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THE LAW OF BUSINESS TORTS IN MISSISSIPPI

[Note: This Article has been divided with the first half appearing in 15 Miss. C. L. REV. Fall 1994, ed.]*

*James L. Robertson***

VII. TRADEMARKS

A. A Discrete and Developed Means of Marketing

Trademark⁴⁹⁵ is one of those areas where the law has struggled mightily to respond to the market participant's need to know his rights and alternatives and with some reasonable certainty. Of concern as well has been the need of consumers to be free of confusion regarding the source of goods and services, as they contemplate purchasing choices. Because of the prevalence of marks and the potential for infringement, lawmakers have founded the field with increasing clarity. By providing for the registration of trademarks and associated designations, and thereafter protecting priority of right, the law has taken a giant step forward.

Although the law of trademarks is one of the most developed and sophisticated within the field of business torts, in origin and concept its commonality is unmistakably within the field as a whole. Trademark infringement remains a form of unfair competition. The infringer, as well as the deceptive marketer and other business tortfeasors, is made subject to the law's proscriptions because he is interfering with the legitimate prospective advantage of others by means generally seen as unfair and thus labeled by the law as improper and made actionable.

B. The Nature and Function of Trademarks

Marks used in trade are convenient means of communication between sellers and buyers. Callmann has examined the utility and function of the trademark and has found in it four qualities, overlapping yet conceptually distinct and identifiable.⁴⁹⁶ These include (1) the figurative quality of the mark — “[i]t evokes a reaction to that which it symbolizes,” (2) its intangibility and transcendence—the trademark represents not the real nature of the product or its service but the reputation a business or its product enjoys, (3) its motivating power—its power to

* The first half sets forth the balkanized landscape that has traditionally made up the law of business torts—in Mississippi and elsewhere, the common principles and policies that explain and underlie the field, the reasons why we profit when we see the field as a whole, and a circumstanced external approach to interpretation of the field. The first half then begins our consideration—continued here—of historically discrete areas of the law of business torts in Mississippi, viz. the areas of antitrust and deceptive marketing.

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495. By trademarks, we mean trademarks properly so called, service marks, trade names, certification marks, collective marks and the like, as will presently appear.

496. 3 RUDOLF CALLMAN, THE LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 17.01 (4th ed. 1993).

generate a response beyond that induced by the information alone, and (4) its public acceptability recognized by the community.⁴⁹⁷

The trademark performs at least three functions in the marketing of goods and services. First, it suggests the origin and ownership of goods or services.⁴⁹⁸ It tells the purchaser something about the origin of what he is about to buy. It also performs what has been called the guarantee function—“the function of giving the purchaser a satisfactory assurance of the make and quality of the article he is buying.”⁴⁹⁹ Justice Stewart was right when he wrote that “[a]n important ingredient of the premium brand inheres in the consumer’s belief, measured by past satisfaction and the market reputation established by . . . [the market participant] for its products, that tomorrow’s can will contain the same premium product as that purchased today.”⁵⁰⁰ Third, there is the advertising function. “Trademarks serve as a means of communication between otherwise unknown or anonymous producers and their prospective customers.”⁵⁰¹ As Callmann puts it: “A trademark is sometimes a more convincing selling point than even the quality of the product to which it refers. Frequently there is little, if any, actual difference between competing products, so that competition is between trademarks rather than qualities.”⁵⁰² In the words of Justice Frankfurter, “The creation of a market through an established symbol implies that people float on a psychological current engendered by the various advertising devices which give a trademark its potency.”⁵⁰³

C. History and Structure of the Law of Trademarks

A trademark identifies and distinguishes goods or services. Historically, it has meant an “arbitrary or fanciful mark that could be protected without additional evidence that consumers understand it to identify the source or sponsor of goods or services.”⁵⁰⁴ Trademark protection is traceable to the common law. Before any constituent assembly gave thought to the matter, common law courts saw the wisdom of protecting the names and symbols market participants used to distinguish their goods or services from those of others. For better or for worse, there have long been those active in the marketplace who would seek to pass their goods off as those of another, to deceive the consumer, and thus to reap the benefits of the other’s favorable market reputation. As manufacturers began to adopt marks to identify their goods, the trade pirates began appropriating those marks. From the beginning, trademark infringement was but a form of deceptive marketing or un-

497. *Id.*

498. *Id.* § 17.02.

499. *Id.* § 17.03, at 9. *See also*, 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3.04[1] (3d ed. 1994).

500. *Federal Trade Comm’n v. Borden Co.*, 383 U.S. 637, 651 (1966) (Stewart, J., dissenting).

501. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. c (1995).

502. 3 CALLMANN, *supra* note 496, § 17.04, at 13. *See also* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. c (1995); 1 MCCARTHY, *supra* note 499, § 3.05.

503. *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 208 (1942).

504. RESTATEMENT (THIRD) OF UNFAIR COMPETITION xvi (1995).

fair competition and well within the premises and rules courts recognized and enforced.

Rights in marks have always been acquired through use. Cause for concern came when a market participant began using a mark already in use by another. For years, the judicial response was uncertain. Courts offered less than helpful statements like “such cases must stand or fall on their own facts” and “‘no rule of thumb’ fitting all cases could be laid down.”⁵⁰⁵ Securing protection and relief from infringers was a process plagued by difficulties of proof regarding the use of the mark, its origin, its extent, and when it conferred rights. It is a part of the genius of law that it may create new structures to meet felt needs, and so lawmakers conceived the idea of a central registry for trademarks, drawing upon concepts and processes already in effect for patents and copyrights. Yet the acts have never filled the field. Unlike patent law, trademark law has always allowed market participants to acquire limited rights in marks through mere use without any formal registration with federal or state authorities.⁵⁰⁶

The genera and species of trademark law today are not unlike those seen in the case of antitrust and deceptive marketing generally. Most prominent and most superior is federal law—the Lanham Act, originally enacted in 1946,⁵⁰⁷ and frequently amended, most recently in 1988.⁵⁰⁸ Enacted under the Commerce Clause,⁵⁰⁹ the Lanham Act applies only to marks used in interstate commerce. Prevailing views of what constitutes commerce among the states are broad,⁵¹⁰ and so the federal law covers much of the field and casts its shadow on all else. Section 39(b) of the Act declares that the states may not interfere with the federal scheme of things.⁵¹¹ But it effects only “a limited preemption of state law.”⁵¹² The Lanham Act provides a federal action for infringement of common law trademarks. The Act “bars only state statutes or doctrine that would permit the sort of confusing or deceptive practices the . . . act sought to prevent.”⁵¹³ But state law may provide a federal registrant with greater rights, so long as those do not conflict with superior

505. *McKay v. Legler*, 36 So. 2d 793, 794 (Miss. 1948).

506. *The Trade-Mark Cases*, 100 U.S. 82 (1879).

507. Lanham Act, Pub. L. No. 489, 60 Stat. 427 (1946) (prior to 1988 amendment). Restatement commentary provides “[t]he statutes . . . do not preempt the protection of trademarks at common law.” RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. e (1995).

508. Pub. L. No. 100-667, 102 Stat. 3935 (codified as amended at 15 U.S.C. §§ 1051-1127 (1988)).

509. *See The Trade-Mark Cases*, 100 U.S. 82 (1879) (holding that Congress’ power to regulate trademarks was limited to an exercise of its power under the Commerce Clause).

510. *See Wickard v. Filburn*, 317 U.S. 111 (1942); and *United States v. Darby*, 312 U.S. 100 (1941), and progeny.

511. 15 U.S.C. § 1121(b) (1988).

512. *Spartan Food Sys., Inc. v. HFS Corp.*, 813 F.2d 1279, 1284 (4th Cir. 1987); *see 2 McCARTHY, supra* note 499, § 22.02[1].

513. *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 372 n.3 (1st Cir. 1980).

federal law.⁵¹⁴ And, of course, the states are wholly free to regulate marks used only in intrastate commerce.⁵¹⁵

The Mississippi Trademark Registration Act first appeared in 1952.⁵¹⁶ It was amended a generation later.⁵¹⁷ Its obvious source⁵¹⁸ is the Model State Trademark Act, originally prepared and published by the United States Trademark Association (USTA) in 1949.⁵¹⁹ The idea behind federal and state acts, and, indeed, all trademark law, is simple. "The buyer is entitled to assume that all products carrying the same trademark are somehow linked with or sponsored by . . . [the same] source. It matters not that the source be anonymous or unknown."⁵²⁰ From the beginning, the Mississippi Act has made clear that it does not preempt what the Lanham Act does not preempt. The state Act provides: "Nothing herein shall adversely affect the rights of [sic] the enforcement of rights in marks acquired in good faith at any time at common law."⁵²¹ Of course, common law *is* state law for all practical purposes.⁵²² Substantively, what this means is that post-enactment as well as pre-enactment rights acquired through use enjoy protection though the mark is not registered. Happily, the Model Act is patterned after the Lanham Act, and it seems sensible that the far more frequently litigated federal act should be

514. *Golden Door, Inc. v. Odisho*, 646 F.2d 347, 352 (9th Cir. 1980); see 2 McCARTHY, *supra* note 499, § 22.02[1].

515. Still, the Mississippi Act requires that a registrant provide:

A statement that no other person has a registration of the same or similar mark in the United States Patent Office for the same or similar goods or services or a statement that applicant is the owner of a concurrent registration in the United States Patent Office of his mark covering an area including this state.

MISS. CODE ANN. § 75-25-5(e) (1991).

516. H.R. 321, Reg. Sess., 1952 Miss. Laws 338.

517. S. 1583, Reg. Sess., 1971 Miss. Laws 475. See technical amendments thereafter. H.R. 607, Reg. Sess., 1981 Miss. Laws 975; H.R. 442, Reg. Sess., 1985 Miss. Laws 139 (codified at MISS. CODE ANN. §§ 75-25-1 to -27 (1991)).

518. 1 McCARTHY, *supra* note 499, § 3.03[2].

519. The Model Act was amended in 1964 to provide for registration of service marks, among others. As of 1992, forty-six states had used the Model Act as the basis for their state trademark legislation. See 2 McCARTHY, *supra* note 499, § 22.03[1].

520. See, e.g., RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. c (Tentative Draft 1994); *Mastercrafters Clock & Radio Co. v. Vacheron & Constantine-LeCoultre Watches, Inc.*, 221 F.2d 464 (2d Cir. 1955). Recall that the Lanham Act includes within the definition of protected marks those used to identify and distinguish goods and services "and to indicate the source of the goods [or services] even if that source is unknown." 15 U.S.C. § 1127 (1988).

521. Section 13 of the original Model Act provided: "Nothing herein shall adversely affect the rights or the enforcement of rights in marks acquired in good faith at any time at common law." 2 McCARTHY, *supra* note 499, § 22.04[1]. In addition, the 1992 Model Act preserves common law rights in Section 16 in identical wording. Again, the proofreader did not catch the use of "of" instead of "or."

522. See *Eric R.R. Co. v. Tompkins*, 304 U.S. 64 (1938); see also *Southern Pac. Co. v. Jensen*, 244 U.S. 205, 222 (1917) (Holmes, J., dissenting). See *supra* note 40 and accompanying quoted text.

regarded as “persuasive authority” when considering the meaning and effect of the state act.⁵²³

As a practical matter, only the local family business or service establishment seeks state trademark registration. Registration with the Secretary of State of Mississippi is a simple and inexpensive process and gives the registrant protection against the use by others of the same or similar mark on similar goods or services, but the protection is limited to the State of Mississippi. Although it is a bit more trouble, federal registration on the Principal Register of the Patent and Trademark Office is the registration of choice. Addressing the questions that traditionally troubled litigants, the Lanham Act affords the registrant a presumption of his ownership of the mark and his exclusive right to use the mark in commerce.⁵²⁴ Federal registration gives constructive notice of the registrant’s rights in the mark across the country. It strips the infringer of his ability effectively to claim innocent infringement or lack of knowledge.⁵²⁵ A federally registered mark becomes incontestable after five years.⁵²⁶

D. Protection Designations and Their Definitions

1. Trademarks and Service Marks

With these preliminaries and generalities before us, we turn to some specifics. It is often said that form follows function. The definition is the height of form. The Lanham Act defines “trademark”⁵²⁷ as including “any word, name, symbol or device, or any combination thereof” used by a person “to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”⁵²⁸

The state act excludes indicia of source as an element of the definition when it defines trademark as “any word, name, symbol, or device or any combination thereof adopted and used by a person to identify goods made or sold by him and to distinguish them from goods made or sold by others.”⁵²⁹ The omission is of no consequence, as indicia of source is there anyway. It inheres in the mark. As a

523. *See, e.g.*, *Rolls-Royce Motors, Ltd. v. A & A Fiberglass, Inc.*, 428 F. Supp. 689, 694 (N.D. Ga. 1977); *Tio Pepe, Inc. v. El Tio Pepe de Miami Restaurant, Inc.*, 523 So. 2d 1158, 1159 n.6 (Fla. 1988). The 1992 version of the Model Act declares that it provides “a system of state trademark registration and protection substantially consistent with the federal system of trademark registration and protection under the [Lanham] Trademark Act of 1946, as amended.” From this premise, the Model Act provides: “[T]he construction given the federal Act should be examined as persuasive authority for interpreting and construing this Act. MODEL STATE TRADEMARK ACT § 19 (1992). Clarity and predictability being preeminent policies in this area of law, and, as we have seen, in our field as a whole, the fact that Mississippi has not yet adopted the 1992 version of the Model Act should not preclude resort to the federal act where its statutory language is substantially identical in relevant respects.

524. 15 U.S.C. § 1057(b) (1988).

525. 15 U.S.C. §§ 1057(c), 1072 (1988).

526. 15 U.S.C. § 1065 (1988). *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 197 (1985).

527. One commentator has found a “satisfactory, somewhat broader, and perhaps more felicitously phrased definition” in a proposed international convention, to-wit: “A trademark is any mark or medium that can be conceived by the senses, that is capable of distinguishing merchandise, products or services of a (natural or juridic) person from those of another.” 3 CALLMANN, *supra* note 496, § 17.01.

528. 15 U.S.C. § 1127 (1988).

529. MISS. CODE ANN. § 75-25-1(a) (1991).

practical matter, any trademark that identifies goods made or sold by a market participant and distinguishes them from goods made or sold by others, will indicate the source of goods.

Many market participants today provide services instead of goods and make a similar use of marks. Federal law defines a service mark as "any word, name, symbol, or device, or any combination thereof" used to identify and distinguish one's services from those of others and to suggest the source of services.⁵³⁰ The state act again pretermits indicia of source from its definition of service mark,⁵³¹ and, probably, with the same lack of effect.

The new Restatement of Unfair Competition combines the definitions. "A trademark . . . is distinctive of a person's goods or services and . . . is used in a manner that identifies those goods or services and distinguishes them from the goods or services of others."⁵³² The Restatement then declares: "A trademark used in connection with services is a service mark."⁵³³ The reason the Restatement combines the definitions is that "[t]he substantive rules applicable to both types of marks are fundamentally identical."⁵³⁴ The single definition is offered as a "convenient usage," with the term "service mark" denoting "a specific category of trademark."⁵³⁵ The definition "includes all designations that are distinctive of the user's goods or services."⁵³⁶

2. Trade Names

Trade names also enjoy legal protection. Within the Lanham Act we find: "The terms 'trade name' and 'commercial name' mean any name used by a person to identify his or her business or vocation."⁵³⁷ The state act has no analogue,⁵³⁸ although the Mississippi Business Corporation Act precludes incorporation under a name that is "deceptively similar" to that of an existing corporation.⁵³⁹

Trademark and trade name, though often confused when sloppily used, are conceptually distinct.⁵⁴⁰ For example, in *Dollar Department Stores v. Laub*,⁵⁴¹ the Supreme Court of Mississippi defined "trade name" as

530. 15 U.S.C. § 1127 (1988).

531. MISS. CODE ANN. § 75-25-1(b) (1991).

532. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 (1995).

533. *Id.*

534. *Id.* at cmt. f; 1 MCCARTHY, *supra* note 499, § 4.04.

535. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. f (1995).

536. *Id.*

537. 15 U.S.C. § 1127 (1988). Although trade names are not eligible for federal registration, the Lanham Act proscribes trade name infringement. 15 U.S.C. § 1125(a)(1) (1988); 1 MCCARTHY, *supra* note 499, § 9.01[4] n.24 (citations omitted).

538. The Model State Trademark Act was amended by the United States Trademark Association in 1964 to include a definition of trade name; see MODEL STATE TRADEMARK ACT, § 1(D) (1964). The 1992 Model Act includes a definition essentially identical to that in the Lanham Act. Mississippi has never enacted either of these provisions of the Model Act.

539. MISS. CODE ANN. § 79-4-4.01(b) (1989) requires corporate names to be "distinguishable upon the records of the Secretary of State."

540. See 1 MCCARTHY, *supra* note 499, §§ 4.04, 9.01.

541. 120 So. 2d 139 (Miss. 1960).

any designation which (a) is adopted and used by a person to denominate goods which he markets or services which he renders or a business which he conducts, or has come to be so used by others, and (b) through its association with such goods, services or business, has acquired a special significance as the name thereof, and (c) the use of which for the purpose stated in Clause (a) is prohibited neither by a legislative enactment nor by an otherwise defined public policy.⁵⁴²

This definition is less than satisfactory. A designation that denominates a person's goods is a trademark, as we have seen. One that denominates his services is a service mark. The *Dollar Department Stores* definition includes these within trade name and then adds "any designation . . . used by a person to denominate . . . a business which he conducts."⁵⁴³ This latter element is what most of us think of when we see the label trade name. Acme Hardware Store is a trade name, and only confusion attends calling the mark on the merchandise Acme sells a trade name as well.

The *Dollar Department Stores* definition is quoted from the original Restatement of Torts,⁵⁴⁴ a point of significance in that the new Restatement declares a more sensible definition.⁵⁴⁵

A trade name is a word, name, symbol, device, or other designation, or a combination of such designations, that is distinctive of a person's business or other enterprise and that is used in a manner that identifies that business or enterprise and distinguishes it from the businesses or enterprises of others.⁵⁴⁶

A trade name "identifies and distinguishes businesses and other enterprises."⁵⁴⁷ It refers to "descriptive, geographic, or surname marks that could be protected only upon proof of acquired distinctiveness."⁵⁴⁸ In commentary, the Restatement makes clear its view of trade names is "not limited to designations adopted by commercial enterprises" but "includes enterprises conducted by nonprofit organizations."⁵⁴⁹

3. Certification Marks and Collective Marks

Federal law extends protection as well to certification marks and collective marks. A certification mark is a mark "used by a person other than its owner" and which certifies "regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization."⁵⁵⁰ Examples would include "AAA Approved" or "Made to

542. *Id.* at 141 (quoting RESTATEMENT OF TORTS § 716 (1938)).

543. *Id.*

544. RESTATEMENT OF TORTS § 716 (1938).

545. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 12 (1995).

546. *Id.*

547. *Id.* at cmt. a.

548. *Id.*

549. *Id.*

550. 15 U.S.C. § 1127 (1988).

Last with NAILS Preservative” where NAILS represents a distinctive chemical wood preservative its owner produces.⁵⁵¹ Again, there is no state statutory analogue, but the new Restatement posits a state law concept of a certification mark:

A certification mark is a word, name, symbol, device, or other designation, or a combination of such designations, adopted by a person for authorized use by others, that is distinctive of the fact of certification by that person of the others' goods or services and that is used in a manner that certifies regional origin, materials, quality, method of manufacture, or other characteristics of the goods or services.⁵⁵²

Similarly, federal law protects collective marks that are used in connection with the marketing of goods or services to inform consumers that the goods or services originate from a member of a collective group.⁵⁵³ The AFL-CIO Union “bug” would be an example.

Both certification marks and collective marks are used by persons other than the owner of the mark. Restatement commentary explains the conceptual distinction between the two. “Collective trademarks . . . indicate that the goods or services originate from a member of a group, while certification marks certify characteristics of the product The distinction . . . [is] important . . . in the application of the rules restricting use and discrimination by the owner of a registered certification mark.”⁵⁵⁴

E. Distinctiveness, Whether Inherent or Acquired

Distinctiveness is a core concept in the law of trademarks. It is the characteristic that permits the mark to suggest the source or sponsor of goods or services. It is a central part of the definition of marks eligible for registration and protection. Trademarks “distinguish” the market participant’s goods and services from those of others.⁵⁵⁵ A trade name distinguishes his business from that of another.

Distinctiveness inheres in some marks and names. In others, it is acquired, and you must step into the shoes of the average consumer to see the point. A mark is inherently distinctive if “because of the nature of the designation and the context in which it is used, prospective purchasers are likely to perceive” the mark as a trademark.⁵⁵⁶ In commentary, we are told: “Fanciful terms coined by a user to identify itself or its goods or services are inherently distinctive. . . . [Indeed] a fanciful term has no meaning other than as an identifying symbol”⁵⁵⁷ Inherently distinctive marks are valid *per se* from the moment of their first appropriation and use by a market participant. The Restatement offers an illustration: “A, a manufacturer of steel girders, prominently places the coined word TRAQ on its goods as

551. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 11, illus. 2 (1995).

552. *Id.* § 11.

553. 15 U.S.C. § 1127 (1988); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 10 (1995).

554. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 11 cmt. a (1995).

555. 15 U.S.C. § 1127 (1988); MISS. CODE ANN. § 75-25-1(a), (b) (1991); RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 9-12 (1995).

556. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13(a) (1995).

557. *Id.* § 13 cmt. c.

an indication of source. The designation is a fanciful term that is inherently distinctive."⁵⁵⁸

Other marks are not inherently distinctive. Assume, for example, that our manufacturer uses the word RIGID on its girders.⁵⁵⁹ Such a designation may only become distinctive through use. Such marks are said to have acquired a "secondary meaning,"⁵⁶⁰ and these acquire validity and protection through time, as a "result of gradual, steady growth traceable to a substantial investment in the enterprise and extensive distribution of numerous advertisements, circulars, labels, etc."⁵⁶¹ Such a mark "may eventually achieve legal status by acquiring a secondary meaning. It then sheds its congenital infirmity and becomes valid."⁵⁶²

The Supreme Court of Mississippi has declared: "[A] generic word or term may . . . by usage, acquire a secondary, special or trade meaning as indicating the goods or business of a particular person, so as to entitle him to protection against any unfair or piratical use or simulation thereof by another."⁵⁶³ The word "Dollar" became such when used in the trade name Dollar Department Stores. The court has explained: "[T]he test of secondary meaning is whether the mark has become broadly known throughout the public as denoting a product of certain origin."⁵⁶⁴ In commentary the new Restatement refines the point. "Secondary meaning exists only if a significant number of prospective purchasers understand the term, when used in connection with particular goods, services, or businesses, not merely in its lexicographic sense, but also as indicative of an association with a specific person."⁵⁶⁵ The word "Dollar" is ordinarily not protectable, but one company using the trade name "The Dollar Store" over 25 years in Natchez was protected, as the trade name had acquired a secondary meaning.⁵⁶⁶ Similarly, rights in trade names such as "Yellow Cab"⁵⁶⁷ and "Ham House"⁵⁶⁸ have been acquired and protected under the secondary meaning doctrine.

Restatement commentary reminds us "[t]he concept of secondary meaning is also applicable to designations such as graphic designs, symbols, packaging features, and product designs. In this context secondary meaning denotes that the

558. *Id.* illus. 1.

559. *Id.* illus. 4.

560. See William C. Walker, Jr., *Common Law Protection of Economic Expectancies: "Business Torts" in Mississippi*, 50 *Miss. L.J.* 335, 366-67 (1979). In the trade name context, Professor Walker calls secondary meaning "[p]erhaps the most often litigated issue." *Id.* at 366.

561. *Dixie Oil Co. of Ala., Inc. v. Picayune "66" Oil Co., Inc.*, 245 So. 2d 839, 842 (Miss. 1971).

562. *Id.* at 841 (quoting 3 RUDOLF CALLMANN, *THE LAW OF UNFAIR COMPETITION, TRADEMARKS & MONOPOLES* § 66.1 (3d ed. 1969)).

563. *Dollar Dep't. Stores of Miss., Inc. v. Laub*, 120 So. 2d 139, 142 (Miss. 1960) (quoting 52 *AM. JUR. Trademarks, Trade Names, and Trade Practices* § 55 (1944)).

564. *Dixie Oil Co.*, 245 So. 2d at 842 (quoting 150 *A.L.R.* 1067, 1079 (1944)).

565. *RESTATEMENT (THIRD) OF UNFAIR COMPETITION* § 13 cmt. e (1995).

566. *Dollar Dep't. Stores*, 120 So. 2d at 143.

567. *Meridian Yellow Cab Co. v. City Yellow Cabs*, 41 So. 2d 14, 18 (Miss. 1949).

568. *Richardson v. Thomas*, 257 So. 2d 877, 880 (Miss. 1972).

feature, although not inherently distinctive, has come through use to be uniquely associated with a specific source."⁵⁶⁹

Whether distinctiveness is inherent or acquired becomes important in the case of descriptive, geographic and personal name designations. Market participants often have bona fide interests in describing their goods and their geographic origins⁵⁷⁰ and, most certainly, in using their own names. The unfairness of allowing a small number of market participants to appropriate the use of descriptive words to the exclusion of others seems obvious. And so only when secondary meaning has been acquired through use does the law provide protection.

The law looks at all of this from the perspective of prospective purchasers and how they are likely to understand the words used in the designation. Absent secondary meaning acquired in fact, the average buyer is likely to perceive the mark or name as one that is "merely descriptive of the nature, qualities or other characteristics of the goods."⁵⁷¹ The point is that the words have no way of suggesting source until they have secured their secondary meaning. Words that merely describe the attributes of goods, services or a business to which the words are applied ordinarily are understood only in their descriptive sense. Because of this, there is no threat of confusion or deception. This insight explains and justifies the rules' focus on the point of view of prospective purchasers. By way of illustration, Restatement commentary tells us "[t]he term TRIM may be descriptive when used in connection with hedge clippers, clothing, or hair styling services but arbitrary when used as a trademark for toothpaste, cement, or brokerage services."⁵⁷² Failing a showing of secondary meaning, descriptive slogans are also unprotectable—a familiar illustration being the phrase "EXTRA STRENGTH PAIN RELIEVER" used in marketing an analgesic.⁵⁷³

Trademark law excludes from the inherently distinctive and, thus, inherently protectable, any "designation that is likely to be perceived by prospective purchasers . . . as merely geographically descriptive of their origin or location."⁵⁷⁴ Where geographical origin is important to consumers, all market participants within the area have an equal interest in proclaiming this fact. Merchants should be free to tout the source of their wares without having to prove the intrinsic value of the location. All who market Smith County cantaloupes are free to use the geographical descriptive and need not prove Smith County cantaloupes are any better than anyone else's. But one who grows his cantaloupes in Simpson County may not with impunity proclaim his produce "Smith County" even if he can prove they are

569. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13 cmt. e (1995).

570. Here we are carrying forward the rule of deceptive marketing generally to the discrete area of trademark infringement. See MISS. CODE ANN. § 75-24-5(2)(d) (Supp. 1994), which proclaims generally that "[m]isrepresentation of designations of geographic origin in connection with" the marketing of goods and services is an unfair or deceptive trade practice.

571. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 14 (1995).

572. *Id.* at cmt. a.

573. *Id.*

574. *Id.* § 14.

just as good. And the same of Gulf shrimp, Delta cotton, or even Northeast Mississippi furniture.

A person's name is not inherently distinctive. As Restatement commentators put the point: "[T]he first person who adopts a particular personal name to identify the person's goods, services, or business obtains no rights in the designation unless consumers have in fact come to recognize the name as a symbol that distinguishes the products or business of that person from those of others."⁵⁷⁵ The case of Louisiana's Singin' Governor Jimmie Davis⁵⁷⁶ is consistent with this view. Davis was successful in his action for trade name infringement because James Davis Cockrell, acting only after Davis' name had become well known, changed the name of his band to "Jimmie Davis and His . . ." to the obvious confusion of the public.⁵⁷⁷

F. Use and the Acquisition and Priority of Rights

At common law a market participant acquired no protectable interest in a mark prior to actual use. Not just any use would suffice. Intra-company uses which did not put the mark before the public were insufficient. Specific requirements include the following:

[T]he manner of use must be calculated to cause [P]rospective purchasers to associate the designation with the goods, services, or business of the user. . . . [T]he manner of use must project to prospective purchasers the significance of the designation as an identifying symbol. . . . [T]he designation must create a separate commercial impression, distinct from that created by other accompanying marks, the designation's function as a symbol of identification.⁵⁷⁸

The original Lanham Act and the USTA's Model State Act continued this actual use requirement. No mark was eligible for registration until the applicant could show it was actively using the mark in marketing its goods or services. This requirement is understandable in historical context. The statutorily created registration systems built upon the common law and provided enhanced protections for the market participant using a mark. The oft-stated goal of statutory registration system was that "the right to register follows the right to use," a view defended as "reflecting the realities of the marketplace."⁵⁷⁹ In practice this proved an aspirational goal, as unachievable as it was problematic.

The statutes left practical difficulties for the merchant not wishing to make a substantial investment in the promotion of a mark until he was sure it was his. For forty-plus years, market participants lived with a chicken-and-egg problem: A legal prerequisite to registrability remained actual use, while an economic prerequi-

575. *Id.* at cmt. e.

576. *Cockrell v. Davis*, 23 So. 2d 256 (Miss. 1945).

577. *Id.* at 259.

578. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 18 cmt. d (1995).

579. Application of *E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1364 (C.C.P.A. 1973) (discussed in 2 McCARTHY, *supra* note 499, § 19.01[2]).

site to actual use remained registrability. People found themselves investing heavily in marketing campaigns surrounding a new mark, only to have it rejected by the registrar or copied by a competitor. This led to subterfuges such as token use and the like.

