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(Concluded from p. 659.)

9. *A contract to convey good-will is valid in law, but cannot be enforced in equity otherwise than by injunction, on account of the inadequacy of means at the disposal of a court of equity.*

(a) In *Bunn v. Guy*, 4 East 190, the Lord Chancellor sent the following case into the King's Bench for the opinion of the court: Carpenter, an attorney and solicitor, entered into articles of agreement under seal with *Bunn* and *Guy*, who were also attorneys and solicitors, in consideration of certain sums of money, &c., to relinquish and make over all benefit and advantage of his practice and business to them, upon certain conditions therein expressed, so far as respected his business in London and one hundred and fifty miles from thence; that he would endeavor by all means in his power to influence his clients to become the clients of *Bunn* and *Guy*, and that he would also permit *Bunn* and *Guy* to practice as attorneys, under the style and firm of *Carpenter, Bunn & Guy*, for two years if necessary; that he would claim no share in the profits, but that he should be indemnified against all losses and risks to arise therefrom, and that Carpenter was to have nothing to do with the conduct of the business. A large part of the money due to Carpenter remained unpaid, and the question was whether such contract were good in law, so that *Carpenter* could recover in an action against *Bunn* and *Guy*. It was argued, that the permission by *Carpenter* to *Bunn* and *Guy* to use his name avoided the contract, as contrary to the principles of public policy. The contract was compared to a marriage brokage bond; Lord ELLEN-

BOROUGH, interrupting, said: "It will hardly be disputed with you that if there be anything contrary to the policy of the law in this contract, it will avoid it; but show that that is the case here." It was also said that a permission to another to use an attorney's name in business is contrary to his duty as an officer of the court. Lord ELLENBOROUGH called attention to the fact that in this case the permission was only to practise under the firm of *Carpenter, Bunn & Guy*, and not an authority to the latter to use *Carpenter's* name as an attorney *in court*, and that a party could not plead in the name of *the firm*. Again, it was said that the agreement by *Carpenter* to recommend his clients to *Bunn and Guy* was contrary to morality. The representation must necessarily be a false one, or at least there would be a temptation to represent falsely. Lord ELLENBOROUGH, interrupting, said: "Must it not be understood that the recommendation was to be made upon the assumption that *Bunn and Guy* continued worthy of it, and if they had not, would it not have absolved *Carpenter* from his undertaking to recommend them?" The court considered the case and certified their opinion to the Lord Chancellor to the effect that the contract or agreement was good in law, so that *Carpenter* could recover the money there-mentioned in an action against the said *Bunn and Guy*.

(b) In *Bozon v. Farlow*, 1 Mer. 459, the bill asked for specific performance of an agreement between plaintiff and defendant, by which the former agreed to sell the latter his business of attorney in consideration of a certain sum of money, &c. The fixtures of *Bozon's* office were to be taken by *Farlow* at a valuation, and the latter might purchase the lease. The case was argued by Sir *Samuel Romilly* for plaintiff and Mr. *Fonblanque* for defendant. The Master of the Rolls, Sir WILLIAM GRANT, said: * * * "My principal doubt, however, has been, whether, supposing all his other objections to be surmounted, this is an agreement which a court of equity can carry into execution. * * * The business of an attorney consists in his being employed by others, from the confidence which they repose in his skill and integrity. In what way, then, is the court to decree the transfer of such a business. What is it that I am to direct Mr. *Bozon* to do towards the fulfilment of his part of the contract? The court must be able to prescribe to both parties what it is that they are reciprocally to perform. The very ground on which the jurisdiction of a court of equity in decreeing a specific performance is founded, is, that it is able to give

possession of the very thing which is the subject of the agreement, and which a court of law cannot do. But when I order Mr. *Farlow* to pay his 3075*l.*, in what way am I to proceed in order to put him in possession of Mr. *Bozon's* business ?

