THE APPLICATION OF THE PRINCIPLES OF UNFAIR COMPETITION TO CASES OF DISSIMILAR PRODUCTS

The right to prevent unfair competition in the use of a trade-name has long been established, and the importance of this right is increasing as the commercial value of trade-names increases. With the growing tendency of business organizations to produce a variety of articles, attempts have become more frequent to deny to another person the use of a trade-name, not only for the same product to which the name is applied by the complainant, but also for products that form no part of his business. The products of the two parties may bear a similarity to each other, or they may be related in some way without being actually similar, or there may be circumstances which give rise to the charge that the use of the name is unfair, even though there is no apparent resemblance or relationship between the articles.

It is easy to state the general principles of law that apply to cases of this nature, but it is difficult to derive from the cases any definite boundary between what constitutes unfair competition and what does not. Obviously the degree of resemblance or the nearness of relation cannot be measured by any mathematical formula. Confusion has arisen from the fact that in many of the cases the Courts have attempted to apply dicta from previous cases
as though they were precise formulae, instead of working directly from the basic equitable principles that are the foundations of the law of this subject.

The foundation principle of unfair competition cases, involving the use of trade-names, is that one may not palm off his goods as the goods of another. It is not the purpose of this doctrine to give a complete monopoly in the use of a trade-name, but to prevent injustice to the prior adopter of the name, in loss of trade, and injustice to purchasers who would be deceived into buying what they otherwise would not buy. It was never the law that one who adopted a name for one kind of goods could prevent others from using the name at all, regardless of whether it would cause injustice or not. The right to prevent the use of a name is therefore restricted to cases in which the complainant can show that the use of the name tends to produce confusion and to injure his business. Where there are no circumstances that would cause the public to think the products bearing the same name were made by the same party, no wrong is done. The classic example given in *Ainsworth v. Walmsley*: 

> "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," is still the law.

From this grew the statement, apparently obvious but actually misleading, that there can be no unfair competition where there is no competition at all, which is still commonly inserted in opinions in cases where relief is refused because of dissimilarity of the products.

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2. L. R. [t Eq.] 518 (1866).


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Cases have arisen, however, where the products of the complainant and of the alleged infringer, while not identical, were so similar that it would naturally be supposed that they would be made by the same manufacturer, and where it was evident that the use of the name would actually be unfair. In *The Collins Company v. Oliver Ames & Sons Corporation*, the defendant was enjoined from placing on shovels the name "Collins & Co.," which the plaintiff had previously used on axes, though the plaintiff had not used the name on shovels. The Court had no difficulty in deciding that this act was unfair, but in doing so it parted, and should have parted forever, with the theory that the basis of the doctrine was the direct loss of sales of axes. Shovels do not compete in the market with axes; if this is unfair competition, it is because the expression has acquired a technical meaning with the emphasis on the unfairness rather than on the competition. The wrongfulness of the defendant's act lay in the fact that it would deceive the public and imperil the plaintiff's reputation for making high quality tools. If people believed the shovels were made by the plaintiff, and they found them of poor quality, they would suppose that the plaintiff's products in general were of poor quality. The defendant was palming off his goods as the goods of another, and the plaintiff's reputation was at his mercy, though there was no competition in the ordinary sense of the word. No case has professed to overrule this one, and cases decided in favor of plaintiffs usually cite it as a leading authority, and still the same Courts, when they happen to be refusing injunctions, continue to say that there can be no unfair competition when there is no competition at all.

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For example, in *Chapin-Sacks Mfg. Co. v. Hendler Creamery Co.*, 254 Fed. 553 (C. C. A., 1918), where the parties sold ice cream under the same trade name in Washington and Baltimore, respectively, an injunction was refused as to Baltimore, but granted as to Annapolis, where the territories overlapped. The plaintiff had no reputation nor good will in Baltimore. See also *Carroll v. Duluth Superior Milling Co.*, 232 Fed. 675 (C. C. A., 1916); *Kaufman v. Kaufman*, 223 Mass. 104, 111 N. E. 691 (1916). Clearly a local business cannot monopolise a trade name for the entire country, and yet with the growth of the chain-store and like organizations, the time may come when equity will require a modification of this rule also.

