demonstrate that this is not so. It may be true enough that among John Smith's own circle of friends or in a larger way in the town or village in which he lives, the name "John Smith's Razors" means a particular article made or sold by a particular individual, but over a greater area the name "John Smith's Razors" means a razor made by a man named John Smith. John Smiths are legion and every one of them has the right to use his own name in his own business, and the fact that there may be another John Smith who has previously acquired a reputation under that name in the same business is no reason for denying the natural right of the

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second to use his own name. He has that right. It cannot be taken from him. He has, in the absence of actual fraud, contract or estoppel, as good a right to use his name as any one else of the same name. The mere fact that the illustration here given is of a name which is generally accepted as the conversational equivalent of the legal John Doe, makes no difference. Even the most uncommon names are borne by more than one. There have been late arriving men of the name of Anargyros and Melachrino in the cigarette business, spurious Pillsburys in the flour business, personally real though commercially deceptive Fownes in the glove business. The Rogers who have been minded to go into the silver-plate business are legion, Tussauds in wax works, and so on. The adoption of a personal name as a trade-mark is an invitation to every one who may bear that name to embark in a similar line of business as soon as it is commercially worth his while, and thus to divert to himself a portion of the original trader's customers and trade. However pleasing it may be to see one's own name placarded in advertisements and used on packages, legally it is a mistake to let vanity or any other consideration stand in the way of protection. While the courts have stopped and will doubtless continue to stop piracy by means of the deceptive use of personal names, the relief accorded is never complete and the infringer always gets away with some of the loot.

DON'T SELECT A GEOGRAPHICAL NAME

Geographical names are naturally less distinctive and specific than personal names. A geographical name indicates a place. Other people are at liberty to establish businesses in the same place and no one can take away from them the right to use the name of that place to inform the public that they are doing business there. The Elgin and Waltham watch companies have been in litigation for years over attempts by other people to pirate their reputations by the use of the name of the

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towns made famous by the excellence of their products. Geographical names lack the essential element of distinctiveness. They cannot point unmistakably to a single producer. "Chicago Beef" means beef that comes from Chicago, "Minneapolis Flour" means flour that comes from Minneapolis. Anyone has the right to go into the packing business in Chicago and has the right to tell the public where his business is located. To recur for a moment to the watch situation—the word "Waltham" on a watch in its primary sense means that it comes from the town of that name. It is true that in a secondary sense it indicates the product of the Waltham Watch Company. The courts have held that anyone has the right to go to Waltham and establish watch works there and having that right has the further right to use the name Waltham in a primary sense, but may be required to couple with that word such announcements as will prevent misapprehension as to the commercial origin of the product. The relief is not absolute in such cases, but the courts strive to harmonize as well as they can the rights of the second comer to the town to use the name of that town to indicate where his business is located, with the right of the first user to the good will he has established and the right of the public to know whose goods they are buying.

DON'T SELECT A DESCRIPTIVE NAME

A descriptive name is less distinctive even than a geographical or personal name. Cotton cloth means cloth made of cotton. Leather boots means boots made out of leather. These words from their very nature cannot indicate distinctly the source or origin of the article with any particular producer. This would seem to be so evident that discussion of it is not necessary, but when one sees the advertising pages of magazines and the bill boards plastered with names which are descriptive or only thinly disguised descriptions with idiot attempts made to cover their descriptiveness by misspelling, it makes

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one feel that almost anything in foolishness is possible. Misspelling does not help at all. The Supreme Court of the United States took occasion to remark in a recent case where it was contended that indulging in orthographic eccentricities made a good trade-mark out of a descriptive word: "Bad orthography has not yet become so rare or easily detected as to make a word the arbitrary sign of something else than its conventional meaning." Descriptive words are not protected as trade-marks for the excellent reason that to give to one producer the exclusive right to such a word would prevent others from accurately describing their own goods. Some latitude is allowed, words which are suggestive merely are not proscribed, and the description must be so obvious that its monopolizing by one trader would handicap others in the use of the language. The rule against descriptiveness is not so broad as to include all descriptive words, however applied—it applies only to words when used in a descriptive sense—Gold Dust and Ivory are descriptive words, but not when applied to washing powder or soap. In adopting a new name it is better to err on the side of non-descriptiveness than the reverse—unless one fancies the expensive luxury of forensic disputations or is a thorough sportsman and likes to give lawyers and infringers a chance to make a living.

DON'T SELECT A DECEPTIVE NAME

Since a trade-mark must indicate distinctly the true ownership or origin of the goods, it is clear that where a false ownership or origin is indicated, the mark is not a trade-mark. This has been held with respect to the use of fictitious, foreign-sounding names on domestic products contrived to simulate foreign articles. It was a common practice not many years ago for cigarette makers to use fancy packages giving the name of imaginary Russians, Turks and Egyptians as makers. These were uniformly held not to be trade-marks. A distinguished English judge remarked in a case where it was

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sought to protect an English cigarette dealer masquerading as a Turk: "In my judgment where a person uses a word and represents that word to be applicable to the product of a manufacturer or manufacturers other than himself so as to produce the belief that the goods are the manufacture of that third person or persons, he cannot say that the word is distinctive of his own manufacture." In short, a man cannot adopt a mark which has a distinct meaning inconsistent with the origin of the product with him and assert that it means his production and nothing else.

It not infrequently happens that a man in his effort to avoid descriptiveness blunders into a falsehood. The Keeley Institute, to get away from the rule against descriptive names, contended that the words "Double Chloride of Gold" were fanciful. The court denied relief on the ground of misrepresentation. False marks are objectionable under the well recognized rule that any mark, device or label which is so worded or constructed as to express or imply a representation which is false is not protectible.

DON'T SELECT AN INFRINGING NAME

Even if the owner of the mark which is infringed does not object, the person selecting such a name is unable to protect it against assaults directed at himself. Several years ago a lithographer produced a cigar label called Henry Lee. A competitor got out another Henry Lee label, which was obviously an imitation of the first, and the first lithographer sued on the ground that his rights were being infringed. Relief was denied, the court concluding its opinion thus: "There is a third reason why this motion should not be granted. A comparison of plaintiff's label with that used on the brand of cigars known as the Henry Clay cigar will make it plain that plaintiff's label is as close an imitation of the Henry Clay label as the defendant's is of the plaintiff's." It is not only unprofitable, but embarrassing to sue an infringer

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and have the infringer demonstrate that you are one yourself. It should not be forgotten that infringement is not necessarily a matter of wilful appropriation of another's trade-mark. Lack of intent to pirate or even want of knowledge of the existence of the earlier mark is no defense to an action for infringement. Therefore, to be sure that one is not an infringer, the most careful preliminary survey of the market should be made to see what trade-marks are in use. No amount of caution in this respect is time wasted, because it is a serious thing after spending thousands of dollars in getting a trade-mark established to find that some one else has an equal or a better right to it.

Private registration bureaus, the files of the Patent office, trade directories and lists, catalogues and the like, should all be investigated. No source which may possibly yield information should be ignored. I have known of repeated instances where the lack of such preliminary investigation has been serious. I recall one case where an extensive advertising campaign for a newly devised brand of tobacco was well under way. A man appeared who claimed to have been using the same trade-mark for several years. An investigation confirmed his statement.

It was too late to stop the advertising and get another name, so a sum was paid as a consideration for an abandonment of the brand in favor of the advertiser. This obstacle out of the way, it was hoped that all would be plain sailing. It was a rude disappointment when an obscure manufacturer started a suit in the Federal Court for an injunction, claiming to have been using the trade-mark for upwards of ten years. An investigation showed some suspicious circumstances, but there was no doubt that he had previously used the mark. The court declined to grant a preliminary injunction and the case was ultimately dismissed by the complainant. The trade-mark was one of many casually used by him, of no value, except for predatory purposes. He at once began to put out enormous quantities of goods under the brand, which, of course, were readily salable on account of the

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advertising campaign just referred to. He offered to sell out, but at an absurd figure. Rather than submit to this exaction, the unfortunate advertiser changed his trade-mark. There was no alternative. If he kept on using it, his advertising would sell as many pounds of tobacco for the parasite as for himself. This experience was unfortunate and expensive. A careful search beforehand might have prevented it.

DON'T BE COMMONPLACE

The *don'ts* just discussed ought to commend themselves as sound to the average business man about to adopt a trade-mark, and whether they do or not, they are the law, which he is presumed to know and which he violates at his peril. This particular phase of trade-mark making, however, the avoidance of the commonplace, is important and is not understood, which is probably due to the inherent peculiarities of human nature. A man with the best intentions in the world, setting out to get up a label or brand of his own, unconsciously imitates other successful brands, and he will do it unless he is consciously, honestly and strenuously trying not to do it. I have repeatedly had to examine and cross-examine label makers in lawsuits. One will go on the stand and testify that he got up a certain label. When asked how he did it, he will usually say: "Mr. So-and-So came to me and said he wanted a label for soap. Then I went to a drug store and I got a lot of cakes of soap to see what kind of labels they put on soap. Of course, I didn't imitate any of them. I made mine as different as possible." The best way of having one thing conspicuously unlike another is not to know beforehand what the other thing looks like. Perhaps the label maker was perfectly honest in saying that he did not imitate any particular label; he probably did not do so consciously; but the very fact that he went out and got those other labels and set them up before him, resulted in his contriving for Mr. So-and-So a label which was a composite of other successful

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brands, with no character of its own. This is such a common thing that it seems to me that it must almost be universal. If a baker wants a cracker label, he goes out and gets a lot of other cracker labels and looks them over. If a man wants a patent medicine label, he sends out and gets specimens of other patent medicine labels of the class to which his belongs, and consciously or unconsciously draws from them. This ought not to be done. In the first place, it is highly important as a practical business question to have a label characteristic and distinctive. When other labels are used as a basis or even as a suggestion, this is impossible. I am not referring here to the conscious imitator, but the unconscious follower. The conscious imitator knows perfectly well what he is up to. I have in mind the honest man who is either too lazy intellectually or too timid or too short-sighted to strike out for himself. It is important to be as original and distinctive as possible because then every bit of reputation and value the trade-mark may ever represent adheres to it, and, too, if you expect the public to identify your product as yours, it is only fair to give them an unmistakable means of doing it. There is another side of the question which is equally important, and that is this: The courts do not protect a trader in the use of things which are common to the trade, because being common to the trade, they cannot indicate commercial origin with any one producer.

Much of the substitution of which manufacturers and advertisers complain is caused by their own failure to give to the public an unmistakable means of identifying their products. Where labels and devices lack distinctiveness the purchaser has no definite impression in his mind and can be induced to purchase one product when he entered the store intending to purchase another, or can have an article he did not expect to buy passed off upon him without his knowing it. It is only where the article which he seeks is marked so distinctively and differently from others that there can be no possible confusion in his own mind that substitution becomes difficult or impossible.

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This is shown by the fact that fraudulent passing off is most prevalent where no unmistakable mark of identification is possible; in the sale of bulk goods, in prescriptions and at soda fountains. It is idle to expect that, as a result of advertising, a consumer will ask for a particular product and will insist upon getting it, unless he can be assured of two things: first, that he is asking for the product that he has seen advertised; and second, that he is getting it in response to his demand. The first is made possible by the habitual and invariable reproduction in the advertisement of the conspicuous identifying element on the package, and the second, by having that element not only conspicuous but in fact identifying.

It is just as easy to be distinctive as not to be. It is easy to avoid geographical, descriptive and personal names. It is no harder to advertise and popularize a name or package that is in all respects entirely characteristic than it is to popularize the descriptive, the personal, the geographical or the conventional, and the result is that when a legally protectible name or package is at last established the good will is not jeopardized, but belongs to the true owner and does not have to be shared with a swarm of parasites. The name being arbitrary as applied to the particular goods, no one else has any excuse for using it in any way whatsoever. The package being distinctive and not conventional or common to the trade, there is no reason why any one else should use any part of it; and there being no reason for either of these things, the courts naturally assume, and the law presumes, that if they are used by others, the purpose is fraudulent and the result deceptive, and adequate and complete relief is granted.