“ In the case of *Bunn & Guy*, there was no occasion to consider whether the agreement could be specifically performed, the only question was, whether there was a legal consideration for the securities that had been actually executed.” [The conditions of the agreement in *Bunn v. Guy* were then mentioned.] “ The Lord Chancellor doubted not only the propriety, but the legality of some of those conditions ; and although it was ultimately determined that they were not illegal, I think that he would hardly have decreed them to be specifically executed. * * * I am not called upon to determine whether this is a void agreement ; but I think that it is an agreement which a court of equity is not able to carry into execution, and that the bill must be dismissed.” It seems that this decision proceeded on the ground of the inability of a court of equity to enforce the agreement specifically, rather than upon the invalidity of the conditions, and if Mr. *Bozon* had sued *Farlow* in a court of law, there is no reason to suppose that the decision of *Bunn v. Guy* would not have been followed.

In *Baxter v. Conolly*, 1 J. & W. 580, Lord ELDON says : “ The court certainly will not execute a contract for the sale of good-will ; at the same time, it will not enjoin against any proceeding at law, under such an agreement. Suppose, for instance, there is a contract for the good-will of a shop, it cannot be conveyed, and the court would say, go and make what you can of it at law ; if you can recover, very well, we won't prevent you ; if you cannot, very well again, we won't assist you.”

In *Candler v. Candler*, Jacob 225, Henry Candler, the eldest son of an attorney, covenanted with his mother, in consideration of love and affection and that she and the family would use their influence to retain his father's connections, to carry on the business of an attorney and to account with her for a moiety of the net profits, in consideration of which she was to supply him with money sufficient to carry on the business. The mother having died, this bill was filed by the younger children, for an account of her estate and an account of a moiety of the profits and a receiver. The Lord Chancellor (ELDON) allowed the appointment of a receiver. There is a statute in force against any person not duly

qualified acting or practising in the office of any attorney. Lord ELDON inclined to think that this statute had not been violated, and that the agreement was a good one. "I should state," said he, "that this statute, if the construction be such as was contended for, has been violated over and over again, and by the best men in the profession. * * I have thought that, consistently with the policy of the law, agreements could not be made by which they contract to recommend those who succeed them. I doubted whether professional men could be recommended, not for skill and knowledge in their profession, but for a sum of money paid and advanced. I knew that this would rip up many transactions, and I was happy that the Court of King's Bench (*Bunn v. Guy, supra*), was of a different opinion, though I never could entirely reconcile myself to this doctrine."

In *Ex parte Thomas*, 12 M., D. & DeG. 294, it was held that the good-will of a bankrupt's trade, so far as it is *local*, passed to his assignees as against his administrators.

In *Dakin v. Cope*, 2 Russ. 170, a decree was made by the Chancellor (ELDON) against the defendant for the sum he had contracted to pay for a leasehold public house, license and the good-will of the business.

In *Whittaker v. Howe*, 3 Beav. 383, Lord LANGDALE, M. R., granted an injunction restraining the defendant from practising as an attorney, &c., for the space of twenty years in Great Britain. Defendant had sold his business of an attorney to plaintiff.

Lord LANGDALE said: "I confess there is something in all contracts of this nature of which I have entertained some doubt. Where clients rely on the professional skill and knowledge of the individual they have long employed, I have some doubt as to the policy of sanctioning the purchase of their recommendation of the clients to other persons. I perfectly recollect a case in which the professional practice of one physician had been sold to another, wherein the policy permitting such arrangements was the subject of great discussion and consideration. It is not, however, for me to act upon any doubts I may entertain of that nature, because agreements of this description have been too often sanctioned to be now questioned." And at p. 393, "With respect to the validity of the agreement, it is not now made a question whether attorneys and solicitors can lawfully agree to secure their clients to the attorneys and solicitors who succeed them in business."

In *Thornbury v. Beville*, 1 Y. & C., C. 554, plaintiff, an attorney,

had agreed to allow defendant to use his name and carry on his business under the firm of *Thornbury & Beville*. V. C. SHADWELL said: "Notwithstanding the case of *Bunn v. Guy*, from which I do not mean to express dissent, decided as it was by judges of high authority, I am not prepared to say that it is fit that a court of equity should enforce an agreement between two solicitors, that one on retiring from the business shall permit the other to carry on the business in his name. Whether such an agreement be or be not within the strict policy of the law it may be doubtful whether this court ought to assist it." The decision did not, however, rest on this ground.

In *Costake v. Till*, 1 Russ. 376, the question whether the court would enforce performance of a contract for a subject-matter of which the good-will formed the principal portion, was considered to be doubtful by Lord GIFFORD, M. R.

