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Constitutional Law - Commerce Clause - Federal Jurisdiction in Trade-Mark Infringement Proceedings Under the Lanham Act

Richard R. Dailey
University of Michigan Law School

RECENT DECISIONS

CONSTITUTIONAL LAW — COMMERCE CLAUSE — FEDERAL JURISDICTION IN TRADE-MARK INFRINGEMENT PROCEEDINGS UNDER THE LANHAM ACT— Plaintiff's trade-mark, "Minute Maid," had been registered under the Lanham Act[1] in 1952 and had been used in interstate commerce in connection with the sale of frozen fruit juice concentrates since that time. Defendant's trade-mark consisted in part of the words "Minute Made." Defendant used its mark wholly within the State of Florida in the processing and sale of frozen meat products. Both plaintiff and defendant were Florida corporations. In a suit for trade-mark infringement, jurisdiction of the federal district court depended on the provisions of the Lanham Act.[2] The complaint alleged damage to plaintiff's good will established in interstate commerce. The Lanham Act grants jurisdiction to the federal courts in suits for trade-mark infringement where the defendant has used the infringing mark "in commerce."[3] The district court enjoined the defendant's use of the words "Minute Made." On appeal, the defendant challenged the jurisdiction of the district court on the ground that the pleadings and proof did not establish that the alleged infringing mark had been used "in commerce" within the meaning of the Lanham Act. *Held,* affirmed. The complaint which alleged damage to plaintiff's "good will established in interstate commerce" was sufficient to invoke the jurisdiction of the district court. *Pure Foods, Inc. v. Minute Maid Corp.,* (5th Cir. 1954) 214 F. (2d) 792.

The first effective federal trade-mark legislation, enacted in 1905, provided for the registration of trade-marks, and granted jurisdiction to the federal courts in suits for infringement of a registered mark.[4] Decisions under this statute established two propositions: first, that the effect of trade-marks on interstate commerce was sufficient to regard them as instrumentalities or agencies of interstate commerce;[5] and, second, that the power granted to Congress under the commerce clause was the only constitutional authorization for federal trade-mark legislation.[6] Liability under the 1905 statute was limited to cases where the

[1] 60 Stat. L. 427 (1946), 15 U.S.C. (1952) §1051.

[2] 60 Stat. L. 440, §34 (1946), 15 U.S.C. (1952) §1121: "The district and territorial courts of the United States shall have original jurisdiction . . . of all actions arising under this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties."

[3] 60 Stat. L. 437, §32 (1946), 15 U.S.C. (1952) §1114.

[4] 33 Stat. L. 724, §592 (1905). The earliest federal trade-mark registration was enacted in 1870 (16 Stat. L. 198). In 1876 criminal sanctions were added (19 Stat. L. 141). This legislation was declared unconstitutional in The Trade Mark Cases, 100 U.S. 82 (1879), on the ground that the authority granted by the eighth clause of U.S. CONST., art. I, §8 (patents and copyrights) did not extend to trade-marks. The court refused to consider the question of whether a trade-mark bears such a relation to commerce as to allow regulation by Congress even in the sphere of interstate commerce. A later statute, 21 Stat. L. 502 (1881), was limited to foreign commerce.

[5] The Supreme Court has never ruled directly on this point. But see Philco Corp. v. Phillip's Mfg. Co., (7th Cir. 1943) 133 F. (2d) 663, and cases there cited.

[6] United States Printing & Lithograph Co. v. Griggs, Cooper & Co., 279 U.S. 156, 49 S.Ct. 267 (1929); Youngs Rubber Corp. v. C. I. Lee & Co., (2d Cir. 1930) 45 F. (2d) 103; Horlick's Malted Milk Corp. v. Horluck's, Inc., (9th Cir. 1932) 59 F. (2d) 13.

infringing mark was used "in commerce among the several States, or with a foreign nation, or with the Indian tribes."[7] In general, as to what activities were within the meaning of the commerce clause, decisions under the 1905 act paralleled the decisions in other fields in the process of widening the area of federal control under the commerce clause. Confusion arose with announcement of the doctrine that any intrastate activity which had a "substantial economic effect" on interstate commerce was subject to the regulation of Congress.[8] To clarify the extent of federal control in the field of trade-marks, the Lanham Act of 1946 provided that the infringing mark must be used "in commerce," and then defined commerce to mean "all commerce which may lawfully be regulated by Congress."[9] Initially, it is difficult to see that this change in statutory language enlarged the protection afforded registered trade-marks.[10] The decisions under the Lanham Act indicate, however, that this change in language has been interpreted by the courts as legislative approval of the "substantial economic effect" doctrine.[11] A trade-mark is a property right and is inseparable from the good will of the owner.[12] Infringement of a trade-mark used in interstate commerce necessarily affects that commerce to some extent, the question in each case being whether the effect is substantial. For jurisdictional purposes, the amount in controversy in infringement suits is taken to be the value of the plaintiff's good will.[13] Although the Lanham Act grants jurisdiction over infringement suits to federal courts regardless of diversity of citizenship or the amount in controversy,[14] the above method of computing the amount in controversy indicates that the effect of trade-mark infringement will in each case be substantial.[15] The conclusion required by decisions such as the present case under the Lanham Act is that the federal courts have jurisdiction to entertain all suits for infringement of a trade-mark registered under the act regardless of the intrastate or interstate character of the defendant's business. Intrastate enterprises, normally not subject to the regulation of Congress, become so when their activity infringes a federally registered trade-mark.[16] In form the federal courts still require that

[7] 33 Stat. L. 728, §16 (1905). Cases interpreting this section of the 1905 statute are collected in 2 NIMS, UNFAIR COMPETITION AND TRADE-MARKS, 4th ed., §311, p. 1000 (1947).

[8] Wickard v. Filburn, 317 U.S. 111, 63 S.Ct. 82 (1942); Barnett, "Ten Years of the Supreme Court: 1937-1947—Power to Regulate Commerce," 41 AM. POL. SCI. REV. 1170 (1947).

[9] 60 Stat. L. 443, §45 (1946), 15 U.S.C. (1952) §1127.

[10] This is so since Congress may lawfully regulate only that commerce which was specified under the 1905 statute (note 7 supra).

[11] Bulova Watch Co. v. Steele, (5th Cir. 1952) 194 F. (2d) 567; Robert, "Commentary on The Lanham Trade-Mark Act," 15 U.S.C.A. (1948) preceding §1051.

[12] Griesedieck Western Brewery Co. v. Peoples Brewing Co., (8th Cir. 1945) 149 F. (2d) 1019.

[13] 2 NIMS, UNFAIR COMPETITION AND TRADE-MARKS, 4th ed., §363, p. 1121 (1947).

[14] See note 2 supra.

[15] This will be the case unless plaintiff's good will established in interstate commerce is not substantial; the related problem of whether under this circumstance he may lawfully be protected at all by federal legislation is beyond the scope of this note.

[16] This conclusion is in line with decisions of the federal courts expanding federal control in other fields of legislation under the commerce clause. See note 8 supra.

the complaint allege that the defendant is using the infringing mark "in commerce." In substance, however, the necessary jurisdictional requirements are established by an allegation that the defendant has infringed a federally registered trade-mark. The act of infringing a trade-mark registered under the Lanham Act in itself satisfies the jurisdictional requirement; the statutory requirement that the infringing mark be used "in commerce" has become superfluous.

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