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Case Comments

Torts: Clarification of Libel Per Se— Libel Per Quod Distinction

Defendant newspaper published an article which announced the imminent marriage of the two plaintiffs,¹ both of whom were already happily married and had no intention of marrying each other. Plaintiffs' claims for libel were dismissed as no special damages were alleged. Two lower courts reasoned that since the article did not state that plaintiffs were already married, and extrinsic facts were needed to reveal the defamatory nature of the words, no action for libel per se existed. The New York Court of Appeals reversed, *holding* that a newspaper announcement of an impending marriage between two persons already married is libel per se and no special damages need be proved, although the announcement did not state that the persons were already married. *Hinsdale v. Orange County Publications, Inc.*, 17 N.Y.2d 284, 270 N.Y.S.2d 592 (1966).

The law of defamation has traditionally consisted of two distinct torts—libel and slander.² Although libel has been actionable without allegation or proof of any special damage,³ for slander to be actionable, specific pecuniary loss has to be pleaded and proved in all but a few special circumstances.⁴ Little rea-

1. Defendant's daily newspaper contained: "Mr. and Mrs. Paul M. Hinsdale . . . have announced the engagement of their son, Robert W., to Concetta Kay Rieber of 43 Knox Drive, New Windsor. . . ."

2. See PROSSER, *TORTS* § 107 (3d ed. 1964) [hereinafter cited as PROSSER].

3. Under the common law there were two classes of libel: those libelous on their face; and those consisting of language which, while apparently innocent, was capable of communicating a defamatory idea when certain extrinsic facts were known. This latter class required the pleading of an innuendo. An innuendo was an explanation of the meaning to be given to the published words. Both classes required the pleading of an inducement and a colloquium. An inducement was a statement of extrinsic facts which made the charge intelligible, while the colloquium was a fact statement which showed that the language which was published concerned the plaintiff. It developed that all libels became actionable without proof of special damages, and it was settled law that any publication in the form of a libel was actionable if, in fact, it defamed the plaintiff. This was true whether the words appeared defamatory on their face or whether they caused special damages. Henn, *Libel by Extrinsic Fact*, 47 CORNELL L.Q. 14, 18 (1961). See generally HARPER & JAMES, *TORTS* § 5.9, at 372 (1956); Prosser, *Libel Per Quod*, 46 VA. L. REV. 839, 842 (1960).

4. The four special circumstances in which the pecuniary loss to the plaintiff is conclusively presumed are as follows: slanders imputing major crimes; slanders affecting the plaintiff in his business, trade, pro-

son exists for this distinction,⁵ although it is firmly established in England⁶ and is embodied in the *Restatement of Torts*.⁷

A hybrid, libel per quod, began to emerge early in this century.⁸ While libel per se continues to be actionable without proof of special damages, libel per quod—libel which is not apparent on its face, but only with reference to extrinsic facts—is actionable only if special damages are pleaded and proved.⁹ This outgrowth of the original libel action is observed by the majority of states,¹⁰ notwithstanding the *Restatement*.¹¹ The rationale is that a libel which requires reference to extrinsic facts

fession, or office; those imputing unchastity on the part of a woman; and those imputing a "loathsome" disease such as syphilis. Prosser, *supra* note 3, at 841.

5. Prosser points out that remarkably few courts ever have attempted to explain or justify the rule that all libel is actionable without proof of damage, while most slander is not. See *Munafò v. Helfand*, 140 F. Supp. 234 (S.D.N.Y. 1956); *Ward v. Forest Preserve Dist.*, 13 Ill. App. 2d 257, 141 N.E.2d 753 (1957); Prosser, *supra* note 3, at 842.

6. See, e.g., *Hough v. London Express Newspaper, Ltd.*, [1940] 2 K.B. 507 (1938).

7. Compare RESTATEMENT, TORTS §§ 569-70 (1938):

One who falsely, and without a privilege to do so, publishes matter defamatory to another in such a manner as to make the publication a libel is liable to the other although no special harm or loss of reputation results therefrom.

Id. § 569.

8. See, e.g., *Axton Fisher Tobacco Co. v. Evening Post Co.*, 169 Ky. 64, 183 S.W. 269 (1916); *Stannard v. Wilcox & Gibbs Sewing Mach. Co.*, 118 Md. 151, 84 Atl. 335 (1912); *Denney v. Northwestern Credit Ass'n*, 55 Wash. 331, 104 Pac. 769 (1909). See generally HARPER & JAMES, TORTS § 5.9, at 372 (1956) for a discussion of the historical development of libel per quod.

