UNFAIR COMPETITION WITHOUT COMPETITION?

THE IMPORTANCE OF THE PROPERTY CONCEPT IN THE LAW OF TRADE-MARKS

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I. The Doctrine of the Vogue Case

It should be elementary even to a “Dr. Watson” that, absent competition, there can be no unfair competition, and that the phrase unfair competition without competition contains a basic contradiction in terms. But courts are constrained to regard as progress the fact that the simple wisdom of the *Borden* case: 1

“The phrase ‘unfair competition’ presupposes competition of some sort. In the absence of competition the doctrine cannot be invoked.” 2


1. *Borden Ice Cream Co. v. Borden’s Condensed Milk Co.*, 201 Fed. 510, 514 (C. C. A. 7th, 1912), quoted in *Beech-Nut Packing Co. v. P. Lorillard Co.*, 293 U. S. 629 (1927). True though the statement of this case is, the court’s decision is open to doubt in certain respects. First, there was competition; second, there was a property right to be protected.

2. See *Bond Stores v. Bond Stores*, 104 F. (2d) 124, 125 (C. C. A. 3rd, 1939): “It is not a little difficult to understand a complaint of unfair competition where there is no competition”; *Federal Trade Commission v. Raladam Co.*, 42 F. (2d) 430, 436 (C. C. A. 6th, 1930): “The thing forbidden by the statute is unfair competition. This cannot exist unless there is competition, and there cannot be competition unless there is something to compete with”; *Carroll v. Duluth Superior Milling Co.*, 232 Fed. 675 (C. C. A. 8th, 1916): “If there is no competition, there can be no unfair competition”; *Mishawaka Rubber & Woolen Mfg. Co. v. Panther-Panco Rubber Co.*, 55 F. Supp. 308, 310 (D. C. Mass. 1944): “Under the law of Massachusetts direct competition is necessary to support a charge of unfair competition.” *Riggs Optical Co. v. Riggs*, 132 Neb. 26, 30, 270 N. W. 667, 669 (1937): “There is no question that there cannot be unfair competition where there is no competition in fact.”
has been overcome. Thus it is proudly proclaimed: “there is no fetish in the word ‘competition.’ The invocation of equity rests more vitally upon the unfairness.” ³ “Recent, well-considered cases upon the law of unfair competition have expanded the narrow rule announced in the Borden case to an extent that leads us to conclude that the Borden case is out of harmony with the law of unfair competition.” ⁴ By way of explaining this wrinkle, resort is made frequently to the convenient vagueness of “historic development,” but such ratiocination serves only to perpetuate and dignify mistakes of the past.

The law of unfair competition is still in a disordered and incompletely developed state. It is not yet on a par with the exclusive fraternity of such respectable legal families as contracts, torts, trusts, agencies, etc. The law of unfair competition is a relative newcomer; it relies primarily upon appeals to judicial sensibilities and offers vague generalities about fairness and honesty as substitutes for logical analysis and legal theory.

The term “unfair competition” originally was, and in some jurisdictions still is, a term of art.⁵ It first referred to a branch of the law which little more than supplemented the law of technical trade-marks, namely, trade names which are protected because they have acquired secondary meaning, i.e., popularity; this though they do not comply with the requirements of the statutory trade-mark law.⁶

This concept of “unfair competition” in the United States is the equivalent of “passing off” in England. In England the judicial approach to an action to restrain a defendant from “passing off” his goods as the plaintiff’s goods is identical with that pursued in an action to restrain the infringement of a technical trade-mark. In the United States an action for trade-mark infringement is the legal remedy for the protection of technical trade-marks, and unfair competition is the analogous remedy for the protection of trade names.

⁴ Churchill Downs Distilling Co. v. Churchill Downs, 262 Ky. 567, 90 S. W. (2d) 1041, 1044 (1936); Notes (1936) 10 Temple L. Q. 426, (1936) 3 U. of Pitt. L. Rev. 146, (1937) 25 Ky. L. J. 286. See Ward Baking Co. v. Potter-Wrightington, 298 Fed. 398 (C. C. A. 1st, 1924); Kotabs v. Kotex Co., 50 F. (2d) 810, 813 (C. C. A. 3rd, 1931), cert. denied, 284 U. S. 665 (1931): “Unfair competition may exist not alone in the sale of goods of the same character but in the unfair appropriation and use of the trade name of another with the intention, of course, thereby to profit in the sale of goods either of a related character or that suggest the origin of the name appropriated. Such an act is not an infringement of a trade-mark, as a trade name, not a trade-mark, is there involved, but it is a trespass of the same nature as that committed by a man who applies another man’s name to his own goods. And it is a wrong which equity will enjoin even where the goods of the two men do not enter into competition.”
⁵ Cf. Chafee, Unfair Competition (1940) 53 Harv. L. Rev. 1289.
Therefore, the principle of unfair trade practice is the principle of "passing off." Affirmatively "it affords relief wherever, by reason of an unjustifiable act, the goods of one party to the suit will probably be accepted by the purchasing public as the goods of another;" 7 or, excluding any other possibility of unfair competition, it "amounts to no more than this: One person has no right to sell goods as the goods of another, nor to do other business as the business of another." 8 In some states, such as Illinois, it has been stated that the rule of "passing off" is the rule of the law of unfair competition itself. 9 There, the courts "do not treat the 'palming off' doctrine as merely the designation of a typical class of cases of unfair competition, but they announce it as the rule of law itself—the test by which it is determined whether a given state of facts constitutes unfair competition as a matter of law. . . . The 'palming off' rule is expressed in a positive, concrete form which will not admit of 'broadening' or 'widening' by any proper judicial process. It is rigid and inelastic." 10 In federal courts unfair competition has been called "a convenient name for the doctrine that no one should be allowed to sell his goods as those of another." 11

In recent years the scope of the concept of unfair competition has been extended. The extension, however, has not been as broad as Mr. Chief Justice Hughes intimated in the Schechter case: 12 to apply to any misappropriation of what equitably belongs to a competitor. On the other hand, courts have recognized that the right to equitable relief is not confined to cases in which one man is selling his goods as those of another. 13 It may be that the tendency is in the direction of developing the technical common law concept of unfair competition ("passing off") to the common sense concept: including every underhand trick, all unfairness in competition.

Cases following the principle of the *Borden* case use the term in this ordinary common sense meaning; while cases like the *Vogue* case employ it in its original narrow and technical meaning, as infringement of a trade name as distinguished from a technical trade-mark.

Within the meaning of the latter group, the glib phrase "there may be unfair competition without competition" must be transposed to read "there may be passing off without competition." But even this statement is inaccurate, for in the *Vogue* and similar cases there is actually no "passing off." Thus the many cases involving non-competing goods prompt a more extensive discussion.

