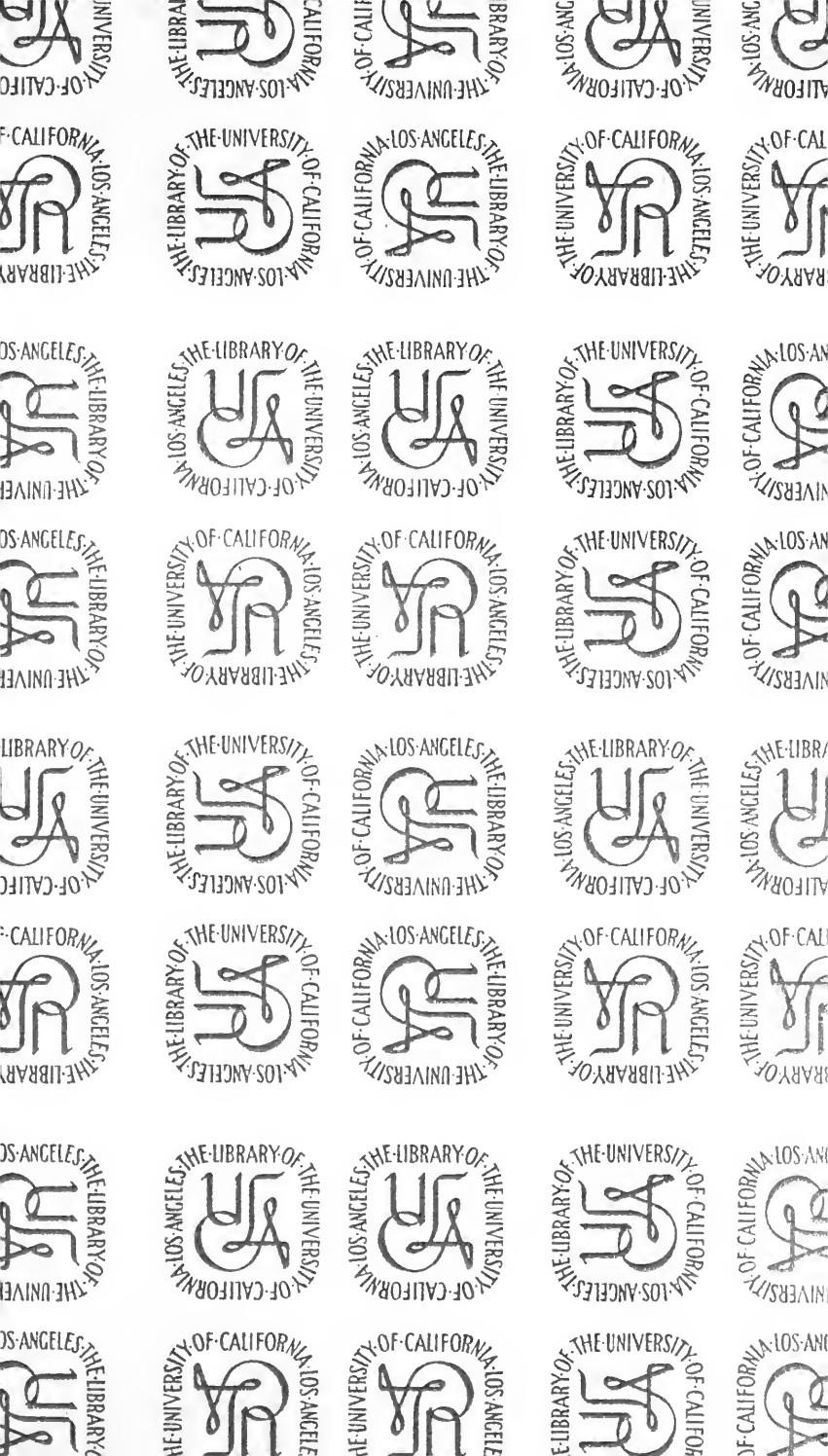




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**GOOD WILL
TRADE-MARKS
AND
UNFAIR TRADING**

**BY
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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

GOOD WILL

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.