*18 Fed. 561 (C. C., 1882).*
It is now established beyond controversy 6 that the products need not be the same, in order that relief may be granted. There need not be confusion in the narrow sense that one article would be mistaken for the other, nor competition in the sense that the consumer’s need for the one would be fulfilled by his purchase of the other. Thus we find the complainant successful in cases of baking powder and baking soda, 7 washing powder and sweeping powder, 8 aluminum cooking utensils and tin wash boilers, 9 beer and malt syrup, 10 bicycle supplies and bicycle oil, 11 toilet soap and shaving soap, 12 toilet brushes and toothbrushes, 13 player pianos and phonographs, 14 meat extracts for medicine and bee extract for food, 15 fine cut tobacco and cigarettes, 16 automobiles and tires, 17 bicycles and bicycle tires, 18 flour and bread, 19 pancake flour and syrup, 20 canned salmon and canned fruits, 21 and most recently, men’s suits and men’s hats and caps. 22

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6 But see Simplex Automobile Co. v. Kahnweiler, supra, note 4, where an injunction against the use of the name “Simplex” for fire extinguishers was refused on the ground that a salesman could not deceive a purchaser by attempting to substitute a fire extinguisher for an automobile; an example of the extreme conservative viewpoint, and entirely out of line with the Federal Court cases.


14 Wilcox & White Co. v. Leiser, 276 Fed. 445 (D. C., 1918).


In all these cases, as in the axe and shovel case, there is a similarity in appearance, material or purpose, or else a relationship based on complementary use, which is fairly self-evident. There have been some cases, however, where the relationship depends upon quite different and less obvious factors. In Walter v. Ashton the defendant was enjoined from calling its bicycle a "Times Bicycle," and representing that it was made by or for the Times newspaper; and in Eastman Co. v. John Griffiths Cycle Corp. it was held that the defendant should not be permitted to sell "Kodak Bicycles," because the plaintiff sold cameras attachable to bicycles and called them "Bicycle Kodaks."

Similarly in our Federal Courts, cigars sold in drug stores were forbidden the use of a name that plaintiff had applied to drugs; a manufacturer of women's hats was enjoined from using for its hats the name of a magazine of women's fashions, and a manufacturer of radio tubes was enjoined from calling them "Rolls-Royce" tubes, at the suit of the makers of the automobile of that name.

The basis for these decisions is fundamentally that the public would be likely to believe that the defendant's product was the plaintiff's. The test to be applied is variously expressed. In the cases where the goods are actually similar, similarity is generally laid down as the test, or it is said that the goods must be of the "same general class," or "of the same class though not of the same species." In the more recent cases where there was no

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28 The Collins Co. v. Oliver Ames & Sons Corp., supra, note 5.
29 [1902] 2 Ch. 282.
30 15 Rep. Pat Cas. (Cutler) 105 (Eng., 1898).
35 The expression "same descriptive properties" comes from the Trademark Act and is the test in registration proceedings in the Patent Office. Confusion is occasionally caused by Courts citing the report of an appeal from the Commissioner of Patents as a precedent in an unfair competition case, and using this expression as though it represented a rule binding upon a court of equity. Judge Woolley in his opinion in Rosenberg Bros. v. Elliott, supra, note 22, points out that trademark and unfair competition law are not the same, and a trademark is not infringed by use on different but related wares, though this may constitute unfair competition.
similarity in the goods themselves, different terms have had to be employed, and the word "related" has come into use.\textsuperscript{31} It is evident from these cases that competition in the ordinary sense of the term is not a necessary element in "unfair competition," as the expression is used in law, nor do the products of the contending parties need to be "similar" in the ordinary sense of that word. The granting of relief, where there is no real similarity, has not been consistent nor uniform, however, and the Courts have in some cases been much more conservative than in the cases cited above. Thus injunctions have been refused in cases of ice cream and milk,\textsuperscript{32} canned salmon and canned fruits,\textsuperscript{33} apartment house and hotel,\textsuperscript{34} character in detective story magazine and character in moving picture film,\textsuperscript{35} wheat flour and prepared pancake and buckwheat flours,\textsuperscript{36} and varied food products and tobacco.\textsuperscript{37} It is apparent at a glance that upon a mere statement of the products involved, some of the latter cases show a closer relationship than some of the former, as, for example, ice cream and milk as against magazines and hats. This does not necessarily show inconsistency, since other factors frequently enter into the decisions.\textsuperscript{38} Nevertheless there is much real inconsistency between

