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Federal Jurisdiction over Unfair Competition

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NOTE

FEDERAL JURISDICTION OVER UNFAIR COMPETITION

The difficulty of defining "unfair competition" has been compared to that of defining "justice."¹ This difficulty is founded possibly upon a reluctance to declare for the benefit of the unscrupulous trader what acts will be considered unfair,² and upon the relationship of unfair competition to the ever-changing field of economics.³ A clear definition of the substantive law of unfair competition has also been retarded by the fact that it has developed from the law of trade-marks.⁴

1. Nims, *The Significance of Trade-Mark and Unfair Competition Law for the Future*, 41 T. M. Rep. 649, 650 (1951). See also 1 Callmann, *Unfair Competition and Trade Marks* § 4.3 (2d ed. 1950).

2. See Nims, *supra* note 1, at 650; Rogers, *New Concepts of Unfair Competition Under the Lanham Act*, 38 T. M. Rep. 259, 269-270 (1948).

3. See Robert, *The New Trade-Mark Manual* 168-169 (1947).

4. 1 Callmann, *op. cit. supra* note 1, § 4.1 at 80; Schechter, *Historical Foundations of the Law Relating to Trade-Marks* 4 (1925). But see *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, 413 (1916): ". . . the common law of trade-marks is but a part of the broader law of unfair competition."

The law of trade-marks has recently been codified in the Lanham Trade-Mark Act,⁵ and the passage of this Act has induced many writers to declare that a new "federal law of unfair competition" has been created.⁶ Such a creation would have a jurisdictional rather than a substantive basis,⁷ and the purpose of this Note is to determine the effect of the Lanham Act on the jurisdiction of the federal courts over unfair competition.

I. DISREGARDING THE LANHAM ACT

A. *Pendent Jurisdiction*

Unfair competition is a product of the common law,⁸ and the jurisdiction of the federal courts in such an action *standing alone* must be predicated upon diversity of citizenship and the requisite jurisdictional amount.⁹ Very frequently, however, a claim for unfair competition exists simultaneously with a federal claim under the patent, trade-mark or copyright laws. It was not until 1933 that it was determined, in *Hurn v. Oursler*,¹⁰ that the federal courts had jurisdiction of a claim of unfair competition joined to a *substantial* federal claim. The Supreme Court permitted this joinder of a nonfederal claim with a federal claim, absent diversity, on the basis that each was a distinct *ground* in support of a single cause of action and not two distinct causes of action.¹¹ The difficulty in the application of this rule has been in determining when the unfair

5. 60 Stat. 427-443, 15 U. S. C. §§ 1051-1127 (1946), as amended 15 U. S. C. §§ 1057(a), 1071, 1122 (Supp. 1952).

6. See 1 Callmann, *op. cit. supra* note 1, § 4.1 at 78; Robert, *op. cit. supra* note 3, at 169-180; Rogers, *Introduction in id.* at xi *et seq.*; Diggins, *Federal and State Regulation of Trade-Marks*, 14 Law & Contemp. Prob. 200, 208 (1949); Ladas, *Trade-Marks and Foreign Trade*, 38 T. M. Rep. 278 (1948); Lunsford, *Trade-Marks and Unfair Competition—The Demise of Erie v. Tompkins?*, 40 T. M. Rep. 169 (1950); March, *Unfair Competition Defined*, 37 T. M. Rep. 731 (1947).

7. The Lanham Act does not contain substantive law of unfair competition; that will be found in international conventions, see *id.* at 734-735, or in the decisions of the federal courts. Diggins, *supra* note 6, at 211. See also Rogers, *New Concepts of Unfair Competition Under the Lanham Act*, 38 T. M. Rep. 259, 271-272 (1948).

8. *Id.* at 259-264.

9. 28 U. S. C. § 1332 (Supp. 1952); see 4 Callmann, *op. cit. supra* note 1, § 91.2.

10. *Hurn v. Oursler*, 289 U. S. 238 (1933).

11. *Id.* at 246. The facts pertaining to a claim of unfair competition were inseparable from those pertaining to a claim of copyright infringement. This case is particularly interesting because the plaintiffs had amended their action to include a third claim based upon infringement and unfair competition in the use of an uncopyrighted version of their play. This nonfederal claim was dismissed because it was wholly independent of the federal claim of copyright infringement. *Id.* at 248. This dismissal of the third claim emphasizes the Court's limitation of their jurisdiction as to a "separate and distinct non-federal cause of action."

competition claim is so related to the federal claim¹² as to constitute only one "cause of action." This indefinite standard¹³ has been held, by the majority of the Second Circuit,¹⁴ to be complied with for jurisdictional purposes only where there is a substantial identity of facts;¹⁵ jurisdiction will be denied if the plaintiff "to sustain the nonfederal claim, must rely on substantial supplemental proof not relevant to the federal claim."¹⁶ Judge Clark of the Second Circuit has opposed this test and urged a broader interpretation that would require only a substantial amount of overlapping testimony¹⁷

12. The federal claim must be substantial, but neither the *invalidity* of the registration nor the non-infringement by defendant destroy the substantiality of the federal claim. *Ibid.* (copyright unfringed); *Prince Matchabelli, Inc. v. Anhalt & Co.*, 40 F. Supp. 848 (S.D. N.Y. 1941) (jurisdiction sustained prior to any adjudication of the federal claim); see *Sinko v. Snow-Craggs Corp.*, 105 F. 2d 450, 451 (7th Cir. 1939) (patent invalid); *Illinois Watch Case Co. v. Hingeco Mfg. Co.*, 81 F. 2d 41, 42 (1st Cir. 1936) (jurisdiction sustained prior to a final determination of infringement or validity); see *American Fork & Hoe Co. v. Stampit Corp.*, 125 F. 2d 472 (6th Cir. 1942) (patent valid but unfringed). *Contra*: *Atkins v. Gordon*, 86 F. 2d 595 (7th Cir. 1936) (*Hurn* case must have been overlooked); see *Allen v. Barr*, 196 F. 2d 159 (6th Cir. 1952) (invalidity of patent precluded recovery on the merits rather than denying jurisdiction); *Weinberg v. Rogers Imports, Inc.*, 90 F. Supp. 503 (S.D. N.Y. 1950) (by implication, jurisdiction denied because of non-infringement).

