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Unfair Competition in Use of Corporate Names

John P. Diamond*

It is well settled that the law will give equitable protection to the prior appropriator of a corporate name against a subsequent unauthorized use by a junior corporation. In most states statutory recognition is given to the property right which a corporation acquires in its own name, usually in the form of a prohibition against another corporation choosing a name the same as or deceptively similar to that of the prior incorporator. Although it has been suggested by one author that the courts should give broader effect to the statutes, nevertheless the great majority of the cases are decided under the common law rules of unfair competition.

Unfair competition involving the use of a similar name is a tortious act, and has been variously defined as a course of dealing by which one attempts to deceive the public and palm off his goods or services as those of another, to divert the trade

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1 White Tower System v. White Castle System of Eating Houses Corp., 90 F. 2d 67 (6th Cir. 1937), cert. den. 58 S. Ct. 41, 302 U. S. 720, 82 L. Ed. 556; Standard Oil Company of New Mexico v. Standard Oil Company of California, 56 F. 2d 973 (10th Cir. 1932); Rennolds v. Airport Advertising Co., Inc., 78 F. Supp. 585 (D. Del. 1948); and see 1 Oleck, Modern Corporation Law, c. 19 (1958).

2 Standard Oil Company of New Mexico v. Standard Oil Company of California, supra n. 1.

3 For example, Smith-Hurd Ill. Anno. St. (Perm. Ed. 1954) ch. 32, sec. 157.9. West's Anno. Calif. Codes, Corporations, sec. 310: "The Secretary of State shall not file articles which set forth a name which is likely to mislead the public or which is the same as, or resembles so closely as to tend to deceive, any of the following:

(a) The name of a domestic corporation.
(b) The name of a foreign corporation which is authorized to transact business in this state.
(c) A name which is under reservation for another corporation."

Model Business Corp. Act, sec. 4, in 9 Unif. Laws Anno. 52, 60 (1951). For statutes of all states see 1 Oleck, Modern Corporation Law, c. 19 (1958).


5 Fry v. Layne-Western Co., 282 F. 2d 97 (8th Cir. 1960).

of a competitor,\(^7\) or to obtain a free ride on the reputation, good will, or advertising of another.\(^8\)

Some confusion has arisen with respect to the relation of trade marks, trade names, and corporate names. Generally speaking, a trade mark is applicable to a salable article, its function being to identify a product, while a trade name identifies a particular business. Thus it is seen that a corporation's name may easily become its trade name\(^9\) and its trade mark if the name is used to designate particular goods. One can, of course, enjoy the benefits of a registered trade mark even though the mark is not associated with claimant's corporate name.\(^10\)

A corporation may have and become known to the public by more than one name through use or reputation, and all such names will be given equitable protection.\(^11\) In any event, if confusion should arise as to whether the name is a corporate name, trade name, or trade mark, the name will be protected.

### Names Subject to Protection

Not all names are subject to protection. Words which merely indicate the character or locale of a business do not vest the corporation with an exclusive right to such name, since to do so would deny the necessary or proper use of such name to others doing a similar business in the same locality.\(^12\) However, equitable protection will be given to a name, even though it consists of words in common use taken from the public domain, where such name has acquired a secondary meaning.\(^13\)

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\(^12\) Burnside Veneer Corp. v. New Burnside Veneer Co., 247 S. W. 2d 524 (Ky. 1952).

meaning is an association formed in the minds of the public between the goods or services of an individual or corporation and its name, mark, or symbol. Any subsequent appropriation of such name, mark, or symbol is likely to create confusion in the minds of the public and to divert trade from the prior appropriator. In an action for unfair competition, the plaintiff is permitted to rely on the efforts of his predecessor in business to show that a secondary meaning has attached.

The difference between unique and distinctive names and merely descriptive words was pointed out in *North American Aircoach Systems, Inc. v. North American Aviation, Inc.*, where it was said:

The courts have made the distinction between “strong” and “weak” marks or names. Names “fanciful” in character are denominated “strong.” These are designations which are generally not descriptive of the business, the persons involved or the place of business or operation. “Weak” marks are words of common speech and those descriptive of the locality or area where the services are performed or the article used or made.

Where commonly used words are connected in a distinctive manner the right to equitable protection arises. Thus the words “universal” and “credit” when combined to form the name of an automobile finance company are unique and their subsequent use by another company engaged in a similar business will be enjoined. Similarly, where a bank used the word combination “National City” as a part of its trade name for nearly a century it acquired a property right in the words through long public association with the bank and a newly organized window cleaning corporation was enjoined from using such words in its corporate name.