\textsuperscript{32} Borden Ice Cream Co. v. Borden's Condensed Milk Co., \textit{supra}, note 4.
\textsuperscript{33} George v. Smith, 52 Fed. 830 (C. C., 1892).
\textsuperscript{34} Astor v West 82nd St. Realty Co., 167 App. Div. 273, 152 N. Y. Supp. 631 (1915).
\textsuperscript{36} France Milling Co. v. Washburn-Crosby Co., 3 F. (2d) 321 (D. C., 1925).
\textsuperscript{38} Thus the matter of descriptive words may enter into the case, as in Pabst Brewing Co. v. Decatur Brewing Co., 284 Fed. 110 (C. C. A., 1922), where the use of the name "Blue Ribbon" for malt extract was held not to infringe upon the prior adoption of the same name for beer, not because the products were not similar, but because "Blue Ribbon" is a name frequently used to denote high quality, i. e., a quasi-descriptive word. The question of similarity of products may of course be combined in a case with any other problem of unfair competition law. A factor that sometimes appears is the intention of the plaintiff to expand his business so as to include the article to which defendant has applied the same name. See Wilcox & White Co. v. Leiser, \textit{supra}, note 14, and Ruppert v. Knickerbocker Food Specialty Co., \textit{supra}, note 10. While this is a point in favor of the plaintiff, it is not an essential element to his case, and its use in the opinions must therefore be regarded as a "make-weight," or as mere evidence that the products are related.
the cases, even in the same jurisdictions, and to an even greater extent confusion in the reasoning of the opinions, because the Courts in cases that really depend upon other factors seldom fail to throw the question of similarity into the argument on one side or the other.

The tendency to support a decision by every possible argument is so strong that in cases where the Court might be fully justified in refusing an injunction on other grounds, it often attempts to clinch the argument by saying that the products are not related, or even by going all the way back to the theory that the goods had to be in actual competition, without however repudiating any of the cases where injunctions have been granted in cases of dissimilar and non-competing products.

It is evident that relation of products is of no value as a test unless it is decided what kind of relation is meant. There is certainly some kind of relation between apartment houses and hotels, and between milk and ice cream, even though in their cases it was not of the kind that satisfied the Court that there should be an injunction. If we say we are restricting the meaning of the word “related”, using it in a narrower or technical sense, we are virtually saying that the goods are related when, by means of some other test, applied consciously or unconsciously, the Court feels that the defendant’s course of action is unfair. It seems probable that this represents what actually occurs; that what really motivates the Judges is whether under the circumstances of the particular case, the public would probably think that the two articles were made by the same party. A layman reading the facts of the Rolls-Royce case, for example, would instantly say

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39 Thus in France Milling Co. v. Washburn-Crosby Co., supra, note 36, the Court refused to enjoin the use of the name “Gold Medal” for prepared pancake and buckwheat flour because it was already in use for wheat flour. This case could have been decided entirely on the ground that “Gold Medal,” like “Blue Ribbon” (see Pabst Brewing Co. v. Decatur Brewing Co., supra, note 38) was a quasi-descriptive name, but the Court, not content with this ground alone, thought it necessary to add that wheat flour and prepared pancake flour were “different classes of commodities”; not, however, either attempting to distinguish nor professing to repudiate Aunt Jemima Mills Co. v. Rigney & Co., supra, note 20, which held that pancake flour and syrup were related products, nor Potter-Wrightington, Inc. v. Ward Baking Co., supra, note 19, which held that flour and bread were sufficiently related.

40 Wall v. Rolls-Royce, supra, note 28.
the defendant's act was unfair. A Court probably comes to the same conclusion as quickly, but to justify its conclusion must employ the far-fetched reasoning that automobiles and radio tubes are related because they both involve the use of electricity, which would lead with equal logic to the conclusion that submarines and pocket flashlights are related products. It is much more certain that the use of the name "Rolls-Royce" for radio tubes is unfair than that radio tubes and automobiles are related products.

