

TRADE NAME PROTECTION: RELAXATION OF THE "SECONDARY MEANING" REQUIREMENT AND ITS IMPLICATIONS

THE recent case of *Lincoln Restaurant Corp. v. Wolfies Restaurant Corp.*¹ illustrates the legal risks one takes in choosing a business name. The defendant, owner of a Brooklyn restaurant, was enjoined from any further use of the name "Wolfies," the trade name of the plaintiffs' two "well-known" Miami, Florida, restaurants.² On appeal the Court of Appeals for the Second Circuit affirmed, one judge dissenting, holding that the evidence supported an inference that "Wolfies" meant the Florida restaurants even to Brooklyn residents, *i.e.*, that the name had a "second meaning."³ The court went on to hold, however, that the injunction should be affirmed, even absent any finding of "secondary meaning," because of the defendant's "intent" to trade on the plaintiffs' reputation and name by representing that he was associated with the plaintiffs' restaurants.⁴ The dissent objected to the minimal

¹ 291 F.2d 302 (2d Cir.), *cert. denied*, 368 U.S. 889 (1961).

² 185 F. Supp. 454 (E.D.N.Y. 1960). The court held that the defendant's adoption of the name was not "a purely fortuitous thing," but was informed and deliberate. *Id.* at 456. He had actual knowledge of the Miami restaurants before choosing the name and had disregarded a desist notice. Prior to this civil action the plaintiffs were denied relief under N.Y. PEN. LAW § 964.

³ 291 F.2d at 303. The trial court's failure to make an express finding of "secondary meaning" and the "likelihood of confusion" was not reversible error, because the appellate court could *infer* from the evidence, including statistics on the seasonal migration between Brooklyn and Miami, gross business, and gratuitous remarks about the Miami restaurants on nation-wide television, that these restaurants had acquired "secondary meaning." See also *Premier-Pabst Corp. v. The Elm City Brewing Co.*, 9 F. Supp. 754, 760 (D. Conn. 1935) (Hincks, J.). *But see* *John Morrell & Co. v. Reliable Packing Co.*, 295 F.2d 314, 317 (7th Cir. 1961) (trial court's failure to find "secondary meaning" must be construed as finding it does not exist).

⁴ The reasons for choosing the name, such as the fact that the secretary of the corporation was known as a "wolf" in his younger days, and the reasons for using "Wolfies Floridan Style French Toast" as a menu item, and reproducing in substantial form the arrangement of the plaintiff's menu were found to be "specious." Suspicion was increased by the use of a disclaimer, printed in red $\frac{1}{16}$ " high letters inside the menu. 185 F. Supp. at 457. Since the trial court found all this specifically, Judge Hincks saw no distinction between this conduct and ordinary "palming off" in a products case. 291 F.2d at 303.

Palming off involves both deceit of the public and the misappropriation of the name, reputation or business good will of another, *Dior v. Milton*, 9 Misc. 2d 425, 155 N.Y.S.2d 443 (Sup. Ct.), *aff'd*, 2 App. Div. 2d 878, 156 N.Y.S.2d 996 (1956),

evidence demanded of the plaintiffs⁵ and to the granting of a "name monopoly"⁶ to a "not too unique nickname" primarily on the basis of its "flagrant appropriation."⁷

The purpose of trade name protection, especially in non-competitive situations, is to prevent injury to the reputation of an established concern.⁸ Such an injury can arise when a presumably inferior concern,⁹

and is usually associated with a competitive relationship, involving actual trade diversion. *Ball v. United Artists Corp.*, 13 App. Div. 2d 133, 214 N.Y.S.2d 219, 225 (1961); 3 RESTATEMENT, TORTS § 710 (1938). But where a person holds out his business as a *branch* of or as *sponsored by* another with a better reputation, there is "palming off" in a broad sense. *Stork Restaurant, Inc. v. Marcus*, 36 F. Supp. 90, 94 (E.D. Pa. 1941).

⁵ "A trade name implies trade. If trade is not affected, there is no loss, no chance of deflection . . . there is no proof or even claim that plaintiffs' name, credit, reputation for quality, or kindred assets are being tarnished by the defendant." 291 F.2d at 304. *But see Stork Restaurant, Inc. v. Marcus*, *supra* note 4; 2 NIMS, UNFAIR COMPETITION AND TRADE-MARKS § 91 (4th ed. 1947) [hereinafter cited as NIMS].

⁶ This fear seems exaggerated, however, since the acquisition of a "name monopoly" depends on the law of each forum. California courts, for instance, have become more conservative since the famous case of *Stork Restaurant, Inc. v. Sahati*, 166 F.2d 348 (9th Cir. 1948), relied on by the majority in *Wolfies*. See *Miles Laboratories, Inc. v. Frolich*, 195 F. Supp. 256, 258-59 (S.D. Cal. 1961).

⁷ The dissent distinguished those cases involving better-known concerns from the present one: "It may well be that a 'Stork Club' or a 'Pump Room' should qualify for exclusionary protection as against an ordinary citizen named 'Joe' but quare whether a restaurant operator using a soubriquet in its familiar or diminutive form 'Wolfe' can in this day and age claim such uniqueness. . . ." as to acquire a non-statutory monopoly without legislative sanction. 291 F.2d at 305. Compare *McCoy v. McCoy*, 98 N.E.2d 435, 438-39 (Ohio C.P. 1951) ("Real McCoy"); *Esquire, Inc. v. Esquire Slipper Mfg. Co.*, 243 F.2d 540, 545 (1st Cir. 1957) ("Esquire"). Judge Moore's position in *Wolfies* has been criticized. See *Derenberg, Fourteenth Year of Trademark Act of 1946*, 51 TRADEMARK REP. 777, 825-26 (1961).