The use of generic terms which are common to or characteristic of a general class of business usually will not be protected. In an action by a carpet company to enjoin the use of a similar name by a competing business it was held that the word "carpet" is a generic term applicable to all in the same business and thus not entitled to protection. Similarly the words "thruway" and "motel" are in the category of general, descriptive or geographical words which ordinarily are not subject to exclusive appropriation, although it was indicated in the opinion that if words denoting a specific location were used, the name would be protected. Other names held generic in nature and thus not subject to exclusive use are "Day and Nite Cleaners," "Sports Show," and "General Industries Company." It is possible that a name which was initially fanciful and thus subject to protection may, through custom and usage, become generic.

Geographical names are not ordinarily subject to exclusive use, but they will be protected when their use has acquired a secondary meaning, if their use by a junior business created actual or probable confusion or if there is intent to deceive.

25 Burnside Veneer Corp. v. New Burnside Veneer Co., supra n. 12; See also Note, 30 Iowa L. R. 120 (1944).
28 Lincoln Center for Performing Arts, Inc. v. Lincoln Center Classics, Record Soc., Inc., 210 N.Y.S. 2d 275 (Special Term 1960).
Use of One's Own Name

The use of one's own name in a corporate title may be enjoined in a proper case. Where such use is made in good faith, the courts are faced with the dilemma of affording protection to the prior user of the name without impairing the inherent right of an individual to do business under his family name. The problem is often resolved by permitting the corporate defendant to continue using the offending name, but restrictions are imposed on advertising so the public is not misled. Typical restrictions include printing the offending word in the same size and style of lettering as the remainder of defendant's corporate name, or specifically disclaiming any relation to the prior user. In cases where it appears that defendant's motive was fraudulent such use will be enjoined absolutely. In any event the second user may not affirmatively do anything to cause the public to believe that his goods are those of the first user and he must exercise reasonable care to prevent the public from being misled.

Where one adopts a new family name or changes its spelling to coincide exactly with that of a competitor such that there is likelihood of appropriating the good will and reputation of the prior user, protection will be granted. In a recent Michigan decision an injunction was granted to prohibit a corporation from changing its name to "Taylor Company," even though the surname of all its stockholders was Taylor, because such change would result in confusion between plaintiff and defendant corporations dealing in similar products in the same territory.

29 For a review of the earlier cases see Note, The Use of One’s Own Name as Unfair Competition, 26 Col. L. R. 870 (1926); Note, Trade Names and Unfair Competition, 18 Tenn. L. R. (1944).
31 Crane Co. v. Crane Heating and Air Conditioning Co., 299 F. 2d 577 (6th Cir. 1962); Horlick's Malted Milk Corp. v. Horlick, 143 F. 2d 32 (7th Cir. 1944).
33 Sentco, Inc. v. McCulloh, 68 So. 2d 577 (Fla. 1953).
34 Kay Jewelry Co. v. Gay's Jewelry, Inc., 277 S. W. 2d 30 (Ky. 1955).
35 Societe Vinicole de Champagne v. Mumm, 143 F. 2d 240 (2d Cir. 1944).
When a person suddenly goes into a business in which he has no skill or experience using a name which has become valuable in the trade, courts will recognize his fraudulent purpose and enjoin the use.\textsuperscript{38}

Where a family name has acquired a secondary meaning in a particular area, the prior user will be protected against a subsequent use of the name in the same locality.\textsuperscript{39} In a recent Georgia decision where two brothers incorporated a business but because of a disagreement one brother secured a charter for a competing corporation, an injunction was denied to prevent the use of the family name in the name of the second corporation.\textsuperscript{40}

When a minority stockholder who was president of a corporation bearing his full name acquired practically all the capital stock of a competing business in the same locality, and changed the name of the second corporation to include his full name, it was held that such use would not be enjoined in the absence of aggravating circumstances leading to confusion beyond that arising from the mere similarity of names. The court pointed out, however, that it was incumbent on the individual to reasonably inform the public that he had severed his connection with the first corporation.\textsuperscript{41}

Use by a Rochester, Minnesota, drug firm of the name “Mayo” in its corporate name will be enjoined even though the first name of one of its incorporators was Mayo, where there was a reasonable likelihood of confusion with the world famous Mayo Clinic located in the same city.\textsuperscript{42} Similarly two entrepreneurs named Aronberg and Podolsky will be enjoined from using the initials “A&P” in their corporate name where the obvious intent was to obtain a free ride on plaintiff’s trade name.\textsuperscript{43}

\textsuperscript{38} Robert Reis & Co. v. Herman B. Reiss, Inc., 63 N. Y. S. 2d 786 (Special Term, 1946).
\textsuperscript{42} Mayo Clinic v. Mayo’s Drug & Cosmetic, Inc., 113 N. W. 2d 852 (Minn. 1962).
\textsuperscript{43} Great Atlantic and Pacific Tea Co. v. A. & P. Radio Stores, Inc., supra n. 8.
Actual Confusion or Injury

Ordinarily it is not necessary that actual confusion or deception be shown; it is enough if the use of a name by the defendant is likely to cause confusion as to the source of the products, or lead the public to believe that the business of defendant is connected with the plaintiff's business. The fact of similarity alone is not sufficient to justify equitable intervention in absence of proof of the likelihood of confusion.

