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No. 1

PROTECTION OF A TRADE NAME IN NEW YORK STATE

THE proudest boast of protagonists of the case-made law which forms the basis of our jurisprudence is its flexibility. No other system, they say, can so readily adapt itself to new and unforeseen conditions, so easily maintain the desirable relationship between legality and the ever shifting standards of morality. And of all courts administering case-made law, the courts of equity, with their respect for legal maxims and legal consciences, boast themselves the most adaptable. In an important and rapidly developing branch of the law in this country, many courts of equity, and perhaps particularly the courts of New York State, have for the past fifteen years been weaving decisions into a straitjacket which may prove hard for them completely to break and which would legalize piracy upon an enormous scale if they should not succeed in breaking it.

The subject is that generally and most unhappily known as "unfair competition." The straitjacket is the classical and verbally immaculate doctrine that there can be no unfair competition unless there is competition. The piracy is the use, by unscrupulous or careless business men, of the trade names or trade marks of others who are not, to be sure, in strict competition with them but whose names or marks are so well known that serious injury, of several kinds, may result from the imitation.

A large number of recent cases, primarily in the Federal Courts, but also in the Courts of this State, show that the

judges are awakening to the unjust results of the classical doctrine we have mentioned. Legal thought is so largely a matter of legal phrasing that the law is frequently warped by too nice a respect for the precise wording of rules which were adequate when they took shape but which have become inadequate to unforeseen developments. When the unfortunate results begin to appear, the courts usually overrule the harmful doctrine or distinguish it out of existence, and there is abundant evidence that they are about to do so here. Such a process, however, is generally a rather slow one; it might conceivably not act quickly enough to meet the needs of a rushing modern industrialism. The process in this case, however, seems to be already well under way in the lower Federal and New York Courts. Whether the Supreme Court of the United States and the Court of Appeals will agree is still problematical. We may venture a prediction, however, based upon what we conceive to be the signs of the time, that they will.

The subject of trade marks, strictly speaking, is outside of the subject of this article, but it is so closely related¹ to it that an initial reference becomes necessary. The law seems clearly established by controlling decisions and innumerable *dicta* that the use of another's trade mark on goods which do not compete is legal.² The legion of decisions deal principally with the question whether particular goods are sufficiently similar to other particular goods so that they do com-

¹ *Ball v. Broadway Bazaar*, 194 N. Y. 429, 87 N. E. 674 (1909). In this case the Court of Appeals, by Werner, *J.*, said at page 434: "A trade mark may be tersely defined to be any sign, mark, symbol, word or words, which indicate the origin or ownership of an article as distinguished from its quality, and which others have not the equal right to employ for the same purpose. In its strictest sense, it is applicable only to a vendible article of merchandise to which it is affixed. A trade name relates to a business and its good will rather than a vendible commodity. * * * There are doubtless many instances in which the same signs, marks, symbols, etc., may serve both as trade marks and trade names. * * * Although we agree with the learned Appellate Division in recognizing the technical distinction between trade marks and trade names, we think the same fundamental principles of law and equity are applicable to both." This case is cited upon this point, with approval, in *American Steel Foundries v. Robertson*, 269 U. S. 372 (1926) at p. 380.

² See for a few of the innumerable examples: *American Steel Foundries v. Robertson*, *supra*, at p. 381; *United Drug Company v. Theodore Rectanus Company*, 248 U. S. 90, 98 (1918); *Hanover Star Milling Company v. Metcalf*, 240 U. S. 403 (1915); *Borden's Ice Cream Co. v. Borden's Condensed Milk Co.*, 201 Fed. 510 (C. C. A. 7th, 1912); *Wallach Brothers v. Wallach*, 200 App. Div. 169, 192 N. Y. S. 723 (1st Dept., 1922).

pete—and the net result is confusing, to say the least.³ The significance of a trade mark, furthermore, is limited, for reasons running back into the origin of such marks in guild-controlled industry of the Middle Ages, to pointing out either the source of the goods marked or their ownership by the distributor. If the use of a trade-mark does not tend to mislead in either respect, it is legal.⁴

Mr. Frank I. Schechter, in a masterly article,⁵ has recently pointed out the inadequacy of these doctrines to protect trade marks in modern business. The trade mark is much more than an indication of the source or ownership of the goods marked. The buying public does not in fact know or care what corporation or firm produces or distributes the goods it buys. The psychology of buyers is infinitely less specific. A distinctive mark or name upon goods which a person has bought and has found satisfactory becomes associated in his mind most frequently with a rather vague sense of satisfaction. Whenever a similar distinctive mark is seen or a similar distinctive name is heard, the mental association more or less consciously operates. A predisposition in favor of the goods advertised by the new mark or name more or less consciously arises.⁶

³ Frank I. Schechter in "The Rational Basis of Trademark Protection," 40 Har. L. Rev. 813 (1927), gives the following examples, at p. 823: Bread and flour (Ward Baking Co. v. Potter-Wrightington, 298 Fed. 398, C. C. A. 1st, 1924); pancake flour and syrup (Aunt Jemima Mills v. Rigney & Co., 247 Fed. 409, C. C. A. 2d, 1917), are in the same class, while, on the other hand, "straight" wheat flour and "prepared flours"—such as "pancake flour" (France Milling Co. v. Washburn-Crosby Co., 7 F. (2d) 304, 305, C. C. A. 2d, 1925, certiorari denied 268 U. S. 705, 1925)—are declared not to be of the same "class of commodities." Chewing gum, held to be a "food," and chewing tobacco, held to be a "narcotic" (Beech-Nut Packing Co. v. P. Lorillard Co., 7 F. (2d) 967, C. C. A. 3d, 1925; ice cream and milk (Borden Ice Cream Co. v. Borden's Condensed Milk Co., 201 Fed. 510, C. C. A. 7th, 1912), are held of the same class; while cheese and butter (Lawrence v. Sharpless Co., 203 Fed. 762, 764, E. D. Pa., 1913, affirmed on cross-appeals, 208 Fed. 886, C. C. A. 3d, 1913), are found to be of different classes. Since Mr. Schechter wrote, the *Beech-Nut* case has been affirmed on *certiorari*, but on slightly different grounds, 273 U. S. 629 (1927). See also Rosenberg Bros. & Co. v. Elliott, 7 F. (2d) 962 (C. C. A. 3d, 1925) holding that the same Court's decisions in trade name cases were not authorities for trade mark cases.

⁴ Cf. A. Bourjois & Co., Inc. v. Katzel, 275 Fed. 539 (C. C. A. 2d, 1921), reversed 260 U. S. 689 (1923); Prestonettes, Inc. v. Coty, 264 U. S. 359 (1924).