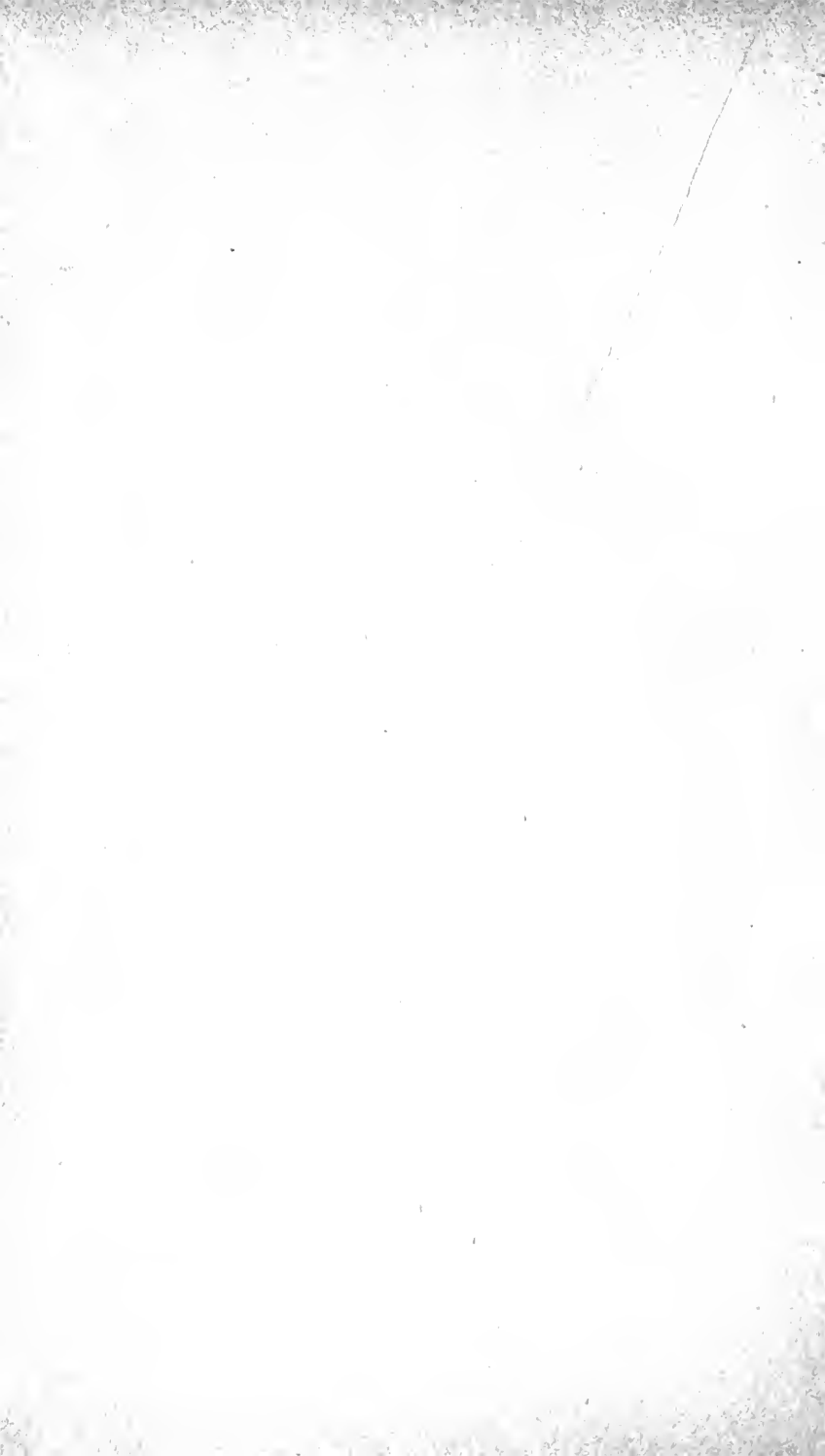
Identified as it is with books of practical and specific help for the individual business head, the **SYSTEM** trademark seems to have a peculiar fitness for its place upon a book of this scope and authority, in a field at once so important and so difficult.

Acknowledgment is made by the author and publishers to **Printers' Ink**, to which a portion of the matter contained in the following pages was originally contributed in serial form; and to the **Michigan Law Review**, the **Mahin Data Book** and the **Harvard Law Review** for permission to republish from previous contributions by the author to these publications. On collecting this matter into book form, however, the author has not only subjected it to thorough revision, rearrangement and elaboration, but has pursued the discussion of good will, business identification and unfair competition further in several important phases. The present volume therefore embodies much new matter, now published for the first time.

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'

BUILDING GOOD WILL

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 hôtel 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.

BUILDING GOOD WILL

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-

CONSTRUCTIVE POLICIES

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.

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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, Inuliucos, Memmius, Monos, Maximus, Muntripus, 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

WHOOEVER 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,

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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 æsthetical 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 “cepalogine”, 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 "Devoe'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	SPECIFICATION OF BOXES
6	DKR CROWNS	63310	500 IN DKT. CEDAR BOX
6	DKR CROWNS	63310	100 IN PAPER DRUMS
6 1/2	EXTRAS	62883	100 IN DKT. CEDAR BOX
6 1/2	SPECIALS	62881	100 IN DKT. CEDAR BOX
6 1/2	EXPERTS	62882	50 IN CEDAR BOX, 2 BDLs OF 25 EACH
6 1/2	ANGLO SAXONS	62880	100 IN DKT. CEDAR, 4 BDLs OF 25 EACH
6 1/2	ANGLO SAXONS	62880	50 IN DKT. CEDAR, 2 BDLs OF 25 EACH
	HOUSE LABEL	U. S. REGISTRY 63310	CAUTION NOTICE U. S. REGISTRY 62887
	BLACK LABEL	U. S. REGISTRY 63311	PROCESS LABEL U. S. REGISTRY 62770

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 purchases 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

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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

WHOEVER 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

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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 'Unedas'. 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

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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-

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

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

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

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

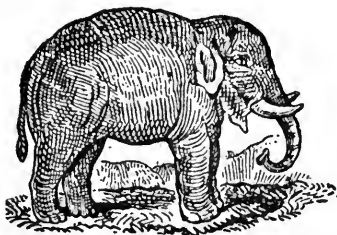
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plainant's when appealing to the eye or ear of the purchaser, but also because the similarity between the two phrases in their suggestion would readily lead to confusion in the minds of customers.