A problem exists insofar as trade-marks are concerned, for the federal claim is predicated not on a mere use by defendant but on a use in or affecting interstate commerce. 60 Stat. 440, 443, 15 U. S. C. §§ 1121, 1127 (1946). Therefore a claim under the trade-mark laws appears to be unsubstantial unless defendant's use affects the interstate business of the plaintiff. See *Pure Oil Co. v. Puritan Oil Co.*, 127 F. 2d 6, 7 (2d Cir. 1942) (court appeared to stretch a point to find interstate commerce); *Coca-Cola Co. v. Busch*, 44 F. Supp. 405, 406 (E.D. Pa. 1942); see *Horlick's Malted Milk Corp. v. Horluck's Inc.*, 59 F. 2d 13 (9th Cir. 1932) (decided prior to the *Hurn* case). *Contra*: *Hemmeter Cigar Co. v. Congress Cigar Co.*, 118 F. 2d 64 (6th Cir. 1941). However, the federal claim is substantial for jurisdictional purposes although either the trade-mark is invalid, *Armstrong Paint Works v. Nu-Enamel Corp.*, 305 U. S. 315 (1938), or the trade-mark claim is insufficient because defendant's use was on a different class of goods. See *Waterman Co. v. Gordon*, 72 F. 2d 272, 274 (2d Cir. 1934).

13. *Shulman and Jaegerman, Some Jurisdictional Limitations on Federal Procedure*, 45 Yale L. J. 393, 397 (1936); see Clark, *Code Pleading* 127-148 (2d ed. 1947).

14. This is an important forum in this field of litigation.

15. Such identity was found to be lacking in *Musher Foundation, Inc. v. Alba Trading Co.*, 127 F. 2d 9 (2d Cir.), *cert. denied*, 317 U. S. 641 (1942) (unfair competition in the use of a trade-mark joined with patent infringement); *Zalkind v. Scheinman*, 139 F. 2d 895 (2d Cir. 1943), *cert. denied*, 322 U. S. 738 (1944) (unfair competition occurred prior to creation of a federal cause of action); *Lewis v. Vendome Bags, Inc.*, 108 F. 2d 16 (2d Cir. 1939), *cert. denied*, 309 U. S. 660 (1940) (unfair competition in the use of a design not covered by federal registration). See 4 Callmann, *op. cit. supra* note 1, at 1925 n. 9, for an extensive collection of cases.

16. *Zalkind v. Scheinman, supra* note 15, at 902.

17. See *Musher Foundation, Inc. v. Alba Trading Co.*, 127 F. 2d 9, 11 (2d Cir.), *cert. denied*, 317 U. S. 641 (1942) (dissenting opinion); *Lewis v. Vendome Bags*, 108 F. 2d 16, 20-21 (2d Cir. 1939), *cert. denied*, 309 U. S. 660 (1940) (dissenting opinion); *Collins v. Metro-Goldwyn Pictures*

or an "identic basic core."¹⁸ This broader test seems not duly concerned with any constitutional or statutory restraints on federal jurisdiction but only with the elimination of piecemeal litigation.¹⁹

In 1948 Congress by-passed an opportunity to resolve the conflict within the Second Circuit when it enacted Section 1338(b) of the new Judicial Code:²⁰ "The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trade-mark laws." The report²¹ accompanying this section indicated a purpose to enact the *Hurn* case as statutory authority, but it is unfortunate that the statutory language is just as vague.²²

The recent case of *Schreyer v. Casco Products Corp.*,²³ which involved a suit for patent infringement and for unfair competition resulting from a breach of a confidential disclosure,²⁴ appears to have merged the Second Circuit's conflicting interpretation of the

Corp., 106 F. 2d 83, 87 (2d Cir. 1939) (concurring opinion) (by implication).

18. *Zalkind v. Scheinman*, 139 F. 2d 895, 906 (2d Cir. 1943), *cert. denied*, 322 U. S. 738 (1944) (dissenting opinion).

19. Although the problems of federal jurisdiction are fundamentally legislative problems, should not the needs of practical judicial administration effect a practical test? See *Lewis v. Vendome Bags*, 108 F. 2d 16, 20 (2d Cir. 1939), *cert. denied*, 309 U. S. 660 (1940) (dissenting opinion). The majority of the Second Circuit recognize that the "judicial economy" argument has much in its favor but felt reflected from the Supreme Court the constraint of constitutional and statutory limitations, see *Zalkind v. Scheinman*, *supra* note 18, at 903; and the rule permitting joinder must yield to the jurisdictional statute. See *Shulman and Jaegerman, Some Jurisdictional Limitations on Federal Procedure*, 45 Yale L. J. 393, 398 (1936).

20. Title 28 U. S. C. (Supp. 1952).

21. H. R. Rep. No. 2646, 79th Cong., 2d Sess. A116 (1946); this same report was carried over to H. R. Rep. No. 308, 80th Cong., 1st Sess., A119 (1947). Judge Clark, in *Kleinman v. Betty Dain Creations, Inc.*, 189 F. 2d 546, 551 n. 6 (2d Cir. 1951), 36 Minn. L. Rev. 283 (1952), gives a brief history of § 1338(b), and indicates that this report does not show clearly the full impact of the change intended, as it was written for a conservative preliminary draft of the statute.

22. "Controversy over the meaning of 'cause of action' has been supplanted by confusion over the meaning of 'related claim.'" Note, 20 Geo. Wash. L. Rev. 630, 634 (1952).

23. 190 F. 2d 921 (2d Cir. 1951), *cert. denied*, 342 U. S. 913 (1952).

24. The *Schreyer* case had distinguished *Kleinman v. Betty Dain Creations, Inc.*, 189 F. 2d 546 (2d Cir. 1951), 36 Minn. L. Rev. 283 (1952), where the court had refused jurisdiction of a nonfederal claim for breach of a patent contract joined to a federal patent claim, as "sounding primarily in contract." *Schreyer v. Casco Products Corp.*, *supra* note 23, at 924. This distinction is weak in view of the fact that the theory of recovery in cases involving a "confidential disclosure" is quasi contractual, *Brown, Liability in Submission of Idea Cases*, 29 J. Pat. Off. Soc'y 161, 163-165 (1947), and recently the court in *Telechron, Inc. v. Parissi*, 197 F. 2d 757, 761 (2d Cir. 1952), stated that, "In our opinion the *Betty Dain* case was in substance overruled by the *Schreyer* decision, since the attempted distinction between them cannot logically be supported."

The court in the *Kleinman* case, impliedly indicating that there is a more

Hurn case. The district court²⁵ had held that it had jurisdiction over both claims on the basis that Section 1338(b) was drafted in terms more apt to state the view of Judge Clark than that of the majority of the Second Circuit and therefore the court was able to reach a desirable result in view of judicial economy. This result was affirmed on the basis that the two claims had a "common background of basic facts."