The test to be applied in determining if the similar name is likely to cause confusion is not whether the ordinary consumer would be deceived after close examination, but whether an appreciable number of buyers possessing and exercising ordinary prudence would be deceived. The courts will not protect the prior user of a name where the confusion would arise only on the part of the careless, the ignorant or the uninformed, although in some instances protection is extended to the gullible and the inexperienced.

Although actual competition between the parties is evidence that confusion will result, absence of competition is not fatal to the plaintiff's action. It is not necessary to show that the public has ever been misled into actually buying the products of the alleged infringer. To establish unfair competition it is not necessary that the trade name in question be familiar throughout the entire public; it is enough if it is familiar to a substantial portion of the public likely to use the plaintiff's services.

45 National Van Lines, Inc. v. Dean, 288 F. 2d 5 (7th Cir. 1961).
46 Benrose Fabrics Corp. v. Rosenstein, 183 F. 2d 355 (7th Cir. 1961): It is only when the use is dishonest or fraudulent that the court may interfere: courts will not act where the only confusion, if any, results from similarity of names and not from the manner of use (at p. 359).
48 Liberty Mutual Insurance Co. v. Liberty Insurance Co. of Texas, supra n. 6; Rosso and Mastracco, Inc. v. Giant Food Shopping Center of Virginia, Inc., 200 Va. 159, 104 S. E. 2d 776 (1958).
50 Stork Restaurant, Inc. v. Sahati, 166 F. 2d 348 (9th Cir. 1948).
51 Metropolitan Life Insurance Co. v. Metropolitan Insurance Co., 277 F. 2d 896 (7th Cir. 1960).
The gravamen of the common law action of unfair competition thus appears to be the use of the name of a business rival which misleads the purchasing public, causing them to trade with the first when they otherwise would have traded with the second.\textsuperscript{54}

Generally it is not required that complainant offer proof of actual injury or damage or that his trade has been diverted\textsuperscript{55} because equity will give protection against the possible danger to complainant's reputation which may result from the use of a deceptively similar name.\textsuperscript{56} In the case of a charitable corporation which does not manufacture or sell goods, it is sufficient if the use against which relief is sought would in all likelihood result in loss of membership or impair its ability to raise funds.\textsuperscript{57}

An action to enjoin the unauthorized use of a name cannot be defended upon the ground that the defendant will suffer loss. The damage suffered arises from the defendant's own folly in deliberately incorporating under a name already in use.\textsuperscript{58} However where the plaintiff has committed laches, knowingly permitting his competitor to build up a substantial trade, courts of equity will not destroy the defendant's business.\textsuperscript{59}

**Necessity of Competition**

Under the older cases it was usually necessary to establish actual competition between complainant and the junior appropriator before injunctive relief would issue.\textsuperscript{60} However in the leading case of *Lawyers Title Insurance Co. v. Lawyers Title In-

\textsuperscript{54} Harrelson v. Wright, supra n. 26.


\textsuperscript{56} Federal Glass Co. v. Loshin, 126 F. Supp. 737 (D. C. Conn. 1954), aff'd. 224 F. 2d 100.


\textsuperscript{58} National Circle, Daughters of Isabella v. National Order of Daughters of Isabella, 270 F. 723 (2d Cir. 1920), quoted with approval in Independent Nail and Packing Co., Inc. v. Perry, 214 F. 2d 670 (7th Cir. 1954).

\textsuperscript{59} The Seven-Up Company v. O-So Grape Co., 177 F. Supp. 91 (S. D. Ill., N. D. 1959); Dwinell-Wright Co. v. White House Milk Co., 132 F. 2d 822 (2d Cir. 1943).