⁵ See note 3, *supra*.

⁶ The following language from Powell v. The Birmingham Vinegar Brewery Company, Ltd., 13 R. P. C. 235, 250 (1896) is quoted in the very recent case of Standard Oil Co. v. California Peach & Fig Growers, Inc., 28 F. (2d) 283 (Dist. Ct. D., Dela., October 1, 1928): "A person whose name is not

All of this is largely true, also, of trade names. The purchase of goods is merely the outstanding example of an infinite number of rather casual business dealings, in which there is no close personal contact and in which one person has little if any existence in the mind of the other—except as a name. This grows more and more true as business becomes organized in larger and larger units and as the range of operations of a single company extends itself over states and nations. The public in great numbers sell to such companies, as well as buy from them, have other transactions with them too various to enumerate. And wherever these transactions are satisfactory the name of the company comes to have a certain conscious or unconscious business-getting power.

When a business man selects a name other than his own under which to do business he is taking an affirmative action which may be extremely damaging to prior users of a similar name. It seems not unreasonable, therefore, to hold him to a high standard of care in selecting such a name. If his business is incorporated, there are certain statutory prohibitions upon conflicting names which he must consider. The observance of these, however, is not alone enough. Some prior user of the proposed name may not be a corporation, and so may not receive the protection of such statutory provision. Or our business man may incorporate in a distant state and carry on nothing but inter-state business in a state where a prior user of the name is operating, so that qualification to do business there is not required and the statutory provision has no chance to operate. In such cases, although the statutes governing corporate names do not apply, courts of equity will none the less enjoin the unjustifiable use of a competitor's name or of one sufficiently similar to it to mislead. And even in cases where the corporation laws should prevent conflict a compliance with them is not a defense to a suit for infringement.⁷

known, but whose mark is imitated, is just as much injured in his trade as if his name was known as well as his mark. His mark, as used by him, has given a reputation to his goods. His trade depends greatly on such reputation. His mark sells his goods."

⁷ See *Lerner Stores Corporation v. Lerner Ladies' Apparel Shops, Inc.*, 218 App. Div. 427, 218 N. Y. S. 442 (1st Dept. 1926); *Henry Manufacturing Co.*,

What will constitute the unjustifiable infringement of a competitor's trade name is an intricate question and one which depends on many factors. A purely arbitrary or fanciful name is undoubtedly the sort which the courts will be quickest to protect. And, similarly, if a name is not wholly arbitrary but its application to a particular type of business is so, the courts will hold any imitation unjustifiable. For example, the word "congress" is not wholly arbitrary or fanciful and yet its use in connection with spring water is so, and a company using "Congress Spring" in the customary sale of such water will be protected against any other person who attempts to adopt the same phrase in connection with a similar business.⁸ In such cases there is no conceivable justification for the manifest imitation. It is the result either of evil intent, or of unconscious plagiarism, or at the very least of coincidence. No one of these merits court protection against a prior user. Even a *bona fide* adoption, by purest chance, of an arbitrary competing name probably does not protect the second user unless his name was adopted at a distance and he has already by its use built up a valuable good will connected with its use.⁹

Of the circumstances which justify the use of a similar name or phrase, so that the courts will hold there to be no illegal imitation, the strongest, undoubtedly, is the fact that the language imitated is purely descriptive of the business. Since anyone may compete, anyone may use a phrase of this sort. An excellent example of this is found in the use by one company which repaired and dealt in second-hand typewriters of the words "Typewriter Exchange" as the last part of its corporate name. It was held that it had no right to enjoin a rival offshoot which set up a similar business on the same street from using "Typewriter Exchange" as a part of its corporate name.¹⁰ Another ground of justification, probably weaker, is the recognized right of an individual to engage in business under his own name, even though a rival

Inc. v. Henry Screen Manufacturing Co., 204 App. Div. 27, 197 N. Y. S. 444 (2d Dept. 1922).

⁸ The Congress & Empire Spring Company v. High Rock Congress Spring Company, 45 N. Y. 291 (1871). This was a trade mark case.

⁹ See note 24, *infra*.

¹⁰ Buffalo Typewriter Exchange, Inc. v. McGarl, 240 N. Y. 113, 147 N. E. 546 (1925).

individual or company is already in the same field in the same place operating under the same or a similar name.¹¹ It is to be noted, however, that what a person may do as an individual he may not always do as a corporation.¹² Another ground of justification is that the imitated phrase is merely a geographical designation which no person has a right exclusively to appropriate.¹³ An important consideration here is whether the geographical term is fairly applicable to the business which the new user does or reasonably proposes to do.¹⁴ The more applicable and less arbitrary it is, of course, the stronger the justification. What might well be treated, similarly, as a qualified justification, is the fact that the two businesses do not compete and are unlikely ever to compete. Here lack of competition seems to find its proper niche, rather than as the *sine qua non* to which position it has so often and authoritatively been raised.¹⁵

In none of these cases is the justification absolute or unqualified. If the name imitated is merely a means used to deceive the public and to steal a part of its business from the prior user, an injunction will issue.¹⁶ And if the prior user

¹¹ *Meneely v. Meneely*, 62 N. Y. 427 (1875).

¹² *Charles S. Higgins Co. v. Higgins Soap Co.*, 144 N. Y. 462, 39 N. E. 490 (1895).

¹³ *Fred Butterfield & Co., Inc. v. Abraham & Straus, Inc.*, 241 N. Y. 560, 150 N. E. 555 (1925). This was a trade mark case.

¹⁴ Cf. *Corning Glass Works v. Corning Cut Glass Company*, 197 N. Y. 173, 90 N. E. 449 (1910).

¹⁵ This was suggested, in substance, by Circuit Judge Denison when he wrote in *Vogue Co. v. Thompson-Hudson Co.*, 300 Fed. 509 (C. C. A. 6th, 1924), for the court, at page 512: "We come, then, to what is called 'unfair competition.' This is nothing but a convenient name for the doctrine that no one should be allowed to sell his goods as those of another. This rule is usually invoked when there is an actual market competition between the analogous products of the plaintiffs and the defendants, and so it has been natural enough to speak of it as the doctrine of unfair competition; but there is no fetish in the word 'competition.' The invocation of equity rests more vitally upon the unfairness" (italics ours). The District Court had held that since there was no competition, the "Vogue" magazine had no right to enjoin the "Vogue" hat stores from using a capital V label, with a girl in it, imitative of the label long used by the magazine. This decision Judge Denison reversed because so many people would think the magazine sponsored the hats. An admirable decision. For the subsequent history of the litigation, raising certain other questions, see 6 F. (2d) 875 (C. C. A. 6th, 1925); 12 F. (2d) 991 (C. C. A. 6th, 1926); petition for *certiorari* denied, 273 U. S. 706 (1926).