9. See, e.g., *McBride v. Crowell-Collier Publishing Co.*, 196 F.2d 187 (5th Cir. 1952); *S & R Motors, Inc. v. Gowens Motors, Inc.*, 207 Misc. 890, 139 N.Y.S.2d 212 (Sup. Ct. 1955). Contrast these with the traditional view of the law of libel under the common law, which held any publication in the form of a libel was actionable if it defamed the plaintiff, regardless of whether the words were defamatory on their face or whether they caused special damages. The existence of damage to the plaintiff was conclusively assumed from the mere publication of the libel. See HARPER & JAMES, TORTS § 5.9, at 372 (1956); Prosser, *supra* note 3, at 842.

10. See, e.g., *MacLeod v. Tribune Publishing Co.*, 52 Cal. 2d 536, 343 P.2d 36 (1959); *Karrigan v. Valentine*, 184 Kan. 783, 339 P.2d 52 (1959); *Walker v. D'Alesandro*, 212 Md. 163, 129 A.2d 148 (1957). See generally PROSSER §§ 107, 112; Prosser, *supra* note 3, at 844. Prosser states that a pleading of special damages in cases of libel per quod is now accepted by the overwhelming majority of American courts. However, several recent decisions have reached results contrary to the majority rule, perhaps forecasting a departure from the libel per se-libel per quod distinction. E.g., *Hinkle v. Alexander*, 417 P.2d 586 (Ore. 1966).

11. PROSSER § 107, at 781-82.

is incomplete in itself. It only becomes defamatory if extrinsic facts are revealed, and since the extrinsic facts were not published and may not be revealed, special damages need be proved.¹²

In New York, *O'Connell v. Press Publishing Co.*¹³ is regarded as originating the distinction between libel per se and libel per quod. That case propounded as the established rule of law that:

- (a) A publisher of a libel not defamatory upon its face, and defamatory by virtue of extrinsic facts is liable only for the pecuniary damage which legally resulted from the publication; and (b) the facts showing such damage must be fully and specifically set forth in the complaint.¹⁴

Although the authority for this statement has been questioned,¹⁵ it has become the "established" law in New York.¹⁶ It has been interpreted as holding that libel per quod exists where the published words are in no way defamatory, but become so only by reference to extrinsic facts.¹⁷ Significantly, the defendant is liable only for the actual pecuniary damage which results from the publication.¹⁸

Although the result of describing a defamation as libel per

12. See PROSSER § 107, at 782. California has codified this view: A libel which is defamatory of the plaintiff without the necessity of explanatory matter, such as an inducement, innuendo or other extrinsic fact, is said to be a libel on its face. Defamatory language not libelous on its face is not actionable unless the plaintiff alleges and proves that he has suffered special damage as a proximate result thereof.

CAL. CIV. CODE § 45a.

13. 214 N.Y. 352, 108 N.E. 556 (1915).

14. *Id.* at 358, 108 N.E. at 557.

15. The *O'Connell* court was in error when it stated that there were "established rules of law" requiring special damages to support a libel by extrinsic facts action. No New York case before *O'Connell* had held that if the plaintiff pleaded extrinsic facts which made the words actionable, he must also plead special damages or fail in his action. See SEELMAN, LIBEL AND SLANDER IN THE STATE OF NEW YORK §§ 30-58 (1933); Note, 27 *FORDHAM L. REV.* 405 (1958) (discussion of the precedents *O'Connell* relied upon).

16. See, e.g., *Golden Buddha, Inc. v. New York Times Co.*, 182 Misc. 579, 45 N.Y.S.2d 433 (Sup. Ct. 1943); *Ross v. MacFadden Publications Inc.*, 174 Misc. 1019, 22 N.Y.S.2d 519 (Sup. Ct. 1940).

17. See, e.g., *Holt v. Columbia Broadcasting Sys., Inc.*, 22 App. Div. 2d 791, 253 N.Y.S.2d 1020 (1964); *Cardiff v. Brooklyn Eagle, Inc.*, 190 Misc. 730, 75 N.Y.S.2d 222 (Sup. Ct. 1947) and cases cited note 16 *supra*.

