

NOTES

COMPETITION, THE RIGHT TO COPY AND SECONDARY MEANING

Traditionally, fair and unfair methods of competing for business by use of trademarks, tradenames, product or package designs and features and advertising slogans have hinged on the capacity of these devices to identify the source of the product or service, or the ownership of the business, to which they refer.¹ A central issue in most of these cases is whether the trade device in question indicates, or is capable of indicating, source or ownership.

A number of cases, beginning with the 1918 Supreme Court decision in *International News Serv. v. Associated Press*,² departed from these traditional notions of unfair competition and have protected the exclusive use of trade devices regardless of the fact that the source or ownership of the product, service or business was not in any way involved.³ Other cases, to varying degrees, have made similar departures.⁴ In some instances, the courts were unaware that the decisions were not based on traditional notions of unfair competition.⁵

The purpose of this note is to analyze some of these cases, to examine the extent to which they depart from the traditional notions of

1. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916); *Elgin Nat'l Watch Co. v. Illinois Watch Case Co.*, 179 U.S. 665 (1901); *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 Fed. 299 (2d Cir. 1917); *G. & C. Merriam Co. v. Saalfeld*, 198 Fed. 369 (6th Cir. 1912). See generally 1 NIMS, UNFAIR COMPETITION AND TRADE-MARKS § 201 (4th ed. 1947) [hereinafter cited as NIMS].

2. 248 U.S. 215 (1918).

3. *Lincoln Restaurant Corp. v. Wolfies Rest., Inc.*, 291 F.2d 302 (2d Cir. 1961); *Santa's Workshop, Inc. v. Sterling*, 282 App. Div. 328, 122 N.Y.S.2d 488 (1953); *Christian Dior v. Milton*, 9 Misc. 2d 425, 155 N.Y.S.2d 443 (Sup. Ct.), *aff'd mem.*, 2 App. Div. 2d 878, 156 N.Y.S.2d 996 (1956).

4. *Chemical Corp. of America v. Anheuser-Busch, Inc.*, 306 F.2d 433 (5th Cir. 1962) *cert. denied*, 31 U.S.L. Week 3337 (U.S. April 15, 1963) (No. 836); *Stork Restaurant, Inc. v. Sahati*, 166 F.2d 348 (9th Cir. 1948); *Avon Periodicals, Inc. v. Ziff-Davis Pub. Co.*, 113 N.Y.S.2d 737 (Sup. Ct. 1952), *aff'd*, 282 App. Div. 200, 122 N.Y.S.2d 92 (1953). See also *John Roberts Mfg. Co. v. University of Notre Dame Du Lac*, 258 F.2d 256 (7th Cir. 1958), *affirming* 152 F. Supp. 269 (N.D. Ind. 1957). See Cohen, *Transcendental Nonsense and the Functional Approach*, 35 COLUM. L. REV. 809 (1935).

5. See, e.g., *Mastercrafts Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464 (2d Cir.), *cert. denied*, 350 U.S. 832 (1955), *reversing* 119 F. Supp. 209 (S.D.N.Y. 1954).

unfair competition, to explore possible rationales for the decisions and to suggest limitations and policies with regard to the problems underlying them.⁶

I. THE RIGHT TO COPY

It is a familiar statement that encouraging competition is a basic policy of American law.⁷ One way in which that basic policy is promoted is by encouraging the right to engage in business and seek custom,⁸ for the entry (or threat of entry) of new competitors into the market, and their ability to take custom from those already there, are significant forces in promoting competition. A person is privileged to cause economic injury to a competitor by acts done in exercise of his right to compete.⁹ Such a privilege is necessary if competition is to exist, because economic injury to a competitor is an inevitable companion of competition. But if his acts are not calculated to obtain custom, he is not exercising his right to compete.¹⁰ He is liable for economic injury to a "competitor" caused by his acts under such circumstances because he has not brought himself within the protection of the policy of promoting competition. Clothing his acts in the garments of competition is no defense.¹¹

But permitting economic injury to a competitor is not the only tool implementing the policy of encouraging competition; permitting one to copy is another.¹² As it is necessary to permit economic injury

6. For an interesting analysis of secondary meaning in the law of unfair competition, see Stern & Hoffman, *Public Injury and the Public Interest: Secondary Meaning in the Law of Unfair Competition*, 110 U. PA. L. REV. 935 (1962).

7. See, e.g., OPPENHEIM, *UNFAIR TRADE PRACTICES* 1 (1950).

8. *Id.* at 92. The Supreme Court stated "The right to follow any of the common occupations of life is an inalienable right." *Butchers' Union Slaughter-House and Live-Stock Landing Co. v. Crescent City Live-Stock Landing and Slaughter-House Co.*, 111 U.S. 746, 762 (1884). *RESTATEMENT, TORTS* §§ 708-09 (1938) states the common law governing the privilege to enter the market as a competitor.

9. *RESTATEMENT, TORTS* § 708 (1938). See OPPENHEIM, *op. cit. supra* note 7, at 100.

10. *Tuttle v. Buck*, 107 Minn. 145, 119 N.W. 946 (1909); *RESTATEMENT, TORTS*, § 709 (1938).

11. *Dunshee v. Standard Oil Co.*, 152 Iowa 618, 132 N.W. 371 (1911); *Tuttle v. Buck*, 107 Minn. 145, 119 N.W. 946 (1909).

12. See, e.g., *Swank, Inc. v. Anson, Inc.*, 196 F.2d 330 (1st Cir. 1952); *Chas. D. Briddell, Inc. v. Alglobe Trading Corp.*, 194 F.2d 416 (2d Cir. 1952); *A. C. Gilbert Co. v. Shemitz*, 45 F.2d 98 (2d Cir. 1930); *Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279 (2d Cir. 1929); *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 Fed. 299 (2d Cir. 1917); *Keystone Type Foundry v. Portland Pub. Co.*, 186 Fed. 690 (1st Cir. 1911). Comment, 1959 WIS. L. REV. 652 ("the common law starts with the premise that one is privileged to copy the design of his competitor's product . . .").

generally to enable the pursuit of the right to compete, so it is necessary to permit one to copy his competitors' products. Not to permit copying would be to give a monopoly to the originator of the product;¹³ permitting copying places pressures on him to keep the price of his product low, its quality up and his services adequate.