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



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



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

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

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

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

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

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

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

CHAPTER XV

DECEPTIVE USE OF PLACE

NAMES

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

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

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

IN DETERMINING THE RIGHT TO A GEOGRAPHICAL NAME

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

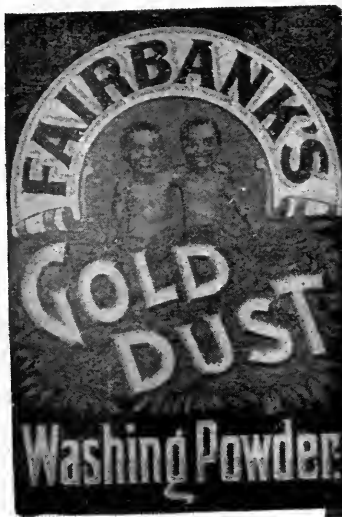
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of Massachusetts, discussed the question in his usual lucid way:

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

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

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



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

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

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

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

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

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

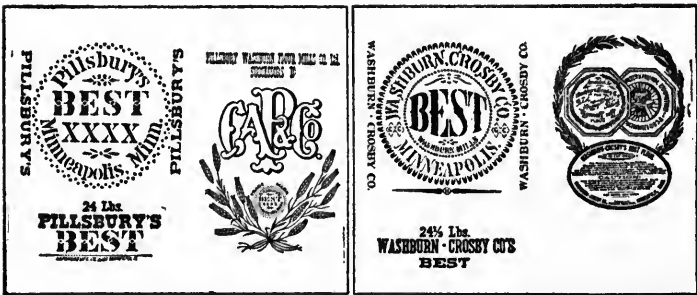
Probably few people who are familiar with Budweiser Beer associate it with the obscure Bohemian town of Budweis, but recognize the name as the designation of a specific product of the Anheuser-Busch Brewing Association, having not the slightest geographical significance. A Milwaukee brewer put upon the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

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

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

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



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

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



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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHAPTER XVI

DECEPTIVE USE OF PERSONAL NAMES

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

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

Where the parasite does not bear the name, but has

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

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

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

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

AVOIDING DECEPTION IN PERSONAL NAMES

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

DECEPTIVE PERSONAL NAMES

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

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

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

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

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

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

RESTRAINING UNFAIR TRADE

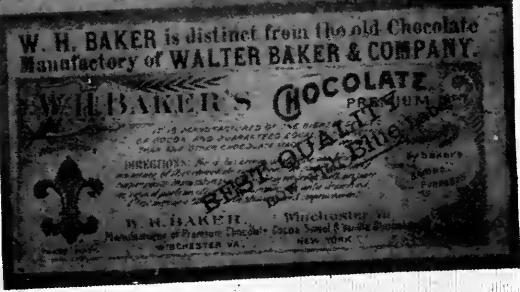
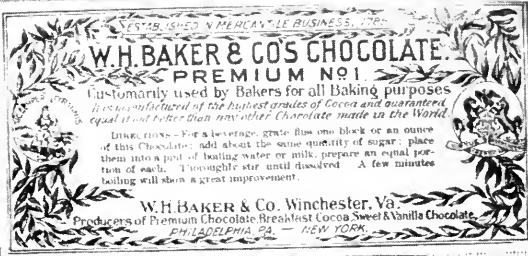
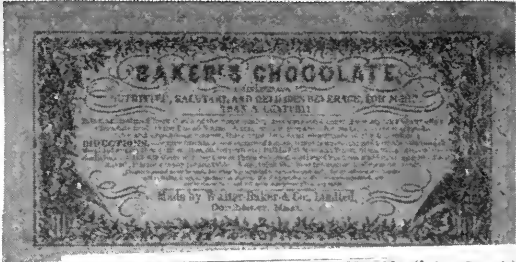
distinctions by positive statements or otherwise so that it will be made clear that he is a new comer and is not the old establishment.

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

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

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

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



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

DECEPTIVE PERSONAL NAMES

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

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

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

RESTRAINING UNFAIR TRADE

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

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

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

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

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

CHAPTER XVII

DECEPTIVE USE OF DESCRIPTIONS

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

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

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

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

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

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

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**STEWART'S
DYSPEPSIA
TABLETS**
50c.

SIX BOXES FOR \$2.50.


The F. G. Stewart Company,

ESTABLISHED 1876. CHICAGO, ILL.

THE
STEWART'S
DYSPEPSIA TABLETS
are the only preparation of
dyspepsia tablets which
contain the active principle of
the stomachic and antacid
action of all known drugs
which are used in the treatment
of dyspepsia. They are
the only tablets which
contain the active principle
of the stomachic and antacid
action of all known drugs
which are used in the treatment
of dyspepsia.

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of dyspepsia.

M & M
**COMPOUND
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CELERY

VERTABLE
AND
RESTORING STRENGTH.
CLEANSES THE BLOOD.
REGULATES KIDNEYS,
LIVER AND BOWELS.