18. When special damages must be pleaded and proved the plaintiff is required to identify his particular loss with a definiteness which is not ordinarily required in pleading damages. Loss of reputation is enough in the defamation case which does not require special damages. But where special damages are required, it is necessary to show some pecuniary injury. Injury to reputation alone is not sufficient. See generally McCORMICK, DAMAGES §§ 114, 115 (1935).

se or libel per quod is apparent, the initial classification of a particular statement has confused the New York courts.¹⁹ Much of the confusion has been engendered by decisions of the Court of Appeals subsequent to *O'Connell*. For example, *Sydney v. MacFadden Newspaper Publishing Corp.*²⁰ held a newspaper article which recited that the plaintiff was the latest ladylove of Fatty Arbuckle to be libelous per se. The element of defamation in this statement was that the plaintiff was happily married, an extrinsic fact not published in the article. The court stated that the printing of the name of the plaintiff draws with it all that she is—"her standing, her position in society, and her relationship in life."²¹ A strong dissent argued that the article was not defamatory on its face since some reasons must be stated why the plaintiff should not be Fatty Arbuckle's latest ladylove.²² It is evident that the *Sydney* court sought to circumvent the proof requirements of the *O'Connell* rule because of the seriousness of the accusation. Rather than emphasizing the extrinsic fact and special damage requirements of libel per quod, the *Sydney* court characterized a publication as libel per se "if it tends to expose the plaintiff to public contempt, ridicule, aversion or disgrace, or induce an evil opinion of him in the minds of right-thinking persons, and to deprive him of their friendly intercourse in society."²³ The effect has been confusion in the New York law of libel.²⁴

19. See Prosser, *supra* note 3, at 839; Note, 30 *FORDHAM L. REV.* 463 (1962); 27 *FORDHAM L. REV.* 405 (1958); Note, 13 *VAND. L. REV.* 730 (1960).

20. 242 N.Y. 208, 151 N.E. 209 (1926).

21. *Id.* at 213, 151 N.E. at 210.

22. The dissenter would have concurred if the court had taken judicial notice of the bad reputation of Fatty Arbuckle, since the case would then be brought under the rule of *Gates v. New York Recorder Co.*, 155 N.Y. 228, 49 N.E. 769 (1898). In *Gates* the court held an article which stated plaintiff had worked in a concert hall on Coney Island was libelous per se since the concert halls were notorious, and their employees were generally known to be a disreputable class. *Gates* differs from *Sydney* where the court did not emphasize Fatty Arbuckle's bad reputation, but rather stated that the plaintiff's status makes the publication libelous per se. 242 N.Y. at 215, 151 N.E. at 211 (1926).

23. *Sydney v. MacFadden Newspaper Publishing Corp.*, 242 N.Y. 208, 210, 151 N.E. 209, 210 (1926).

24. Seelman contends that *Sydney* created an exception to the rule of the *O'Connell* case.

That exception is that one's station in life, profession or single or married status is an inseparable part of one's ego and accompanies one into court and is part of the word 'plaintiff' in a libel case, and is not such an extrinsic fact as requires pleading special damages.

SEELMAN, *op. cit. supra* note 15, § 56, at 11. See commentary, note 19 *supra*.

The so-called "status" exception of *Sydney* has been used, at least in the Court of Appeals, to distinguish cases from *O'Connell*.²⁵ However, the tendency in the lower courts has been to follow *O'Connell* rather strictly.²⁶ In fact the cases are so inconsistent that one commentator stated that *O'Connell* is totally disregarded by the Court of Appeals and followed only sporadically by the lower courts.²⁷

Although the Court of Appeals in *Hinsdale* could have reversed the lower court merely on the basis of *Sydney*, it apparently yielded to the behests of commentators,²⁸ and attempted to clarify the distinction between libel per se and per quod. The tack of the court was not to overrule *O'Connell*, but to reinterpret that decision. After citing numerous New York cases holding that a fact not stated by a newspaper is admissible to show the article was libelous per se,²⁹ the court stated that the interpretation given *O'Connell* in previous lower court cases was erroneous. Further, the court stated its decision was not in point with *O'Connell* and not inconsistent with *Sydney*.³⁰ The court felt *O'Connell* did not involve libel by extrinsic fact at all, but rather was an attempt by plaintiff to label the words as defamatory by giving them an unnatural meaning or innuendo.³¹

To say that *O'Connell* did not involve libel by extrinsic fact is clearly a misconception. The *O'Connell* court stated that "no