Product copying is not the only form of copying which is necessary for competition.¹⁴ A person must also be permitted to copy the words and other devices used in marketing the product.¹⁵ To permit, for example, a person to have the exclusive privilege of using the word "tire" in marketing his particular brand of tires, would certainly cripple the marketing efforts of other sellers of tires.¹⁶ Even if a person coins a word which becomes particularly helpful in marketing, his competitors should be permitted to copy that word in order to be able to compete effectively with the originator. For example, suppose a person begins using the word "Kantleek" for hot water containers. Another person selling the same product would be at a disadvantage if he were not allowed to use such word.

The right to copy, then, is of basic importance to the maintenance of competition.¹⁷ As viewed between the originator and the copier, the right to copy often seems to be grossly unfair. The originator has in many instances spent huge amounts of money developing a new product or marketing device.¹⁸ The copier is permitted to secure with little expense most of the benefits the originator secured.¹⁹ As be-

13. See, *e.g.*, *Special Equip. Co. v. Coe*, 324 U.S. 370 (1945); *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502 (1917); *Commonwealth v. Petty*, 96 Ky. 452, 29 S.W. 291 (1895).

14. See *Stern & Hoffman*, *supra* note 6, at 950 nn.69 & 70, for an interesting analysis of the purpose behind granting patents.

15. See *e.g.*, *Elgin Nat'l Watch Co. v. Illinois Watch Case Co.*, 179 U.S. 665, 673 (1901); *Canal Co. v. Clark*, 80 U.S. (13 Wall.) 311, 323 (1871); 1 NIMS § 200.

16. *Canal Co. v. Clark*, 80 U.S. (13 Wall.) 311, 323 (1871). (A person may not take as a trade-mark "a generic name, or a name merely descriptive of an article of trade of its qualities, ingredients or characteristics . . .").

17. See note 12 *supra*.

18. See, *e.g.*, *International News Serv. v. Associated Press*, 248 U.S. 215 (1918); *Chemical Corp. of America v. Anheuser-Busch, Inc.*, 306 F.2d 433 (5th Cir. 1962); *Lincoln Restaurant Corp. v. Wolfies Rest., Inc.*, 291 F.2d 302 (2d Cir. 1961); *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464 (2d Cir.), *cert. denied*, 350 U.S. 832 (1955), *reversing* 119 F. Supp. 209 (S.D.N.Y. 1954); *Stork Restaurant, Inc. v. Sahati*, 166 F.2d 348 (9th Cir. 1948); *Santa's Workship, Inc. v. Sterling*, 282 App. Div. 328, 122 N.Y.S.2d 488 (1953); *Christian Dior v. Milton*, 9 Misc. 2d 425, 155 N.Y.S.2d 443 (Sup. Ct.), *aff'd mem.*, 2 App. Div. 2d 878, 156 N.Y.S.2d 996 (1956).

Although one is required only to be the first user, as between himself and the copier, to receive protection, the equities of the case are particularly unbalanced when the plaintiff has originated and developed the copied device.

19. See note 18 *supra*.

tween these two, the right to copy appears to promote a policy of punishing the industrious and rewarding the lazy.²⁰ Such may be its immediate effect, but it is premised on the expectation that ultimately it will be beneficial to competition—if not possibly essential to it.²¹

Thus, the right to compete includes the right to copy.²² Exceptions to the right to copy have, however, been formulated when the policy for them outweighed the policy behind the right to copy.²³

II. TRADITIONAL EXCEPTIONS TO THE RIGHT TO COPY

Two exceptions to the right to copy appear in the law of patents and copyrights.²⁴ A patent confers a product monopoly: that is, it confers an exclusive privilege to manufacture, sell and use a product.²⁵ The rationale for granting a patent is the encouragement of invention.²⁶ During the limited period of its duration, a patent monopoly interferes with the full exercise by others of their rights to compete, including the right to copy.²⁷

Trademarks and tradenames are regarded by some writers as monopolies, similar to patents.²⁸ They are not product monopolies, however, because a competitor is free to copy the product which these trade devices identify.²⁹ He is not free to copy the identifying symbol and use it on a competing or related product. To this extent, the right to copy is restricted. Because, unlike a patent monopoly, such restrictions can be perpetual, they could be severe limitations upon competition. The next section will demonstrate that while trademarks and tradenames do limit a competitor's right to copy, the ultimate effect is to facilitate the exercise of the right to compete, not to restrict it. When retained within the traditional theories of protection, a trademark or tradename does not bestow a monopoly in the sense a patent does.

20. See note 18 *supra*.

21. See note 12 *supra* and accompanying text.

22. See note 12 *supra* and accompanying text.

23. See generally *Socony-Vacuum Oil Co. v. Rosen*, 108 F.2d 632 (6th Cir. 1940); *Marvel Co. v. Pearl*, 133 Fed. 160 (2d Cir. 1904); *Young & Chaffee Furniture Co. v. Chaffee Bros. Furniture Co.*, 204 Mich. 293, 170 N.W. 48 (1918).

24. *General Baking Co. v. Gorman*, 3 F.2d 891, 893 (1st Cir.), *cert. denied*, 268 U.S. 705 (1925).

25. See note 13 *supra*.

26. See note 13 *supra*.

27. See note 13 *supra*.

28. See generally 3 CALLMANN, UNFAIR COMPETITION AND TRADE-MARKS § 65 (2d ed. 1950) [hereinafter cited as CALLMANN].

29. For a very interesting discussion of the point see CHAMBERLIN, THE THEORY OF MONOPOLISTIC COMPETITION 56-62 (6th ed. 1948), reprinted in OPPENHEIM, *op. cit. supra* note 7, at 12-17.

