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Trademarks—Trademark Infringement and Unfair Competition by Rebottling

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Appeals upheld judgments against the City of New York and the general contractor, Consolidated Telegraph and Electrical Subway Co. (described as Con Tel), it held, in *Sobel v. City of New York*, that the excavator hired by Con Tel was not liable.⁴⁵ The excavator, Slattery Rock Corporation, had contracted to do the excavation, backfilling and to repave temporarily (without cementing the paving stones on which the plaintiff subsequently tripped). This meant that the site was to be left in condition for public use until another subcontractor, W. J. Fitzgerald Paving Co., cemented the paving stones together and put them into final condition. Was Slattery under a continuing duty to maintain the site, although its subcontract had been fully performed? The Court stated that Slattery must be exonerated from liability if, under the contractual agreements between the parties, all duties on its part had been fulfilled at the time of the accident.⁴⁶ Under the terms of its subcontract Slattery was to maintain the site until 10 days after it had notified Con Tel *in writing* that the site was ready for Fitzgerald to do the permanent paving. Ten days after Slattery had completed the temporary pavement Con Tel ordered Fitzgerald to proceed with the repaving. The Court reasoned that this order indicated that Con Tel knew that Slattery was through and was not waiting for the written notice that Con Tel claimed was necessary to relieve Slattery from liability for further maintenance. The Court thus concluded that the technical omission to serve the notice was immaterial under the circumstances.

Bd.

TRADEMARKS

TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION BY REBOTTLING

The case of *Lanvin Parfums, Inc. v. LeDans Ltd.*¹ presented a problem of far-reaching importance to both the marketers and consumers of brand name products in New York State. The case involved the lucrative practice of buying on the open market the toilet waters of Lanvin Parfums, Inc., dividing the purchased quantities into one dram units, and then rebottling the same. The new bottle was labeled in a way that utilized the established name of Lanvin while stating the fact that it was a rebottled package, and that LeDans Ltd. did the rebottling. The desired effect was of course to convey the message that what was being purchased was no less than a Lanvin product, at a price heretofore unheard of in the perfume market. The result was that LeDans Ltd. was capitalizing on the prestigious name of Lanvin Parfums, Inc. which further

45. 9 N.Y.2d 187, 213 N.Y.S.2d 36 (1961).

46. *Probst v. New York Central R.R. Co.*, 237 App. Div. 562, 261 N.Y. Supp. 120 (1st Dep't 1932).

1. 9 N.Y.2d 516, 215 N.Y.S.2d 257 (1961).

resulted in a decrease in the volume of the Lanvin sales. Lanvin sought injunctive relief and the Supreme Court, New York County, denied the defendant's motion to dismiss for failure to state a cause of action. LeDans appealed from this ruling and the Appellate Division reversed.² The Appellate Division construed Section 2354 subdivision 6 of the Penal Law,³ on which Lanvin relied, as requiring actual fraud or deception and in that court's opinion no such actual fraud or deception was present in the instant case.⁴

The very significant question posed is: does Section 2354 subdivision 6 require actual fraud or deception if a rebottling is to be a misdemeanor, or is it sufficient that there be evidence of any rebottling and use of the original manufacturer's name?

The Court of Appeals in reversing the Appellate Division held that a literal reading of the statute prohibited any rebottling and that the statute embraced the facts of the case at bar.⁵ The Court stated that the decision reached in *People v. Luhrs*⁶ was controlling on this set of facts. Indeed the case would demand this result were there no evidence in the instant case of an attempt by the rebottler to identify himself as such, for the facts differ in that way. In *People v. Luhrs* there was no attempt made to inform the purchaser of a rebottling, as there was by defendant, LeDans, herein. The Court overcame this difficulty on the facts, by pointing out that "the violation consisted of rebottling and reselling the whiskey under the Wilson brand name, irrespective of actual fraud." The statute was intended to prevent the possibility of fraud or even inadvertent adulteration, and an admission of rebottling does not lessen the possibility. Even if the *Luhrs* case is not directly in point, it too is a result of the literal reading of the statute. There exists no reason to read into Section 2354 subdivision 6⁷ a requirement of actual fraud or deception, when the legislature did not deem it a necessary or wise addition. The literal reading clearly prohibits the acts of LeDans.