\textsuperscript{60} Carroll v. Duluth Superior Milling Co., 232 F. 675, 146 C. C. A. 601 (8th Cir. 1916); Regent Shoe Manufacturing Co. v. Haaker, 75 Neb. 426, 106 N. W. 595, 4 L. R. A., N. S., 497 (1906); Sloan, Appropriating Another's Trade Name for a Non-Competing Product, 25 Marq. L. R. 223 (1941).
surance Corporation\textsuperscript{61} this proposition was specifically denied, the court stating that the concept of unfair competition was not limited to mere similar or competing goods, but extends to any act causing damage to the credit or reputation of the prior user. The rule is now well established that the doctrine of unfair competition extends beyond mere competing goods and services to the misappropriation for the commercial advantage of one person of a property right belonging to another; competition, direct or indirect, is no longer an ingredient of unfair competition.\textsuperscript{62}

Where there is no actual competition this fact may be taken in evidence to show that the likelihood of confusion in the mind of the buyer is correspondingly reduced,\textsuperscript{63} but where one seeks to palm off his goods as those of another, there is no requirement of competition, since the likelihood of confusion is readily apparent.\textsuperscript{64}

Where the parties are in competition but there is little possibility of confusion, the use will not be enjoined. Thus where customers of competing businesses were industrial steel users\textsuperscript{65} or department store buyers\textsuperscript{66} the court found little likelihood of confusion and the use was not enjoined.

Under the "dilution theory" enunciated in the New York statutes\textsuperscript{67} injunctive relief will be granted if the proposed use of a trade name is likely to dilute the distinctive quality of the name, and it is not necessary to show competition between the parties or even a likelihood of confusion as to the source of

\textsuperscript{61} 109 F. 2d 35, 71 App. D. C. 120 (D. C. Cir. 1939), cert. den. 60 S. Ct. 806, 309 U. S. 684, 84 L. Ed. 1028.

\textsuperscript{62} O'Brien v. Westinghouse Electric Corporation, 293 F. 2d 1 (3rd Cir. 1961); Metropolitan Life Insurance Co. v. Metropolitan Insurance Co., supra n. 51.


\textsuperscript{65} Spring Steels, Inc. v. Molloy, 400 Pa. 354, 162 A. 2d 370 (1960).


\textsuperscript{67} General Bus. L. sec. 368-d.
the goods or services.68 This proposition was expressly denied in a recent case, where it was stated that the federal courts do not recognize the New York dilution theory, and that the minimum requirement for injunctive relief is that there be likelihood of confusion as to the origin of the goods.69 However the dilution theory was followed in Esquire, Inc. v. Esquire Slipper Manufacturing Co.,70 where the court granted injunctive relief to the magazine, prohibiting the slipper manufacturer from using the word "Esquire" other than in its corporate name.

**Territorial Limits on Protection**

Under the older view that required actual competition between the parties to justify equitable intervention,71 protection would not be granted to a corporate name where the use complained of was outside the geographical area from which complainant drew his trade.72 The courts still recognize that reasonable limitations must be placed on the territorial limits of protection,73 but with the ability of advertising media to create national reputations and the free movement of the population from one area to another the scope of such protection has been considerably expanded. It is now well settled law that where the complainant has established a national reputation the use of the same or a similar name by a local enterprise will be enjoined,74 although this is not the case where plaintiff's lack of advertising in a particular locale has failed to establish the requisite reputation.75

A large area of confusion exists with respect to the protection which should be afforded the trade and corporate names of an expanding business. In the well known case of White Tower

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70 243 F. 2d 540 (1st Cir. 1957).

71 See cases cited supra, n. 60.

72 Carroll v. Duluth Superior Milling Co., supra n. 60; Charles Broadway Rouss, Inc. v. Winchester Co., 300 F. 706, (2d Cir. 1924), cert. den. 45 S. Ct. 92, 66 U. S. 607, 69 L. Ed. 465.

73 Katz Drug Co. v. Katz, 188 F. 2d 696 (8th Cir. 1951).


the court held that where a city was within the normal scope of
collection of business of the prior user and such user had already
acquired good will in such city by use of advertising and the flow
of travel between the cities, the use of a similar name by a
competing business in such city would be enjoined. Conversely
where both an expanding business and a purely local enterprise
conduct their business under similar names, the larger business
will be guilty of unfair competition if it undertakes to expand
into the territory of the smaller business under the objectionable
name. This proposition has led the courts to promulgate the
rule that where two users of the same or similar names occupy
essentially different territory, each is entitled to exclusive use
in his own territory against the other, regardless of which is
the earlier user. Thus where defendant had operated a restaur-
 rant in Los Angeles for several years prior to the time of trial,
and during that time plaintiff's "Pump Room" located in Chicago
gained a national reputation, and plaintiff sought to open a
"Pump Room" in Los Angeles, the defendant was enjoined from
using the name beyond a four mile radius of their present lo-
cation in Los Angeles. In a similar California case, where
plaintiff Lerner Stores operated a national chain of stores and
had leased land in San Jose on which to construct a store, but
had failed to do so because of war time building restrictions, the
court refused to enjoin defendant's use of his family name
"Lerner" in the title of his store opened in San Jose after
plaintiff had leased the land.