The *Rolls-Royce*,14 *Vogue*,15 *Dunhill*16 and *Tiffany*17 cases are usually treated together, although their facts present two different situations. Non-competing goods may be those which, though not in actual competition, are so related to each other that it might reasonably be assumed that they originate with one manufacturer. Non-competing goods may be also those which, being entirely unrelated, could not reasonably be assumed to have a common source. In the former category, confusion of business could arise out of the use of similar marks;18 in the latter species such confusion could not result.

In the *Rolls-Royce* case, the plaintiff was the well known automobile company, the defendant, a manufacturer of radio tubes; in the *Vogue* case, the plaintiff was the publisher of the famous fashion magazine, the defendant, a department store selling hats in its millinery department; in the *Dunhill* case, plaintiff manufactured and sold pipes, the defendant, shirts; the famous jeweler, Tiffany, sued to enjoin the continued use of its name in connection with a motion picture house. In the first three cases the courts held that the respective defendants, in adopting the names of the plaintiffs, were attempting to trade upon and capitalize upon the reputation and good will established by the plaintiffs. The courts found that the public would be induced to believe that the defendant's radio tubes were manufactured by the plaintiff; that the public would be deceived into believing that the plaintiff's magazine vouched for, sponsored, or approved the hats offered by the defendant; and that the public would be induced to believe that there was a connection between the two Dunhills. In the *Tiffany*...
case, there was some testimony to the effect that the use in defendant's motion pictures of the word "Tiffany" "caused confusion in [the public's] . . . minds and led them to believe that plaintiff was connected with the production of defendant's pictures." The court in that case decided against the defendant on the theory that the real injury was the gradual whittling away or dispersion of the identity and hold upon the public mind of plaintiff's name. In this case, however, the court, after quoting with approval from Schechter's article, did not accept this theory unequivocally, but adverted to the issue of confusion.

It is, of course, conceivable that the public, laboring under a misconception as to the tendency of modern industry to expand, might be led to believe that an auto manufacturer turns to the manufacture of radio tubes, inasmuch as both products involve the use of electricity. Similarly, it is not inconceivable that the public might assume that a fashion magazine is associated with a millinery business, that a relationship exists between "Standard Oil" and a "Standard Oil Burner Service," that a radio program is connected with a magazine, or that an institute dedicated to advancing the arts and sciences of motion pictures, by conferring awards of merit, is connected with or has established its own dramatic school. It is somewhat more difficult to believe that cameras and bicycles, automobiles and baby carriages, or fountain pens and razor blades are manufactured by the same company, or that there is any connection between a magazine for men and a restaurant, a magazine and phonograph records, jewelry and perfumes, cosmetics and ladies' shoes. But it surpasses belief that anyone would assume that there is the slightest connection between pipes and shirts, between jewelry and motion pictures, between a newspaper like "The Times" and bicycles, or the magazine "Time" and

19. Cited note 17, supra at 681, 461.
22. Golenpaul v. Rosett, 174 Misc. 114, 18 N. Y. S. (2d) 889 (Sup. Ct. 1940) as to "Information Please."
23. Academy of Motion Picture Arts & Sciences v. Benson, 15 Cal. (2d) 685, 104 P. (2d) 650 (1940).
a cereal wheat product.\textsuperscript{32} How confusion, in any sense, could arise in such cases, is utterly incomprehensible.

It appears that the courts are influenced, consciously or otherwise, by the fact that the defendant is attempting to appropriate values which are properly the plaintiff's; that this invasion of the plaintiff's rights may prove disastrous and that the plaintiff is deserving of relief. On the other hand, the autocracy of the doctrine of "passing off," which still stunts the natural development of a law of unfair competition, is not disturbed. Thus we find opinions, which pay lip service to orthodoxy, but covertly adopt the result that would obtain if the "heresy" were accepted. The holdings, dictated by the interests involved, are sound but the reasoning analytically fails to explain why the relief sought is granted.

Relief was not granted because injury stemmed out of confusion, as in the ordinary "passing off" case, but as one court properly stated: \textsuperscript{33} "The real injury was the gradual whittling away of the identity and hold upon the public mind of plaintiff's name." The dilution of a trade-mark's distinctiveness is the gravamen of these complaints, and such an injury is materially different from that arising out of mere confusion. Dilution presages a process of attrition that slowly but surely destroys the uniqueness or singularity of a trade-mark. Imitation may be the sincerest form of flattery, but with respect to a trade-mark, constant imitations in any field of commerce, will, of necessity, debilitate the advertising power of the original mark. Should the trade-mark owner sanction or allow the continued use of marks similar to his, he assumes the risk that the resulting dilution will render the mark generic or available to common use. That, of course, writes finis to the distinctiveness of a mark. The fate of a trade-mark, therefore, may be dependent upon the alertness of the trade-mark owner in guarding its uniqueness and the alacrity with which he intervenes against imitations.

Met with these hybrids, courts have frequently denied the plaintiff relief on the rationale that either there was no confusion \textsuperscript{34} or no

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  \item \textsuperscript{32} Time v. Viobin Corp., 40 F. Supp. 249 (E. D. Ill. 1941), aff'd, 128 F. (2d) 860 (C. A. 7th, 1942), cert. denied, 317 U. S. 673 (1942).
  \item \textsuperscript{33} Tiffany & Co. v. Tiffany Productions, 147 Misc. 679, 264 N. Y. Supp. 459 (Sup. Ct. 1932).
  \item \textsuperscript{34} Dress Circle v. Franklin Simon & Co., 174 Misc. 176, 20 N. Y. S. (2d) 225 (Sup. Ct. 1940). In Hecht Co. v. Rosenberg, 165 Md. 116, 119, 166 Atl. 440, 441 (1933), "The Hub" in Baltimore, the big department store of the Hecht Co., inspired a small businessman in the neighborhood to call his store The Hub. The plaintiff's bill for injunction was dismissed: "When we come to consider the probabilities, we seem to be confronted at once by the outstanding fact that in the comparative sizes of the two stores, their comparative importance, characters, and locations, there is such differentiation as to render confusion hardly conceivable." \textit{See also} Yale & Towne Mfg. Co. v. Rose, 120 Conn. 373, 81 Atl. 8 (1935).
\end{itemize}
competition.\textsuperscript{35} If relief is granted, the courts normally strained to spell out some evidence of confusion, ignoring the fact that the real wrong arises out of the dilution. As a result, a practice is characterized as an act of unfair competition, notwithstanding the absence of competition.

The confusion touchstone is not helpful in these cases, and we must, therefore, seek out an underlying theoretical justification for the granting of relief.

II. The Relationship Rationale and the Exclusive Right

We must, perforce, begin this discussion with an established premise: we must recognize the difference in approach to and the theory of relief for the case in which the parties are in a competitive or similar relationship and the case in which no such relationship exists.

In his \textit{Spirit of the Common Law} Dean Pound said that of the two characteristics of the American legal tradition one was the "tendency to affix duties and liabilities independently of the will of those bound, to look to relations rather than to legal transactions as the basis of legal consequences."\textsuperscript{36} And the law has recognized numerous relationships: principal and agent, husband and wife, master and servant, parent and child, landlord and tenant, debtor and creditor, vendor and purchaser. The relationship between competitors rightfully deserves recognition also; but, as yet, it has been ignored. To appreciate that relationship, however, an analysis of its mechanism is required.