A. Trademarks and Tradenames: The Need to Identify Source

The law of trademarks and tradenames is usually regarded as a part of the law of "unfair competition,"³⁰ which includes, in addition, protection against "palming off" the goods of one person as those of a competitor.³¹ Palming off is not of concern here, because it is not related to the right of a competitor to copy. The bulk of the law of unfair competition is concerned with protection given in the form of either trademarks or tradenames.

A trademark is any symbol which is used to identify the source, origin, or ownership of a product and which is affixed to that product.³² To qualify as a trademark, a symbol must be arbitrary with respect to the product to which it is affixed.³³ If a symbol is non-arbitrary, a competitor will need to use it; for example, if it describes the product or its qualities, the competitor will need to use it to describe his product.³⁴ On the other hand, if the symbol is arbitrary, a competitor has no need to copy it. His only purpose in copying must be to mislead purchasers into thinking that his product comes from his competitor—a sophisticated "palming off." Therefore, if a symbol which otherwise qualified as a trademark is arbitrary, a competitor will be prevented from copying it.³⁵

A tradename is any designation used in connection with goods, services or a business, which has acquired a special significance as indicating the source, origin or ownership thereof.³⁶ A tradename, unlike a trademark, can be used with services or a business as well as with goods; a tradename need not be arbitrary.³⁷ It must, how-

30. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413 (1916); *Elgin Nat'l Watch Co. v. Illinois Watch Case Co.*, 179 U.S. 665, 674 (1901); 3 CALLMANN § 67.1, at 1011.

31. See generally 1 NIMS § 4.

32. RESTATEMENT, TORTS § 715 (1938).

A trade-mark is any mark, word, letter, number, design, picture or combination thereof in any form of arrangement, which (a) is adopted and used by a person to denominate goods which he markets, and (b) is affixed to the goods, and (c) is not, except as stated in §§ 720-722, a common or generic name for the goods or a picture of them, or a geographical, personal, or corporate or other association name, or a designation descriptive of the goods or of their quality, ingredients, properties or functions, and (d) the use of which for the purpose stated in Clause (a) is prohibited neither by legislative enactment nor by an otherwise defined public policy.

33. See note 32 *supra*.

34. See notes 15 & 16 *supra*.

35. See note 32 *supra*. Since the cases analyzed in this note clearly do not involve trademarks, the concept of traditional notions of unfair competition has accordingly been limited to traditional tradename doctrines, to the exclusion of trademarks.

36. RESTATEMENT, TORTS § 716 (1938). See generally 1 NIMS §§ 36-42.

37. See note 36 *supra*.

ever, have secondary meaning; that is, it must identify the source, origin or ownership of the goods, services or business with which it is used.³⁸

Originally, the origin or source indicated by a tradename had to be the specific origin or ownership of the goods;³⁹ however, under modern law, it need merely show "that the goods in connection with which it is used emanate from the same . . . source . . . as certain other goods that have already given the consumer satisfaction . . ."⁴⁰ This enables the consumer to re-purchase a product manufactured or sold by a single company.⁴¹ If a person likes one product from ABC Company, and if a mark or word enables him to re-purchase other products manufactured by the same company, then such mark or word should be protected.⁴² If a person were freely permitted to copy a tradename, the public might be deceived about the true source of his product.⁴³

38. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412 (1916).

39. *Canal Co. v. Clark*, 80 U.S. (13 Wall.) 311, 324 (1871); *Baglin v. Cusenier Co.*, 221 U.S. 580, 591 (1911).

40. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 816 (1927). See also *Shredded Wheat Co. v. Humphrey Cornell Co.*, 250 Fed. 960, 963 (2d Cir. 1918); *Coty v. Le Blume Import Co.*, 292 Fed. 264 (S.D.N.Y.), *aff'd*, 293 Fed. 344 (2d Cir. 1923); 3 CALLMANN § 80.1, at 1359-60 n.12.

41. See note 40 *supra*.

42. There is nothing abstruse or complicated about this theory, however difficult its application may sometimes be. It contemplates that a word or phrase originally, and in that sense primarily, incapable of exclusive appropriation with reference to an article on the market, because geographically or otherwise descriptive, might nevertheless have been used so long and so exclusively by one producer with reference to his article that, in that trade and to that branch of the purchasing public, the word or phrase had come to mean that the article was his product; in other words, had come to be, to them, his trade-mark. So it was said that the word had come to have a secondary meaning, although this phrase, "secondary meaning," seems not happily chosen, because, in the limited field, this new meaning is primary rather than secondary; that is to say, it is, in that field, the natural meaning. Here, then, is presented a conflict of right. The alleged trespassing defendant has the right to use the word, because in its primary sense or original sense the word is descriptive; but, owing to the fact that the word has come to mean, to a part of the public, something else, it follows that when the defendant approaches that same part of the public with the bare word, and with nothing else, applied to his goods, he deceives that part of the public, and hence he is required to accompany his use of the bare word with sufficient distinguishing marks normally to prevent the otherwise normally resulting fraud. *G. & C. Merriam Co. v. Saalfield*, 198 Fed. 369, 373 (6th Cir. 1912).

See generally 1 NIMS § 201.

43. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916); *Coca Cola Co. v. Gay-Ola Co.*, 200 Fed. 720 (6th Cir. 1912); *G. & C. Merriam Co. v. Saalfield*, 198 Fed. 369 (6th Cir. 1912); *Rathbone, Sard & Co. v. Champion Steel Range Co.*, 189 Fed. 26 (6th Cir. 1911); *Marvel Co. v. Pearl*, 133 Fed. 160 (2d Cir. 1904); *Globe-Wernicke Co. v. Fred Macey Co.*, 119 Fed. 696 (6th Cir. 1902); *Champion*

An originator of a tradename must prove secondary meaning and likelihood of confusion of the public as to source in order to receive protection.⁴⁴ To prove the latter, it must be shown that the public might reasonably think the goods of the copier are those of the originator of the tradename.⁴⁵ In proving likelihood of confusion it is evident that this necessarily requires proof of secondary meaning. If no secondary meaning exists, there can be no source confusion.