Where the parties do not compete in the same territory, wide
separation is a fact to be considered in determining if there is
a likelihood of confusion. Thus in the case of purely local
enterprises doing business in a particular neighborhood, injunc-
tive relief will be given in a proper case, but such relief is
usually confined to the particular district from which complain-

80 Lerner Stores Corp. v. Lerner, 162 F. 2d 160 (9th Cir. 1947).
81 D & W Food Corp. v. Graham, supra n. 76.
ant draws its trade. Where the businesses are but a short dis-
tance apart but draw trade from different neighborhoods or
groups there is little likelihood of confusion and injunctive relief
will be denied.

In conformity with the protective attitude of the courts in
allowing an individual the use of his family name in connection
with his business, it was held that where defendant acquired a
furniture store, changed its name to his family name, and com-
peted with plaintiff's nearby store of the same name, there was
no unfair competition, although defendant was required to
change the store front and advertise that his business was not
connected with plaintiff's.

Charitable and Foreign Corporations

Most unfair competition cases involve the actual or possible
pecuniary loss of a profit making corporation at the hands of a
competitor who seeks to palm off his goods as those of the
prior user and thus obtain a free ride on the reputation, good
will, and advertising of the plaintiff. It is well settled, however,
that eleemosynary corporations are equally vested with the
right to protect their corporate name against either another
charitable organization, church, educational institution, or
a business corporation seeking to establish a connection with
the prior user in the minds of the public.

Where all other necessary elements are present, a domestic
corporation may enjoin a foreign corporation from doing busi-
ness within the state under the same or a deceptively similar
name. The fact that a domestic corporation has incorporated
under the laws of a state does not ipso facto require that a foreign

152 Ohio St. 191, 87 N. E. 2d 351 (1948).
83 Irene Beauty Shoppe v. Miss Irene, Inc., 254 A. D. 52, 3 N. Y. S. 2d 593
(1938).
84 Sachs Furniture and Radio Co. v. Sach's Quality Stores Corp., 120 A.
85 National Circle, Daughters of Isabella v. National Order of Daughters
of Isabelle, supra n. 58; See Anno., Right of Benevolent or Fraternal Society
or Organization to Protection Against Use of Same or Similar Name,
Insignia, or Ritual of Another Organization, 76 A. L. R. 2d 1396 (1961).
86 Purcell v. Summers, 145 F. 2d 979 (4th Cir. 1944).
87 John Roberts Mfg. Co. v. University of Notre Dame Du Lac, 258 F.
2d 256 (7th Cir. 1958).
corporation having substantially the same name be excluded from doing business in the state or in the locality of the plaintiff's business.  

A foreign corporation may, in a proper case, enjoin a domestic corporation from pirating its name. The mere fact that the domestic corporation has been granted a certificate under the disputed name is not a defense to an equitable action to enjoin its use of the name.  

Ordinarily a foreign corporation is denied access to the state courts where it has been doing business in the state without registering with the Secretary of State. However, where an Ohio corporation had an agent in New York who solicited orders and forwarded them to the home office in Ohio, it was not "doing business" in New York and the Ohio corporation was not precluded from enjoining the use of a similar name by a domestic corporation on the theory that plaintiff was doing business in New York without authorization. In a recent case, a foreign corporation which had been continuously in business for over twenty-five years was denied a certificate to do business in Florida because it had the same name as a domestic corporation. It was successful, however, in enjoining the domestic corporation from doing business under the deceptively similar name by resorting to the federal courts. In a recent New York case it was held that a Massachusetts corporation was entitled to enjoin a New York corporation from using its name and it was no defense that the Massachusetts corporation was not authorized to do business in New York.  

Although the Secretary of State is not a judicial officer, it was not an abuse of discretion for the Secretary of State of  

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81 Kafafian v. Spotless Stores of New Jersey, Inc., supra n. 77.
84 Seaboard Finance Co. v. Martin, 244 F. 2d 329 (5th Cir. 1957).
New York to refuse to accept for filing the statement of a foreign corporation "Motor Club of America" in view of the similarity to "Automobile Club of America" in use by an existing domestic corporation.  

**Effect of Incorporation Under a Name**

Mere incorporation under a name does not give defendant the right to compete unfairly with another person or concern using the same or a similar name. The fact that defendant's corporate name included a phrase, use of which plaintiff sought to enjoin, but which had been approved by the Secretary of State, would not prevent allowance of an injunction.