In 1988, Congress amended the Lanham Act to introduce intent-to-use and constructive use concepts. In the case of all registrable marks—trademarks, service marks, trade names, certification marks and collective marks—the applicant may proceed prior to actual use so long as he “has a bona fide intention to use in commerce and applies to register” his mark.⁵⁸⁰ Still, conflicting policy premises led to relatively short time limits. The advantage of intent-to-use registration—priority of right from date of registration—is contingent on the applicant’s actual use of the mark “within six months of the allowance of the . . . application. Extensions can prolong this period for an additional thirty months,”⁵⁸¹ but that is all.⁵⁸²

As a general rule, priority of rights—and, thus, registrability—in a mark is a function of priority of appropriation.⁵⁸³ This rule has a geographical dimension. The general premise, not surprisingly, is that “the prior user has priority in areas in which a subsequent use of the designation by another would be likely to confuse prospective purchasers.”⁵⁸⁴ But the user need not be actively engaged in marketing its goods or services in that area. We can readily see that McDonald’s Corporation can and does enjoy priority of right to the Golden Arches in counties and communities where the first Big Mac has yet to be sold, and this priority would exist even if there were no Lanham Act.⁵⁸⁵

Federal registration entitles the owner of a mark to exclusive use.⁵⁸⁶ State registration, however, protects the mark only against use that “is likely to cause confusion or mistake or to deceive as to the source of origin of such goods.”⁵⁸⁷ Absent federal registration of an eligible mark, there is no right to relief from the use of one’s mark or name in a locality where no competition exists.⁵⁸⁸ An oil distributor using the trade name “Dixie Gas” was entitled to no protection from another using the same trade name where “approximately 100 miles separated the sales areas” of the two market participants.⁵⁸⁹ The owner of the “Old Southern Tea Room” in Vicksburg was denied protection from the defendant’s use in Jackson of the trade name “Jackson Olde Southern Tea Room” on grounds the distance between Jackson and Vicksburg was sufficient so that there would be no likelihood of confu-

580. 15 U.S.C. § 1051(b) (1988). See 1 MCCARTHY, *supra* note 499, § 5.05[4].

581. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 18 cmt. b (Tentative Draft 1994).

582. These problems aside, some 49% of federal filings since the new law became effective have been intent-to-use filings. 2 MCCARTHY, *supra* note 499, § 19.01[1].

583. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 19 cmt. a (1995).

584. *Id.* at cmt. b.

585. The Lanham Act provides for priority even in remote areas. 15 U.S.C. § 1072 (1988).

586. 15 U.S.C. § 1057(b), (c) (1988).

587. MISS. CODE ANN. § 75-25-21(a) (1991).

588. *Dixie Oil Co. of Ala., Inc. v. Picayune “66” Oil Co., Inc.*, 245 So. 2d 839, 841 (Miss. 1971); *Cockrell v. Davis*, 23 So. 2d 256, 259 (Miss. 1945). *Contrast* 15 U.S.C. § 1057(c) (1988).

589. *Dixie Oil Co.*, 245 So. 2d at 840.

sion.⁵⁹⁰ On the other hand, the first to use the trade name “Yellow Cab” in Meridian was granted injunctive relief against another using a confusingly similar name which included the words “Yellow Cab,” although the protection of the injunction extended only to “the City of Meridian, and environs.”⁵⁹¹ One acquiring rights in the trade name “Ham House” by using it in his business near Interstate Highway 55 in Grenada County was protected from interference “in any manner whatsoever in Grenada County, Mississippi.”⁵⁹² One who opened a new business even closer to I-55 under the name “Jack’s Hamhouse” was appropriately enjoined.⁵⁹³

Geographical separation aside, the law will intervene to protect prior use where confusion of the public is apparent. Shreveport, Louisiana, is a good distance from Jackson, Mississippi, but the Singin’ Governor Jimmie Davis had phonograph records, sheet music, and songs of his own composition on sale in Jackson.⁵⁹⁴ Davis’ band’s broadcasts were heard in Jackson. For this reason, James Davis Cockrell’s use of the name Jimmie Davis was deemed unfair competition.⁵⁹⁵ “Distance is a factor in such cases,”⁵⁹⁶ but not a conclusive one.

G. Infringement of Rights

Trademark infringement is the label the law has given the tort of improper interference with another’s reasonable economic expectancy through the continued use of his trademark. As in all deceptive marketing cases, the law focuses upon likelihood of confusion. More fundamentally, the likelihood of public confusion is what justifies the tort and the state’s use of it to invade the market. When one has rights in a trademark and priority under the rules noted above, the law provides a remedy against another who infringes his trademark. To be liable, the defendant market participant must have used a mark or other designation in the marketing of its goods and services in a manner that causes confusion:

- (a) that the actor’s business is the business of the other or is associated or otherwise connected with the other; or
- (b) that the goods or services marketed by the actor are produced, sponsored, certified, or approved by the other; or
- (c) that the goods or services marketed by the other are produced, sponsored, certified, or approved by the actor.⁵⁹⁷

590. *McKay v. Legler*, 36 So. 2d 793, 794 (Miss. 1948). This decision should be relied upon with caution today in view of the prevalence of businesses and particularly restaurants using the same name in many communities.

591. *Meridian Yellow Cab Co. v. City Yellow Cabs*, 41 So. 2d 14, 18, 19 (Miss. 1949).

592. *Richardson v. Thomas*, 257 So. 2d 877, 880 (Miss. 1972).

593. *Id.*

594. *Cockrell v. Davis*, 23 So. 2d 256, 259 (Miss. 1945).

595. *Id.*; *McKay v. Legler*, 36 So. 2d 793, 794 (Miss. 1948).

596. *McKay*, 36 So. 2d at 794.

597. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20 (1995). Note the similarity of standards in cases of deceptive marketing generally in the MUTPCPA, MISS. CODE ANN. § 75-24-5(2)(b), (c), (e) (Supp. 1994).

The Jimmie Davis case decided half a century ago is important here. For twelve years, Davis had been before the public as a singer, composer, radio and recording artist.⁵⁹⁸ Davis played what was then known as hillbilly music. His reputation was national, if not international, and throughout music circles he was known as "Jimmie Davis."⁵⁹⁹ Long after Davis' reputation was established, James Davis Cockrell formed a "dance music" or "swing" orchestra. For a number of years Cockrell worked under the trade name "Jimmie Cockrell and his Orchestra."⁶⁰⁰ He then suspiciously began using names such as "Jimmie Davis and his band," "Jimmie Davis and his Orchestra," and "Jimmie Davis and his Novoliers."⁶⁰¹ The court found that "[t]here has been, sufficiently proven, confusion on account of his using the name 'Jimmie Davis' after it had acquired the attributes of a trade name, and had become identified with appellee [Davis] in Jackson, in Mississippi, in the nation and internationally, and that opportunity exists for further confusion."⁶⁰² And this confusion is present even though the parties are not in head-to-head competition. Protection is "not confined to cases of actual market competition between identical or similar products of the parties, but extends to all cases in which the use by a junior appropriator of a trademark or trade name leads to a confusion of source."⁶⁰³ In elaboration, the Restatement draftsmen have reiterated and reaffirmed that the rule "applies to all forms of confusion" of sponsorship.⁶⁰⁴

As elsewhere, the law is settled that intent or purpose is not an element of a claim for trade name infringement. Whether a court will intervene "in a particular case must depend upon circumstances; the identity or similarity of the names; . . . [and] the extent of the confusion which may be created or apprehended."⁶⁰⁵ No doubt trying to force the law into its prior forms, half a century ago the supreme court said: "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."⁶⁰⁶ The court goes on to make clear that neither the phrase nor the concept "fraudulent intent" has a part in the law, save its link with the concepts of the past, for "the injury is the same regardless of the intent with which it is done."⁶⁰⁷ The court repeated this view fifteen years later, holding that infringement occurs when another uses a confusingly similar trade name, and this confusion is evident even though the infringer "does not use it for purposes of deception. It is sufficient if the natural and probable consequence of his acts is to pass

598. *Cockrell*, 23 So. 2d at 259.

599. *Id.*

600. *Id.*

601. *Id.* at 258.

602. *Id.* at 259.

603. *Id.* at 261-62.

604. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20 cmt. d (1995).

605. *Meridian Yellow Cab Co. v. City Yellow Cabs*, 41 So. 2d 14, 17 (Miss. 1949).

606. *Cockrell v. Davis*, 23 So. 2d 256, 260 (1945) (quoting HARRY D. NIMS, UNFAIR COMPETITION AND TRADE MARKS § 318 (3d ed. 1929)).

607. *Cockrell*, 23 So. 2d at 261. See also *Dollar Dep't. Stores of Miss., Inc. v. Laub*, 120 So. 2d 139, 143 (Miss. 1960).

off his business as that of the plaintiff.”⁶⁰⁸ This view is brought forward in the new Restatement, as it proclaims “intent to deceive or confuse is not required for . . . liability The likelihood of confusion standard focuses on the consequences of the defendant’s conduct, not on the defendant’s motivation.”⁶⁰⁹

To be sure, each of these cases focused upon injunctive relief. There is no reason or principle why intent should be required as an element of an infringement action for damages. The Mississippi Trademarks Act provides that a registrant may not recover “profits or damages” in an infringement action “unless the acts have been committed with knowledge that such mark is intended to be used to cause confusion or mistake or to deceive.”⁶¹⁰ As before, such proof will invariably be made by reference to what a reasonable person under the circumstances should have known. The court, of practical necessity, will act according to objective external standards, whether it says it is doing so or not.

H. Policies and Principles Found in the Field

We have presented the beginnings of an introduction survey. It is enough to afford a feel for the field of trademark. Our market participant and his lawyer need more. They need to know and understand the policies implicit in the positive law of protected marks as an aid to future interpretation. From what we have seen and from our interpretive stratagem outline in Part III above,⁶¹¹ we find familiar variants on our now familiar themes: protecting (1) the legitimate interests of the market participant using the mark, (2) the consumer, and (3) the integrity of the market and realizing the public benefits afforded by competitive markets. We see the law of trademarks as having turned to experience and seen what market behavior adversely affects these interests and fashioned rules to inhibit that behavior. We see the law of trademarks as tending to promote and protect fair competition while at once inhibiting unfair competition.

A major premise long implicit in the law in the field is that deceitful use of another’s mark is an unfair means of competition.⁶¹² Trademark infringement is a form of unjust enrichment in the sense that the infringing party secures benefits rightly those of the party who owns the mark.⁶¹³ As the Restatement reporters put it: “The fundamental justification for the recognition of trademark rights is the protection of prospective purchasers from confusion and the prevention of the unjust enrichment that results when a seller profits from such confusion.”⁶¹⁴

More generally, the positive law in the field imports a policy of protection of the integrity and utility of the marketplace. Trademark infringement “deprives consumers of their ability to distinguish among the goods of competing manufactur-

608. *Dollar Dept. Stores*, 120 So. 2d at 142. See also Walker, *supra* note 560, at 370.

609. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20 cmt. c (1995).

610. MISS. CODE ANN. § 75-25-21(b) (1991).

611. See James L. Robertson, *The Law of Business Torts in Mississippi*, 15 Miss. C. L. REV. 13, 24-48 (1994).

612. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. c (1995).

613. *Id.*; I MCCARTHY, *supra* note 499, § 2.11.

614. RESTATEMENT (THIRD) OF UNFAIR COMPETITION xv - xvi (Tentative Draft 1994).

ers.”⁶¹⁵ “The public benefits afforded by competitive markets cannot be fully realized unless prospective consumers can differentiate the products of competing sellers.”⁶¹⁶ This differentiation is possible only where there is effective trademark protection, for only in that event may “individual sellers gain . . . from improvements in product quality or service.”⁶¹⁷ Otherwise, “they cannot easily recapture the benefits of a favorable consumer response.”⁶¹⁸ The law in the field is thus seen as a prime means of encouraging “investment in quality and service by securing to the trademark owner the benefits of a favorable reputation.”⁶¹⁹ If investment in quality were not protected, it would often not be made, to the detriment of the consuming public.

Of course, there are the doubting Thomases. Some argue that legal protection of trademarks acts as a barrier to entry into the market.⁶²⁰ Others argue that legal protection of trademarks enables owners “to escape the full rigors of competition through product differentiation and irrational brand loyalty sustained by advertising.”⁶²¹ It is certainly hard to justify the success of McDonald’s solely by reference to the taste and quality of the product. Little legitimacy attends the use of these views to inform interpretation. The point for the moment is that, whatever merit these views may have, they are remote as explanations of and justifications for the law in the field. The reason this is so, as we have seen in Part III,⁶²² is that no rational lawmaker who accepted these premises as controlling could have written the law as we find it. Assuming intellectual integrity in the legislative process, persons harboring these doubts would have given us a very different law of trademarks. A Fifth Circuit case half a century ago well put the point: “[W]here as here it plainly appears that there is a purpose to reap where one has not sown, to gather where one has not planted, to build upon the work and reputation of another, the use of the advertising or trade name or distinguishing mark of another, is in its nature, fraudulent and will be enjoined.”⁶²³

The protection of consumers is a further policy judgment implicit in trademark law. By protecting the integrity of marks, the law “serves to preserve the reliability and utility of trademarks as a source of information for prospective purchasers.”⁶²⁴ Consumers are thus enabled “to base their purchasing decisions on the reputation of the business identified by the mark.”⁶²⁵ Although in practice the consumer is

615. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 n.14 (1982).

616. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. c (1995).

617. *Id.*

618. *Id.*

619. *Id.*

620. *Id.*; 1 MCCARTHY, *supra* note 499, § 2.05(3).

621. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. c (1995); *see also*, 1 MCCARTHY, *supra* note 499, § 2.05(3).

622. Robertson, *supra* note 611, at 24-48.

623. *Aetna Casualty & Sur. Co. v. Aetna Auto Fin. Inc.*, 123 F.2d 582, 584 (5th Cir. 1941), *cert. denied* 315 U.S. 824 (1942).

624. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. c (Tentative Draft 1994).

625. *Id.*

seldom a party to trademark infringement litigation, "the consumer's state of mind" predominates.⁶²⁶

VIII. TRADE SECRETS

A. *The Federal Backdrop*

The law of trade secret protection differs from the other business torts considered to this point in that there is no congressional enactment that provides an overarching principle shadowing the field. To the contrary, trade secret protection arose through and has remained relegated to the positive law of the several states and, as well, the private law of contract. It is also addressed in the new Restatement (Third) of Unfair Competition. Still, there are three strands of federal law that need to be noted at the outset.

*International News Service v. Associated Press*⁶²⁷ recognized a federal common law rule proscribing a market participant's misappropriation of its competitor's intangible trade values. The case is a most unusual one, arising in the context of news coverage of what was happening in Europe in the course of World War I. The International News Service [hereinafter INS] had managed to get itself and its war correspondents excluded from direct access to the events of the day, and in response, began pirating war news stories released by the Associated Press [hereinafter AP] on the East Coast and relaying them to INS affiliates on the West Coast.⁶²⁸ Employing an unjust enrichment rationale, the Supreme Court held INS's conduct actionable on grounds it was

taking material that has been acquired by [AP] as the result of organization and the expenditure of labor, skill and money, and which is salable by [AP] for money, and that [INS] in appropriating it and selling it as its own, is endeavoring to reap where it has not sown, and by disposing of it to newspapers that are competitors of [AP's] members is appropriating to itself the harvest of those who have sown.⁶²⁹

Famous as it is, the *International News* case has not met with broad support as the founder of a common law tort of misappropriation.⁶³⁰ Formally, *International News* met its interment in 1938 in *Erie Railroad Co. v. Tompkins*, which declared the non-existence of any such federal common law rules.⁶³¹ Since that time, there has been little movement in state courts to develop the common law action for misappropriation.

Second, federal patent and copyright law preempts many would-be applications of any state or common law doctrine of misappropriation of trade values. In *Sears*,

626. 1 McCARTHY, *supra* note 499, § 2.12[1].

627. 248 U.S. 215 (1918).

628. *Id.* at 238.

629. *Id.*

630. *See, e.g.*, RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 38 cmts. b, c (Tentative Draft 1994).

631. 304 U.S. 64 (1938).

Roebuck & Co. v. Stiffel Co.,⁶³² and *Compco Corp. v. Day-Brite Lighting, Inc.*,⁶³³ the Court held the patent and copyright fields were exclusively within the federal legal domain. The Court reaffirmed this view in *Bonito Boats, Inc. v. Thundercraft Boats, Inc.*,⁶³⁴ which held that the congressional scheme for federal patent rights exists "almost entirely on a backdrop of free competition in the exploitation of unpatented designs and innovations."⁶³⁵ The Court then declared that "[a] state law that substantially interferes with the enjoyment of the unpatented utilitarian or design conception which has been freely disclosed by its author to the public at large impermissibly contravenes [federal patent policy]."⁶³⁶

These things said, the central federal judicial expression in the trade secrets area is *Kewanee Oil Co. v. Bicron Corp.*,⁶³⁷ which holds that state trade secret protection has not been preempted.⁶³⁸ The Court concluded:

Trade secret law and patent law have co-existed in this country for over one hundred years. Each has its particular role to play, and the operation of one does not take away from the need for the other. . . . Congress, by its silence over these many years, has seen the wisdom of allowing the states to enforce trade secret protection. Until Congress takes affirmative action to the contrary, states should be free to grant protection to trade secrets.⁶³⁹

Since *Kewanee Oil*, the states have proceeded apace to develop their law of trade secret protection, most prominent of which is the Uniform Trade Secrets Act, which became law in Mississippi in 1990.⁶⁴⁰

B. The Mississippi Law of Trade Secrets

There has never been reason to doubt this state's law would recognize and protect trade secrets. We find no judicial expression of this view until 1960 in *Electric Reduction Co. of Canada v. Crane*,⁶⁴¹ where the court considered the contours of a witness's qualified privilege to refuse to disclose trade secrets. *American Tobacco Co. v. Evans*⁶⁴² holds trade secrets legally protected in a similar context. The more familiar setting is that of a former employer charging its one-time employee with improper use and disclosure of trade secrets said to belong to the employer.⁶⁴³

632. 376 U.S. 225 (1964).

633. 376 U.S. 234 (1964).

634. 489 U.S. 141 (1989).

635. *Id.* at 151.

636. *Id.* at 156-57.

637. 416 U.S. 470 (1974).

638. *Id.* at 492.

639. *Id.* at 493.

640. MISS. CODE ANN. §§ 75-26-1 to 75-26-19 (1991).

641. 120 So. 2d 765, 770-71 (Miss. 1960).

642. 508 So. 2d 1057, 1059-60 (Miss. 1987). See also *Building Insulators, Inc. v. Stuart*, 136 So. 2d 613 (Miss. 1962); *Retail Credit Co. v. Garraway*, 126 So. 2d 271 (Miss. 1961).

643. See, e.g., *ACI Chems., Inc. v. Metaplex, Inc.*, 615 So. 2d 1192 (Miss. 1993); *Rice Researchers, Inc. v. Hiter*, 512 So. 2d 1259 (Miss. 1987); *Redd Pest Control Co. v. Heatherly*, 157 So. 2d 133 (Miss. 1963); *Bagwell v. H.B. Wellborn & Co.*, 156 So. 2d 739 (1963); *Mitchell v. Atlas Roofing Mfg. Co.*, 149 So. 2d 298 (Miss. 1963); *Donahoe v. Tatum*, 134 So. 2d 442 (Miss. 1961).

Though examples were given and illustrations offered, we find in Mississippi jurisprudence no effort at a comprehensive definition of a trade secret until *Rice Researchers, Inc. v. Hiter*.⁶⁴⁴ Quoting the then-near-half-century-old Restatement of Torts, the court defined a trade secret as “any formula, pattern, device or compilation of information which is used in one’s business and which gives [one] an opportunity to obtain an advantage over competitors who do not know or use it.”⁶⁴⁵

Mississippi law presently defines a trade secret by statute:

- (d) “Trade secret” means information, including a formula, pattern, compilation, program, device, method, technique or process, that:
 - (i) Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and
 - (ii) Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.⁶⁴⁶

The new Restatement (Third) of Unfair Competition provides a more accessible definition: “A trade secret is any information that can be used in the operation of a business or other enterprise and that is sufficiently valuable and secret to afford an actual or potential economic advantage over others.”⁶⁴⁷ Obviously the Restatement has no power to amend the statute. Restatement commentary, however, relates that “the concept of a trade secret as defined in this Section is intended to be consistent with the definition of ‘trade secret’ in § 1(4) of the Act [Section 75-26-3(d) of the Mississippi Uniform Act].”⁶⁴⁸ Comparing the two, it seems clear the Restatement definition is on the mark. It aids our search for the best reading of the statute.

The Supreme Court of Mississippi recently addressed the definitional point in *ACI Chemicals, Inc. v. Metaplex, Inc.*⁶⁴⁹ Though noting the statute,⁶⁵⁰ the court quoted extensively from the Fifth Circuit’s decision in *Cataphote Corp. v. Hudson* [hereinafter *Cataphote I*].⁶⁵¹ *Cataphote I* in turn quoted from another Fifth Circuit case,⁶⁵² which itself resorted to the original Restatement of Torts.⁶⁵³ The Restatement language quoted in *Cataphote I* and in turn quoted by the supreme court in

644. 512 So. 2d 1259 (Miss. 1987).

645. *Id.* at 1268 (quoting RESTATEMENT OF TORTS § 757 cmt. b (1939)). See also *Cockerham v. Kerr-McGee Chem. Corp.*, 23 F.3d 101, 105 (5th Cir. 1994); and *Cataphote Corp. v. Hudson*, 422 F.2d 1290, 1293 (5th Cir. 1970) [hereinafter *Cataphote I*]; Walker, *supra* note 560, at 372-73.

646. MISS. CODE ANN. § 75-26-3(d) (1991).

647. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 39 (1995).

648. *Id.* at cmt. b.

649. 615 So. 2d 1192 (Miss. 1993).

650. *Id.* at 1196 n.1. The claim arose prior to the effective date of the statute.

651. 422 F.2d 1290 (5th Cir. 1970).

652. *Water Serv., Inc. v. Tesco Chem., Inc.* 410 F.2d 163, 171 (5th Cir. 1969).

653. RESTATEMENT OF TORTS § 757 cmt. b (1939).

ACI Chemicals is not the same as that quoted in *Rice Researchers*. Still, it is useful for the illustrations it affords:

It may be a formula for a chemical compound, a process of manufacturing, treating or preserving materials, a pattern for a machine or other device, or a list of customers. . . . A trade secret is a process or device for continuous use in the operation of the business. Generally it relates to the formula for the production of an article. It may, however, relate to the sale of goods or to other operations in the business, such as a code for determining discounts, rebates or other concessions in a price list or catalogue, or a list of specialized customers, or a method of bookkeeping or other office management.⁶⁵⁴

C. *Protecting Property and Personal Interests*

Over the years there has been considerable debate regarding the nature of trade secrets and of the rationale upon which protection is afforded and relief granted. Many cases have described the plaintiff's interest in a trade secret as a property right entitled to protection from interference⁶⁵⁵ and Mississippi's case law is among these.⁶⁵⁶ On the other hand, other courts have eschewed any property right analysis and have found the essence of an action a breach of confidence or other improper conduct or a breach of a duty of good faith: "The protection is merely against breach of faith and reprehensible means of learning another's secret."⁶⁵⁷ According to Restatement commentary, this "dispute over the nature of trade secret rights has had little practical effect on the rules governing civil liability for the appropriation of a trade secret."⁶⁵⁸

Trade secret protection, like all other rules in the area, coexists—often uneasily—with the fundamental freedom each person enjoys to enter the market and take his chances in free and vigorous competition. Witness one expression of the limits of the rule: "An employee, upon the termination of his employment, is free to draw upon his general knowledge, experience, memory and skill, howsoever gained, provided he does not use, disclose or impinge upon any of the secret processes or business secrets of his former employer."⁶⁵⁹

One way in which an employee is free to draw on his wits is found in what has been called reverse engineering, an idea well accepted in this state. In *Planhouse*,

654. *Cataphote I*, 422 F.2d at 1293; *ACI Chems., Inc. v. Metaplex, Inc.*, 615 So. 2d 1192, 1195 (Miss. 1970) (quoting RESTATEMENT OF TORTS § 757 cmt. b (1939) (citation omitted)).

655. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 39 cmt. b (1995).

656. *Rice Researchers, Inc. v. Hiter*, 512 So. 2d 1259, 1268 (Miss. 1987); *American Tobacco Co. v. Evans*, 508 So. 2d 1057, 1059-60 (Miss. 1987); *Planhouse, Inc. v. Breland & Farmer Designers, Inc.*, 412 So. 2d 1164, 1166 (Miss. 1982).

657. *ACI Chems.*, 615 So. 2d at 1196 (quoting *Cataphote I*, 422 F.2d at 1294). See *Cataphote Corp. v. Hudson*, 444 F.2d 1313, 1316 (5th Cir. 1971) [hereinafter *Cataphote II*]; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 39 cmts. a, b (1995).

658. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 39 cmt. b (1995).

659. 2 RUDOLF CALLMANN, THE LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 54.2(a), at 416 (3d ed. 1968), quoted in *ACI Chemicals*, 615 So. 2d at 1195; *Planhouse*, 412 So. 2d at 1166 n.1; *Cataphote I*, 422 F.2d at 1295 (case decided under Mississippi law); Walker, *supra* note 560, at 373; William C. Walker, Jr., *Business Torts: An Introductory Overview of Some Common-Law Principles*, 38 MISS. L. INST. PROC. 17 (1983).

Inc. v. Breland & Farmers Designers, Inc.,⁶⁶⁰ the court recognized the right of a former employee to secure information identical or substantially similar to the putative trade secret “by independent means and without resort to the trade secret.”⁶⁶¹ *ACI Chemicals* recognized that proprietary information is protected only so long as competitors fail to duplicate it by legitimate independent research. Mississippi law recognizes, as a part of the definition of a trade secret, that no protection is afforded information “readily ascertainable by proper means.”⁶⁶² In the Official Comment to the Uniform Trade Secrets Act, we find it explained that proper means include

[d]iscovery by “reverse engineering,” that is, by starting with the known product and working backward to find the method by which it was developed. The acquisition of the known product must, of course, also be by a fair and honest means, such as purchase of the item on the open market for reverse engineering to be lawful.⁶⁶³

D. Secrecy, Use, and Value

One feature of the legal description of a trade secret has been the element of secrecy. It has been thought a truism that the subject matter of a trade secret must be secret.⁶⁶⁴ Mississippi’s present definition relaxes the secrecy requirement. The trade information need not be kept completely secret but must merely be “the subject of efforts that are reasonable under the circumstances to maintain its secrecy.”⁶⁶⁵ The Restatement puts the same point differently, and arguably more understandably, that the information need merely be “sufficiently . . . secret to afford an actual or potential economic advantage over others.”⁶⁶⁶

The new statutory definition marks another change that merits note. The first Restatement definition limited trade secrets to information that was susceptible to “continuing use in the operation of a business.”⁶⁶⁷ This definition and particularly the “continuous use” feature were incorporated into Mississippi law inferentially in *Cataphote I*.⁶⁶⁸ *Rice Researchers* required that the trade secret be “used in one’s business” but said nothing about continuous or systematic use.⁶⁶⁹ This “continuous use” component of the definition, however, was excluded from the definition of trade secret enacted with the Mississippi Uniform Trade Secrets Act, effective

660. 412 So. 2d 1164 (Miss. 1982).

661. *Id.* at 1167-68.

662. MISS. CODE ANN. § 75-26-3(d)(i) (1991).

663. UNIFORM TRADE SECRETS ACT § 1 cmt. 2, 14 U.L.A. 438 (1985). *See also*, RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 43 cmt. b (1995).

664. *Cataphote Corp. v. Hudson*, 422 F.2d 1290, 1293 (5th Cir. 1970); *ACI Chemicals, Inc. v. Metaplex, Inc.*, 615 So. 2d 1192, 1195 (Miss. 1993); *Rice Researchers, Inc. v. Hiter*, 512 So. 2d 1259, 1268 (Miss. 1987) (quoting *Cataphote v. Hudson*, 444 F.2d 1313, 1315 (5th Cir. 1971)).

665. MISS. CODE ANN. § 75-26-3(d)(ii) (1994).

666. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 39 (1995).

667. RESTATEMENT OF TORTS § 757 cmt. b (1939).

668. *Cataphote I*, 422 F.2d at 1293.

669. *Rice Researchers, Inc. v. Hiter*, 512 So. 2d 1259, 1268 (Miss. 1987).

July 1, 1990.⁶⁷⁰ Commentary in the new Restatement (Third) of Unfair Competition offers this historical explanation:

The prior Restatement of this topic limited the subject matter of trade secret law to information capable of "continuous use in the operation of a business," thus excluding information relating to single events such as secret bids and impending business announcements or information whose secrecy is quickly destroyed by commercial exploitation. See Restatement of Torts § 757, Comment b (1939). Both the case law and the prior Restatement, however, offered protection against the "improper" acquisition of such short-term information under rules virtually identical to those applicable to trade secrets. See *id.* § 759, Comment c.⁶⁷¹

The Official Comment to the Uniform Trade Secrets Act makes clear that the "continuous use" requirement is excluded.

The definition of "trade secret" contains a reasonable departure from the Restatement of Torts (First) definition which required that a trade secret be continuously used in one's business. The broader definition in the proposed Act extends protection to a plaintiff who has not yet had an opportunity or acquired the means to put a trade secret to use. The definition includes information that has commercial value from a negative viewpoint, for example the results of lengthy and expensive research which proves that a certain process will *not* work could be of great value to a competitor.⁶⁷²

Suffice it to say, continuous use is no longer required before a market participant's trade secret is protected under Mississippi law.