⁸ *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464 (2d Cir.), *cert. denied*, 350 U.S. 832 (1955); *General Adjustment Bureau, Inc. v. Fuess*, 192 F. Supp. 542, 546 (S.D. Tex. 1961).

⁹ See *Stork Restaurant, Inc. v. Marcus*, 36 F. Supp. 90, 93 (E.D. Pa. 1941); 3 RESTATEMENT, TORTS § 712(g) (1938). It is not necessary that the defendant's services be inferior. *Yale Elec. Corp. v. Roberston*, 26 F.2d 972 (2d Cir. 1928). They may even be of superior quality. *Budget System, Inc. v. Budget Loan and Finance Plan*, 12 Utah 2d 18, 361 P.2d 512 (1961). This presumption is logical, however, if harm to the plaintiff, rather than to the public, is the basis of relief. *Developments in the Law—Trade Marks and Unfair Competition*, 68 HARV. L. REV. 814, 891 (1955).

Practically speaking, however, the courts are ill-equipped to judge relative qualities. See, e.g., *Philadelphia Storage Battery Co. v. Mindlin*, 163 Misc. 52, 296 N.Y. Supp. 176, 179 (Sup. Ct. 1937). Therefore, once the first user's rights have been established it is presumed that a confusion of source will be injurious. *Ibid.* *But see Avon Shoe*

which may be many miles away or producing entirely different goods, imitates the name of a well-known concern and tarnishes its reputation by creating an unfavorable association between the two concerns.¹⁰ But before protection is granted, before another's use of a similar¹¹ or identical¹² trade name is denied or restricted, the established concern usually must show that its name has acquired a special, source-identifying quality in its business use.¹³ Once this quality is established,¹⁴ so is the

Co. v. David Crystal, Inc., 279 F.2d 607, 614 (2d Cir.), *cert. denied*, 364 U.S. 609 (1960).

¹⁰ Stern, *Buyer Indifference and Secondary Meaning in Unfair Competition and Trademark Cases*, 32 CONN. B.J. 381, 387-92 (1958).

¹¹ See, e.g., *Horlick's Malted Milk Corp. v. Horluck's, Inc.*, 59 F.2d 13 (9th Cir. 1932); *Monroe Stationers & Printers, Inc. v. Munroe Stationers, Inc.*, 332 Mass. 278, 124 N.E.2d 526 (1955); *J. B. Liebman & Co. v. Leibman*, 135 N.J. Eq. 288, 38 A.2d 187 (1944).

¹² See, e.g., *Thaddeus Davids Co. v. Davids Mfg. Co.*, 233 U.S. 461 (1914); *Howards Clothes, Inc. v. Howard Clothes Corp.*, 236 Minn. 291, 52 N.W.2d 753 (1952).

¹³ See *Yunker v. Nationwide Mut. Ins. Co.*, 176 N.E.2d 465, 467 (Ohio C. P. 1961). See also Pike, *Personal Names as Trade Symbols*, 3 MO. L. REV. 93, 105 (1938); DERENBERG, *TRADE-MARK PROTECTION AND UNFAIR TRADING* 325-27 (1936) [hereinafter cited as DERENBERG].

A person has a right to use his *own* name, but he must use it honestly to prevent confusion with an established trader whose name has acquired secondary meaning. 1 NIMS § 67. Even if he uses it in good faith, however, he may be required to subordinate its use or use a distinguishing legend. *J. A. Dougherty's Sons, Inc. v. Dougherty*, 36 F. Supp. 149 (E.D. Pa. 1940).

Protection extends as far as the name is understood in its "secondary" sense and to any locality where it can be shown to be injuring the plaintiff. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916). Therefore, a larger area of protection will be granted where the traveling public has carried the plaintiff's reputation to far-distant points and where his business attracts customers from a large area. *Quality Courts United, Inc. v. Quality Courts, Inc.*, 140 F. Supp. 341, 349 (M.D. Pa. 1956).

Under such conditions, the real, immediate beneficiaries of an injunction are usually the establishments competing with the *defendant*, who have lost custom by improper use of a trade-attracting name. *Developments in the Law, supra* note 9, at 892 n.565 (1955). Oates has speculated that the "vitaly interested, actual competitors of the defendant may be the complainants of the future, and, without resort to the Federal Trade Commission, they may acquire in their own right relief against traders who compete with them by the unfair use of a third party's name." Oates, *Relief in Equity Against Unfair Trade Practices on Non-Competitors*, 25 ILL. L. REV. 643, 671 (1931).