One thing ought never to be lost sight of in the selection of a trade-mark. Is it legally protectible? After a fortune has been spent in advertising it, can it be imitated with impunity?

CHAPTER VIII

PROVING TRADE-MARK OWNERSHIP

WHEN a business man buys a piece of real estate, no matter how little he pays for it, he puts the deed and abstract in his safe. When he lends money he puts the notes in a secure place. When he buys bonds or shares of stock he puts them where they will not get lost and can always be had when they are wanted. He realizes that these things are the evidences of his title to his land or his money,—the proof of his ownership. No intelligent person in these days will dispute the assertion that trade-marks are as often as not of more value than the land on which is built the plant which produces the article which bears the mark. Many instances can be recalled where good will has represented an entire issue of common stock, and a trade-mark is nothing but visualized good will. The owners of this common stock, unless they are inmates of an asylum for the feeble minded, put their certificates in a deposit vault, or at least under lock and key. But what about the title deeds to the trade-mark itself?

The things which help to prove priority of adoption and use are the trade-mark's title deeds, and the way they are neglected in the average business house is little short of criminal. Anyone who has had experience in proving the adoption of a trade-mark after a period of, say, fifteen years, will know at once what I mean, and, of course, the farther back the date goes the more difficult becomes the task. Reliance has to be placed almost entirely on oral

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testimony. Usually some old employees are found who have more or less vague recollections on the subject; but it frequently happens that a year or two makes just the difference between success and failure in litigation where the title to the mark and sometimes the very existence of the business are involved. The memory of any man is a treacherous thing; the beginnings of a trade-mark are frequently of little consequence at the time, though of enormous importance later. Old and young employees die or move away or forget. Letter and bill files are destroyed, specimens of old labels are not kept, or if kept cannot be identified. I have known of scores of cases where there was no doubt of a continuous use of the trade-mark in controversy over a long period, but absolutely no proof of it could be adduced. I have known of dozens of cases where trade-mark owners have been held up for large sums simply because they were unable to prove title to their own property. This is particularly true in lines of business where there are numerous small manufacturers and dealers, in the milling industry, in the cigar and liquor trades and many others.

EVIDENCE NEEDED IN PROVING OWNERSHIP

Large producers with valuable marks are being constantly preyed upon by people who claim a prior use and make a show of establishing it, the showing usually being in inverse ratio to the conscience of the alleged prior user. A little investigation will demonstrate to any man the difficulty of meeting such a claim. You have a valuable trade-mark; you have taken for granted that it belongs to you; you know in a general way that you and your predecessors in business have used it for many years, since 1865, for example. The article is popular, the brand is valuable. One day a salesman sends in a package of goods not made by you, picked up in the market with your trade-mark on it. You place the matter in the hands of your lawyer and tell him to get after the scoundrel. Perhaps you have the mark registered and

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keep the certificate of registration in your safe. You get it out and turn that over to your counsel. He writes a letter to the alleged infringer, and demands that he discontinue the use of your trade-mark. In due time a letter is received claiming a date of use anterior to yours, or what is more often the case, no attention is paid to the demand to quit, and if a suit is instituted the claim of prior use is made then for the first time. Then you are confronted with the problem of proving your case—of establishing your priority of adoption and use. You call in your old employees and ask them questions. One says “we were using that mark when we were up on Fourth Street”, another “I came to work here World’s Fair year and we were using it then”, and so on. You look for old labels and find some, perhaps stuck on the wall in the shipping room, no one knows who put them there or when; in a flour mill, perhaps there is an old stencil impression on a grain chute, but that is all. You find that the books and files back of ten years have been destroyed, and old price lists and catalogues are gone no one knows where. Anyone, unless he has been singularly fortunate, who has been through trade-mark litigation, has had this experience—certainty of the existence of facts and utter inability to prove them.

Sometimes the thing necessary to prove the fact will turn up in the most unexpected places. I recall one case where a bottle of “Blue Ribbon” beer, labelled and tagged, had been on the mantelpiece of a Cape Cod dwelling house as an ornament for thirty years (Cape Codders being singularly abstemious folk), until produced in court as an exhibit. In another case, there was discovered a box of old-fashioned square bottles of “Devoc’s Eagle Brand Snuff”, labelled and marked, which had been on a store-room shelf forgotten for sixty years. In still another, an old stencil impression, on paper, of a flour brand had been used as a binder for a set of war time Harper’s Weeklies, and so was preserved. These things occasionally happen, but not often. They certainly cannot be expected to happen. When it is necessary to go

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back over thirty or forty years it is almost impossible to get satisfactory oral evidence. Documentary proof is much more convincing, and frequently where the testimony of witnesses is conflicting it is the only kind of evidence that carries weight; here comes the difficulty. Labels, catalogues, price lists and the like, are the most ephemeral things in the world. They are like the old New England primers which were thumbed and dog-eared out of existence, so that copies today bring fancy prices from collectors. The newspapers of a day or so ago contained a statement that a four-cent stamp of 1847 brought eight hundred dollars, yet no doubt there were thousands of them used in 1847. There must have been millions of Blue Ribbon beer labels printed and used, yet I recall a trade-mark case where one which could have been proved to have been used before 1890 would have been almost as valuable as a first folio Shakespeare. Lithographers' files were ransacked, branch offices investigated without success. Finally a bunch of old orders and labels was unearthed in a barrel in the loft of a barn in a Pittsburg branch. These experiences are typical and when the remedy is so simple they ought to be the exception rather than the rule. It ought not to take a whole organization a year of steady digging to turn up a few old labels and price lists. These things should be kept and systematically kept. A little ordinary foresight would prevent all this labor and eliminate the very real danger that the absence of such proof entails.

HOW TO KEEP A RECORD THAT WILL PROVE THE RIGHT TO A TRADE-MARK

In every establishment where trade-marks are owned there should be a department of archives, in charge of someone who is responsible for it. In this department, there should be a file for each trade-mark. Whenever in overhauling old papers, anything comes to light which bears even remotely on the adoption and use of any trade-mark it should be carefully marked for identification,

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preserved and filed in the file devoted to the history of that mark. When new marks are adopted a record should be kept. Proofs and specimens of all labels and packages should be preserved, marked for identification and dated. Complete files of all price lists and catalogues should be kept as well as lithographers' and printers' bills for labels, a complete file of all advertisements, with the place and date of publication or use and the extent noted upon each, and each initialed for future identification and carefully filed away and indexed. The names of all persons who have knowledge of the facts and a concise signed statement from each should be secured and filed. Memoranda of the first shipments of goods under the mark should be made, bills and invoices of these shipments preserved, and tabulation of subsequent shipments with enough invoices to establish a continuous trade, should also be kept. It is not a bad idea to have about the office or plant a certain place, such as a trunk or drawer, where anything that is discovered which throws light on the use of any of the trade-marks, may be put. In this way much valuable material can be accumulated which at intervals can be overhauled, the worthless discarded and the rest marked for identification and filed away among the archives.

Unless some such plan is followed, of preserving and filing the evidence of adoption and use, which is the only real proof of ownership, trade-mark property will continue to be insecure.

CHAPTER IX

HOW UNTRUTHFULNESS DESTROYS TRADE-MARK RIGHTS

TRADING-MARKS or labels which contain any material false statement will not be protected against imitation. This rule has in recent years been extended to include false statements in advertisements, so that a product which is advertised untruthfully is beyond the pale of trade-mark protection.

This is an application of a maxim which is as old as equity itself; that he who comes into equity must come with clean hands. Its application to trade-marks is, of course, consonant with good morals and is entirely logical. When one whose trade-mark is infringed comes into court to enjoin the pirate from further depredations, his complaint is briefly this—I have built up a reputation for my goods; I have placed upon my goods a means of identification by which that reputation is perpetuated; a pirate has imitated my mark and is endeavoring to steal that reputation and by means of his imitation is deceiving the public into the belief that his goods are mine. In short, the complaint in such cases always is that the defendant is misrepresenting his goods and deceiving the public. If, therefore, the complainant himself is deceiving the public with respect to the very thing for which he seeks protection, he is hardly in a position to ask the interposition of a court to enjoin a fellow rogue.

The difficulty in practice is that while this doctrine when brought to the attention of the average man is at once accepted as sound, not knowing what the courts

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have held to be a material false representation, he fails to apply it to his own business.

Generalizing broadly, there are four things about a product which are important—who makes it, where it is made, what it is made of and what it is good for. Each of these is a factor which influences the public in making purchases and in choosing between competitive articles. It may safely be said, therefore, that any statement as to these four things is material and if false forfeits protection against trade piracy.

WHO MADE THE ARTICLE?

Taking these four things in their order, let us consider for a moment false statements as to the maker. The common practice among sellers of soaps, perfumes and cosmetics to attach some fancy French-sounding name as manufacturers comes within this principle, as well as the equally common and quite as reprehensible custom of cigar makers to use names of imaginary Spaniards, of glove and leather goods and sauce dealers of some mythical Englishman. These usually are commonplace, vulgar frauds, not calling for any particular comment, but it is easy for a business man, even with the best intentions in the world, to run afoul of the unclean hands rule in this particular and make himself an outlaw with no trade rights that any competitor, however conscienceless, is bound to respect.

Consider for a moment the case of Pollack, of Wheeling. Augustus Pollack was a pioneer stogie manufacturer of Wheeling, West Virginia. He was the man who made famous what Kipling called "that terrible article, a Wheeling Stogie". He took pride in his product and named it "Augustus Pollack's Stogie" and covered the boxes with personal guaranties, signed in facsimile "Augustus Pollack". The stogies became widely known as "Augustus Pollack Stogies" and "Pollack Stogies".

In the course of years Pollack died and his business was continued by his administrator, Howard Hazlett,

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Wheeling, W. Va. _____ 1910

To the Trade, Consumers and Public:

Gentlemen,

The Crown Stogie Cigars, originated and manufactured by Augustus Pollack, of Wheeling, W. Va., U. S. A., distinguished by national recognition, for perfect purity, absolute naturalness, and uniform excellence, have achieved their rank and fame, by the cultivation under most trying circumstances, during more than a generation, of an unceasing devotion to ideal industrial integrity, loyalty to fair wages, elevating conditions of labor and highest standard of expert workmanship by the undersigned.

The maker of the Crowns, honored by the eloquent testimonials from distinguished sources in different sections of our Country, conveying the popular impressions created by "The Pollack Crown Stogies," gratefully acknowledges his indebtedness to American encouragement, and requesting a continuance of approval and favorable consideration, avails himself of this occasion to tender his assurance of appreciation and high esteem

Yours Truly, Augustus Pollack

**THE GRADES OF THE CROWNS UNDER PROTECTION OF U. S. PATENT OFFICE
REGISTRATION AND GUARANTEE OF AUGUSTUS POLLACK, CONSIST OF:**

SIZE	BRAND	U. S. REGISTRY NUMBER	CERTIFICATION OF BOXES
6 1/2	REG. CROWN	03310	500 IN INT. CEDAR BOX
6 1/2	REG. CROWN	03310	100 IN PAPER DRUMS
6 1/4	EXTRAS	02883	100 IN INT. CEDAR BOX
6 1/4	SPECIALS	02881	100 IN INT. CEDAR BOX
6 1/4	EXPERTS	02888	50 IN CEDAR BOX, 2 BOLS OF 25 EACH
6 1/4	ANGLO SAXONS	02880	100 IN INT. CEDAR, 4 BOLS OF 25 EACH
6 1/4	ANGLO SAXONS	02880	50 IN INT. CEDAR, 2 BOLS OF 25 EACH
	HOUSE LABEL	U. S. REGISTRY 03310	CAUTION NOTICE U. S. REGISTRY 02831
	BLACK LABEL	U. S. REGISTRY 03311	PROCESS LABEL U. S. REGISTRY 03770

Under the law, a personal guaranty, such as the above, valid during the life of the undersigned, has been held a false representation when used unaltered by the successors of the deceased guarantor, and the business done under it was refused protection against imitation

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who was a Wheeling lawyer. The labels were not changed, the personal guaranties over the facsimile signature of Augustus Pollack still were used, and this letter purporting to be signed by him was enclosed in each box.