Pre-Uniform Act case law identified other attributes of legally protected trade secrets. For example, *Cataphote I* states that "a trade secret need not be essentially new, novel or unique,"⁶⁷³ although "it must possess at least that modicum of originality which will separate it from everyday knowledge."⁶⁷⁴ The statute improves greatly on this, focusing upon value and including within the definition those secrets which possess economic value by virtue of their relative secrecy or potential use — any notion of novelty or uniqueness being subsumed in the statutory definition. The Restatement definition says, in effect, that it does not matter whether the secret is new, novel or unique but merely whether it is valuable.

E. The Suppletive Role of Privately Made Law

Often the party charged with theft of trade secrets is a former associate or employee of the plaintiff. Such relationships may or may not be permanent, as covenants not to compete are subject to a rule of reasonableness regarding time and

670. MISS. CODE ANN. §§ 75-26-1 to 75-26-19 (1991).

671. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 39 cmt. d (1995).

672. UNIFORM TRADE SECRETS ACT § 1, 14 U.L.A. 439 (1985).

673. *Cataphote v. Hudson*, 422 F.2d 1290, 1293 (5th Cir. 1970) (quoting 2 RUDOLF CALLMANN, THE LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 52.1, at 373 (3d ed. 1968)).

674. *Rice Researchers, Inc. v. Hiter*, 512 So. 2d 1259, 1268 (Miss. 1987) (quoting *Cataphote v. Hudson*, 444 F.2d 1313, 1315 (5th Cir. 1971)).

territory.⁶⁷⁵ Seeing this, some employers seek to augment protection of their trade secrets by contract. Parties possessing trade secrets have legitimate interests at stake, and courts are quick to enforce those secured by agreements incident to employment. Suffice it to say, trade secret holders may by the private law of contract enlarge upon the rights secured to them by the positive law, subject only to a rule of reasonableness.

IX. THE RIGHT OF PUBLICITY

A. *Origins in the Right of Privacy*

In the last four sections⁶⁷⁶ we have addressed instances of actionable interference with advantageous economic relations where our law's statutory species is prominent. In antitrust, federal statutory law reigns supreme, although subject to more than a few judicial glosses. In the areas of deceptive marketing and the law of trademarks, we have seen the interaction with both federal and state statutory law. When we turned to the appropriation of trade secrets, we saw state statutory law in the ascendancy. These do not exhaust the field. We next turn to an evolving body of law addressing another form of appropriation of trade values, a body of law where there are no statutes to speak of (at least, not in Mississippi).

Non-consensual appropriation and use of some of the incidents of one's identity and personality have been thought unfair for close to a century. The law's response has evolved along interesting paths; today much of such behavior is universally regarded as actionable. In 1976, the Supreme Court of Mississippi saw "the appropriation of another's identity for an unpermitted use" as one of four variants of the common law right of privacy.⁶⁷⁷ A decade later the court was able to say that "[t]here is no dispute as to the existence of the cause in Mississippi," and turned thereafter to the different injuries so inflicted which had given rise to recoverable compensable damages.⁶⁷⁸ Two later cases have recognized the tortious quality of such an appropriation.⁶⁷⁹

Mississippi's most prominent case in this corner of the field is *Candebat v. Flanagan*.⁶⁸⁰ Irene and James Candebat paid a few dollars and joined a motorist association that offered various services and expense reimbursements to members who experienced highway emergencies.⁶⁸¹ The Candebats had such an emergency,

675. See, e.g., *Herring Gas Co. v. Whiddon*, 616 So. 2d 892, 897 (Miss. 1993); *Frierson v. Sheppard Bldg. Supply Co.*, 154 So. 2d 151, 155 (Miss. 1963).

676. Robertson, *supra* note 611, at 57-95, 331-52.

677. *Deaton v. Delta Democrat Publishing Co.*, 326 So. 2d 471, 473 (Miss. 1976).

678. *Candebat v. Flanagan*, 487 So. 2d 207, 210 (Miss. 1986).

679. *Young v. Jackson*, 572 So. 2d 378, 382 (Miss. 1990); *Prescott v. Bay St. Louis Newspapers, Inc.*, 497 So. 2d 77, 79 (Miss. 1986). See also *Watkins v. United Parcel Serv., Inc.*, 797 F. Supp. 1349, 1359 (S.D. Miss. 1992); *Mize v. Harvey Shapiro Enters., Inc.*, 714 F. Supp. 220, 225 (N.D. Miss. 1989); *Mitchell v. Random House, Inc.*, 703 F. Supp. 1250, 1258 (S.D. Miss. 1989); *Bussen v. South Cent. Bell Tel. Co.*, 682 F. Supp. 319, 324 (S.D. Miss. 1987).

680. *Candebat*, 487 So. 2d at 207.

681. *Id.* at 208.

and it appears the association responded admirably.⁶⁸² The Candebats' satisfaction soured into suit when they learned that, without their consent or knowledge, the motorist association was telling their story, and the association's concededly quite satisfactory response, in promotional materials used for marketing its program to others.⁶⁸³

The court held that the Candebats could recover in tort.⁶⁸⁴ The court focused upon the nature of the interests the law should protect.⁶⁸⁵ Noting that a number of courts had characterized the plaintiff's interest as proprietary, if not pure property, the court correctly saw beyond this and found that injury to a person's feelings and emotions was a reasonable and frequent expectancy stemming from such conduct.⁶⁸⁶ The court recognized "that the use of one's name or likeness shares certain characteristics of property" and then added that this "does not prove that the law governing injuries to it must be governed *solely* by property related considerations."⁶⁸⁷ Recalling our discussion of a similar point regarding trade secrets, the interests at risk have a bit more of a personal flavor, at least with non-celebrities like the Candebats. The court explained:

The injury to the plaintiff's feelings may very well be the more serious of the two in many instances; often an intrusion which is of very little commercial consequence can nonetheless cause serious emotional distress. The law should protect both the proprietary and the emotional interests; it should not focus with tunnel vision on the property-related characteristics of the tort.⁶⁸⁸

Of importance, all of the Mississippi cases have cited with apparent approval the work of the late Dean William Prosser⁶⁸⁹ and the expression and reformulation of that work in the Restatement (Second) of Torts.⁶⁹⁰ This history surely presages Mississippi's recognition of the more mature expression of the actionability of non-consensual appropriation of a person's identity most often labeled today "the right of publicity." A knowledgeable Mississippi lawyer, seeking to predict for a client's benefit and protection the likely incidence of the public force, would surely see it as such.

682. *Id.*

683. *Id.*

684. *Id.* at 210-12.

685. *Id.* at 212.

686. The court cited and quoted from *Fairfield v. American Photocopy Equip. Co.*, 291 P.2d 194, 197 (Cal. 1955); *Billings v. Atkinson*, 489 S.W.2d 858, 860 (Tex. 1973) and *Olan Mills, Inc. v. Dodd*, 353 S.W.2d 22, 24 (Tex. 1962). *Candebat*, 487 So. 2d at 212.

687. *Candebat*, 487 So. 2d at 212.

688. *Id.*

689. See WILLIAM L. PROSSER, *HANDBOOK OF THE LAW OF TORTS* § 117, at 804-14 (4th ed. 1971), cited in *Prescott v. Bay St. Louis Newspapers, Inc.*, 497 So. 2d 77, 79 (Miss. 1986); *Deaton v. Delta Democrat Publishing Co.*, 326 So. 2d 471, 473 (Miss. 1976).

690. *RESTATEMENT (SECOND) OF TORTS* § 652A (1977), cited in *Deaton*, 326 So. 2d at 473; *Candebat*, 487 So. 2d at 212; *Prescott*, 497 So. 2d at 79; see also *Young v. Jackson*, 572 So. 2d 378, 382 (Miss. 1990). Dean Prosser was Chief Reporter for the Second Restatement.

B. Reemergence as the Right of Publicity

All trace the history of the right of publicity from the right to privacy.⁶⁹¹ The right of publicity was first weaned from its privacy forebears thirty years ago.⁶⁹² It has since attracted broad judicial and scholarly recognition,⁶⁹³ so that—as in *Can-debat*—the debate today accepts the separate existence of the tort and focuses upon its contours and remedies.⁶⁹⁴

Professor Hetherington substantially advances the ball when he explains the inadequacies of the copyright law fair use model and its present four-part balancing test.⁶⁹⁵ Perceiving that such an approach allowed far too much ad hoc “Monday morning quarterbacking”, he sees the law as limiting its protection to the direct commercial exploitation of identity.⁶⁹⁶ Professor Hetherington’s reading requires “that the unauthorized usage be both direct in nature and primarily commercial in its motivation.”⁶⁹⁷ By way of explanation, Hetherington adds:

[W]henever any attribute of celebrity identity is used to promote, endorse or sell a product or service, the usage . . . [is] direct commercial exploitation. Likewise, when a celebrity identity is used without permission to generate good will or otherwise enhance the public perception of a business entity, charitable organization or other collective pursuit, a similar conclusion should be reached.⁶⁹⁸

By way of contrast, Hetherington explains that “[w]hen a user’s primary motivation is to entertain, inform, analyze or draw inspiration for his own creative pursuits, however, the usage . . . [is] indirect and incidental and therefore permitted, subject to appropriate safeguards.”⁶⁹⁹ Professor Hetherington sees in the law a sharp-edge case decider test which proceeds from the premise that predictability is one of the most important ends to be sought “in the real world of celebrity exploitation, news and entertainment.”⁷⁰⁰ Accepting arbitrariness at the edge, the law of celebrity identity has one ask and answer “a single, simplified question: Is the primary purpose to sell or promote a product, service or cause or otherwise gain an economic advantage in the marketplace for which the user should be expected to pay?”⁷⁰¹

691. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 46, cmt. b (1995); H. Lee Hetherington, *Direct Commercial Exploitation of Identity: A New Age for the Right of Publicity*, 17 COLUM.-VLA J.L. & ARTS 1, 4-7 (1992). See also Melville B. Halpern, *The Right of Publicity: Commercial Exploitation of the Associative Value of Personality*, 39 VAND. L. REV. 1199 (1986); Sheldon W. Nimmer, *The Right of Publicity*, 19 LAW & CONTEMP. PROBS. 203 (1954); William L. Prosser, *Privacy*, 48 CAL. L. REV. 383 (1960).

692. See *Haelan Lab., Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir. 1953).

693. See, e.g., J. THOMAS MCCARTHY, *THE RIGHTS OF PUBLICITY AND PRIVACY* (1994); Halpern, *supra* note 691; Roberta Rosenthal Kwall, *Is Independence Day Dawning for the Right of Publicity?*, 17 U.C. DAVIS L. REV. 191 (1983); Nimmer, *supra* note 691.

694. See, e.g., Hetherington, *supra* note 691, at 4-7.

695. Hetherington, *supra* note 691, at 28.

696. *Id.* at 30-32.

697. *Id.* at 32.

698. *Id.*

699. *Id.*

700. *Id.* at 29.

701. *Id.* at 31.

In form, the new Restatement (Third) of Unfair Competition provides a sharper test. Eschewing any direct/indirect dichotomy and qualifiers such as "primary" or any thought of the user's motivation or purpose, the new Restatement declares subject to liability "[o]ne who appropriates the commercial value of a person's identity by using without consent the person's name, likeness, or other indicia of identity for purposes of trade."⁷⁰² The new Restatement makes clear that it displaces only so much of the accepted right of privacy as lay within the Restatement (Second) of Torts' appropriation prong of that right.⁷⁰³ Indeed, Restatement commentary recognizes that appropriation of a person's name or likeness may amount to trademark infringement, deceptive marketing, and defamation as well as invasion of privacy,⁷⁰⁴ though the present law protects only "the commercial value of a person's identity."⁷⁰⁵

Curiously, the new Restatement sees the reason for recognition of a right of publicity as "generally less compelling" than in other areas of the field, the thought being that "[t]he commercial value of a person's identity often results from success in endeavors such as entertainment or sports that afford their own substantial rewards."⁷⁰⁶ This makes about as much sense as saying the rationale for recognizing a right of property is less compelling in the case of the rich than the poor.⁷⁰⁷

The Restatement commentators make up for this lapse when they correctly recognize that no degree of public notoriety is a prerequisite to relief, for "the identity of even an unknown person may possess commercial value."⁷⁰⁸ The new Restatement makes clear "an intent to infringe another's right of publicity is not an element of liability."⁷⁰⁹ No proof of a defendant's primary motivation⁷¹⁰ must precede a judicial finding of liability. Consistent with and providing further support for the thesis explained in Part IV above,⁷¹¹ the new Restatement offers an external standard that focuses upon the nature and quality of the defendant's conduct and its effects, and not the intent or purpose or motive behind. Still, as elsewhere, evidence of knowledge and intent is admissible on other material issues including identification.

702. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 46 (1995).

703. This, of course, is the identical "appropriation prong" as has been wholly incorporated into Mississippi law.

704. RESTATEMENT (THIRD) OF UNFAIR COMPETITION §46 cmt. b (1995).

705. *Id.* at cmt. a.

706. *Id.* at cmt. c. Contrast the view of Professor Hetherington, who argues that the unjust enrichment rationale for the right of publicity

recognizes that achievement and maintenance of celebrity status requires a significant investment of time, talent and finances. While the rewards can be substantial, they more often than not prove illusory.

Were it not for the promise of the substantial rewards that come with celebrity status, many individuals would be reluctant to fight the long odds against achieving commercial success.

Hetherington, *supra* note 691, at 16.

707. *But see*, Shaw v. Burchfield, 481 So. 2d 247, 254 (Miss. 1985) (citing Anatole France's "Le Lys Rouge" (1894), in 5 WORKS OF ANATOLE FRANCE 91 (W. Stephens trans., 1924)).

708. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 46 cmt. d (1995). *See also* Hetherington, *supra* note 691, at 4-7.

709. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 46 cmt. e (1995).

710. Hetherington, *supra* note 691, at 32.

711. Robertson, *supra* note 611, at 51-57.

The right of publicity secures to each of us the commercial value of his identity and "prevents the unjust enrichment of others seeking to appropriate that value for themselves."⁷¹² Persons who have otherwise achieved public figure status are protected from dilution of the value of their identity.⁷¹³ The right also protects consumers by guarding against false suggestions of endorsement or sponsorship.⁷¹⁴ It protects competitors as well who would suffer unfair disadvantage if the public mistakenly came to believe a public personality endorsed a rival's wares.

The new Restatement declares the right of publicity infringed only when the defendant acts "for purposes of trade," a term of art defined as including use in advertising, placement on merchandise marketed by the defendant, or in connection with services he renders, but "not ordinarily includ[ing] . . . to the use of a person's identity in news reporting, commentary, entertainment, works of fiction or non-fiction."⁷¹⁵ That such use is by or on behalf of charitable, educational, religious or other non-profit entities in no way precludes it from being considered for purposes of trade.⁷¹⁶

There is more that may be said of the right of publicity, as of each of the torts in the field addressed. For the moment, it is a safe Holmesian positivist's prediction that the court that drew on Prosser and the Restatement (Second) of Torts to produce *Candebat* will almost surely learn from Hetherington and the Restatement (Third) of Unfair Competition as it makes its CLV-satisfying refinements in the right of publicity.

X. TORTIOUS INTERFERENCE WITH CONTRACTS

A. Valid and Enforceable Contracts

1. The Tort Emerges

We turn now to another statuteless corner of the field, a body of law that began to crystallize in the last century and which continues to evolve. We refer to the tort commonly known as interference with contractual relations and the rules that tell us when such interference is actionable. We speak here of third party interference with existing contracts: first those contracts everyone agrees are valid and enforceable, next those arguably voidable and thus unenforceable, then those terminable-at-will. In Part XI, we address interference with not-yet-formed contracts, the tort of interference with prospective business relations and other economic advantage or expectancy.

The rules arise in several settings. They speak first to the case where the defendant has interfered with the performance of a contract between the plaintiff and a

712. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 46 cmt. c (1995). See also Hetherington, *supra* note 691, at 16.

713. Hetherington, *supra* note 691, at 16-17.

714. *Id.* at 18 (suggesting the Lanham Act's § 43(a) umbrella may also undergird the right of publicity's consumer protection function). See *Allen v. National Video*, 610 F. Supp. 612, 624 (S.D.N.Y. 1985) (construing 15 U.S.C. § 1125).

715. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 47 (1995).

716. *Id.* at cmt. a; Hetherington, *supra* note 691, at 41-42.

third person by inducing or otherwise causing the third person not to perform.⁷¹⁷ Conversely, the rule speaks to one who so interferes by preventing the other person, the putative plaintiff, from performing his contract. An interference tort may occur when the defendant causes the plaintiff's performance of his contract to become more expensive or burdensome.⁷¹⁸ Again, our point of view is that of the market participant who asks his lawyer, "But what should I do?" The third party contemplating contact with another already in a contractual relationship has this question. And so does the contracting party when he learns of the intermeddler's interest or acts.

*Cenac v. Murry*⁷¹⁹ recently observed that "[t]he tort of interference with performance of a contract is one which has been recognized in Mississippi since at least 1959 beginning with *Bailey v. Richards*."⁷²⁰ But, if my reading of the cases is correct, *Cenac* is wrong twofold. A third party's tortious interference with one's enjoyment of rights secured to him by an existing contract was thought actionable in this state at least as early as *Globe & Rutgers Fire Insurance Co. v. Fireman's Fund Fire Insurance Co.*,⁷²¹ decided in 1910. That venerable precedent, which merits thoughtful reading,⁷²² and which will be considered below in some detail, cites to a number of authorities from other jurisdictions, but like other cases, sees the action traceable to *Lumley v. Gye*⁷²³ in 1853. Moreover, *Bailey v. Richards* addresses interference with the plaintiff's pre-contract economic expectancy.⁷²⁴

Mississippi's first arguably mature though hardly imaginative description of the tort appears in *Irby v. Citizens National Bank*.⁷²⁵ Irby was a pipe line contractor who said he had, in progress, certain contracts in Louisiana.⁷²⁶ Irby charged that the Citizens National Bank had told a Shreveport bank he was financially weak.⁷²⁷ This, according to Irby, caused the Shreveport bank to call a loan which deprived him of working capital, forcing him to abandon the Louisiana contracts. Consequently, he sued Citizens National.⁷²⁸ For the elements of the tort of interference

717. RESTATEMENT (SECOND) OF TORTS § 766 (1979). See *Merchants & Planters Bank of Raymond v. Williamson*, No. 91-CA-00615, 1995 Miss. LEXIS 20 (Miss. Jan. 12, 1995) (petition for rehearing pending).

718. RESTATEMENT (SECOND) OF TORTS § 766A (1979).

719. 609 So. 2d 1257 (Miss. 1992).

720. *Id.* at 1268 (citing *Bailey v. Richards*, 111 So. 2d 402 (Miss. 1959)).

721. 52 So. 454 (Miss. 1910).

722. Deans Prosser and Keeton tell us *Globe & Rutgers* is an example "of the application of the doctrine to unusual situations." WILLIAM L. PROSSER & W. PAGE KEETON, *THE LAW OF TORTS* § 129, at 980 n.38 (5th ed. 1984).

723. 118 Eng. Rep. 749 (Q.B. 1853). *Globe & Rutgers* quotes a Georgia case which in turn cites *Lumley v. Gye*. *Globe & Rutgers*, 52 So. at 456. *Southwest Drug Co. v. Howard Bros. Pharmacy, Inc.*, 320 So. 2d 776, 778 (Miss. 1975), also looks back to *Lumley v. Gye* for the origins of the action. See, e.g., RESTATEMENT (SECOND) OF TORTS, Introductory Note to Chapter 37, at 5-6 (1979); PROSSER AND KEETON *supra* note 722, at 980-81; Lawrence J. Franck, *The Tort of Wrongful Interference with Contracts: A Conflict of Values*, 38 MISS. L. INST. PROC. 139, 144, 151 (1983); Gary Myers, *The Differing Treatment of Efficiency and Competition in Antitrust and Tortious Interference Law*, 77 MINN. L. REV. 1097, 1107-08 (1993).

724. *Bailey v. Richards*, 111 So. 2d 402, 406-07 (Miss. 1959).

725. 121 So. 2d 118 (Miss. 1960).

726. *Id.* at 119.

727. *Id.*

728. *Id.*

with the contract of another, the Mississippi Supreme Court quoted encyclopedia authority⁷²⁹ which has been frequently requested.

Irby reports that the plaintiff must first “aver and prove the defendant’s knowledge of the contract in question.”⁷³⁰ Thereafter,

a prima facie case of wrongful interference with a contract is made out if . . . [the plaintiff offers credible proof] (1) that the [defendant’s] acts were intentional and wilful; (2) that they were calculated to cause damage to the . . . [plaintiff] in . . . [his] lawful business; (3) that they were done with the unlawful purpose of causing damage and loss, without right or justifiable cause on the part of the defendant (which constitutes malice); and (4) that actual damage and loss resulted.⁷³¹

The court told *Irby* his proof fell short of the mark — that it “wholly failed to comply with those requirements”⁷³² — and sent him packing. From the opinion, one might imagine any number of reasons for the result. It is difficult to divine a precise rule in *Irby*. The quotation, however, has persisted.⁷³³

The Mississippi cases in the field label the tort “intentional interference” with contract or contractual relations. For reasons surely apparent by now, the word “intentional” is deliberately excised from the tort’s title. No case holds that a plaintiff fails who proves all elements of the tort save the interferer’s intent. Only recently the Mississippi Supreme Court stated that “the requisite intent is inferred when the Defendant knows of the existence of a contract and does a wrongful act without legal or social justification that he is certain or substantially certain will result in interference with contract.”⁷³⁴ Judge Keady gives much of this his special spin in *Mid-Continent Telephone Corp. v. Home Telephone Co.*,⁷³⁵ though he could not resist insisting the plaintiff must prove the “defendant maliciously interferes.”⁷³⁶ This, as we have seen, accomplishes nothing except to remind one that malice does not mean malice but, in law, means “the intentional doing of a harmful act without justification or excuse, or, stated differently, the wilful violation of a known right.”⁷³⁷ The Supreme Court of Mississippi in turn quotes *Mid-Continent*

729. 30 AM. JUR. *Interference* § 55 (1958).

730. *Irby v. Citizens Nat’l Bank*, 121 So. 2d 118, 119 (Miss. 1960) (quoting 30 AM. JUR. *Interference* § 55 (1958)).

731. *Id.*

732. *Id.*

733. This quotation has been frequently repeated without apparent reflection regarding its adequacy or correctness. See, e.g., *Merchants & Planters Bank of Raymond v. Williamson*, No. 91-CA-00615, 1995 Miss. LEXIS 20 (Miss. Jan. 12, 1995) (petition for rehearing pending); *Liston v. Home Ins. Co.*, 659 F. Supp. 276, 281 (S.D. Miss. 1986); *Collins v. Collins*, 625 So.2d 786, 790-91 (Miss. 1993); *ACI Chems., Inc. v. Metaplex, Inc.*, 615 So. 2d 1192, 1200 (Miss. 1992); *Cenac v. Murry*, 609 So. 2d 1257, 1268 (Miss. 1992); *Nichols v. Tri-State Brick and Tile Co.*, 608 So. 2d 324, 328 (Miss. 1992); *Galloway v. Travelers Ins. Co.*, 515 So. 2d 678, 682-83 (Miss. 1987); *Protective Serv. Life Ins. Co. v. Carter*, 445 So. 2d 215, 217 (Miss. 1983). See also discussion in Franck, *supra* note 723, at 153; and Walker, *supra* note 560, at 338-39.

734. *Merchants & Planters Bank of Raymond v. Williamson*, No. 91-CA-00615, 1995 Miss. LEXIS 20 (Miss. Jan. 12, 1995) (quoting *Liston v. Home Insurance Co.*, 659 F. Supp. 276, 281 (S.D. Miss. 1986)).

735. 319 F. Supp. 1176, 1199-1200 (N.D. Miss. 1969).

736. *Id.* at 1199.

737. *Id.* at 1200.

Telephone with apparent approval only recently,⁷³⁸ but seems not to notice that the different statements of the definition are indeed quite different. "Harmful act" and "violation of a known right" are hardly equivalent terms. "Without justification or excuse" is an altogether separate definitional element which is not a part of "wilful violation of a known right."

*Nichols v. Tri-State Brick and Tile Co.*⁷³⁹ and *Cenac* each consider a plaintiff's claim of tortious interference with a contract. But, in each case, the plaintiff's contract was with the defendant.⁷⁴⁰ The putative interferer was not a stranger to the contract.⁷⁴¹ Each case quotes *Irby's* statement of American Jurisprudence en route to telling the plaintiff he understands little of the tort of interference with contract. *Nichols* said what should have been obvious, that the "tort only arises if there is interference with the contract between plaintiff and some third party."⁷⁴² *Cenac* reiterated: "'A party to a contract cannot be charged with [tortiously] interfering with his own contract.'"⁷⁴³ His remedy is in contract and for breach.

2. The Tort Justified

With these few cases, we may safely say the positive law of Mississippi includes a right of action against an intermeddler who tortiously interferes with one party or the other's performance of a valid and enforceable contract. Yet it is not immediately apparent why such an action exists.⁷⁴⁴ After all, the plaintiff has a remedy of and from the party with whom he has contracted and who has breached in material particulars. That remedy may be available only in theory, although the risk of an impecunious defendant is not ordinarily thought reason to give the plaintiff a second party to sue. Still, one present justification for a further remedy against an interfering stranger is that the breaching party may often be unable to respond to a judgment. The intermeddling third party is by definition less than innocent in a legal sense. His position is not unlike one who procures a criminal act or, at least, is an accessory before the fact, and it seems just that he should be held to answer to the innocent party disappointed in his reasonable expectations from his contract. Besides, the defendant needs to be shown that in the future he must behave a bit better. Hence, that "the injured party also has a right of action for damages *ex contractu* against the party who breached the contract is not a defense to the interference action."⁷⁴⁵ Of course, the plaintiff cannot have a double recovery.

If we read correctly the story of this interference tort, it serves ends beyond the practical ones of making whole the plaintiff and punishing the defendant. A deeper

738. *Cenac v. Murry*, 609 So. 2d 1257, 1268 (Miss. 1992). See also *Nichols v. Tri-State Brick and Tile Co.*, 608 So. 2d 324, 328 (Miss. 1987); and *Collins v. Collins*, 625 So.2d 786, 790 (Miss. 1993).

739. 608 So. 2d 324 (Miss. 1992).

740. *Nichols*, 608 So. 2d at 326; *Cenac*, 609 So. 2d at 1258-59.

741. *Nichols*, 608 So. 2d at 326; *Cenac*, 609 So. 2d at 1260.

742. *Nichols*, 608 So. 2d at 328.

743. *Cenac*, 609 So. 2d at 1269 (citing *Knight v. Sharif*, 875 F.2d 516, 526 (5th Cir. 1989)).

744. Lawrence J. Franck poses and thoughtfully considers the same question in his article, *The Tort of Wrongful Interference with Contracts: A Conflict of Values*, 38 Miss. L. INST. PROC. 131, 137-38 (1983).

745. *Mid-Continent Tel. Corp. v. Home Tel. Co.*, 319 F. Supp. 1176, 1200 (N.D. Miss. 1969).

justification is implicit in the latter end, one that arises from the perceived nature of the right protected. The Supreme Court of Mississippi has made several excursions into this realm and has declared: "The right of one to benefit from his contractual arrangements is a property right which shall be protected."⁷⁴⁶ Larry Franck has surveyed the literature⁷⁴⁷ and reports that the property right thesis has its adherents elsewhere. Franck urges acceptance of a "societal" explanation, that the action exists to ensure the stability of contract.⁷⁴⁸ "Formal contracts, because they embody binding promises of future performance, are key structural elements for the organization of a market economy. Contractual obligations can be seen as intertwining and forming a grid-like foundation of economic predictability upon which other forms of commercial activity may build."⁷⁴⁹

The point needs further explication. Contract is a facility the law makes available to competent persons to empower them to do much they otherwise could not do, though we are indifferent to whether a given individual chooses to contract. If a person meets the formalities and makes a contract with another, then society has an interest in seeing that he enjoys the security of the facility. More important, society has an interest in would-be contractors knowing in advance that the institution of contract itself is stable and secure. The way we have chosen to advance the social interest is to place within the positive law enabling or empowering rules that tell persons, descriptively, what they must do to make a contract and, prescriptively, that, if they dot the "i's" and cross the "t's," the state will see that their contract is honored. The law vindicates the practice of contracting as it affords the individual remedies when his contracting partner breaches. It does so, as well, when it addresses the improper conduct of a third party intermeddler, and when it does this, the law focuses on the effect he causes. Implicit in the law is the value judgment that such effects harm the economic order, that the plaintiff's right of recovery sounds in general and not just specific deterrence. It exists as much to prevent officious intermeddling as to make the plaintiff whole.

The property right thesis at its core is by no means mistaken. We see this when we see that the adjective "property" may not be needed. In this setting there is no essential difference between a property right and a contract right. Each is the product of privately made law, usually consisting of one or more instruments in writing, creating theretofore non-existing rights or transferring rights to another. *Southwest Drug Co. v. Howard Brothers Pharmacy*⁷⁵⁰ — the first Mississippi case to

746. *Protective Serv. Life Ins. Co. v. Carter*, 445 So. 2d 215, 219 (Miss. 1983). *Cranford v. Shelton*, 378 So. 2d 652, 655 (Miss. 1980); and *Southwest Drug Co. v. Howard Bros. Pharmacy Inc.*, 320 So. 2d 776, 778 (Miss. 1975), likewise embrace the property right thesis. See also *Merchants & Planters Bank of Raymond v. Williamson*, No. 91-CA-00615, 1995 Miss. LEXIS 20 (Miss. Jan. 12, 1995) (quoting *Southwest Drug Co. v. Howard Bros. Pharmacy, Inc.*, 320 So. 2d 776, 778 (Miss. 1975)). See generally PROSSER & KEETON, *supra* note 722, at 981 n.39.