¹⁴ The plaintiff has the burden of proving that his name has acquired special significance in the trade and that the defendant is using it unfairly to his and the public's detriment. CALLMANN, *UNFAIR COMPETITION AND TRADEMARKS* §§ 77-3, 77.4(a) (2d ed. 1950) [hereinafter cited as CALLMANN]. Length of use, the nature and extent of advertising, and other promotional efforts are all considered. *Sun Valley Mfg. Co. v. Sun Valley Togs, Inc.*, 39 F. Supp. 502 (S.D.N.Y. 1941); Note, 62 W. VA.

likelihood of confusion, the primary legal issue and the supposed cause of the injury.¹⁵ The trade name will then be endowed by the courts with a qualified "property" interest¹⁶ and given the same sort of protection as a common law, distinctive trademark.¹⁷

Although this "property" concept has expanded, covering larger areas of business interests,¹⁸ the likelihood of injury to the plaintiffs' business reputation would seem analytically dependent on a finding of "secondary meaning."¹⁹ The *Wolfes* decision, however, protected the

L. REV. 254 (1960). But no presumption of "secondary meaning" can be made where the name or device is neither fanciful nor used so long, extensively and exclusively so that association with the user would naturally result. 2 NIMS 1039, 1078.

¹⁵ Secondary meaning is a prerequisite to source confusion. *Ball v. United Artists Corp.*, 13 App. Div. 2d 133, 214 N.Y.S.2d 219, 227 (1961); *Home of the Week, Inc. v. Associated Press, Inc.*, 178 F. Supp. 460, 465 (D.R.I. 1959). Without its showing, there is no likelihood of injury to the plaintiff's reputation resulting from confusion as to the identity or sponsorship of the second business. See, e.g., *American-Marietta Co. v. Krigsman*, 275 F.2d 287 (2d Cir. 1960); *Joshua Meir Co. v. Albany Novelty Mfg. Co.*, 236 F.2d 144 (2d Cir. 1956). But compare *Lincoln Restaurant Corp. v. Wolfes Rest. Corp.*, 291 F.2d 302 (2d Cir.), *cert. denied*, 368 U.S. 889 (1961).

¹⁶ The trade name is a "property right" to the extent that one's trade, free from unwarranted interference by others, is protected. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918); *Budget System, Inc. v. Budget Loan and Finance Plan*, 12 Utah 2d 18, 361 P.2d 512 (1961).

¹⁷ See, e.g., *Atlantic Monthly Co. v. Frederick Ungar Publishing Co.*, 197 F. Supp. 524, 529 (S.D.N.Y. 1961). In both cases the aim is to protect the honest trader, punish the dishonest, protect the public from deception and sometimes protect the competitors of the imitator. DERENBERG 52-53.

¹⁸ See cases cited note 27 *infra*; 3 CALLMANN §§ 60-62; Comment, 70 YALE L.J. 406, 416-18 (1961).

¹⁹ If "secondary meaning" is lacking, it is illogical to say that the Brooklyn College students across the street were motivated by a belief that the defendant's restaurant was associated with the plaintiffs'. Familiarity with a convenient restaurant, its commendation by others, or its own quality of food, and not the name "Wolfes," could have been the reason for the patronage. Compare *J. R. Wood & Sons, Inc. v. Reese Jewelry Corp.*, 278 F.2d 157 (2d Cir. 1960) (no goodwill involved in brand name, because it plays insignificant part in purchase of ring); *Schwartz v. Hampton*, 30 Misc.2d 837, 219 N.Y.S.2d 106 (Sup. Ct. 1961) (purchaser of record is more interested in performer than record company).

Compare prerequisites to protection under "anti-dilution" statutes. N.Y. GEN. BUS. LAW § 368(c)3 (now § 368-d, as amended by L. 1961, c. 583, eff. Sept. 1, 1961, granting protection to non-registrants and service marks); MASS. ANN. LAWS ch. 110, § 7A (1954); ILL. REV. STAT. ch. 140, § 22 (1955). Secondary meaning has been held to be necessary to acquire "a distinctive quality," a prerequisite to protection, although relief will be granted "notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services." See *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358 (2d Cir. 1959); *Vacheron & Constantin-Le Coultre Watches, Inc. v. Benrus Watch Co.*, 155 F. Supp. 932 (S.D.N.Y.

plaintiffs' trade name without requiring a finding of "secondary meaning." The court was more concerned with the nature of the defendant's unjustified conduct than with analytical symmetry.²⁰

The court's sensitive concern and condemning reaction to the defendant's conduct was nevertheless compatible with the "equitable" nature of trade name cases.²¹ The typical fact situation in these cases may support a variety of inferences and resulting rationales, giving judges and litigants much semantic flexibility.²² Furthermore, each case must be evaluated on its individual merits.²³ If evidence of "secondary meaning" is weak, its presence uncertain, a litigant can still turn to other elements in his effort to either swing or strengthen the equitable balance in his favor.

One of these "equitable" elements is the seemingly unjustified conduct of the imitator.²⁴ However, the cases which have emphasized this

1957), *rev'd on other grounds*, 260 F.2d 637 (2d Cir. 1958); *Food Fair Stores, Inc. v. Food Fair, Inc.*, 83 F. Supp. 445 (D. Mass. 1948), *aff'd*, 177 F.2d 177 (1st Cir. 1949); *John Morrell & Co. v. Reliable Packing Co.*, 295 314 (7th Cir. 1961).

²⁰ *Compare Hat Corp. of America v. D. L. Davis Corp.*, 4 F. Supp. 613 (D. Conn. 1933), *with Avon Shoe Co. v. David Crystal, Inc.*, 279 F.2d 607 (2d Cir.), *cert. denied*, 364 U.S. 909 (1960) (Hincks, J.).