Dean Pound states\textsuperscript{37} that whenever the existence of a relationship places the parties in different categories, e. g., in the class of landlord or in the class of tenant, their respective rights and duties follow as a legal consequence. He reveals two peculiarities of this circumstance: first, a mode of thought which, when dealing with legal situations and problems, has tempered individualism in the law, and, secondly, the insignificance of the contractual element. Agreement can be found with the first; but it cannot be agreed that there is a contrast between the relationship and the contractual element and that the latter should be overshadowed by the former. It is suggested that an antithesis other than that of "relationship-contract" be substituted.

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\textsuperscript{35} Mulhens & Kropff v. Onnen, 37 F. (2d) 435 (C. C. P. A. 1930); Van Dover v. R. K. O. Radio Pictures, 31 T. M. Rep. 251 (N. D. Ill. 1941) (where the court assumed secondary meaning of plaintiff's name "for the purpose of this case").

\textsuperscript{36} Pound, \textit{The Spirit of the Common Law} (1921) 14.

\textsuperscript{37} Ibid. at 20.
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There is, in principle, no contrast between a relationship and a contract. To be sure, it is the contract from which the relationship is derived and receives its particular significance. Where this is the case, some rule of law must exist with which specifically expressed terms of contract may be correlated. There must also be a rule of law that will adequately define the liabilities of the parties to the particular relationship.

Of course, all relationships are not always traceable to contract alone. For example, a relationship may be based upon the will to create a status (marriage). The relationship may be determined by a regulation without an agreement between the parties; thus labor relations are regulated by collective bargaining and an employer is compelled to employ a worker. Even apart from torts, relationships may be created without the agreement of the parties by the will of a third person (trust). Finally the relationship may be created exclusively by a unilateral determination to assume a status. This may be exemplified by the entry of an individual into the field of competition with the knowledge and recognition of the fact that his future business conduct will be governed by particular rules of behavior. The position that the free will of those who are bound has been disregarded would seem erroneous. Unless the contract is a typical one as in the case of common leases, insurance policies and collective bargaining agreements, the will of the parties, as expressed in the contract, dominates the relationship.

There are extraordinary agreements where the will of those interested is not a necessary element. In the trustee-beneficiary relationship the will of the settlor is alone important. The competitive relationship is created without agreement. The only essential to the creation of the relationship is the will to engage in business and competition. The relationship alone determines the duties of competitors.38

Anything which may exist or function other than in a relationship is antithetically opposed to it. The absolute right, the exclusive right, the individual's right of protection against the whole world 39 all exist irrespective of a relationship, but may constitute the basis of a relationship. In this case the exclusive right is subordinate to the relationship. When a contract is the fundamental of a relationship, the terms of the

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38. To what extent, in the course of these relations, agreements between competitors may be made is more a problem of the anti-trust laws than of the law of unfair competition.

39. The absolute or exclusive right is absolute only in the sense that it is protected against everybody irrespective of any existing relationship. It is not static but dynamic and the same is true of the law of torts itself (see Prosser, Handbook of the Law of Torts (1941) 5). The absolute or exclusive right is only the expression of a technical concept helpful in the enforcement of law to protect special public and social interests. Ibid. at 21.
contract are co-ordinate with the rule of the relationship. In a relationship the exclusive right is, so to speak, only incidental to it; it is imbedded in the relationship. In case of conflict between relationship and exclusive right the latter must yield. For example, there may be what would otherwise amount to a trespass upon property within a relationship like that of trustee-beneficiary or a marriage. The relationship is preponderant, however, and lends its weight to counteract the "trespass."

Where there is no exclusive right and no expression of the will of the individuals, the rights and duties of the parties to a relationship follow as a legal consequence of the relationship. Where there is no relationship but an exclusive right, the rights and duties are determined by the exclusive right itself, according to the scope of protection afforded it by the law. If these principles are followed in the application of the law of unfair competition, then the rights and duties of the competitors will be determined, as they should be, by such rules as may be formulated in accordance with the competitive relationship alone. The existence of any exclusive right would then be considered only in so far as it would be consistent with the relationship. Only from the nature of the relationship can principles be derived which will furnish the basis for a cause of action for unfair competition.40

Beyond cavil, the theory of the exclusive right is all-important where there is no relationship between the parties, as, for example, in the Vogue, Dunhill and Tiffany cases. Failure to recognize and accept this fundamental distinction between the relationship rationale and the exclusive right fathered the incongruous doctrine that trade names can only be protected against use or imitation on the theory of unfair competition. From that is derived the untenable conclusion that a complaint must be dismissed if there is no competition.

In very few cases have the courts made a proper distinction between competitive and non-competitive circumstances. In a re-sale price maintenance case,41 in which a retail gasoline dealer sued an

40. In his treatise, CALLMANN, UNFAIR COMPETITION AND TRADE-MARKS (1945), the author tried to show that business competition is a group relationship of mutual rights and liabilities, dominated by certain "maxims of equity" which may be derived from the particular nature of this relationship; that the right protected by the law of unfair competition is the right of the competitor to demand that all competitors act in harmony with the rules of competition; and that a competitor is vested with the right to sue since, under this theory, all businessmen owe to their competitors the affirmative duty of avoiding or abandoning any practice which results in unfair competition in the broadest sense of the term. See treatise, vol. I, secs. 6-8.


automobile club for selling gasoline to its members below the price fixed by the trade-mark owner, the court rested its decision on the property right which the dealer shares in the good will of the trade name. In a name case, the plaintiff sold his business to one who later used the plaintiff's name, although the right to use the plaintiff's family name was not actually conveyed. Some seven years later the plaintiff re-entered the same business and sued to enjoin the original vendee's successor from using his name. The defendant pleaded estoppel, contending that the plaintiff knew from the outset that his name was being used. The plaintiff maintained that he could not be charged with laches until after his re-entry into the business; and he advanced the theory that there could be no unfair competition until there was actual competition. "However," said the court, "this question is not, and should not be, decisive of the question of estoppel. We conceive it to be proper in a certain case for one not in competition to properly object to the use of his name by another." Where the relationship is competitive, estoppel may be based on the contention that the plaintiff consented to the form of competition he complains of; but where there is no such relationship, the defense of estoppel may be justified where the claim to an exclusive right in the use of his name has been waived. Where an inventor sued a manufacturer for the unlawful use of his name, the court rightly found that there was nothing to mislead the public into the belief that the defendant's articles were invented by the plaintiff, but that, instead, the case was simply one of libel or defamation of business reputation. A similar situation was presented by a case in which the makers of "Aunt Jemima" pancake flour, in planning a radio advertising program, sought the services of the plaintiff, a white woman, who enjoyed an excellent professional reputation as "Aunt Jemima." Negotiations were abandoned, however, and a colored actress was employed to do the singing. In cases of this type the cause of action is generally both an injury to the property of the business good will and an injury to the personality. An advertising specialist manufactured and used envelopes bearing the word "Telegram" printed thereon to attract attention; these envelopes were similar to those used by a telegraph company, but defendant used them in an advertising campaign and not for telegrams. The court recognized the company's property right to

UNFAIR COMPETITION WITHOUT COMPETITION?