747. Franck, *supra* note 723, at 139-43.

748. *Id.*

749. Franck, *supra* note 723, at 143 (quoting John Danforth, *Tortious Interference with Contract*, 81 COLUM. L. REV. 1491, 1513-14 (1981)).

750. 320 So. 2d 776 (Miss. 1975).

call the right protected by the interference tort a property right—arose in the context of a dispute regarding a lease of improved real property. It is understandable that the court talked of property rights. But it is unimportant whether the right be labeled property or contract. If a person acts with another according to the prescribed modes, they generate valid and enforceable rights, and others may no more interfere with impunity than they may offend the rights created and secured in the Lanham Act,⁷⁵¹ the MUTPCPA,⁷⁵² the Mississippi Uniform Trade Secrets Act,⁷⁵³ or any of the other statutes noted above. To be sure, the right is not absolute, as all rights have their penumbra and their exceptions, but within its sphere the privately made law affords the parties to it an expectancy that either may claim at his election according to its terms.

3. What Others Have Had to Say About the Tort, and What May be Learned from What They Have Said

a. The Rule of the Restatement (Second) of Torts

The Restatement (Second) of Torts offers a refined black letter statement that needs to be considered:

One who intentionally and improperly interferes with the performance of a contract (except a contract to marry) between another and third person by inducing or otherwise causing the third person not to perform the contract, is subject to liability to the other for the pecuniary loss resulting to the other from the failure of the third person to perform the contract.⁷⁵⁴

Excising the parenthetical about contracts to marry, the Supreme Court of Mississippi presents this improved black letter statement in *Shaw v. Burchfield*.⁷⁵⁵ With no little temerity the author suggests it falls short of the best and most practicable expression of that rule.

b. Again, Intentional Does Not Mean Intentional

Aside from the generality of the Restatement rule, the principal difficulties arise from the words “intentionally” and “improperly.” The tort we address here

751. 15 U.S.C. §§ 1051-1128 (1988).

752. MISS. CODE ANN. §§ 75-24-1 to -131 (1991 & Supp. 1994).

753. MISS. CODE ANN. §§ 75-26-1 to -19 (1991).

754. RESTATEMENT (SECOND) OF TORTS § 766 (1979).

755. 481 So. 2d 247, 254-55 (Miss. 1985) (citing RESTATEMENT (SECOND) OF TORTS § 766 (1979) but not letting on that the rule stated is a verbatim quotation of Restatement black letter). United States District Judge Tom S. Lee followed suit in *Liston v. Home Ins. Co.*, 659 F. Supp. 276, 280 (S.D. Miss. 1986), as did the Supreme Court of Mississippi in *Cenac v. Murry*, 609 So. 2d 1257, 1268 (Miss. 1992). *Merchants & Planters Bank of Raymond v. Williamson*, No. 91-CA-00615, 1995 Miss. LEXIS 20 (Miss. Jan. 12, 1995) (petition for rehearing pending), quotes the Restatement black letter but attributes the text to Judge Lee’s *Liston* opinion, only to follow in the next sentence with the *Irby* elements quotation noted above. From a reading of the *Cenac* and *Merchants & Planters* opinions, it appears not to have occurred to the court that there may be any difference of meaning in the three formulations—*Irby*, *Mid Continent*, and the Restatement—of the tort of intentional interference with contract.

has long been labeled an intentional tort.⁷⁵⁶ To be actionable, the Restatement holds that the defendant's interference with the plaintiff's contract must be one the defendant wished to occur or knew was substantially certain to occur as a result of his action.⁷⁵⁷ But one is held to have intended the result if, in light of the relevant facts and circumstances reasonably available, he—or one similarly situated—would have seen the consequences as substantially certain to result. "Intentionally" in legal parlance no longer connotes the actor's wish or desire. One intends a result if "he believes [or reasonably should have foreseen] that the consequences are substantially certain to result from it."⁷⁵⁸ And so this does not disturb our reading of the cases to require as a predicate to liability that the defendant's acts were done knowingly and that it was reasonably foreseeable to one situated as was the defendant, that one would cause pecuniary loss to the plaintiffs. Any defense lawyer is asking for a malpractice suit if, knowing the plaintiff can prove these things, he advises his client that success at trial is likely, because he doubts the plaintiff can prove his defendant's specific intent and foresight.

The rule appears to offer, alternatively, that it may be satisfied by proof of the actor's subjective desire to interfere with the plaintiff's contract or the equally subjective "known by him to be a substantially certain result of his conduct."⁷⁵⁹ The problem with such a subjective desire standard is that inherent in the proof of intent generally.⁷⁶⁰ Practically speaking, the courts will always hold the standard satisfied by preponderating evidence a reasonable actor in defendant's circumstances should have known or foreseen the consequences, notwithstanding the defendant's vehement denials of actual knowledge or intent. Fundamentally, the end implicit in the more precise expressions of our law in the area is holding to an optimally efficient level, the incidence of interference with contract, and, for that matter, with other economic advantage of market participants. Because this end best fits and justifies the field in full, our present rule regarding intent takes the form of a circumstanced external standard.

By focusing on the subjective state of the defendant's mind, we reward the dullards of the marketplace. A good set of *Miranda*⁷⁶¹-type warnings would make hash of that view. At its best, the only people it would hold would be those foolish enough to admit they intended to interfere with the plaintiff's contract or to leave a paper trail to that effect. Most would-be interferers will be smart enough to keep

756. RESTATEMENT (SECOND) OF TORTS, Introductory Note to Ch. 37, at 4 and § 766C, cmt. a (1979).

757. RESTATEMENT (SECOND) OF TORTS § 8A, Introductory Note to Ch. 37, § 766 cmt. j, § 766A cmt. e, § 766B cmt. d, § 767 cmt. d (1979); see also RESTATEMENT (SECOND) OF TORTS § 8A & § 766 cmt. j (1979).

758. RESTATEMENT (SECOND) OF TORTS § 8A & § 776 cmt. j (1979). See Myers, *supra* note 723, at 1097, 1111 n. 68.

759. RESTATEMENT (SECOND) OF TORTS § 767 cmt. d (1979).

760. Professor Myers has provided a valuable critique of the subjective intent standard. Myers, *supra* note 723, at 1126-35.

761. *Miranda v. Arizona*, 384 U.S. 436, 478-79 (1966).

their true intent to themselves or will at least have enough sense to consult a lawyer who will surely suggest silence. The Restatement goes on to (plow old ground and) explain that the rule does not require that the plaintiff show ill will on the part of the actor as a predicate to liability.⁷⁶² Evidence of spite or ill will toward the person harmed is relevant⁷⁶³ and thus admissible,⁷⁶⁴ not unlike the reason evidence of motive is admitted in a homicide case. Proof of motive is not an element of the crime, but it certainly helps to focus on the reason why the actor may have done what he is charged to have done and reduce the risk of a mischievous result. All of this is commonplace and plausible, though it is important that the familiar not be confused with the necessary.

c. The Problematical "Improper" Standard

The defendant's acts must also have been done without right or justification, the second prong of "improperly," the Restatement's carefully chosen word of art, meaning "culpable and not justified."⁷⁶⁵ The Restatement reports that courts have come to call this "legal malice" and to read it to mean that, to be actionable, the harm must be inflicted intentionally and without justification.⁷⁶⁶

The Restatement draftsmen sought in "improper" a single expression which would incorporate the two terms "culpable" and "not justified."⁷⁶⁷ Culpable is clear enough. If the defendant in fact interfered with plaintiff's contract, his conduct is culpable. The point is fundamental and bears emphasis. A market participant in a competitive relationship with the plaintiff may not, without more, interfere with plaintiff's valid and enforceable contract. Such interference, without more, is per se improper. Theoretically, if not practically, he has had his chance and lost. Once a valid and enforceable contract has been entered, no competitor may come along and offer a better deal or otherwise induce non-performance, no matter how efficient that may appear in the short run. Implicit in the positive law of this state is the judgment that the stability and predictability of the institution of contract are more important than other short range considerations.

"Without justification" suggests that not every such interference is actionable. Some are justified and protected by law, so long as independently tortious means are not employed.⁷⁶⁸ Persons having a special and non-competitive relationship with a contracting party are often justified. For example, a person charged with the welfare of another does not open himself to suit when, in the discharge of that

762. RESTATEMENT (SECOND) OF TORTS § 766 cmt. r, § 766A cmt. f, § 766B cmt. f (1979).

763. See FED. R. EVID. 401; MISS. R. EVID. 401; and RESTATEMENT (SECOND) OF TORTS § 767(b) (1979).

764. See FED. R. EVID. 402; MISS. R. EVID. 402.

765. RESTATEMENT (SECOND) OF TORTS, Introductory Note to Ch. 37, at 6 (1979).

766. RESTATEMENT (SECOND) OF TORTS, Introductory Note to Ch. 37; § 766 cmt. s (1979).

767. RESTATEMENT (SECOND) OF TORTS, Introductory Note to Ch. 37, at 6 (1979).

768. *Vestal v. Oden*, 500 So. 2d 954, 957 (Miss. 1986); see also *Merchants & Planters Bank of Raymond v. Williamson*, No. 91-CA-00615, 1995 Miss. LEXIS 20 (Miss. Jan. 12, 1995) (recognizing rule but taking case outside it on premise—quite dubious on facts presented—that bank, putative tortious interferer, stood in fiduciary relationship to plaintiff).

responsibility, he causes his ward not to perform his contract.⁷⁶⁹ By giving truthful information or honest advice within the scope of a request therefore, a lawyer or other person is protected even though he thereby causes a third person not to perform a contract.⁷⁷⁰ Others not so close to a contracting party have a qualified privileged to interfere. One may assert a legally protected interest of his own and thereby cause a third person not to perform an existing contract, and he may do so with impunity, so long as he employs no independently tortious means and acts in objective good faith.⁷⁷¹ The plaintiff may prove all else that the rule requires, but his ship will founder if the defendant acts with right or justification.

Irby suggests a not unlikely scenario. Bank has agreed on conventional terms to finance up to \$2,500,000.00 of Hapless Harry's construction of a new building to house Harry's widget manufacturing operations. Harry in turn engages a general contractor to build the building, the general contractor in turn engages one or more subcontractors, and all have agreements with materialmen and suppliers. Bank knows about all of these contractual relations. Bank allows Harry to draw \$1,000,000.00 over the first several months of construction, and all is well. Harry then commits an act of default. Bank refuses to release any further funds and commences foreclosure on its security interest. All of this unquestionably aborts Harry's contract with his general contractor, not to mention the other contractual relations with subcontractors, materialmen and suppliers. All sue Bank for tortious interference. Because Bank was within the rights it held under the note and security agreement, it will prevail.

Larry Franck comes close to hitting the critical point when he notes that the *Martin v. Texaco, Inc.* Court "said that in order for interference with an existing contract to be actionable, the interference must be 'wrongful' and that by definition 'interference is not wrongful and actionable if undertaken by someone in the exercise of a legitimate interest or right, which constitutes privileged interference.'" ⁷⁷²

One is also protected when he interferes with an illegal contract or a contract otherwise contrary to public policy.⁷⁷³ And no doubt there are other cases where, by reason of the nature of the contract or the defendant's relationship to one of the parties to the contract, a disappointed contractor has no remedy against the interferer. But to repeat, because it is fundamental, the case of an ordinary competitor is not one of these.

When we turn to the Restatement definition of "improper," however, is when we run into trouble, for what we find is a hopelessly manipulable seven-factor balanc-

769. RESTATEMENT (SECOND) OF TORTS § 770 (1979); PROSSER & KEETON, *supra* note 722, at 985.

770. RESTATEMENT (SECOND) OF TORTS § 772 (1979); PROSSER & KEETON, *supra* note 722, at 985.

771. *Standard Fruit & S.S. Co. v. Putnam*, 290 So. 2d 612 (Miss. 1974); RESTATEMENT (SECOND) OF TORTS § 773 (1979); PROSSER & KEETON, *supra* note 722, at 986.

772. Franck, *supra* note 723, at 154 (quoting *Martin v. Texaco, Inc.*, 304 F. Supp. 498, 502 (S.D. Miss. 1969)).

773. RESTATEMENT (SECOND) OF TORTS § 774 (1979).

ing test.⁷⁷⁴ In commentary, the Restatement draftsmen tell us we must determine whether the interference is improper "through an appraisal of the several factors and an evaluation of their comparative weight."⁷⁷⁵ Later we are told the decision "depends upon a judgment and a choice of values in each situation," that the factors are "to be weighed against each other and balanced at arriving at a judgment."⁷⁷⁶

We accept that liability at the penumbra depends on the interplay of a variety of factors which are not reducible to a single rule. Such a form of expression of the law would be a disaster were it used to cover the core cases. Much of the Restatement's "improper" balancing act might in theory present the possibility of a just outcome in individual cases, but it wholly ignores the market participant's primary need: realistic and intelligible rules regulating primary private activity. However well intentioned, fuzzy balancing tests provide unfortunate incentives to litigation, not to mention enhanced transaction costs en route. Such a formulation of a primary rule effectively denies either party access to the law's summary processes.⁷⁷⁷ To be sure, market participants have an important, though secondary, interest in just adjudication. Their primary interest is keeping out of court if possible. The principal criteria for judging the quality of any body of law is whether it speaks with a practical and coherent voice so that the typical person can order his affairs with fair confidence he will never be haled into court.

4. The Centrality of Means and Effects

One of the principal values our law respects is each market participant's freedom of action. Whether a defendant is exercising his freedom of action or tortiously trying to induce a third person to break his contract or refuse to deal with the plaintiff is often difficult to determine with any sense of confidence, *ex post* as well as *ex ante*. The Restatement's concession in commentary that this question "frequently presents a nice question of fact"⁷⁷⁸ is surely the understatement of the year. The point is punctuated by careful reflection on two Restatement illustrations

774. RESTATEMENT (SECOND) OF TORTS § 767 (1979).

In determining whether an actor's conduct in intentionally interfering with a contract . . . is improper or not, consideration is given to the following factors:

- (a) the nature of the actor's conduct,
- (b) the actor's motive,
- (c) the interests of the other with which the actor's conduct interferes,
- (d) the interests sought to be advanced by the actor,
- (e) the social interests in protecting the freedom of action of the actor and the contractual interests of the other,
- (f) the proximity or remoteness of the actor's conduct to the interference and
- (g) the relations between the parties.

Id. I have explained in another context and on the pages of a prior issue of this journal the problems with this form of legal expression. See James L. Robertson, *Discovering Rule 11 of the Mississippi Rules of Civil Procedure*, 8 Miss. C. L. REV. 111, 146-53 (1988).

775. RESTATEMENT (SECOND) OF TORTS § 767 cmt. a (1979).

776. *Id.* cmt. b.

777. See FED. R. CIV. P. 56 and MISS. R. CIV. P. 56.

778. RESTATEMENT (SECOND) OF TORTS § 766 cmt. 1 (1979).

in the context of a claim⁷⁷⁹ that the defendant has induced a third person to breach his contract with the plaintiff.⁷⁸⁰

1. Upon hearing of [Hapless Harry's] contract with [Arnold Aardvark], [Sheldon Schmuck] ceases to buy from Harry. When asked by Harry to explain his conduct, Schmuck replies that his reason is Harry's contract with Aardvark. Thereupon Harry breaks his contract with Aardvark in order to regain Schmuck's business. Schmuck has not induced the breach and is not subject to liability to Aardvark under the rule stated in this Section.

2. Upon hearing of Harry's contract with Aardvark, Schmuck writes to Harry as follows: "I cannot tolerate your contract with Aardvark. You must call it off. I am sure that our continued relations will more than compensate you for any payment you may have to make to Aardvark. If you do not advise me within ten days that your contract with Aardvark is at an end, you may never expect further business from me." Thereupon Harry breaks his contract with Aardvark. Schmuck has induced the breach and is subject to liability under the rule stated in this Section.⁷⁸¹

What is apparent upon reflection is that in each illustration Schmuck could have the exact same state of mind and exact same wish or desire regarding the effect of his ceasing to buy from Harry. It may well be that the only difference between the two illustrations is that in illustration number two, Schmuck reduced to writing his true intentions. Having opposite outcomes for the two cases makes no sense, nor does having those outcomes turn on Schmuck's ability to keep a tight lip.

Occasionally fuzzy language—about malice, and motive, and purpose—to the contrary notwithstanding, the law of business torts has historically and fundamentally focused upon the nature and form of the defendant actor's conduct. We first condemned violence and other forms of physical restraints practiced by the defendant. Fraud and defamation and intimidation prejudicing a plaintiff's contracts and potential economic advantages were actionable. The law condemning means not tortious in and of themselves is traced to *Lumley v. Gye*⁷⁸² wherein a singer under contract to perform at the plaintiff's theater was induced by plaintiff's competitor to abandon her duties to plaintiff so that she might sing for the defendant. The court imposed liability even though the defendant's means of inducement failed to fit the form of a common law tort.⁷⁸³ In retrospect, the principle seems unexceptionable, as the singer was under contract to the plaintiff. The principle was extended to business relations that were merely prospective and potential some forty years later.⁷⁸⁴ In time, the common law proved inadequate, in part, though not exclusively, because of its generalized and imprecise form of expression. In 1890,

779. *Id.* § 773.

780. *Id.* § 774. I trust the ALI will not be offended that I personalize its illustrations.

781. RESTATEMENT (SECOND) OF TORTS § 766, illus. 1, 2 (1979).

782. 118 Eng. Rep. 749 (Q.B. 1853).

783. *Id.*

784. *Temperton v. Russell*, 62 L.J.Q.B. 412 (1893).

the Sherman Act,⁷⁸⁵ itself infamous for its elusive language, commenced the parade of statutes which, as we have seen, are the increasingly preferred legal species of choice. This is all well and good for cases at the core. The traditional inadequacy of the statutory species – its seeming inability to deal with the cases at the penumbra in any save the most arbitrary of ways – falls away in the wake of *Moragne* and the view noted in Part III above. But through it all, in this historical perspective, we see the law as evolving from a focus on subjective, internal standards to objective, external standards, so that it may today be safely said that the centrality of the focus is on the defendant's behavior, conduct, means – and the effects caused.

5. The Tort Re-Restated

We have given the history of the tort. We have reviewed the cases that have applied it. We have justified it. We have considered what others have said of it. We have seen its context within the field. It is time we return to our search for its contours. Considering the case law in the aggregate, from *Irby* to the present, a narrowed statement of the minimum requisites of a prima facie case emerges. The plaintiff must provide credible proof of the following: (1) that at the time of the acts complained of, defendant knew or reasonably should have known of the plaintiff's contract; (2) that the defendant's acts interfered with the plaintiff in his contract so that as a proximate result thereof plaintiff suffered pecuniary loss; (3) that it was at the time of defendant's acts reasonably foreseeable to one in the defendant's circumstances that his acts would cause such an effect; and (4) that the acts were done without right or justification.

This restatement affords the case law its best fit and proceeds from the best justification for the rule. It eliminates much of the ambiguity and vagueness from the case law quotations. It addresses our subject: tortious interference with contract. It focuses on conduct – interference with plaintiff in his contract – and effects – damage resulting to the plaintiff. It presents an objective, external standard: reasonable foreseeability by one in defendant's circumstances. It presents the prudent market participant a standard he can understand and live with – it tells him his contracts will be respected and in exchange he must respect the contracts of others. And the Supreme Court of Mississippi has never held (as distinguished from said) otherwise. Thinking of the posture of the lawyer advising a client, it is inconceivable that the court would turn away a plaintiff who proved these elements, notwithstanding the plaintiff failed to prove “the acts were intentional and wilful” or “that they were done with the unlawful purpose of causing damage and loss.”

B. Unenforceable Contracts

There is a second category of “existing” contracts we should consider. I refer to those where the parties have agreed but where for some reason the contract is unenforceable in a court of law. These reasons range from the formal – such as failure

785. 15 U.S.C. §§ 1-7 (1988).

to comply with the statute of frauds, lack of mutuality, and the like—to the substantive, such as unconscionable contracts and other contracts contrary to public policy.

The Supreme Court of Mississippi has never addressed a case in this category. *Martin v. Texaco, Inc.*,⁷⁸⁶ a case in the United States District Court for the Southern District of Mississippi, is often discussed. The case concerned an oral agreement between two parties regarding the purchase of certain real property, an agreement which, of course, was unenforceable because of the statute of frauds.⁷⁸⁷ The court held an action for tortious interference did not lie, “that it would be legally incomprehensible that defendant would be liable for interfering with a contract which was itself not actionable.”⁷⁸⁸ This is a bit much, if for no other reason than more than a few knowledgeable lawyers have comprehended that the defendant could indeed be liable. Professor Walker suggests such. “The decision, in failing to recognize an actionable interference on the basis of noncompliance with the Statute of Frauds, misses the point—a voidable contract cannot be voided by one not a party to it.”⁷⁸⁹ After all, the statute of frauds is an affirmative defense⁷⁹⁰ which, if not pleaded, is waived.⁷⁹¹ If the defense is not pleaded, the contract is enforceable according to its terms as though the statute had no existence. Restatement commentary addresses the point. “[B]y reason of the statute of frauds . . . the third person may be in a position to avoid liability for any breach. The defendant actor is not, however, for that reason free to interfere with performance of the contract before it is avoided.”⁷⁹² The point I would emphasize is that whether such interference with a voidable contract is actionable should focus not on whether a party has a formal defense on the contract, which is his to assert and his alone, but upon the means employed by the defendant-actor and their reasonably probable effects. Means independently tortious, such as violence, threats, or intimidation, will invariably support an interference action, even though the contract is lacking in some essential formality. How far the courts will go recognizing recovery for other unfair means of interference remains to be seen.

786. 304 F. Supp. 498 (S.D. Miss. 1969).

787. MISS. CODE ANN. § 15-3-1 (1972).

788. *Martin v. Texaco, Inc.*, 304 F. Supp. 498, 501 (S.D. Miss. 1969). As noted above, *Shaw v. Burchfield* utters like foolishness in considering at-will contracts. *Shaw v. Burchfield*, 481 So. 2d 247, 255 (Miss. 1985).

789. Walker, *supra* note 560, at 354.

790. FED. R. CIV. P. 8(c); MISS. R. CIV. P. 8(c). Other contract defenses a defendant sued on a contract is burdened to plead include “duress, estoppel, failure of consideration, fraud, [and] illegality.” *Id.*

791. *Henry v. First Nat'l Bank*, 595 F.2d 291, 298 n.1 (5th Cir. 1979); *Hertz Commercial Leasing Div. v. Morrison*, 567 So. 2d 832, 834 (Miss. 1990); *Wholey v. Cal-Maine Foods, Inc.*, 530 So. 2d 136, 138-39 (Miss. 1988).

792. RESTATEMENT (SECOND) OF TORTS § 766 cmt. f (1979).

C. Contracts Terminable-at-Will

The case of interference with the terminable-at-will contract is a special one. When the action is brought, the contract will always have been terminated. In *Shaw v. Burchfield*,⁷⁹³ the Mississippi Supreme Court observed:

We note that numerous cases from other states recognize that there is no right of recovery on the part of a discharged employee against one said to have interfered with a contract terminable at will. These cases proceed on the premise that, where there has been no breach of contract, conceptualizing a tortious interference fails as a matter of elementary legal logic.⁷⁹⁴

If this be so, one might approach an interference tort as one for interference with prospective economic advantage which is also actionable, as we will see in Part XI below. After all, if a party can walk away at will, the other has but an expectancy of future benefits. But this masks the fact that there is an ongoing relationship rising to the dignity of contract. By definition, the interference—the defendant's said-to-be-actionable conduct—occurred before the third party terminated his contract.

As elsewhere, the law of interference with at-will arrangements focuses upon behavior, on means and effects. The relationship is but the occasion for fixing our focus. The fundamental difference between interference with these contracts and those we have considered to this point is that no action lies for competitive interference with an at-will arrangement unaccompanied by otherwise improper means. As we have seen, without more, competitive interference with existing contracts is actionable.

We noted above the early case of *Globe & Rutgers Life Insurance Co. v. Fireman's Fund Fire Insurance Co.*⁷⁹⁵ We now return to it. The case raises the question whether—and by what means—a competitor may entice away his competitor's employees and thereby with impunity interfere with a terminable-at-will contract of employment. *Globe & Rutgers* was decided on a demurrer. The court emphasized that the demurrer “confesses every material allegation of the declaration.”⁷⁹⁶ *Globe & Rutgers* had charged that it and Fireman's Fund were competitors in the fire insurance business in the Natchez area, that *Globe & Rutgers* enjoyed the services of a local agent, one Trabue Lawrence, and that Fireman's Fund and others desired to put *Globe & Rutgers* out of business in the State of Mississippi “as far as practicable”⁷⁹⁷ and, to that end, intimidated Lawrence by “threatening to drive him out of his business as insurance agent” unless he should abandon his service of *Globe & Rutgers*.⁷⁹⁸

793. 481 So. 2d 247 (Miss. 1985).

794. *Id.* at 255 (citations omitted). As the author of the *Shaw* opinion, I am relieved to find that I stopped an inch or two short of embracing this formalistic nonsense. Beneath, of course, is a core truth we must confront.

795. 52 So. 454 (Miss. 1910).

796. *Id.* at 455.

797. *Id.*

798. *Id.*

The court held that *Globe & Rutgers* had stated a claim upon which relief could be granted, in that Fireman's Fund was "wickedly, unlawfully and maliciously interfering with plaintiff's employ[ee] for the sole purpose of harming it."⁷⁹⁹ The court emphasized that "it may have been perfectly permissible for the defendants to have employed the agent of plaintiff and to pay him better for his services . . . [or] if the object of the employment was in the honest furtherance of their own business enterprises."⁸⁰⁰ The court said the defendant had "the right to use all proper methods," citing other authority to the effect that "[c]ompetition in business is permitted, although frequently disastrous to those engaged in it. It is always selfish, often sharp, and sometimes deadly."⁸⁰¹ The opinion is incoherent in its repeated emphasis that a competitor's defense rests on his methods, but that the plaintiff carries the day if he proves the defendant employed those methods for the impermissible purpose of driving the plaintiff out of business.

Assuming plaintiff's facts, the court's core ground for its *Globe & Rutgers* holding appears to be its view

that the interference with the business of plaintiff was not incidental to the accomplishment of some legitimate purpose of the defendants, but that the interference was wanton and malicious, and for the purpose of driving the plaintiff out of business. The gist of this action is the malicious and unlawful interference with plaintiff's business, to his damage.⁸⁰²

On its face, the court's rationale is hopelessly confusing. If defendant's methods be the focus of its defense, it is because proper methods are not actionable. Methods connote conduct. If proper methods exonerate a defendant, it follows that improper methods may hold him whatever his purpose.

Professor Walker would reinterpret *Globe & Rutgers*, emphasizing that *Globe & Rutgers* had a contract of employment with its agent, Lawrence, and that this contract of employment was protected by a competition privilege notwithstanding that it was terminable-at-will.⁸⁰³ But phrasing the highly relevant competition context as a privilege implies a defense Fireman's Fund had to prove. The fact is Fireman's Fund was free to make Lawrence a better offer any time it wished, and the law left Lawrence free to accept that offer. One of the major achievements of the new Restatement (Third) of Unfair Competition is its rejection of the competition privilege and enhanced respect for the competitor's freedom of action. Franck also reinterprets *Globe & Rutgers*. "[A]lthough not expressly so stated in precise terms, it would appear that this decision was premised on the protection of the plaintiff's property rights in its business as an insurer rather than upon any societal interest in protecting the contract relationship as such."⁸⁰⁴ He adds later:

799. *Id.*

800. *Id.*

801. *Id.* (quoting *Martel v. White*, 69 N.E. 1085, 1087 (Mass. 1904)).

802. *Id.* at 456.

803. Walker, *supra* note 560, at 352.

804. Franck, *supra* note 723, at 152.

[B]ecause society attaches considerable importance to legitimate business enterprises, it deems deliberate efforts to destroy such enterprises socially undesirable, for which reason it is easy to see why civil liability would be imposed upon one whose motive in interfering with the contractual right of another is principally or primarily to cause economic harm.⁸⁰⁵

Franck is cold, and he gets no warmer when he adds: “[B]ecause society views the stability of contractual relationships as important, the mere motive to compete for economic advantage will not justify interference with an existing contract.”⁸⁰⁶ This cannot be right. No one doubts Fireman’s Fund could have approached Lawrence and offered to double his pay if he would leave Globe & Rutgers and come to work for Fireman’s Fund. Without more, Globe & Rutgers’ suit would have been borderline frivolous.

To find the true rule of a case, we must find that minimum proof which would provide a prima facie case. The indispensable element is the defendant’s means — those implicit in its threats directed at Lawrence. Indeed, we can dispatch all of the rhetoric about malice and intent and purpose and reduce *Globe & Rutgers* to the simple and quite defensible proposition that Fireman’s Fund and its alleged co-conspirators could not use predatory means to interfere with the right of Globe & Rutgers and Lawrence to enjoy the benefits of their contractual agency relationship so long as each wished it to continue. This seems precisely the approach the Restatement takes.⁸⁰⁷ The means a reasonable man in Lawrence’s shoes would have understood from Fireman’s Fund’s threats to drive Lawrence out of business if he did not cease his agency for Globe & Rutgers are a matter subject to objective proof without the necessity of probing anyone’s bent of mind. It is inimical to freedom of contract in its accepted and legally permissible realm. It is likewise inimical to the policy of promoting competition amongst employers for the services of employees on the relative merits of the terms and conditions of employment offered. The best reading of the rule of *Globe & Rutgers* thus becomes the rule we restated in Part X.A.5. When that statement of the rule is applied to the facts of *Globe & Rutgers*, in its procedural posture, the decision remains the same and is infinitely more understandable and defensible.