B. Limitations on The Exceptions: The Need to Copy

The doctrine of secondary meaning gives the originator (or first user) of a non-arbitrary mark or word protection from another's use even though the mark is a geographical term, personal name, corporate name or descriptive term.⁴⁶ However, an originator does not have an absolute right to prevent all copying of non-arbitrary marks or words that have acquired a secondary meaning. In some situations the copier has a need to copy such a word or mark; otherwise he would be unable to compete effectively.

1. *Descriptive Terms*

Suppose a person uses a descriptive term so long and so exclusively with reference to his product or service that the public connects the descriptive word with that product or service.⁴⁷ However, the copier of such a word or mark has a need to use it because in its original sense it is still descriptive of the product or service.⁴⁸ But, because the word or mark has come to mean something else to the public, when a copier attempts to sell his product using the same word or mark, with no other distinguishing feature, purchasers will be deceived about the source of his product.⁴⁹ Therefore, the copier is required "to accompany his use of the bare word with sufficient distinguishing marks to prevent the normally resulting fraud."⁵⁰ The source value of the originator's word or mark is protected, but at the same time he is not given a monopoly in the descriptive word.⁵¹

Spark Plug Co. v. Master & Co., 233 Fed. 112 (S.D.N.Y. 1916); Candee, Swan v. Deere & Co., 54 Ill. 439 (1870); George E. Fox Co. v. Hathaway, 199 Mass. 99, 85 N.E. 417 (1908); Flagg Mfg. Co. v. Holway, 178 Mass. 83, 59 N.E. 667 (1901).

44. See 3 CALLMANN 1357.

45. Fidelity Bond & Mortgage Co. v. Fidelity Mortgage Co., 12 F.2d 582 (6th Cir. 1926). See 3 CALLMANN 1359.

46. See note 36 *supra* and accompanying text.

47. See note 36 *supra* and accompanying text.

48. 1 NIMS § 37, at 154. ("one may properly use for his own product any descriptive words, because such words are of public or common right").

49. 1 NIMS §§ 37 & 41.

50. G. & C. Merriam Co. v. Saalfeld, 198 Fed. 369, 373 (6th Cir. 1912).

51. If a word has a subordinate meaning to the public as indicating the origin

2. Geographical Terms

Protection is given geographical terms which have acquired secondary meaning; however, it is imperative that the term be carefully examined.⁵² For example, suppose people in Vermont are selling marble under the name "Vermont Marble." The public wants Vermont marble. Can a person in New Hampshire sell the same quality marble, mined in New Hampshire, as "Vermont Marble?" To answer this question it must be determined what the public thinks "Vermont Marble" means.

If the public thinks that "Vermont Marble" is marble of a particular quality, then the person in New Hampshire could sell his marble as "Vermont Marble." The reason is that the term is descriptive of the product, and if copying were prohibited the originator would have an effective monopoly. If the public thinks "Vermont Marble" means marble mined in Vermont, then the person in New Hampshire could not sell New Hampshire marble as "Vermont Marble." To do so would deceive the public.

In a situation in which "Vermont Marble," by long use, has developed a secondary meaning, identifying a single source and origin of marble sold under the name of "Vermont Marble," the originator of the name should be protected.⁵³ Copiers should be made to take such reasonable precautions as are practicable to prevent public deception.⁵⁴ The courts do not give absolute injunctions in situations in which a secondary meaning was found to exist for the originator's geographic word or mark, but they do try to define the rights and balance the conflicting interests.⁵⁵

of the product, but the primary significance of the word in the minds of the public is the product itself, then the prior user gets no protection. See *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111-18 (1938), where "shredded wheat" was held to be a generic term. "A generic name gives information as to the nature or class of article. A descriptive word supplies the characteristics of the article, its color, order, dimensions, functions, possibly its ingredients." 1 NIMS § 41, at 166.

52. *American Waltham Watch Co. v. United States Watch Co.*, 173 Mass. 85, 53 N.E. 141 (1899). See 1 NIMS § 37.

53. *Elgin Nat'l Watch Co. v. Illinois Watch Case Co.*, 179 U.S. 665 (1901); *Columbia Mill Co. v. Alcorn*, 150 U.S. 460 (1893); *Canal Co. v. Clark*, 80 U.S. (13 Wall.) 311 (1871).

54. *American Waltham Watch Co. v. United States Watch Co.*, 173 Mass. 85, 53 N.E. 141 (1899).

55. See OPPENHEIM, *op. cit. supra* note 7, at 199 for cases illustrative of the court's attempts to define the rights and balance the conflicting interests.

3. *Personal and Corporate Names*

A personal name cannot be exclusively appropriated by anyone, thereupon preventing others from using the same personal name.⁵⁶ The property interest in a person's personal name can be several. First, it can be the reputation of the source of a particular product or service. Second, it might be the personal reputation of the man himself. For these reasons, an individual needs to use his own name, even if this results in copying another's personal name.⁵⁷ However, if the copier has no great economic value in his name, then the policy behind letting him use it merely because he was "born with it," has disappeared. The courts usually look to whether one's use of his own name indicates fraud or bad faith.⁵⁸ "The question is whether his [the copier's] use is reasonable and honest, or is calculated to deceive."⁵⁹

Normally, a corporation can not get an absolute injunction to stop a second corporation from adopting the same corporate name.⁶⁰ However, more protection is given to the originator of a specific corporate name than is given to an originator of a personal name.⁶¹ The need to copy a specific corporate name is less than in situations involving personal names.⁶² A person is born with his personal name, while a corporate name is selected.⁶³ A copier of a corporate name must either successfully distinguish his corporate name or select a new name.⁶⁴

4. *Functional and Non-functional Features*

Courts in the early 1900's recognized that the number of suitable colors, sizes and shapes a particular product can take are sometimes limited, so that to limit copying would create a monopoly in the first

56. See, e.g., *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U.S. 118 (1905).

57. *Ibid.*

58. In some cases a finding of fraud or bad faith in the use of one's own name has caused the court to grant an absolute injunction. *Hoyt Heater Co. v. Hoyt*, 68 Cal. App. 2d 523, 157 P.2d 657 (1945). Other courts have granted only qualified injunctions. *R. B. Davis Co. v. Davis*, 11 F. Supp. 269 (E.D.N.Y. 1935), *modified*, 75 F.2d 499 (2d Cir. 1935). Still other courts have granted absolute injunctions absent an express finding of fraud. *Riggs Optical Co. v. Riggs*, 132 Neb. 26, 270 N.W. 667 (1937).