Although the *Schreyer* case appears to have adopted Judge Clark's interpretation of the *Hurn* rule as the proper meaning of Section 1338(b),²⁶ the application by Judge Clark²⁷ of his "substantial overlapping testimony" test seems to far exceed the Supreme Court's application of the *Hurn* rule, and to be more in line with Callmann's theory that all claims involving the same "competitive relationship" should constitute "one cause of action" under the *Hurn* rule.²⁸ Under his theory the Supreme Court would have found, rather than rejected, jurisdiction of the plaintiff's third claim in the *Hurn* case,²⁹ but Callmann concludes that there was disparity between the statement of the rule and its application.³⁰

liberal joinder under § 1338(b) than under the *Hurn* rule, found § 1338(b) inapplicable, and refused jurisdiction under the latter on the authority of *General Motors Corp. v. Rubsam Corp.*, 65 F. 2d 217 (6th Cir.), *cert. denied*, 290 U. S. 688 (1933), which was decided so shortly after the *Hurn* case as not to reflect the extension of federal jurisdiction in this field. Although an action for breach of a patent contract does not arise under the patent laws, *Geneva Furniture Co. v. Karpen & Bros.*, 238 U. S. 254 (1915); *see Rubens v. Bowers*, 136 F. 2d 887, 889 (9th Cir. 1943); *Gate-Way, Inc. v. Hillgren*, 82 F. Supp. 546 (S.D. Cal. 1949), *aff'd without opinion*, 181 F. 2d 1010 (1950), jurisdiction may be based on the *Hurn* rule, *United Lens Corp. v. Doray Lamp Co.*, 93 F. 2d 969 (7th Cir. 1937) (alternative holding); *Finnerty v. Wallen*, 77 F. Supp. 508 (N.D. Cal. 1948), or on the theory that contract distinctions should not preclude jurisdiction under § 1338(b). *Telechron, Inc. v. Parissi*, *supra*; see 36 Minn. L. Rev. 283 (1952).

25. 89 F. Supp. 177 (D. Conn. 1950).

26. See Note, 20 Geo. Wash. L. Rev. 630, 635-636 (1952).

27. See *Musher Foundation, Inc. v. Alba Trading Co.*, 127 F. 2d 9, 11 (2d Cir.), *cert. denied*, 317 U. S. 641 (1942) (dissenting opinion). Although the parties and probably the witnesses would be the same, and hence combining both causes of action into one suit would be economical, any testimony relevant to the unfair use of a trade-mark or trade name would be completely irrelevant to patent infringement, and under the most liberal interpretation of the *Hurn* case Judge Clark's dissent in the *Musher* case would appear to be erroneous. See *Kaplan v. Helenhart Novelty Corp.*, 182 F. 2d 311 (2d Cir. 1950).

28. 4 Callmann, *op. cit. supra* note 1, § 91.2(c) at 1931.

29. See note 11 *supra*.

30. 4 Callmann, *op. cit. supra* note 1, § 91.2(c) at 1930. Callman's explanation is that the Court had to draw the line somewhere, but he has not considered that such line was in recognition of the limitation of federal jurisdiction which binds even the Supreme Court.

The precedent of the *Hurn* case may make it difficult for the courts to find that unfair competition resulting from the unauthorized use of uncopyrighted matter similar to copyrighted matter is related to the federal claim, under Section 1338(b), although the facts in regard to defendant's use would be identical in both claims.³¹ Such a result would indicate "disparity" between the jurisdictional limitation of the *Hurn* decision and a liberal interpretation of Section 1338(b),³² insofar as the decision pertains to a claim of unfair competition. This apparent inconsistency does not mean either a complete erasure of the Supreme Court's jurisdictional line or, alternatively, a strict interpretation of the statute; for although the inclusion of the word "related" in Section 1338(b), unless superfluous, retains to some extent the limitation of the *Hurn* case, it need not preclude a less strict interpretation than the majority of the Second Circuit has expressed.³³

It would seem clear that the intent of Congress was not to extend federal jurisdiction over *any* claim of unfair competition pendent to a claim under the patent, trade-mark or copyright laws, and that the test of relation now should be "a common background of basic facts."³⁴ Although this view may be optimistic since courts have either construed Section 1338(b) strictly³⁵ or have ignored it and relied on the *Hurn* case,³⁶ a clear separation of the facts necessary to support each claim and a showing of substantial overlapping testimony should outweigh precedents in this field, which merely recite a "rule."

31. See *American Broadcasting Co. v. Wahl Co.*, 121 F. 2d 412 (2d Cir. 1941).

32. All of the writers have pointed out the desirability of a liberal interpretation of § 1338(b) to avoid "piecemeal litigation," and that the use of the word "related" permits a departure from the narrow test of "substantially identical facts." Moore, *Commentary on the U. S. Judicial Code* 150 (1949); Wechsler, *Federal Jurisdiction and the Revision of the Judicial Code*, 13 *Law & Contemp. Prob.* 216, 232 (1948); Note, 60 *Harv. L. Rev.* 424, 430-431 (1947).

33. *Zalkind v. Scheinman*, 139 F. 2d 895 (2d Cir. 1943), *cert. denied*, 322 U. S. 738 (1944). It is interesting to note that *Derman v. Stor-Aid, Inc.*, 141 F. 2d 580 (2d Cir.), *cert. dismissed*, 323 U. S. 805 (1944), in which the court found *Zalkind* indistinguishable, has been overruled. *Cutting Room Appliances Corp. v. Empire Cutting Machine Co.*, 186 F. 2d 997 (2d Cir. 1951).

34. See *Schreyer v. Casco Products Corp.*, 190 F. 2d 921 (2d Cir. 1951), *cert. denied*, 342 U. S. 913 (1952).

35. *Landstrom v. Thorpe*, 189 F. 2d 46 (8th Cir.), *cert. denied*, 342 U. S. 819 (1951); *Rockwell Mfg. Co. v. Evans Enterprises, Inc.*, 95 F. Supp. 431 (W.D. N.Y. 1950).

36. *Dubil v. Rayford Camp & Co.*, 184 F. 2d 899 (9th Cir. 1950); *Telechron, Inc. v. Telicon Corp.*, 97 F. Supp. 131 (D. Del. 1951); *Weinberg v. Rogers Imports, Inc.*, 90 F. Supp. 503 (S.D. N.Y. 1950).

B. Choice of Law

The advent of *Erie R. R. v. Tompkins*,³⁷ which purportedly overthrew many years of well-developed federal unfair competition law, has been universally reproved by the writers as a catastrophe in this field.³⁸ The courts which have considered the problem of the applicable law have held that state law applies to unfair competition issues,³⁹ with a few exceptions where jurisdiction was based solely on the *Hurn* rule.⁴⁰ Uniformity of decisions between coordinate state and federal courts also requires the application of the local law of conflicts.⁴¹ Such a requirement presents extremely difficult problems when acts of unfair competition extend over several states,⁴² but as a practical matter application has been rare and thus

37. 304 U. S. 64 (1938), 22 Minn. L. Rev. 885.