¹⁶ *British-American Tobacco Co. v. British-American Cigar Store Co.*, 211 Fed. 933 (C. C. A. 2d, 1914); *Westphal v. Westphal's World's Best Corporation*, 216 App. Div. 53, 215 N. Y. S. 4 (1st Dept. 1926), with authorities discussed, affirmed without opinion, 243 N. Y. 639, 154 N. E. 638 (1926); P. J.

has been so long and so extensively in business that his trade name has acquired a significance for a large part of the public to which both competitors will appeal, an injunction will ordinarily issue against an imitator even though the imitation consists merely in words which are descriptive of the nature or organization of the business,¹⁷ or in an individual's proper name¹⁸ or in a geographical designation.¹⁹ The usual language in which such decisions are clothed is to say that the imitated phrase has acquired a "secondary meaning" as a part of the prior user's name.²⁰ What this means, obviously, is simply that the elements of justification are not strong enough to overcome the prior user's right as it has become fixed by long use and general knowledge. Thus, to venture an hypothetical case in a dangerous field, we may assume that a new "United States Steel Company" would have difficulty in resisting an injunction prayed by the

Tierney Sons, Inc. v. Tierney Bros., Inc., 130 Misc. 428 (Sp. T. N. Y. Co., 1927).

¹⁷ *Standard Varnish Works v. Fisher, Thorsen & Co.*, 153 Fed. 928 (Circ. Ct., D. Oreg., 1907). Judge Wolverton said at page 930: "The preparation in question is very naturally called 'Turpentine Shellac,' as it consists principally of a mixing or combination of the two more simple ingredients, turpentine and shellac, and, of course, in its ordinary signification the name is merely descriptive of the compound. It can scarcely indicate origin or proprietorship, so that it is not a term or designation suitable for appropriation as a trade mark in the technical sense. As a trade name, it may be properly so employed, but within itself it is inapt for exclusive appropriation as a trade mark. Beyond this, however, words or symbols naturally descriptive of the product, while not adapted for exclusive use as a trade mark, may yet acquire, by long and general usage in connection with the preparation and by association with the name of the manufacturer, a secondary meaning or signification, such as will express or betoken the goods of that manufacturer only, and in this sense he will be entitled to protection from an unfair use of the designation or trade name by others that may result in his injury and in fraud of the public."

¹⁸ *World's Dispensary Medical Association v. Robert J. Pierce*, 203 N. Y. 419, 96 N. E. 738 (1911); see, *contra*, *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, 201 Fed. 510 (C. C. A. 7th, 1912) in which District Judge Carpenter, writing for the Court, said, at page 514: "Doubtless it is morally wrong for a person to proclaim, or even intimate, that his goods are manufactured by some other and well-known concern; but this does not give rise to a private right of action, unless the property rights of that concern are interfered with. The use by the new company of the name 'Borden' may have been with fraudulent intent; and, even assuming that it was, the trial court had no right to interfere, unless the property rights of the old company were jeopardized * * *" as they were not because commercial ice cream, which the plaintiff had never manufactured, did not compete with milk!

¹⁹ *British-American Tobacco Co. v. British-American Cigar Stores Co.*, 211 Fed. 933 (C. C. A. 2d, 1914).

²⁰ See, for one of many examples, the extract from Judge Wolverton's opinion in the *Standard Varnish Works* case, quoted in note 15, *supra*.

"United States Steel Corporation" even though the names are not identical; even though "United States" is merely a geographical term describing the territory throughout which the new company in good faith intends to operate; and even though "Steel" is a mere description of the type of business it intends in good faith to carry on.

We have mentioned some of the complex considerations bearing upon the question whether there is or is not illegal imitation rather for the purpose of clearing them out of the way than with any thought of dealing with them exhaustively. Their very complexity in fact defies exhaustive, scientific treatment, and brings one, somewhat out of breath, to that haven of legal refuge: "the facts of each case determine its result." Since the motive of an imitator of a trade name is, in equity, a most important consideration, and since his motive is seldom capable of direct proof, it is natural to find more or less standard situations being recognized where the motive is presumed to be wrongful and the imitation unjustified, and other more or less standard situations where the motive is presumed to be lawful and the imitation justified unless the equities of the prior user are unusually persuasive. It is also natural to find that there is no apparent rule without apparent exceptions. The real question in all of these cases is whether on the facts there is an unjustifiable imitation,—something hurtful to a plaintiff which shocks the sense of fairness of the court. From now on we shall assume that such an unjustifiable imitation does exist and inquire whether a prior user may nevertheless find himself denied relief on the ground that the new user is not a competitor and that there can be no unfair competition where there is no competition.

The various decisions of the New York State courts in dealing with this situation have made it clear that until very recently they regarded actual competition as an essential element in an action to enjoin the use of a trade name. A recent decision of the Court of Appeals raises some doubt on this point, though without discussing it; and a very recent decision of the First Department of the Appellate Division boldly and squarely holds that competition is not a *sine qua non*. Let us examine a few of the New York cases.

In *Chas. S. Higgins Company v. Higgins Soap Co.*,²¹ the court dealt with a case in which the plaintiff sought to enjoin the use by the defendant in New York State of its corporate name, "Higgins Soap Company" on the ground that it was so similar to the name of plaintiff as to lead to confusion. The court allowed an injunction, distinguishing the older case of *Meneely v. Meneely*,²² which had stressed the right of a man to do business under his own name, on the ground that this right did not extend to the use of one's own name in an incorporated business.

The Court used the following language, which has become a classical statement of the circumstances under which a cause of action to restrain infringement of a plaintiff's trade name is maintainable:

"Whether the court will interfere in a particular case must depend upon the circumstances; the identity or similarity of the names; the identity of the business of the respective corporations; how far the name is a true description of the kind and quality of the articles manufactured or the business carried on; the extent of the confusion which may be created or apprehended, and other circumstances which might justly influence the judgment of the judge in granting or withholding the remedy."

This language is unexceptionable upon its face, for it purports to do no more than suggest certain factors which a court should consider in deciding for or against relief. Competition *vel non* is certainly such a factor. But the case has come to stand for a narrower doctrine. It will be noted that the court lists, second only to the similarity of names, the *identity of the business* of the respective corporations. They must be engaged not only in similar businesses, but in the same business.

This idea bears fruit in *Corning Glass Works v. Corning Cut Glass Company*.²³ The City of Corning had long been associated in the minds of the public with the glass industry.

²¹ 144 N. Y. 462, 39 N. E. 490 (1895).

²² 62 N. Y. 427 (1875).