²¹ Judges will construe the law to uphold honesty and fair dealing. See, e.g., *Radio Shack Corp. v. Radio Shack, Inc.*, 180 F.2d 200, 206 (7th Cir. 1950); *Vaudable v. Montmartre, Inc.*, 20 Misc. 2d 757, 193 N.Y.S.2d 332, 335 (Sup. Ct. 1959).

²² The law of unfair competition is now a broad and flexible doctrine adaptable to changing conditions. *Dior v. Milton*, 9 Misc. 2d 425, 155 N.Y.S.2d 443, 451 (Sup. Ct. 1956); *Liddy, Preparing and Presenting the Defendant's Case in Trademark Litigation*, 45 TRADEMARK REP. 1422, 1423 (1955).

²³ *Miles Laboratories, Inc. v. Frolich*, 195 F. Supp. 256, 258 (S.D. Cal. 1961).

²⁴ The good or bad faith of the alleged infringer is particularly important when the territorial extent of protection is in issue. If he acts in bad faith, the inference may be made that there are prospective purchasers to be deceived. 3 RESTATEMENT, TORTS § 733 (1938).

The unsatisfactory reasons for choosing the particular name are usually of some importance. See, e.g., *Lady Esther, Ltd. v. Lady Esther Corset Shoppe, Inc.*, 317 Ill. App. 451, 46 N.E.2d 165 (1943); 51 West Fifty-First Corp. v. Roland, 139 N.J. Eq. 156, 50 A.2d 369 (1946). Conversely, good reasons may infer good faith. E.g., *Fairway Foods, Inc. v. Fairway Markets, Inc.*, 227 F.2d 193 (9th Cir. 1955); *G. B. Kent & Sons, Ltd. v. P. Lorillard Co.*, 114 F. Supp. 621 (S.D.N.Y. 1953), *aff'd per curiam*, 210 F.2d 953 (2d Cir. 1954).

The degree of similarity and "dress-up" of the establishments is also significant in determining bad faith. *Compare Brass Rail, Inc. v. Ye Brass Rail, Inc.*, 43 F. Supp. 671 (D. Mass. 1938) and *White Tower System, Inc. v. White Castle System of Eating Houses Corp.*, 90 F.2d 67 (6th Cir. 1937), *with Faciane v. Starner*, 230 F.2d 732 (5th Cir. 1956) and *El Chico, Inc. v. El Chico Cafe*, 110 F. Supp. 640 (N.D. Tex. 1953), *rev'd on other grounds*, 214 F.2d 721 (5th Cir. 1954).

A facile inference of bad faith can be moderated, however, by a more exacting.

element have usually involved, unlike the *Wolfes* case, a competitive situation where there was either actual trade diversion,²⁶ a showing of actual confusion,²⁶ or the misappropriation of another's creative, unpatented work product as one's own.²⁷ In those cases based on non-competitive situations,²⁸ the plaintiff was usually required to show a like-

"likelihood of confusion" rule. A higher degree of care on the part of the consumer, varying directly with the nature and price of the goods, would then require a greater degree of colorable imitation to be unlawfully confusing. *Developments in the Law, supra* note 9, at 862-63. The most recent statement of the New York standard is that "the law does not justify interference on behalf of ignorant or careless persons. It must be assumed that the public will use reasonable intelligence and discrimination." *Dell Publishing Co. v. Stanley Publications, Inc.*, 9 N.Y.2d 126, 134, 172 N.E.2d 656, 661, 211 N.Y.S.2d 393, 400 (1961). *Compare* *Harold F. Ritchie, Inc. v. Chesebrough-Pond's, Inc.*, 281 F.2d 755, 762 (2d Cir. 1960) and *Stork Restaurant, Inc. v. Sahati*, 166 F.2d 348, 359 (9th Cir. 1948) (the law protects the careless, ignorant, inexperienced and gullible), *with* *General Adjustment Bureau, Inc. v. Fuess*, 192 F. Supp. 542 (S.D. Tex. 1961); *Yale University v. Benneson*, 147 Conn. 254, 159 A.2d 169 (1960); *Rosso & Mastracco, Inc. v. Giant Food Shopping Center, Inc.*, 200 Va. 159, 104 S.E.2d 776 (1958) (confusion of the reasonably careful purchaser).

²⁶ Trade diversion may result from "palming off" of goods, see, e.g., *Blisscraft v. United Plastics Co.*, 294 F.2d 694 (2d Cir. 1961); *National Lead Co. v. Wolfe*, 223 F.2d 195 (9th Cir.), *cert. denied*, 350 U.S. 883 (1955), or services as those of another. See, e.g., *North American Air Coach Systems, Inc. v. North American Aviation, Inc.*, 231 F.2d 205 (9th Cir. 1955), *cert. denied*, 351 U.S. 920 (1956); *Dollar Dept. Stores, Inc. v. Laub*, 238 Miss. 708, 120 So. 2d 139 (1960); note 4 *supra*. *But see* *Best & Co. v. Miller*, 167 F.2d 374 (2d Cir.), *cert. denied*, 335 U.S. 818 (1948); 88¢ *Stores, Inc. v. Martinez*, 361 P.2d 809 (Ore. 1961).