After Augustus Pollack's death and while the labels were in the condition just described, two brothers named Pollack, who lived in Pittsburg, decided to embark in the stogie business. They called their product Pollack's Stogies and at the outset used labels and packages much like the Wheeling Pollack's. Hazlett, the administrator, sued to restrain the use of the name Pollack and the alleged imitative label, contending that the defendants were guilty of unfair competition because their conduct was calculated to represent that their stogies were the genuine Pollack stogies.

It was asserted by the defendants that Hazlett did not come into equity with clean hands. "He claims," they argued, "that we should be enjoined because he says we are deceiving the public into the belief that our goods are the genuine Pollack stogies. What are genuine Pollack stogies? Those made and personally guaranteed by Augustus Pollack, of course—the box that contains what the complainant claims as the genuine article says so. The complainant is not Augustus Pollack—Augustus Pollack is dead. Therefore, he is seeking to enjoin us from making exactly the same representation that he, himself, is making. If it is false in our case it is equally so in his. What is sauce for the goose is sauce for the gander." It was held by the United States Circuit Court and affirmed afterward by the Circuit Court of Appeals that Hazlett did not come into equity with clean hands, that he had been guilty of a false representation of a material fact—the personal origin of the goods he sold, and was in no position to ask the aid of a court in enjoining an infringer, however unfair the infringer's conduct might have been. If Hazlett, on taking over the business, had made an adequate announcement on the labels of the change in the origin of the goods, a different outcome might have been expected.

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This is one of many cases laying down the rule that a false assertion of the origin of the article is fatal to relief against infringement. The only way to prevent this disastrous consequence is to see to it that when any change in origin is made the label states the fact in appropriate language; for example, "Nero Coffee, now packed by Royal Valley Coffee Co., successor to Peter Smith & Sons," or "La Matilde Cigars, established by Jose Morales & Co. at Havana and now made at Tampa, Florida; J. Fred Wilcox & Co., successors". There is no necessity of giving a complete family tree or tracing a genealogy on a label, even if such a thing were possible, but a sufficient announcement should be made so that the public may be fully informed of the change in the origin of the goods.

WHERE WAS THE PRODUCT MADE?

The geographical origin of some articles is an important matter. In some cases articles of a certain description have a local reputation and in others the reputation of a locality benefits the specific products there manufactured. Instances readily suggest themselves. It has been held fraudulent for a miller of Milwaukee to represent his flour as originating in Minneapolis; for a stogie maker in Chicago to state that his product is made in Pittsburg and for a brewer in New York to call his beer St. Louis beer.

The Prince Metallic Paint cases are illustrative of the application of the unclean hands rule to a false statement of geographical origin. The proprietors of Prince's Metallic Paint secured the iron ore of which the paint was made from a certain tract. The article was known as "Prince's Metallic Paint" and acquired a reputation which was very largely due to the fact that the ore from which it was made was of particular character; and it possessed this character as coming from a particular tract of land. Without notice or announcement the manufacturers procured ore from other tracts and con-

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tinued to sell it under the same name and without explanation. It was held that this was a sufficient fraud to prevent a court of equity from enjoining an infringement of the name "Prince's Metallic Paint", because while the ore which was used might have been as good as the ore from the original Prince's tract, it was not the same; and that it was not proper to deceive the public even for their own benefit.

In using this case as an illustration the effort has been to avoid reference to the common device of manufacturers with more enterprise than conscience; for example, who place "Havana" on boxes containing domestic cigars, "Paris" on boxes containing domestic cosmetics or on labels for home produced clothing or millinery, and thus seek to attract to their own goods the advantage of the reputation that some particular locality may have in the production of goods of a similar character. The purpose in these cases is sufficiently plain to strike any right thinking manufacturer as illegitimate. The reason for using the Prince's case as an illustration is to show that with the best intentions, a person ignorant of the unclean hands principle as enunciated by the courts, may get into serious trouble and lose valuable rights.

WHAT IS THE PRODUCT MADE OF?

Consider now for a moment the third material representation with respect to goods: What the article is made of. Many years ago R. E. Queen was a druggist at Reno. He made and sold over the counter of his drug store Confection of Senna, a product well known to all pharmacists and given in all formularies. Confection of Senna is composed of prunes, tamarinds, figs and senna leaves, stirred up into a forbidding looking compound and administered with a spoon to those who need it. It is usually consumed on the premises. Mr. Queen conceived the notion of thinning this preparation a little and putting it up in bottles for family use so that the purchaser could take his dose home in a package instead

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of on the hoof. It was thought a good idea to give the new remedy an attractive name. Using figs to a considerable extent in the compound, the name "Syrup of Figs" appealed to Mr. Queen as a good name, attractive and easy to remember, so he adopted it. When put up in bottles the syrup quickly fermented and spoiled. To remedy this, more and more of the fruit substances were removed until a stable compound was obtained. The name Syrup of Figs, however, was just as attractive as ever it was, and was kept. There was no intention to deceive. Mr. Queen was busy trying to make, and succeeded in making, a good product. If the fruit juices spoiled the medicine he naturally took them out. The article was meritorious and became very popular.

As in the case of any good product, numerous infringements appeared under various names and with more or less imitative cartons and wrappers. Suits were brought and when sued all the defendants interposed the defense that the complainant did not come into equity with clean hands, because the substance sold as Syrup of Figs was not in fact a syrup of figs, but its medicinal efficacy was derived from the senna it contained. With one or two exceptions the courts acceded to this view, and at last a case got to the Supreme Court of the United States, where it was held that the use, under the circumstances, of the name "Syrup of Figs" on a product containing but a small amount of fig substance and which owed its medicinal virtue to extract of senna was a false representation and disentitled to relief, and this in spite of the fact that defendant's conduct was clearly fraudulent. The complainant, therefore, found himself an outlaw. After this decision the following course was adopted: The label was changed to read "Syrup of Figs and Elixir of Senna" and the product was made actually and literally to conform with the label in the sense that about seventy-five per cent of it was actually made from figs and the remaining twenty-five per cent was elixir of senna. After thus cleaning up, an infringer appeared who imitated the new package, which the court promptly en-

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joined, holding that the doctrine of unclean hands is a temporary bar only and continues no longer than the misrepresentation which gives rise to it.

WHAT IS THE PRODUCT GOOD FOR?

What an article is good for is rather a wide generalization, but as an illustration of the application of the rule in this particular, there is an old case involving a product known as "The Balm of a Thousand Flowers", a cosmetic which in spite of its high sounding name was a liquid soap composed of grease and lye. On the labels there were extravagant statements of what the product was good for, what it would cure, and there were very few things which, if the makers were to be believed, it would not cure. The proprietor of this marvel sued a rival dealer who had imitated his labels and not to be outdone, called his product "The Balm of Ten Thousand Flowers" with curative claims in proportion. In his opinion denying the complainant relief, because of the extravagant and mendacious claims, the court intimated that as long as "The Balm of a Thousand Flowers" might be procured, it is folly to grow old and a mistake to die.

The cases above instanced are not at all extravagant or unusual. It is the settled doctrine of the courts that a person cannot have protection in his trade-mark if in it or in his advertisements or labels he is guilty of any material false representation. While the doctrine has frequently been invoked unsuccessfully and the courts have held that mere trade hyperbole is not necessarily fraudulent, the universal holding has been that where there is any false statement as to a material fact, it is fatal to relief. It is well to bear this rule in mind when in a state of advertising exaltation. It is well also to sit soberly down at frequent intervals with a blue pencil and go through labels and advertisements and ruthlessly *cut out anything that is not the literal truth* and cut out equally everything that is literal truth, but is susceptible of giving a false impression. In doing this the labels

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and advertisements should be viewed, not from the standpoint of the producer who knows all the facts, but from the standpoint of the consumer who knows none of them. It is not safe to assume that because a particular form of misrepresentation, direct or implied, is tolerated by the trade and regarded as a harmless humbug, it is safe or proper to be continued.

In one English case it was urged in defense that it was the custom of everybody in the cigar business to put Hamburg cigars in boxes bearing names of mythical Spaniards as the purported makers, embellished with pictures of Morro Castle and with foreign and Spanish looking signs and seals all over them. The judge who decided the case dryly remarked that these things were not a fortuitous concurrence of lies; that they were a concurrence of lies with an object and end and that object and end must be to deceive somebody; otherwise, he inquired, why was this elaborate concatenation of pictorial lies placed upon the boxes at all? Lying does not become excusable or respectable because everyone has done it.

After a good deal of thought on this subject I have about come to the conclusion that irrespective of the moral turpitude and legal disadvantage of it, falsehoods do not help to sell goods. A package or label containing the briefest possible statement about an article is just as effective as one going into all manner of detail and making all manner of assertions.

In getting up new labels and revising old ones, the fewer positive statements of fact they contain the better and the fewer things will the proprietor have to explain and justify if he has to resort to litigation to stop an infringement, because it is always to be borne in mind that the consideration of the defendant's conduct, however fraudulent it may be, is not reached until the complainant's case has been scrutinized and found clean. Some courts in recent years have gone so far as to hold that the burden is upon the complainant to allege and prove the truth of all statements on his labels and in his advertising as a part of his *prima facie* case.

CHAPTER X

THE TRANSFER OF TRADE- MARKS AND GOOD WILL

THE underlying philosophy of the law of trade-marks is even now only vaguely understood by many well informed people, both in the legal profession and outside of it. The owner of a horse or a dog, a house or a factory is generally pretty familiar with what the term ownership implies. If his property is a piece of real estate he knows he can keep people off of it, or let whom he chooses on, that he can sell, lease or mortgage.

We frequently hear the word "own" and "ownership" used in connection with trade-marks, and are accustomed to speak of a trade-mark as property and assume it to be subject to all the rights of ownership, to the same extent as other things to which we apply the term property. Failing to appreciate what a trade-mark is, people fall into errors that sometimes are costly. Suppose for a minute we reduce the thing to its elements. Take, for example, the words "Gold Dust". If you should use these words in conversation with a friend on the street and a man should step up to you and say, "I own the words 'Gold Dust' and I forbid you to use them," you and your friend would laugh at him and wonder when he escaped from the asylum. On the other hand, no one disputes the right of N. K. Fairbank Company to forbid the use of the words "Gold Dust" on a package of washing powder. What is the difference? They are ordinary English words. Why has the Fairbank Company any better right to them than the extraneous person

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you regarded as a lunatic? Simply this, that there is no property in a word or name *as such*. It is only when it symbolizes a business good will that the attributes of property attach to it. The words "Gold Dust" on a package of washing powder indicate that it is Fairbank's product and Fairbank naturally has the right to forbid their use on a similar product by others, *because such use would be a representation that the article so marked was Fairbank's and illegitimately secure to itself the benefit of Fairbank's good will*. A trade-mark then is not a name or device in the abstract, but is a name or device applied to goods to indicate their commercial origin. A trade-mark does not exist as an extrinsic thing and hence is not, in any sense, property when so considered. It is never property dissociated from a business because when so separated it cannot indicate a commercial source. It becomes endowed with certain attributes of property when affixed to merchandise, because it here represents the good will of the producer of the merchandise to which it is affixed. It is of value exactly to the extent that the information it conveys or implies is of value. If it is valuable that the public should be informed that certain washing powder is made by Fairbank, then the name "Gold Dust", which is the means of conveying that information, is valuable. The property, however, is not in the name, but in the name plus the information it conveys concerning the origin of the merchandise to which it is applied—the name as symbolizing a business good will or reputation. It is the good will or reputation that is the property and not the means as a separate thing by which it is symbolized.