25. See, e.g., *Balabanoff v. Hearst Consol. Publications*, 294 N.Y. 351, 62 N.E.2d 599 (1945), *Ben-Oliel v. Press Publishing Co.*, 251 N.Y. 250, 167 N.E. 432 (1929), *Smith v. Smith*, 236 N.Y. 581, 142 N.E. 292 (1923) *Braun v. Armour & Co.*, 254 N.Y. 514, 173 N.E. 845 (1930), clearly exemplifies the position taken by the Court of Appeals. In this case an apparently complimentary advertisement published by defendant was labeled as defamatory by the court solely because of extrinsic facts. The court held the publication which stated the plaintiff stocked defendant's bacon, was libelous per se. Although the fact that plaintiff was a kosher meat dealer was extrinsic to the publication, the court treated the case as an instance of a libel per se.

26. See, e.g., *Steinman v. Di Roberts*, 23 App. Div. 2d 693, 257 N.Y.S. 2d 695 (1965), *Kuhn v. Veloz*, 252 App. Div. 515, 299 N.Y. Supp. 924 (1937), *Brodek v. Jones*, 212 App. Div. 247, 208 N.Y. Supp. 699 (1925)

27. SEELMAN, *op. cit. supra* note 15, §§ 46-53.

28. See Henn, *supra* note 3, at 46; Pilpel, *But Can You Do That? Publishers' Weekly*, July 25, 1966, p. 39; commentary, note 19 *supra*.

29. *Hinsdale v. Orange County Publications, Inc.*, 17 N.Y.2d 284, 290, 270 N.Y.S.2d 592, 596 (1966). See Annot., 9 A.L.R.3d 559, 561 (1966)

30. 17 N.Y.2d at 290, 270 N.Y.S.2d at 598 (1966)

31. The *Hinsdale* court pointed out that the plaintiff in *O'Connell* attempted to give a defamatory meaning to the published words by ascribing to them an unnatural and unreasonable innuendo, rather than to show how the words in their ordinary meaning defamed him. 17 N.Y.2d at 590, 270 N.Y.S.2d at 598 (1966)

inducement or averment of extrinsic facts is necessary" if the defamatory matter was actionable per se.³² However, since the apparent purpose in *Hinsdale* was to narrow the holding in *O'Connell* as much as possible, it was necessary to emphasize the "ordinary meaning" aspect of that case. Although it is desirable to limit *O'Connell* to this meaning, it appears to be a strained interpretation of that decision. The *O'Connell* court clearly stated that the article "was not in and of itself libelous unless the language, as a whole, considered in its *ordinary meaning*, naturally and proximately was so injurious to the plaintiff that the court will presume . . . his reputation has been thereby impaired."³³

Hinsdale necessarily broadens the definition of libel per se applied by the lower courts. It no longer is necessary to speak of libel by extrinsic fact, as one need not prove special damages even though extrinsic facts are necessary to reveal the defamatory nature of the words. The emphasis is on the type of extrinsic facts that must be introduced. If facts are needed to show the meaning of the words, or to give the words an innuendo not justified by the words themselves, special damages must be alleged and proved. On the other hand, if the facts merely show why the words, in their ordinary meaning, are defamatory of the particular plaintiff, no special damages need be proved.³⁴

Hinsdale reflects an appreciation of two laudable, but conflicting ideals—the protection of private individuals and the latitude necessary to insure freedom of the press. In balancing the interests in this case, the court has favored the individual by restricting the instances in which a plaintiff will have the burdensome, and sometimes impossible task of proving special damages or pecuniary loss.³⁵ The possibility of a fusion of the

32. *O'Connell v. Press Publishing Co.*, 214 N.Y. 352, 360, 108 N.E. 556, 558 (1915).

33. *Id.* at 358, 108 N.E. at 557.

34. The court stated that they would "apply the reasonable, commonsense idea that a fact not expressed in the newspaper but presumably known to its readers is part of the libel." 17 N.Y.2d at 288, 270 N.Y.S.2d at 596 (1966). Thus, the plaintiff may show by extrinsic facts that the ordinary meaning of the published words defames him because of his particular status, and the publication will still be held to be libelous per se.

35. See McCORMICK, *op. cit. supra* note 18, § 115, at 421. It is obvious that an attempt to put a definite monetary value on loss of reputation is often impossible, yet application of the special damages requirement requires this.

defamatory torts³⁶ into libel per quod seems ill-fated.