²⁷ See, e.g., *Artype, Inc. v. Zappulla*, 228 F.2d 695 (2d Cir. 1956); *Nagrom Corp. v. Cock 'N Bull, Inc.*, 149 F. Supp. 217 (D.D.C. 1957). *But see* cases in which relief was granted despite actual confusion. *Avon Shoe Co. v. David Crystal, Inc.*, 279 F.2d 607 (2d Cir.), *cert. denied*, 364 U.S. 909 (1960) (good faith; better known than plaintiff); *Schwartz v. Slenderella Systems, Inc.*, 43 Cal. 2d 107, 271 P.2d 857 (1954) (carelessness).

²⁸ See, e.g., *International News Service v. Associated Press*, 248 U.S. 215 (1918); authorities cited note 18 *supra*.

Many cases granting relief have involved a breach of some contractual or fiduciary relation. *Noma Lites, Inc. v. Lawn Spray, Inc.*, 130 F. Supp. 124 (E.D.N.Y. 1955), *aff'd per curiam*, 222 F.2d 716 (2d Cir. 1955) (confidential business secrets abused when defendant copied advertising and packaging techniques); *Gliffcorn Answering Service, Inc. v. Deutschel*, 23 Misc. 2d 254, 198 N.Y.S.2d 952 (Sup. Ct. 1960) (vendor of answering service enjoined from further use of old customer list); *Metropolitan Opera Ass'n v. Wagner-Nichols Recording Corp.*, 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd per curiam*, 279 App. Div. 632, 107 N.Y.S.2d 795 (1951) (recording of opera radio performances and making records from them infringed contract rights with third party). *But see* *Miller v. Universal Pictures Co.*, 11 App. Div. 2d 47, 201 N.Y.S.2d 632 (1960), *aff'd*, 10 N.Y.2d 972, 180 N.E.2d 248, 224 N.Y.S.2d 662 (1961) (no property in Glenn Miller "sound," hence no breach of implied negative covenant not to compete with royalty-yielding licensee).

²⁹ Competition is no longer required to state a cause of action in most jurisdictions,

likelihood of future conflict from normal business expansion,²⁹ the use of a unique name,³⁰ or the use of an ordinary name that had acquired almost nationwide recognition as a result of long use and quality service.³¹ No such requirements were imposed in *Wolfies*. Instead, the majority classified the defendant's conduct as predatory, unfair commercial behavior, recognized by some courts as constituting an exception to the "secondary meaning" requirement.³² But in those cases an immediate

because legal injury includes both harm to reputation and trade. See, e.g., *Greyhound Corp. v. Greyhound Securities, Inc.*, 26 Misc. 2d 303, 207 N.Y.S.2d 742 (Sup. Ct. 1960). *But see White v. White*, 68 So. 2d 648 (La. App. 1953); *McKay v. Legler*, 36 So. 2d 793 (Miss. 1948); *Smart Shop v. Colbert's*, 250 S.W.2d 431 (Tex. Civ. App. 1951).

²⁹ See, e.g., *Sweet Sixteen Co. v. Sweet "16" Shop, Inc.*, 15 F.2d 920 (8th Cir. 1926); *Safeway Stores, Inc. v. Suburban Foods, Inc.*, 130 F. Supp. 249 (E.D. Va. 1955). Compare *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358 (2d Cir. 1959); *Food Fair Stores, Inc. v. Square Deal Market Co.*, 206 F.2d 482 (D.C. Cir. 1953), *cert. denied*, 346 U.S. 937 (1954); *Peter Pan Restaurants, Inc. v. Peter Pan Diner, Inc.*, 150 F. Supp. 534 (D.R.I. 1957); *Kafafian v. Spotless Stores, Inc.*, 141 N.J. Eq. 305, 57 A.2d 18 (1948).

³⁰ See, e.g., *Stork Restaurant, Inc. v. Sahati*, 166 F.2d 348 (9th Cir. 1948); *Hanson v. Triangle Publications, Inc.*, 163 F.2d 74 (8th Cir. 1947), *cert. denied*, 332 U.S. 855 (1948) ("Seventeen"); *Aunt Jemima Mills Co. v. Rigney & Co.*, 247 Fed. 407 (2d Cir. 1917) ("Aunt Jemima").

³¹ See, e.g., *Brooks Bros. v. Brook's Clothing*, 60 F. Supp. 442 (S.D. Cal. 1945), *aff'd per curiam*, 158 F.2d 798 (9th Cir.), *cert. denied*, 331 U.S. 824 (1947) (New York concern prevents use of name in California); *Safeway Stores, Inc. v. Safeway Properties, Inc.*, 197 F. Supp. 938 (S.D.N.Y. 1961) (real estate concern enjoined from using "Safeway," tradename of grocery chain that has own property division and whose competitor has a subsidiary called "Food Fair Properties"); *HMH Pub. Co. v. Playboy Records, Inc.*, 161 F. Supp. 540 (N.D. Ill. 1958) (record manufacturer enjoined from using "Playboy"); *Metropolitan Opera Ass'n, Inc. v. Metropolitan Artists, Inc.*, 27 Misc. 2d 572, 212 N.Y.S.2d 435 (Sup. Ct.), *aff'd mem.*, 13 App. Div. 2d 480, 214 N.Y.S.2d 648 (1961) (Latin Quarter cafe and sextette enjoined from using "Metropolitan").