805. *Id.* at 155.

806. *Id.* at 156.

807. RESTATEMENT (SECOND) OF TORTS § 768 (1979).

Competition as Proper or Improper Interference

(1) One who intentionally causes a third person not to enter into a prospective contractual relation with another who is his competitor or not to continue an existing contract terminable at will does not interfere improperly with the other’s relation if

- (a) the relation concerns a matter involved in the competition between the actor and the other and
- (b) the actor does not employ wrongful means and
- (c) his action does not create or continue an unlawful restraint of trade and his purpose is at least in part to advance his interest in competing with the other.

(2) The fact that one is a competitor of another for the business of a third person does not prevent his causing a breach of an existing contract with the other from being an improper interference if the contract is not terminable at will.

The same may be said of *Standard Fruit & Steamship Co. v. Putnam*.⁸⁰⁸ *Standard Fruit* is a case where the defendant interfered with the plaintiff's at-will employment contract with his employer, but where the defendant acted within his legal rights in so doing. It seems that in December of 1969, Putnam was injured while employed as a truck driver within a banana terminal leased and operated by Standard Fruit.⁸⁰⁹ Putnam brought suit against the terminal operators and recovered a \$25,000.00 verdict en route to which he had sought to prove total, permanent disability.⁸¹⁰ Three years later, Putnam was back at work for the same trucking company, A. Joseph & Sons, and drove onto the terminal where he was spotted by Standard Fruit's manager who remarked, "I bought and paid for your ass one time and I'm not going to do it any more,"⁸¹¹ and instructed all of his foremen and employees that Putnam was not to be permitted back on the premises.⁸¹² In due course, it appears that Putnam lost his job with Joseph, although other Joseph trucks with other drivers were allowed on the terminal.⁸¹³ There is much loose talk in the opinion. What is critical is that Standard Fruit was recognized as having property rights sufficient that it could of right exclude Putnam from the premises it had under lease. The law of trespass said as much.⁸¹⁴

Professor Walker had a good bit to say about *Standard Fruit*, at least one part of which seems wrong and another unnecessary. Walker says that "[p]rotection of the actor's own legally protected interest has been recognized as a proper purpose which justifies an interference with an existing contract."⁸¹⁵ After summarizing the opinion, Walker concludes that "[t]he opinion recognizes a privilege of one in possession of real estate to exclude another who is susceptible to accident even if the act results in the plaintiff's loss of employment. The privilege recognized is really based upon the defendant's legitimate (i.e., not improper) purpose for his acts."⁸¹⁶ Not so. The defendant's purpose has nothing to do with it. The defendant had a property right to exclude Putnam or anyone else for that matter, and it exercised that right. That right was adequate that Standard could exclude Putnam whether he had ever been injured or was "susceptible to accident." Why it exercised that right is of no moment. So long as the defendant did not act for some legally impermissible reason, e.g., "to further racial discrimination,"⁸¹⁷ he could exclude Putnam with impunity. Both the court and Walker seem to take seriously the idea that it was important for Standard to show its conduct was reasonable by reason of Putnam's history of accidents and resulting injuries. But this was not

808. 290 So. 2d 612 (Miss. 1974).

809. *Id.* at 613.

810. *Id.*

811. *Id.*

812. *Standard Fruit & S.S. Co. v. Putman*, 290 So. 2d 612, 614 (Miss. 1974).

813. *Id.*

814. See *Kirkwood v. Hickman*, 78 So. 2d 351 (Miss. 1955).

815. Walker, *supra* note 560, at 352.

816. *Id.* at 353.

817. *Standard Fruit & S.S. Co. v. Putman*, 290 So. 2d 612, 616 (Miss. 1974). Of course, in this private party setting, by no means does the law reach or speak to all racial discrimination.

necessary at all. It is not defendant's purpose that counts but its rights. Defendant was acting within its rights whatever its purpose.

In *Standard Fruit*, nothing turns on whether Putnam's employment was at-will, for a specific term, or otherwise conditioned. In the *Standard Fruit* opinion, the court makes much of the notion that the defendant's interference may have been incidental or at most a remote cause of Putnam's loss of his job. This is a slippery point at best. On the one hand, Standard Fruit had no right to have Joseph fire Putnam, nor in fact did Standard Fruit insist on Joseph firing Putnam. On the other hand, it seems fairly clear that Putnam would not have lost his job had it not been for defendant's objection to his driving a truck onto the terminal premises. Putnam did not have an action because the Defendant had a right to exclude him and did.

The bottom line is this: The positive law of Mississippi recognizes an action for tortious interference with an at-will contract. The plaintiff's recovery is dependent upon his showing the defendant employed improper means, that is, culpable means without justification, without the trappings of the Restatement's balancing test. In *Globe & Rutgers*, the plaintiff's action was recognized because of defendant's culpable means. In *Standard Fruit*, the defendant prevailed because his conduct was justified by his acting in accord with a legal right already vested in him. The lawyer called to advise a client when and whether he may interfere with an at-will arrangement has some law to work with, albeit by no means all he would wish.

One question remains: What, if any, difference is there between an action for interference with an at-will contract and one for interference with prospective economic advantage? Are there means we may hold improper when employed in one context and not another? Superficially, less impropriety should suffice in at-will interference. The existence of an ongoing at-will relationship is a value the law respects. Still, the Restatement suggests this the one setting in which a competitor may interfere with impunity.⁸¹⁸ The offended party at no time has more than an expectation of prospective economic advantage. This suggests that the approach to impropriety in the two contexts should be the same.

XI. INTERFERENCE WITH OTHER ADVANTAGEOUS ECONOMIC RELATIONS

A. *The Residual Business Tort*

Improper means are not made actionable only when they interfere with existing contracts. For at least a century⁸¹⁹ the law has provided a remedy under certain circumstances against one who interferes with the plaintiff's prospective contractual relations.⁸²⁰ The areas we have been considering—antitrust, deceptive marketing, trademarks, appropriation of trade values and, most recently, interference with contracts—are but specific forms of market interference with the prospective economic advantage of others. These are best seen as special instances of the gen-

818. RESTATEMENT (SECOND) OF TORTS § 768(2) (1979).

819. See notably, *Temperton v. Russell*, 62 L.J.Q.B. 412 (1893).

820. RESTATEMENT (SECOND) OF TORTS § 766B (1979).

eral rule, a general rule proscribing improper interference, special instances of which arose in recurring patterns of market behavior and interests in need of protection. Over time these produced identifiable decisional patterns.

The case law left much to be desired. Clarity and sophistication imperatives gave impetus to the movement to statutes. We now address the leftovers, an area where the law is still in flux. There are no statutes here, although Restatement has been made. A generation ago the Restatement (Second) of Torts accorded black letter status to tortious "interference with prospective economic advantage."⁸²¹ Now, the new Restatement (Third) of Unfair Competition accepts the dynamic nature of the law on the edges, proclaiming actionable "[all] other acts or practices . . . [or other] . . . unfair method[s] of competition, taking into account the nature of the conduct and its likely effect on both the person seeking relief and the public."⁸²² Of necessity, these residual business torts require generality of expression approaching abstraction. The case law remains unruly, as it has always been because it falls outside the more manageable fact patterns. Unavoidably, the lawyer's process is perilous. But the questions do arise and Mississippi market participants do sue and get sued. Many more are threatened and are at risk. And we will do the best we can.

B. An Early False Step—And Its Lessons

Our first case to address tortious interference with prospective economic advantage is *Wesley v. Native Lumber Co.*,⁸²³ decided just four and a half months after *Globe & Rutgers*.⁸²⁴ The trial court had sustained a demurrer, and so we take it as given that the defendant employer had told his workers that, if they traded with the plaintiff, who operated a mercantile business and a barber shop, he would fire them.⁸²⁵ The employees disobeyed, and the defendant was true to his word.⁸²⁶ Plaintiff sued, charging loss of actual and potential customers and, as a result, loss of profits.⁸²⁷ It is noteworthy that nothing in the opinion suggests plaintiff Wesley and defendant Native Lumber Company were business competitors.

The *Wesley* Court held, if plaintiff proved what he alleged, he could recover.⁸²⁸ In a confused statement nearing unintelligibility, yet often quoted and discussed, the court said: "It is true a person has the right to refuse to have business relations with any person whomsoever, whether his refusal is the result of caprice or malice, without laying himself liable to action therefor."⁸²⁹ So far so good, for surely this is unexceptionable. Inexplicably, the court follows immediately with "but he

821. *Id.* § 767.

822. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 1(a) (1995).

823. 53 So. 346 (Miss. 1910).

824. 52 So. 454 (Miss. 1910).

825. *Wesley*, 53 So. at 346.

826. *Id.*

827. *Id.*

828. *Id.* at 347.

829. *Id.*

cannot, from such motives, influence others to the same course, for the purpose of injuring the business of such other. The act and the accompanying motive together constitute the unlawful act."⁸³⁰ The court offered no rationale for this pronouncement. It merely cited *Globe & Rutgers*⁸³¹ for the proposition that "an act, legal in itself, may become illegal, and a ground of action, when accompanied by the malicious purpose to injure the business of another, resulting in such injury,"⁸³² which, of course, contradicts completely the first phase of the *Wesley* rule. But, assuming this makes sense (which, as we have seen, it does not), it hardly helps *Wesley* which has just declared that a person has the right to refuse business relations with another, even if motivated by "malice."

Professor Walker takes a shot at explaining all of this. He notes that *Wesley* "made no mention of a purpose to appropriate plaintiff's business nor the use of improper means."⁸³³ He offers that the case "stands for the proposition that intentional injury to the plaintiff's business by inducing third parties not to trade, when not actuated by a legitimate purpose, is an actionable tort. Such is the result even if the means used are not otherwise wrongful."⁸³⁴ In other words, intentional injury by definition is actionable. We confronted the problems with this view in our discussion of *Memphis Steam Laundry* in Part IV above.⁸³⁵ Franck says the case turns on the fact that *Wesley* and *Native* were not competitors, that the defendant was held liable because "the societal value of business competition was simply not present."⁸³⁶ Although he does not say so expressly, Franck appears to accept that employers are free to tell their employees they may not trade with a competitor, on pain of being fired.

There is much talk in the opinion of the role of malice. The court unmistakably is saying that *Native* would have been within its rights to discharge its employees who let *Wesley* cut their hair, so long as *Native* did not act "with the malicious purpose to injure the business of" *Wesley*.⁸³⁷ As we have seen, the word "malicious" adds nothing. The court says it is holding *Native* liable in favor of the third party, *Wesley*, because of *Native*'s purpose, assuming *Wesley* can prove it.⁸³⁸ But suppose at trial *Wesley* is unable to extract from *Native* an admission of its purpose but merely shows under the circumstances that *Native*, when it discharged the employees, knew or reasonably should have known of the likely adverse impact on *Wesley*'s business, i.e., that *Native* reasonably knew and understood from all of the circumstances the consequences likely to result from its conduct. Surely not every employer who fires an at-will employee may be held liable for every likely

830. *Id.*; see also Franck, *supra* note 723, at 131, 164; Walker, *supra* note 560, at 344-45.

831. 52 So. 454 (Miss. 1910). See discussion in Part X.C., *supra*.

832. *Wesley*, 53 So. at 347.

833. Walker, *supra* note 560, at 344.

834. *Id.*

835. Robertson, *supra* note 611, at 52-56.

836. Franck, *supra* note 723, at 165.

837. *Wesley*, 53 So. at 347.

838. *Id.*

detriment suffered by those with whom the employee habitually traded. The question may be one of proximity and foreseeability, as well as lack of justification. The necessary proximity and foreseeability seem present here, and no competitive posture nor any relationship between Native and its employees offers a justification.

Wesley is an anomalous opinion. There may be no rule we can tease from its holding that a competent court would enforce today. Under the law at the time (and presumably now, as well), the discharged employees of Native Lumber Company would have no right of action.⁸³⁹ That is to say, the facts suggest the discharged workers were at-will employees subject to discharge with or without cause. But if the employees had no right of action, why should *Wesley*? Certainly the immediate impact of Native's conduct was far more damaging to the employees than it was to *Wesley*. The employees lost their entire livelihood — temporarily at least. *Wesley* merely lost the profits he would have enjoyed had the Native employees had the wherewithal to continue trading with him. Accepting that Native's management are proverbial Holmesian bad men, they will surely find it odd that they can discharge the employees with impunity but still be subject to suit at *Wesley*'s hands. Native may legitimately ask that the law speak with one voice and tell it what it may do and what it may not do without risk of suit. Fortunately, we have more than *Wesley* from which to build this state's residual jurisprudence of tortious interference with other prospective economic advantage.⁸⁴⁰

C. *The Right Rule for (Perhaps) the Wrong Reasons*

*Southern Bus Lines, Inc. v. Amalgamated Ass'n of Street, Electric Railway & Motorcoach Employees of America*⁸⁴¹ is a conventional, improper means business tort case arising in the context of a labor dispute. The Union had a collective bargaining agreement with Southern Bus Lines.⁸⁴² The agreement expired, and, no new agreement having been reached, the Union called a strike.⁸⁴³ Three months into the strike, Southern Bus Lines, a certified common carrier, announced it would begin accepting non-union applications for employment and would resume operations.⁸⁴⁴ The bus line sought to serve passengers and shippers, including the

839. See, e.g., *Hartle v. Packard Elec.*, 626 So. 2d 106 (Miss. 1993); *Rape v. Mobile & Ohio R.R. Co.*, 100 So. 585 (Miss. 1924); but see *McArn v. Allied Bruce-Terminix Co., Inc.*, 626 So. 2d 603, 606-07 (Miss. 1993).

840. Still, *Wesley* offers a valuable thought experiment. Set the case in other eras and with other facts. Suppose the case had arisen in the late 1920's or 1930's and the facts reflected that *Wesley* had sought and encouraged trade with pro-union organizers and sympathizers, that Native Lumber Company was angrily anti-union, and that it discharged any employees who traded with pro-union businesses. Or move the case forward to the late 1950's or early 1960's and imagine that *Wesley* refused to hew the line in support of a racially segregated society, that Native Lumber Company's management was militantly segregationist, and that it discharged any employee who refused to boycott *Wesley*. Reverse the facts. Assume that *Wesley*, Native's management, and the affected employees are all black persons, that *Wesley* has long enjoyed profitable trade from members of the white community which is being subject to a boycott by much of the black community and that in order to punish *Wesley* for his refusal to comply with the boycott, Native discharges all employees who trade with *Wesley*.

841. 38 So. 2d 765 (Miss. 1949).

842. *Id.* at 767.

843. *Id.*

844. *Id.*

United States Postal Service, and hired new employees.⁸⁴⁵ The Union organized picket lines which led to violence.⁸⁴⁶ *Southern Bus Lines* was before the Mississippi Supreme Court on the Union's successful demurrer to Southern Bus Lines' complaint for injunction.⁸⁴⁷ The supreme court reversed.⁸⁴⁸ In its complaint, the bus line alleged union interference with its contracts of carriage and employment, existing and prospective, and alleged "thirty-two separate acts of violence and damage to property."⁸⁴⁹ The complaint was filled with charges of the Union's "force, violence, coercion or intimidation." While the word "intimidation"⁸⁵⁰ is arguably ambiguous, we find a clue of the court's meaning when it speaks of "threats, abusive language, or other acts amounting to intimidation" as improper means.⁸⁵¹

To be sure, the *Southern Bus Lines* opinion is a bit dated. It contains a lot of loose language, and in its overall tone displays a hostility to labor unions typical of another era. The best reading of the opinion, however, stands out. The law of business torts affords an employer/market actor a remedy against persons who employ improper means, and thereby interfere with its existing and prospective contractual relations and economic expectancies, be those in the form of relations with customers for whom the market participant provides services or employees whose services it engages.⁸⁵² Certainly thirty-two acts of violence followed by threats of further force and violence are enough to qualify as improper means, arguably means tortious in any context. Of note, the case does not rely on any distinction between the Union's interference with prospective economic advantage and existing contracts. As we have explained above, much less than force and violence will suffice where the defendant interferes with an existing contract.

A generation later the court decided *Southern Christian Leadership Conference, Inc. v. A.G. Corp.*,⁸⁵³ although again we find much loose dated language. In *SCLC*, members of the black community were boycotting white-owned businesses in an effort to secure certain political, economic, and legal rights all agree the City of Grenada had theretofore denied.⁸⁵⁴ A.G. operated a small retail grocery business known as Pak 'N Sak, approximately two-thirds of whose customers were black persons.⁸⁵⁵ A.G. had made a modest profit for some ten years before

845. *Id.*

846. *Id.*

847. *Id.* at 768.

848. *Id.* at 771.

849. *Id.* at 767.

850. *Id.* at 768, 769, 770.

851. *Id.* at 768.

852. Duncan Kennedy sheds great light on the difficulties in articulating the rule that governs cases such as this in his article, *Freedom and Constraint in Adjudication: A Critical Phenomenology*, 36 J. LEGAL EDUC. 518 (1986).

853. 241 So. 2d 619 (Miss. 1970).

854. *Id.* at 620.

855. *Id.* at 624.

the boycott.⁸⁵⁶ Within six months after the boycott began, A.G. had to close its doors.⁸⁵⁷

Properly seen, *SCLC* addresses the plight of a market participant whose prospective economic advantage with his customers has been substantially interfered with by the defendants through allegedly improper means. The court found that *SCLC* had engaged in “a secondary boycott, threats, intimidation, duress and force,” all of which it held improper means.⁸⁵⁸ The lower court found “illegal means” consisting of “mass picketing, they blocked the store entrance and customers could not go in and out; once when entreated to move on and not block the way, they sat down in the sidewalk, making their obstacle even worse.”⁸⁵⁹ The court found *SCLC* had also brought “pressure . . . to bear on those guilty of shopping with . . . [A.G., which] caused terror and fright” within the black community.⁸⁶⁰ This was accomplished by posting photographs and names of persons trading with A.G. at mass meetings.⁸⁶¹

SCLC is a case one has to be careful with. This state’s courts of that time were not distinguished for their sensitivity to the First Amendment rights of civil rights organizations and those who worked with them. If the opinion may be taken at face value, *SCLC* stands for the unexceptionable proposition that physically preventing customers from trading with the defendant and causing “terror and fright” among those who did are improper means within the law of business torts.⁸⁶² Of course, force and violence constitute a separate tort toward the victim. It certainly works no unfair surprise to those responsible that they be held to the affected market actor as well.

There is much else in *Southern Bus Lines*, and particularly in *SCLC*, that one might legitimately take exception to, the problematic discussion of the role of civil conspiracy being but a part thereof. Still, one can strike the loose and offensive language and find with confidence and within each case an emerging and sensible proposition: Practicing improper means in the form of force and violence and fright and terror and thereby interfering with another’s prospective economic advantage will render the actor liable in tort. And this is so no matter how worthy one’s cause or how otherwise legitimate one’s economic combat with another. The point where free speech becomes tortious interference may be difficult to divine, and there are and will ever be troublesome shades of gray – a twilight zone – between the clear cases on either side of the divide. But there are relatively clear cases on the actionable side.

856. *Id.* at 625.

857. *Id.* at 619.

858. *Id.* at 624.

859. *Id.* at 626.

860. *Id.*

861. *Id.* at 622.

862. See Kennedy, *supra* note 852; see also *Madsen v. Women’s Health Ctr., Inc.*, 114 S. Ct. 2516 (1994).

D. A Partial Breath of Fresh Air

*Wagley v. Colonial Baking Co.*⁸⁶³ is similar to the *Memphis Steam Laundry* case but with the important difference that two market participants acted in concert to ruin plaintiff. The case reinforces the view that improper means is the gravamen of a business tort action. The plaintiff, a partnership doing business as Dixie Land Baking Company, and the two defendants, Colonial Baking Company and Hardin's Bakery Corporation, were all engaged in the bakery business in the Jackson area and competed with each other.⁸⁶⁴ Dixie Land charged and sought to prove that Colonial and Hardin's engaged in a series of "concerted and simultaneous" reductions of the wholesale price of white bread for the purpose of stifling competition and inflicting economic injury on Dixie Land.⁸⁶⁵ Dixie Land brought suit under the state antitrust laws and for a common law conspiracy to monopolize.⁸⁶⁶ The essence of these charges was that defendants had improperly interfered with plaintiff's prospective economic advantage. At the end of all of the evidence, the trial court directed a verdict in favor of the defendants, though giving no recorded reason.⁸⁶⁷

It is important to note that Colonial and Hardin's were selling in the Jackson area at prices lower than in other parts of the state.⁸⁶⁸ The State Antitrust Act declared unlawful the usual anticompetitive means, including price discriminations.⁸⁶⁹ Significantly, the *Wagley* Court quoted law from other jurisdictions which wholly pretermitted any reference to intent. With apparent approval, the court cited the Supreme Court's affirmance of the Supreme Court of Mississippi in *Grenada Lumber Co. v. State of Mississippi*⁸⁷⁰ by stating: "The Court further declared that a combination that is actually in restraint of trade under a statute which is constitutional, is illegal whatever may be the motive or necessity inducing it."⁸⁷¹ The court went on to quote encyclopedia authority:

The authorities are generally agreed that if the necessary effect of the contract or combination is to stifle or directly or necessarily to restrict free competition or lessen it to an unreasonable extent, such contract or combination is under the ban of the law, whatever may have been the intention of the parties.⁸⁷²

The whole thrust of the *Wagley* opinion on the state antitrust count is that actionability turns on the defendant's employing proscribed means to proscribed effects,

863. 45 So. 2d 717 (Miss. 1950).

864. *Id.* at 718.

865. *Id.*

866. See discussion in Part V Robertson, *supra* note 611, at 80-81.

867. *Wagley*, 45 So. 2d at 718.

868. *Id.* at 717.

869. MISS. CODE ANN. § 75-21-3(d) (1991).

870. 217 U.S. 433 (1910).

871. *Wagley v. Colonial Baking Co.*, 45 So. 2d 717, 721 (Miss. 1950).

872. *Id.* (citing 36 AM. JUR. *Monopolies* § 134, at 607).

injuring plaintiff.⁸⁷³ Thus, *Wagley* is an important building block in the view we find predominating the field as a whole.

But there is more. In the second count for common law conspiracy, the *Wagley* Court cited *Memphis Steam Laundry* as “the only case we can find where proof was made by evidence of express threats.”⁸⁷⁴ The court then emphasized that the plaintiff prevails “even if express threats against [plaintiff] be not proven, if the circumstantial evidence be sufficient to establish a like purpose,”⁸⁷⁵ importing an objective, external standard for the “threats” issue. The *Wagley* Court reiterated the important principle “that the reduction of prices is an absolute right of the owner of a business and is lawful of itself.”⁸⁷⁶ If it had only stopped there! Alas, *Memphis Steam Laundry* was still much a part of the judicial mindset, and so we find:

[U]nder the guise of exercising an absolute right, it is not lawful indirectly to interfere with the business, employment, or occupation of a third person, where the exercise of the right was with the object of injuring the third person rather than primarily of benefitting the person exercising the right.⁸⁷⁷

This is straight out of *Memphis Steam Laundry* and, of course, falls as we have seen above—and as all else in *Wagley* suggests it must.

The *Wagley* Court’s core holding, however, is clear. The defendants were in concert practicing proscribed price discrimination or other forms of predatory pricing, i.e., pricing below cost. Predatory pricing is an improper means of competition and, if you practice it, you may expect to be sued. The statute expressly proscribed destruction or the attempted destruction of “competition in the manufacture or sale of a commodity, by selling or offering the same for sale at a lower price at one place in the state than another.”⁸⁷⁸ Colonial and Hardin’s “fixed the price of bread in Jackson at a price lower than their price for the same bread outside the city limits.”⁸⁷⁹ This is sufficient to make a prima facie case that Dixie Land was entitled to have submitted to the jury. And proof of intent or purpose is wholly irrelevant, as well it ought to be.

Dissenting, Justice Roberds disagreed on the facts and chided the court that the case reflected:

[N]othing but a price-war between private enterprises selling the same commodity—one type of war, at least, of benefit to the public, and one permitted to private institutions under our supposedly competitive form of free government. And appel-

873. *Wagley*, 45 So. 2d at 721.

874. *Id.* at 722 (citing *Memphis Steam Laundry-Cleaners, Inc. v. Lindsey*, 5 So. 2d 227 (Miss. 1941)).

875. *Wagley*, 45 So. 2d at 722.

876. *Id.*

877. *Id.*

878. *Id.* at 723. See Act now codified as MISS. CODE ANN. § 75-21-3(d) (1991).

879. *Wagley*, 45 So. 2d at 723.

lants [Wagley] started the war. It is not the first time in history that the aggressor has been the loser in the end.⁸⁸⁰

Of course, price-cutting not sinking to the depths of predatory pricing is a quite proper means of competition. The dispute between majority and dissenting members of the court is thus one of fact and not law.

E. "Off the Wall" Advice May Get You in Trouble

*Bailey v. Richards*⁸⁸¹ is another case concerning the tort of interference with economic expectancies, which is best understood and explained by applying objective or external standards to the conduct of the defendants. Importantly, for the first time since *Wesley* in 1910, the defendant's means were not independently tortious or otherwise unlawful.

J. C. Gibson owned a house in Jackson he wanted to sell.⁸⁸² He was represented by a broker named Bailey.⁸⁸³ The Burgdorffs were interested in buying the house.⁸⁸⁴ It seems a realtor named Millstein first showed the Gibson house to the Burgdorffs, but at that time they were not interested.⁸⁸⁵ Thereafter, another realtor, Wiley E. Richards, showed the Gibson house to the Burgdorffs, and they agreed to make a counter offer which was acceptable to Gibson.⁸⁸⁶ Millstein learned what was about to happen and claimed a share of the commission, since he had been the first to show the house to the Burgdorffs.⁸⁸⁷ Richards did not agree but offered to escrow the commission so that the sale could take place and he and Millstein could fight about the commission later.⁸⁸⁸ Bailey, however, intervened and apparently convinced Gibson that, if the sale went through in this posture, he, Gibson, stood the risk of having to pay two commissions.⁸⁸⁹ It is not clear how this could have been so if the agreement to escrow the commission had been reached. In any event, it was clear that Gibson was willing to sell and the Burgdorffs were willing to buy, and the only thing standing in the way of completing the sale—and specifically the formation of a contract to sell—was Bailey's insistence that the commission dispute be worked out first. The sale ultimately fell through and Richards brought suit against Bailey for tortious interference.⁸⁹⁰

The opinion leaves much to be desired. Richards was claiming a commission, presumably to be paid by Gibson, the owner.⁸⁹¹ He sued because Bailey interfered

880. *Id.* at 725 (Roberds, J., dissenting).

881. 111 So. 2d 402 (Miss. 1959).

882. *Id.* at 403.

883. *Id.*

884. *Id.*

885. *Id.* at 404.

886. *Id.* at 403.

887. *Id.* at 405.

888. *Id.* at 404.

889. *Id.* at 405.

890. *Id.* at 403.

891. *Id.*

with this right to receive a commission from someone.⁸⁹² His right to a commission was dependent upon a consummated sale to the Burgdorffs.⁸⁹³ Quoting from encyclopedic authority, the court referred to the action as one for “[w]rongful or malicious interference with the formation of a contract.”⁸⁹⁴ A more accurate label would have been “tortious interference with [Richards’] prospective economic advantage” — Richards’ commission turned on a sale, not a contract to sell. The jury having found for Richards and against Bailey in the sum of \$3,500.00, the supreme court affirmed, saying: “[T]he jury was warranted in believing that . . . [Richards] had a reasonable expectation of the contract’s being consummated except for the influence and interference of . . . [Bailey] and Millstein in thwarting the consummation thereof.”⁸⁹⁵

The long and short of the matter is that there was never any reasonable basis for Gibson or Bailey or anyone else believing that Gibson might have to pay a double commission. Gibson was ready to sell and the Burgdorffs were ready to buy. There is no suggestion in the opinion of any legitimate reason Bailey may have had to persuade Gibson that he should not go through with the deal and sign — and perform — the contract. The court does not consider whether, as Gibson’s broker, Bailey may have had a privilege to offer advice, even bad advice, so long as he advised in *good faith*.⁸⁹⁶ This aside, Bailey definitely interfered with Richards’ economic expectancy of a commission (presumably from Gibson), and on that fact the court correctly so held. Bailey would have been liable as well to the Burgdorffs had they chosen to bring an interference action.

Bailey is a troublesome opinion. The only thing wrongful about Bailey’s advice to Gibson is that it appears to have been just that — it was dead wrong. Perhaps you could describe Bailey’s attitude as wilful or bull-headed, but no profit attends calling it malicious. The best I can do with the case is say, bad advice, as in “off the wall” bad advice without any rational basis, is by definition advice given in objective bad faith and, as such, an improper means. When such conduct interferes with another’s prospective economic advantage and causes loss, the offended party may recover in tort.

F. Then There Are “Off the Wall” Decisions

*Cenac v. Murry*⁸⁹⁷ arises out of a contract for the sale of “a little country store in McLaurin, Mississippi.”⁸⁹⁸ Carl Wesley Murry and Shirley Ann Murry, sellers, entered into the contract with Rebecca Cenac, buyer, in June of 1986.⁸⁹⁹ The structure of the agreement was a “Contract For Deed,” much like a conditional

892. *Id.*

893. *Id.*

894. *Id.* at 407 (quoting 86 C.J.S. *Torts* § 43, at 955 (1954)).

895. *Id.* at 406.

896. See RESTATEMENT (SECOND) OF TORTS § 770 (1979).

897. 609 So. 2d 1257 (Miss. 1992).

898. *Id.* at 1259.