The Appellate Division itself, while construing the statute as requiring actual fraud or deception, recognized the inherent injustice, but felt a remedy should emanate from the legislature rather than the court.⁸ The conservative stand of the Appellate Division was not accepted by the Court of Appeals, which has given us the *People v. Luhrs* extension as it now exists.

2. 12 A.D.2d 104, 208 N.Y.S.2d 675 (1st Dep't 1960).

3. N.Y. Penal Law § 2354(6):

A person who: . . . Knowingly sells, offers or exposes for sale, any goods which are represented in any manner, by word or deed, to be the manufacture, packing, bottling, boxing or product of any person, firm or corporation, other than himself, unless such goods are contained in the original packages, box or bottle and under the labels, marks or names placed thereon by the manufacturer who is entitled to use such marks, names, brands, or trademarks;

4. Supra note 2.

5. Supra note 1.

6. 195 N.Y. 377, 89 N.E. 171 (1909).

7. Supra note 3.

8. Supra note 2.

The rebottler of another manufacturer's product may no longer hide behind *Prestonettes v. Coty*,⁹ for the Court has correctly pointed out that the Supreme Court was not concerned with our statute in this case. It involved the effect of a trade mark as a property right, and although the brief of counsel mentioned Section 2354, the Court chose to ignore it in its opinion.

D. R. K.

USE OF SIMILAR TRADEMARK, NOT CALCULATED TO PRODUCE CONFUSION, NOT ENJOINABLE

The Court ruled that questions of trade mark infringement are to be determined on the particular facts of each case when in *Dell Pub. Co. v. Stanley Pub., Inc.*¹⁰ it held that the use of the name "Modern Confessions" was not an infringement of the registered trade mark, "Modern Romances."

Appellant, Dell Publishing Company, sought reinstatement of an injunction which had been set aside by the Appellate Division¹¹ on the law and facts, as there was an insufficient offer of evidence to warrant a finding of a reasonable tendency to cause confusion. The word in question, modern, was a descriptive word, which had not acquired a secondary meaning through association with the appellant's product. They based their findings on, among others, the following facts: that there were approximately 61 publications whose registered titles contain the word modern; that the content of the two magazines were not the same; that the quality of the paper, the sale price, the letterhead, and the "blurb lines" were not the same. The confusion which the trade mark and unfair competition laws were meant to preclude was nonexistent in this case.

The Court of Appeals accepted this reasoning, pointing out that the law of trademarks is merely a portion of the broader law of unfair competition, and that it is intended to prevent one from palming off his goods and/or their origin as the goods of another.¹² Precedents furnish generalizations which provide a criterion for the determination of disputes involving trademark infringements. These disputes require pragmatic action, with each case being decided in the light of its own particular facts.¹³

The Court, after concluding that all past cases were decided on their own particular facts, articulated the test to be applied. "*The test as in unfair competition, is the likelihood of confusion, regardless of evidence of actual confusion.*"¹⁴ In this view, it is apparent that had the use of the word modern been calculated to cause confusion, in spite of a complete lack of evidence of confusion, it would constitute an infringement. The basis for such

9. 264 U.S. 359 (1924).

10. 9 N.Y.2d 126, 211 N.Y.S.2d 393 (1961).

11. 11 A.D.2d 112, 201 N.Y.S.2d 1008 (1st Dep't 1960). The injunction had been issued by the supreme court in 18 Misc.2d 437, 188 N.Y.S.2d 605 (Sup. Ct. 1959).

12. Supra note 10 at 133, 211 N.Y.S.2d at 398.

13. See *Palmer v. Gulf Pub. Co.*, 79 F. Supp. 731, 737 (S. D. Calif. 1948).

14. Supra note 10 at 134, 211 N.Y.S.2d at 399.