Thus the present state of the law is virtually that two separate requirements must be met, namely, that the use of the name must be unfair and that the products must be similar or related, whereas the original and only reasonable purpose of the relationship test was to assist in determining whether the use of the name was unfair.

It seems apparent that the test of relationship is properly a mere rule of thumb for applying a principle of law and is not a real principle of law in itself, and that it must be discarded whenever it ceases to be a fair and convenient measure. The present confusion results largely from the Courts feeling that they are bound to use this test as though it were a fixed rule of law in cases where it is not the factor that actually guides them to their conclusion. In some instances this results in a good decision supported by bad reasoning, but there is little doubt that it often hinders the Courts from stopping unfair practices, and stands in the way of the natural expansion of the law to meet changing economic conditions.

As commercial organization becomes more complex, it is becoming more usual for a corporation to manufacture or sell a wide variety of products. Many companies produce articles that have no similarity, nor any relationship beyond the fact that they are so produced. Such a concern frequently applies the same trade-name to all its products in the hope that the good-will of the older products will attach to the newer ones. The public has become so accustomed to the idea of dissimilar articles being produced by the same company that it is hardly surprised at any combination whatever. It would not be regarded as utterly preposterous for the same company even to sell iron and linen. The
dissimilarity of commodities or services does not necessarily cause the public to suppose they are produced by different concerns. Railroads run restaurants, colleges run stores, hotels run barber shops and garages, and religious denominations conduct bookshops. A thousand opportunities present themselves to the trade-name pirate, of which he can take advantage without overstepping the law as laid down in the more conservative cases.

Unless equity jurisdiction expands in conformity with the evolution of business, it will cease to be effective as a check upon unfair methods of doing business. So-called unfair competition is really the theft of an intangible form of property, the goodwill that has come from the use of the name. The monetary value of this kind of goodwill is indicated by the vast sums that are spent for advertising. If under modern conditions of business it is possible for a person to appropriate a part of this intangible property of another without producing a commodity similar or related to his products, should equity be powerless to prevent him? The *Vogue* case, Wall v. *Rolls-Royce*, and the Penslar case, are steps in the right direction, but equity will not be entirely free to enjoin new and unusual forms of trade-name piracy until the Courts cease to bind themselves by auxiliary tests and begin freely and directly to apply to these cases the elementary equitable principle upon which the whole law of this subject is based.

The principle is that one may not palm off his goods as the goods of another. The test is that he may not use a previously adopted name for goods that are similar or related. Is it not evident that the test grew up in application of the principle and not in limitation of it? If, then, a condition arises where a man

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*Vogue Co. v. Thompson-Hudson Co., supra, note 27.*

*Wall v. Rolls-Royce, supra, note 28.*

*Peninsular Chemical Co. v. Levinson, supra, note 26.*

The progressive viewpoint is tersely stated by Judge Hook, in the "Nick Carter" case, Atlas Mfg. Co. v. Street & Smith, supra, note 35, in which the majority of the Court held that a moving picture having as its hero the central character of a series of detective stories published in plaintiff's magazine was not an infringement of plaintiff's rights, as follows: "My objection to the above conclusion can be expressed in a sentence: The defendants are engaged in appropriating the fruits of complainants' current endeavors, and are deceiving the public."
may palm off his goods as the goods of another, although the goods have no similarity or real relation, does not a true regard for precedent require that the principle, rather than the test, be applied?

This would not do away with similarity and relationship of products as important factors, but instead of the question being whether the goods were so related that defendant's actions amounted to unfair competition, the inquiry would go directly to the question whether defendant's use of the name, under all the circumstances, was unfair. As evidence of unfairness, similarity or relationship would be of the utmost importance, but the plaintiff would not be precluded from showing that in the particular case there were other elements of unfairness even though the most usual element were lacking. This would not mean that the man who stamps a lion on linen could in the ordinary case prevent me from stamping a lion on iron. It would merely mean that in the extraordinary case where such an action would make the public believe it was his iron, I could not steal his good-will with impunity by reason of the dissimilarity of the products.

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