Ordinarily a corporate name will not be given equitable protection unless there is a use of the name as well as appropriation. It has been held that the issue in unfair competition cases is not the time of adoption of the name but when the name first made sufficient impact on the purchasing public such that the required association arose between the name and its single source. It would appear that the primary effect of incorporation under a name is to protect it against adoption by a subsequently formed corporation in the same state.

Thus a trucking company incorporated under the name "A & P Trucking Corporation" would not be afforded immunity to an action by the retail food chain if the trucking corporation adopted the name to compete unfairly or to deprecate the food chain's good will and business reputation. Immunity does not flow from incorporation where it appears that defendant's corporate name was calculated to lead the public into believing that defendant had an affiliation with plaintiff corporation.

Where defendant registered the trade names "Standard Oil

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98 Oil Products Co. v. Oil Products Co., supra n. 32.
100 Lawyer's Title Insurance Co. v. Lawyers Title Insurance Corp., supra n. 61.
102 Smart Shop v. Colbert's, supra n. 78.
of New England," "Standard Oil Company of New England," and "Standard Oil of New Hampshire," this was not conclusive proof that unfair competition did not exist, nor was defendant successful in pleading that the name "Standard Oil" had been diluted by use of other companies or that plaintiff had abandoned its exclusive right to "Standard Oil" by emphasizing the name "Esso." 105

The rule then, is that even though the corporation derives its name through the authority of the state, that name cannot be used in a manner which will result in fraud or deception, 106 nor does it enlarge the right to enjoin a competitor nor strengthen the defense of an unfair user. 107

Abandonment

Where a corporate or trade name has been abandoned the name is immediately available for use by another corporation 108 so long as confusion and deception of the public will not result. 109 In order to establish the defense of abandonment it is necessary to show that it was the intent of the prior user of the name to discontinue its use. Thus where plaintiff had ceased doing business under the name "Turner's West Seattle Realty" and operated under the names "Turner Realty" and "M. C. Turner Realty Co.," intent to abandon was not shown because after ceasing to use the original name he maintained two large signs proclaiming "West Seattle Realty" on the business premises. 110

Ordinarily where plaintiff fails to maintain an action against other users of a similar corporate name or where businesses in other parts of the country use the name, there is no abandonment of the right to protection. 111 Where defendant had sold solid

106 Dollar Department Stores of Mississippi, Inc. v. Laub, 120 So. 2d 139 (Miss. 1960).
109 Browning King Co. of New York, Inc. v. Browning King Co., 176 F. 2d 105 (3rd Cir. 1949).
fuels under the name "Consumers Company of Illinois," but made no protest when plaintiff commenced using the name "Consumers" in connection with its fuel oil business, the defendant thereby abandoned the right to use the name in connection with a fuel oil business, and its silence for many years constituted recognition of plaintiff's right to use the name. Defendant's action in selling fuel oil under the name "Consumers" several years after plaintiff's incorporation constituted unfair competition.\(^\text{112}\)

When a company ceases doing business, its trade name is abandoned, and no rights in the name arise by a later sale of the good will of the corporation as a separate item.\(^\text{113}\) However where a corporation transfers all its assets to a new corporation, the new corporation is entitled to use the name of the original corporation.\(^\text{114}\)

Where plaintiff had used its trade name in connection with many of its food products for over thirty years, but only recently used the name for olive oil, defendant could not avail himself of the defense of abandonment in an action to enjoin the defendant from using a similar name to market its olive oil.\(^\text{115}\)

**Laches**

Laches is generally not a bar to injunctive relief against unfair competition,\(^\text{116}\) although it may bar an accounting for profits.\(^\text{117}\) However, where plaintiff has stood by while the defendant built up a substantial business under the offending name, courts of equity will not step in and destroy the defendant's business.\(^\text{118}\) Thus where defendant knew of plaintiff's use of the

\(^{112}\) Consumers Petroleum Co. v. Consumers Company of Illinois, 169 F. 2d 153 (7th Cir. 1948), cert. den. 69 S. Ct. 406, 93 L. Ed. 437; and 69 S. Ct. 408, 335 U. S. 902, 93 L. Ed. 437.

\(^{113}\) Browning King Co. of New York, Inc. v. Browning King Co., supra n. 109.