³² The recognized leading case for this exception is *Santa's Workshop v. Sterling*, 282 App. Div. 328, 122 N.Y.S.2d 488 (1953), *aff'd as modified*, 2 App. Div. 2d 262, 153 N.Y.S.2d 839 (1956), *aff'd*, 3 N.Y.2d 757, 143 N.E.2d 529, 163 N.Y.S.2d 986 (1957), in which a competing animal farm owner in the same region as the plaintiff was enjoined from imitating special designs, cut-outs, and advertising developed around "Santa Claus," a legendary and historical figure to which the plaintiff had no exclusive right. Although relying mainly on the "misappropriation doctrine" of *International News Service v. Associated Press*, 248 U.S. 215 (1918), the court also found a "misrepresentation," a "passing off" of a business as that of another. It has been argued, however, that this case could have been decided according to a rapid acquisition of "secondary meaning." *Speedy Products, Inc. v. Dri Mark Products, Inc.*, 271 F.2d 646, 650 (2d Cir. 1959). But in any event the *Santa* case involved such an obvious theft of a business idea that the fraudulent nature of the defendant's conduct was apparent. *Ibid.*

type of competitive business injury, lacking in *Wolfies*, had been present;³³ insistence on "secondary meaning" would have denied or at least delayed protection from definite harm.³⁴

When "secondary meaning" is required, however, it affords most competing enterprises indulging in "product differentiation" through non-functional designs,³⁵ selling seasonal items,³⁶ or operating with limited advertising budgets,³⁷ little protection from a quick-acting imitator.³⁸ The traditional position, represented by the dissent in

³³ Compare cases denying relief even without need to show "secondary meaning." *Speedy Products, Inc. v. Dri Mark Products*, *supra* note 32 (functional pen design copied); *Joshua Meier Co. v. Albany Novelty Mfg. Co.*, 236 F.2d 144 (2d Cir. 1956).

It is inaccurate to say, however, that New York no longer requires proof of "secondary meaning." See *Travel Magazine, Inc. v. Travel Digest, Inc.*, 191 F. Supp. 830 (S.D.N.Y. 1961); *Dell Publishing Co. v. Stanley Publications, Inc.*, 9 N.Y.2d 126, 172 N.E.2d 656, 211 N.Y.S.2d 393 (1961); *Schwartz v. Hampton*, 30 Misc.2d 837, 219 N.Y.S.2d 106 (Sup. Ct. 1961). Rather, the law is not limited to the requirement, *American-Marietta Co. v. Krigsman*, 275 F.2d 287, 290 (2d Cir. 1960), nor is it always a prerequisite to relief, *Norwich Pharmacal Co. v. Sterling Drug Co.*, 271 F.2d 569 (2d Cir. 1959), *cert. denied*, 362 U.S. 919 (1960).

³⁴ This is true because of the traditional proof requirements of long and exclusive use of a personal name, descriptive word or non-functional design before "secondary meaning" is usually established. See notes 14 *supra*, 42 *infra*.

³⁵ See, e.g., *American-Marietta Co. v. Krigsman*, 275 F.2d 287 (2d Cir. 1960) (slots in mop-presser plate). Protection is confined to non-functional, *i.e.*, ornamental or distinctive features. One may freely imitate an unpatented article in all of its functional elements, *i.e.*, those which permit successful operation of the article and reduce its manufacturing cost. No "secondary meaning" attaches to functional features. 3 CALLMANN § 77.4(e)1, at 1253-54.

³⁶ See, e.g., *Barton Candy Corp. v. Tell Chocolate Novelty Corp.*, 178 F. Supp. 577 (E.D.N.Y. 1959) (chocolate Santa Claus and sleigh).

³⁷ Although "big" concerns have no certainty that advertising will imprint their trade name in the public's mind so that "secondary meaning" is rapidly acquired, the "small" business often is unable to finance such an effort. It must rely on the good faith of its competitors if it takes a chance and chooses a personal name, descriptive word, or non-functional design to distinguish its products. For this reason a relaxation of the "secondary meaning" requirement may be desirable. Compare *Catalina, Inc. v. Ganis*, 207 Misc. 1068, 142 N.Y.S.2d 65 (Sup. Ct. 1955) (relief given, recognizing limited promotion but likelihood of injury).

Compare note 54 *infra*, discussing the suggested fact-finding improvements that can be made in unfair competition cases. While such improvements enhance objectivity, they nevertheless impose greater expenses on one who asserts his rights to exclusive use of a trade name.

³⁸ See *Derenberg & Baum, Trade Regulation*, 36 N.Y.U.L. REV. 440, 463-67 (1961); *Galbally, Unfair Trade in the Simulation of Rival Goods—The Test of Commercial Necessity*, 3 VILL. L. REV. 333 (1958); *Pollack, Unfair Trading By Product Simulation*, 23 OHIO ST. L.J. 74 (1962); *Note*, 41 B.U.L. REV. 538 (1961).

Wolfes,³⁹ is to deny relief to the prior user of a non-functional design⁴⁰ or color,⁴¹ as well as personal names, unless a source-identifying quality has been acquired at the time of the imitation.⁴² This effort takes time and expense with no certainty of success.