In *Harrison v. Gardner*, 2 Mad. 198, it was held, by Sir THOMAS PLUMER, V. C., that where the good-will of a business had been sold by defendant to plaintiff on an understanding not put down in the agreement that the defendant should not set up again in the neighborhood, an injunction would be granted to prevent his doing so on parol evidence of the understanding.

In *Shackle v. Baker*, 14 Ves. 468, the Lord Chancellor (ELDON) said that where there is an undertaking upon the sale of the good-will of a trade not to carry on the same business and to use the best endeavors to assist the purchaser, the remedy for a breach by enticing the customers of plaintiff was by an action of covenant, or issue *quantum damnificatus*, and refused an injunction. See on this point, *Williams v. Williams*, 2 Swan. 253 and *Smith v. Fromont*, 2 Swan. 330. In *Scott v. Mackintosh*, 1 Ves. & Beam. 503, Lord ELDON said that the measure of damages for a breach of covenant on the sale of the good-will of a trade, to make it as profitable as possible, was not the actual profit made if title to more can be established through the default of the vendor.

In *Senter v. Davis*, 38 Cal. 450, a bill in equity was brought by the plaintiff averring that there was a general custom in the newspaper trade for the publishers of newspapers to sell to carriers the exclusive right of furnishing their paper to all subscribers residing in a designated quarter. The carrier supplied the paper at a rate higher than that at which he bought it, and the above-mentioned privilege, called a "route," was regarded as the exclusive

property of the carrier to whom it had been sold, and transferable by him at pleasure, provided the transferee cared properly for the "route" and was unobjectionable to the publisher of the paper. Plaintiff then averred that an agreement for the sale of a "route" of the *Daily Bee* newspaper, in Sacramento had been made with him by the defendant, that he had been put into possession of the "route," and afterwards turned out of the same by defendant, who refused to give a bill of sale according to the contract. The court was asked to decree specific performance of the contract, if the plaintiff were by the rules of equity entitled thereto, if not damages at law for a breach of the contract. The Supreme Court reversed the decision of the court below decreeing specific performance, on the ground that the plaintiff had not shown that his remedy at law was not adequate, but saying that if facts had been stated from which it would appear that a non-fulfilment of the contract would result in losses exceeding the mere market value of the privilege, or that the profits of the "route" in question were so uncertain as to be incapable of ascertainment by jury the court would decree specific performance.

In *Cruess v. Fessler*, 39 Cal. 336, the court said that the good-will of a business might form the subject of a contract of sale; that a misrepresentation knowingly made by the vendor of the good-will as to the value thereof, and relied upon by an ignorant vendee, was fraudulent; and that the contract might on that ground be rescinded.

10. *As to the effect of bankruptcy on good-will.*

In *Ex parte Thomas*, 12 M., D. & DeG. 294, it was said that there might be a good-will, like that of an inn, which so far as it was *personal*, remained with the bankrupt, notwithstanding his bankruptcy, and did not pass to the assignee, for it was a power which could not be exercised by assignees. It was implied that where the good-will was *local* it would pass to the assignee. In this case no order was made regarding the disposition of money received by the assignee for the sale of the good-will of a hotel which had been sold as the property of the bankrupts.

In *Cruttwell v. Lye*, 17 Ves. 335, the assignees in bankruptcy of defendant sold by auction his carrying business and good-will of the trade as part of assets of the bankrupt.

A receiver may be directed to carry on a business under the direction of the court until a sale be effected, where it is necessary

to preserve the good-will of the business: *Martin v. Van Schaick & Bloodgood*, 4 Paige 479.

11. *If a name be valuable, another person of the same name will be restrained from using it though it be his own, where there is uncontradicted evidence showing that the name was fraudulently used for the purpose of taking advantage of the acquired reputation of another.*