²³ 197 N. Y. 173, 90 N. E. 449 (1910).

Many concerns were engaged there in that business. The plaintiff Corning Glass Works had been incorporated for the purpose of manufacturing glass and glassware in the year 1875, and had operated in the City of Corning ever since. It manufactured a number of glass articles and also so-called "blanks" which it furnished to glass cutters as the raw material for cut glass and glass engraving. This last product, namely, "blanks," constituted about ten percent of the product of the plaintiff. The plaintiff had never at any time itself engaged in the actual cutting of glass. The defendant was incorporated a number of years after the plaintiff, and thereupon located its works in the Town of Corning at a short distance from the City. The evidence did not show that there was any direct competition between the plaintiff and the defendant or that the plaintiff had actually suffered in its business. The court, by Judge Gray, held that no case of unfair competition was made out, saying at page 177:

"In result, the plaintiff's claim is reduced to this: that it is entitled to preventive relief, merely, because of a similarity in names, which is liable to create unfair trade, by reason of a possible confusion in the minds of those transacting business with either corporation, to its probable injury. If that were borne out by the facts, doubtless, the plaintiff would have a standing in court to protect itself from injury, reasonably to be anticipated. If it be made to appear that there is real ground for a present apprehension of a future injury to a complainant's property, a court of equity will entertain a suit to quiet that apprehension. The defendant would have no right to establish itself as a rival manufacturer and, by imitation of name, to mislead the public into buying its manufactures, under the impression that they were buying those of the plaintiff. But that is not this case; for, *not only, is there lacking the element of identity in the business carried on, but the defendant's name, clearly enough, distinguished the kind of article it would offer to the trade. The evidence shows that the manufacture of cut glass is a distinct business; in which the plaintiff has not been, and was not, engaged. Between the two*

concerns there has been no competition, nor rivalry; because each produces a distinct class of ware." (Italics ours.)

Judge Gray then went on to discuss the difficulty that the word "Corning" identified no particular business, but is merely a geographical name. Upon this ground, it seems, the case might very properly have been decided as it was. The use of a geographical name which is already identified with an industry rather than with any particular company would seem to afford a high degree of justification to a newcomer who in good faith establishes his business in the locality whose name he seeks to adopt. But the case was not decided upon this ground, but upon the ground that there must be competition. This appears from the later discussion and the following language which Judge Gray uses:

"The law of unfair competition rests on the principle that no person has the right to sell his own goods as those of another by misleading the public."

For the mere infringement of a trade name to amount to unfair competition, business must be stolen. This is the classical doctrine, and seems to be the position squarely taken by the Court of Appeals in the *Corning* case. It makes no allowance for the good will resulting from the favorable knowledge by the public of the name of an established company. To revert for the moment to our hypothetical case, the "United States Steel Company" could under the doctrine enunciated by the *Corning* case, legally enter into the business of manufacturing some steel product which the United States Steel Corporation does not produce. Such a case might conceivably be distinguished on the rather narrow ground that the "United States Steel Company's" name does not indicate its special business, but such a distinction would be a departure from the rationale of the *Corning* decision. Some of the Federal decisions indicate a healthy willingness to enjoin infringement of trade name in a field into which the plaintiff might reasonably desire to expand,²⁴ but the New

²⁴ See, for a very interesting example, the recent case of Sweet Sixteen Co. v. Sweet "16" Shop, Inc., 15 F. (2d) 920 (C. C. A. 8th, 1926) dealing with the vexed problem of territorial limitations upon trade marks and trade names.

York courts have not given any indication of adopting this view. The newcomer's path to the acquisition of business would be smoothed by the fact that many persons would surely believe they were dealing with the well-known and thoroughly reliable United States Steel Corporation. If the newcomer's products were not of high quality, the purchasers would feel themselves aggrieved by the United States Steel Corporation and would hesitate to do business with it in other lines, and yet there would be no redress in a court of equity because, forsooth, there is no competition.

The doctrine that actual competition is essential to enjoin the use of a conflicting trade name finds expression again in *The Eastern Construction Co., Inc. v. Eastern Engineering Corporation*.²⁵ In this case the plaintiff and the defendant were both engaged in the same sort of business, bidding for and carrying out contracts for the construction of public works. The plaintiff was incorporated in 1922, but had carried on a similar business under the trade name of Eastern Construction Company for many years prior to that time. The defendant was incorporated in 1926. The plaintiff at once objected to its use of the word "Eastern" and brought this action for an injunction upon the defendant's refusal to change its name.

Judge Lehman, writing for the Court, found that the plaintiff and the defendant were competitors in the sense that they often bid for the same contracts, and stated that a court of equity might restrain them as such competitors from using methods of competition which are unfair. "Neither may by misrepresentation or deceit obtain, from the public, business which the other might have received" (p. 462). After mentioning the procedure by which the case had come before the Court of Appeals, he then continued, at pages 462-465:

"Justification, if any, for the injunction must rest upon a finding that the corporate name which the defendant has adopted, with the sanction of the State, is so similar to the name under which the plaintiff con-

The *Rectanus* and *Hanover* cases, cited in note 2, *supra*, are the leading cases upon the subject, but left for future decision important questions of *mala fide* appropriation with which the *Sweet Sixteen* case deals in a wholesome spirit.

²⁵ 246 N. Y. 459 (November, 1927).

ducts its business that the public may be confused and that some persons may do business with the defendant in the belief that they are dealing with the plaintiff. The plaintiff's moving affidavits sufficiently show that the plaintiff has built up a business reputation and good will. The name under which a business is carried on is inextricably entwined with its reputation and good will. It is said that in this case the name 'Eastern' is a geographical term, descriptive of the territory in which both corporations conduct their business, and that the plaintiff may not appropriate such a term as its exclusive property. Technical distinction between geographical or descriptive trade names on the one hand and fanciful trade names on the other hand is unimportant in this case. The defendant may not expressly or impliedly represent that it is the same corporation or connected with the same corporation which has built up a reputation and good will under the name of Eastern Construction Company. If, in the business of building construction, the name 'Eastern' has become so exclusively associated with the plaintiff that its use by the defendant in its corporate name tends naturally to induce the belief in those dealing with the defendant that they are dealing with the plaintiff, then, to that extent, the use by the defendant of the corporate name chosen by it constitutes a misrepresentation, fraudulent if chosen with intent to deceive, innocent, at least in its inception, if chosen without such intent. Misrepresentation though innocent at its inception may become wrongful if unreasonably persisted in, after knowledge of its tendency to deceive has been gained. The courts have never found difficulty in protecting the public and the owner of the good will of a business against the deceptive use of a trade name even though that name was originally chosen without wrongful purpose. (*Ewing v. Buttercup Margarine Company, Ltd.*, [1917] 2 Ch. Div. 1.) Common right to use geographical or descriptive terms; even individual right to use one's own name, does not include a use which is calculated

to deceive. (*Corning Glass Works v. Corning Cut Glass Co.*, 197 N. Y. 173; *Ball v. Broadway Bazaar*, 194 N. Y. 429; *Higgins Co. v. Higgins Soap Co.*, 144 N. Y. 462.) 'The name of a person or a town may have become so associated with a particular product that the mere attaching of that name to a similar product without more would have all the effect of a falsehood.' (*Herring Hall Marvin Safe Co. v. Hall's Safe Co.*, 208 U. S. 554.) Judicial interference will depend upon the facts proved and found in each case. The test is whether resemblance is calculated to produce confusion as to identity and consequent damage. (*American Steel Foundries v. Robertson*, 269 U. S. 372.)