Failure to keep these fundamentals in mind frequently results in disaster. It is an erroneous notion that the trade-mark itself is property. When it is assumed to be property, it is supposed to carry with it what the civilians used to call the *jus disponendi*, or the right to sell invariably the attribute of property—and always incident to the right of ownership; and so we have people trying to sell trade-marks as they sell land or chattels.

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Such attempted transfers are void for two reasons: in the first place, a trade-mark does not exist except as an incident to a business and hence an attempted sale apart from the business has nothing to operate upon; and in the second place, such contracts are void as against public policy because they promote deception.

Concretely, if "A" had made and sold Star brand candy, so that Star brand became "A's" trade-mark, Star brand meant to the public, by association, "A's" goods; for "A", therefore, to sell to "B" the Star brand without transferring his business and good will, would amount to a contract whereby "B" was authorized to represent to the public that goods of his production were in fact the production of "A", and this, of course, is fraud.

WHEN A TRADE-MARK CAN BE ASSIGNED

Trade-marks can lawfully be assigned as an incident to the transfer of a business, but such matters ought to be carefully attended to, both legally and actually. A trade-mark may be transferred, but only in connection with the thing that it stands for; namely, the business that it represents. Except in infrequent instances and under peculiar and rarely met special circumstances, such as incidental to the transfer of secret or patented processes, a trade-mark without a business cannot be assigned and such attempted assignments are useless and legally are void. As well try to part a man from his shadow as to separate a trade-mark from the business from which legally it is inseparable.

Serious attempts are being made to perform this impossibility and are constantly coming to light in the reported cases. Many years ago John Forrest carried on business at London as a manufacturer of watches which he marked "John Forrest, London", and on the back plate "Chronometer Maker to the Admiralty". Forrest died in 1871 and his administrator sold his business and good will to Carley & Co., who until 1874 sold watches with the name of John Forrest upon them. In 1890 Carley & Co. failed,

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and their assets were assigned to a man named Read in trust for creditors. In 1891 Read sold to another trader the business of Carley & Co., and on the same day assigned to a man named Thorneloe "the name and good will of John Forrest". The defendant began to sell watches marked "John Forrest, London", and was sued by Thorneloe. The defense was that if the defendant's use of the name was fraudulent, that Thorneloe's use was equally so because he was not John Forrest. Thorneloe then produced his contract whereby he had attempted to acquire the right to stamp the name John Forrest on watches made by him. The court dismissed this claim with the language:

It was a mere grant of a license to use the name of John Forrest and I need scarcely say that apart from the other objection to the license purported to be granted, a trade name or mark cannot be validly assigned in gross. They cannot do what the plaintiff is seeking to do in this case; namely, to treat a name as being property in itself, which gives a right of action against any person using the name without his permission.

To show a different angle of the situation, the case of the Fadettes Ladies Orchestra is instructive. Ethel Atwood organized a band of musicians, which she called The Fadettes Ladies Orchestra. She hired and paid the members of it. The organization acquired a reputation and their services were in great demand. Miss Atwood sold to Mary E. Messer all her "right, title and interest in and to the organization known as The Fadettes Ladies Orchestra * * * together with all right acquired in the establishment, name and trade-mark in the words Fadettes Ladies Orchestra". Miss Atwood then ceased to have any connection with the company. The other members of the organization were not parties to the contract and did not agree to play under the direction of Miss Messer. Another organization of women musicians adopted the name "The Fadettes" and Miss Messer sued for an injunction to restrain the use of this title. At the time suit was brought no member of the original Atwood organization remained with her. The question was at once presented, whether Miss Messer acquired a right in

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the name "Fadettes" which she could enforce by way of injunction against the defendant "Fadettes". The Supreme Court of Massachusetts answered the question in the negative, holding that so far as Ethel Atwood had any right or ownership in the trade name which designated the organization under her management, it was personal to her, depending upon her personal reputation and skill, and it was not assignable; that there was nothing in the relation between herself and the other members of the organization that she could convey and if there were any benefit in the use by Miss Messer of the name "Fadettes Ladies Orchestra" it would be only to mislead and defraud the public by implying that she and such musicians as she employed were the same persons who had formerly gained this reputation under the name Fadettes. The Court concludes: It is well settled that the courts will not enforce a claim of this kind which contains a misrepresentation to the public.

A TRADE-MARK IS INSEPARABLE FROM THE BUSINESS ITSELF

Anyone who is familiar with the flour milling business knows the multitude of brands that are employed. It is not unusual, therefore, to find different mills using the same brand in different sections of the country and sometimes in the same sections, because the brands are legion and human ingenuity is limited. Sometimes different millers try to clean up the situation by attempting to purchase brands from other mills. These purchasers are almost invariably transfers of the brand and involve no succession of the business and universally are void. Two mills got into a controversy over the brand Swansdown. It was not settled until the Circuit Court of Appeals was reached. The dispute arose out of this state of facts: Meyer & Bulte sought to restrain Iglehart Brothers from the use of the brand. Meyer & Bulte carried on business in St. Louis from 1880 to 1897 as flour manufacturers, later moving to Kansas City, where at the time of the beginning of the suit they were in busi-

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ness. Philip Land originated the Swansdown brand at Sweet Springs, Missouri, in 1865. He was succeeded by various concerns, the latest being the Sweet Springs Milling Co. The Sweet Springs Milling Co., in 1892, assigned the Swansdown brand to the complainant, Meyer & Bulte. There was no succession to the business. It appeared that the complainant never had any interest and acquired none in the milling plant operated and owned by the Sweet Springs Milling Co., or the other persons and firms who were the successors of Land. Iglehart Brothers was a firm doing business at Evansville, Indiana, and was succeeded by a corporation of the same name in 1879. In 1879 the firm began the use of a flour brand containing the words Swansdown. It will be observed on the question of priority, that if the complainant acquired any right to the trade-mark Swansdown from Land's successors, its rights were prior in point of time to the defendant's; but, on the other hand, if that assignment was void the defendant's rights were superior, because they began to use the brand in question in 1879, whereas the purported assignment was dated 1892. It will be seen, therefore, that the validity of this assignment was the turning point of the case. The assignment was in this form—it recited that Meyer & Bulte “are desirous of acquiring the exclusive ownership, right, title and use of said brand or trade-mark for said class of merchandise”, and thereupon the Sweet Springs Milling Co. sold, assigned and transferred to Meyer & Bulte “all their right, title and interest in and to said brand and trade-mark”. In commenting on this situation the Court of Appeals for the Seventh Circuit took occasion to remark:

A trade-mark or trade name is of no virtue in and of itself. It becomes of value only through use and, therefore, by use it is an assurance to purchasers of excellence of the article to which it is affixed as manufactured by the one whose name appears as the producer. The fanciful or arbitrary trade-mark, by association with the name of the producer, becomes, therefore, valuable because it is a sign or symbol to the purchaser and assurance to him of the genuineness of the article of its manufacture by the proprietor of the trade-mark or trade name. Dissociated from such manufacturer it is not an assurance of the genuineness. When used by

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another it works a fraud upon the purchaser. A trade-mark is analogous to the good will of the business. Who ever heard of a good will being sold to one while the original owner continues the business as before? The good will is inseparable from the business itself. So, likewise, is a trade name that gives assurance to a purchaser that the article upon which is stamped the trade-mark or trade name is the genuine product of the manufacturer to whom the trade name or trade-mark points by association as the maker of the article. Therefore, to give a necessary qualification to the assignability of a trade-mark there shall go with it the transfer of the business and good will of the owner of the symbol.

In referring then to the purported assignment the Court observed:

To uphold such a transfer would be to ignore the fundamental office of a trade-mark, would be to disregard its purpose and object, would be to sanction the fraud upon the public purchasing the article. I am of opinion, therefore, that the complainants acquired no title to this trade-mark under the transfer from Land and his successors in business.

The decisions as well as the philosophy of the matter ought to make it clear that trade-marks cannot be picked up by the roots, separated from the business which gives them life, and sold as a separate entity; but any lawyer who has had experience in trade-mark matters will recall the client who produces as the source of his title an endorsement on a certificate of registration or an elaborately drawn contract, the gist of which is "for valuable consideration, I hereby sell, assign and transfer all my right, title and interest in aforesaid trade-mark to.....
....." and the expression of amazement when he is told that as an abandonment of the mark against the assignor the document may be worth something, but as an assignment or a source of title it is worthless. I recall perfectly an officer of a very large institution who announced that he had just bought what he described as one of the most valuable steel trade marks in the world. As a matter of fact this company had actually paid close to half a million dollars for a brand and had not thought it worth while or attempted to get anything else. Of course, the sale was a nullity and when he was so advised the steel man nearly had hysterics. Fortunately the situation was not hopeless, because it so

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happened that the transaction (though the parties to it were not aware of it) came exactly within the one recognized exception to the rule. The product on which the mark was used was made under a secret process, which, as a matter of fact, had been disclosed to the supposed purchaser of the mark and by dint of drawing and having executed a new set of conveyances and actual transfer of and tuition in the secret formulas a title was obtained which the courts afterward sustained.

HOW THE LAW APPLIES TO LICENSES

The rule forbidding transfers of a trade-mark apart from the business of which it is an adjunct, applies equally to licenses. As a general rule and subject to the same infrequent exceptions as exist in the case of assignments, a trade-mark cannot be licensed and attempts to do so are almost always void.

The historic attempt to separate Sousa from his band illustrates the point now under discussion. Sousa made a contract with a man named Blakeley, whereby Blakeley was to act as manager and Sousa the director in the organization and touring of the band. The compensation to be paid to Sousa included a proportion of the annual net profits of the enterprise. Blakeley died. The question was, was this contract assignable? Blakeley's estate claimed the right to use Sousa's name in connection with musical organizations. It was contended that by virtue of the contract the name Sousa became the property of Blakeley, and upon his death passed to his estate. It was held that the assignment of the name Sousa could not be enforced, for the reason that its enforcement would be against public policy and enable the assignee to impose upon and deceive the public by inducing them to attend concerts under the impression that they were to be given by Sousa, when in fact he would have nothing whatever to do with them.

Since a trade-mark is an adjunct to a business the converse of the proposition is also true. The sale of a

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business and good will carries with it as an incident the brands and trade-marks used in it unless they are peculiarly and essentially personal to the original proprietor, and since the Supreme Court has held that a trade-mark comprising a man's name and portrait was included in the sale of his business, it must be conceded that very few trade-marks would not pass in a general sale of business and good will, even if no specific mention were made of them in the transfer.

In connection with attempted transfers of trade-marks it must be borne in mind that there is no magic in the words "business and good will"; the courts will analyze the situation, and if it is clear that no business has been in fact transferred, will hold the assignment a mere sale of a naked symbol and void. Such was a case where a silk merchant attempted to sell the trade-mark "Radium" for silk. It appeared that after the attempted sale he continued the business as before, making and selling the same sort of silk but only substituting the name "Electra" for "Radium". It was held that the assignment of the name "Radium" was void because to be valid the business must have been transferred, and that since the business could not be both sold and retained, and as it had undeniably been retained, the sale was in effect nothing but an attempt to sell a naked symbol and was therefore a nullity. Said the Court:

It is not contended that the original owner of the trade-mark shall go out of the dry goods business nor that it shall cease to sell silk dress goods in the piece, to which it has not appropriated the trade-mark. But when a trader has sold some particular article under a selected name to such an extent as to secure registration, he has established a special business in which that trade-mark is used, and if the trade-mark becomes so valuable as to induce him to sell it, he must, as a condition of transfer under the statute, assign that special business with the trade-mark of which it was the parent. Eiseman & Co., therefore, acquired no rights under the alleged assignment which did not carry the special business. The suggestion of hardship, in that by subsequent action the assignor has defeated the assignment for which it received a valuable consideration is not persuasive; they have their remedy against the company, if the transfer was not in fact what they were given to understand it would be.