Prepared in the Laboratory of
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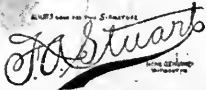
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No. 07762F
IT RESTORES STRENGTH
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PRICE \$1.00

Prepared by
WELLS, RICHARDSON & CO.
SOLE PROPRIETORS
BURLINGTON, VT.

**STUART'S
Dyspepsia Tablets.**

MADE BY THE F. G. STEWART COMPANY



TRADE MARK.

Price, \$1.00.

DIRECTIONS.

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

6 Boxes for \$5.00.

Stuart's Dyspepsia Tablets.

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

STUART'S DYSPEPSIA TABLETS

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

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



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

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

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

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

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

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

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

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

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

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

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

Another judge thus expressed his views:

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

He then concluded in this eloquent language:

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

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

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

ENJOINING THE USE OF AN ACCURATE DESCRIPTION TO PREVENT FRAUD

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

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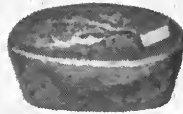
Compound" but "M. & M. Compound Extract Celery". The packages are shown in the illustrations on page 171. It is true of course that there was an obvious attempt to imitate the appearance of the "Paine's Celery Compound" package, but one of the important elements in the accomplishment of the unfair trading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

WHEN DESCRIPTIONS ACQUIRE AN ARTIFICIAL SIGNIFICANCE

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

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

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



NATURE'S REMEDY
PURELY VEGETABLE
DELICIOUSLY EFFECTIVE

Cascarets
TRADE MARK

LIVER STIMULANT
STRENGTHEN THE
BOWELS, MAKE PURE BLOOD

THE ONLY **CANDY CATHARTIC**
Cure Chronic Constipation
PRICE 25 CENTS

Prepared by
Swelling Remedy Co.
CHICAGO, MONTREAL, CAN., NEW YORK.

PURELY VEGETABLE
ALWAYS EFFECTIVE

Gorey's
CASCARA **CANDY**
CATHARTICS

STRENGTHEN THE BOWELS,
MAKE PURE BLOOD,
STIMULATE THE LIVER,
CURE CHRONIC CONSTIPATION

PREPARED BY
R. J. GOREY & CO.
CLEVELAND, O. CHEMISTS, TORONTO, CAN.



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



DECEPTIVE DESCRIPTIONS

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

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

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

John Rabotau, a St. Louis druggist, testified:

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

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

Q. Describe the tablet?

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

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

A. Yes, very often they forget the name.

Q. When that is done what do you supply?

A. "Cascarets."

Edward Wolff, another druggist, testified:

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

A. Yes, sir.

Q. How?

A. The name "Candy Cathartic".

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

A. "Cascarets."

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

A. No, sir; the names are synonymous.

Edward J. Schall testified:

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

A. Yes, sir.

Q. How are they ordered?

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

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

A. It sends "Cascarets".

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

A. Never.

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

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

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

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

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

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

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

CHAPTER XVIII

DECEPTIVE IMITATION OF LABELS AND PACKAGES

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

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

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

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

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

ANALYZING LABELS AND PACKAGES TO DETERMINE DECEPTION

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

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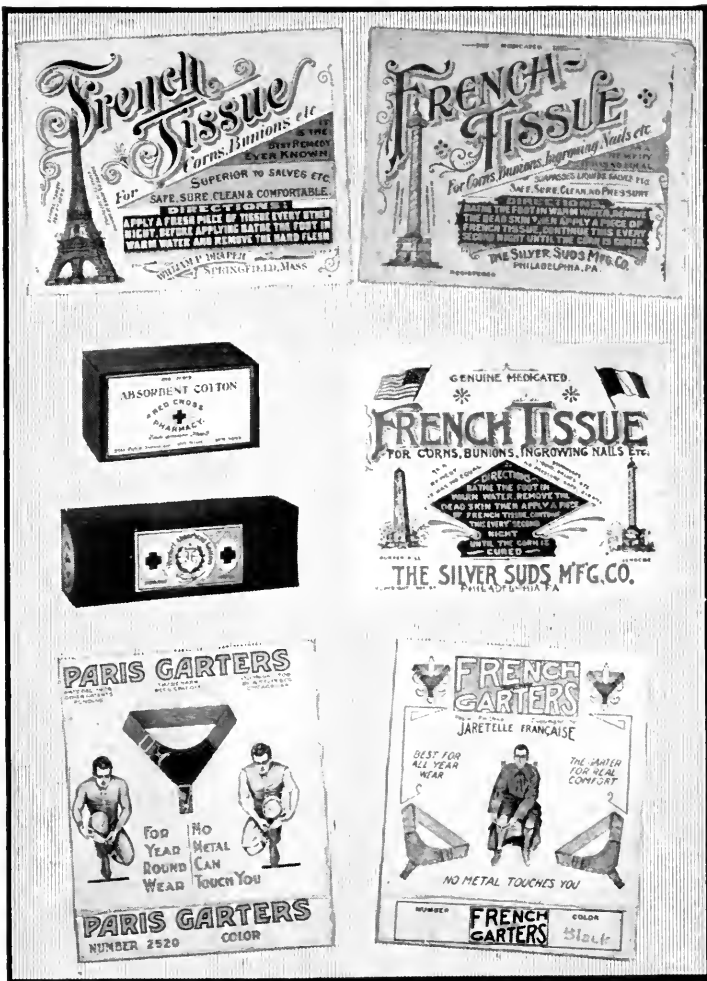
him discriminate. Some courts recognize this and have said so, but it must unconsciously have its effect and by suggestion tend to accentuate the differences.