The complaint of the owner of an apartment house who sued a hotel owner for his use of a fanciful name adopted by plaintiff for his building, was dismissed because there was no competition; no exclusive right was recognized. Two competitive cases recognized that a merchant has a sufficient economic interest in his trade name to restrain another from exploiting it in the sale of his merchandise, even though the two are not engaged in the manufacture or distribution of the identical or similar products. The court adopted the theory that where the suit is not designed to enjoin unfair competition, as in the threatened unlawful use of a corporate name, "it is in the nature of a bill quia timet." 

The protection that can be granted to a trade-mark on the basis of a property right is most extensive. It is not determined by the wording of a statute nor does it depend upon a particular relationship. Relief can be awarded against any injury which would prevent the trade-mark owner from fully utilizing his trade-mark. Every lawful function of a trade-mark creates a corresponding sphere of interest, the legal protection of which is determined by the likelihood of damage to the owner of the trade-mark. Finally, this form of protection is available either alternatively or cumulatively. The plaintiff thus has an election between several causes of action. In fact, the law should favor a plaintiff who sues a competitor for trespass upon his property rather than for unfair competition so as to spare the defendant from the charge of immoral conduct implied by the latter phrase.

It is a commonplace for which no authorities need be cited that the law of trade-marks is but a part or secluded corner of the more inclusive law of unfair competition. Though it is true that the well-spring of the law of trade-marks is the competitive relationship, it should be remembered that there may well be non-competitive violations of a trade-mark, and that in such cases, logic should dictate an exception to the rule.

A trade-mark is part of the commercial equipment of a business and it is a singularly effective weapon in the competitive struggle.

47. Postal Telegraph-Cable Co. v. Livermore & Knight Co., 188 Fed. 666 (C. C. D. R. I. 1911). The court dismissed plaintiff's complaint, however, because it failed to show that it had suffered or was likely to suffer any actual injury.
49. Western Auto Supply Co. v. Knox, 93 F. (2d) 850 (C. C. A. 10th, 1937); Standard Oil Co. of New Mexico v. Standard Oil Co. of California, 56 F. (2d) 973 (C. C. A. 10th, 1932).
50. Standard Oil Co. of New Mexico v. Standard Oil Co. of California, 56 F. (2d) 973, 975 (C. C. A. 10th, 1932).
51. John Wood Mfg. Co. v. Servel, 77 F. (2d) 946 (C. C. P. A. 1935). In Varsity Sportswear v. Princess Fabrics Co., 174 Misc. 208, 19 N. Y. S. (2d) 723, 729 (Sup. Ct. 1940), the trade-mark owner was held entitled to an injunction against the use of his mark "if he thought such use injurious to him."
However, it is only that segment of the law of trade-marks which refers to the discord between competitors that is part of the law of unfair competition. If the defendant uses the trade-mark of a non-competitor, some competitive repercussions may arise. The relationship between the plaintiff and the defendant, however, would not be a competitive one if the defendant, in an unrelated business, appropriated and used the plaintiff's mark to gain an advantage over his own competitors and the plaintiff was injured thereby in his own competitive effort. For example, a business building is part of the owner's and the tenant's business equipment, but the relationship between landlord and tenant does not become competitive by virtue of that fact; nor does a trespasser become a competitor because of his trespass. The injury is to the property and relief cannot be granted to the plaintiff unless an exclusive right, such as property, is recognized. One eminent writer recently said:

"All there is to trade-mark infringement and passing off is the misrepresentation by a trader that his goods come from another, the right being defined and limited by the wrong. It has always seemed to me that this theory is much more logically defensible than the property right idea. There cannot be a property right in a mere word or symbol in the abstract. This conception will not stand the most cursory analysis." But this criticism is not justified. True it is that trade-mark infringement and "passing off" are often the same, but this is so only if the plaintiff and defendant are competitors. Trade-mark infringement does not always involve "passing off," as we have seen in cases of non-competing goods. And so we come back to the question whether a trade-mark is an exclusive or property right, which question has woven itself into the entire body of the law of trade-marks.

III. The Exclusive Right in a Trade-Mark

The theory that there may be a property right in a trade-mark and that such property may be the basis for equitable relief was first propounded in *Millington v. Fox* in 1838. In that case Lord Cottenham restrained the infringement of a trade-mark even though the infringement was attributed to ignorance and was committed without fraudulent intent. Equity courts have since been more favorably inclined towards the concept of a property right in trade-marks but the precise nature of the right is still a matter of great dispute and has yet to be determined. The principle obtained from *Millington v. Fox* was clearly announced in three cases decided by Lord Westbury, L. C.,

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53. 3 Myl. & C. 338.
UNFAIR COMPETITION WITHOUT COMPETITION?

in 1863: "At law the proper remedy is by an action on the case for deceit; and proof of fraud on the part of the defendant is of the essence of the action: but this Court will act on the principle of protecting property alone, and it is not necessary for the injunction to prove fraud in the defendant, or that the credit of the plaintiff is injured by the sale of an inferior article. The injury done to the plaintiff in his trade by loss of custom is sufficient to support his title to relief." 54

"The true principle therefore would seem to be, that the jurisdiction of the Court in the protection given to trade-marks rests upon property, and that the Court interferes by injunction, because that is the only mode by which property of this description can be effectually protected.

"The same things are necessary to constitute a title to relief in equity in the case of the infringement of the right to a trade-mark as in the case of the violation of any other right of property."

This theory was reaffirmed in 1882 by Lord Blackburn, 55 who said that it was settled in a series of cases, of which Hall v. Barrows 57 was considered predominant, "that both trade-marks and trade names are in a certain sense property."

In fact, this principle was far from well established. In 1857 it was held "now settled law that there is no property whatever in a trade-mark." 58 In 1896, Lord Herschell, in Reddaway v. Banham, 59 doubted the accuracy of a statement that there is a property in the common law trade-mark, though there was no doubt that some of the rights incident to property might attach thereto, especially if it was capable of no conceivable legitimate use except by the proprietor. 60

In this country, where the law is still in an amorphous state, 61 an excellent statement was formulated in a California case in 1865. The court held 62 that "the right of property [in trade-marks] does not in any manner depend for its inceptive existence or support upon statutory law, though its enjoyment may be better secured and guarded, and infringements upon the right of the proprietor may be more

57. 4 De G. J. & S. 150, 32 L. J. Ch. 548 (1863).
61. But Stokes v. Landgraff, 17 Barb. (N. Y.) 608 (1853) and Glen & Hall Mfg. Co. v. Hall, 61 N. Y. 226 (1874), rev'd, 6 Lans. 158, held it "well settled" that a trademark is a property.
effectually prevented or redressed by the aid of the statute than at common law. Its exercise may be limited or controlled by statute, as in case of other property, but, like the title to the good will of a trade, which it in some respects resembles, the right of property in a trade-mark accrues without the aid of the statute . . .; the proprietor may assert and maintain his property right wherever the common law affords remedies for wrongs." The famous Trade-Mark Cases contain the statement that the right to adopt and use a trade-mark "is a property right for the violation of which damages may be recovered in an action at law, and the continued violation of it will be enjoined by a court of equity, with compensation for past infringement. This exclusive right was not created by the act of Congress, and does not now depend upon it for its enforcement. The whole system of trade-mark property and the civil remedies for its protection existed long anterior to that act, and have remained in full force since its passage."