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In trade-mark matters the place where the most numerous and the most costly mistakes are most frequently made is in the matter of transfers. The regrettable part of it is that most of them could have been avoided. It is a common thing at a conference of lawyers discussing the conduct of a trade-mark case to hear someone say, "Oh, well, the title looks well enough on paper, but wait till he tries to prove up. There are four or five transfers and it's dollars to doughnuts there'll be a hole in some of them." And there usually is.

CHAPTER XI

REGISTRATION OF TRADE-MARKS

UNITED STATES statutes permit the registration of trade-marks used in commerce with foreign nations, among the several states, or with the Indian tribes. Registration creates no rights in a trade-mark. The right to the mark depends upon priority of adoption and use. Registration is simply a public record of a claim of right already acquired. Registration does not confer a government monopoly analogous to patent and copyright. It deprives no one of any rights possessed before, and confers upon the registrant no property rights that he would not have without such registration. If the registrant is not the owner of the mark, the registration does not make him the owner. Failure to register by anyone else who has a better right does not destroy or impair that right. Failure to register creates no presumption against ownership and registration does not destroy any previously acquired common law rights in others than the registrant.

Registration makes the registrant presumptively the owner, but this presumption can always be rebutted so that even where the mark is registered, if it can be shown that anyone else has priority of use, registration goes for naught. Registration is valuable as a public claim of ownership, for certain additional remedies that the statute provides, as a foundation for protection in foreign countries, and as conferring certain jurisdictional advantages.

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While the registration of a legally valid and practically efficient trade-mark is of undoubted value, it is unfortunate that an undue emphasis is put upon registration by many persons who either have no real notion of what a trade-mark is and how the right to it is acquired, or who expect to charge fees for securing a government certificate decorated with seals and ribbons. A certificate of trade-mark registration is made a fetish by many who look upon a trade-mark as an end in itself rather than a means to an end, to whom some inefficient and purposeless symbol is a thing to be striven for, nurtured and safeguarded. A virile, conspicuous and unmistakable means of distinguishing one producer's goods from all others, selected at the outset with due care to its practical fitness and legal exclusiveness, is its own protection. Such may well be registered as an additional safeguard. Registration, however, like the trade-mark itself, is a means, not an end. The end is to give the public an easy and certain means of identifying goods as those of a certain producer, and by this means to render advertising effective and substitution difficult. The registration of details of packages having no identifying efficiency is as futile as their use. If it is regarded as nothing but a harmless eccentricity, no damage is done, but it does not make a useless trade-mark useful any more than an expensive binding makes literature of trash.

Registration of a trade-mark under the Federal statute is not a complicated process. A statement is signed by the applicant specifying his name and address and citizenship, the goods on which the trade-mark is used, the date of first use and the manner of application to the merchandise, accompanied by sworn declaration that the applicant is entitled to the exclusive use of the trade-mark and has used it in interstate or foreign commerce or in commerce with the Indian tribes. A drawing and specimens of the mark as actually used also are required, with a filing fee of ten dollars. An examination is made by the officials of the Patent office, and if the trade-mark is found to be registrable, it is published for thirty days in

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the official Gazette of the Patent office, during which time anyone who conceives that he would be damaged by the registration may oppose the application. If no opposition is filed a certificate of registration issues. Registration cannot be secured until after the trade-mark has actually been used upon merchandise in interstate, foreign or Indian commerce.

STATE REGISTRATION

Most of the states of the United States have statutes permitting the registration of trade-marks in the offices of the several Secretaries of State. Such registration is of value as an additional local protection supplementing that of the common law. Prosecution under these state statutes is an efficacious method of dealing with financially irresponsible infringers, for a criminal remedy is provided, involving fine, imprisonment of the offender and destruction of the infringing devices.

FOREIGN REGISTRATION

In many nations the theory of trade-mark ownership differs from ours. In such countries registration creates the right and the person first to register owns the mark regardless of whether or not he is the real owner according to our notions. It is a common occurrence for natives to register in their own names well known and valuable foreign trade-marks and thereby vest in themselves the ownership of them to the exclusion of the true proprietor, whose goods are stopped at the border, or are seized and held until the pirate is bought out, or the market is abandoned. This danger is a very real one and can be avoided by timely registration by the real owner, which is a precaution that ought always to be taken.

It is not only the local pirate who is to be feared; a constant source of trouble is the foreign agent who adopts registration of his principal's trade-marks in his own name as a means of securing for himself an exclusive agency and favorable terms. No trouble is encountered

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as long as friendly relations are maintained, but the minute friction develops, it begins. Shipments to others are confiscated, suits are brought and the home concern usually has to submit to unconscionable exactions.

The Western Clock Company not long ago had such an experience. A Mexican jeweler when in this country saw the Big Ben advertising. On his return to Mexico he sent in an order for clocks. This order was followed by others until a steady business of respectable size was developed. There was no trouble until orders came from other dealers in Mexico for Big Ben clocks. Shipments were made, and shortly afterward a letter was received from the dealer who had had the first clocks, threatening confiscation of all Big Ben clocks shipped into Mexico to anyone but him. He insisted further on a special price and announced that unless his demands were at once acceded to, that he would have clocks made in Germany, would mark them Big Ben and sell them throughout Mexico. He closed this modest communication by stating that he had registered the Big Ben trade-mark in his own name and was entirely within his rights in what he asked. Fortunately soon afterward he incautiously came to New York, where he was served with a mandatory injunction directing him to cancel his registration; and rather than risk a sojourn in the Tombs, he complied.

This experience is typical. An American firm with a large export trade once received a most courteous letter from a dealer in Mexico in which he stated that he was aware that unscrupulous compatriots of his had on occasions registered as their own, valuable foreign trade-marks, through which means the foreign manufacturer was subjected to expense and annoyance. To prevent such misfortune, he—the writer—had taken the precaution of registering the trade-mark of the firm addressed. He would esteem it a privilege to execute an assignment. He had been put to some expense in obtaining the registration—a matter of two thousand dollars—for which he expected to be reimbursed. And with renewed assurances of distinguished consideration he kissed their hands

and remained theirs to command. After some bargaining a substantial amount was paid by the American firm to purchase their own property.

These occurrences do not happen in Mexico alone, though they are common there. Cubans are constantly offending in this particular. The Japanese are experts. Sometimes with a Japanese one must buy his trade-marks not alone from the pirate, but from several of his friends and family; sometimes from the same pirate more than once. Wells and Richardson Company when about to apply for registration of Diamond Dyes found that Matsuoka had registered the mark. There was nothing to do but buy his registration, which was done. There was some delay in filing the Wells-Richardson application; and when it was filed it appeared that Matsuoka had a few days after he had assigned his registration of Diamond Dyes, applied the second time for the registration of the same mark. Fortunately he had neglected to comply with an essential provision and his application was rejected by the Japanese authorities. Before he could remedy the defect and apply a third time, the Wells-Richardson application was safely filed. The solicitor in Tokio who conducted the affair stated that the whole occurrence was "characteristically Japanese".

The same danger exists quite generally throughout South and Central America. It was particularly violent in Argentina a few years ago. Conditions are much better now, though still sufficiently serious to make registration by foreigners of their trade-marks there a prudent step if they expect ever to enter the Argentine market.

Even continental Europe is not free from this sort of piracy. The Germans at one time practiced it assiduously. It is a wise precaution to register trade-marks in all foreign countries into which trade is likely to extend, as insurance against trouble. The cost is little enough when compared with the exasperation and expense which frequently are the result of failure to do so.

CHAPTER XII

PUTTING AN ADVERTISING POLICY BEHIND YOUR MARK

A UNIVERSITY professor and a very learned man once said that to advertise is "to mount an eminence and make a noise"—in other words, to attract attention. And no doubt, if the eminence is high enough and the noise loud enough, people will look around and say to each other: "Who's the lunatic that's making all the racket?" and go about their affairs. If any of them should happen to meet the disturber face to face the next day, he would doubtless not be recognized, because the noise and not the maker of it probably created the more lasting impression.

Not a little advertising is of this character—it makes a momentary stir and is forgotten, because there is nothing about it to make a distinct impression of who is doing it and what it is all about.

A store keeper who would advertise in the papers and altogether fail to identify his place of business with his announcement would be regarded as beyond treatment. His efforts are futile unless he tells the people expected to read his advertising, who is doing it, so that they may know where to go to do their trading. An announcement of a spring opening, unless it tells whose it is and where it is is not very useful. But when it comes to advertising merchandise which may be had at many different places, these things which no sane man would neglect when advertising for a retail store are commonly ignored.

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The only rational aim in advertising except for purely temporary purposes, is to create a permanent business good will. The effect is bound to be ephemeral unless there is some one thing constantly appearing in every advertisement which is easily impressed upon the mind of the observer, readily recognized and easily recalled. In order that there may be a connecting link between the advertisement and the article advertised, this identifying element in the advertisement should also appear in connection with whatever is being advertised. Otherwise the advertisement is bound to lack efficiency in not unmistakably connecting itself with the product advertised. It is utterly irrational to fail to give to a prospective purchaser, who may be sufficiently impressed by the advertisement to want the thing advertised, a way of identifying that thing and definite means of knowing that he is getting it when he makes his purchase.

All advertising matter might well be analyzed to see if the public is being treated fairly in this respect, and to be sure that each individual advertisement is unmistakably connecting itself with the thing to promote the sales of which it is being used.

PUTTING THE EMPHASIS IN ADVERTISING ON THE THING THAT IDENTIFIES THE GOODS

The goods which are advertised should be scrutinized to find out what are the things by which they are identified—whether name, trade-mark, appearance of package, color or arrangement of labels or whatever it is about them that is distinctive. Care should be taken to see that the identifying badges of the merchandise under consideration be made conspicuous features of all advertisements. Some people have eye memory and some ear memory, some individuals get their impressions more easily from words, some from pictures. The eye and picture memory people, however, are probably more numerous. Therefore, whenever it is possible to do so, the package itself, preferably in its own colors as it is seen

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by the buyer, should be displayed in the advertising. When this is done it makes no difference whether the observer is one who relies for his mental images on words or pictures. Here he gets both.

When a person has a definite picture in his mind of the thing he wants to buy, it is difficult for a dealer to substitute anything else. When a purchaser lacking this definite idea—one who has not had a clear mental image forced upon him—accepts a substitute for the advertised goods, the manufacturer cannot blame the dealer. The dealer is hardly a substitutor in such a case. The purchaser himself, with his hazy notions of what he wants, makes the substitution possible. The advertiser is the one who is to blame, for not casting his advertisements in such shape as to afford unmistakable means of identifying the thing advertised and to force it into the minds of the public.

ADVERTISING EXPENDITURE IS THE PURCHASE PRICE OF GOOD WILL

It is quite as important thus to connect the advertisement with the article as it is to mark the article. Except as a mere temporary means of attracting attention, there is no use in putting pictures of women, boys, dogs and the like on posters and street car signs—*unless the identical woman, boy or dog appears also on the package of the goods advertised.* They have otherwise no possible relevancy. As a guessing match or memory exercise, it may be interesting to people to ask themselves what it is that is advertised by the picture of a funny man carrying a sack of flour, but as a means of helping customers to pick out and buy any particular brand of flour, it is useless, unless the same funny man is recognized upon the flour bags stacked in the grocery store. Even talk about quality, and arguments or reasons why particular goods should be bought may well be subordinated to the main thing—the certainty that if these things are read and believed, there will be no doubt to what article they apply.