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

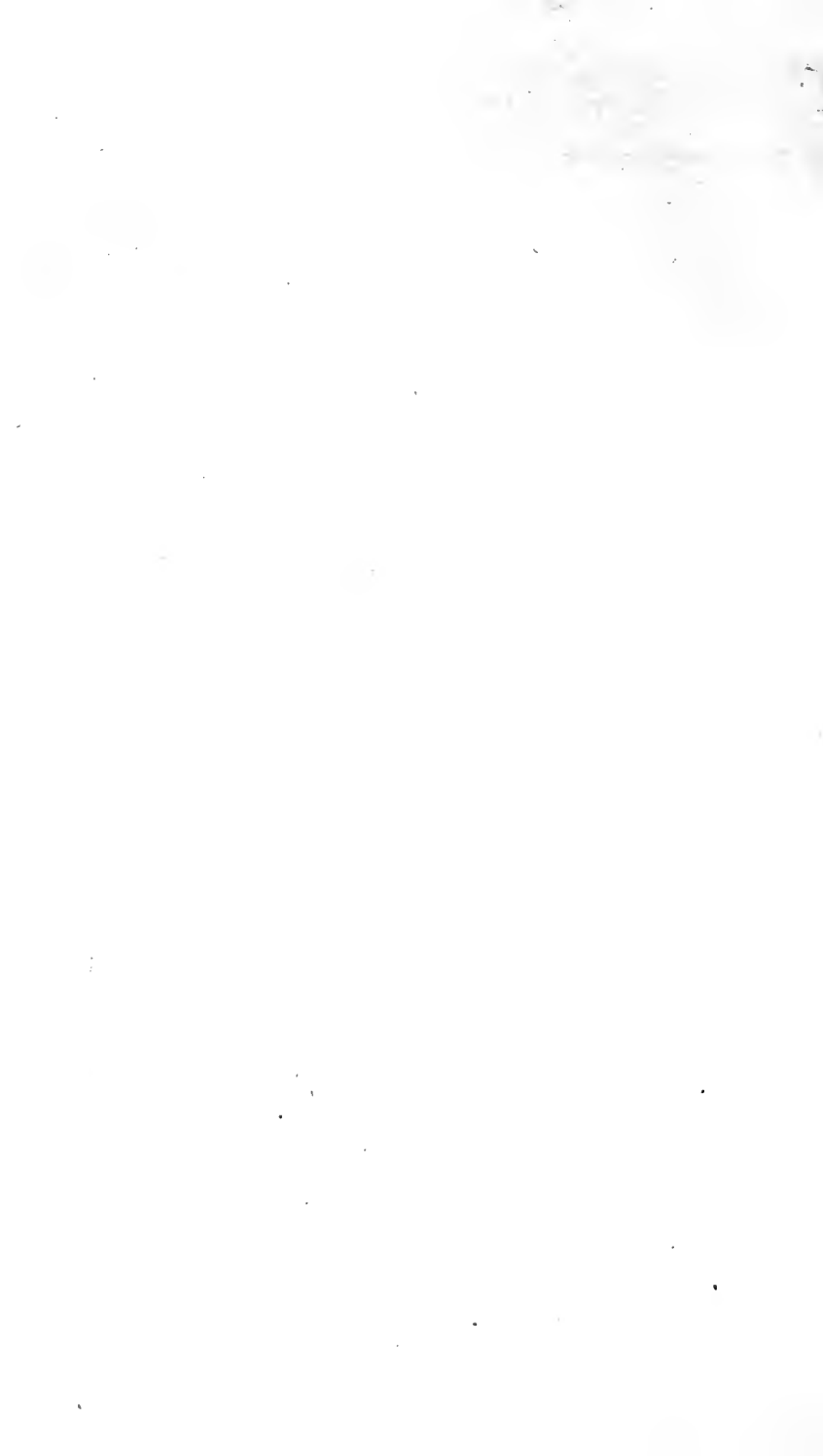
Mr. Justice Farwell's remarks on this subject are typical: "They" (the trade witnesses called), he observed, "are not experts in human nature, nor can they be called to give such evidence, and apart from admissibility, one cannot help feeling that there is a certain proneness in the human mind to think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

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

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



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



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

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

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

"Nothing," said Alice.

"Nothing whatever?" persisted the King.

"Nothing, whatever," said Alice.

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

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

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

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

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

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

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

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

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

SEATTLE **BREWING** & **MALTING CO'S**

RAINIER BEER

MT RAINIER 12,000 FT
TELEPHONE SOUTH 411

JOHN RAPP & SON, Sole Agents for CALIFORNIA
874 MARKET ST.