But the cases that followed evidence a regrettable shift of and shading in the judicial approach to the subject. Five decisions, written by Mr. Justice Holmes and decided between 1890 and 1926, are of particular interest. In Chadwick v. Covell, he said: "When the common law developed the doctrine of trade-marks and trade names, it was not creating a property in advertisements more absolute than it would have allowed the author of Paradise Lost; but the meaning was to prevent one man from palming off his goods as another's, from getting another's business or injuring his reputation by unfair means, and, perhaps, from defrauding the public." Du Pont Powder Co. v. Masland contains the famous statement that "the word property as applied to trade-marks and trade secrets is an unanalyzed expression of certain secondary consequences of the primary fact that the law makes some rudimentary requirements of good faith." But in Bourjois & Co. v. Katzse, he wrote: "The monopoly in that case [of a patent] is more extensive, but we see no sufficient reason for holding that the monopoly of trade-mark, so far as it goes, is less complete. It deals with a delicate matter that may be of great value but that easily is destroyed, and therefore should be protected with corresponding care." In Prestonettes v. Coty, he returned to the view expressed in the Du Pont case and, finally, in Beech-Nut Packing Co. v. P. Lorillard Co., he came even closer to a recognition of the property concept than he did in the Bourjois case: "A trade-mark is not only the symbol

63. 100 U. S. 82, 92 (1879).
64. 151 Mass. 190, 193, 23 N. E. 1068, 1069 (1890).
67. 264 U. S. 359, 368 (1924).
68. 273 U. S. 629, 632 (1927).
of an existing good will, although it commonly is thought of only as that. Primarily it is a distinguishable token devised or picked out with the intent to appropriate it to a particular class of goods and with the hope that it will come to symbolize good will. Apart from nice and exceptional cases, and within the limits of our jurisdiction, a trade-mark and a business may start together, and in a qualified sense the mark is property, protected and alienable, although as with other property its outline is shown only by the law of torts, of which the right is a prophetic summary." This rationale closely parallels the earlier view expressed by the United States Supreme Court in the Hanover Star Milling case in which the property concept was qualified and in which it was said that property existed only in connection with an operating business.

But it is still problematic whether the courts will recognize a property right in a trade-mark. This remains so notwithstanding the fact that statutes refer to the "owner" of a trade-mark; courts use the term "owner" and "proprietor" of a trade mark; trade-marks have been called monopolies, property rights or "vested rights of property"; courts frequently adopt such phrases as "trespass upon

71. Sherwood Co. v. Sherwood Distilling Co., 177 Md. 455, 462, 9 A. (2d) 842, 845 (1939); Lalanne v. F. R. Arnold & Co., 39 F. (2d) 269, 271 (C. C. P. A. 1930). In Socony-Vacuum Oil Co. v. Oil City Refiners, 136 F. (2d) 470, 474 (C. C. A. 6th, 1943) it was said: "The possessor of a trade-mark has no more right than other property owners to use it for the purpose of passing off . . ."
property," 76 "title" to a trade-mark 77 and "chain of title," 78 and have recognized that "theoretically and perhaps practically as well this hard-
 earned right is as important as money in the bank. It should not be
taken, or even nibbled away, by another, any more than any of the
dollars should be taken from its bank, against its protest and without
right in law or equity to do so." 79

Influenced by the function of a trade-mark as a symbol of business,
most courts follow the so-called Holmes-Hand doctrine of the "quali-

fied nature" of property in a trade-mark, i. e., that a trade-mark is
only a symbol of the good will of the business of the trade-mark owner;
that "a trade-mark is not property in the ordinary sense but only a
word or symbol indicating the origin of a commercial product. The
owner of the mark acquires the right to prevent the goods to which
the mark is applied from being confused with those of others and to
prevent his own trade from being diverted to competitors through
their use of misleading marks. There are no rights in a trade-mark
beyond these." 80 Or, as it has been expressed in many cases, a trade-
mark is inseparable from the good will of the business of its possessor,

and it exists only as an incident to the business in which it was law-

fully acquired and with which it remains identified. 81 A trade-mark
can have no existence in gross, unconnected with some business in
which it is used. 82 "There is no such thing as property in a trade-
mark except as a right appurtenant to an established business or trade
in connection with which the mark is employed." 83

77. Gold Dust Corp. v. Hoffenberg, 87 F. (2d) 451, 452 (C. C. A. 2d, 1937); Empire

78. La Fayette Brewery v. Rock Island Brewing Co., 87 F. (2d) 489, 491 (C. C. P. A. 1937).
80. L. Hand, J., in Durable Toy & Novelty Corp. v. J. Chein & Co., 133 F. (2d) 853 (C. C. A. 2d, 1943); A. Hand, J., in Industrial Rayon Corp. v. Dutchess Under-


less Firebrick Co., 65 F. (2d) 849, 850 (C. C. A. 1st, 1933); United States Ozone Co.
v. United States Ozone Co. of America, 58 F. (2d) 1051 (C. C. P. A. 1932); Varsity
1940); Foster Canning Co. v. Lardan Packing Co., 17 N. Y. S. (2d) 583, 584 (Sup. Ct.
1939).
82. United Drug Co. v. Rectanus Co., 248 U. S. 90, 97 (1918); E. F. Prichard
Co. v. Consumers Brewing Co., 136 F. (2d) 512 (C. C. A. 6th, 1943); Gruelle v.
Molly-"Es Doll Outfitters, 94 F. (2d) 172, 175 (C. C. A. 3rd, 1937); Jackman v. Cal-
83. United Drug Co. v. Rectanus Co., 248 U. S. 90, 97 (1918), aff'g, 226 Fed. 545
(C. C. A. 6th, 1915).
(C. C. A. 7th, 1943): "Although trade-mark rights are property, they are not protected
The erroneous conclusion that the trade-mark has no independent value is attributable to judicial emphasis upon the fact that a trade-mark is an indication of origin and a symbol of good will. The following is typical of this unsatisfactory and unfortunate viewpoint: "In its last analysis a trade-mark is a name or sign or symbol which indicates or certifies that a given article or commodity is in reality what it claims or purports to be. It has no intrinsic value whatever. It is merely a certificate of the truth. The property in which it inheres is just as valuable intrinsically without the trade-mark as with it. . . . Take away the trade-mark, and the property remains in every respect the same as it was before." 84

The right of the trade-mark owner in his mark is the right to be protected with respect to its three functions, viz.: indication of origin common to all articles bearing the trade-mark, guarantee of grade or quality, and advertisement. This is the protection that the law accords to that which is commonly called property. It assures the trade-mark owner the right to exclusive use thereof and the right to challenge use of the same or similar mark by others, or any other disturbance of the owner's use thereof.