Tried by that test, the evidence in this case is insufficient to justify the injunction which has been granted. Some similarity of name exists, but joined with difference so marked that it can hardly be overlooked, especially by those concerned in matters of such importance as the award of a contract for the construction of a public building. True, not all persons constantly exercise caution in their daily affairs, and a merchant may be injured by deception of the incautious and unwary among his customers. The nature of the business in which the defendant competes with the plaintiff reduces almost to the vanishing point the possibility of deception and damage in this case. The defendant does not seek the patronage of the wayfarer whose purchases are often dictated by hasty impression rather than inspection and consideration. The defendant competes with the plaintiff in bidding for public work. When it chose the word 'Eastern' as part of its name, it could hardly have expected that its name might result in the acceptance of bids for public work which otherwise would have been rejected. No bid of the defendant has been accepted and no contract has been awarded to it, because an architect or other person examining bids or awarding contracts has been confused as to the defendant's identity. As to such persons no reasonable inference can be drawn that the name tends to deceive and con-

stitutes a misrepresentation. The affidavits show that there has been some confusion in the minds of others dealing with the plaintiff in more casual manner. Choice of name by the defendant could not be dictated by intent through such confusion to obtain a benefit at the plaintiff's expense. Such confusion resulting merely in non-delivery of mail or other messages would indeed tend to the detriment of the defendant, though perhaps in lesser degree than to the plaintiff. Moreover, it appears that other building and contracting companies using the word 'Eastern' as part of their names are listed in the telephone directory. The value of the plaintiff's reputation and good will is not shown to be materially decreased by possible confusion. Certainly the defendant is not shown to be in a position to gain any advantage by it. Reasonable probability of loss of business by the plaintiff which constitutes the ground for the intervention of a court of equity is wanting."

It thus appears that a plaintiff and a defendant must not only be competitors in the sense that both strive to secure the same business, but the nature of their competition must be such that the similarity of name is likely to cause confusion and to bestow upon one of the competitors business which was intended for the other. If there is no reasonable danger of this there can be no infringement of trade name. This is the old idea that passing off one person's goods for those of another is the gravamen of unfair competition. No heed is paid to the intangible injury which may result from confusion.

Here again, as in the *Corning* case, the decision might have gone on a different ground. The other building and contracting companies doing business under the geographical name "Eastern" might have been a reason for holding that the adoption of this name by a company operating in the eastern part of the United States was a right of which no prior user could deprive a newcomer in the field. But that is not the ground upon which the case went, and it is expressly stated by Judge Lehman, in the quotation above, that he would not alter his opinion if instead of "Eastern" the in-

fringing word had been some wholly fanciful and arbitrary name unrelated to geography or to the nature of the business.

In a terse and vigorous dissent, Judge Crane expresses a view which to us seems a sounder judicial standard for business morals and vastly more consonant with the actual facts of business competition in New York State to-day. It reads (p. 466) :

“With all the other names which the defendant could have taken, why did it choose ‘Eastern’? There is no answer except that it expected to and did reap the advantages gained by the long user of the name by the plaintiff. The defendant entered the field of similar business to compete with the plaintiff. It took the word ‘Eastern’ long used by the plaintiff. It was timely warned of the damage being done by the subtle deception and still persisted in its course. In all fairness why did it not take another name; Western, Northern, Southern, Blue, any name among the millions which could have been selected. No, it must stick to Eastern, to be used in New York City where the plaintiff was bidding for its construction and engineering work. The points of the compass had nothing to do with the nature of the business conducted by these parties. Eastern is no less arbitrary than Arctic or Solar. The defendant should fall in line and do the fair thing. Business in these modern days is complicated enough without having some new-born competitor mix up identities.

Early decisions are of little use as authorities on modern New York City competition. They could no more imagine these conditions than they could foresee the airship or the wireless. Let the defendant get a new name and do its business on its own merits.”

It is to be noted that Judge Crane does not differ on any question of law from the majority of the court. He finds in the record sufficient evidence of *mala fides*, of actual competition and of the probability of loss of business, to hold that an injunction should have issued upon those grounds. It seems probable, however, from language in an earlier and leading case, that Judge Crane himself would take the additional step

of saying that actual competition is not an essential element in this type of action. In *White Studio, Inc. v. Dreyfoos*,²⁶ Judge Crane, writing the opinion of the Court, used the following language:

“The doctrine of unfair trade amounts to no more than this: One person has no right to sell goods as the goods of another, *nor to do other business as the business of another*, and on proper showing will be restrained from so doing.’ (*Dyment v. Lewis*, 144 Iowa, 509, 513; 38 Cyc. 756; *Ball v. Broadway Bazaar*, 194 N. Y. 429, 435; *Munro v. Tousey*, 129 N. Y. 38; *Benevolent & Protective Order of Elks v. Improved B. & P. Order of Elks*, 205 N. Y. 459; *Weinstock v. Marks*, 109 Cal. 529; *Gulden v. Chance*, 182 Fed. Rep. 303.)

Unfair competition may result from representations or conduct which deceive the public into believing that the business name, reputation or good will of one person is that of another. (*Glen & Hall Mfg. Co. v. Hall*, 61 N. Y. 226; *Howard v. Henriques*, 3 Sandf. 725; *Lee v. Haley*, L. R. [5 Ch. App.] 155; *Holbrook v. Nesbitt*, 163 Mass. 120, 125; *American Tobacco Co. v. Polacsek*, 170 Fed. Rep. 117.)” (Italics by the Court.)

These statements, it will be seen, are much broader in their scope than the classical statement to which we have previously referred. They were hardly necessary for the decision in the *White Studio* case, and there could hardly be any doubt, after the *Great Eastern* case, that they represent a doctrine broader than that actually followed by the Court of Appeals, if it were not for the existence of a very recent and somewhat puzzling decision.