Rodgers v. Nowill, 6 Hare 325, and 3 DeG., M. & G. 614; *Holloway v. Holloway*, 13 Beav. 209; *Burgess v. Burgess*, 3 DeG., M. & G. 896; *Taylor v. Taylor*, 23 L. J. Ch. 255; *Dent v. Turpin*, 2 J. & H. 139; *Churton v. Douglas*, John. 174; *Sykes v. Sykes*, 3 B. & C. 541; *Fott v. Lee*, 13 Ir. Eq. 490. Change of name and setting up business in the neighborhood of a person who has carried on the same business under the assumed name is evidence of fraud: *Burgess v. Burgess*, 3 DeG., M. & G. 896; *Croft v. Day*, 7 Beav. 84; *Fonthorn v. Reynolds*, 12 L. T. N. S. 75. In *Croft v. Day*, the firm of *Day & Martin*, 97 High Holborn, had carried on a manufactory of blacking. The executors of the survivor continued the business under the same name. A person of the name of *Day* obtained from one *Martin* authority to use the latter's name and set up the same business at 90½ Holborn Hill, and sold blacking from that place as of the manufacture of *Day & Martin*, 90½ Holborn Hill; their bottles and labels bore a general resemblance to those of plaintiffs. He was restrained by injunction.

In *Lee v. Haley*, Law Rep. 5 Ch. App. 154, the defendant who had been the manager of the plaintiffs, a coal company in Pall Mall, trading under the name of *The Guinea Coal Company*, set up a rival business, afterwards removed to Pall Mall, under the name of *The Pall Mall Guinea Coal Company*. Many customers of the plaintiffs were misled by the name and induced to buy coal of the defendant, confounding his establishment with that of the plaintiffs. Defendant alleged that the plaintiffs had no exclusive right to the name *Guinea Coal Company*, which was used by a number of other companies in London. Held, on appeal by Lord Justice GIFFARD, that an injunction against the use of the name in Pall Mall, assumed by the defendant or any other imitation of the name used by the plaintiffs, leading the public to believe that the business carried on by the defendant was the same as that of the plaintiff, had been properly granted by V. C. MALINS. "I quite

agree," said the Lord Justice, "that they have no property in the name, but the principle upon which the cases on this subject proceed is, not that there is property in the word, but that it is a fraud on a person who has established a trade and carries it on under a given name, that some other person should assume the same name, or the same name with a slight alteration, in such a way as to induce persons to deal with him in the belief that they are dealing with the person who has given a reputation to the name."

12. *A trader will be restrained from representing himself as in business with or the successor of another.* *Harper v. Pearson*, 3 L. T. N. S. 447; *Edgington v. Edgington*, 11 L. T. N. S. 299, and cases, *supra*.

13. *A publisher or author has a similar property in the title of his work or in his own name as applied thereto that a trader has in a trade-mark. A court of equity will enjoin against such conduct as will damage him.* *Hogg v. Kirby*, 8 Ves. 215; *Lord Byron v. Johnston*, 2 Mer. 29; *Keene v. Harris*, cited in 2 Ves. 342; *Seeley v. Fisher*, 11 Sim. 582; *Spottiswoode v. Clark*, 2 Ph. 154; *Prowett v. Mortimer*, 2 Jur. N. S. 414; *Clement v. Maddick*, 1 Giff. 98; *Chappell v. Sheard*, 2 K. & J. 167; *Chappell v. Davidson*, 2 K. & J. 123, 8 DeG., M. & S. 1; *Ingram v. Stiff*, 5 Jur. N. S. 947; *Maxwell v. Hogg*, Law Rep. 2 Ch. App. 307.

14. *Where the title of plaintiff in the good-will or trade-mark is denied by the defendant, the title must generally be established at law, before an injunction will issue.*

(a) In *Motley v. Downman*, 3 Myl. & Cr. 1, the right to use the letters *M. C.* as a trade-mark was called in question; Lord COTTENHAM, Chancellor, said: "The court, when it interferes in cases of this sort, is exercising a jurisdiction over legal rights; and although, sometimes, in a very strong case, it interferes, in the first instance by injunction, yet, in a general way, it puts the party upon asserting his right by trying it in an action at law. If it does not do that, it permits the plaintiff, notwithstanding the suit in equity, to bring an action. In both cases, the court is only acting in aid of, and is only ancillary to, the legal right. I can hardly conceive a case, in which the court will at once interfere by injunction and prevent defendant from disputing the plaintiff's legal title."