LOS ANGELES  **BREWING CO'S**

RHINEGOLD BEER

TELEPHONE SOUTH 814

FRED KOSTERING, Sole Dealer for
SAN FRANCISCO CAL.

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

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



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

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

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

CHAPTER XIX

INFRINGEMENT BY IMITATION IN FORM AND APPEARANCE

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

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

PROTECTING THE SHAPE AND APPEARANCE OF THE CONTAINER

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

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

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

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

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

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

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

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

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

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

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

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

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

PROTECTING THE ORNAMENTATION OF THE ARTICLE

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

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

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

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

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

PROTECTING THE STRUCTURE OF THE ARTICLE

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

RESTRAINING UNFAIR TRADE

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

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



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

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

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

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

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

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

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

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

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

CHAPTER XX

EQUIVALENTS THAT DECEIVE BUYERS

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

RESTRAINING UNFAIR TRADE

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

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

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

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

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

Mrs. Julia McGowen, Columbus, Nebraska:

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

W. J. Eisenman, Columbus, Nebraska:

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

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

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

EQUIVALENTS THAT DECEIVE

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

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

DISHONEST SELLING BY INDIRECT DECEPTION

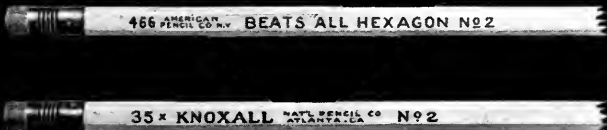
Many illustrations of similar roundabout deception readily suggest themselves. When the Pabst Brewing Company, both as an ornament and as a badge of identification, tied a blue ribbon about the necks of bottles containing a brew of fine light beer, which was labeled

RESTRAINING UNFAIR TRADE

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

HOW THE USE OF EQUIVALENTS RESULTS IN UNFAIR TRADING

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



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

EQUIVALENTS THAT DECEIVE

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

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

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

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

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

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

RESTRAINING UNFAIR TRADE

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



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

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

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

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

*Reproduced from Cox Manual of Trade-Mark Cases.

EQUIVALENTS THAT DECEIVE

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

CHAPTER XXI

REFILLED PACKAGES, SUBSTITUTION AND PASSING OFF

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

SUBSTITUTION AND PASSING OFF

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

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

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

RESTRAINING UNFAIR TRADE

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

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

SUBSTITUTION AND PASSING OFF

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

DETECTING FALSE REPRESENTATION AND SUBSTITUTION

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

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

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

EVIDENCE MUST SHOW PASSING OFF TO BE INTENTIONAL

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

SUBSTITUTION AND PASSING OFF

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

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

CHAPTER XXII

PROTECTING GOOD WILL FROM UNFAIR ADVERTISING

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

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

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

ADVERTISING ATTACKS ON GOOD WILL

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

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

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

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

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

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

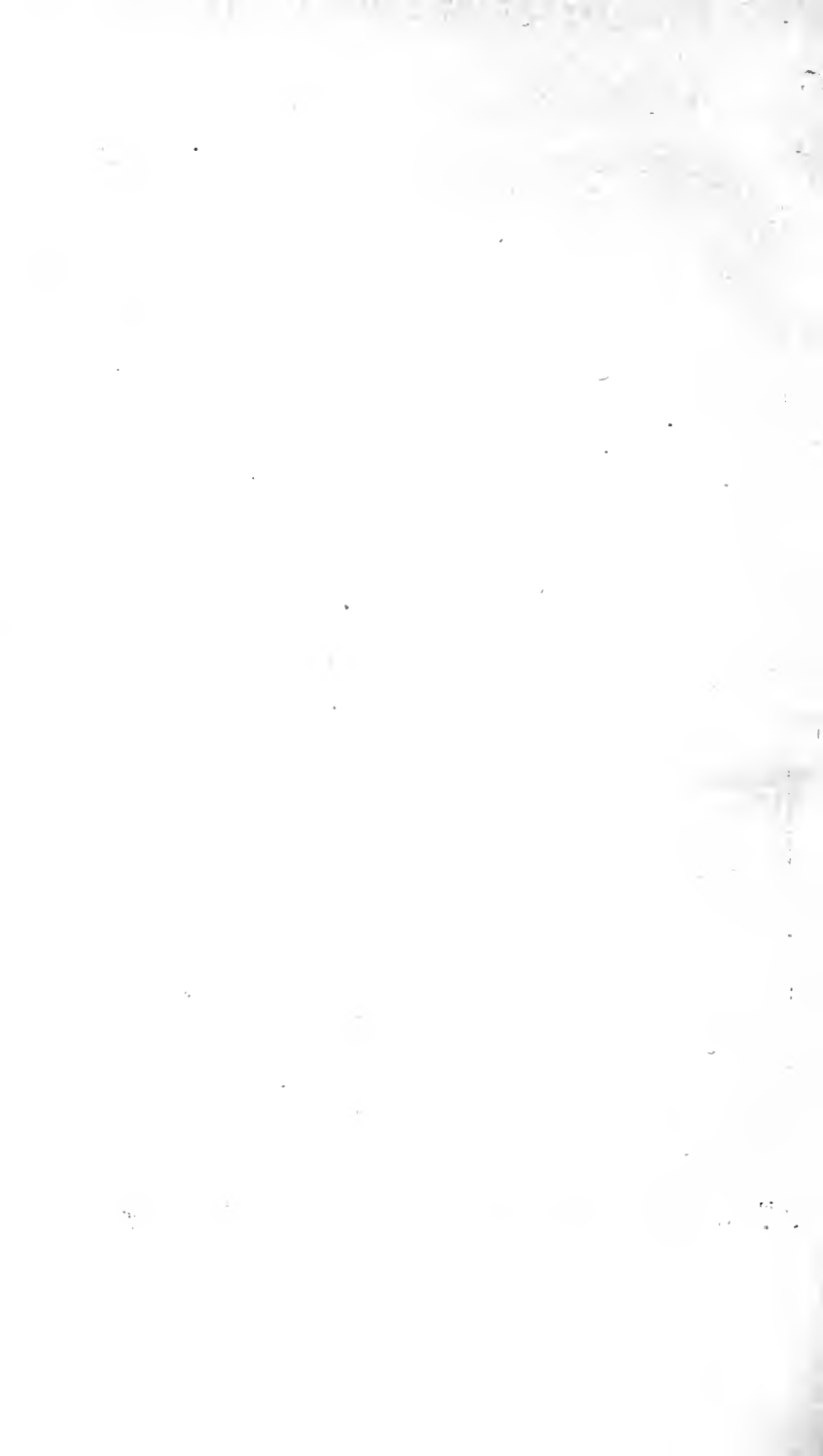
It was held that this was unfair competition. The Court observed:

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

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



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



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

UNFAIR ADVERTISING IS USUALLY PART OF A PLAN OF INFRINGEMENT

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

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

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

RESTRAINING UNFAIR TRADE

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

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

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

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

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

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

NOTE—Pending decision of Hon Judge Kohlsaat of United States Court. the opening Date of "BUN-HER" the Great Big Funny Burlesque on

"BEN-HUR"

Has Been Temporarily Postponed

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

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

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

RESTRAINING UNFAIR TRADE

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

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

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

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

W. S.
CLEVELAND'S
THEATRE

EXTRA!

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

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

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

ADVERTISING ATTACKS ON GOOD WILL

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

W. S.
CLEVELAND'S
THEATRE

E X T R A !

KLAW & ERLANGER

THEATRICAL TRUST

UNITED STATES COURT

INJUNCTION

BEN HUR

WILL POSITIVELY APPEAR

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

CHAPTER XXIII

PROTECTING BUSINESS NAMES

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

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

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or institutions named is an actual asset of great value.

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

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

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

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

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

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

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

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

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

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

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

Many similar instances may be found scattered through law reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LOCATION HAS LITTLE BEARING ON DECEPTION

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

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

Difficulty is occasionally experienced in regard to hotel

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

CHAPTER XXIV

RIGHTS IN NAMES OF PATENTED AND COPYRIGHTED ARTICLES

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

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

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held that its name also goes to the public.

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

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

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

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

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

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

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

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

PROTECTING THE GOOD WILL OF A PUBLISHER

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

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

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

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

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

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

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

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

PROTECTING THE AUTHOR'S GOOD WILL

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

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

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cases involving the infringement of trade-marks.

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

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

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

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

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

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

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

CHAPTER XXV

THE DECEPTIVE USE OF COMMUNITY MARKS

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

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

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

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

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

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

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

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

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all attempt at delimitation should be given up.

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

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

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

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

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

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

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

ESTABLISHING THE RIGHT TO A PERSONAL MARK

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

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

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

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

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

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

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

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

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

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

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

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

STOPPING THE FRAUDULENT USE OF A DESCRIPTIVE TERM

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

While the courts have not yet arrived at a position

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

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

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

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

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

THE RULE THAT GOVERNS UNFAIR TRADING

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

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

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

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

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

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

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

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

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

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

CHAPTER XXVI

HOW FAR DO TRADE-MARK RIGHTS EXTEND?

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

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

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

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

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

SIMILAR MARKS ON UNLIKE PRODUCTS

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

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

ONE TEST TO UNCOVER UNFAIR TRADING

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

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

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

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

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

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

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

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

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

CHAPTER XXVII

HOW PRICE CUTTING REACTS ON GOOD WILL

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

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

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

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

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

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

EFFECTS OF PRICE CUTTING ON PRODUCTION

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

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

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

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

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

Price cutting is also a potent factor in promoting substitution.

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

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

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

HOW FAR SHALL RETAIL PRICES BE STANDARDIZED?

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

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

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

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

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

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

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

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by knowledge of facts and conditions.