To remedy this uncertainty and facilitate protection, some commentators have suggested modifications of the "secondary meaning" requirement.⁴³ The absence of "commercial necessity" for using an intruding trade symbol⁴⁴ or the recognition of an "about-to-be-acquired secondary meaning"⁴⁵ have been proposed as ways to protect a prior user of a trade name without an express finding of "secondary meaning."⁴⁶ Unlawful intent, deemed important in the *Wolfes* case, and even good faith would become immaterial, however, if either standard were adopted, just as bad faith can be immaterial once "secondary

³⁹ 291 F.2d at 305.

⁴⁰ *American-Marietta Co. v. Krigsman*, 275 F.2d 287 (2d Cir. 1960).

⁴¹ *Norwich Pharmacal Co. v. Sterling Drug Co.*, 271 F.2d 569 (2d Cir. 1959), *cert. denied*, 362 U.S. 919 (1960) (contended, however, that pink color may be functional).

⁴² *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 Fed. 299 (2d Cir. 1917). *Accord*, *Polaroid Corp. v. Polaroid Electronics Corp.*, 182 F. Supp. 350 (E.D.N.Y. 1960), *aff'd*, 287 F.2d 492 (2d Cir. 1961); *Federal Glass Co. v. Loshin*, 126 F. Supp. 737 (D. Conn. 1954), *modified*, 224 F.2d 100 (2d Cir. 1955).

⁴³ See Galbally, *supra* note 38, who says the law has failed to keep up with marketing developments by failing to protect the "personality" of a goods' fanciful features against the commercial free-rider. Garner also urges the courts to recognize the real function of trade names as one of "display." Then all the evidence problems in "secondary meaning" litigation would be solved. Once a term is displayed in a trademark way, it can be presumed to have public acceptance at once. The primary meaning would exist side by side with the trade meaning; the former need not be submerged by long and intensive use before the latter can exist. Garner, *A Display Theory of Trademarks*, 25 GEO. WASH. L. REV. 53 (1956). *But see* Cohen, *Transcendental Nonsense and the Functional Approach*, 35 COLUM. L. REV. 809, 814-17 (1935), criticizing the assumption that there is an unlimited supply of equally attractive words under which any commodity can be sold, so that the second seller is at no commercial disadvantage if he is forced to avoid words chosen by the first.

⁴⁴ Today it is primarily used as a test of illegal intent. 3 CALLMANN § 85.1(c), at 1676-77; 2 NIMS § 366g, at 1153. See *Blisscraft v. United Plastics Co.*, 294 F.2d 694, 702 (2d Cir. 1961); *Atlantic Monthly Co. v. Frederick Ungar Publishing Co.*, 197 F. Supp. 524, 532 (S.D.N.Y. 1961).

This test seems particularly *a propos* to the use of corporate names which can be selected arbitrarily. See 3 CALLMANN § 85.2(a), at 1681; 4 CALLMANN § 89.2(b); 1 NIMS §§ 81b, 91-2.

⁴⁵ 3 CALLMANN § 77.4(e)(2), at 1261-62.

⁴⁶ This would be consistent with an older, now minority rule that made imitation illegal if merely the similarity of the designs was likely to deceive consumers. See generally 3 CALLMANN § 77.4(e)(2), at 1259-60; Galbally, *supra* note 38.

meaning" is definitely established.⁴⁷ The controlling considerations would then seem to be the cost of changing a trade name or symbol relative to any potential loss to the plaintiff's business interests⁴⁸ and the breadth of the judicial imagination seeking feasible alternatives.

The "economic realities" and apparent simplicity of such standards seem attractive, but they must be balanced against their effect on the procedural and proof requirements in trade name cases. Under the "commercial necessity" test, for example, a mere showing of imitation in an area frequented by some of the prior user's customers would seem to establish a prima facie case or a presumption of unjustified imitation for trade purposes.⁴⁹ The second user would then have the burden of convincing the trier of facts that he had no unlawful intent,⁵⁰ or that no other name was reasonably as suitable as the one he now uses. Under the "about-to-be-acquired secondary meaning" standard, a presumption of injury to a business reputation through an erroneous association between two concerns would be established without proof that it has or ever will acquire that source-identifying interest that is supposedly in danger and entitled to legal protection.⁵¹ Serious consideration should

⁴⁷ See note 13 *supra*; 3 CALLMANN § 77.1, at 1228. *But see* CALLMANN § 77.4(d), at 1252.

⁴⁸ Such reasoning has been used, as dictum, *after* the plaintiff had established "secondary meaning." See, e.g., *Ambassador East v. Shelton Corners, Inc.*, 120 F. Supp. 551, 554 (S.D.N.Y. 1954); *Metropolitan Opera Ass'n v. Metropolitan Opera Ass'n of Chicago*, 81 F. Supp. 127, 133 (N.D. Ill. 1948); *Sullivan v. Ed Sullivan Radio & T.V., Inc.*, 1 App. Div. 2d 609, 152 N.Y.S.2d 227 (1956).

⁴⁹ Under present law, however, mere imitation without proof of "secondary meaning" is not enough to shift the burden of justification to the defendant. *Norwich Pharmacal Co. v. Sterling Drug Co.*, 271 F.2d 569, 573 (2d Cir. 1959), *cert. denied*, 362 U.S. 919 (1960). Imitation without more is permissible regardless of the fact that the courts have little sympathy for a wilful imitator. *American Safety Table Co. v. Schreiber*, 269 F.2d 255, 272 (2d Cir.), *cert. denied*, 361 U.S. 915 (1959). *But see* *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464, 467 n.6 (2d Cir. 1955), *reversing*, 119 F. Supp. 209 (S.D.N.Y. 1954).