899. *Id.*

sales contract, the essence of which was that Cenac would not get a deed to the property until the entire sales price of \$100,000.00 had been paid.⁹⁰⁰ The contract provided that, if Cenac defaulted, the Murrays would recover the business and Cenac would forfeit all sums paid.⁹⁰¹ Over the next eighteen months, the Murrays, and particularly Carl Murry, engaged in a course of harassing behavior that interfered with Cenac's ability to do business out of the store.⁹⁰² Cenac brought suit against the Murrays, charging, *inter alia*, tortious interference with business relations or prospective economic advantage and breach of the covenant of good faith and fair dealing inherent in the contract.⁹⁰³

On the claim for tortious interference, the court considered Mississippi and secondary authority, and held: "[A] cause of action exists where one engages in some act with a malicious intent to interfere and injure the business of another, and injury does in fact result."⁹⁰⁴ The court then emphasized conventional tort theology that the plaintiff must prove a loss and that the defendant's conduct caused the loss.⁹⁰⁵ "The remedy for the tort is *damages*," but surely this is not all.⁹⁰⁶ Indeed, *Cenac* is a classic case where the plaintiff is entitled to injunctive relief as well, assuming he/she makes the proper proof.

Cenac is also an appropriate case for making clear that the court's summary statement of the rule is simply wrong – wrong not in the sense that this is not what the law ought to be, but because this is not in fact the rule we apply. Courts, like parents, are watched for what they do, not for what they say. The gravamen of the action was the improper means of the defendant, Carl Murry, pursuing a course of harassing treatment which caused economic injury to the plaintiff. It may be that Murry was, in fact, activated by "a malicious intent" – indeed, if plaintiff is to be believed, Murry was crazy, but there is nothing in the case suggesting that Cenac would have any less right to recovery if she simply proved Murry's course of harassing behavior without mentioning intent or malice. Nevertheless, the court plunges forward, holding: "[T]he Cenacs succeeded in showing malicious acts on the part of Murry, accompanied with a design to interfere and disrupt the business which they purchased with a motive of re-acquiring the store by forcing the Cenacs to default."⁹⁰⁷ This may well be so, but nothing in the opinion or in any rule of law I know anything about suggests any necessity for proving all of this window dressing. It was adequate to prove the acts – the means – and their reasonably foreseeable effects. This part of the opinion takes a peculiar turn at the end. After much sound and fury, the court held for the Murrays on the interference claim for the reason that Cenac never provided "hard proof" that the financial losses claimed

900. *Id.*

901. *Id.* at 1260.

902. *Id.*

903. *Id.*

904. *Id.* at 1271.

905. *Id.*

906. *Id.*

907. *Id.* at 1271-72.

were the product of Murry's conduct.⁹⁰⁸ The court described the Cenacs' causation proof as "speculation."⁹⁰⁹

The court then turned to the Cenacs' claim that the contract contained an implied covenant of good faith and fair dealing.⁹¹⁰ Reiterating Murry's bizarre behavior, the court observed: "If the covenant of good faith and fair dealing has no meaning in this case, it has no meaning in any case."⁹¹¹ The court then held that:

[T]he appropriate remedy for the breach of the covenant of good faith is the measure of expectancy type damages. Each party to a contract has a justified expectation that the other will act in a reasonable manner, and when one party acts outside of accepted commercial practices to deprive the other party of the benefit of the contract, the contract is breached.⁹¹²

Ignoring the obvious possibility (if not necessity, given the facts) of injunctive relief, the court held that the rescission remedy would be cumbersome and that "damages are the favored remedy unless damages are wholly inadequate as a remedy."⁹¹³ The court forgot that it found Cenac's damages proof legally insufficient on the claim only a moment earlier, and ended with this startling statement: "Believing as we do that the wrongs committed by Murry are deserving of a remedy in this case, we remand . . . for the appropriate determination of damages."⁹¹⁴ Conventionally, a plaintiff gets but one chance to prove his damages. If the proof is too speculative or legally insufficient, the defendant is entitled to judgment, though his behavior be actionable, although less certainty suffices for the quantum than for the fact of damage.⁹¹⁵ Not deterred, the court said this plaintiff should have a second bite at the apple and went on to provide that on remand the Cenacs could have another try at proving the same damages it said they had proved inadequately on the former claim.⁹¹⁶ This, of course, makes no sense whatsoever. About the only sensible point imbedded in *Cenac* is (the court's bizarre handling of the damages issue aside), in cases where the parties have dealt with each other, there is and should be no essential difference in this context between the claim for interference with prospective economic advantage and the claim for breach of the implied covenant of good faith and fair dealing, save the formal point that a party may only breach, not interfere with, his own contract.

908. *Id.* at 1274.

909. *Id.* at 1272.

910. *Id.* at 1273.

911. *Id.*

912. *Id.*

913. *Id.* at 1274.

914. *Id.*

915. *See, e.g.,* *Merritt v. Ducitt*, 455 So. 2d 792, 793 (Miss. 1984); *State Farm Mut. Auto. Ins. Co. v. Commercial Union Ins. Co.*, 394 So. 2d 890, 895 (Miss. 1981).

916. *Cenac*, 609 So. 2d at 1274.

G. *The Residual Tort in a More Commercial Setting*

*Nichols v. Tri-State Brick & Tile Co.*⁹¹⁷ makes the same point. It arises from a three-party business transaction. In April of 1984, Pan-Brick, Inc., the holder of patents covering a system for manufacturing panels used to provide exterior siding for residential and commercial buildings, entered into a licensing agreement with Enertec, making Enertec its sole licensee.⁹¹⁸ The agreement authorized Enertec to manufacture and sell the panels in a number of Deep South states.⁹¹⁹ In May of 1984, Enertec approached Tri-State and the two entered a distributorship and loan guaranty agreement.⁹²⁰ Tri-State would act as distributor of the panels and guarantee one-half of a \$300,000.00 bank loan to Enertec.⁹²¹ On the same date, Tri-State also entered into an agreement with Pan-Brick essentially providing that, should Enertec's license be terminated for any reason, Tri-State would have the option to cure any default and assume operations under the license.⁹²² Tri-State claimed this was additional security for its guaranty of Enertec's loan.⁹²³ Insofar as the record reflected, Tri-State never exercised the option.⁹²⁴ Licensee/Manufacturer Enertec ultimately failed, took bankruptcy, and its trustee sued Tri-State and Pan-Brick.⁹²⁵

Enertec's trustee brought a two-count complaint against Tri-State: contractual interference and fraud, followed by a contractual interference claim against Pan-Brick.⁹²⁶ The circuit court entered summary judgment for Tri-State and Pan-Brick.⁹²⁷ Enertec's trustee appealed.⁹²⁸ The supreme court reversed.⁹²⁹

The court held the Trustee had made a prima facie showing of tortious interference with business relations by presenting evidence that Tri-State had deliberately withheld timely delivery of brick slices.⁹³⁰ Enertec's trustee submitted an affidavit by a knowledgeable person that he had personally witnessed and participated in " 'the telephoning of the brick slice suppliers in other states and instructing them to with-hold [sic] timely delivery of brick slices to Enertec Southern, Inc.' " ⁹³¹ Un-

917. 608 So. 2d 324 (Miss. 1992).

918. *Id.* at 326-27.

919. *Id.* at 326.

920. *Id.*

921. *Id.*

922. *Id.* at 327.

923. *Id.*

924. *Id.*

925. *Id.* at 326.

926. *Id.*

927. *Id.*

928. *Id.*

929. *Id.*

930. *Id.* at 328-29. En route, and inappropriately, the court recited the *Irby* formula for tortious interference with contract. See *supra* note 731 and accompanying text. Of course, as we have seen, the first element of a correct articulation of that tort is knowledge of the contract. See page 368; *Collins v. Collins*, 625 So. 2d 786, 791 (Miss. 1993). By definition, the elements of tortious interference with contract cannot be the same as interference with other economic advantage, although the former is an instance of the latter. Other cases making this same mistake include *Protective Service Life Insurance Co. v. Carter*, 445 So. 2d 215, 216-17 (Miss. 1983); and *Hardy Brothers Body Shop v. State Farm Mutual Auto Insurance Co.*, 848 F. Supp. 1276, 1291 (S.D. Miss. 1994).

931. *Nichols*, 608 So 2d at 329.

der the fraud count, it is suggested that Tri-State represented it would not use its dominant credit position as a tool to injure Enertec and that Tri-State had promised it would make a capital investment.⁹³² In any event, for purposes of surviving summary judgment, the claim was more than established by the evidence that Tri-State personnel telephoned brick slice suppliers and instructed them to withhold timely delivery to Enertec.⁹³³

What is less clear is whether this is a tort claim for interference with business relations/prospective economic advantage or whether this may be a breach of some implied covenant of good faith and fair dealing. It would certainly seem arguable that the distributorship agreement between Enertec and Tri-State contained such an implied covenant,⁹³⁴ one to the effect that Tri-State would not attempt to undermine Enertec's manufacture of the siding panels Tri-State was to distribute. Apparently, Tri-State made a number of representations that Enertec relied on, all of which makes the claim sound like one for promissory estoppel. Just why Enertec's trustee would take on the additional burden of proving this claim by clear and convincing evidence by calling it fraud instead of promissory estoppel is not clear. The most likely explanation is the familiar explanation: exuberance in pleadings on the part of plaintiff's counsel.

The central lesson of this case is that the label/form of action one uses in pleadings is not nearly so important as the substance. At its core (and remembering that the case is only at the summary judgment stage), *Tri-State* stands for the proposition that calling up a manufacturer's suppliers and telling them to withhold timely delivery of needed supplies is an unfair method of competition and, because so, a tortious interference with prospective economic advantage. Moreover, falsely making a number of representations to a market actor of the sort that one would reasonably rely on and which are in fact relied on to one's detriment, is actionable whether one calls it promissory estoppel or fraud.

H. A Step Back and a Bit of an Overview

This survey of cases is less than satisfying. The fact patterns present a crazy quilt, although this is not surprising when we remember we address a residual business tort. All business torts disappoint reasonable expectations of prospective economic advantage in one way or another. All business torts involve unfair business practices and focus on "the nature of the conduct and its likely effect[s]."⁹³⁵ Interference torts do no less, though they be on the edge of the field.

Interference with prospective economic advantage (other than the prospective economic advantage that, in the ordinary course, the plaintiff market actor would reasonably expect to flow from fair competition, non-deceptive marketing, fair use of its trade secrets and other trade values, and from existing contracts) is diffi-

932. *Id.*

933. *Id.*

934. See *Cenac v. Murry*, 609 So. 2d 1257, 1272 (Miss. 1992); *UHS-Qualicare, Inc. v. Gulf Coast Community Hosp., Inc.*, 525 So. 2d 746, 757 n.8 (Miss. 1987).

935. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 1(a) (1995).

cult to reduce to black letter form. Because there is no contract, the elements of this residual tort cannot be the same as tortious interference with contract, notwithstanding the less than perceptive recitations of some judicial authors.⁹³⁶ We know that the plaintiff must show "a reasonable probability" that there would have been an economic advantage but for the defendant's interference.⁹³⁷ We know further that the plaintiff must show the defendant's acts interfered with the plaintiff in his prospective economic advantage so that, as a proximate result thereof, plaintiff suffered pecuniary loss. Beyond this, the elements are the same as the restated tort of interference with contract presented above, to-wit: the plaintiff must show that, at the time of defendant's acts, it was reasonably foreseeable to one in the defendant's circumstances that his acts would cause such an effect; and that the acts were done without right or justification.⁹³⁸

This said, it is important to remember that several categories of cases lie outside the liability loop. An actor having a financial interest in the business of the person induced may act to protect his interest and is not subject to liability if, in doing so, he does not employ improper means.⁹³⁹ Similarly, one who is "charged with responsibility for the welfare of a third person" such as a guardian or a teacher or a lawyer may not be held liable when he acts to protect the welfare of that person, again so long as he does not employ independently wrongful means.⁹⁴⁰

One who acts to influence the would-be plaintiff's policy in the conduct of his business by inducing third persons not to trade with the plaintiff is thought to be acting properly, provided "the actor has an economic interest in the matter" and the means employed are not independently wrongful nor likely to lead to an unlawful effect.⁹⁴¹ As Restatement commentary notes, "[a]ll retailers in a community, whether competitors or not, may have an interest in each other's policy relative to hours of business. . . . And the employees of one retailer may have an economic interest in the hours of employment maintained by a competing retailer."⁹⁴² Providing truthful information or rational advice within the scope of a request is not actionable even though it interferes with the performance of a contract or encourages one not to enter a prospective contract,⁹⁴³ nor may one be held for asserting in good faith a legally protected interest or who by appropriate means causes the non-performance of an agreement that is illegal or contrary to public policy.

936. A number of cases addressing the tort of interference with prospective economic advantage cite the elements of the tort of interference with contract, seemingly without realizing that the fit is less than apt. *See, e.g.,* Nichols v. Tri-State Brick & Tile Co., 608 So. 2d 324, 328 (Miss. 1992); Protective Life Ins. Co. v. Carter, 445 So. 2d 215, 216-17 (Miss. 1983); Hardy Bros. Body Shop v. State Farm Mut. Auto. Ins. Co., 848 F. Supp. 1276, 1291 (S.D. Miss. 1994).

937. Cockerham v. Kerr-McGee Chem. Corp., 23 F.3d 101, 105 (5th Cir. 1994).

938. *See supra* page 368.

939. Cockerham, 23 F.3d at 106; RESTATEMENT (SECOND) OF TORTS § 769 (1979).

940. RESTATEMENT (SECOND) OF TORTS § 770 (1979). *But see* Bailey v. Richards, 111 So. 2d 402 (Miss. 1959).

941. RESTATEMENT (SECOND) OF TORTS § 771 (1979). *See* Southern Bus Lines, Inc. v. Amalgamated Ass'n of St. Elec. Ry. & Motorcoach Employees of Am., 38 So. 2d 765 (Miss. 1949); Southern Christian Leadership Conference v. A. G. Corp., 241 So. 2d 619 (Miss. 1970).

942. RESTATEMENT (SECOND) OF TORTS § 771 cmt. d (1979).

943. *Id.* § 772. *See* Bailey v. Richards, 111 So. 2d 402 (Miss. 1959).

These views find expression in the Restatement (Second) of Torts which brings us back to our core consideration. A market participant may not be held to have impermissibly interfered with his competitor's prospective economic advantage so long as his acts, objectively assessed, at least in part advanced his interest in competing with the other, although competition will not suffice to justify inducing breach of an existing contract.⁹⁴⁴

One of the major policy judgments imbedded in our law is that competition is beneficial and should be protected. And so the Second Restatement of Torts here provides:

- (1) One who intentionally causes a third person not to enter into a prospective contractual relation with another who is his competitor or not to continue an existing contract terminable at will does not interfere improperly with the other's relation if
 - (a) the relation concerns a matter involved in the competition between the actor and the other and
 - (b) the actor does not employ wrongful means and
 - (c) his action does not create or continue an unlawful restraint of trade and
 - (d) his purpose is at least in part to advance his interest in competing with the other.
- (2) The fact that one is a competitor of another for the business of a third person does not prevent his causing a breach of an existing contract with the other from being an improper interference if the contract is not terminable at will.⁹⁴⁵

The new Restatement of Unfair Competition says essentially the same, only more succinctly – and it drops “intentional” and changes “improper” to “unfair,” without change of practical effect, as we have seen.⁹⁴⁶

These views are the product of a crystallized pattern of decisions over the years and the many statutes in the field. They reflect that reading of the Mississippi law of business torts that best fits and justifies the texts in the field. This reading focuses upon unfair and improper means but falls short of a clear statement of when they are so. We know means independently tortious or otherwise unlawful meet the mark, but cases from *Temperton v. Russell* to *Nichols v. Tri-State* suggest there is more. The Restatements offer an approach to assessing these cases at the edge. The new Restatement proscribes “other acts or practices of the actor determined to be similarly actionable as an unfair method of competition, taking into account the nature of the conduct and its likely effect on both the party seeking relief and the public.”⁹⁴⁷ This is but a condensation of the old Restatement as it urges that we consider the following factors:

- (a) the nature of the actor's conduct,
- (b) the actor's motive,

944. RESTATEMENT (SECOND) OF TORTS § 768 (1979).

945. *Id.* § 768. See also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 1 cmt. a (1995).

946. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 1 cmt. a (1995).

947. *Id.* § 1.

- (c) the interests of the other with which the actor's conduct interferes,
- (d) the interests sought to be advanced by the actor,
- (e) the social interests in protecting the freedom of action of the actor and the contractual interests of the other,
- (f) the proximity or remoteness of the actor's conduct to the interference and
- (g) the relations between the parties.⁹⁴⁸

In commentary, the Restatement draftsmen tell us we must determine whether the interference is improper "through an appraisal of the several factors and an evaluation of their comparative weight."⁹⁴⁹ Later we are told the decision "depends upon a judgment and choice of values in each situation," that the factors are "to be weighed against each other and balanced in arriving at a judgment."⁹⁵⁰

What is clear in the end is that liability at the penumbra depends on the interplay of a variety of factors which are not reducible to a single rule. Such a form of expression of the law would be a disaster were it used to cover the core cases, as we have explained in Part X.A. above. However much the Restatements' "unfair" and "improper" balancing acts might in theory present the possibility of a just outcome in individual cases, they wholly ignore the market participant's primary need for realistic and intelligible rules regulating primary private activity. My reading of this state's valid legal texts—statutes as well as cases—suggests the Restatement approaches the mark but is not quite there. It is easy to find support for each of these seven tort factors, but one stands out when we survey the field as a whole. The reading that best fits and justifies the texts in the field requires recognition that our central focus be on the nature of the actor's conduct. The other six serve but as aids to adjudication in problematic cases.

XII. REMEDIES

A. Aggregation and Multiplication

[A] legal duty so called is nothing but a prediction that if a man does or omits certain things he will be made to suffer in this or that way by judgment of the court;— and so of a legal right.⁹⁵¹

Holmes penned these words in a famous essay almost a century ago, his thesis being that a proper study of the law should concentrate upon "what the courts will do in fact, and nothing more pretentious."⁹⁵² In Holmes' view, talk of rights and duties and all else ranged from, at best, preliminary considerations to, at worst, metaphysical nonsense. Shorn of remedy, the legal process is but an academic exercise. Think how we would think of a lawsuit if, at its end, the trier of fact would announce the "truth" of what happened and who was in the right and send the parties on their way. Clients do not pay fees to learn about rights but about remedies—

948. RESTATEMENT (SECOND) OF TORTS § 767 (1979).

949. *Id.* at cmt. a.

950. *Id.* at cmts. a, b. Compare RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 1 cmt. g (1995).

951. Oliver Wendell Holmes, Jr., *The Path of the Law*, 10 HARV. L. REV. 457, 458 (1897).

952. *Id.* at 461.

their own and of those they may offend. The law is ultimately about risks and remedies.

In the multifarious field of business torts, the law of risks and remedies is grounded within all of the known legal genera and species. We have seen the meaning and effect of this feature of the landscape at the stage of primary rules and the rights they engender. The proper aggregation of law is no less important on the remedial stage. Rules regulating and providing remedies for deceptive marketing and trademark infringement, as we have seen, are found in federal law—the Lanham Act,⁹⁵³ in state statutory law, and in the common law of the several states. Misappropriation of protected proprietary information may be remedied under state statutory law, the common law of the state, and under the private law of contracts. As with rules and rights, such a remedial scheme should not be seen as emanating from discrete legal compartments, but as the product of the law as an integrated whole.

The wealth and variety of statutes in the field—federal and state—notwithstanding, we have seen that the common law actions for unfair competition and related business torts remain viable.⁹⁵⁴ With few exceptions, the existence of a legal remedy in one sphere in no way precludes other remedies. Multi-count complaints are the order of the day, and appropriately so—until the day we unite all into a single and comprehensive competitive tort.

Statutory recognitions of this premise abound. For example, the MUTPCPA provides that “[t]he remedies in this chapter are in addition and not in derogation of remedies otherwise available under federal, state or local law to the attorney general, the district or county attorneys, or to persons injured by violations of this chapter.”⁹⁵⁵ In the Mississippi Trademark Registration Act, we find it provided that “[t]he enumeration of any right or remedy herein shall not affect a registrant’s right to prosecute under any penal law of this state,”⁹⁵⁶ and thereafter “[n]othing herein shall adversely affect the rights of [sic] the enforcement of rights in marks acquired in good faith at any time at common law.”⁹⁵⁷ This language takes meaning from our settled recognition that “[t]here is a common-law property right in a trade-mark, and, if used or imitated by others, an action will lie.”⁹⁵⁸

On the other hand, some statutes do preclude (some) other remedies. For example, the Mississippi Uniform Trade Secrets Act provides that “[e]xcept as provided in subsection (2), this chapter displaces conflicting tort, restitutionary and other law of this state providing civil remedies for misappropriation of a trade se-

953. 15 U.S.C. § 1116 (1988).

954. *See, e.g.,* Lear Siegler, Inc. v. Ark-Ell Springs, Inc., 569 F.2d 286 (5th Cir. 1978); Memphis Steam Laundry-Cleaners, Inc. v. Lindsey, 5 So. 2d 227 (Miss. 1941). *See generally* RESTATEMENT (SECOND) OF TORTS §§ 766-774A (1979).

955. MISS. CODE ANN. § 75-24-23 (1991). The Consumer Rental-Purchase Agreement Act is to like effect. MISS. CODE ANN. § 75-24-171(3) (Supp. 1995).

956. MISS. CODE ANN. § 75-25-23 (1991).

957. MISS. CODE ANN. § 75-25-25 (1991).

958. *Correio v. Wright*, 47 So. 379, 380 (Miss. 1908). *See also* *Staple Cotton Coop. Ass’n v. Federal Staple Cotton Coop. Ass’n*, 162 So. 2d 867, 869 (Miss. 1964).

cret.”⁹⁵⁹ The Act goes on to provide, however, that “[t]his chapter does not affect: (a) Contractual remedies, whether or not based upon misappropriation of a trade secret; (b) Other civil remedies that are not based upon misappropriation of a trade secret; or (c) Criminal remedies, whether or not based upon misappropriation of a trade secret.”⁹⁶⁰

The operative general principle to be derived from all of this is, unless otherwise provided by statute, business tort remedies are cumulative. This is a function of the fact that law is and ought to be seen as an integrated whole, with differences in genera and species having importance only when we seek to identify the source of the power to make changes or when we need consult familiar hierarchical rankings to determine which controls in the event of conflict.⁹⁶¹ A corollary of this latter provision is the power of preemption on the part of higher ranking legal genera and species, an example of which is the provision just quoted from the Mississippi Uniform Trade Secrets Act. Unless limited or preempted by some higher genera or species of law, all remedies provided in any genera or species may and properly should be accumulated.

B. *Where to Sue*

Given the assortment of business tort remedies available, it should surprise no one that (most) plaintiffs have more than one courthouse where they may seek solace. A federal forum is available, of course, where there is complete diversity of citizenship and where the requisite \$50,000.00 jurisdictional amount is at issue.⁹⁶² General federal question jurisdiction is available where (some substantial part of) the plaintiff’s claim arises under federal law.⁹⁶³ Some federal “business tort” statutes provide their own grant of federal court subject matter jurisdiction.⁹⁶⁴ And, if there is an independent ground for general or specific federal question jurisdiction, state law claims may be brought in a federal action via supplemental jurisdiction.⁹⁶⁵ All of this is familiar enough.

Mississippi’s recognition of concurrent jurisdiction over federal claims is now settled – the state’s once fervent hostility to federal sources of law a less than happy chapter of our (not so distant) past. Indeed, the state forum for litigating federal claims is becoming increasingly important.⁹⁶⁶ With the limited exception of cases where federal law vests subject matter jurisdiction exclusively in the federal

959. MISS. CODE ANN. § 75-26-15(1) (1991).

960. MISS. CODE ANN. § 75-26-15(2) (1991).

961. See Part III, Robertson, *supra* note 611, at 45-48.

962. 28 U.S.C. § 1332 (1988).

963. 28 U.S.C. § 1331 (1988).

964. See, e.g., Lanham Act, 15 U.S.C. § 1121 (1988).

965. 28 U.S.C. § 1367 (1988) (formerly known as pendent jurisdiction).

966. See, e.g., Greenville Pub. Sch. Dist. v. Western Line Consol. Sch. Dist., 575 So. 2d 956, 959 (Miss. 1990), *cert. denied*, 112 S. Ct. 1512 (1992); Burrell v. Mississippi State Tax Comm’n, 536 So. 2d 848, 863-64 (Miss. 1988); Marx v. Truck Renting & Leasing Ass’n, 520 So. 2d 1333, 1346 (Miss. 1987); Gregory v. Federal Land Bank, 515 So. 2d 1200, 1203 (Miss. 1987).

courts,⁹⁶⁷ any federal claim may also be heard and adjudged in the courts of this state.⁹⁶⁸ In such cases, the anachronistic division of our trial courts into circuit and chancery courts is not without its difficulties, and these are worth a pause.

The law has long been well settled that a chancery court has pendent jurisdiction to hear and adjudicate claims at law. In a case exhibiting an independent ground for equity or chancery jurisdiction adequate to bring the case within chancery court subject matter jurisdiction,⁹⁶⁹ the chancery court is empowered to grant wholly legal relief.⁹⁷⁰

The converse principle—that the circuit court has jurisdiction to hear equity claims via pendent jurisdiction—is of more recent vintage, appearing first in *Hall v. Corbin*.⁹⁷¹ *Hall* began as a garden variety replevin action. The defendant in replevin and a third-party intervenor sought to assert a possessory interest in the automobile and, more importantly, a claim for an equitable lien based upon the plaintiff's alleged fraudulent use of the defendant's funds.⁹⁷² The court held that “where a circuit court has jurisdiction of an action at law, it may hear and adjudicate in that action all claims, including those with an equitable smell, arising out of the same transaction and occurrence as the principal claim.”⁹⁷³ Since *Hall*, a number of cases have held a circuit court may hear equity claims and provide equitable remedies via pendent jurisdiction.⁹⁷⁴

This pendent jurisdiction principle was reaffirmed and expanded in *McDonald's Corp. v. Robinson Industries, Inc.*⁹⁷⁵ *McDonald's* held that a county court, sitting as a special court of eminent domain, had jurisdiction to try title, a matter traditionally thought exclusively within the subject matter jurisdiction of chancery courts.⁹⁷⁶ In consequence, the Mississippi Supreme Court was soon thereafter in *McDonald v. Holmes*⁹⁷⁷ able to state, almost routinely that “[w]e have made clear that our trial courts, chancery and circuit, have full jurisdiction to adjudicate all

967. Patent and copyright claims, arguably business torts, are of exclusive federal competence. See *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

968. *Yellow Freight Sys., Inc. v. Donnelly*, 494 U.S. 820 (1990); *Gulf Offshore Co. v. Mobil Oil Corp.*, 453 U.S. 473 (1981).

969. See Miss. CONST. of 1890, art. VI, § 159; Miss. CODE ANN. § 9-5-81 (1991).

970. See, e.g., *Tideway Oil Programs, Inc. v. Serio*, 431 So. 2d 454, 464 (Miss. 1983); *Morgan v. United States Fidelity & Guar. Co.*, 222 So. 2d 820, 826 (Miss. 1969); *Shaw v. Owen*, 90 So. 2d 179 (Miss. 1956); *Duvall v. Duvall*, 80 So. 2d 752, 755 (Miss. 1955); *Burnett v. Bass*, 120 So. 456, 457 (Miss. 1929).

971. 478 So. 2d 253, 255 (Miss. 1985).

972. *Id.* at 254.

973. *Id.* at 255.

974. *Gibson v. Manuel*, 534 So. 2d 199, 200 n.2 (Miss. 1988) (circuit court could consider motion for preliminary injunction); see *Miss. R. Civ. P. 65*; *American Elec. v. Singarayar*, 530 So. 2d 1319, 1320 n.1 (Miss. 1988) (same); *Dye v. State ex rel. Hale*, 507 So. 2d 332, 337-38 (Miss. 1987) (circuit court could consider claims for equitable relief); *Canton Farm Equip. v. Richardson*, 501 So. 2d 1098, 1103 (Miss. 1987) (same).

975. 592 So. 2d 927, 934 (Miss. 1991).

976. *Id.*

977. 595 So. 2d 434 (Miss. 1992).

claims in a single action without regard to whether they arise in equity or at law.⁹⁷⁸

And what of the venerable motion to transfer? Of this, I once opined:

One of the inevitable by-products of our divided trial court system—circuit and chancery—is that there will be cases that present multiple issues, some legal and some equitable. While in certain instances there is the power of the one court to transfer a portion of the matter to the other for hearing . . . that power is exercised as a matter of convenience and not necessity.⁹⁷⁹

In conventional business dispute litigation, often the plaintiff is in need of a range of remedies—for past wrongs, compensatory damages of one form or another, punitive damages, and, more equitably, prospective injunctive relief (preliminary and permanent), specific performance, restitution, an accounting, a constructive trust or equitable lien, among others. Traditionally, these cases were brought in chancery court, the old thinking being that the demand for equitable relief made this the exclusive forum. It seems settled today that the circuit courts have full jurisdiction over such cases and, pendent to their authority over the action at law, may grant such equitable relief as may be appropriate.

The practical effects of all of this are twofold: First, whatever court the plaintiff elects should, in the words of the new Restatement commentary, be “generally free to select the remedy or combination of remedies that most effectively protects the interests threatened by the defendant’s misconduct.”⁹⁸⁰ Second, the plaintiff has the election whether he wants a jury trial, and, when the plaintiff has elected, there is little the defendant can do about it, the constitutional right to trial by jury⁹⁸¹ to the contrary notwithstanding.⁹⁸² The defendant can always move to transfer—to circuit court or to chancery court, as the case may be—but, if the motion is denied, he is stuck.