59. *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U.S. 118 (1905).

60. See generally *Lawyers Title Ins. Co. v. Lawyers Title Ins. Corp.*, 109 F.2d 35 (D.C. Cir. 1939), *cert. denied*, 309 U.S. 684 (1940).

61. *Dodge Stationery Co. v. Dodge*, 145 Cal. 380, 78 Pac. 879 (1904).

62. *Ibid.*

63. *Ibid.*

64. *Ibid.*

appropriator.⁶⁵ In *Globe-Wernicke Co. v. Fred Macey Co.*,⁶⁶ the court held that the copying of the plaintiff's bookcases did not constitute unfair competition. The defendant imitated the sizes, styles, material and finish of plaintiff's bookcases, but the court said this was permissible, since otherwise "it would be impossible . . . [for the defendant] to construct and sell a bookcase having the most desirable characteristics."⁶⁷

Although the courts in these early cases did not discuss the necessity of plaintiff proving that the copied feature had acquired secondary meaning, it seems reasonable to assume that the courts were concerned with preventing source confusion.⁶⁸ Some writers have taken the position that the courts did not require the originator to show secondary meaning.⁶⁹ However, it would seem more tenable that the courts merely were putting the burden on defendant to justify his copying of plaintiff's product. The copier had to show that his copying was commercially justifiable.⁷⁰ This burden on the defendant is in conflict with the original proposition that anyone is privileged to copy unless there is a good reason for limiting his right.⁷¹ The original ground rule was that the right to copy encourages the right to compete, thereupon implementing the policy of encouraging competition.⁷²

Crescent Tool Co. v. Kilborn & Bishop Co.,⁷³ articulated and applied the secondary meaning doctrine to the copying of non-functional features of goods.⁷⁴ The court recognized the right to copy absent a limiting policy such as secondary meaning. In this case, defendant company manufactured a wrench which was a facsimile of the plaintiff's wrench, except that the defendant put his own name on it, therefore making no attempt to pass off his product as the plaintiff's.

65. See Galbally, *Unfair Trade in the Simulation of Rival Goods—The Test of Commercial Necessity*, 3 VILL. L. REV. 333 (1958). See also 1 NIMS § 134.

66. 119 Fed. 696 (6th Cir. 1902).

67. *Id.* at 704.

68. *Luminous Unit Co. v. R. Williamson & Co.*, 241 Fed. 265, 269 (N.D. Ill. 1917) (plaintiff given protection because defendant could have changed his device to avoid confusion of source without interfering with functional requirements).

69. See Galbally, *supra* note 65, at 336.

70. See, e.g., *Rathbone, Sard & Co. v. Champion Steel Range Co.*, 189 Fed. 26 (6th Cir. 1911), where defendant was not enjoined from making a close imitation of the design of plaintiff's gas heater, by making molds of the parts of plaintiff's heater. The court held the copying commercially necessary. See also *Champion Spark Plug Co. v. A. R. Mosler & Co.*, 233 Fed. 112 (S.D.N.Y. 1916); *George G. Fox Co. v. Hathaway*, 199 Mass. 99, 85 N.E. 417 (1908).

71. See note 22 *supra* and accompanying text.

72. See note 12 *supra* and accompanying text.

73. 247 Fed. 299 (2d Cir. 1917).

74. See Galbally, *supra* note 65, at 339.

The court refused to grant an injunction because defendant copied a functional part of the wrench. Any copying of a functional part is privileged, unless defendant represents himself as plaintiff in the sale.⁷⁵

One may freely imitate an unpatented article in all of its functional elements, so long as this right is not exercised in such a way as to confuse the public as to the origin of the goods.⁷⁶

The court further stated: "The defendant has as much right to copy the 'nonfunctional' features of the article as any others, so long as they have not become associated with the plaintiff as manufacturer or source."⁷⁷ Therefore, copying a non-functional part is privileged unless two things are shown by the originator: first, that a certain feature of plaintiff's product has acquired secondary meaning, thereupon identifying the source of the product to prospective buyers; second, that buyers are likely to confuse the imitation with the original. This confusion presumably would cause a decline in plaintiff's sales.⁷⁸ Subsequent cases have followed the doctrine established in the *Crescent Tool* case.⁷⁹

meaning of functional and non-functional features is not clear. Functional features have been described as elements of mechanical construction⁸⁰ and inventive features⁸¹ which are necessary for the successful practical operation of,⁸² and to reduce the cost of manufacturing, the article.⁸³ Functional elements in this sense are "utilitarian."

A problem exists in trying to apply the above doctrine, because the It has been stated that a functional element is the necessary result of an effort to comply with the physical requirements essential to com-

75. This is commonly called "palming off" or "passing off."

76. 3 CALLMANN 1255 & n.97.

77. *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 Fed. 299, 300 (2d Cir. 1917).

78. This means a presumption of damages. See, *e.g.*, *Pure Foods, Inc. v. Minute Maid Corp.*, 214 F.2d 792 (5th Cir. 1954).

79. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1933); *Upjohn Co. v. Wm. S. Merrell Chemical Co.*, 269 Fed. 209 (6th Cir. 1920). See also *West Point Mfg. Co. v. Detroit Stamping Co.*, 222 F.2d 581 (6th Cir.), *cert. denied*, 350 U.S. 840 (1955); *Gum, Inc. v. Gumakers of America, Inc.*, 136 F.2d 957 (3rd Cir. 1943); *American Fork & Hoe Co. v. Stampit Corp.*, 125 F.2d 472 (6th Cir. 1942); *Chun King Sales, Inc. v. Oriental Foods, Inc.*, 136 F. Supp. 659 (S.D. Cal. 1955), *modified*, 244 F.2d 909 (9th Cir. 1957).