38. See, e.g., Chafee, *Unfair Competition*, 53 Harv. L. Rev. 1289, 1299 (1940); March, *Unfair Competition Defined*, 37 T. M. Rep. 731 (1947); Zlinkoff, *Erie v. Tompkins: In Relation to the Law of Trade-Marks and Unfair Competition*, 42 Col. L. Rev. 955, 960-961 (1942); Note, 60 Harv. L. Rev. 1315, 1316 (1947).

39. Unfair competition standing alone—jurisdiction based on diversity: Pecheur Lozenge Co. v. National Candy Co., 315 U. S. 666 (1942); Anheuser-Busch, Inc. v. De Bois Brewing Co., 175 F. 2d 370 (3d Cir. 1949), cert. denied, 339 U. S. 934 (1950); Cook Paint & Varnish Co. v. Cook Chemical Co., 85 F. Supp. 257 (W.D. Mo. 1949), modified, 185 F. 2d 365 (8th Cir. 1950); Remick Music Corp. v. American Tobacco Co., 57 F. Supp. 475 (S.D. N.Y. 1944) (court followed decision of New York trial court without discussion of its merits in spite of a United States Supreme Court decision on the issue to the contrary).

Unfair competition joined to a federal claim—jurisdiction based also on diversity: Sunbeam Furniture Corp. v. Sunbeam Corp., 191 F. 2d 141 (9th Cir. 1951); Grocers Baking Co. v. Sigler, 132 F. 2d 498 (6th Cir. 1942); Time, Inc. v. Viobin Corp., 128 F. 2d 860 (7th Cir.), cert. denied, 317 U. S. 673 (1942); Rytex Co. v. Ryan, 126 F. 2d 952 (7th Cir. 1942); National Fruit Product Co. v. Dwinell-Wright Co., 47 F. Supp. 499 (D. Mass. 1942) aff'd, 140 F. 2d 618 (1st Cir. 1944) (unfair competition issue not raised on appeal); Triangle Publications, Inc. v. New England Newspaper Pub. Co., 46 F. Supp. 198 (D. Mass. 1942). But cf. Philco Corp. v. Phillips Mfg. Co., 133 F. 2d 663, 671-672 (7th Cir. 1943). The *Rytex* and *Viobin* cases, supra, were expressly overruled in *Philco Corp. v. Phillips Mfg. Co.*, supra, as to other grounds; no inconsistency on this point is apparent.

40. *Landstrom v. Thorpe*, 189 F. 2d 46 (8th Cir.), cert. denied, 342 U. S. 819 (1951); *Bulova Watch Co. v. Stolzberg*, 69 F. Supp. 543 (D. Mass. 1947). But see *National Fruit Product Co. v. Dwinell-Wright Co.*, supra note 39, at 504; *Time, Inc. v. Viobin Corp.*, supra note 39, at 862; *Rytex Co. v. Ryan*, supra note 39, at 954.

41. *Klaxon Co. v. Stentor Co.*, 313 U. S. 487 (1941); *Coca-Cola Co. v. Dixi-Cola Laboratories, Inc.*, 155 F. 2d 59 (4th Cir.), cert. denied, 329 U. S. 773 (1946); *Addressograph-Multigraph Corp. v. American Expansion Bolt & Mfg. Co.*, 124 F. 2d 706 (7th Cir. 1941), cert. denied, 316 U. S. 682 (1942); see *Zephyr American Corp. v. Bates Mfg. Co.*, 128 F. 2d 380, 386 (3d Cir. 1942).

42. *Skinner Mfg. Co. v. General Foods Sales Co.*, 52 F. Supp. 432 (D. Neb. 1943); cf. *Hartmann v. Time, Inc.*, 166 F. 2d 127, 133-135 (3d Cir.), cert. denied, 334 U. S. 838 (1948); *Kelly v. Loew's, Inc.*, 76 F. Supp. 473, 482-484 (D. Mass. 1948); *Curley v. Curtis Pub. Co.*, 48 F. Supp. 29, 30 n. 3 (D. Mass. 1942); see Ehrenzweig, *The Place of Acting in Multistate Torts*:

has not meant a confusing integration of the substantive law of several states.⁴³ The propriety of applying state law and the dilemma of determining which state's law to apply when the unfair competition is multistate are largely academic problems⁴⁴ because the federal courts *for the most part* continue to apply federal law;⁴⁵ either the courts or parties raise no question as to the applicable law,⁴⁶ or federal law is justified on the basis that it is no different from the state law.⁴⁷ This apparent discrepancy between the attachment of the federal courts to *Erie v. Tompkins* and their dependence upon their own decisions creates uncertainty which must be resolved.

As a solution it has been suggested that irrespective of the jurisdictional basis federal law be applied to unfair competition when it is joined with a federal claim under the patent, trade-mark

Law and Reason Versus the Restatement, 36 Minn. L. Rev. 1, 43-48 (1951); Note, 60 Harv. L. Rev. 1315 (1947).

43. See *Addressograph-Multigraph Corp. v. American Expansion Bolt & Mfg. Co.*, 124 F. 2d 706 (7th Cir. 1941), *cert. denied*, 316 U. S. 682 (1942); *Skinner Mfg. Co. v. General Foods Sales Co.*, *supra* note 42 (follows federal law). *But cf.* *Hartman v. Time, Inc.*, *supra* note 42 (would apply the law of every state in which occurred a libelous publication).

44. See Clark, *State Law in the Federal Courts: The Brooding Omnipresence of Erie v. Tompkins*, 55 Yale L. J. 267, 283 (1946).

45. See Note, 60 Harv. L. Rev. 1315, 1317 (1947); 36 Minn. L. Rev. 283 (1952).

46. See, *e.g.*, *Fawcett Publications, Inc. v. Bronze Publications, Inc.*, 173 F. 2d 778 (5th Cir.), *cert. denied*, 338 U. S. 869 (1949); *Harris v. National Mach. Works, Inc.*, 171 F. 2d 85 (10th Cir. 1948), *cert. denied*, 336 U. S. 905 (1949); *California Fruit Growers Exch. v. Sunkist Baking Co.*, 166 F. 2d 971 (7th Cir. 1947); *Griesedieck Brewery Co. v. Peoples Brewing Co.*, 149 F. 2d 1019 (8th Cir. 1945); *Seven Up Co. v. Cheer Up Sales Co.*, 148 F. 2d 909 (8th Cir.), *cert. denied*, 326 U. S. 727 (1945); *N. S. W. Co. v. Wholesale Lumber & Millwork, Inc.*, 123 F. 2d 38 (6th Cir. 1941); *General Shoe Corp. v. Rosen*, 111 F. 2d 95 (4th Cir. 1940); *Sinko v. Snow-Craggs Corp.* 105 F. 2d 450 (7th Cir. 1939); *Telechron Inc. v. Telicon Corp.*, 97 F. Supp. 131 (D. Del. 1951).