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This point seems elementary, but a minute or two spent looking about a street car or at a bill board will show how frequently it is disregarded. No permanent results from advertising can be expected unless the advertising and the goods are linked together in some perfectly obvious way, by an unmistakable means of identification placed upon the goods and invariably reproduced in advertising.

In addition to its value as a permanent asset this identifying means has an everyday practical utility in securing to the proprietor all of the benefit to be derived from the reputation of his goods by typifying and perpetuating that reputation, and insuring full returns earned by the advertising expenditure, for it gives the public an assurance that when they think they are getting the advertised article they are in fact getting it.

The proper view to take of advertising expenditure is that it is an investment. It is the purchase price of the most valuable of all commercial property, a business good will and a public friendliness. This good will and friendliness adhere to the means by which the article advertised is distinguished from others. Good will is the permanent principal and continued advertising clearly associated with identifying means cumulatively adds to its value. There is something to build on and each year the structure becomes more and more secure.

The observance of this theory involves responsibilities. It is of course manifest that the article advertised and identified both in the advertising and by means of a trademark or other distinguishing feature must be of such quality as to encourage repeated purchases by the same persons. Identified advertising and merchandise can thus promote and conserve good will, but they can similarly concentrate ill will. Even at the accepted birth rate of "suckers" there are not enough of them to be fooled many times by the same thing; and when by the marks upon it an undesired thing is recognizable, it can be avoided. People keep away from brands of merchandise they dislike by reason of past unsatisfactory experience,

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as certainly as they keep away from individuals they dislike.

Advertising is a thing about which one cannot be dogmatic. If it keeps goods moving, it is good advertising no matter what anyone says, but it seems true that advertising may inspire ill will. I can recall, as anyone can, prejudices I have against what are probably meritorious articles, that I have got by reading advertisements in which there is something I consciously or unconsciously resent. For example, as a New Englander born, when I see baked beans advertised as the masterpiece of a French chef—well, I have eaten beans which were cooked by a New England housewife and tasted the terrible work of a French chef.

The suggestion of a skunk in connection with beer is not appetizing to me personally.

Having, on one occasion, worn a suit of English-made clothes, clothing advertisements which talk about London, Bond Street and so on, do not inspire in me emotions either of comfort or class.

To see in advertisements pictures of vacuous looking young men alleged to be wearing certain brands of collars or shirts does not attract me, because I am apprehensive that if I should buy and wear that sort of collar or shirt I might acquire such an expression of exiguous mentality.

Of course, these are little things and sound trivial, but they have kept me from buying certain makes of goods which no doubt are as good or much better than those I do buy. What I think or feel in this respect is of no consequence; but if as an average member of the consuming public I react in this way, it is a fair inference that other people do also.

It is quite possible to induce a general feeling of friendliness and good will toward the article or establishment advertised, apart from its intrinsic merit. The average person acts more often from impulse or suggestion than from any process of reasoning. Advertising that can inspire a friendly feeling in the reader is likely

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to sell more goods than that which attempts to instruct him. The cheeriness of Big Ben advertising has been more persuasive in selling Big Ben clocks than any amount of talk about the way the works are made, could possibly have been. By sheer good nature, the alarm clock, which used to be an abomination to all of us, has been made a pleasant thing to look upon and listen to.

It is doubtful if the good will Big Ben has induced applies to alarm clocks in general, because all the Big Ben advertising has been so unmistakably characteristic of this particular clock, and hence the benefit resulting has adhered to it very largely, if not exclusively. No amount of description of the mechanical efficiency and excellence of manufacture which Big Ben so conspicuously has, could have induced such widespread popularity. People like Big Ben and buy because they do, just as we like our friends in spite of their virtues. It becomes a matter of heart rather than head. It is sometimes as exasperating to hear the merits of a commodity continually extolled as it is to hear the worth of an individual. The only undying hatred I ever was conscious of was toward an excessively meritorious boy who lived in our neighborhood and whose many excellencies were frequently impressed upon me by my elders.

FINDING YOUR POINT OF CONTACT WITH THE CONSUMING PUBLIC

So, too, the idea of cheapness can be overdone. "The best so-and-so for the price" is a tacit admission of inferiority. Excellence of quality and reasonableness of price are not necessarily inconsistent. No sane person buys anything solely because it is cheap. Price as a matter of information is well enough, but a cheap price as an inducement to buy is dangerous (except for an article of known and recognized merit), because it implies that cheapness is its principal claim for consideration and cheapness suggests inferiority.

The local agent for a certain automobile recently advertised that in order to get rid of his sales quota he

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was planning to make a special price on these cars. The effect on good will towards the manufacturer among owners who thus saw the "class" of their cars reduced, and among dealers who were respecting the standard price, might easily have been foreseen.

The point of contact with the consuming public ought to be definitely fixed and viewed from every angle, for here it is that good will is created or ill will develops. The advertising policy in the most far-sighted concerns has been so determined. The danger points for good will have been charted, the things not to be experimented with are recognized, and the principles of friendship with the public are held inviolable. It is of infinitely greater consequence for a gas, electric or taxicab company to be able to convince the public that its meters are honest and do not rob in terms of cubic feet, kilowatts or miles traveled than to parade some such irrelevant fact as that its directors and executives are respectable men and not highwaymen. Householders may never see the president of the gas company—he is not a point of contact. But every consumer lives in the same house with and suspects his gas meter. More effective good will advertising can scarcely be expected than that of various gas and electric light companies which demonstrates by graphic charts just why the meter works longer hours when the sun quits early. Such publicity disarms complaints.

Advertising policy then as a thing in itself has a distinct value in establishing a good will or public friendliness, quite apart from that which attaches to a business or community by reason of its merit or intrinsic desirability. The advertising, of course, should be unmistakably linked to the thing or business by using an easily recognized means of identification in all advertisements and in connection with the thing advertised; but the atmosphere of friendliness is often—and should never be—neglected. Advertising policy can create good will; it can be cold and sterile, neither creating nor impairing friendliness; or it can actually tear down good will and prejudice the public against the thing advertised.

PART III

DEFENDING A BUSINESS FROM UNFAIR COMPETITION

CHAPTER XIII

HOW TO DEAL WITH INFRINGERS

WHOOEVER imitates a trade-mark has by common consent come to be described as a "pirate". At the time the designation was first applied, it was more or less appropriate. The pirate saw and coveted his neighbor's successful business, and like any Morgan, Teach, Sharkey, or L'Ollonois, sighting a fat galleon laden with plate wallowing in the trade winds, homeward bound from the Indies, he laid himself alongside and took what he wanted. He counterfeited marks and labels as exactly as he could, not as he dared. There was no limit to his impudence. He was deterred only by manual, not by moral difficulties.

Those who know Exquemelin, Captain James Burney, and Stevenson have an idea of the way in which the real pirate pursued his art. He performed in the open and spared none. His craft was a topsail schooner, the jolly roger was hoisted at the peak, scowling ruffians crowded the decks, singing "fifteen men on the dead man's chest—yo-ho-ho, and a bottle of rum!" They laid her alongside the fated ship; cutlasses between teeth, they swarmed up the side, and then—the scuppers ran blood, those who survived the boarding walked the plank, the sharks were fed, the galleon, scuttled and burning, sank, and all that was left was the murky cloud aloft and, below the circling gulls, a few eddies, from which rose curling wisps of bluish smoke—and then a week's debauch in Port Royal and another foray.

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The analogy between the commercial pirate of not so many years ago and the Spanish main variety was exact. The foregoing indicates briefly and without unnecessary harrowing detail how the real thing behaved. He was a thief, of course, but he was a robust one; he risked his hide every time he did a day's work. We all, even the most ladylike of us, must confess to a sneaking admiration for the pirate and the way he did business. The commercial Henry Morgan also has our grudging admiration. He was an unrefined and direct-acting person who conspicuously lacked finesse and performed with a valorous lack of concern for his own safety. What he wanted he appropriated. His successful rival's trade-mark and label he counterfeited. In doing so he risked a jail sentence or worse just as his maritime colleague risked a hempen cravat.

PUNISHMENT OF TRADE PIRATES IN THE MIDDLE AGES

The punishment following a conviction of trade-mark counterfeiting during the fourteenth, fifteenth and sixteenth centuries was the ferocious kind common at the time. In some places where a particular industry flourished, the marks used in it were protected by municipal ordinances. Under some of them counterfeiters were executed, in others the pillory was the penalty. Infringement of trade-marks was every bit as hazardous an occupation as buccaneering. The punishment was made to fit the crime. The trade pirate got death, mutilation or penal servitude, and the maritime person, who pursued piracy, if caught, was hanged on Nix's mate and his carcass, coated with tar, swung in an iron cage as a warning to evil doers.

Piracy of the more robust variety has disappeared from the face of the waters, and trade-mark piracy of the corresponding type is fast disappearing from the land. I doubt if covetousness is less prevalent, but piracy has degenerated in robustness of method. The name pirate applied to the poor creature who today tries to steal his

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successful rival's business is an utter misnomer. His conduct is only comparable with the variety of dishonesty exemplified by the humble individual who steals door mats or picks pockets. To call the modern infringer a pirate is to pay him a compliment he does not deserve; he is no such hardy ruffian; he is a sneak thief, a confidence man, just as dishonest, no doubt, as a real man thief, but less admirable.

He hopes to escape the penalty of his wrongdoing by craft and cunning, to deceive the public, and then, when accused, also to deceive the courts.

The courts, of course, had no difficulty in dealing with the counterfeiter and the real and properly so-called trademark pirate. They sometimes were difficult to catch, but when caught were given a short shrift. The law, however, is not always so fortunate in overtaking and stopping the more astute modern infringer. The courts are as a general thing about five years behind the trade parasite. It was only a little over a century ago that the English courts began to appreciate that the theft of a man's business was as morally wrong and as legally indefensible as the stealing of his purse or his coat, but at last the courts adopted this view and punished, enjoined or cast in damages traders guilty of such criminal trade practices. The notion that there could be a right in a sign or symbol used by a merchant was not definitely established in English law until about the time of the American Revolution. The lawyers of the time had to engraft this then novel right on to an existing system of law, and they cast about for means of enforcing it. The necessity of proof of guilt beyond a reasonable doubt made the machinery of the criminal law impracticable. A suit for damages was of course useless against a financially irresponsible defendant. A court of equity seemed to be the only recourse, and as one of its principles is that equity interferes to protect property, the lawyers sought for a peg upon which a property theory could be hung. There was the trade-mark staring them in the face, and this they assumed was the property of the trader using

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it. This assertion is of frequent occurrence in the cases. Use of this trade-mark by another was thought to be a continuing trespass upon the property of the first user and the equitable remedy of injunction was invoked against its continuance.

This notion of property in a trade-mark as a distinct thing rather than that the property is in the good will which the trade-mark symbolizes has been a tenacious one and even now finds expression in many of the cases.

The legal journey to the conclusion that a trade-mark is property lasted well over a century, and in the meanwhile infringers learned two things, that it was unprofitable to counterfeit a rival's trade-mark and, since the courts, once they got started, dealt severely with them, that it was dangerous.

HOW THE INFRINGER DEvised NEW WAYS TO STEAL TRADE

It was necessary, therefore, for them in some way to circumvent the law, and the infringer, being as ingenious as he was unscrupulous, set his wits to the accomplishment of this task. He recognized that the courts assumed a trade-mark to be property and his experience taught him that it was unsafe to meddle with property, therefore he let the trade-mark alone. His purpose was to steal his successful rival's trade, and he was supremely indifferent as to the manner of its accomplishment. It was soon realized that trade could be stolen without resort to infringement of technical trade-marks, without violation of any then recognized property right. All manner of contrivances were employed,—labels, packages and the like, were imitated, which resulted in public deception and private injury without, it was thought, subjecting the perpetrator to legal liability. The lawyers and courts at once found that their property theory was unworkable. Certainly no property could be claimed in the color of a label, or in the arrangement of the printed matter upon it, or in the shape of a bottle, or in any of the numberless things which help to identify a particular

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man's goods and which were being imitated for the purpose of stealing away his customers and appropriating his good will. It was perfectly clear that a man's trade could be taken away from him unlawfully and his customers deceived into purchasing a spurious article, in other ways than by imitation of his technical trade-mark, and it was a reproach to the law and courts of justice if they would sit idly by and see this go on. To meet this situation there has lately developed a considerable body of law dealing with this class of cases which, in this country, for want of a better name, are called cases of "unfair competition" or "unfair trading"; in Great Britain "passing off"; in France "concurrency deloyale"; and in Germany "unlauter wettbewerb".