80. *Marvel Co. v. Pearl*, 133 Fed. 160 (2d Cir. 1904); *Luminous Unit Co. v. R. Williamson & Co.*, 241 Fed. 265 (N.D. Ill.), *aff'd*, 245 Fed. 988 (7th Cir. 1917).

81. See *Stewart v. Hudson*, 222 Fed. 584 (E.D. Pa. 1915).

82. *Marvel Co. v. Pearl*, 133 Fed. 160 (2d Cir. 1904).

83. *Diamond Expansion Bolt Co. v. United States Expansion Bolt Co.*, 177 App. Div. 554, 164 N.Y.S. 433 (1917).

mercial success.⁸⁴ However, this definition simply confuses the problem, because commercial success might very well depend on some kind of incidental feature which is merely ornamental. For example, people might buy a certain pair of coveralls simply because of a butterfly insignia on the front. Commercial success of such coveralls depends upon the incidental, ornamental feature; however, applying the definition of functional in the "utilitarian" sense, the originator of such insignia would be able to prevent the copying. Such an incidental feature would be considered a non-functional feature, thereupon prohibiting copying. Apparently, Judge Hand in the *Crescent Tool* case interpreted the phrase non-functional to mean non-operational in the utilitarian sense, as evidenced by a prior opinion.⁸⁵ Additional factors necessary in considering which definition of functional would best implement the policy of encouraging competition are noted in the conclusion.

Several conclusions can be formulated in regard to functional and non-functional features which necessarily weigh the interests between the need to copy and traditional exceptions to the right to copy. First, if the copied feature is non-functional and has acquired secondary meaning, then the copier must take successful steps to distinguish his product as coming from a different source. If this is impossible, the originator can obtain an injunction. If the copied feature is functional and has acquired secondary meaning then the copier must take reasonable steps to distinguish the source of the product. However, if it is impossible to distinguish the source of the two products, then the originator can not obtain an injunction.

There are two reasons why more protection is given a functional feature that has acquired a secondary meaning than a non-functional feature.⁸⁶ First, if no one could copy a functional feature, there could be no competition. Second, a non-functional feature need not be copied in order to compete with the originator. The inference is that the copier intends to confuse the public as to the true source of his product.

84. See *Lovell-McConnell Mfg. Co. v. American Ever-Ready Co.*, 195 Fed. 931 (2d Cir. 1912).

85. *Champion Spark Plug Co. v. A. R. Mosler & Co.*, 233 Fed. 112 (S.D.N.Y. 1916). However, in *J. C. Penney Co. v. H. D. Lee Mercantile Co.*, 120 F.2d 949 (8th Cir. 1941), the court stated that a design might not be functional in a "utilitarian" sense, but is nevertheless functional in that it contributes materially in the sale of the goods.

86. Remember the two definitions of "functional" discussed in note 80 *supra* and accompanying text. See *RESTATEMENT, TORTS* § 741 (b) (ii) (1938).

III. A NEW EXCEPTION TO THE RIGHT TO COPY

Defendants have been enjoined from copying an originator's work and effort on grounds that they should not get a "free ride" or have an unfair advantage in competing with the originator.⁸⁷ The originators, in these cases, had spent large amounts of money developing the marketing device, building prestige or gathering news. The courts wanted to protect this investment even though no confusion of source was involved.⁸⁸

In *International News Serv. v. Associated Press*.⁸⁹ plaintiff gathered news through its own efforts and expense for the purpose of dissemination to its correspondents throughout the country. The defendant read early editions of papers published by some of plaintiff's members and relayed the same news to defendant's members. The court held such practice to be unfair competition, and enjoined the defendant from further activities. The injunction was granted even though the defendant did not attempt to palm off his goods as those of the plaintiff or in any way cause confusion of source or origin of the news. Thus, protection could not be given under traditional exceptions to the right to copy.⁹⁰

Defendant argued that all property right in uncopyrighted literary matters, and more particularly news, are lost after publication and dedication to the public, and may, thereafter, be used by anyone. "The Supreme Court refused to consider whether there was any property in the news matter at common law . . . and decided the case solely on the theory of unfair competition in business."⁹¹ The emphasis in this case was placed upon a *fairness* test and the defendant's activities were unfair in the eyes of the court.

The decision in the *International News Service* case has been widely discussed. Few courts have accepted it, while most have construed it narrowly, limiting it to its facts. Other courts have flatly rejected its broader implications. In *Cheney Bros. v. Doris Silk Corp.*,⁹² the

87. See, e.g., *International News Serv. v. Associated Press*, 248 U.S. 215 (1919); *Lincoln Restaurant Corp. v. Wolfies Rest., Inc.*, 291 F.2d 302 (2d Cir. 1961); *Mastercrafts Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464 (2d Cir.), *cert. denied*, 350 U.S. 832 (1955), *reversing* 119 F. Supp. (S.D.N.Y. 1954); *Stork Restaurant, Inc. v. Sahati*, 166 F.2d 348 (9th Cir. 1948); *Christian Dior v. Milton*, 9 Misc. 2d 425, 155 N.Y.S.2d 443 (Sup. Ct.), *aff'd mem.*, 2 App. Div. 2d 878, 156 N.Y.S.2d 996 (1956); *Santa's Workshop, Inc. v. Sterling*, 282 App. Div. 328, 122 N.Y.S.2d 488 (1956).

88. See note 87 *supra*.

89. 248 U.S. 215 (1957).

90. See discussion of traditional exceptions to the right to copy Part II, *supra*.

91. 2 CALMANN 877. See also Sell, *The Doctrine of Misappropriation in Unfair Competition*, 11 VAND. L. REV. 483 (1958).