47. *E.g.*, *Creamette Co. v. Conlin*, 191 F. 2d 108 (5th Cir. 1951), *cert. denied*, 342 U. S. 945 (1952); *Browning King Co. of New York, Inc. v. Browning King Co.*, 176 F. 2d 105 (3d Cir. 1949); *Hanson v. Triangle Publications, Inc.*, 163 F. 2d 74 (8th Cir. 1947), *cert. denied*, 332 U. S. 855 (1948) (result the same whether New York, Missouri, or general law applied); *Coca-Cola Co. v. Snow Crest Beverages, Inc.*, 162 F. 2d 280 (1st Cir.), *cert. denied*, 332 U. S. 809 (1947); *American Photograph Pub. Co. v. Ziff-Davis Pub. Co.*, 135 F. 2d 569 (7th Cir. 1943); *Conde Nast Pub., Inc. v. Vogue School, Inc.*, 105 F. Supp. 325 (S.D. N.Y. 1952); *B-B Pen Co. v. Brown & Bigelow*, 92 F. Supp. 272 (D. Minn. 1950), *aff'd*, 191 F. 2d 939 (8th Cir. 1951), *cert. denied*, 343 U. S. 920 (1952).

The following cases applied general federal law on the grounds that no claim *had been made* that local law differed and that the parties had relied almost entirely on federal law: *Kellogg Co. v. National Biscuit Co.*, 305 U. S. 111, 113 n. 1 (1938); *Skinner Mfg. Co. v. Kellogg Sales Co.*, 143 F. 2d 895, 897 n. 1 (8th Cir.), *cert. denied*, 323 U. S. 766 (1944); *J. C. Penney Co. v. H. D. Lee Mercantile Co.*, 120 F. 2d 949, 952 n. 1 (8th Cir. 1941).

or copyright laws.⁴⁸ This solution appears forced by the so-called anomaly of applying two different sources of governing law to issues which are joined in the same action and which have been declared so intertwined as to be a basis for exceptional federal jurisdiction under Section 1338(b). Precedent is based upon a line of cases which form exceptions to the *Erie* doctrine.⁴⁹ These exceptions stem from a desire for uniformity in the interpretation and application of federal legislation, and the prerequisite appears to be a sufficient statutory framework.⁵⁰ Thus a distinction is drawn between "federal common law" and "federal general common law."⁵¹ Only the latter was abolished by the *Erie* decision, while the former, recognized in the case⁵² directly following *Erie v. Tompkins* and continued to be recognized by the Supreme Court, results from decisions interpreting and applying a statutory framework.⁵³ The theory of this solution is strengthened by an assertion that the *Erie* doctrine is limited to cases where the only ground for federal jurisdiction is diversity of citizenship.⁵⁴

48. This was advanced by plaintiff but rejected in *Time, Inc. v. Viobin Corp.*, 128 F. 2d 860 (7th Cir.), *cert. denied*, 317 U. S. 673 (1942), and was thoughtfully analyzed by Zlinkoff in his article, *Erie v. Tompkins: In Relation to the Law of Trade-Marks and Unfair Competition*, 42 Col. L. Rev. 955, 986-990 (1942). Subsequently it was rejected in *National Fruit Product Co. v. Dwinell-Wright Co.*, 47 F. Supp. 499 (D. Mass. 1942), *off'd*, 140 F. 2d 618 (1st Cir. 1944) (unfair competition issue not raised on appeal), but followed in *Landstrom v. Thorpe*, 189 F. 2d 46 (8th Cir.), *cert. denied*, 342 U. S. 819 (1951); *Bulova Watch Co. v. Stolzberg*, 69 F. Supp. 543 (D. Mass. 1947). See also *Campbell Soup Co. v. Armour & Co.*, 175 F. 2d 795 (3d Cir.), *cert. denied*, 338 U. S. 847 (1949); Note, 56 Harv. L. Rev. 298, 301-302 (1942). In the following cases federal law was applied without discussion: *N. S. W. Co. v. Wholesale Lumber & Millwork, Inc.*, 123 F. 2d 38 (6th Cir. 1941); *Sinko v. Snow-Craggs Corp.*, 105 F. 2d 450 (7th Cir. 1939).

49. *E.g.*, *Hinderlider v. La Plata Co.*, 304 U. S. 92 (1938); *D'Oench, Duhme & Co. v. Federal Dep. Ins. Co.*, 315 U. S. 447 (1942); *Prudence Corp. v. Geist*, 316 U. S. 89 (1942); *Sola Electric Co. v. Jefferson Electric Co.*, 317 U. S. 173 (1942); *Clearfield Trust Co. v. United States*, 318 U. S. 363 (1943); *O'Brien v. Western Union Tel. Co.*, 113 F. 2d 539 (1st Cir. 1940); see Note, 43 Col. L. Rev. 837, 861-867 (1943); 44 Col. L. Rev. 915 (1944).

50. See Note, 59 Harv. L. Rev. 966 (1946).

51. Giles, *Unfair Competition and the Overextension of the Erie Doctrine*, 41 T. M. Rep. 1056 (1951); Zlinkoff, *Erie v. Tompkins: In Relation to the Law of Trade-Marks and Unfair Competition*, 42 Col. L. Rev. 955, 969-974 (1942).

52. *Hinderlider v. La Plata Co.*, 304 U. S. 92 (1938).

53. But see *Clearfield Trust Co. v. United States*, 318 U. S. 363, 367 (1943), holding that rights and duties of the United States on its commercial paper are governed by federal law, and "[i]n absence of an applicable Act of Congress it is for the federal courts to fashion the governing rule of law according to their own standards."

54. See *Guaranty Trust Co. v. York*, 326 U. S. 99, 109 (1945); *D'Oench, Duhme & Co. v. Federal Dep. Ins. Co.*, 315 U. S. 447, 467 (1942) (concurring opinion); see Clark, *State Law in the Federal Courts: The Broad-*

Assuming this solution to be proper, state law would still apply to unfair competition claims standing alone and in the federal courts on the diversity of citizenship of the parties, as well as to cases brought in a state court. Thus, this solution, a half-way measure, might tend to preclude a complete answer to the need for national uniformity⁵⁵ in the whole field of unfair competition. Further, the fact that unfair competition in many cases would still be governed by state law appears to nullify any real finding of a statutory framework sufficient to support this solution as an exception to the *Erie* doctrine. State courts determining issues of unfair competition are not bound by federal decisions, and thus the the policy⁵⁶ of *Erie v. Tompkins* would seem to apply to those issues when in the federal courts on any jurisdictional basis.