In *The Tecla Corporation et al. v. Salon Tecla, Ltd.*,²⁷ the Court of Appeals had before it an appeal from the Appellate Division, First Department.²⁸ The case had arisen out of an attempt by the makers of “Tecla” pearls to restrain unfair competition by the defendant Salon Tecla, Ltd., in the use of the registered trade mark and trade name “Tecla”

²⁶ 221 N. Y. 46, 116 N. E. 796 (1917).

²⁷ 249 N. Y. 157 (July, 1928).

²⁸ 223 App. Div. 17 (March, 1928).

owned by the plaintiffs. The defendant engaged in the business of selling cosmetics and of running a beauty parlor. It sold no artificial pearls or any other jewelry of any sort dealt in by the plaintiffs. Mr. Justice McAvoy, writing for an unanimous Appellate Division, said at page 18:

"It is asserted by defendant that the sign-maker of defendant, who had been told to use his own discretion with respect to the form of the sign, employed a type of script somewhat resembling that of plaintiffs. There is no evidence, however, of any unfair competition by defendant with any of plaintiffs' business activities. The evidence shows that prior to the commencement of the suit defendant voluntarily disavowed any intention of unfairly competing with plaintiffs and expressed its willingness to so alter the sign that there could be no possibility of confusion.

There was no proof of any sales or of the name of a salesman or employee who had charge of, or anything to do with, plaintiffs' alleged cosmetic business.

We think that on this showing the judgment was unsupported by any evidence of the nature required for an injunction to restrain so-called competition."

The Court of Appeals wrote a short and unanimous *per curiam* decision to the effect that the use by the defendant of the peculiar and characteristic script which the plaintiffs had long employed for the display of their name is calculated to emphasize unduly the similarity of names and forcibly to suggest to the public identity of origin or management. The court held accordingly that the judgment of the Appellate Division should be modified so as to enjoin the defendant from in any way using the peculiar and characteristic script used by the plaintiffs. This decision may or may not indicate a change in the attitude of the Court of Appeals. It seems probable that there are types of unfair competition which a court of equity would enjoin even though a plaintiff and a defendant do not compete, methods of business injury which would seem to any court so "raw" that it would brush aside any contention that competition is an essential element. It may be that this decision merely holds that the imitation of the plaintiffs' script was such a method. On the other hand,

the imitation of the script is only one method of imitating the plaintiffs' trade name. The similarity is that perceived by the eye instead of by the ear. It seems therefore that the case must be classified as a trade name case; and upon the record it seems abundantly clear that there was in it no actual competition in the strict sense in which that has usually been required for such cases.

Possibly encouraged by this reversal of its decision in the *Tecla* case, the First Department of the Appellate Division has taken the step of saying that competition, in the strict sense, is not a *sine qua non* in a trade name case. Mr. Justice Proskauer writing for an unanimous Court in *Long's Hat Stores Corporation v. Long's Clothes, Inc.*²⁹ held that the plaintiff, which had been selling hats and haberdashery, and at times clothing, in "Long's" stores since 1905, could enjoin defendant, incorporated by one Louis Goldberg, from selling retail clothing in a shop maintained under the name "Long's Clothes, Inc." Plaintiff had at one time sold retail clothing from its stores, but had temporarily discontinued doing so, although expressing an intention to resume that branch of its business. There was no individual by the name of "Long" associated with Goldberg.

The Court below had denied a temporary injunction which defendant resisted on the ground that there was no actual competition. Mr. Justice Proskauer said: "Plaintiff, however, is entitled to be protected not only from direct competition, but from any injury which might result to it from the deception of the public through the unauthorized use of its trade name or a trade name which would lead the public to believe that it was in some way connected with plaintiff." He then cited and quoted from the *Vogue* case.³⁰ Later he used the following sentence: "In the enjoyment of its trade name the plaintiff is to be protected not only with respect to the merchandise it presently sells, but also with respect to that which the public would believe, through the deception practiced by the defendant that the plaintiff was selling." He then proceeds, however, to rest the decision upon the

²⁹ Reported in New York Law Journal, November 28, 1928. See also leading editorial on the case and general subject in the same number.

³⁰ See note 15, *supra*.

perfectly orthodox ground that the defendant's goods were of the same class as those of the plaintiff, and so that they did in fact compete. The importance of the case, therefore, is less in its actual decision than in its language.

In conclusion we can merely say that the New York law on the subject is in so rapid a state of flux that any present estimate is dangerous. The trend toward greater liberality, with its recognition of intangible rights, such as the right to expand one's business, and of intangible injuries such as that from unconscious mental confusion, appears, however, to be very strong.

A New York lawyer whose client desires to enjoin the use by another of a trade name similar to his own will do well, if there is any question of actual competition in the case, to consider whether the necessary facts required for Federal jurisdiction and venue exist. The Federal Courts have shown greater liberality in allowing injunctions under such circumstances than have any but the most recent of the New York State Courts' decisions. The difference is perhaps one of emphasis more than one of language, but the tendency to greater liberality is quite apparent. In *British-American Tobacco Co., Ltd. v. British-American Cigar Stores Co.*,³¹ the Circuit Court of Appeals allowed the complainant, British-American Tobacco Co., Ltd., to enjoin a company from operating under the name of "British-American Cigar Stores Co.," although it appeared that there was no actual competition between them inasmuch as the defendant sold tobacco at retail only and the plaintiff sold tobacco only at wholesale. The Court was influenced in its decision by the fact that the use of the word "British" was in no respect descriptive of the defendant company, its product, methods, place of incorporation or place of doing business. The Court said at page 935:

"We are unable to discover any valid, or even a plausible, reason for its adoption unless it was to accomplish the objects alleged in the complaint. If the object of the defendant were to sell its goods and securities upon their merits, what possible reason could it have had in choosing a name which had been

³¹ 211 Fed. 933 (C. C. A. 2d, 1914).

pre-empted in the tobacco trade for ten years? We can think of none. If, on the other hand, the object were to induce the unthinking public to believe that the defendant was connected with the great British-American Company, with its boundless resources and a decade of successful business behind it, the defendant's conduct was perfectly natural. * * * If there were any valid reason for adopting the name, if the business were other than tobacco, there might be some reason for the defendant's action, but no honest reason can be suggested for appropriating the name of the old and long-established company."

It will be noted that the Court touched upon the interesting possibility of the sale by the defendant company of its securities to a public which might well believe that they were purchasing these securities of the better-known plaintiff or at least those of one of its subsidiaries. This, as we shall see, is an element which other judges have mentioned. It is indicative of a tendency to consider general relations with the public other than the mere sale of goods to it.