\(^{118}\) The Seven-Up Company v. O-So Grape Co., Dwinell-Wright Co. v. White House Milk Co., supra n. 59.
name "Hershey's" in connection with ice cream products for twenty years prior to commencing their action, and explained their delay as content to let the economic laws of business competition take care of the situation, the court denied injunctive relief, allowing the parties to compete with each other and content to let the laws of business competition take care of the situation.\textsuperscript{119} Similarly, where plaintiff failed to object to defendant's use of the name "Renotex" in connection with its carpet cleaning business while merger talks were being carried on, thus permitting defendant to believe plaintiff acquiesced in the use of the name, plaintiff was denied injunctive relief on the ground of estoppel.\textsuperscript{120}

\textbf{Fraud}

While fraud or wrongful intent is not an essential element of unfair competition,\textsuperscript{121} relief is available in all cases where fraud is practiced by one securing the trade of a rival dealer.\textsuperscript{122} It has been said that the gravamen of the action of unfair competition is the intent to deceive,\textsuperscript{123} yet the absence of fraud is not a defense to the equitable action of a prior appropriator of the name to enjoin a subsequent user,\textsuperscript{124} although it may bar an award of damages or an accounting of profits.\textsuperscript{125} Defendant's fraudulent conduct in pirating the trade of a competitor is highly persuasive evidence that a confusing similarity exists.\textsuperscript{126}

Where one knowingly adopts a trade or corporate name

\begin{itemize}
\item \textsuperscript{119} Hershey Ice Cream Co. v. Hershey Creamery Corp. of New York, 158 N. Y. S. 2d 654 (Special Term, 1956), affd. 5 A. D. 2d 890, 173 N. Y. S. 2d 254.
\item \textsuperscript{120} Renofab Process Corp. v. Renotex Corp., 158 N. Y. S. 2d 70 (Trial Term, 1956).
\item \textsuperscript{121} National Design Center v. 53 Street Design Centre, 203 N. Y. S. 2d 517 (Special and Trial Term, 1960); Square D Co. v. Sorenson, 224 F. 2d 61 (7th Cir. 1955); Sarkes Tarzian, Inc. v. Audio Devices, Inc., 166 F. Supp. 250 (S. D. Cal. 1958), affd. 283 F. 2d 695, cert. den. 81 S. Ct. 903, 365 U. S. 869, 5 L. Ed. 2nd 859.
\item \textsuperscript{122} National Lead Co. v. Wolfe, 223 F. 2d 195 (9th Cir. 1955), cert. den. 76 S. Ct. 135, 350 U. S. 883, 100 L. Ed. 778.
\item \textsuperscript{123} Kay Jewelry Co. v. Gay's Jewelry, Inc., supra n. 34.
\item \textsuperscript{124} Duraloy Co. v. Duralloy Products Corp., 89 N. Y. S. 2d 164 (Special Term 1949).
\item \textsuperscript{125} Consumers Petroleum Co. v. Consumers Company of Illinois, supra n. 112.
\item \textsuperscript{126} Howards Clothes, Inc. v. Howard Clothes Corp., 52 N. W. 2d 753 (Minn. 1952).
\end{itemize}
already in use, intent to mislead will be presumed. However the presumption is rebuttable by evidence that defendant acted in good faith or with a proper motive. Thus where defendant used the word "Triumph" in its corporate name and plaintiff conducted his closely related business under the same name, the use was held to be innocent because of defendant's desire to associate itself by similarity of names with the parent corporation and overseas affiliates.

Relief

Generally the prior user of a corporate name seeks to prevent the junior appropriator from using the name to the detriment of plaintiff's trade, reputation, or good will. In a proper case this result is achieved by an injunction which absolutely forbids the defendant to conduct his business under the disputed name. The corporate defendant is thus required to select a new name if it desires to continue its business. More frequently, however, the use of the offending name will not be enjoined absolutely, relief being granted by causing defendant to conduct his business in such a manner that probability of confusion will be minimized. Thus it has been held that adding the words "of New York" to defendant's corporate name would reasonably avoid confusing similarity, although it was held that prefixion of defendant's proper name was not a sufficient antidote to confusion between "Industrial Photo Service" and "Kelley's Industrial Photo Services." Where one is doing business under his own name, the courts are reluctant to enjoin absolutely the use of one's own name in conducting his busi-


130 Metropolitan Life Insurance Co. v. Metropolitan Insurance Co., supra n. 51.


132 Howard Clothes, Inc. v. Howard Clothes Corp., supra n. 126.

133 Industrial Photo Service, Inc. v. Kelly, supra n. 53.
ness under the theory that a man's name is his own property.

Other examples of injunctive relief include a prohibition against using the word "Esquire" other than in defendant's corporate name, thus precluding its use on merchandise, labels, containers, or in advertising; requiring defendant to spell out the full corporate name immediately next to the initials "E-J," requiring defendant to make changes in its print type, or operate under its full name.