Property is a complicated and evasive term, 85 more philosophical than legal in meaning and extent. Legally speaking, it connotes the right to exclude others from any use or from disturbing the owner's use thereof. A property right refers to the exclusive but materialistic right of the owner 86 and it should be distinguished from the exclusive but idealistic right of the individual, e.g., his personality. 87 It has been said, however, that the trade-mark owner has no property right per se; it is only the good will in connection with which the mark is used that it protected." With respect to a trade name, see Mutual Life Ins. Co. v. Menin, 115 F. (2d) 975, 977, 979 (C. C. A. 2d, 1940).


85. "'Property' is a word of very broad meaning and when used without qualification, may reasonably be construed to include obligations, rights and other intangibles, as well as physical things. . . ." The essential ingredients of "property" where value is the test are: subject to ownership, subject to transfer, exclusive possession and enjoyment may be brought within the dominion or control of a court. Citizens State Bank of Barstow v. Vidal, 114 F. (2d) 380, 382 (C. C. A. 10th, 1940).

86. "A party may have a property in—that is, an exclusive right to use—a 'name, symbol, figure, letter, form, or device' to distinguish goods manufactured and sold by him from those manufactured and sold by others, or to indicate when or by whom, or at what manufactory the article to which it is affixed is manufactured. . . . It is an infraction of that right, to print or manufacture, or put on the market for sale, and sell for use upon articles of merchandise of the same kind as those upon which it is used by the proprietor, any device or symbol which by its resemblance to the established trade-mark will be liable to deceive the public, and lead to the purchase and use of that which is not the manufacture of the proprietor, believing it to be his." Colman v. Crump, 70 N. Y. 573, 578 (1877). See also Scheer v. American Ice Co., 32 Misc. 351, 66 N. Y. Supp. 3 (Sup. Ct. 1900).

87. See 2 CALLMANX, op. cit. supra note 40, at § 66.2.
in the trade-mark and that he can protest only a use that causes confusion.

A recent English case, speaking of a registered trade-mark, held that "the phrase 'the exclusive right to the use of such trade-mark' carries . . . the implication of use of the mark for the purpose of indicating, in relation to the goods upon or in connection with which the use takes place, the origin of such goods in the user of the mark by virtue of the matters indicated in the (statutory) definition of 'trade-mark.'" This makes it clear that "exclusive use" does not refer to a mere use of the words as such and as commonly accepted, but to that use of a trade-mark which is commensurate with the functions of a trade-mark. Exclusive use is trade-mark use; one does not have a monopoly in every sense of the word in a trade-mark. He cannot prevent non-trade-mark use; and a trade-mark use does not attach to everything the seller believes to be his trade-mark.

The proposition that the trade-mark owner can exclude others only from a use which causes confusion is based upon the fallacious premise that the guarantee function is the most significant. The trade-mark owner is entitled to protection against anyone who disturbs his trade-mark use.

The difficulty in determining the nature of the trade-mark right may be overcome by the following considerations:

First: The incorporeal nature of the trade-mark clouds its substantiality and, more particularly, the likelihood of contemporaneous

89. "The owner of the mark acquires the right to prevent the goods to which the mark is applied from being confused with those of others and to prevent his own trade from being diverted to competitors through their use of misleading marks. There are no rights in a trade-mark beyond these." A. Hand, J., in Industrial Rayon Corp. v. Dutchess Underwear Corp., 92 F. (2d) 33, 35 (C. C. A. 2d, 1937).
90. "It has been well settled that no one can acquire the exclusive right to call any article by a common name which appropriately designates it." Hygienic Fleeced Underwear Co. v. Way, 137 Fed. 592 (C. C. A. 3d, 1905).
91. Id. at 116.
92. "It has been well settled that no one can acquire the exclusive right to call any article by a common name which appropriately designates it." Hygienic Fleeced Underwear Co. v. Way, 137 Fed. 592 (C. C. A. 3d, 1905).
93. With respect to franchise compare, for example, City of Campbell, Mo. v. Arkansas-Missouri Power Co., 55 F. (2d) 560, 562 (C. C. A. 8th, 1932): "A franchise is property, and, as such, is under the protection of the law, and without express words it is exclusive as against all persons acting without legal sanction. True, plaintiff's franchise was not exclusive in the sense that the city might not grant right to another, yet it was exclusive against anyone who assumed to exercise the privilege granted the plaintiff, in the absence of authority or in defiance of law."
use thereof by others. Unknown simultaneous use thereof, which is possible without any visible effect upon the use by the original user, most frequently results in serious repercussions.

Indeed, the exceptional features of the incorporeal trade-mark gives it the value that will determine the scope of protection. This applies equally to patents and copyrights. Therefore, the statement that there may be property in a technical trade-mark but not in a non-technical trade name is not justified. Between these two classes of trade-marks there is only a difference in degree. The scope of protection depends upon the extent of distinctiveness and popularity. If the chosen word, device or designation is publici juris, it will be protected only after it has acquired secondary meaning. The more impressive the mark, the stronger it is; the more it amounts to a catch-word, the more extensive is its scope of protection. It is well recognized that arbitrary, coined or fanciful marks or names should be given a much broader degree of protection than symbols, words or phrases in common use. The mark, like good will, may decrease in value with the depreciation of the owner's reputation and financial standing or his relaxation in advertising. The value is measured by the public's attitude and reaction to the trade-mark.

94. As to trade-marks, John T. Dyer Quarry Co. v. Schuylkill Stone Co., 185 Fed. 557, 566 (C. D. N. J. 1922), quoting at length from Elgin National Watch Co. v. Illinois Watch Case Co., 179 U. S. 665 (1900), states that, "there was an equally clear legislative recognition of the exclusive nature of trade-marks proper; for in the seventh section it was provided that 'any person' who should 'reproduce, counterfeit, copy or colorably imitate any trade-mark . . . shall be liable,' etc. Further, in the second section it was provided that in order to create any right in the applicant for registration the application should be accompanied by a verified written declaration to the effect that the applicant 'has at the time . . . calculated to deceive . . . The Elgin case thus fully supports the propositions that the owner of a trade-mark proper has an exclusive right 'as against all the world'" (italics supplied). See also G. W. Cole Co. v. American Cement & Oil Co., 130 Fed. 703, 705 (C. C. A. 7th, 1904).