We have already suggested that it is the results rather than the language of the Federal decisions which show a tendency to differ from those of the New York Courts. A multitude of citations from Federal decisions could be compiled to substantiate this suggestion, but it will, perhaps, be sufficient to quote from the Supreme Court of the United States in a recent decision, *American Steel Foundries v. Robertson, Commissioner*,³² where the Court said, at page 380:

"The mere fact that one person has adopted and used a trade mark on his goods does not prevent the adoption and use of the same trade mark by others on articles of a different description. There is no property in trade marks apart from the business of trade in connection with which they are employed. * * * 'The law of trade marks is but a part of the broader law of unfair competition,' * * * the general purpose of which

³² 269 U. S. 372 (January, 1926).

is to prevent one person from passing off his goods or his business as the goods or business of another."

The Court then continues by discussing the relationship between the law of trade marks and the law of trade names saying that the same fundamental principles govern both, and citing *Ball v. Broadway Bazaar*,³³ all in the most classical language.

Another interesting liberal case is *Wall v. Rolls-Royce of America, Inc.*³⁴ In this case Circuit Judge Buffington, writing for the Court, held that the defendant, Howard Wall, doing business under the name "Rolls-Royce Tube Company," had been properly enjoined by the Court below from using the name "Rolls-Royce" in carrying on the business of making and selling radio tubes. Aside from the use of the name "Rolls-Royce," for which there was not the slightest justification in fact, the only element of deceit in the case was that Wall advertised his radio tubes by quotation marks as "Rolls-Royce" tubes, and stated that such tubes were "like their name, significant of quality." The plaintiff, a well-known manufacturer of automobiles, never engaged in the making of radio tubes. The Court, however, recognized that the use by Wall of the plaintiff's name would injure the plaintiff when used in connection with the manufacture of a mechanical article of such a nature that the public might have supposed the plaintiff was manufacturing it as a side issue. The Court also stressed the possibility that Wall might obtain credit and sell securities upon the strength of the plaintiff's name, saying at page 334:

"In addition to what has been said, it is quite possible that the use of such a name might lead third parties to credit the plaintiff's business on account of its name of 'Rolls-Royce,' with an unwarranted financial reliability, and if such assumptions eventually proved unfounded the name of 'Rolls-Royce' would suffer accordingly."

³³ 194 N. Y. 429, 87 N. E. 674 (1909).

³⁴ 4 F. (2d) 333 (C. C. A. 3d, 1925). See also *Duro Co. v. Duro Co.*, 27 F. (2d) 336, Dist. Ct. D. N. J., 1927; affirmed 27 F. (2d) 339 (C. C. A., 3d, 1928).

In this connection, Judge Buffington also wrote the following excellent sentence which sums up much of the intent of the present article (p. 334) :

“And if this Rolls-Royce Radio Tube proved unsatisfactory, it would sow in his [the purchaser’s] mind at once an undermining and distrust of the excellence of product which the words, ‘Rolls-Royce’ had hitherto stood for.”

A similarly broad decision is *Hudson Motor Car Co. v. Hudson Tire Co.*³⁵ Here again the plaintiff was a well-known manufacturer of automobiles. The defendant’s business, while still non-competitive in the strict sense, was somewhat closer to the manufacture of automobiles than was the defendant’s business in the *Rolls-Royce* case. It consisted of the manufacture of “Hudson Cord,” “New Hudson Cord,” and “Hudson Super Cord” tires. It will be recalled that the plaintiff has used the phrase “Super-Six” as a trade mark which it has advertised extensively. The defendant first adopted the word “Hudson” quite innocently in connection with a garage which he operated under that name near the Hudson Boulevard in Jersey City. He then gradually took up the business of manufacturing tires out of the carcasses of old tires which he worked together. Later the defendant took up the manufacture of new tires and more and more adopted marks and names similar to those used by the plaintiff in its national advertising. The Court held the plaintiff entitled to an injunction even though the defendants originally adopted the name “Hudson” innocently. In doing so, it relied largely upon a quite similar case in the Third Circuit from which it made the following very pertinent and interesting quotations :

“That this is the case may be gathered from the language of our own Circuit Court of Appeals in the case of *Akron-Overland Tire Co. v. Willys-Overland Co.*, 273 F. 674, at page 676, where the Court says, in part :

“While it may be conceded that the plaintiff company manufactures automobiles and the defendant

³⁵ 21 F. (2d) 453 (Dist. Ct. D. N. J., 1927).

does not, and while the plaintiff does not make or sell automobile tires, and the defendant retreads and sells tires, and in exact terms the two do not compete in these particular things, yet the fact remains that the business of both is so connected with automobiles that the public, in buying the stocks, securities, and retread tires of the defendant company, by the use of the word "Overland" in connection therewith, will, by such descriptive word, be led to believe it is buying property or articles owned or dealt in by the plaintiff or one of its subsidiary companies. That the plaintiffs had in the word "Overland" a good will of high reputation and great value in connection with automobiles cannot be gainsaid. That the defendants' use of the word "Overland," in connection with the sale of its retread tires and its stocks and securities, would enable it to share in the plaintiff's good will and reputation, also cannot be gainsaid. That such use of the word "Overland" by the defendant would breed confusion and misunderstanding in the minds of the public is foreshadowed by what did happen in the way of third parties confusing and connecting the defendant and its acts with the plaintiff company, and even holding the plaintiff accountable for such acts. Indeed, it is manifest that under the facts of this case the maintenance by the plaintiff of the good will attributed to Overland business and products would, in the future, be determined, not alone by what the plaintiff did to uphold the standard of that good will, but by what the defendant might do by failure to uphold such reputation and maintain such good will. * * * It will thus be seen that the business of both companies, because they both concerned some phase of automobile activity, were interrelated and that since the operations of the plaintiff company in that field were known to, and described by, the public by the business or trade-name of "Overland," it necessarily followed that, when the defendant company sought to also describe its ventures by the trade-name "Overland," it was calculated to confuse the public mind and enabled the de-

fendant to draw to itself, and to draw from the plaintiff, the exclusive trade name and trade good will which the plaintiff, by a business course of years, had given to the word "Overland" in connection with the automobile industry. Such being the fact, it follows that both the English and American authorities justify the Court below in its action, for, in fact, there was substantial and material competition between these parties.' "

In *Yale Electric Corporation v. Robertson*,³⁶ the Court held that complainant Yale Electric Corporation had been properly refused its application to register the word "Yale" for the products which it manufactured, namely flashlights, drycells, and storage batteries, because of the fact that the word "Yale" had been used for many years by the defendant Yale & Towne Mfg. Co. in connection with locks and keys. The Court said at page 469: "The use of the word 'Yale' by the plaintiff is purely arbitrary. It is not the name of anyone connected with the plaintiff's organization." It then noted certain other evidence that the plaintiff was intentionally seeking to mislead the public, such as similarity in the advertisements and particularly in the block print used for the word "Yale." The Court distinguished *American Steel Foundries v. Robertson*, *supra*, which had held that the word "Simplex" could be registered as a trade mark on non-competing goods in spite of the fact that it formed a part of the corporate name of the defendant in that action. The distinction taken was in the following words:

"But the record shows as already noted, that the goods of both plaintiff and defendant are sold in the same stores, more particularly in hardware stores, and presumably to the same class of purchasers. Of course, the prospective purchaser of locks and keys would not likely be led by the confusion of marks to purchase flashlights or batteries *but might be led to purchase flashlights or batteries on the strength of standing and reputation of the locks and keys bearing the same trade mark.* Thus confusion would result and

³⁶ 21 F. (2d) 467 (Dist. Ct. D. Conn., 1927).

not only the maker of the locks and keys but the public as well would be deprived of the protection which it was obviously the purpose of the trade mark statute to give. And if it be found that there is doubt as to whether such confusion will exist, it is the duty of the court to resolve that doubt against the newcomer in the field. *Waltke & Co. v. Schafer & Co.*, 49 App. D. C. 254, 263 F. 650." (Italics ours.)

The Court said further :

"The real question to be decided is: What does the word 'Yale' signify to the hardware trade? Without doubt it identifies the Yale & Towne Mfg. Co. and its products. Nor do I think it conclusive that the Yale & Towne Mfg. Co. does not make flashlights or batteries, as this is a mere detail of evidence to be taken with other evidence in the case."

The decision was affirmed by the Circuit Court of Appeals for the Second Circuit,³⁷ with a most interesting and instructive opinion written by Judge Learned Hand. It reads, in part, as follows (p. 973) :

"The law of unfair trade comes down very nearly to this—as judges have repeated again and again—that one merchant shall not divert customers from another by representing what he sells as emanating from the second. This has been, and perhaps even more now is, the whole Law and the Prophets on the subject, though it assumes many guises. Therefore it was at first a debatable point whether a merchant's good will, indicated by his mark, could extend beyond such goods as he sold. How could he lose bargains which he had no means to fill? What harm did it do a chewing gum maker to have an ironmonger use his trade mark? The law often ignores the nicer sensibilities.

However, it has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own

³⁷ *Yale Electric Corporation v. Robertson*, 26 F. (2d) 972 (July, 1928).

exploitation to justify interposition by a court. His mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask. And so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful. [Citing four Federal cases.] Although it is quite true that the point is still open in the Supreme Court. *Beech-Nut Co. v. Lorillard*, 273 U. S. 629, 47 S. Ct. 481, 71 L. Ed. 810. * * * The defendant need not permit another to attach to its good will the consequences of trade methods not its own."

Here competition appears in its proper capacity. Instead of a *sine qua non* of relief Judge Hand would grant relief "unless the borrower's use is so foreign to the owner's as to insure against any identification of the two." This, we submit, puts the consideration of competition in its proper place.

It is true that Federal Courts do not go so far as to protect a trade name like "Simplex" where the record shows that the term was a registered trade mark of about sixty different companies.³⁸ The net result of these Federal decisions is that competition in the strict sense is not a requisite but that a newcomer is justified under many circumstances in using a trade name which is geographical or descriptive even though another or others have used it before him. An interesting discussion of this view in connection with technical trade marks is found in the article by Mr. Frank I. Schechter in a recent volume of the *Harvard Law Review*,³⁹ to which we have already referred.

³⁸ *American Steel Foundries v. Robertson*, 269 U. S. 372 (1926).

³⁹ Frank I. Schechter, "The Rational Basis of Trademark Protection," 40 *Harv. L. Rev.* 813, at pages 826-830. See also, on the same point, *France Milling Co., Inc. v. Washburn-Crosby Co., Inc.* 7 F. (2d) 304 (C. C. A. 2d, 1925); *certiorari* denied 268 U. S. 706 (1925).

One other Federal case of a similar nature deserves mention, *Buckspan v. Hudson's Bay Co.*⁴⁰ In this case the Hudson's Bay Co. was allowed to enjoin a retail dealer in Dallas, Texas, from using the name "Hudson Bay Fur Company" even though the plaintiff sold no manufactured or raw furs in the United States, although it was planning to commence business there by the use of a subsidiary New York corporation. The plaintiff did, however, sell in London auction sales raw furs to manufacturers who in turn resold them to retailers throughout this country, including Dallas, Texas. There was a finding that actual confusion had resulted.

We close with a brief consideration of a rather unappetizing case, *Standard Oil Co. v. California Peach & Fig Growers, Inc.*⁴¹ This was a trade mark case in which the Standard Oil Company, maker of "Nujol" medicinal mineral oil, succeeded in enjoining the defendant from marketing "NUJOL treated FIGS," which had been defended on the grounds that there was no danger of confusion, and that the defendant was within its rights because the figs in fact were treated with "Nujol" bought on the open market. With this second point we are not particularly concerned, but on the first point District Judge Morris used language quite similar to that used by Judge Hand in the *Yale* case, *supra*. Thus he said, at page 285:

" * * * the proprietor of a trade mark is without right to forbid or exclude the use of the same mark, words, or symbol by another upon goods of a class and quality so *different from those of the original user as to preclude the probability that purchasers will be misled into believing that the different article springs from a common source.* * * * But goods are of the same general class when either their general and essential characteristics are the same * * * or when, for any other reason, they are so related or associated, either in fact or in the mind of the public, that a common trade mark would probably lead purchasers to conclude that the several articles have a common

⁴⁰ 22 F. (2d) 721 (C. C. A., 5th, 1927); *certiorari* denied 276 U. S. 628 (1928).

⁴¹ 28 F. (2d) 283 (Dist. Ct. D. Dela., October, 1928).

*origin, * * ** Moreover, the owner of a trade mark 'truly arbitrary, strange, and fanciful' is entitled to a monopoly of use for his mark in a wider field than is he who employs a mark not of that character." (Italics ours.)

And on page 286:

"Defendant's use of plaintiff's trade mark stakes the reputation of the plaintiff upon the character of defendant's goods. * * * The plaintiff is not required to submit to this hazard."

We may conclude that the law governing the protection of trade names is still in a formative stage, but that the present strong tendency, in the Federal Courts and in the New York State Courts alike, is to depart from the classical requirement of actual competition, in any strict sense, between the plaintiff and the defendant whom he seeks to enjoin from using a similar name. We may further conclude that this tendency is more clearly marked in the decisions of the Federal Courts than in those of the Courts of this State.

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