The recent case of *Austrian v. Williams*,⁵⁷ limiting an exception to the *Erie* case to a federally derived action, concludes that "[t]he mere fact that jurisdiction is based upon a federal statute does not impart to the cause of action a federal derivation. . . ."⁵⁸ Clearly the *Hurn* rule and its codification, Section 1338(b), did no more than grant exceptional jurisdiction to the federal courts. There is no indication that Congress intended the scope of a federal law of unfair competition to hang upon the uncertain interpretation of the word "related" in Section 1338(b). Although persuasive, the argument that "[t]he application of different sources of governing law to various issues [interwoven] in the same lawsuit will create endless complications"⁵⁹ implies that the issues, rather than being merely joined for the convenience of the parties, are jumbled together; and if such is the case, it is poor ground in which to nurture a clear federal law of unfair competition. The law of unfair com-

ing Omnipresence of Erie v. Tompkins, 55 Yale L. J. 267, 280-281 (1946); 43 Col. L. Rev. 520 (1943).

55. Two writers have not limited the application of federal law to unfair competition only when it is pendent to a federal claim, but would always apply federal law to unfair competition. Bunn, *The National Law of Unfair Competition*, 62 Harv. L. Rev. 987 (1949) (concludes that a national law of unfair competition is found in the Federal Trade Commission Act); Giles, *Unfair Competition and the Overextension of the Erie Doctrine*, 41 T. M. Rep. 1056 (1951) (believes the field of unfair competition sufficiently dominated by Congressional legislation that all federal decisions survived *Erie v. Tompkins*).

56. Unfortunately, the policy of *Erie v. Tompkins* is not too clear. See Zlinkoff, *Some Reactions to the Opinion of Judge Wyzanski in National Fruit Products Co. v. Dwinell-Wright Co.*, 32 T. M. Rep. 131 (Part I, 1942); Note, 56 Harv. L. Rev. 298, 302 (1942).

57. 198 F. 2d 697 (1952); see 38 Va. L. Rev. 680 (1952).

58. *Austrian v. Williams*, 198 F. 2d 697, 702 (1952), *cert. denied*, 73 Sup. Ct. 328 (1953).

59. Zlinkoff, *Erie v. Tompkins: In Relation to the Law of Trade-Marks and Unfair Competition*, 42 Col. L. Rev. 955, 988 (1942).

petition, unless affected by the Lanham Act, is not dominated by the sweep of a federal statute and should reside in the common law of the states. To hold otherwise would require a judicial determination of the relation between the unfair competition claim and the claim under the patent trade-mark or copyright laws, though there is diversity of citizenship. This would invoke more uncertainty than a reliance upon the federal courts' present consistency in applying federal law.

II. THE EFFECT OF THE LANHAM TRADE-MARK ACT

The Lanham Act⁶⁰ is the culmination of many years' effort to effect new trade-mark legislation,⁶¹ and its passage "indeed put federal trade-mark law upon a new footing."⁶² There exists, however, a fundamental conflict as to the proposition that this Act has created a new federal cause of action for unfair competition.⁶³ The basis for this proposition has been an interpretation of Subsection (i) in combination with Subsections (b) and (h) of Section 44:⁶⁴

"(h) Any person designated in subsection (b) . . . shall be entitled to effective protection against unfair competition, and the remedies provided [herein] for infringement of marks shall be available so far as they may be appropriate . . ."

"(b) Persons who are nationals of . . . any foreign country, which is a party to . . . [a] convention or treaty relating to trade-marks, trade or commercial names, or the repression of unfair competition to which the United States is a party, . . ."

"(i) Citizens or residents of the United States shall have the same benefits as are granted by this section to persons described in subsection (b) of this section."

Because foreign nationals by virtue of Subsection (h) have a

60. 60 Stat. 427-443, 15 U. S. C. §§ 1051-1127 (1946), as amended 15 U. S. C. §§ 1057(a), 1071, 1122 (Supp. 1952).

61. Robert, *op. cit. supra* note 3, at 233-237; H. R. Rep. No. 603, 78th Cong., 1st Sess. 5-6 (1943).

62. *S. C. Johnson & Son, Inc. v. Johnson*, 175 F. 2d 176, 178 (2d Cir.). *cert. denied*, 338 U. S. 860 (1949).

63. Federal law of unfair competition by virtue of Section 44 of the Lanham Act (60 Stat. 441, 15 U. S. C. § 1126 (1946)): *Stauffer v. Exley*, 184 F. 2d 962 (9th Cir. 1950); *see* *Briddell, Inc. v. Alglobe Trading Corp.*, 194 F. 2d 416, 422 (2d Cir. 1952) (dissenting opinion); *Chamberlain v. Columbia Pictures Corp.*, 186 F. 2d 923, 924 (9th Cir. 1951); *In re Lyndale Farm*, 186 F. 2d 723, 726-727 (C.C.P.A. 1951); *Lane Bryant, Inc. v. Glassman*, 95 F. Supp. 320, 323 (E.D. Mo. 1951).

Contra: *Ross Products, Inc. v. Newman*, 94 F. Supp. 566 (S.D. N.Y. 1950); *Ronson Art Metal Works, Inc. v. Gibson Lighter Mfg. Co.*, 96 U. S. P. Q. 10 (S.D. N.Y. 1952); *cf. Hosid Products Inc. v. Masbach, Inc.*, 96 U. S. P. Q. 15, 16 (N.D. N.Y. 1952) (distinguishes *Stauffer* case *supra*). For further discussion, *see* *Dad's Root Beer Co. v. Doc's Beverages, Inc.*, 193 F. 2d 77, 80-82 (2d Cir. 1951); *Ronson Art Metal Works, Inc. v. Comet Import Corp.*, 103 F. Supp. 531 (S.D. N.Y. 1952); *Old Reading Brewery, Inc. v. Lebanon Valley Brewing Co.*, 102 F. Supp. 434 (M.D. Pa. 1952).