It is difficult to explain the rise of the doctrine of libel per quod at all. It is just as difficult to explain the historical difference between libel and slander with regard to the proof of special damages. Perhaps the best explanation, and that accepted by *Hinsdale*, is that printed matter has more permanency of impact.³⁷ Assuming this is the basis for the distinction between libel and slander, the rationale for the difference between libel per se and per quod must be found elsewhere.

Perhaps the most important consideration in limiting libel per se to those cases in which the defamation is apparent is to prevent abuse of the action of defamation. Not only do abuses exist through the bringing of petty actions, but a defamation action, or the threat of it, may also be used as a weapon of extortion. Also, freedom of the press requires some liberality in allowing the expression of unflattering views. To prevent such abuses, the requirement of special damages places a substantial obstacle in the plaintiff's road to recovery. However, the consequence of this obstacle is that proof of actual damage may be impossible in cases where it is clear that damage has occurred³⁸ and the press should be held responsible.

Accepting the proposition that two classes of libel are necessary for the protection of all concerned, the problem remains

36. Prosser, *supra* note 3, at 855.

37. 17 N.Y.2d at 288, 270 N.Y.S.2d at 595 (1966). Prosser states that it might be better to distinguish upon the basis of the manner and extent of the defamation rather than the arbitrary distinction between oral and written communications. In this day of mass media it is difficult to say that printed matter has more impact than a statement made over radio or television which might reach millions of people. Clearly the spoken word has as much, if not more, potential for defamatory harm as the written word. Prosser, *supra* note 3, at 853.

38. See, e.g., *Cardiff v. Brooklyn Eagle, Inc.*, 190 Misc. 730, 75 N.Y.S. 2d 222 (Sup. Ct. 1947), where the defendant printed a false obituary notice which stated that plaintiff was lying in state at a certain address—the address of plaintiff's bar. The court reasoned that the publication was not libelous upon its face since a person reading the notice would not know that the address given was a bar. Since extrinsic facts were necessary to show the libelous nature of the notice, the court concluded that special damages had to be pleaded and proved. Because they were not, plaintiff's complaint was dismissed. This case exemplifies the obstacle that proof of actual damages raises to valid claims. Here, the plaintiff was obviously defamed since the people who knew him would very likely know that the address given was that of his bar. Thus, the very people the plaintiff valued the most—his friends and acquaintances—were the ones who knew the true meaning of the apparently innocent obituary notice. The plaintiff was defamed to his friends, but was denied a legal remedy.

where to draw the line. The *Hinsdale* solution seems particularly responsive to the interests involved. Realizing that substantial harm can be done by printed matter even if extrinsic facts are needed to uncover the defamatory result, the court dispenses with the extrinsic fact requirement as a distinguishing characteristic between the two classes of libel. Instead, the court emphasizes the probability of harm from the words. In applying the *Hinsdale* test, words will be given their ordinary meaning. If their ordinary meaning reveals no defamation, a plaintiff will have to prove that such words implied another meaning, and as evidence of this implication, must prove that he was damaged. If words, in their ordinary meaning, impute no defamatory character unless the status of the plaintiff is known, then damage is to be presumed since the plaintiff's reputation is damaged among those who are aware of his status.

Consequently, the import of *Hinsdale* is twofold. It has cleared the long muddled distinction between libel per se and libel per quod. Since New York was one of the first states to observe this distinction,³⁹ the law of other states will gain clarity from this decision. More important, *Hinsdale* has provided a new and meaningful distinction between libel per se and per quod. It is submitted that this distinction will do much to make the entire law of defamation more responsive to the interests involved.⁴⁰

Unfair Competition: Injunctive Relief and the Personal Name Exception

Plaintiff, a New York art dealer, sued to enjoin his brother's use of the family name of "Findlay" in the operation of an art gallery.¹ A divided New York Court of Appeals upheld issuance of an injunction, *holding* that, even in the absence of bad faith, one has no right to the trade name use of his own name if the result is exploitation of another's good will. *David B. Findlay, Inc., v. Findlay*, 18 N.Y.2d —, 271 N.Y.S.2d 652 (1966).

39. Henn states that New York was one of the "pioneers" in promoting the libel by extrinsic fact rule. Henn, *supra* note 3, at 16.

40. See FLEMING, TORTS 529 (1957); WINFIELD, TORT 577-83 (7th ed. 1963); Carpenter, *Libel Per Se in California and Some Other States*, 17 SO. CALIF. L. REV. 347 (1943); Donnelly, *The Law of Defamation: Proposals for Reform*, 33 MINN. L. REV. 609 (1949).