92. 35 F.2d 279 (2d Cir. 1929).

court refused to enjoin the defendant from copying the plaintiff's silk designs. Subsequent to the copying, defendant undercut the plaintiff's prices, thereby damaging his business. The court stated that the *International News*⁹³ case did not introduce a new general doctrine. In 1956, the New York courts apparently altered their policy of narrowly construing the *International News* decision. The plaintiff was awarded an injunction against a copier of its dress designs.⁹⁴ However, the court based its decision on the fact that the defendant had copied the designs prior to their being made public.⁹⁵ Therefore, all the court did was defer the time of publication of the designs.⁹⁶

The controversies surrounding the application of the *International News Service*⁹⁷ doctrine to cases involving similar or dissimilar facts and circumstances still rage today, but it is evident that courts apply the doctrine only when it is impossible to grant relief on a theory of "palming off" or secondary meaning. For instance, in 1961, the second Circuit Court of Appeals in *Lincoln Rest. Corp. v. Wolfies Rest., Inc.*⁹⁸ enjoined the defendant from using the name "Wolfies" for his Brooklyn restaurant because the plaintiff had built up his reputation in Miami using the same name. Although the court found no secondary meaning of "Wolfies" in the Brooklyn area, it held that the defendant intended to trade on the plaintiff's reputation, and noted "no distinction between this and ordinary 'palming-off' in a products case."⁹⁹

However, under traditional exceptions to the right to copy, it is necessary to show secondary meaning and likelihood of confusion.¹⁰⁰ The court found no secondary meaning of "Wolfies" in the Brooklyn area; it would therefore be impossible for anyone to be confused. The only interest being protected by the court was plaintiff's prior expenditure to advertise "Wolfies" in the Miami area.

In *Santa's Workshop, Inc. v. Sterling*,¹⁰¹ the plaintiff operated a

93. 248 U.S. 215 (1918).

94. *Christian Dior v. Milton*, 9 Misc. 2d 425, 155 N.Y.S.2d 443 (Sup. Ct.), *aff'd mem.*, 2 App. Div. 2d 878, 156 N.Y.S.2d 996 (1956).

95. The plaintiff tried to confine the showing of the dresses to a select group.

96. This was an ordinary equity breach of confidence case. It should be noted that "the doctrine preventing copists from exploiting 'nonfunctional features' is very likely inapplicable since women's fashions are probably too transitory to acquire a secondary meaning (public recognition of dresses original source)." 70 HARV. L. REV. 1117, 1118-19 (1957).

97. 248 U.S. 215 (1918).

98. 291 F.2d 302 (2d Cir. 1961).

99. *Id.* at 303.

100. See note 44 *supra* and accompanying text.

101. 282 App. Div. 328, 122 N.Y.S.2d 488 (1953).

comprehensively advertised business known as Santa's Workshop. Santa was pictured sitting on a mountain, and the advertising featured a unique design of Santa with other clever characteristics. The court sustained the plaintiff's averment that defendant copied the design which deceived the public and amounted to plagiarism of plaintiff's advertising. The court, however, recognized that plaintiff's design had not acquired secondary meaning. But how could the public have been deceived when the plaintiff's design admittedly had no secondary meaning? The court answered that the test is whether the acts by the copier are fair or unfair according to equity principles. Such a test, however, would not recognize the scope and limitations of protection given under the traditional exceptions to the right to copy.

A recent decision in the Fifth Circuit illustrates the growing state of confusion in cases similar to the ones discussed. The court held in *Chemical Corp. of America v. Anheuser-Busch, Inc.*, that it was unfair competition for defendant to use the slogan "Where there's life . . . there's bugs," in sale of combined floor wax and insecticide, when the plaintiff already had used the registered slogan, "Where there's life . . . there's Bud" in the sale of "Budweiser" beer.¹⁰² The manufacturer's floor wax and plaintiff's beer were not competing products. Although it was found that the public knew plaintiff's slogan, associated the slogan with the product, associated plaintiff as the source of the advertising, and found a likelihood of confusion, dicta indicates the existence of confusion by the court. It stated that the "gist of this action is that the plaintiff has a property interest in the slogan, built up at great expense . . ." ¹⁰³ The court apparently thought that the mere existence of plaintiff's expense for advertising the slogan was sufficient to warrant protection even though no secondary meaning was acquired. The court also mentioned that plaintiff could be damaged "by reason of the peculiarly unwholesome association of ideas when the word 'bugs' was substituted in the slogan for the word, 'Bud,' referring to a food product."¹⁰⁴

IV. POSSIBLE RATIONALES FOR THE NEW EXCEPTION

A. *Dilution and Intrinsic Symbol Value*

Proponents of the dilution theory state that the more widely a symbol is used, the less effective it will be for the originator.¹⁰⁵ The

102. 306 F.2d 433, 437 (5th Cir. 1962).

103. *Ibid.*

104. *Chemical Corp. of America v. Anheuser-Busch, Inc.*, 306 F.2d 433 (5th Cir. 1962).

105. 3 CALLMANN § 84.2.

first user's injury is in the dilution of the distinctiveness of the symbol or design.¹⁰⁶ The injury is to the property of the plaintiff.¹⁰⁷

The gravamen of a dilution complaint is that the continuous use of a mark similar to plaintiff's works an inexorably adverse effect upon the distinctiveness of the plaintiff's mark, and that, if he is powerless to prevent such use, his mark will lose its distinctiveness entirely. This injury differs materially from that arising out of the orthodox confusion; in the event that the similarity between the marks in question provokes confusion, there is an immediate or imminent loss of sales, for the confusion tends to divert potential customers from the plaintiff to the defendant. Such confusion leads to immediate injury, while dilution is an infection which, if allowed to spread, will inevitably destroy the advertising value of the mark. The uniqueness of singularity of the trade-mark will sometimes be more important to the success of an advertising campaign than the quality of the product with which it is connected.¹⁰⁸

However, the dilution theory has not been accepted by the courts as a foundation for a cause of action.¹⁰⁹ The American theories are founded upon the doctrines of palming-off and confusion of source, whereas under the dilution theory neither competition between two products, palming-off nor confusion of source is involved.¹¹⁰ Protection under the dilution theory is urged on the grounds that the plaintiff's symbol is his property and any use of such symbol will injure his property rights.