INFRINGEMENT AND UNFAIR TRADING

It seems to be assumed by many that there is some radical distinction between a case involving trade-mark infringement and one of unfair trading. This distinction is usually said to be in the supposed fact, that cases involving technical trade-marks are based upon a property right, and cases of unfair trading upon fraud. I believe that the distinction is wholly unsound and that there is no real difference except in the matter of evidence between a case of unfair competition and technical trade-mark; that all trade-mark cases are in fact cases of unfair competition and the law of trade-marks is a part only of the broader subject of unfair trade; that unfair trade is the genus, trade-mark infringement a species.

Since the trade-mark is nothing but a symbol of business good will, it is the good-will rather than the trade-mark as an independent thing which is property. The trade-mark is nothing but the visible manifestation of this underlying property. The good will is the substantial thing which the law protects against invasion. The recent development of the law is in the direction of protecting business good will, however it may be represented. Good will can be and is symbolized in other ways than

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by technical trade-marks—by names which are not trade-marks, by labels, by dress or get-up of goods, by the form of the goods themselves, or the style of the enclosing package; in short, by the numberless ways in which the purchaser is enabled to recognize the particular article he wants. Good will is, to define it inexactly, the friendliness which a consumer has toward a particular article; it is that friendliness which induces him to purchase a particular thing rather than another. In order that his desire to buy this particular article may be unobstructed, or in order that it may be exercised at all, it is necessary that he be able to distinguish the article that he wants to buy from other articles of a similar kind. Therefore, whatever it is that enables the purchaser to pick out the thing he wants from other things is, with the purchaser at least, the symbol or visible embodiment of the good will which he has toward that product. It, therefore, represents a thing of value to the producer of the article toward which the consumer's friendliness is directed. To this extent the consumer's friendliness and the probability of successive purchases on account of it, are rights of property and are so recognized by the courts under the name good will. A trade-mark is an identifying symbol of good will, but it is obvious that there are innumerable other things which also serve as distinguishing marks and represent good will in exactly the same manner. It is equally clear that the imitation or use by others of any one of these numberless things would confuse the consumer and permit the sale to him of an article which he does not want, in his belief that he is getting the article which he does want, and thus divert his patronage and destroy the property of the producer of the genuine article, in the expectation of continued custom in precisely the same way.

Whether or not any particular element is a thing which enables one product to be distinguished from another, and hence symbolizes the producer's good will, is a matter of evidence, a matter of fact, a question of proof, and here, it seems to me, is the difference between cases of

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unfair competition and those involving technical trade-marks.

A technical trade-mark is an arbitrary name or device attached to an article of merchandise for the purpose of indicating its commercial origin. Being arbitrary, it can have no function except to identify. The presumption, therefore, is that it does identify, and since it is the identifying mark of an article, use by any one else on another article necessarily involves a false representation that one article is the other. There can be no excuse for its use by others because the name or mark means nothing intrinsically, and there can be no purpose in it except to deceive. Therefore, all of these things are presumed.

THE LAW OF UNFAIR COMPETITION

On the other hand, where the style of a label is imitated, or the color or get-up of a package, or any other of the things aside from a trade-mark which serve to identify a particular product and distinguish it from others is used or imitated, these various things, not being arbitrary and having a function of utility, cannot be said to identify a particular person's goods without proof that they do in fact identify. That is to say, if a man puts a red label about a package of tea, there is no initial presumption that that label distinguishes his tea from other people's. Therefore, he must prove it as a fact. When he has proved that as a fact the red label does identify his tea and distinguishes it from other producers' tea, then he is entitled to insist that other people either refrain from using red labels on tea or use them in such a way as will not deceive.

So, after several hundreds years' development, the law of unfair competition has been crystallized into a single sentence—*no one has any right to sell his goods as the goods of another.*

There now is no question of law involved in these cases. They are cases of fact. The law is established, and the principle is perfectly general and without exception. No

one has a right to use any artifice or contrivance by means of which the sale of his goods as a rival's is accomplished either directly or indirectly, or will probably be accomplished by dealers who purchase from him. Will ultimate purchasers without active and actual passing off by either the producer or the retailer be likely to purchase the defendant's goods in the belief that they are the goods of the complainant? It is of no consequence whether the deception is effected by imitation of trademark or name whether descriptive, geographical or personal, duplication of copying of device, label, color, design or get-up of enclosing package, duplication of catchwords, deceptive advertising, oral misrepresentation, silent passing off, or in any other way. Is one trader, directly or indirectly, expressly or by implication, making a false representation that his goods are those of a rival? It may be made in any of the myriad ways in which it is possible to convey impressions. The question in every case is: Is this false representation being made? And that question is a question of fact.

Now, no lawyer has any cause for complaint when clients do not hand him their cases on a silver platter, but when people come in and put a carton or bottle or what not on his desk and say, "That's an imitation of our Bird brand and I want you to stop it at once; don't wait a minute; get right after the scoundrel"—he has a grievance. It is simple enough to treat an ordinary commercial lawsuit thus casually—to tell a lawyer to collect a past-due note or sue for breach of contract. Cases such as these may involve disputed law points, but the facts are generally simple and can be ascertained in a few minutes.

Unfair trade cases, contrary to the common belief, do not involve any complicated law points. There is nothing mysterious or esoteric about them. They are cases of fact and the facts are spread over the whole territory where the goods of the parties are sold, and it *takes time to get them*. Short of obvious and shameless counterfeiting, the facts of the cases are to be found not only in

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the contrasted labels or packages, but in the stores of the dealers who handle the goods.

The question is a practical one: Are purchasers likely to be deceived? When there is nothing to go by but a comparison of labels or names, which more or less resemble each other, one man's opinion is as good as another's, and cases started and prosecuted on such a basis resolve themselves into nice little academic disputes, one side contending that the resemblances are enough to fool people and the other maintaining that no one with eyes, ears and common sense could be deceived for an instant, and that anyone who could be fooled ought to have his sanity inquired into. After an hour or so of theoretical disputation, the court takes the case under advisement and after a while writes a nice theoretical opinion and decides one way or the other, depending very largely on the eyesight of the judge and his capacity or incapacity for being fooled himself, and from the record before him no one can demonstrate that he is wrong, whichever side he takes.

PROVED INSTANCES OF ACTUAL DECEPTION HELP TO ESTABLISH A CASE AT LAW

This situation is very largely due to the fact that most trade-mark and unfair trade cases are prematurely brought and without a sufficient preliminary investigation of the actual facts as they are in the trade and among purchasers. When a complainant can go before a court fortified with a number of cases of actual deception, there is no need of any theoretical argument, no necessity for a discussion of probabilities, whether deception is likely to occur or not—it has occurred and there is no more to be said. Proved cases of actual deception of normal people end all controversy. The argument that there is no likelihood that people will be deceived is completely met by proof that people have been.

Where the imitation is inexact suit should not be brought until after the most careful and painstaking investigation is made among actual purchasers of the

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alleged infringing goods, to produce evidence of actual deception and mistake. This evidence is difficult to get and the courts recognize this difficulty, but it is worth the trouble because it transforms speculation into actuality. Sometimes it turns up unexpectedly and from unexpected sources.

I recall sitting around a court-room in Cleveland waiting for a case to be called. There was a trade-mark case being argued relating to an alleged infringement of the "Inner Seal" device of the National Biscuit Company. There was no evidence of actual deception, and counsel for the defense naturally was making the most of it. He was a good lawyer and much given to fluent vocalizing, and was going on at a great rate, treating the subject with much ingenious pleasantry.

"My distinguished opponent," he said, "is asking this court to convict my client of fraud on a supposition. He says this little red seal is calculated to impose on the public. We have been using it openly and notoriously for a year, and my adversary is unable to produce a single person who will swear he has been misled by it. He has had ample opportunity to bring in a multitude of deceived purchasers. He has produced none. He says he is under no obligation to do so. Of course he isn't, but don't you suppose that if there were any they would have been paraded before your honor? None are produced because there are none, and this court is asked to enjoin us and brand our business a fraudulent one when what we have done has not deceived a single soul—not only has not, but could not. No one not an imbecile could be deceived by this label. The law is designed to protect people with faculties unimpaired, not those with arrested mental development"—and so on, with much noise and clamor.

The judge listened patiently and immediately at the close of the argument, contrary to his usual practice, granted the injunction without taking the case under advisement.

After adjournment we all went into chambers to pay our respects to the court, and someone said: "Judge,

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you didn't take much time to decide that biscuit case." "I should think not," replied the judge; "I was much amused at the remarks of Mr. So-and-So. He said that no one but an utter ass could be fooled by his client's label. If he is right in that, I'm that sort of person. I was going fishing about a month ago and I took along some of his client's crackers. I bought them for 'Unce-das'. The packages had the little red seal on the end. They fooled me and I guess they would fool other people."

Miracles like this, however, do not happen every day. Trade-mark and unfair trade cases are won, not on any fine-spun legal theories, but on the facts. The best way to convince a court that a thing is calculated to deceive is to show that it actually has deceived. The only way to get this proof is to go out among consumers and hunt. No amount of time is wasted and no labor useless which shows deception, not as a probability or a possibility, but as a fact.

INFRINGEMENT IS CONTAGIOUS

It must be accepted as a fact that all successful articles are imitated; that every success breeds parasites which prey upon it; that every trade-mark, label or package which is advertised and which stands for something, is sooner or later infringed. As a matter of fact, the proprietor of a successfully advertised product must resign himself to a siege of infringement which he must pass through. It is a perfectly normal phenomenon. He is bound to have it just as it is a foregone conclusion that children will have measles, whooping-cough and chicken-pox, and he might as well recognize it and make appropriations for the expense of prosecuting infringers just as he does for insurance and taxes. My experience has been that a newly advertised article will be let alone about a year, or if its success is marked, not so long. Then are hatched a swarm of imitators of different degrees of effrontery, but all equally conscienceless and all moved

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by a common purpose, to steal a part of the successful article's good will. This is the common experience, and sometimes it seems as if there was no end to the thieving.

When Cascarets had been on the market a year or so, there appeared "Castorets," "Castor Caramels," "Castorines," "Castorolas," "Castorinas," "Cascaratabs," "Cascara Tablets" (in imitated boxes) and the like. Hole-proof Hosiery produced "Soleproof," "Toeproof," "Heel-Proof," "Wear-Proof," "No Hol"—all in yellow boxes. In the days of the extensive advertising of Hood's Sarsaparilla it seemed as if the whole clan of Hoods was suddenly and with one accord inspired to go into the medicine business, and there were "J. C. Hood's Sarsaparilla" and "Good's" and others, and all used the buff package and peculiar diagonal printing of the genuine. Paine's Celery Compound inspired "Payns"; "Stuart's Dyspepsia Tablets," "Dr. Stewart's Dyspepsia Tablets". A competitor of "Big Ben" alarm clocks was so singularly lacking in ingenuity that he put out a "Big Bell".