1. *David B. Findlay, Inc. v. Findlay*, 47 Misc. 2d 649, 650, 262 N.Y.S.2d 1008, 1009 (Sup. Ct. 1965).

Unfair competition as a cause of action evolved from the willingness of courts to consider the good will of a business as a property right entitled to protection.² While trade symbols which are fanciful, unique, or nondescriptive are given statutory trademark protection,³ other trade symbols—those descriptive of articles or containing personal or geographical names—must comply with certain requirements before statutory or common law protection will be afforded.⁴ To establish a cause of action for unfair competition, the plaintiff must first demonstrate that his trade symbol has acquired a secondary meaning.⁵ Secondary meaning arises if in addition to a word's ordinary meaning it has acquired further significance as a consequence of the public's association of the term with a particular trade affiliation.⁶ Once secondary meaning has been established, the test of infringement is whether the defendant's use of the word created,⁷ or probably will create,⁸ public confusion as to the trade

2. 3 CALLMANN, UNFAIR COMPETITION AND TRADE NAMES § 85.2(a), at 1679 (2d ed. 1950) [hereinafter cited as CALLMANN]. The present concept of unfair competition encompasses statutory trademark law and judicial protection of trade names. See, e.g., *Maas & Waldstein Co. v. American Paint Corp.*, 178 F. Supp. 498, 500-01 (D. Minn. 1959).

3. Trade-Marks Act, 60 Stat. 428 (1946), 15 U.S.C. § 1052 (1963). See also 3 CALLMANN § 66.1.

4. Statutory protection will be afforded these trade symbols once secondary meaning is established. See Trade-Marks Act, 60 Stat. 428 (1946), 15 U.S.C. § 1052(f) (1963).

5. It also must be shown that the trade symbol had actually been used and that it had no previously established meaning in general use. See, e.g., *Howards Clothes, Inc. v. Howard Clothes Corp.*, 236 Minn. 291, 297, 52 N.W.2d 753, 758 (1952).

6. In *Buffalo Yellow Cab Co. v. Baureis*, 132 Misc. 654, 230 N.Y. Supp. 343 (Sup. Ct. 1928), the court indicated that while generally words with primary meanings are public juris, when they acquire a trade significance through business usage, all use by others which conveys such trade significance will be restrained as unfair competition. *Id.* at 656-57, 230 N.Y. Supp. at 346-47.

7. *Harvey Mach. Co. v. Harvey Aluminum Corp.*, 9 Misc. 2d 1078, 1081, 175 N.Y.S.2d 288, 292 (Sup. Ct. 1957). The confusion necessary is that which would cause an "ordinary purchaser" to buy one product in the belief he was buying the other. See *Fidelity Bond & Mortgage Co. v. Fidelity Mortgage Co.*, 12 F.2d 582, 585 (6th Cir. 1926). Although such confusion is most likely if parties are in direct competition, it has been found when the parties deal in related products. See, e.g., *Cook Chem. Co. v. Cook Paint & Varnish Co.*, 185 F.2d 365, 367-68 (8th Cir. 1950); *Tiffany & Co. v. Tiffany's Prods., Inc.*, 147 Misc. 679, 264 N.Y. Supp. 459 (Sup. Ct.), *aff'd*, 237 App. Div. 801, 260 N.Y. Supp. 821 (1932), *aff'd*, 262 N.Y. 482, 188 N.E. 30 (1933). In *Tiffany*, a motion picture company was enjoined from using a name which had become famous in jewel retailing, on grounds that the public might think that the two enterprises were connected.

8. See, e.g., *American Foods, Inc. v. Golden Flake, Inc.*, 312 F.2d

affiliation of a particular product. If infringement is found, the defendant will be enjoined or required to respond in damages.

This general rule protecting a businessman's use of a descriptive word or personal name as a trade symbol has sometimes been limited when a person, in good faith, uses his personal name in his business.⁹ Such junior users have been either immune from suit¹⁰ or ordered to make certain modifications in the use of their names.¹¹ Thus the New York Court of Appeals, in *Meneely v. Meneely*,¹² allowed the defendant to use his own name in business, regardless of the effects upon the business of others with the same name, as long as he acted in good faith. The rationale of this "sacred right" doctrine¹³ was that the right of a person to use his own name in business was a natural right of personality, which was not to be limited by the possibility of harm to another's business.¹⁴ Consequently, without clear proof of a defendant's bad faith, a senior user of a trade name was not protected from appropriation of that name by one whose family name was the same or similar.¹⁵

619, 624 (5th Cir. 1963); *MacSweeney Enterprises, Inc. v. Tarantino*, 235 Cal. App. 2d 549, 562, 45 Cal. Rptr. 546, 555 (C.A. 1965). See also 3 CALLMANN § 82.3(a), (b).