C. Who Can Sue

We have shown the law of business torts marked by a hodgepodge of federal and state statutes and case law and historically discrete torts. As one might expect, these have generated a not dissimilar hodgepodge of public and private remedies. Public remedies range from criminal fines, civil penalties, injunctions, and, in some cases, license revocation or suspension. Private remedies include most prominently prospective injunctive relief—prohibitory and mandatory, preliminary and permanent—and compensatory damages for past harm and future loss of profits and other ascertainable pecuniary losses, or at times an accounting for the

978. *Id.* at 436.

979. *Ivy v. Illinois Cent. Gulf R.R.*, 510 So. 2d 520, 528 (Miss. 1987) (Robertson, J., concurring) (citations omitted).

980. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 35 cmt. a (1995).

981. MISS. CONST. of 1890, art. III, § 31.

982. *Cf. McLean v. Green*, 352 So. 2d 1312, 1314 (Miss. 1977); *Talbot & Higgins Lumber Co. v. McLeod Lumber Co.*, 113 So. 433 (Miss. 1927).

profits of an unjustly enriched defendant or a royalty in lieu of damages measured by the fair market value of what the defendant has (mis) appropriated.

It is important to recall what we have seen, that most private plaintiffs may fall into one of two broad but quite different categories: (1) competitors—those who compete horizontally with or suffer unfair competitive harm at the hands of the defendant; and (2) consumers and other buyers—those situated vertically in the chain of distribution who do business with the defendant and are purchasers or consumers of the defendant's goods or services. Unless otherwise provided by law,⁹⁸³ those who may bring an action include parties within either group, indeed, any person harmed, or, in the case of prospective injunctive relief, reasonably likely to be harmed, as a direct and proximate result of the actionable competitive conduct of the defendant.

The State Antitrust Act empowers a broad range of parties as potential plaintiffs, *viz* “[a]ny person, natural or artificial, injured or damaged by a trust and combine as herein defined, or by its effects direct or indirect.”⁹⁸⁴ Though no other statute goes so far, all preserve (almost) all remedies otherwise available, as noted above. The MUTPCPA expressly authorizes a concurrent regime of public and private enforcement.⁹⁸⁵ As we have seen,⁹⁸⁶ the Act makes actionable at least eleven general species of “unfair methods of competition and unfair or deceptive trade practices.”⁹⁸⁷ We know from experience that most, if not all, of these practices harm both competitors and consumers. The very phrase “unfair methods of competition” connotes bona fide and fair dealing competitors as the parties most likely to suffer from the proscribed wrongs. This is certainly true in the case of “disparaging the goods, services, or business of another by false or misleading representation of fact,” made actionable in section 75-24-5(h).⁹⁸⁸ Even though the statute expressly provides private remedies only for consumers, there is no reason to think competitors, when harmed, are forbidden to sue. Otherwise, the private enforcement dimension of the law's remedial scheme might founder as “[i]n many instances . . . the cost of obtaining relief may exceed the purchaser's potential remedy.”⁹⁸⁹ After all, the section providing consumers their remedy says that remedy is “[i]n addition to all other statutory and common law rights, remedies and defenses,”⁹⁹⁰ and the Act saves all other remedies “available . . . to persons injured

983. For example, Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1988), has been judicially construed so that only business competitors, direct or indirect, have standing to sue. *See, e.g.,* Alfred Dunhill, Ltd. v. Interstate Cigar Co., 499 F.2d 232 (2d Cir. 1974). The new RESTATEMENT (THIRD) OF UNFAIR COMPETITION addresses only “potential liability for harm” between and among competitors and is “not intended to be applicable to disputes between buyers and sellers.” Statement of Professor Robert C. Denicola Before the 1988 Annual Meeting of the ALI (May 20, 1988), *supra* note 25, at 461.

984. MISS. CODE ANN. § 75-21-9 (1991).

985. MISS. CODE ANN. §§ 75-24-9 to -21 (1991 & Supp. 1994).

986. *See* Part VI, Robertson, *supra* note 611, at 81-95.

987. MISS. CODE ANN. § 75-24-5(2) (Supp. 1994).

988. MISS. CODE ANN. § 75-24-5(h) (1991 & Supp. 1994).

989. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 2 cmt. a (1995).

990. MISS. CODE ANN. § 75-24-15(1) (1991 & Supp. 1994).

by violations of this chapter.”⁹⁹¹ The common law has long given the injured competitor a remedy,⁹⁹² and the statute, enacted in 1974, is best seen as augmenting what was already there.

In the end, of course, whether as a practical matter a plaintiff within either category may mount a successful claim is a function of his ability to prove that his losses, economic and otherwise, have been, or, are likely to be, substantially proximately caused by defendant’s actionable conduct (and not by other forces—economic or otherwise—for which defendant is not responsible).

D. Whom to Sue

Often there is more than one legally viable defendant. In *Mid-Continent Telephone Corp. v. Home Telephone Co.*,⁹⁹³ plaintiff sued in tort, charging that the defendant had interfered with plaintiff’s existing contract.⁹⁹⁴ The court held that the (theoretical) possibility of recovering damages against the breaching party did not affect plaintiff’s right to damages from the interfering defendant, apparently in recognition of the separate right interfered with—the right to have one’s contracts secure from improper interference.⁹⁹⁵ “That the injured party also has a right of action for damages *ex contractu* against the party who breached the contract is not a defense to the interference action.”⁹⁹⁶ Of course, no plaintiff may be made whole but once.

E. Private Plaintiff Entitlement to Injunctive Remedy

1. Permanent Injunctive Relief

It is widely accepted that private parties suing on common law business torts may seek injunctive relief.⁹⁹⁷ This is so notwithstanding that the traditional tort remedy has been one for compensatory damages. Many statutes say the same thing. Section 34 of the Lanham Act⁹⁹⁸ authorizes courts to grant injunctions “according to the principles of equity and upon such terms as the court may deem reasonable” to prevent deceptive trade practices, including, but by no means limited to, infringement of marks registered under the Act and infringement of unregistered marks.⁹⁹⁹ The Mississippi Trademark Registration Act provides that “any court of competent jurisdiction may grant injunctions to restrain such manufacture, use, display or sale as may be by the said court deemed just and reason-

991. MISS. CODE ANN. § 75-24-23 (1991).

992. *See, e.g.*, *Memphis Steam Laundry-Cleaners, Inc. v. Lindsey*, 5 So. 2d 227 (Miss. 1941), discussed in Part IV, Robertson, *supra* note 611, at 50-56.

993. 319 F. Supp. 1176 (N.D. Miss. 1970).

994. *Id.* at 1187.

995. *Id.* at 1200.

996. *Id.*

997. *See, e.g.*, *Staple Cotton Coop. Ass’n v. Federal Staple Cotton Coop. Ass’n*, 162 So. 2d 867 (Miss. 1964); *Cotton’s Holsum Bakers, Inc. v. Smith’s Bakery, Inc.*, 130 So. 2d 570 (Miss. 1961); *Correro v. Wright*, 47 So. 379, 380 (Miss. 1908).

998. 15 U.S.C. § 1116 (1988).

999. *Id.*

able.”¹⁰⁰⁰ Other examples of statutory authorizations of a private right to pursue injunctive relief for business torts may be found in the Mississippi Uniform Trade Secrets Act,¹⁰⁰¹ and the Unfair Cigarette Sales Act.¹⁰⁰²

The new Restatement (Third) of Unfair Competition proclaims injunctive relief as the preferred remedy in deceptive trade practice cases.¹⁰⁰³ In anticipation of objection on grounds the equitable remedy of an injunction should be available only where the remedy of damages is found inadequate, this convincing explanation is offered:

In unfair competition cases, the wrong is ordinarily not a single event but a course of business conduct, and the plaintiff is thus subjected to continuing harm. Frequently, the harm is not reparable by an action for monetary relief because of the difficulty of proving the amount of loss and the causal connection with the defendant's wrongful conduct. See Section 36. Thus, the judicial preference for injunctive relief in unfair competition cases is not an exception to ordinary remedial principles, but rather an application of those principles in a context in which injunctive relief is generally the most appropriate remedy.¹⁰⁰⁴

As noted above, the new Restatement offers a flexible realistic rendering of what a plaintiff must prove to get his injunction, viz the plaintiff must show only

that the representation is *likely* to deceive or mislead prospective purchasers to the *likely* commercial detriment of another; proof of actual deception or actual harm is not required. See § 3, Comment *e*. Thus, injunctive relief may be awarded even though the fact or extent of harm to the party seeking relief is uncertain.¹⁰⁰⁵

The Restatement commentators go on to observe that “[s]uch a remedy does not afford a windfall to the plaintiff and furthers the public interest in preserving the integrity of the marketplace.”¹⁰⁰⁶

Although injunctive relief is the remedy of choice in deceptive marketing and trademark infringement cases, it remains subject to equitable principles, and the court is free to balance the interests of the parties in light of the circumstances of the case. The Restatement (Second) of Torts sets forth the factors relating to the appropriateness of injunctions in tort actions generally.¹⁰⁰⁷ The new Restatement addresses the point in unfair competition cases and provides:

(2) The appropriateness and scope of injunctive relief depend upon a comparative appraisal of all the factors of the case, including the following primary factors:

(a) the nature of the interest to be protected;

1000. MISS. CODE ANN. § 75-25-23 (1991).

1001. MISS. CODE ANN. § 75-26-5 (1991).

1002. MISS. CODE ANN. § 75-23-23(a) (1991).

1003. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 35 (1995).

1004. *Id.* § 35 cmt. a.

1005. *Id.* § 2 cmt. h, § 3 cmt. e.

1006. *Id.* § 2 cmt. h.

1007. RESTATEMENT (SECOND) OF TORTS § 936 (1979).

- (b) the nature and extent of the appropriation;
- (c) the relative adequacy to the plaintiff of an injunction and of other remedies;
- (d) the relative harm likely to result to the legitimate interests of the defendant if an injunction is granted and to the legitimate interests of the plaintiff if an injunction is denied;
- (e) the interests of third persons and of the public;
- (f) any unreasonable delay by the plaintiff in bringing suit or asserting its rights;
- (g) any related misconduct on the part of the plaintiff; and
- (h) the practicality of framing and enforcing the injunction.¹⁰⁰⁸

Put otherwise, an injunction is like a suit of clothes. It should be fashioned to fit the facts in need of coverage.¹⁰⁰⁹

All of this is easy enough to state in the abstract.¹⁰¹⁰ Precisely what quantity and form of injunctive relief should be ordered in a given case may be quite another matter. For instance, a former employee may not "use, disclose or impinge upon any of the secret processes or business secrets of his former employer."¹⁰¹¹ From this it may seem to follow that, where a former employee offends this rule, the former employer is entitled to injunctive relief. Mississippi law follows theory and holds this is so, but that the injunction may not run in perpetuity: "[T]he former employer is entitled to injunctive relief for no longer period than it would take the former employee to secure the same information or same position by independent means, and without resort to the trade secret."¹⁰¹² This view now enjoys the reinforcement of legislative acceptance by reason of the enactment in 1990 of the Mississippi Uniform Trade Secrets Act,¹⁰¹³ which expresses the general rule with slightly different language:¹⁰¹⁴ "[A]n injunction shall be terminated when the trade secret has ceased to exist, but the injunction may be continued for an additional reasonable period of time in order to eliminate commercial advantage that otherwise would be deprived from the misappropriation."¹⁰¹⁵ The trick, of course, is to find a Herculean judge¹⁰¹⁶ with the ability to translate this theoretically unassaila-

1008. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 44 (1995).

1009. In cases of appropriation of trade secrets and other trade values, the new Restatement provides that courts should consider the above factors and, as well, "the relative adequacy to the plaintiff of an injunction and of other remedies." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 44(2)(c) (1995).

1010. As surely by now we all see, balancing tests like the above are at best hortatory and at worst masques for lawlessness. See Robertson, *supra* note 774, at 147. Compare discussion *supra* Part XI.

1011. 2 CALLMANN, *supra* note 496, § 54.2(a), at 416.

1012. *Planhouse, Inc. v. Breland & Farmer Designers, Inc.*, 412 So. 2d 1164, 1167 (Miss. 1982).

1013. MISS. CODE ANN. § 75-26-5(1) (1991).

1014. The new Restatement phrases it this way: "The duration of injunctive relief in trade secret actions should be limited to the time necessary to protect the plaintiff from any harm attributable to the appropriation and to deprive the defendant of any economic advantage attributable to the appropriation." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 44(3) (1995).

1015. MISS. CODE ANN. § 75-26-5(1) (1991).

1016. I refer again to Ronald Dworkin's mythical Judge Hercules. See RONALD M. DWORIN, *LAW'S EMPIRE* 239, 245 (1985); RONALD M. DWORIN, *TAKING RIGHTS SERIOUSLY* 105-30 (1977).

ble, but hopelessly unrealizable rule, into a judicial decree the parties can understand and conform to.

The general law of injunctions forms an important backdrop here and should always be consulted.¹⁰¹⁷ For example, one important factor in deciding whether an injunction should issue concerns the likelihood of defendant's continued misconduct without it. If repetition of the wrongdoing is likely, an injunction will issue even if the defendant acted in good faith and has ceased his wrongful conduct and no actual harm to plaintiff has been shown.¹⁰¹⁸ Beyond this, an injunction must fairly inform the enjoined party what he must do or is prohibited from doing, and this must appear in the body of the order of the court and not by way of reference to the pleadings or other extraneous matter.¹⁰¹⁹

A note of caution. The constitutional guarantees of free speech play a modest but real role in the area of commercial speech,¹⁰²⁰ though the final contours of that role are hardly free from doubt.¹⁰²¹ Courts otherwise wholly inclined to enjoin future speech, e.g., in cases of commercial disparagement or false advertising, or the like, will carefully tailor their orders that First Amendment values may be secure.¹⁰²² For the moment, it is safe to say market participants have no protected interest in commercially deceptive or confusing speech. Commercial speech may be regulated or, if otherwise appropriate, enjoined when its contents are false, deceptive, or misleading.¹⁰²³ There is an economic dimension here as well. Interference in the communication of non-deceptive commercial speech generates anticompetitive consequences.¹⁰²⁴ Constitutional interpretation here ought and does mirror economic imperative.

2. Preliminary Injunctive Relief

One important subissue here concerns the availability of preliminary injunctive relief. Given the general state of court dockets and the amount of time it takes for parties to complete pretrial processes in business tort cases of even average complexity, a permanent injunction at the end of the case may be as effective as closing

1017. See GEORGE D. WARNER, JR., *WARNER'S GRIFFITH MISSISSIPPI CHANCERY PRACTICE* §§ 433-65 (rev. ed. 1991); see also *Developments in the Law-Injunctions*, 78 HARV. L. REV. 994 (1965).

1018. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 35 cmt. b (1995).

1019. See, e.g., *Hall v. Wood*, 443 So. 2d 834, 841 (Miss. 1983); *Southwest Starving Artists Group, Inc. v. State ex rel. Summer*, 364 So. 2d 1128, 1131 (Miss. 1978).

1020. *Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748 (1976); *Bigelow v. Virginia*, 421 U.S. 809 (1975).

1021. See, most recently, *City of Cincinnati v. Discovery Network, Inc.*, 113 S. Ct. 1505 (1993).

1022. See GEORGE J. ALEXANDER, *COMMERCIAL TORTS* § 5.1 (2d ed. 1988); *Developments in the Law—Competitive Torts*, 77 HARV. L. REV. 888, 903-04 (1964); see also Southern Christian Leadership Conference, Inc. v. A. G. Corp., 241 So. 2d 619 (Miss. 1970); *Southern Bus Lines, Inc. v. Amalgamated Ass'n of St. Employees*, 38 So. 2d 765 (Miss. 1949).

1023. See *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm'n*, 447 U.S. 557, 563 (1980); *Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748, 771 (1976); *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1022 (9th Cir. 1985), cert. denied, 474 U.S. 1059 (1986); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 35 cmt. c (1995).

1024. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 2 cmt. a (1995).

the gate after the horse is long gone. Preliminary injunctive relief, according to Restatement commentary, is an essential weapon in the law's remedial arsenal.¹⁰²⁵

Procedurally, of course, requests for preliminary relief are controlled by rules.¹⁰²⁶ Where the application is made in a court of the State of Mississippi, the matter is addressed

to the Chancery Court's¹⁰²⁷ sound discretion. Following other jurisdictions, we have accepted that the court considering such an application must weigh and balance an assortment of equities¹⁰²⁸ and, in the end, make at least four findings, to-wit:

- (1) There exists a substantial likelihood that plaintiff will prevail on the merits;
- (2) The injunction is necessary to prevent irreparable injury;
- (3) Threatened injury to the plaintiffs outweighs the harm an injunction might do to the defendants; and
- (4) Entry of a preliminary injunction is consistent with the public interest.¹⁰²⁹

Federal courts act on like criteria.¹⁰³⁰

In trade secret (mis)appropriation cases, we have statutory authority for preliminary relief:

[A] court shall preserve the secrecy of an alleged trade secret by reasonable means, which may include granting protective orders in connection with discovery proceedings, holding in-camera hearings, sealing the records of the action and ordering any person involved in the litigation not to disclose an alleged trade secret without prior court approval.¹⁰³¹

F. Unenforceable Contracts

A further remedy in business tort cases is that the contract or agreement be declared void or unenforceable. For example, the State Antitrust Law provides that

1025. *Id.* § 35 cmt. h.

1026. FED. R. CIV. P. 65; Miss. R. CIV. P. 65.

1027. Business tort actions often involve claims for both legal and equitable remedies—damages for past injuries and an injunction to prevent future injuries. Such a suit may be brought in circuit or chancery court at the plaintiff's election.

1028. Judge Richard A. Posner has refined this balancing test as an algebraic formula in *American Hospital Supply Corp. v. Hospital Products, Ltd.*, 780 F.2d 589, 593 (7th Cir. 1986) (cited and discussed briefly in *American Electric v. Singaray*, 530 So. 2d 1319, 1324 (Miss. 1988)). I recommend the *American Hospital Supply* opinion to those who enjoy thought experiments, and, as well, the critical commentary in Linda S. Mullenix, *Burying (With Kindness) The Felicitic Calculus of Civil Procedure*, 40 VAND. L. REV. 541 (1987).

1029. *Durant v. Humphreys County Memorial Hosp.*, 587 So. 2d 244, 250 (Miss. 1991) (citation omitted). On the question whether an interlocutory appeal may follow the grant or denial of a preliminary injunction in business tort cases brought in state courts, see and compare *American Electric v. Singaray*, 530 So. 2d 1319 (Miss. 1988), and *American Tobacco Co. v. Evans*, 508 So. 2d 1057 (Miss. 1987).

1030. See, e.g., *Barnes v. Moore*, 970 F.2d 12, 13 n.1 (5th Cir. 1992), *cert. denied*, 113 S. Ct. 656 (1992); *Quality Inns Int'l v. Patel*, 622 F. Supp. 826, 828-29 (S.D. Miss. 1985); *Middleton Mfg. Co. v. Super Sagless Corp.*, 382 F. Supp. 979, 982-83 (N.D. Miss. 1974), *affd.*, 515 F.2d 509 (5th Cir. 1972).

1031. MISS. CODE ANN. § 75-26-11 (1991). *American Tobacco Co. v. Evans*, 508 So. 2d 1057 (Miss. 1987), is to like effect, albeit in a different context.

contracts or agreements pursuant to any trust or combine made illegal by the Act "[are] void, and cannot be enforced in any court."¹⁰³² The Unfair Cigarette Sales Law contains a similar proviso to the effect that any contract, express or implied, made by any person in violation of the Act "is illegal and void and no recovery shall be had thereon."¹⁰³³ The law regarding unfair competition in the sales of books, magazines, and other printed matter provides expressly, in addition to other remedies, that "the said contract or agreement shall be deemed void and cannot be enforced in any court."¹⁰³⁴ With respect to other business torts, the familiar rule that prohibits enforcement of contracts against public policy comes into play.

G. Compensatory Damages

The traditional tort remedy has always been actual, compensatory damages. Indeed, "[w]hoever heard of a tort where the plaintiff was not entitled to recover such damages as he may prove caused by defendant's tortious conduct?"¹⁰³⁵ The problem has been finding a formula for assessing damages that is at once sound in theory and viable in practice.

It is worth noting that in years past the common law has pursued a niggardly approach to proof of such damages. In commercial disparagement cases, for example, plaintiffs were expected to make proof of the persons who had refused to trade because of the disparagement.¹⁰³⁶ Of late, this view seems on the wane. *Mid-Continent Telephone Corp. v. Home Telephone Co.*¹⁰³⁷ recognized the right of recovery of consequential damages in an interference-with-contractual-relations case.

The Restatement (Second) of Torts recognizes a broader remedy in interference cases:

- (1) One who is liable to another for interference with a contract or prospective contractual relation is liable for damages for
 - (a) the pecuniary loss of the benefits of the contract or the prospective relation;
 - (b) consequential losses for which the interference is a legal cause; and
 - (c) emotional distress or actual harm to reputation, if they are reasonably to be expected to result from the interference.¹⁰³⁸

The Restatement then recognizes the principle noted at the end of Part XII.D above:

- (2) In an action for interference with a contract by inducing or causing a third party

1032. MISS. CODE ANN. § 75-21-11 (1991).

1033. *Id.* § 75-23-17.

1034. *Id.* § 75-23-53.

1035. *Pioneer Life Ins. Co. v. Moss*, 513 So. 2d 927, 931 (Miss. 1987) (Robertson, J., concurring).

1036. *See, e.g., Tobias v. Harland*, 4 Wend. 537 (N.Y. Sup. Ct. 1830); *Shaw Cleaners & Dyers, Inc. v. Des Moines Dress Club*, 245 N.W. 231 (Iowa 1932).

1037. 319 F. Supp. 1176, 1200 (N.D. Miss. 1970).

1038. RESTATEMENT (SECOND) OF TORTS § 774A(1) (1979).

to break the contract with the other, the fact that the third person is liable for the breach does not affect the amount of damages awardable against the actor; but any damages in fact paid by the third person will reduce the damages actually recoverable on the judgment.¹⁰³⁹

The new Restatement (Third) of Unfair Competition recognizes a broad and flexible judicial attitude toward claims for compensatory damages in trademark and trade name infringement and other deceptive marketing cases:

- (2) The pecuniary loss for which damages may be recovered . . . includes:
- (a) loss resulting to the plaintiff from sales or other revenues lost because of the actor's conduct;
 - (b) loss resulting from sales made by the plaintiff at prices that have been reasonably reduced because of the actor's conduct;
 - (c) harm to the market reputation of the plaintiff's goods, services, business, or trademark; and
 - (d) reasonable expenditures made by the plaintiff in order to prevent, correct, or mitigate the confusion or deception of prospective purchasers resulting from the actor's conduct.¹⁰⁴⁰

The right to recover such damages is not automatic. Here it is important to remember that the tail once wagged the dog, and, because of the necessity of an equitable remedy, business tort actions were once brought almost exclusively in courts of equity, and the substantive law of remedies developed there. True, those courts heard and adjudged plaintiff's claim for damages but brought to bear their usual discretionary flair, in consequence of all of which the new Restatement sets forth a series of factors the court should consider before awarding damages in deceptive marketing and trademark infringement cases:

- (3) Whether an award of damages for pecuniary loss is appropriate depends upon a comparative appraisal of all the factors of the case, including the following primary factors:
- (a) the degree of certainty with which the plaintiff has established the fact and extent of pecuniary loss caused by the actor's conduct;
 - (b) the relative adequacy to the plaintiff of other remedies, including an accounting of the actor's profits;
 - (c) the intent of the actor and the extent to which the actor knew or should have known that the conduct was unlawful;
 - (d) the role of the actor in bringing about the infringement or deceptive marketing;
 - (e) any unreasonable delay by the plaintiff in bringing suit or otherwise asserting its rights; and
 - (f) any related misconduct on the part of the plaintiff.¹⁰⁴¹

1039. *Id.* § 774A(2).

1040. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36(2) (1995).

1041. *Id.* § 36(3).

In cases of appropriation of trade secrets or other trade values, the new Restatement employs similar factors and adds "the relative adequacy to the plaintiff of other remedies."¹⁰⁴²

Assuming damages are to be allowed, plaintiff's loss of profits is the place to begin. Proof of loss of profits proceeds by the same legal process whether the claim sounds in tort or contract.¹⁰⁴³ It is a truism that, to be recoverable, loss-of-profits damages must be shown with reasonable certainty. Conversely, the law precludes recovery of lost profits left to guesswork, speculation, or conjecture.¹⁰⁴⁴ In understanding this truism, we must remember the law tolerates much more imprecision in quantum of damage than in the fact of its occurrence or its cause. Uncertainty will more likely prove fatal when it goes to the fact of damage and its source, but not to its amount.¹⁰⁴⁵

Proof of loss of past profits is tough enough. In *Lovett v. E.L. Garner, Inc.*,¹⁰⁴⁶ the Mississippi Supreme Court recognized that

[i]n Mississippi, one may recover for loss of future profits in a breach of contract action as long as such profits are proved with reasonable certainty, not based on speculation or conjecture. . . . In calculating loss of future profits, such loss is that of net profits as opposed to gross profits.¹⁰⁴⁷ To ascertain net profits, a party must deduct such items as overhead depreciation, taxes and inflation.¹⁰⁴⁸ Further, future profits should always be discounted at an appropriate rate to arrive at present value.¹⁰⁴⁹ And, finally, the plaintiff must mitigate damages if he is able to do so.¹⁰⁵⁰

There are no guidelines set in stone specifying the degree of certainty that we require of parties in proving loss of future profits. Indeed, the degree of proof required usually depends on the particular facts of the case.¹⁰⁵¹ One guideline frequently recognized by this Court is a party's proof of its past profits.¹⁰⁵²

The court went on to note that "[v]ariables such as inflation, market availability, etc. [should be] considered in the damages calculation. The future profits . . . [must be] discounted to present value"¹⁰⁵³

1042. *Id.* § 45(2)(c). As nice as all of this sounds, I remain skeptical whether such balancing tests carry us far toward principled and consistent adjudications.

1043. *Cook Indus., Inc. v. Carlson*, 334 F. Supp. 809, 817 (N.D. Miss. 1971).

1044. *See, e.g., Mid-Continent Tel. Corp. v. Home Tel. Co.*, 319 F. Supp. 1176, 1200 (N.D. Miss. 1970); *Lovett v. E.L. Garner, Inc.*, 511 So. 2d 1346, 1352-53 (Miss. 1987).

1045. *Montgomery Ward & Co. v. Hutchinson*, 159 So. 862, 863 (Miss. 1935); *Delta Table & Chair Co. v. Yazoo & M.V.R. Co.*, 63 So. 272, 273 (Miss. 1913).

1046. 511 So. 2d 1346 (Miss. 1987).

1047. *See* ROBERT L. DUNN, *RECOVERY OF DAMAGES FOR LOST PROFIT* § 6.1 (3d ed. 1987). *See also* *Cook Indus., Inc. v. Carlson*, 334 F. Supp. 809, 816 (N.D. Miss. 1971).

1048. DUNN, *supra* note 1047, at §§ 6.4-6.9.

1049. *Id.* § 6.14.

1050. *Id.* § 6.19.

1051. *See Note, The Requirement of Certainty in the Proof of Lost Profits*, 64 HARV. L. REV. 317, 319 (1950).

1052. *Lovett v. E.L. Garner, Inc.*, 511 So. 2d 1346, 1353 (Miss. 1987) (citations omitted). *See also* *Sanders v. Dantzler*, 375 So. 2d 774, 777 (Miss. 1979).

1053. *Lovett*, 511 So. 2d 1353.

In *Cenac v. Murry*,¹⁰⁵⁴ the court held:

[T]he appropriate remedy for the breach of the covenant of good faith is the measure of expectancy type damages. Each party to a contract has a justified expectation that the other will act in a reasonable manner, and when one party acts outside of accepted commercial practices to deprive the other party of the benefit of the contract, the contract is breached.¹⁰⁵⁵

The court held that the rescission remedy would be cumbersome and that “damages are the favored remedy unless damages are wholly inadequate as a remedy.”¹⁰⁵⁶

Statutory business torts also commonly authorize injured parties on proper proof to recover compensatory monetary damages. Although seldom used, because of the more generous federal civil remedies, the State Antitrust Act provides a plaintiff “may recover all damages . . . sustained by him.”¹⁰⁵⁷ The MUTPCPA authorizes recovery of “any ascertainable loss of money or property, real or personal.”¹⁰⁵⁸ The Mississippi Trademark Registration Act provides the owner of a registered mark may recover “all profits derived from and/or all damages suffered by reason of such wrongful manufacture, use, display or sale.”¹⁰⁵⁹ The Mississippi Uniform Trade Secrets Act authorizes recovery of damages for misappropriation of trade secrets and defines damages to “include . . . the actual loss caused by misappropriation.”¹⁰⁶⁰

Planhouse, Inc. v. Breland & Farmer Designers, Inc.,¹⁰⁶¹ noted above, presents another difficult dimension regarding the measure of damages. A corporation’s former shareholder/employee, during the course of his connection with the corporation, secretly copied seventy-four sets of house plans the corporation used in conducting its business of “designing and drafting house plans.”¹⁰⁶² After separation from the corporation, the former employee opened a competing business and used the secretly copied plans and admitted he profited therefrom to the tune of some \$21,503.95.¹⁰⁶³ The problem lay in the fact that the law allowed the former employee to reproduce the plans by independent means, even if this meant drawing upon his general knowledge, experience, memory and skill, howsoever gained.¹⁰⁶⁴ Mirroring the view it took of the shape of injunctive relief noted above, the court held that “damages should have been fixed at the amount of profits made by Hughes (Planhouse) from the sale of the reproduced copies for the reasonable length of time that it would have taken him to have reproduced the plans by inde-

1054. 609 So. 2d 1257 (Miss. 1992).