Although a successful plaintiff is not ipso facto entitled to damages or an accounting of profits in addition to an injunction, damages will be allowed in a proper case, as where defendant's conduct is calculated to deceive the public into believing it is purchasing the first user's product, or if defendant's conduct has been fraudulent. The basic rule of damage in a case of unfair business competition is the amount the plaintiff would have made except for the defendant's wrong. Elements to be considered in assessing damages are injury to plaintiff's reputation and good will, expenses such as advertising to change its name to differentiate its product from that of the wrongdoer, and reduced profits due to fewer sales or sales at lower prices. Attorney's fees will be awarded as

135 John T. Lloyd Laboratories, Inc. v. Lloyd Brothers Pharmacists, Inc., 131 F. 2d 703 (6th Cir. 1942).
138 Liberty Mutual Insurance Co. v. Liberty Insurance Company of Texas, supra n. 6.
141 Socony-Vacuum Oil Co., Inc. v. Rosen, 108 F. 2d 632 (6th Cir. 1940).
142 Maternally Yours, Inc. v. Your Maternity Shop, Inc., 234 F. 2d 538 (2d Cir. 1956); Fancee Free Mfg. Co. v. Fancy Free Fashions, Inc., supra n. 68.
an element of damages when defendant's actions were uncon-
sionable, fraudulent, willful, in bad faith, or exceptional.\textsuperscript{145} Damages are ordinarily confined to complainant's actual loss,\textsuperscript{146} although punitive damages may be awarded,\textsuperscript{147} but not in ex-
cessive amounts.\textsuperscript{148} Where the acts of defendant in palming off their goods as those of plaintiff are willful and deliberate treble damages may be awarded.\textsuperscript{149} Good faith, while not a defense to injunctive relief, is a defense to an action for damages and profits.\textsuperscript{150}

An accounting of profits is not justified in a case of unfair competition where proof of profits emanating from that source would be speculative,\textsuperscript{151} or where an injunction will satisfy the equities of the case.\textsuperscript{152} It has been held that plaintiff's inability to prove damages will not preclude recovery of defendant's profits from sales unlawfully made,\textsuperscript{153} although the contrary has been held where the plaintiff failed to prove material damage.\textsuperscript{154}

It has been said that in an action for unfair competition an accounting of profits will not be ordered in the absence of an express finding of fraud,\textsuperscript{155} intentional deception,\textsuperscript{156} or wanton misconduct.\textsuperscript{157} Thus where defendant was notified by the Secretary of State that a name was available when in fact it was already in use,\textsuperscript{158} or where defendant took immediate steps

\textsuperscript{145} See cases cited Taussig v. Wellington Fund, Inc., supra n. 144, at p. 222.
\textsuperscript{146} Kreisberg v. Wakefield Co., Inc., 165 N. Y. S. 2d 769 (Special Term 1957).
\textsuperscript{148} Henderson v. Henderson Funeral Home Corp., supra n. 139.
\textsuperscript{152} City Messenger of Hollywood, Inc. v. City Bonded Messenger Service, Inc., supra n. 140.
\textsuperscript{156} National Lead Co. v. Wolfe, supra n. 122.
\textsuperscript{157} Fuller Products Co. v. Fuller Brush Co., 299 F. 2d 772 (7th Cir. 1962).
\textsuperscript{158} Donner v. Parker Credit Corp., supra n. 150.
to avoid confusion upon notice of infringement,\textsuperscript{159} or adopted a name in good faith,\textsuperscript{160} an accounting will not be ordered, although such action is not a defense to an application for injunctive relief. Similarly where defendant's sales were to parties who could not have been misled because of their position as buyers for stores, and it was unlikely that any profit arose to defendant as a result of the infringement, complainant was not entitled to an accounting.\textsuperscript{161}

An infringer must account for profits even in areas where he does not compete directly with the prior appropriator of a name. Thus an order that defendant account in respect to defendant's stores in areas where plaintiff did not have competing stores was proper, where the trial judge found that defendant adopted its trade name with knowledge of plaintiff's prior use.\textsuperscript{162}

\textsuperscript{159} Radio Shack Corp. v. Radio Shack, Inc., \textit{supra} n. 91; American Shops, Inc. v. American Fashion Shops of Journal Square, Inc., \textit{supra} n. 116.

\textsuperscript{160} Victory Chain, Inc. v. Rosenberg, 174 N. Y. S. 2d 46 (Special Term 1958).

\textsuperscript{161} Lorraine Mfg. Co., Inc. v. Loraine Knitwear Co., Inc. \textit{supra} n. 66.

\textsuperscript{162} Maternally Yours, Inc. v. Your Maternity Shop, Inc., \textit{supra} n. 142.