64. 60 Stat. 441, 15 U. S. C. § 1126 (1946).

right of action for unfair competition under the Act, and because citizens of the United States by virtue of Subsection (i) have the same benefits as these foreign nationals, it seems to follow logically that suits by *and between* United States citizens for unfair competition would come under the Lanham Act.⁶⁵

However, the clear language of Section 1338(b) of the Judicial Code,⁶⁶ which was passed two years after the Lanham Act, has been held to be in direct contradiction to this interpretation.⁶⁷ This argument, that the Act could not have created a federal right of unfair competition because Section 1338(b) would then be a nullity, was met in the Ninth Circuit, in *Stauffer v. Exley*,⁶⁸ by pointing out that jurisdiction under the Lanham Act is limited to unfair competition which affects interstate commerce, and therefore Section 1338(b) applies to unfair competition which does not affect interstate commerce.

Opposing the *Stauffer* view on Section 1338(b), it has been contended⁶⁹ that the necessary relationship between an unfair competition claim and a federal claim, if there is to be a "common background of basic facts,"⁷⁰ requires that as a matter of fact the former affect interstate commerce; but it is conceivable that a purely local unfair competition claim could be joined with a trade-mark claim affecting interstate commerce.⁷¹ In further support of the *Stauffer* case, it has been suggested that a procedural statute probably would not be interpreted as impliedly nullifying an important substantive right.⁷²

In *Ross Products, Inc. v. Newman*,⁷³ the apparent conflict between the Lanham Act and Section 1338(b) was adjusted in a

65. See 1 Callman, *op. cit. supra* note 1, § 4.1 at 78; 4 *id.* § 91.2; Robert, *op. cit. supra* note 3, at 169-180; Rogers, *Introduction in id.* at xi *et seq.*; Diggins, *Federal and State Regulation of Trade-Marks*, 14 *Law & Contemp. Prob.* 200, 207-208 (1949); Ladas, *Trade-Marks and Foreign Trade*, 38 *T. M. Rep.* 278, 288 (1948); Lunsford, *Trade-Marks and Unfair Competition—The Demise of Erie v. Tompkins?*, 40 *T. M. Rep.* 169 (1950); March, *Unfair Competition Defined*, 37 *T. M. Rep.* 731 (1947); Rogers, *New Concepts of Unfair Competition Under the Lanham Act*, 38 *T. M. Rep.* 259 (1948).

66. Title 28 U. S. C. (Supp. 1952).

67. *Ross Products, Inc. v. Newman*, 94 *F. Supp.* 566 (S.D. N.Y. 1950).

68. *Stauffer v. Exley*, 184 *F. 2d* 962, 964-965 (9th Cir. 1950).

69. 64 *Harv. L. Rev.* 1209, 1211 (1951).

70. See the discussion on pendent jurisdiction based on the *Hurn* rule and § 1388(b), notes 8-36 *supra* and text thereto.

71. This presupposes that the trade-mark claim must affect interstate commerce to come under § 1338(b). See note 12 *supra*.

72. 64 *Harv. L. Rev.* 1209, 1211 (1951).

73. 94 *F. Supp.* 566 (S.D. N.Y. 1950).

different manner. In holding that the Lanham Act had not created a federal unfair competition cause of action, the court assumed that the Lanham Act *remedies* for trade-mark infringement were available to claims of unfair competition when in the federal courts on other jurisdictional bases. It is difficult to conceive, however, that the language of Subsection (i) is sufficient to give citizens of the United States in cases of unfair competition the remedies of Section 32⁷⁴ of the Lanham Act but not federal jurisdiction under Section 39.⁷⁵

Attempts have been made⁷⁶ to limit the *Stauffer* decision to the protection it afforded to a trade name under Section 44(g), which provides that "[t]rade names . . . of persons described in subsection (b) . . . shall be protected. . . ." But it is incredible that the rights of citizens under Subsection (i) could be limited to Subsection (g) and not include Subsection (h). Subsection (i) clearly grants to citizens all the benefits of Section 44.

The argument that Section 1338(b) of the Judicial Code constitutes the latest expression of Congressional intent and overrides the earlier Lanham Act is not entirely sound, for the passage of Section 1338(b) cannot be held to have indicated a clear expression of intent on this problem. In 1948, the idea of a federally created right of unfair competition under the Lanham Act, although it had been proposed,⁷⁷ was not well known,⁷⁸ and federal jurisdiction was held by the courts to be dependent either upon a showing of diversity or the *Hurn* rule; as has been discussed,⁷⁹ Section 1338(b) was a statutory development of the *Hurn* rule. Section 1338(b) might be a factor should it be determined that the Lanham Act *has* created a new law of unfair competition, but that primary question concerns the intent of Congress in enacting Section 44(i).

One writer⁸⁰ has stated that the words of Sections 39 and 44(g), (h) and (i) require a finding that the Lanham Act has created a

74. 60 Stat. 437, 15 U. S. C. § 1114 (1946)

75. 60 Stat. 440, 15 U. S. C. § 1121 (1946).

76. See *In re Lyndale Farm*, 186 F. 2d 723 (C.C.P.A. 1951); *Hosid Products, Inc. v. Masbach, Inc.*, 96 U. S. P. Q. 15 (N.D. N.Y. 1952); *Old Reading Brewery, Inc. v. Lebanon Valley Brewing Co.*, 102 F. Supp. 434, 438 (M.D. Pa. 1952).

77. This proposition was first clearly presented by Rogers, *Introduction* in Robert, *The New Trade-Mark Manual* xi-xxi (1947).

78. *Stauffer v. Exley*, 184 F. 2d 962 (9th Cir. 1950), was the first decision on this proposition.

79. See notes 20-22 *supra* and text thereto.

80. Diggins, *Federal and State Regulation of Trade-Marks*, 14 *Law & Contemp. Prob.* 200, 208 (1949).

federal right of unfair competition and that any other construction would violate the intent of Congress as expressed in Section 45:

"The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to *protect persons engaged in such commerce against unfair competition*; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trade-marks, trade names, and *unfair competition* entered into between the United States and foreign nations."⁸¹

However, the hearings and reports on this Act predominantly indicate that the purpose of Section 44 was only to effect the international conventions referred to in the last portion of that part of Section 45 quoted above;⁸² it was never conclusive whether these conventions were self-executing or needed legislative implementation,⁸³ although the Supreme Court had held in *Bacardi Corp v. Domenech*⁸⁴ that they were self-executing.⁸⁵ As a result, American businessmen were not being awarded reciprocal advantages in foreign countries,⁸⁶ and foreign representatives had filed protests with the State Department because of non-compliance by the United States with the terms of the conventions.⁸⁷ The foreign parties to these conventions expected Congressional action.

Mr. Rogers, a principal proponent of the Lanham Act, pointed out in the hearings that the purpose of Section 44 was to implement our foreign obligations⁸⁸ and that Subsection (i) was "an attempt to put the citizen on an equality with the foreigner instead of just the reverse" because of the "anomaly of this Government giving [foreign nationals] by treaty and by law . . . greater rights than

81. 60 Stat. 443, 15 U. S. C. § 1127 (1946) (emphasis supplied).