⁵⁰ This would assume, however, that good faith and ignorance of prior use would still be valid defenses. Under existing procedure the burden of persuasion remains with the plaintiff, although defendant's counsel would try to rebut any inference of unlawful intent which the plaintiff's evidence tended to show. Under the alternative approach a burden of dissuasion would seem to control and be placed on the defendant.

⁵¹ Unless the plaintiff can show that his business interest comes within an expanding category of protectable interests, *supra* note 18, the only other interest recognized under the common law is that of source identity and the reputation attached to it. A court may also hesitate to either indulge in speculation or place itself in an analytical dilemma. See note 15 *supra*.

be given to these implications before the "secondary meaning" requirement is either relaxed or discarded.⁵²

Those who favor relaxation of the "secondary meaning" requirement apparently view the judicial function as one of establishing rules of fair business conduct and discouraging unjustified imitation in order to prevent any form of unjust enrichment.⁵³ In fulfilling this function, however, the court would act as a regulator of the market place, guided by its own notions of commercial fair play and necessity. The "secondary meaning" requirement, on the other hand, does give some definite, predictable "due process" guidance to judges and litigants.⁵⁴ They know in advance *how* the conflicting claims to the use of a trade name will be settled.⁵⁵ A relaxation of the "secondary meaning" requirement in order to reach an acceptable result and advocate higher standards of business conduct may fail to respect the analytical and procedural foundations that support the protection of trade names, especially under non-competitive conditions. The legal risks in choosing a business name

⁵² If the *Wolfes* majority had either dismissed for failure to show "secondary meaning" or decided for itself that it had been established, future litigants would not run the risk of relying on this case and having their action dismissed for failure to satisfy their burden of showing "secondary meaning," especially if they have no substantial evidence of bad faith or competitive, predatory conduct. For an analogous experience see *Family Doctor Plan v. Group Health Ins., Inc.*, 148 N.Y.S.2d 779 (Sup. Ct. 1956), distinguishing the *Santa* case, 3 N.Y.2d 757, 143 N.E.2d 529, 163 N.Y.S.2d 986 (1957), as involving the imitation of a "unique design" and other figures and not the use of a descriptive word, such as "Family Doctor."

⁵³ See authorities cited note 21 *supra*. But see Galbally, *supra* note 38, at 342, stating that "when courts abandon known rules in favor of vague and subjective standards of ethics and morality, the practice of law becomes hazardous. Judges become as unpredictable as juries. Business decisions, however, must be predicated on the reasonable predictability of legal consequences."

⁵⁴ Adherence to a generally accepted manner of procedure is desirable to limit the area of uncertainty. *Harold F. Ritchie, Inc. v. Cheseborough-Pond's, Inc.*, 281 F.2d 755, 762 (2d Cir. 1960) (dissenting opinion). Therefore, instead of relaxing or replacing the "secondary meaning" test, its weaknesses could be cured by adopting more objective methods of measurement. Oppenheim, *The Judicial Process in Unfair Competition Law*, 2 PATENT, TRADEMARK, AND COPYRIGHT J. OF RESEARCH AND EDUCATION 116, 130 (1958 Supp.). Opinion polls and surveys have been suggested. See, e.g., Caughey, *The Use of Public Polls, Surveys and Sampling as Evidence in Litigation, and Particularly Trademark and Unfair Competition Cases*, 44 CALIF. L. REV. 539 (1956); Pattishall, *Reaction Test Evidence in Trade Identity Cases*, 49 TRADEMARK REP. 145 (1959).

⁵⁵ Without a standard other than subjective evaluation, "confusion and uncertainty will inevitably beset businesses everywhere." It is this problem, not the preservation of the "mosaic of the law," that gives pause to advocates of conceptual reform. Galbally, *supra* note 38, at 342.

would increase further⁵⁸ if not only the *nature* of trade name rights but also the *manner* in which they are determined become even more uncertain.

⁵⁸ For comments on existing confusion, especially in the Second Circuit, see concurring opinion in *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d 538, 547 (2d Cir. 1956); Derenberg, *supra* note 7, at 823 (much depends on the chance of the assignment calendar); Derenberg & Baum, *supra* note 38, at 467; Lunsford, *Unfair Competition: Uniform State Act Needed*, 44 VA. L. REV. 583, 599 (1958).

Pattishall, an ardent proponent of "secondary meaning," says "the law of secondary meaning is the most direct possible demonstration that what the law seeks to protect in trade identity cases is not a particular word or device, as such, but only the identifying function that word or device may serve . . . any other rule is plainly illogical . . . the only logical rule is that trademarks will be protected within the scope of likelihood of confusion. . . . Until we can bring the courts to discard the notion that certain kinds of words may be protected and until we can focus their attention on the true issue before them—is someone trading on the identity of another—we can expect to contend with the maze of contradiction and inconsistency which has so long characterised this field of law." Pattishall, *Secondary Meaning in Trade Identity Cases; Some Questions and Suggested Answers*, 45 TRADEMARK REP. 1261, 1264-65 (1955).