In *Bacon v. Jones*, 4 Myl. & Cr. 433, the same Chancellor

said: "When the application is for an interlocutory injunction, several courses are open: the court may at once grant the injunction, *simpliciter*, without more, a course which, though perfectly competent to the court, is not very likely to be taken where the defendant raises a question as to the validity of the plaintiff's title; or it may follow the more usual, and, as I apprehend, more wholesome practice in such a case, of either granting an injunction, and at the same time directing the plaintiff to proceed to establish his legal title, or of requiring him first to establish his title at law, and suspending the grant of the injunction until the result of the legal investigation had been ascertained, the defendant in the meantime keeping an account. Which of these several cases ought to be taken must depend entirely upon the discretion of the court, according to the case made." See also *Rodgers v. Nowill*, 6 Hare 325.

Sir John Rolt's Act, 25 & 26 Vict. c. 42, provides that, "In all cases in which any relief or remedy within the jurisdiction of the Courts of Chancery, is or shall be sought in any cause or matter instituted or pending in either of the said courts, and whether the title to such relief or remedy be or be not incident to or dependent upon a legal right, every question of law or fact, cognisable in a court of common law, on the determination of which the title to such relief or remedy depend, shall be determined by or before the same court." The act further provides that when it shall appear to the court that any question of fact may be more conveniently tried by a jury, the court may direct an issue. The practice in England has in consequence of this act, become similar to that in this country, where in similar cases, the facts are ascertained by evidence taken before an examiner or master.

In *Partridge v. Menck*, 2 Barb. Ch. R. 101, the Chancellor (WALWORTH) says, "in cases of doubt the court should not grant or sustain an injunction until the cause is heard upon pleadings and proofs or until the complainant has established his right by an action at law. But if the court sees that the complainant's trademarks are simulated in such a manner as probably to deceive his customers, or the patrons of his trade or business, the piracy should be checked at once by injunction."

15. *Words publici juris are the property of all, and their use will not be enjoined against for the benefit of the first person who has employed them, except in cases of fraud.*

In *Ford v. Foster*, 27 Law Times Rep., N. S. 219, one of the questions was whether the word "*Eureka*," as applied to a shirt, was *publici juris*, held, that it was not. So the words "*Bolton's L. L.*," as applied to whiskey, was restrained against on account of its similarity with "*Kinahan's L. L.*": *Kinahan v. Bolton*, 1£ Ir. Ch. R. 75. So of the word "*Anatolia*," as applied to liquorice: *McAndrews v. Bassett*, 10 Jur. N. S. 540; "*Onondaga Akron Cement or Water Lime*" was enjoined against at the suit of one who sold his products as "*Akron Cement or Akron Water Lime.*" *Alvord v. Newman*, 49 Barb. 588. But if defendants had manufactured their goods at *Akron*, *semble*, that they would have been permitted the use of the name by STRONG, J., in *Delaware & Hudson Canal Co. v. Clark*, 13 Wall 311. See also *Seixo v. Provezande*, Law Rep. 1 Ch. App. 192. In *Delaware & Hudson Canal Co. v. Clark*, Mr. Justice STRONG said that such expressions as "*Pennsylvania Wheat*," "*Kentucky Hemp*," "*Virginia Tobacco*" or "*Sea Island Cotton*," are *publici juris*, and their use would not be enjoined against. In the same case an injunction against the use of the words "*Lackawanna Coal*" was refused. See *Colladay v. Baird*, 4 Philadelphia Rep. 139.

In *Phalon v. Wright*, 5 Philadelphia Rep. 464, the court refused under the circumstances of the case to enjoin defendants from using the label "*Wright's Extract of Night Blooming Cereus*," complainant's mark being "*Phalon's Extract, &c.*" 1st. On the ground that the name of a flower was *publici juris*. 2d. That there was no close imitation in appearance between the labels.

A curious case was recently decided by the Supreme Court of Pennsylvania (*Glendon Iron Co. v. Uhler*, 13 Am. Law Reg. 543). Plaintiffs had adopted the word "*Glendon*" and used it in connection with iron manufactured by them as a trade-mark. *Glendon* was afterwards incorporated as a town, and defendants living there adopted the word and applied it to iron manufactured by them. An injunction was refused on the ground that names of towns were *publici juris*. See the cases cited, and the severe note of Mr. *Rowland Cox*, who places the intervention of the courts upon the ground of property not of fraud.