82. See 51 Col. L. Rev. 1053 (1951).

83. Callmann, *The New Trade-Mark Act of July 5, 1946*, 46 Col. L. Rev. 929 (1946).

84. 311 U. S. 150 (1940).

85. See also Ladas, *The Self-Executing Character of International Conventions on Industrial Property and Their Effects on Substantive Rights*, 31 T. M. Rep. 5 (Part I, 1941); Rogers and Ladas, *Are Conventions Relating to Industrial Property Self-Executing?*, 30 T. M. Bull. (n.s.) 1 (1935).

86. Callman, *The New Trade-Mark Act of July 5, 1946*, 46 Col. L. Rev. 929 (1946); see H. R. Rep. No. 219, 79th Cong., 1st Sess. 4 (1945); Sen. Rep. No. 1333, 79th Cong., 2d Sess. 5 (1946) (no difference in reports).

87. H. R. Rep. No. 1362, 74th Cong., 1st Sess. 2 (1935).

88. *Hearings before House Committee on Patents on H. R. 9041*, 75th Cong., 3d Sess. 195 (1938) (then Section 42).

it gives to its own citizens."⁸⁹ Representative Lanham, chairman at this hearing, agreed that an unrestricted unfair competition clause was not desired and that Section 44 should merely implement the treaties already passed by Congress.⁹⁰ At a subsequent hearing it was suggested that Subsections (g) and (i) were indefinite and that it was not understood what protection was being afforded.⁹¹ This objection was passed over by answering that such was a treaty matter and "all right."⁹² In the final hearings on this Act,⁹³ Miss Robert, who has supported the pro-federal law of unfair competition viewpoint, was asked to enumerate the changes that this Act would bring about, and she stated that Section 44 "carries out certain provisions to which we are committed under international conventions and treaties."⁹⁴ At this final hearing there was no mention of Subsection (i).

Certainly the Congressional hearings did not show clearly that Subsection (i) was creating a radical change in the law of unfair competition, and it seems entirely unsuitable that such a change would be hidden in a section of the Trade-Mark Act entitled "International Conventions."⁹⁵ The fact that prior to the Lanham Act trade-mark law was found in many places was a primary incentive to its passage,⁹⁶ and it is unlikely that Congress would *intentionally* create that same confusion in the law of unfair competition.

Furthermore, Section 45⁹⁷ of the Lanham Act, which purports to express its purpose, does not support the claim that a federal unfair competition law is created. Unfair competition is mentioned twice, first generally and then in regard to the conventions and treaties. The general statement could well be limited by the specific prohibitions of Sections 42⁹⁸ and 43⁹⁹ which can be classed only

89. *Hearings before House Committee on Patents on H. R. 4744*, 76th Cong., 1st Sess. 164 (1939) (then Subsection (h)).

90. *Id.* at 169-171.

91. *Hearings before House Committee on Patents on H. R. 102*, H. R. 5461, and S. 895, 77th Cong., 1st Sess. 237 (1941).

92. *Id.* at 190.

93. *Hearings before Senate Committee on Patents on H. R. 82*, 78th Cong., 2d Sess. (1944).

94. *Id.* at 25.

95. 60 Stat. 441, 15 U. S. C. § 1126 (1946). 1 Callmann, *op. cit. supra* note 1, § 4.1 at 80, answers this by stating that it is in line with the tradition of the seniority of trade-mark law over unfair competition law. But if the present trend is the "emancipation" of unfair competition, why should the Lanham Act continue any tradition to obscure it?

96. See any of the following for this first of five purposes of the Act: Sen. Rep. No. 1333, 79th Cong., 2d Sess. 5 (1946); H. R. Rep. No. 219, 79th Cong., 1st Sess. 4 (1945); H. R. Rep. No. 944, 76th Cong., 1st Sess. 2 (1939).

97. 60 Stat. 443, 15 U. S. C. § 1127 (1946).

98. 60 Stat. 440, 15 U. S. C. § 1124 (1946).

99. 60 Stat. 441, 15 U. S. C. § 1125 (1946).

under the heading "unfair competition." The second reference to unfair competition in Section 45 is applicable to Section 44 because only 44 concerns treaties and conventions. This clear separation of the purpose of the Act respecting Section 44 from the expression of a general intent to protect persons engaged in commerce from unfair competition would indicate that Section 44 has not created a new federal law of unfair competition.

A reasonable interpretation of Subsection (i) is that it allows a suit *by* an American against a foreign national in order to equate their rights under Section 44.¹⁰⁰ Thus a resident would not be at a disadvantage in dealing with a foreigner in the United States who has the benefits of the Lanham Act. A suit *between* Americans however, should not be allowed under the Lanham Act. The latter does not logically follow from the right to sue a foreigner.

CONCLUSION

The advocates of the proposition that the Lanham Trade-Mark Act has created a new federal right of unfair competition are primarily interested in extending federal jurisdiction beyond the limited scope of Section 1338(b) and in resolving the "ubiquitous problem"¹⁰¹ of *Erie v. Tompkins* in a field intimate with interstate business. This urge to extend federal jurisdiction in the field of unfair competition is in direct contrast to the present tendency of the federal courts to refuse to exercise fully the jurisdiction that they are clearly granted.¹⁰² Although the problem of the relationship of issues pendent jurisdiction and the uncertainty involving the choice of law would impel a finding that the Act had *indirectly* effected a new federal unfair competition law, federal jurisdiction should be found in clear constitutional or statutory provisions.

Since the Lanham Act created a new substantive law of trademarks only after a long and difficult struggle it would seem that at this time the creation of a new statutory substantive law of unfair competition would be extremely difficult. However, it is likely that Congress, without opposition, could amend Section 1338(b) of the Judicial Code and grant to the federal courts jurisdiction over *all* unfair competition claims affecting interstate commerce. This is desirable because the federal courts are able to grant more effective protection and their judges are more familiar with the field of unfair competition. This grant should be supplemented with an express

100. See 64 Harv. L. Rev. 1209, 1211 (1951).

101. 36 Minn. L. Rev. 283, 286 (1952).

102. See Note, 37 Minn. L. Rev. 46 (1952) *passim*.

right to apply federal law, to solve the problem of *Erie v. Tompkins* and to promote uniformity of decisions.

At the present time, however, jurisdiction of the federal courts over unfair competition must either be predicated upon diversity of citizenship and the requisite jurisdictional amount or upon joinder with a related federal claim under the patent, trade-mark or copyright laws. The case for a federal unfair competition law under the Lanham Act appears to be overstated.