1055. *Id.* at 1273.

1056. *Id.* at 1274.

1057. MISS. CODE ANN. § 75-21-9 (1991).

1058. *Id.* § 75-24-15 (1991 & Supp. 1994).

1059. MISS. CODE ANN. § 75-25-23 (1991).

1060. MISS. CODE ANN. § 75-26-7(1) (1991).

1061. 412 So. 2d 1164 (Miss. 1982).

1062. *Id.* at 1165.

1063. *Id.* at 1166.

1064. *Id.* at 1167.

pendent means, which he had a right to do."¹⁰⁶⁵ In theory, again, the court is clearly correct. Few judges, however, have the computers or the competence to make such computations.

Candebat v. Flanagan,¹⁰⁶⁶ discussed above, presented a measure-of-damages problem in the context of a right of publicity case, an action for appropriation of another's identity for commercial value. The court saw plaintiff's claim two-pronged, for "1. [t]he intentional intrusion upon the solitude or seclusion of another; [and] 2. [t]he appropriation of another's identity for an unpermitted use."¹⁰⁶⁷ Accepting that some see it otherwise, the Mississippi Supreme Court rejected the idea that commercial misappropriation was all that was involved:

The injury to the plaintiff's feelings may very well be the more serious of the two in many instances; often an intrusion which is of very little commercial consequence can nonetheless cause serious emotional distress. The law should protect both the proprietary and emotional interests; it should not focus with tunnel vision on the property-related characteristics of the tort.¹⁰⁶⁸

H. Unjust Enrichment/Accounting for Defendant's Profits

The damages remedy in a business tort context has always been problematic, and the principal reason this has been so is the difficulty in isolating and proving with any reasonable level of confidence the harm defendant has caused.¹⁰⁶⁹ "In a competitive market, proof of loss resulting from the wrongful conduct of a particular competitor is often difficult. The plaintiff's sales are subject to a variety of forces, including business cycles, shifts in consumer demand, and the legitimate marketing strategies of competitors."¹⁰⁷⁰ This is one reason for the preference of the equitable remedy of injunction. Another equitable remedy the courts have ordered proceeds on an unjust enrichment theory and pursues an accounting of the defendant's profits and thereafter restitution.¹⁰⁷¹

Against this backdrop, we note the Mississippi Uniform Trade Secrets Act, which authorizes recovery of damages and defines damages, as including "both the actual loss caused by misappropriation and the unjust enrichment caused by misappropriation that is not taken into account in computing actual loss."¹⁰⁷² The new Restatement recognizes an accounting for the defendant's net profits as another

1065. *Id.* at 1168.

1066. 487 So. 2d 207 (Miss. 1986).

1067. *Id.* at 209.

1068. *Id.* at 212.

1069. In the related context of copyright infringement, the courts have seen that a rule of liability which merely takes away the profits from an infringement would offer little discouragement to an infringer. *Jobete Music Co. v. Hampton*, 864 F. Supp. 7, 10 (S.D. Miss. 1994). Within statutory limits, the courts may enhance damage awards "to sanction and vindicate the statutory policy." *Id.*

1070. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36 cmt. b (1995).

1071. Restitution to prevent unjust enrichment is distinguished from damages in that the measure of recovery for the former is defendant's gained profits and for the latter is plaintiff's lost profits. *See* DAN B. DOBBS, LAW OF REMEDIES 224 (2d ed. 1993).

1072. MISS. CODE ANN. § 75-26-7(1) (1991).

remedy the court may consider in infringement and other deceptive marketing cases.¹⁰⁷³ On principle it should be available as well in the case of other business torts. The idea is that, upon proper proof, the court may order transferred to the plaintiff "the gains resulting to the defendant from the wrongful conduct."¹⁰⁷⁴ The remedy rests on the underlying assumption that "the profits earned by the defendant represented profits diverted from the plaintiff."¹⁰⁷⁵ The accounting remedy is thus seen "as a surrogate for plaintiff's lost profits."¹⁰⁷⁶ Historically, the remedy has been reserved for cases of intentional misconduct. Obviously, the court must be alert that the plaintiff has no double recovery.

The remedy is otherwise problematic since upon a showing of defendant's gross sales the burden shifts to the defendant to prove the proportion of sales not attributable to the infringement and the costs properly deductible from gross revenue to establish the net profit for which the defendant is accountable.¹⁰⁷⁷ However, the defendant's profits may bear only a slight relationship to the loss actually sustained by the plaintiff, and an accounting can therefore produce a potential windfall to the plaintiff and a substantial penalty to the defendant.¹⁰⁷⁸

These things said, and assuming no law prohibits the accounting remedy, the new Restatement recognizes the power of the court to award "the net profits earned on profitable transactions resulting from the intentional unlawful conduct."¹⁰⁷⁹ The Restatement then provides:

(2) Whether an award of profits is appropriate depends upon a comparative appraisal of all the factors of the case, including the following primary factors:

- (a) the degree of certainty that the actor benefitted from the unlawful conduct;
- (b) the relative adequacy to the plaintiff of other remedies, including an award of damages;
- (c) the interests of the public in depriving the actor of unjust gains and discouraging unlawful conduct;
- (d) the role of the actor in bringing about the infringement or deceptive marketing;
- (e) any unreasonable delay by the plaintiff in bringing suit or otherwise asserting its rights; and
- (f) any related misconduct on the part of the plaintiff.¹⁰⁸⁰

This view has precedent in this state's jurisprudence. In *Richardson v. Thomas*,¹⁰⁸¹ the trial court had held the seller of a business prohibited from using a

1073. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 37 (1995).

1074. *Id.* § 37 cmt. a.

1075. *Id.* § 37 cmt. b.

1076. *Id.*

1077. *Id.* § 37.

1078. *Id.* § 36 cmt. b.

1079. *Id.* § 37(1).

1080. *Id.* § 37(2).

1081. 257 So. 2d 877 (Miss. 1972).

trade name previously associated with the business and ordered the infringing seller to pay the buyer the seller's "actual profits made by the [seller] as a result of the illegal use of the trade name previously used by the [seller] or he was entitled to his loss of sales resulting from the illegal trade practice on the part of [seller]." ¹⁰⁸² The award – some \$3,500.00 – representing profits lost by the plaintiff because of the defendant's unfair competition – was sustained, plus an additional \$1,000.00 for impairment of goodwill, and \$500.00 in general damages for inconvenience and annoyance. ¹⁰⁸³ What is important for present purposes is the Mississippi Supreme Court's suggestion that restitution for unjust enrichment could have been allowed as an alternative to loss-of-profits damages:

The plaintiff, appellee, was entitled to his actual profits made by the appellant as a result of the illegal use of the trade name previously used by the appellee or he was entitled to his loss of sales resulting from the illegal trade practice on the part of appellant. ¹⁰⁸⁴

Of course, since the plaintiff sought damages in lieu of restitution, the latter remedy was not discussed.

I. Royalty in Lieu of Damages

A further form of monetary relief in business tort litigation is royalty in lieu of damages. We begin with the Mississippi Uniform Trade Secrets Act which, in relevant part, provides: "In lieu of damages measured by any other methods, the damages caused by misappropriation may be measured by imposition of liability for a reasonable royalty for a misappropriator's unauthorized disclosure or use of a trade secret." ¹⁰⁸⁵ Royalty in lieu of damages implicitly accepts the premise that trade secrets are property, ¹⁰⁸⁶ the royalty being a reasonable payment for the use of one's property.

The new Restatement (Third) of Unfair Competition picks up the royalty concept and elaborates. The Restatement emphasizes that a royalty in lieu of damages is one of four methods of computing an award of monetary relief. This alternative is provided by reason of the difficulty of computing with any level of accuracy the plaintiff's loss and/or the defendant's unjust enrichment. A comment explains how the royalty should be measured:

A reasonable royalty is the price that would have been agreed upon by a willing buyer and a willing seller for the use made of the trade secret by the defendant. The method

1082. *Id.* at 881.

1083. Although plaintiff sought 20% of the \$35,000.00 gross decline in business, the court thought that only 10% of the gross decline was caused by the infringing use and that the additional decline was the result of defendant's fairly selling a competing product. *Id.*

1084. *Id.*

1085. MISS. CODE ANN. § 75-26-7(1) (1991).

1086. See *Rice Researchers, Inc. v. Hiter*, 512 So. 2d 1259, 1268 (Miss. 1987); *American Tobacco Co. v. Evans*, 508 So. 2d 1057, 1059-60 (Miss. 1987); *Planhouse, Inc. v. Breland & Farmer Designers, Inc.*, 412 So. 2d 1164, 1166 (Miss. 1982).

is not limited to a percentage of the defendant's sales or profits and may instead rely on any appropriate measure of the fair market value of the defendant's use.¹⁰⁸⁷

Restatement commentary continues to identify three situations in which a reasonable royalty may be the proper measure of monetary relief:

[(1)], when the defendant has made a substantial good faith investment in the trade secret prior to receiving notice of the plaintiff's claim . . . [(2)], when the plaintiff's loss, although difficult to measure, is apparently greater than any gain acquired by the defendant. . . . [and (3)], in cases in which the defendant's gain from the trade secret is difficult to measure but apparently exceeds the plaintiff's loss.¹⁰⁸⁸

In cases of the defendant's appropriation of the commercial value of another's identity, a reasonable royalty may also be the appropriate measure of damages. "Among the evidence relevant in determining the value of the use are the manner in which the defendant has exploited the plaintiff's identity, the relative fame of the plaintiff, and the price the plaintiff has received in the past for similar uses in the past."¹⁰⁸⁹ The royalty remedy is not available only to the famous. Private persons, who are in no sense public figures, may also find this an appropriate measure of recovery. "Private persons may also recover damages measured by the value of the use by establishing the market price that the defendant would have been required to pay in order to secure similar services from other private persons or from professional models."¹⁰⁹⁰

There are no Mississippi cases on this point.

J. Punitive or Exemplary Damages

Punitive damages are among the more controversial remedies on today's legal landscape.¹⁰⁹¹ Without question, they may (as distinguished from "should") be awarded in (most) business tort cases.¹⁰⁹² This general view may be traced to *Memphis Steam Laundry*,¹⁰⁹³ decided half a century ago. That case presented a common law action for unfair competition. The court found that the evidence supported the charge of malicious¹⁰⁹⁴ interference with the plaintiff's trade or calling and "some actual damages" flowing therefrom and thereupon affirmed an award

1087. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 45 cmt. d (1995); *see also id.* at cmt. g.

1088. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 45 cmt. g (1995).

1089. *Id.* § 49 cmt. d.

1090. *Id.*

1091. *See, e.g.*, *Pacific Mut. Life Ins. Co. v. Haslip*, 499 U.S. 1 (1991); *TXO Prod. Corp. v. Alliance Resources Corp.*, 113 S. Ct. 2711 (1993); *see also* the legislative and political history leading to the enactment of H.R. 1270, Reg. Sess. (1993), now codified as MISS. CODE ANN. § 11-1-65 (Supp. 1994).

1092. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36 cmt. n, § 45 cmt. i, § 49 cmt. e (1995).

1093. *Memphis Steam Laundry-Cleaners, Inc. v. Lindsey*, 5 So. 2d 227 (Miss. 1941).

1094. Many of the older cases speak often, though carelessly, of malice as an element of a business tort. The better view today is that the motive behind the defendant's actions or practices is not particularly relevant to whether defendant is or should be subject to liability. *See, e.g.*, RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 1 cmt. c (1995); Walker, *supra* note 560, at 338-42; and Part IV, Robertson *supra* note 611, at 48-51. Today, malice, in the sense of acting out of spite or ill will, is a fruitful point of inquiry in business tort cases only where there is a bona fide question whether punitive damages should be assessed.

of punitive damages.¹⁰⁹⁵ This view has been supplemented by statute. For example, the Uniform Trade Secrets Act provides “[i]f willful and malicious misappropriation exists, the court may award exemplary damages.”¹⁰⁹⁶

In *Weems v. American Security Insurance Co.*,¹⁰⁹⁷ the court held that before punitive damages may be assessed the plaintiff must “show some wilful or malicious wrong of [sic] the gross or reckless disregard for the rights of others.”¹⁰⁹⁸ What is important about *Weems* is that the court emphasized that “the substantive test for awarding punitive damages is the same in bad faith refusal cases as in any other case where punitive damages are sought.”¹⁰⁹⁹ The liability standards by reference to which punitive damages may be assessed are the same without regard to who the defendant is, or what his line of business is, or the particular actionable conduct that got him sued in the first place.¹¹⁰⁰

The legislature has recently enacted that punitive damages may not be recovered unless the plaintiff first proves his entitlement to actual compensatory damages.¹¹⁰¹ Of course, this has always been the law in this state.¹¹⁰² The new legislation also provides for a bifurcated trial – the demand that punitive damages be assessed is not litigated until the claim for actual damages has prevailed.¹¹⁰³ This procedure has long been available.¹¹⁰⁴ *Royal Oil Co. v. Wells*¹¹⁰⁵ and *State Farm Fire & Casualty Co. v. Simpson*¹¹⁰⁶ find this process a function of Rule 42(b) of the Mississippi Rules of Civil Procedure. Federal Rule 42(b)¹¹⁰⁷ is no doubt similarly adequate.

K. Treble Damages

Two of the more prominent federal statutes recognizing business torts and providing private civil remedies have forged a particularly severe penalty. The Lanham Act provides, in cases where the plaintiff proves that the defendant has violated the plaintiff's rights in a trademark registered with the Patent and Trade-

1095. *Memphis Steam Laundry*, 5 So. 2d at 230, 232-33.

1096. MISS. CODE ANN. § 75-26-7(2) (1991).

1097. 486 So. 2d 1222 (Miss. 1986).

1098. *Id.* at 1227.

1099. *Id.* at 1226.

1100. Other cases in which the malice/fraud/gross neglect/reckless disregard standard have been applied include *C&C Trucking Co. v. Smith*, 612 So. 2d 1092, 1102 (Miss. 1992); *Dawkins v. Redd Pest Control Co.*, 607 So. 2d 1232 (Miss. 1992); *Nationwide Mutual Insurance Co. v. Evans*, 553 So. 2d 1117, 1122 (Miss. 1989); *Whittington v. Whittington*, 535 So. 2d 573, 583 (Miss. 1988); *Colonial Mortgage Co. v. Lee*, 525 So. 2d 804, 808 (Miss. 1988). See also MISS. CODE ANN. § 11-1-65(1)(a) (Supp. 1994).

1101. MISS. CODE ANN. § 11-1-65(1)(b), (c) (Supp. 1994).

1102. *Cook Indus. Inc. v. Carlson*, 334 F. Supp. 809, 817 (N.D. Miss. 1971); *Mississippi Power Co. v. Jones*, 369 So. 2d 1381, 1386 (Miss. 1979); *Allen v. Ritter*, 235 So. 2d 253, 257 (Miss. 1970).

1103. MISS. CODE ANN. § 11-1-65(c) (Supp. 1994).

1104. It seems not to have occurred to anyone that this proviso is properly procedural and just may have been beyond legislative competence. See *Hall v. State*, 539 So. 2d 1338 (Miss. 1989).

1105. 500 So. 2d 439, 450 (Miss. 1986).

1106. 477 So. 2d 242, 254 (Miss. 1985).

1107. FED. R. CIV. P. 42(b).

mark Office, the plaintiff may recover treble damages.¹¹⁰⁸ The statute specifically provides that the plaintiff may recover three (3) times the defendant's profits or the damages sustained by the plaintiff, "whichever is greater," and "unless the court finds extenuating circumstances."¹¹⁰⁹ Of this, United States District Judge Tom S. Lee has written that "[o]nce the court has determined the amount of actual damages, it may, in its discretion, increase the award to no more than three times the amount proved. But it must first have proof of the amount of the economic harm to plaintiff."¹¹¹⁰

The more famous treble damages proviso is that found in the Federal Antitrust Laws where the statute simply provides that a prevailing plaintiff "shall recover threefold the damages by him sustained."¹¹¹¹

L. Attorney's Fees

For better or for worse, longstanding Mississippi jurisprudence holds there is no common law power to award attorney's fees to a prevailing party, excepting only the case where the proof is such that punitive damages may also be awarded.¹¹¹² With this sole exception, the court has repeatedly said that "in the absence of contractual provision or statutory authority therefor, this Court has never approved awarding trial expenses and attorney's fees to the successful litigant."¹¹¹³ That sole exception, however, can be and has been used creatively (or, disingenuously, depending on one's point of view). In *Smith v. Dorsey*,¹¹¹⁴ the court assessed defendants with one dollar (\$1.00) in punitive damages and then awarded plaintiffs their full attorneys' fees.¹¹¹⁵

A great many statutes providing remedies for business torts do provide that the prevailing party may recover his reasonable attorney's fees. These include the federal antitrust laws¹¹¹⁶ and the Lanham Act.¹¹¹⁷ The recently enacted Consumer Rental-Purchase Agreement Act allows the consumer to recover "reasonable attorney's fees as determined by the court."¹¹¹⁸

The Uniform Trade Secrets Act has a more limited authorization for attorney's fees.¹¹¹⁹ "If (a) a claim of misappropriation is made in bad faith, (b) a motion to

1108. 15 U.S.C. § 1117(b) (1988).

1109. *Id.*

1110. *Rodeway Inns Int'l v. Amar Enters.*, 742 F. Supp. 365, 369 (S.D. Miss. 1990).

1111. 15 U.S.C. § 15 (1988).

1112. *See, e.g.,* *Wilson v. William Hall Chevrolet, Inc.*, 871 F. Supp. 279, 281 n.4 (S.D. Miss. 1994); *RESTATEMENT (THIRD) OF UNFAIR COMPETITION* § 36 cmt. o (1995).

1113. *Grisham v. Hinton*, 490 So. 2d 1201, 1205 (Miss. 1986). *See, most recently, Cenac v. Murry*, 609 So. 2d 1257, 1275 (Miss. 1992) (citing cases).

1114. 599 So. 2d 529, 550-51 (Miss. 1992). *See also Richardson v. Canton Farm Equip.*, 608 So. 2d 1240, 1255-56 (Miss. 1992).

1115. The prudent pleader will expressly pray for attorneys' fees. *See* *FED. R. CIV. P.* 9(g), and *Wilson v. William Hall Chevrolet, Inc.*, 871 F. Supp. 279, 282-83 (S.D. Miss. 1994).

1116. 15 U.S.C. § 15 (1988).

1117. *Id.* § 1117(b).

1118. *MISS. CODE ANN.* § 75-24-171(1)(c) (Supp. 1995).

1119. *See* *RESTATEMENT (THIRD) OF UNFAIR COMPETITION* § 45 cmt. j, and Reporter's Notes thereto (1995).

terminate an injunction is made or resisted in bad faith or (c) wilful and malicious misappropriation exists, the court may award reasonable attorney's fees to the prevailing party.¹¹²⁰ The unfair Cigarette Sales Law contains a similar proviso.¹¹²¹ This approach is not uniform. The State Antitrust Act and the Mississippi Trademark Registration Act do not contain provisos that attorney's fees may be awarded.

The right to recover attorneys' fees can be a two-way street. In *Deer Creek Construction Co. v. Peterson*,¹¹²² the court affirmed an attorneys' fees award against a plaintiff who was unsuccessful on a charge of consumer fraud. "Any party who charges fraud under Section 75-24-5 does so at the risk of having attorney's fees assessed against him if that charge is successfully defended on any ground by the opposing party, and it is immaterial that recovery is had on other counts of a declaration."¹¹²³ MUTCPA has recently been amended to provide that only defendants can recover attorneys' fees.¹¹²⁴

As noted above, preliminary injunctive relief is a remedial weapon necessarily available to courts faced with unfair competition claims. The nature of the process leading to the granting of a preliminary injunction, however, is such that there will be times when, upon plenary trial on the merits and upon mature reflection, the court will find for the defendant and dissolve the preliminary injunction. Where this occurs, settled law opens the door to another setting in which the court may award attorney's fees in the absence of statute, albeit we engage in the subterfuge of calling the award "damages" and not "attorney's fees" and make it in favor of the defendant and not the plaintiff.¹¹²⁵

M. Public Remedies

The most prominent public remedies are those the Federal Trade Commission is empowered to pursue. Federal law provides that "[u]nfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, are declared unlawful."¹¹²⁶ The FTC is then authorized where appropriate to issue show cause and cease and desist orders,¹¹²⁷ and to bring actions in the appropriate United States District Court to enforce and collect civil penalties for violation of Commission rules "respecting unfair or deceptive acts or

1120. MISS. CODE ANN. § 75-26-9 (1991).

1121. MISS. CODE ANN. § 75-23-23(a) (1991).

1122. 412 So. 2d 1169 (Miss. 1982).

1123. *Id.* at 1174.

1124. MISS. CODE ANN. § 75-24-15 (1991 & Supp. 1995); *Wilson v. William Hall Chevrolet, Inc.*, 871 F. Supp. 279, 280-81 (S.D. Miss. 1994).

1125. *See, e.g., Rice Researchers, Inc. v. Hiter*, 512 So. 2d 1259, 1270 (Miss. 1987).

1126. 15 U.S.C. § 45(a)(1) (1988).

1127. *Id.* § 45(b).

practices.”¹¹²⁸ Again, as we all well know, there are public powers to enforce the federal antitrust laws.¹¹²⁹

A number of state statutes providing remedies for business torts empower officers and agencies of the state to seek and secure remedies upon proof of violations. Most serious, a number of these statutes create misdemeanor offenses.¹¹³⁰ The State Antitrust Laws provide, upon proof of a trust or combine proscribed by the Act, that fines may be imposed not in excess of \$5,000.00 for the first offense and not less than \$10,000.00 for a second or subsequent offense.¹¹³¹ State law provides that any wholesaler or retailer who violates the Unfair Cigarette Sales Law shall be guilty of a misdemeanor and punishable by a fine of not more than \$500.00.¹¹³²

The Mississippi Unfair Trade Practices and Consumer Protection Act provides that the state may assess a civil penalty not in excess of \$500.00 against any person who has wilfully used a method, act, or practice prohibited by that law and, further, a \$5,000.00 maximum penalty for any person who violates an injunction issued to secure enforcement of the Act.¹¹³³

Perhaps of great practical importance, the MUTPCPA goes further and upon a showing of one or more of a broad range of instances of unfair competition, empowers the court to appoint a receiver or revoke “a license or certificate authorizing that person to engage in business in this state, or both.”¹¹³⁴ License revocation or suspension is also authorized as a remedy under the Unfair Cigarette Sales Law.¹¹³⁵

XIII. CONCLUSION

There seems so much more to say, and yet with a little luck, we have said enough to show the law of business torts in Mississippi is much more—and much less—than it has always seemed. It is rich in detail. It is worthy of sensitive and diligent study by lawyers who understand that, in the end, it is not much different from any other field of positive law. Labels like antitrust and deceptive marketing

1128. *Id.* § 45(m)(1). There is much more that could and perhaps should be said regarding FTC’s remedial and enforcement powers and processes, enough to double the length of this already too lengthy paper. Any such discussion is pretermitted, as we address here primarily private remedies. It is worth reminding the reader that the courts have consistently held the Federal Trade Commission Act, 15 U.S.C. §§ 41-77 (1988), creates no private remedies. Private litigants enjoy no right of action—implied or otherwise—for business practices condemned under the Act. *See, e.g.,* *Baum v. Great W. Cities, Inc.*, 703 F.2d 1197, 1209 (10th Cir. 1983); *Dreisbach v. Murphy*, 658 F.2d 720, 730 (9th Cir. 1981); *Fulton v. Hecht*, 580 F.2d 1243, 1249 n.2 (5th Cir. 1978). This does not mean, of course, that other areas of law do not make parallel proscriptions of “unfair methods of competition” upon which private parties may sue to their heart’s (and proof’s) content.

1129. 15 U.S.C. §§ 4, 9, 15a (1988).

1130. *See* MISS. CODE ANN. §§ 97-23-1, -3 (1994) (false and deceptive advertising); MISS. CODE ANN. § 97-23-29 (1994) (enticing employee under contract to leave employment); MISS. CODE ANN. § 97-23-33 (1994) (unlawful printing and distributing written material interfering with exercise of lawful trade or calling); MISS. CODE ANN. §§ 97-23-83 to -85 (1994) (unlawful threats, coercion, and boycott to prevent lawful conduct of business); MISS. CODE ANN. §§ 97-23-87 to -91 (1994) (unlawful copying or sale of recordings).

1131. MISS. CODE ANN. § 75-21-1 (1991). *See also* MISS. CODE ANN. § 75-21-7 (1991).

1132. MISS. CODE ANN. § 75-23-7(a) (1991).

1133. *Id.* § 75-24-19 (1991 and Supp. 1994).

1134. *Id.* § 75-24-11 (1991 and Supp. 1994).

1135. *Id.* § 75-23-25 (1991).

and trademark infringement and appropriation of trade values and tortious interference will no doubt survive our assimilative findings, and they should, though we hope with lessened legal effect. We need them to identify and define and organize and communicate. But if we have begun to approach anything like the goals we saw at the beginning, we see that each is but a way of addressing the actionable disappointment of a market participant's reasonable economic expectancies.

I accept that it takes more than merely identifying the commonality of concept underlying all of the assorted rules and actions historically labeled business torts to bring those rules under one broad umbrella. Lawyers seldom oppose progress, but they frequently resist change and, more than ever, in their ways of thinking and talking and advising clients and arguing to courts. Labels that have lasted for decades are the lawyer's security blanket, and it is one of the anomalous by-products of the trend toward specialization that increased sophistication in discrete areas of practice leaves lawyers less inclined than ever to abandon accustomed ways of doing things. Lawyers provide services market participants need. For all of the familiar reasons, the legal profession as a whole has by and large held the upper hand in dictating the time and place and manner and price of those services.

Recalcitrance and inertia aside, the call for predictability and clarity and reasonableness and practicability in the law is tugging at us as never before. In a sense, the call is nothing new. There have always been lawyers, a small special few, who have understood the call and tried to answer. There are new reasons to believe nowadays their numbers are increasing. Courts and their traditional processes have less of a monopoly on regulation and dispute resolution as administrative and alternative designs such as arbitration and mediation are increasingly used. Look at the number of lawyers who work in-house as compared to a generation ago. Market forces tend toward efficiency, and the field of lawyer and client is no exception. Informed demand is a proliferating and powerful incentive to a more pliable supply. In a sensible society, the market participant should be able to ask his lawyer what the law asks of him, and be given a reasonably reliable and understandable answer, and more and more market participants are insisting that it be so and with effect. M.B.A.'s are much less tolerant of traditional lawyerspeak, and businessmen who are not are becoming bolder and learning the new ways. Clients are becoming increasingly impatient with the lawyer who says there is a federal statute that says thus and such, and then there is a state act which requires this or that, and behind that is a common law rule that may or may not still apply, and, of course, your contract says you must do so and so. Of right they need, and today are more able to demand, answers and more convincingly so.

Recent years have seen a marked movement toward acceptance of commonality and coherence in concept in the law of business torts. The professionals in the field who dominate the American Law Institute and the National Conference of Commissioners on Uniform State Laws are producing black letter law that accepts the pro-competitive and fairness imperatives that power the legal engine and does so with a certain sensitivity to the transaction cost problem and the limits of the law's processes. These have produced enlightened over-arching principles and proceed

with coherence and consistency to the detail. The broad principles of the federal acts, such as § 43(a) of the Lanham Act, are affording a field well-formed for this progress. Legislatively, Mississippi has fertilized the field with the 1992 passage of the Uniform Trade Secrets Act and the 1994 amendments to the MUTPCPA. Judicially, *Candebat's* recognition of the right of publicity, as well as the continuing recognition of tortious interference law in *Tri-State Brick* and *Cenac*, though less well done, are steps in the right direction.

Most notable, a wide array of forces are pushing malice and intent and similar forms of expression toward legal obsolescence. The new laws address means and effects and are forcing less than imaginative courts to confront the fact that malice and intent never meant much anyway. The uniform and model state laws – whether through the NCCUSL, the USTA or the FTC – have all abandoned malice and intent as relevant legal concepts, save only for the extraordinary cases of civil penalties and punitive damages. The new Restatement of Unfair Competition wholly eschews talk of malice and intent. As clients insist on knowing what they can and cannot do, and what economic effects if traceable to their behavior will get them into trouble, lawyers will respond and inevitably our courts may be expected, albeit grudgingly, to stop forcing the facts into the outmoded molds and to quit talking in terms of malice and intent.

The law of business torts challenges us to think big. As much as we need to attend each tree in the field, it has become increasingly apparent that, as we step back, we see a forest with far more in common than has been thought. Not only is there within each rule a core of certainty and a penumbra of doubt, but it is so in the field as a whole. We have found and reviewed many discrete rules and have found as well that these proceed from a few common premises which can be easily mastered and deducible as a matter of common sense. The key to successful legal interpretation in the field is to see and accept the policy judgment that free market competition is to be desired, that it serves the public interest when it is vigorous and innovative, and that it is the function of government to see only that competition is pursued by substantially fair means, not because all of this is right or good, much less demonstrably so, but because, as a matter of elementary practicable reasoning, it is demonstrably the predominant belief of that irrebutably presumed rational sovereign who has given us the field. The promotion of fair competition is the policy that must inform our reading of that law, our giving of advice to clients, and arguing and deciding cases at the edge, and this is so that like cases may be treated as much alike as is reasonably practicable, that fields can tend toward order and predictability, and that the crude approximation of justice that is the best we ever find through the forms of law is and always will be secondary and subordinate to the market participant's need to know not so much how to conduct his business so that he can successfully defend his conduct in court, but to know how to act so that he will minimize the risk that he will have to make a defense, and, if he so acts, that no court will interfere with his reasonable and prospective economic advantage. And that the state will flourish as never before.