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

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

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

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

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

RESTRICTIONS THAT DID NOT STAND THE TEST OF LAW

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

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

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

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

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

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

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

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

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

PRICE CUTTING ANALYZED

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

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

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

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

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

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

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

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

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

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

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

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

SPECIFIC INJURIES INFLICTED ON GOOD WILL BY PRICE CUTTING

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

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

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

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

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

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

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

THE VIEWPOINT OF THE LAW

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

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

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

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

CHAPTER XXVIII

THE RACE BETWEEN THE UNFAIR TRADER AND THE LAW

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

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

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

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

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

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

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

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

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

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

I think that the principle on which the courts both of law and of equity proceed, in granting relief and protection in cases of this sort, is very well understood. A man is not to sell his own goods under the pretense that they are the goods of another man; he cannot be permitted to practice such a deception, nor to use the means which contribute to that end. He cannot, therefore, be allowed to use names, marks, letters, or other indicia, by which he may induce purchasers to believe that the goods which he is selling are the manufacture of another person. I own it does not seem to me that a man can acquire a property merely in a name or mark; but whether he has or not a property in the name or mark, I have no doubt that another person has not a right to use that name or mark for the purposes of deception, and in order to attract to himself that course of trade, or that custom which, without that improper act, would have flowed to the person who first used, or was alone in the habit of using, the particular name or mark.

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

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

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

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

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

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

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

THE TEST AND PROOF OF UNFAIR TRADING

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

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

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

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

THE RIGHT TO CONTRACT

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

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

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

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

THE RIGHT TO BE FREE FROM INTERFERENCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WHAT THE PUBLIC DEMANDS OF BUSINESS

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

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

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

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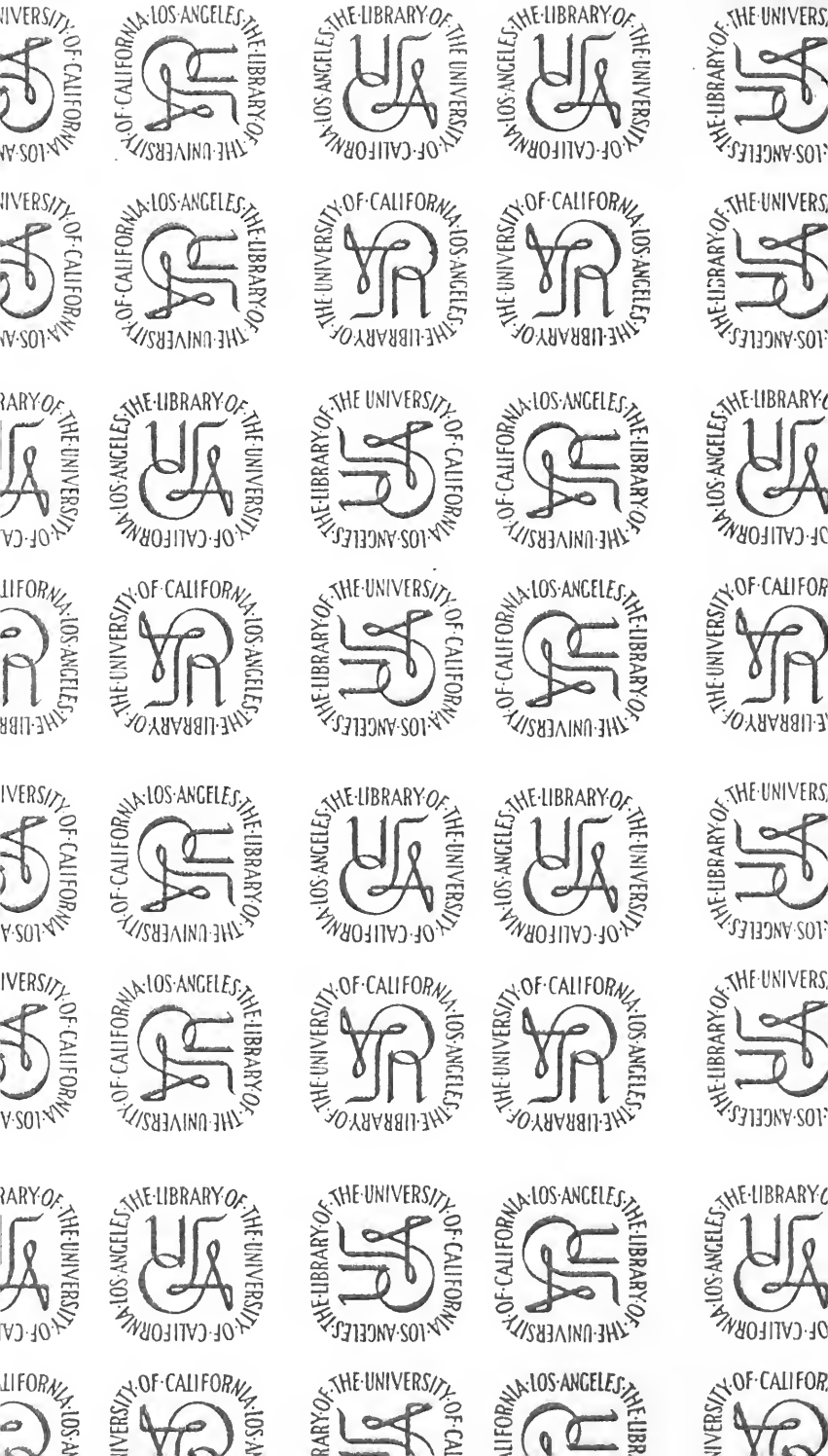
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