95. Little Tavern Shops v. Davis, 116 F. (2d) 903, 905 (C. C. A. 4th, 1941): "The courts recognize a right of property in a trade name which has been . . . so used . . . in association (with a business) as to acquire a special significance as the name thereof", quoting American Steel Foundries v. Robertson, 269 U. S. 372 (1926); Standard Oil Co. of Maine v. Standard Oil Co. of New York, 45 F. (2d) 309 (C. C. A. 1st, 1930); Standard Oil Co. of New Mexico v. Standard Oil Co. of California, 56 F. (2d) 973 (C. C. A. 10th, 1932); Restatement, Torts (1934) § 716. If the word has not acquired a secondary meaning, only a suit for unfair competition can be brought. Contra: Fawcett Publications v. Popular Mechanics Co., 80 F. (2d) 104, 107 (C. C. A. 3rd, 1935), quoting from Barton v. Rex-Oil Co., 2 F. (2d) 402 (C. C. A. 3rd, 1924): "A merely descriptive name can never become such property (as a trade-mark) . . . and the utmost the first user of such a name after it has acquired a secondary meaning can insist upon is that no one shall use it against him in an unfair way." If this were true, the court in Borden Ice Cream Co. v. Borden's Condensed Milk Co., 201 Fed. 510, 514 (C. C. A. 7th, 1912), would be correct in saying that "the secondary meaning of a name, however, has no legal significance, unless the two persons make or deal in the same kind of goods." The opposite, however, is true. Secondary meaning is necessary as a basis of a property right in a case involving non-competing goods.

96. See also Shulman in 15 American Law Institute, Proceedings (1937-8) 116.
Second: The courts have disregarded somewhat the manifold functions of the trade-mark and have failed to realize its value as something more than a mere symbol of good will. While the use of the famous trade name "Tiffany" by a motion-picture company did not affect the good will of the jewelry firm, such use, nevertheless, endangered its advertising value by possible dilution of its catch-word potential. The pivotal point of the controversy, concerning property right in a trade-mark, is not so much the question whether a trade-mark may be protected as property, but whether the trade-mark may be an independent subject of a property right. This is convincingly demonstrated in the leading case of Hanover Star Milling Co. v. Metcalf: 97 "In the English courts it often has been said that there is no property whatever in a trade-mark, as such. But since in the same cases the courts recognize the right of the party to the exclusive use of marks adopted to indicate goods of his manufacture . . . it is plain that in denying the right of property in a trade-mark it was intended only to deny such property right except as appurtenant to an established business or trade in connection with which the mark is used."

Trade-mark protection, based upon the concept of a property right, cannot be effective as a theory if protection is given only as a "means of preserving good will which is property," 98 or as "merely one of the visible mediums by which the good will is identified, bought and sold, and known to the public." 99 Good will is only another term for the relationship between a business and its customers, suppliers, employees, etc. It is, however, definitely affected by a competitor's infringement. In the competitive relationship there is ordinarily no need of property protection, and outside the competitive relationship, good will is of minor importance, unless there is defamation. 100 Therefore, the suggestion 101 that good will be regarded as property and that the trade-mark owner's right to relief be based on the protection thereof seems valueless.

The independence of the trade-mark as a property value has been impliedly recognized in the Beech-Nut case. 102 The defendant had ac-

97. 240 U. S. 403 (1916).
100. Cf. the famous illustration in Ainsworth v. Walmsley, L. R. 1 Eq. 518; 14 L. T. R. 31 s. 220 (1866): If he does not carry on a trade in iron but carries on a trade in linen and stamps a lion on his linen, another person may stamp a lion on iron." Under this rule, which is no longer law, there is not need for independent protection of a trade-mark.
quired the mark "Beechnut" for tobacco from a company which had used it since 1897. The vendor's business had so declined that by 1910 its sales of Beechnut tobacco amounted only to twenty-five pounds; therefore the trade-mark was, in reality, dormant. In an effort to excite the public's taste with a new brand this mark was selected, and in 1915, the new product was placed upon the market under the mark "Beechnut" tobacco. The Supreme Court held that the mark had not been lost because of its period of dormancy and said: "The fact that the good will once associated with it has vanished does not end at once the preferential right of the proprietor to try it again upon goods of the same class with improvements that renew the proprietor's hopes." 103

A trade-mark enjoys legal, but not actual or economic independence. This becomes evident from a comparison of a trade-mark and a patent. It has generally been said that trade-marks are not rights in gross 104 like patents or statutory copyrights. This, however, is a distinction in practical law and not in principle, and it varies with different countries. Independence of a trade-mark with respect to protection does not necessarily entail the independence of its transfer. A trade-mark need not be an invention or an intellectual creation. If the trade-mark exists as such, its protection is unlimited in time because the public does not have the same interest in its use as it has in patents and copyrights. Patents and copyrights are limited, for the public is anxious to have them disclosed, described and registered. For the purpose of this discussion, the important distinction between a trade-mark and a patent is that the trade-mark, according to its function, refers to the business to which it belongs. This is true whether the trade-mark is considered a symbol of good will (in its guarantee function), or a means of allurement (in its advertising function). A patent refers to an invention and not to a business. A patentee may grant as many licenses as he pleases, but the trade-mark owner is limited in this respect. There is a similar distinction between a trade-mark and a copyright. Unlike the proprietor of a patent, the trade-mark owner may not monopolize his trade-mark by

103. In Finchley, Inc. v. Finchly Co., Inc., 40 F. (2d) 736, 738 (D. Md. 1929), the court said: "In owning a mark which enjoys such trust and confidence in relation to one article or place, the owner possesses valuable property in the right to use that familiar and popular mark, or name, in the extension of his business to new lines of goods and to new territory. He owns a right to use the popularity of that mark or name or object for his profit, and to prevent its use by others to his detriment. He owns a right to use it to extend his business, and to increase his profits to an extent impossible, perhaps, if he refrained from so doing or used some other mark, or name, which did not enjoy the same brand."

104. See note 82 supra.
a mere negative and prohibitive use thereof. But this distinction is also a matter of practical policy and does not rest entirely on a substantive premise. In certain countries the trade-mark owner need not even use his trade-mark and he is nevertheless entitled to protection, and in almost all countries, the patentee is obliged by law to put his invention into commercial use within a fixed period of time from the grant of the patent. The monopoly of a patent "is more extensive, but we see no sufficient reason for holding that the monopoly of trade-mark, so far as it goes, is less complete." But in fact, both monopolies—an unfortunate term which, in this connection, is a synonym for an exclusive right—are basically dissimilar. The scope of protection depends, in the case of a patent, upon the importance and originality of the invention and, in case of a trade-mark, upon its value as a symbol of good will and a medium of advertising (upon its popularity). In both monopolies the competitive principle of priority determines ownership. Therefore, it is correct to say "that the property right in a trade-mark is of the same quality as a copyright or the right to a patent, and that the remedies available to the owner of any of those rights are, in the absence of statutory regulation, analogous."