The case of *Hirst v. Denham*, Law Rep. 14 Eq. 542 (1872), certainly militates against the view advanced in the last quoted case. There V. C. BACON quoted an injunction against the use by defendants of the names, "*Turin*," "*Sefton*," "*Leopold*" and "*Liver-*

pool," to describe any cloths sold by them, also from selling cloth under those names, and from affixing to any cloth manufactured or sold by them, any ticket being similar to the ticket used by the plaintiff, &c. The defence was (1) that the names merely described the patterns of the manufacture in which no exclusive property on the part of the plaintiff was claimed. (2) That the names became *publici juris*. (3) That as defendants were by the custom of the trade as well as by law entitled to use the patterns, they were also entitled to use the names by which those patterns were designated. (4) Any intention to imitate the tickets of plaintiff, or of injuring him in his trade was denied. The averment in (1) was admitted. There was some conflict of testimony in regard to (4). The court said that all the cases established, both in common law and in equity, that where a manufacturer had produced an article of merchandise, calling it by a particular name and vending it with a particular mark, he acquired an exclusive right to the use of such name and mark, and was entitled to prevent others from using such names and marks in connection with articles of a similar appearance. "I am of opinion that the plaintiff has established such a right to the exclusive use of the names by which, and the tickets with which he has for years past sold his goods; that the defendants cannot be permitted further to use those names or tickets."

In *Radde v. Norman*, Law Rep. 14 Eq. 348, V. C. WICKENS granted an injunction against the use by the defendant of the words *Leopoldsalt*, *Leopoldshall*, or any colorable imitation of the latter in connection with kainit brought into the market by them. In 1859 the Ducal government of *Anhalt* had discovered at *Leopoldshall*, in the territory of the duchy, a mine containing kainit. Plaintiff's vendor obtained the exclusive right of exporting genuine kainit over the sea. Defendants in 1872 issued a circular headed "Kainit [*Leopoldsalt*]," advertised its sale, and in answer to letters requesting samples, &c., of "*Leopoldshall* Kainit," sent samples of the article advertised and sold by them. Plaintiffs averred that the kainit sold by defendants was not genuine. This was denied by the latter, who declared that they had bought it in the market (which they had a right to do) as genuine *Leopoldshall* kainit and as coming from the ducal mines in *Anhalt*. They also pleaded their ignorance of the German language as having caused the misspelling of the word *Leopoldshall*. The court said that the plaintiffs had established a *prima facie* case to treat the

word *Leopoldshall*, as denoting in England the article imported by plaintiffs, that if defendants had shown that they had bought their kainit believing it to be from *Leopoldshall*, or if it had really come from that place, they would have been in a very different position. He considered the case, therefore as one in which the plaintiffs had established *prima facie* a title to the exclusive use of the word *Leopoldshall*, when applied to kainit, as a trademark. The word *Leopoldshall* was stated to be the name of a mine, but designated the locality.

16. *Instances of personal good-will.*

In *Succession of Jean Journe*, 21 La. Ann. 391, it appears that in New Orleans the public market-stalls are leased out by the city through an officer called the "*farmer*;" that there exists a custom of transferring by consent generally of the farmer, the use of market-stalls, and with that transfer the lessee of the stall sells its good-will, which is that run of custom which the transferor has attained from the patronage of his friends and the reputation he has acquired. It was held that the *tutrix* (corresponding to administratrix) was chargeable on her inventory with the sum for which, after her husband's death, the good-will of his stall had been sold. This decides the point that the good-will of such a stall is not local, and cannot be reconciled with the doctrine in *Elliott's Appeal*, 60 Penna. St. Rep. 161 (decided the same year, 1869), "that the good-will of an inn or tavern is local, and does not exist independently of the house in which it is kept." All that the latter case decides is that the administratrix is not bound to account for the good-will of a tavern formerly owned and occupied by the decedent (her husband), but which had been conveyed to her and had become her separate property.

In *England v. Downs*, 6 Beav. 269, a widow who carried on the business of a licensed victualler on leased premises, assigned all her goods, stock in trade, &c., but without mentioning the good-will, on trust prior to her second marriage. Held, by Lord ROMILLY, M. R., that the good-will of the business, which was sold after her death, passed by the deed of assignment as incident to the stock and license, and not to the husband with the premises.

In *Morris v. Moss*, 25 L. J. N. S. 194, the facts were these: Ralph Wareing was possessed of a leasehold house in *St. Ann's Square, Manchester*. He married in 1825, from which time he