When the General Arthur cigar was advertised all over the country, the stock labels of lithographers were searched for those showing representations of distinguished-looking gentlemen wearing mutton-chop whiskers; and among others, Chauncey Depew and the Duke of Veragua were discovered. They were thereupon christened "Prince Arthur" and "Captain Arthur". George W. Childs received the same treatment, pictures of benevolent old gentlemen were labeled "Roth's CHILD", "My CHILD" and the like. The popularity of the "Tom Moore" cigar inspired a cigar manufacturer with the mind of a caterpillar and the morals of a Dick Turpin to appreciate a slight resemblance between the discoverer of the anesthetic effect of ether, Dr. Thomas Morton, and the Irish bard, and promptly he put a "Tom Morton" cigar on the market. These instances are not sporadic or exceptional. It is the common experience.

There are two encouraging things about imitation. The first is the tribute it pays to the genuine for an inferior and unpopular thing is never imitated; and the second

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is that it seldom lasts long. Of course, infringers should be vigorously prosecuted from the very beginning. The Donnybrook Fair injunction, "When you see a head, hit it!" is sound doctrine. An infringement, however seemingly trivial, if let alone is an encouragement to others, for infringement is contagious. There are hundreds of potential infringers in every line of business, and when they see that one of their brethren with more courage than they, and who actually has infringed, is not molested, it breeds a sense of security and others follow. Certainly picking pockets would be more generally practiced if the gentry engaged in that occupation felt reasonably sure that their trade would not be interfered with by the police, and the sight of one of the fraternity doing business unmolested in plain sight of a policeman is not calculated to deter others, but the reverse. An infringement apparently acquiesced in, is the most potent breeder of others, and the more imitations there are the less distinctive the original mark or label becomes.

DEAL PROMPTLY WITH INFRINGERS

Any infringement, however trifling it may seem, ought to be proceeded against, without any unnecessary delay. The mere fact that the particular parasite is seemingly not worth powder and shot is no reason for not getting after him, because of the deterrent effect on others, like minded but not so courageous. The trade-mark proprietor who gets a reputation for relentless prosecution of all violations of his trade rights, however small the violation may be, is let alone.

The reason why the counterfeiting of money is so rare in this country, compared with some others, is that it is generally known that the secret service never lets up, and that the counterfeiter is always landed sooner or later. The same policy applied to private brands has the same effect. After a number of adjudications have been secured, other infringers either stop of their own accord, or when notified.

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And while on the subject of warning infringers by letter, my experience has taught me that such warnings are in many cases unwise. Where there exists a reasonable ground for the belief that an infringer is acting in good faith—is, for instance, an innocent purchaser of counterfeit goods—of course, a warning and an opportunity to discontinue voluntarily before suit is brought is proper enough and should be given. The same thing may be said when a reputable business man seems to be laboring under an honest but mistaken notion of his rights. But in the case of a deliberate and designed infringement the best policy is to proceed at once without any warning—to shoot first and talk afterward.

It does not pay to temporize with an infringer. I have known of repeated instances where a mistaken idea of business etiquette has prompted a letter of warning to the perpetrator of an unmitigated piracy. The result always has been that the warning has shown the pirate that his conduct is known to the victim and is objected to. He then gets advice or proceeds without it, but invariably fixes up his labels and packages a little so as to remove the most flagrantly imitated features, or gets another label which is just as objectionable commercially and morally, but is much more difficult to reach legally. He frequently succeeds in transforming a clear infringement into a legally debatable one, but actually more dangerous than the first because more subtle. It is better policy to strike before any such specious reformation has occurred.

Infringers seldom succeed. In the first place, the fact of imitation alone prevents the imitator ever from getting an independent good will. If his imitation is close enough to lead purchasers, without their knowing it, away from the genuine, it is, of course, close enough to lead them back. Effective disguise never reveals the person under it. If it is not effective and does reveal the impersonator it is only silly. To imitate, quite apart from the immorality of it, is not good business. If the imitation article is good the imitator gets no credit. If bad, the imitator

gets no blame. He is a commercial zero as well as a parasite.

Infringing goods and business based on their sale seldom succeed for another reason; an imitator is usually a person deficient in two essentials to success—he lacks brains and he lacks morals. If he were possessed of the rudiments of either he would originate something of his own and not crib the work of a successful rival. Imitation, besides being immoral, is the characteristic of a simian intellect.

Moral considerations do not generally appeal to an infringer, because he has no morals, or they are astigmatic. It is generally useless to argue with him and point out that an imitation in proportion to its success is self-destructive, because this implies a certain degree of intelligence which usually is lacking. The only thing left is to sue him, and that should be done promptly, vigorously and relentlessly. Then, and not till then, will your trade-marks be let alone.

It may now be considered established that after more than a century of struggle the law has put all cases of unfair competition, as that term is now understood, upon a common basis of fact. Is the defendant representing his goods as the goods of the complainant? If he is making this false representation by any means, however ingenious, the courts interfere and prevent the continuance of it by restricting or enjoining entirely the use of the efficient means by which it is carried out. Without attempting an exact classification or a comprehensive statement, because the contrivances of the infringer are as many and as various as the ingenuity of the dishonest schemer can invent, the common cases of unfair competition involve (1) the deceptive use of geographical names; (2) the deceptive use of personal names; (3) the deceptive use of descriptive names; (4) the imitation of the appearance and color of labels and the dress of packages; (5) the imitation of the form or peculiarities of packages or the configuration or visual appearance of the article itself; (6) the deceptive use of devices which,

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while having little physical resemblance, will cause goods to be known in the market by the same name; (7) refilling distinctive genuine packages with spurious goods; (8) oral false statements and silent substitution; (9) deceptive advertising; (10) the false indication of geographical origin in a reputable district or locality, and the false assumption of membership in associations, unions and the like.

These will be treated in turn. Before entering the broad field of unfair competition, however, it will be well perhaps briefly to discuss the narrow species of that subject now designated as trade-mark infringement.

CHAPTER XIV

WHAT CONSTITUTES INFRINGEMENT

INFRINGEMENT of technical trade-marks, as well as unfair trading by imitation of non-trade-mark features, must be approached from the point of view of the average member of the public of the sort accustomed to purchase the goods involved, or as the Courts have designated such a person, "the unwary purchaser". As was observed by a distinguished Federal judge in a controversy over tobacco tags:

The difference in the trade-marks of the plaintiff and defendant, in this case, would, perhaps, be at once detected by the intelligent user of tobacco, looking for his favorite brand, just as the man of luxurious tastes would discern his favorite brand of champagne. But the plaintiff is entitled to protection if the trade-mark of defendant would deceive the ordinary purchaser, purchasing as such persons ordinarily do. In this connection we must not lose sight of the character of the article, the use to which it is put, the kind of people who ask for it, and the manner in which they usually order it.

Similarity, not identity, is the usual recourse when one seeks to benefit himself by the good name of another. What similarity is sufficient to effect the object has to be determined in each case by its own circumstances, and in these days of highly developed parasitic ingenuity the infringer sees to it that there is always room for argument as to whether the resemblance is likely to deceive.

In a case involving an imitation of the brandings of Scriven's Elastic Seam Drawers, the court consid-

ered the characteristics of the "unwary purchaser". It was said:

A purchaser of an article of general use, which in the course of years has come to be known as of superior quality, and recognized by certain catch words and certain visible marks, may be easily deceived into buying articles of inferior quality, designated by words of similar signification and superficially resembling the genuine; for he does not usually have the opportunity of seeing the genuine and the imitation side by side. He commonly has in mind only the characteristic features in the designation and appearance of the article he wishes to buy, and is exposed to imposition if the imitation, though slight, is of those salient features, and thus the reputation and good will established by years of advertising and production of articles of superior quality will be frittered away, if inferior goods, sufficiently resembling the genuine to be mistaken for them, are put on the market and readily sold as and for the genuine. The imitation goods may not be identical in any one feature, but, if similar in all and designated by similar marks and similar catch words, the sale should be enjoined, or the imitation permitted only under such limitations as will prevent misapprehension on the question of its real character, and so differentiated that the public will not be imposed on or the complainant defrauded.

The question is one of resemblances, not differences. A test applied only after the deviations have been pointed out favors the counterfeit. In considering these cases it must not be forgotten that the purchaser of goods, with respect to brands by which the goods are designated, is not bound to exercise a high degree of care. A specific article of approved excellence comes to be known by certain catch words easily retained in memory, or by a certain picture which the eye readily recognizes. The purchaser is required only to use that care which persons ordinarily exercise under like circumstances. He is not bound to study or reflect; he acts upon the moment. He is without the opportunity of comparison. It is only when the difference is so gross that no sensible man, acting on the instant, would be deceived, that it can be said that the purchaser ought not to be protected from imposition. Indeed, some cases have gone to the length of declaring that the purchaser has a right to be careless, and that his want of caution in inspecting brands of goods with which he

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supposes himself familiar, ought not to be allowed to uphold a simulation of a brand that is designed to work a fraud upon the public. However that may be, the imitation need only to be slight if it attaches to what is most salient, for the usual inattention of a purchaser renders a good will precarious if exposed to imposition.

The rights and duties of the unwary purchaser may be summarized from the decisions. He is not bound to make comparisons between labels or brands and has usually no opportunity to do so. He is likely in making his purchase to act hurriedly, and is not bound to study or reflect, to analyze labels or packages, or to read or examine them. He is not bound to remember more than the general features of a mark, brand or label and is not expected to have in mind the details. He is not supposed to know that imitations exist, and the courts recognize that he has not had the experience of an equity judge in analyzing the elements which make up the general appearance of a package.

There can be no just criticism that the rule of law as announced by the courts is not a liberal one, the difficulty is in its application to particular cases. About the only way to get an accurate idea of what is an infringement is not to attempt to solve the problem by general rules, but to study other problems which have been answered by the courts.

When a trade-mark consists of a word, it is infringed by the use of the same or a like word, whether alone or coupled with other words, and whether on an imitated or differentiated package. This is a liberal and proper rule and arises from the fact that a trade-mark name differs from a trade-mark device in that it appeals to two senses, hearing as well as sight. The deceptive effect of an imitated name is two-fold. It is a confusing sound as well as a confusing picture. One purchaser may rely on the way it sounds when spoken, another on the way it appears when printed on a label. A distinct label in connection with an imitated name may warn a person familiar with the appearance of the

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name plus its accustomed accessories, but a different dress of package or the coupling with other words is no protection to a purchaser who knows the name through advertising or recommendation, and does not know what the genuine package is like. This condition of things the courts recognize, and in deciding cases involving word marks consider the resemblance in sound, sight and suggestion of the words before them.

As an example of the application of this rule, on page 149 is shown a reproduction of the front of the well-known Gold Dust Washing Powder package of N. K. Fairbank Co. The use of the words "Gold Drop" in connection with a washing powder produced by Luckel, King & Cake Soap Co. on a package which, as shown by the following illustration, was in appearance quite distinct from the Gold Dust package, was held to be unlawful.

The court observed:

It is claimed that the respondent's packages are to the eye unlike complainant's. Admit it. * * * How about the stranger who knows nothing about the packages or of the labels, but has read the advertisement and remembers the name "Gold Dust"? Is it not fair to assume in a case like this that a decided majority of the purchasers would not ask for a specific size of a package with a certain designated label? Would they not call for the article by name? It must be constantly borne in mind that there are two kinds of trade-marks, one of peculiar pictures, labels, or symbols; the other in the use of a name. * * * The imitation of the name "Gold Dust" by which the soap or washing powder of complainant was known, would constitute an infringement, because purchasers would be liable to be misled who had no knowledge of the article except the advertised name as being the best soap or washing powder in the market. It is not unusual for a certain specific article advertised extensively, of reputed excellence, to become publicly known and called for by the name which is more readily retained in the memory.

The following word marks have been held to infringe as words simply and independently of their surroundings and accomplishments:

Cocaine Cocaine, G. F. G. & F., Moxie Noxie, Celluloid Cellonite, Sanitas Condi-Sanitas, Maizena Maizharina, Sweet Caporal Sweet Coronal, Electro Silicon Electric Silicon, Leopoldshall Leopold Salt,