Third: The trade-mark is created, usually by the trade-mark owner. It is not in the arsenal of commonly known proprietary values like a house or a machine. The competitive element of priority determines its ownership.

105. United Drug Co. v. Rectanus Co., 248 U. S. 90, 97 (1918). A trade-mark is not a monopoly, but on the contrary, a symbol of individuality and individuality is democracy. Rogers, Freedom and Trade-Marks, 34 T. M. Rep. 25 (1944). Judge Wyman in National Fruit Product Co. v. Dwinell-Wright Co., 47 F. Supp. 459 (D. Mass. 1942), refers to those who think that an expanded protection of trade-marks tends to promote undesirable monopolies especially because it prevents the lowering of prices which would otherwise occur, both on branded and even on competing unbranded merchandise. Twentieth Century Fund, Does Distribution Cost Too Much? (1939) 304. Cf. Restatement, Torts (1934) § 731(f) see cases cited though not completely followed in Landers, Fray & Clark v. Universal Cooler Corp., 85 F. (2d) 46, 48 (C. C. A. 2d, 1936). As to prices, it may be that there are public advantages as well as disadvantages in trade-marked articles. While in times of stable or declining prices branded goods may be over-priced, in times of rising prices branded goods, contrary to the market as a whole, may maintain rigidity of prices since to the consumer their price is as familiar a standard as is their name.

106. See the defensive and reserve trade-marks in the German Law. The non-user in our trade-mark law which does not affect the protection of the trade-mark owner is only a temporary non-user and must not lead to an abandonment.


Fourth: A denial that the trade-mark enjoys a property right merely because it is limited, involves a confession of failure to comprehend the concept of the property right. The property right, in any connection, has never been an absolute right in the sense that the owner can dispose thereof at his will.\(^{111}\) The limitations of the trade-mark right with respect to transfer, territorial scope, or business expansion affect not the nature but only the scope of protection. Most of these limitations are rules of practical law, varying in different countries and not conditioned by the inherent nature of the trade-mark. In this respect, trade-mark property does not differ from other property which is subject to general limitations or the limitations flowing from the nature of special property.\(^{112}\)

From these considerations the following conclusions may be drawn:

1. The trade-mark use which is entitled to protection is not the ordinary use of words or pictures as such but the typical use of a trade-mark word or a trade-mark picture or other trade-mark combination. Trade-mark use involves unique use in the nature of a catch-word, catch-phrase, picture or slogan. It is a use which gives the trade-mark immediate and lasting intention.

2. The trade-mark may have a value independent of the fact that it is the symbol of the good will of a business or article.

3. Whether a trade-mark may be appropriated, i. e., whether its catch-use should be protected, is a question which should be thoroughly explored in every infringement case.

4. The limitations on a trade-mark right do not prevent the trade-mark from being treated as a property right because limitations on property are not foreign to, but inhere in the nature of all property.

IV. Conclusion

The relationship between the law of trade-marks and the law of unfair competition with respect to cases involving similar trade-marks on non-competing goods, presents problems which can be resolved properly only when the trade-mark law is held subject to the general principles that there can be no unfair competition where there is no competition, and that protection of a trade-mark against tortious conduct cannot be granted when there is no competitive relationship.

\(^{111}\) The misunderstanding of the concept of property is in part due to the erroneous interpretations given by modern jurists to the property concept of the Roman Law. See Schult, Principles of the Roman Law (1936) 102.

\(^{112}\) Cf. limitations upon the transfer of certain land in certain countries.
unless there is a violation of an exclusive right. Therefore, a trade-
mark owner can be protected against injury from those who are not 
competitors only when the trade-mark is held to be an exclusive right. 
Whether the trade-mark is an exclusive right or a property right and, 
if either, whether it applies to all kinds of trade-marks, has been one 
of the most debated questions in the law of trade-marks.

It might be said that all trade-marks—including all trade-design-
nations—are both property and rights of personality (similar to the 
right of reputation which is protected against libel and slander). But 
neither the property nor the personality concept are necessary in a 
suit by the trade-mark owner arising out of a competitor's infringe-
ment. He may readily sue for breach of the competitive relationship 
by unfair competition. When the goods are noncompeting, he may 
predicate his suit upon violation of a property right. If his personal 
reputation has been damaged he should be entitled to sue upon the 
theory of personality.113

And now consider the new Trade-Mark Act of July 5, 1946.114 
Two of its major innovations further buttress the theory that the law 
of trade-marks is a part of the law of unfair competition only if the 
trade-mark owner and the infringer are in a competitive relationship. 
Under the Trade-Mark Act of 1905, the fact that an applicant mark 
was confusingly similar to another would preclude registration only 
if the contending trade-marks were used in connection with "merchan-
dise of the same descriptive properties." 115 This latter qualification 
was judicially interpreted to mean that the goods to which the re-
spective marks related had to be so kindred in nature that the public 
might quite reasonably assume that the maker or sponsor of one was 
the maker or sponsor of the other, or that his business could reasonably 
be expected to encompass or include the article of the infringer. The 
new Act116 omits this requirement and denies registration to any 
mark so similar to one already registered or in use "as to be likely 
when applied to the goods of the applicant, to cause confusion or mis-
take or to deceive purchasers." Confusion, mistake and deceit of the 
public are concepts that are materially different from that of dilution, 
as indicated above in the discussion of cases involving completely un-
related and non-competing goods. However, we have noted that in 
the past, courts have blandly assumed or laboriously "discovered" con-
fusion, when, in fact, dilution was patent. It may, therefore, be ex-

113. On the highly controversial right of personality see 1 CALLMANN, op. cit. 
 supra note 40, at §3.3. 
1946) §2 (d).
pected that, in the future, courts will assume that some evidence of confusion is necessary to the further development of the concept of dilution. There then would be no difficulty in applying the new Trade-Mark Act to cases in which there is not even the suggestion of a competitive relationship. Thus the Trade-Mark Act would be much more than a mere part of the law of unfair competition, and the dignification of the trade-mark as a property right could be the only justification for that more persuasive and broader interpretation of the Act.

Moreover, the new Act gives "this property right a legislative standing it had not had before" by declaring trade-marks contestable after "continuous use for five consecutive years." This development should very effectively put to rest all arguments advanced by opponents of the property right theory. Judge Frank, in his dissent in the *La Touraine* case, states that he would consent to the use of the term property right in connection with a trade-mark only if a court recognizes the plaintiff's trade-mark right, for obviously there is no such right if the court denies it. In any event, it would seem that Section 15 of the Trade-Mark Act demonstrates Congressional willingness to recognize the trade-mark as a property right. Those who always contended that a trade-mark is a property right will, of course, regard the new law as only declarative of Congressional policy, for they assuredly would not suggest that prior to July 5, 1946, the trade-mark was less of a property right than it now is.

119. See note 117 supra, dissenting opinion at 119.
120. This does not affect the property right theory. The patent, unquestionably a property right, is also protected only if the court recognizes its validity.