Middleton states that to have a true dilution situation :

- 1) the mark must be arbitrary, coined or fanciful and substantially the same mark used by both parties;
- 2) the parties must use this mark on unrelated and non-competitive goods or services; and
- 3) there must be a complete absence of actual or likely confusion.¹¹¹

It should be realized that the dilution doctrine will give the originator of such a mark or symbol a monopoly on its use even though there

106. *Ibid.*

107. See 3 CALLMANN § 66.3, for a general discussion of the property right in a trademark.

108. 3 CALLMANN § 84.2, at 1643-44.

109. See, *e.g.*, *Tiffany & Co. v. Tiffany Productions, Inc.*, 147 Misc. 679, 264 N.Y. Supp. 459 (Sup. Ct. N.Y. County), *aff'd*, 237 App. Div. 801, 260 N.Y. Supp. 821 (1932), *aff'd*, 262 N.Y. 482, 188 N.E. 30 (1933); *Philadelphia Storage Battery Co. v. Mindlin*, 163 Misc. 52, 296 N.Y. Supp. 176 (Sup. Ct. 1937). See generally Middleton, *Some Aspects of Trademark Dilution*, 47 TRADEMARK REP. 1023 (1958).

110. 3 CALLMANN § 84.2.

111. Middleton, *supra* note 109, at 1025-26.

is no possibility of public deception. Further, the dilution theory is not concerned with a competitor having an unfair advantage over the originator of the mark or symbol. The theory gives protection absent all traces of competition between the originator and the copier.

Protection given in the *Santa's Workshop*¹¹² case has been regarded as the protection of intrinsic symbol value. What is intrinsic symbol value? The court found no secondary meaning; therefore, it is clear that symbol did not have source value. The injunction was not granted for the reason of protecting the public from confusion of source. Intrinsic symbol value illudes rational definition; however, it would seem that it is a product that helps sell another product or service. Assuming this to be true, then it is evident that to prevent others from copying such symbol gives the originator a product monopoly. The pros and cons of giving such a monopoly, as a matter of public policy will be discussed in the conclusion.

B. Misappropriation

The Misappropriation doctrine introduced in the *International News*¹¹³ case places the emphasis upon the *fairness* of defendant's copying. However, deciding what is fair or unfair creates a problem, and also causes the courts to forget that the basic proposition is to encourage competition which includes encouraging the right to copy.¹¹⁴ Limiting this right to copy should exist only when there is a legitimate reason to do so. The reason for limiting the right to copy could very well be decided on grounds of fairness; however, standards as to what is fair or unfair must be considered in light of the basic proposition that the right to copy encourages competition and that sometimes such a policy might cause others economic injury.

V. CONCLUSION AND SUGGESTIONS

As stated earlier, the right to copy is of basic importance to the maintenance of competition.¹¹⁵ The right to copy places pressures on the originator of a product to keep the price of his product low, its quality up and his services adequate. However, certain traditional exceptions to the right to copy have developed because it has been recognized, as a matter of public policy, that the public should not be deceived as to the true source of a particular product or service.¹¹⁶

Other theories have been introduced and discussed, and the courts

112. 282 App. Div. 328, 122 N.Y.S.2d 488 (1953).

113. 248 U.S. 215 (1918).

114. See 2 CALLMANN § 60.3.

115. See notes 12 & 13 *supra* and accompanying text.

116. See Part II *supra*.

have given protection even though there was no showing of source confusion.¹¹⁷ The rationale behind these theories is that the originator has acquired some sort of property right, and therefore, courts urge limitation on the right to copy on the idea of protecting an originator from unfair or unethical practices. This note has analyzed these theories as "a new exception to the right to copy."¹¹⁸

Would it be beneficial to the public to give protection to an originator of a symbol or design which does not have source value, because through repetition it has supposedly acquired a commercial magnetism all its own? Such a theory would give the originator exclusive use of a product that helps sell another product. However, this would in turn distort consumer choice. Advertising would no longer be geared to create an awareness in the public's mind of the source of the product. Such advertising would prevent the public from making rational choices as to what products to buy. As a matter of policy, such advertising serves no useful purpose to the public.

Acceptance of the dilution doctrine would necessarily require a retraction from the basic policy of encouraging competition through implementation of the right to copy. Enforcement of the dilution doctrine would necessarily restrict different means which someone could use to compete, without a rational basis for limiting the means to compete. The only basis for limiting the right to copy would be that the originator had spent time, effort and money in developing some type of advertising symbol or design. Preventing dilution does not serve the public in any other way. This is not a legitimate reason for giving an originator a monopoly on such symbol or design. The basic policy of encouraging competition is best served by encouraging the right to copy.

If the new exception to the right to copy is to be accepted, then such a decision should be made by the legislature. To do otherwise simply confuses the courts in their application of the law of unfair competition, and seriously limits the predictability of whether a person has a right to copy in a particular fact situation.

If a statute is desirable, it should be drafted in such a way as to set certain standards of permissible copying and should recognize that protection is being given without any source confusion. It should be realized that such restriction on the right to copy goes beyond common law principles.

If a legislature wants to protect one's investment in advertising which under the traditional doctrines would not be protected, then

117. See discussion *supra* of 1) Dilution; 2) Intrinsic Symbol Value; and 3) Misappropriation.

118. See Part III *supra*.

possibly a statute could be drafted giving protection when a certain minimum amount of money has been spent by an originator. Perhaps the minimum amount would have to be spent in the market area of that originator or in each market where the originator desires protection.

The statute might be drafted to prohibit all copying unless the copier is unduly restricted in his ability to compete with the originator. If the copier has to copy in order to compete with the originator, then the copier could be given the right to copy.

In any event, it should be remembered that restricting the right to copy beyond the traditional exceptions is not beneficial to the public and to give such exclusive use gives product monopolies. This, in turn, is contrary to the basic policy of encouraging competition by encouraging the right to copy.