9. *Meneely v. Meneely*, 62 N.Y. 427, 432 (1875). See generally 1 NIMS, UNFAIR COMPETITION AND TRADE-MARKS ch. VI (4th ed. 1947) [hereinafter cited as NIMS].

10. See, e.g., *Brown Chem. Co. v. Meyer*, 139 U.S. 540, 547 (1891).

11. The use of "explanatory phrase" relief has been a favored attempt by the courts to reconcile competing interests. A typical injunction would require the defendant to modify the manner in which he used the disputed name. However, the effectiveness of this relief is highly speculative:

The efficacy of such prefixes [explanatory phrases] obviously is affected by psychological considerations, a surer understanding of which is much to be desired. . . . [S]urely a reading of the long and widespread litigation that has grown out of such names as "Baker" and "Rogers" leads one to question the efficacy of such limitations. And, obviously, halfway limitations inadequate to prevent confusion, propagate litigation, devastating uncertainty in business, and a cynical reaction to the administration of law. . . .

Hat Corp. of America v. D. L. Davis Corp., 4 F. Supp. 613, 622 (D. Conn. 1933). See *Thompson v. Montgomery*, [1891] A.C. 217, 225, criticizing explanatory phrases, noting that "thirsty folk want beer, not explanations."

12. 62 N.Y. 427 (1875). See, e.g., *Thompson Lumber Co. v. Thompson Yards, Inc.*, 144 Minn. 298, 301, 175 N.W. 550, 551 (1919).

13. 3 CALLMANN § 83.3(a)(2), at 1609.

14. *Chas. S. Higgins Co. v. Higgins Soap Co.*, 144 N.Y. 462, 468, 39 N.E. 490, 492 (1895); 1 NIMS § 10, at 67.

15. See *Hat Corp. of America v. D. L. Davis Corp.*, 4 F. Supp. 613, 620-21 (D. Conn. 1933), for comment upon the inadequacy of relief offered in the past. See, e.g., *Baker v. Sanders*, 97 Fed. 948 (E.D. Pa.

Although many courts still require bad faith as a prerequisite to equitable relief,¹⁶ grave doubts concerning the vitality of this limitation have arisen. Several recent decisions have taken the position,¹⁷ later espoused by the Revised Uniform Deceptive Trade Practices Act,¹⁸ that bad faith is *not* a prerequisite to such relief. Illustrative of this change in judicial attitude is the evolution of the law of New York. After one unsuccessful attempt to liberalize the *Meneely* rule,¹⁹ the appellate division in *Sullivan v. Ed Sullivan Radio & T.V., Inc.*²⁰ ignored the issue of bad faith, and followed what it believed to be a trend by enjoining trade name use of an individual's own name, if it "tends or threatens to induce confusion in the public mind"²¹

The *Findlay* court, in accepting the *Sullivan* court's view that even the trade name use of one's own family name should be enjoined when public deception is threatened, stated that the subjective intent of the defendant was no longer relevant. The court would only concern itself with the objective question of whether there was a resultant injury to plaintiff's business.²² By implicitly recognizing the existence of secondary meaning,²³ the court must have been aware of both the public interest in being

1899); *Walter Baker & Co. v. Baker*, 77 Fed. 181, 184 (W.D. Va. 1896). See generally 1 NIMS §§ 70-72.

16. See, e.g., *Crane Co. v. Crane Heating & Air Conditioning Co.*, 299 F.2d 577, 578 (6th Cir. 1962) (Ohio law); *Charles J. Donnelley, Inc. v. Donnelly Bros.*, 198 A.2d 41, 43 (R.I. 1964).

17. *MacSweeney Enterprises, Inc. v. Tarantino*, 235 Cal. App. 2d 549, 45 Cal. Rptr. 546 (C.A. 1965); *King's of Boise, Inc. v. M. H. King Co.*, 88 Idaho 267, 398 P.2d 942 (1965); *Mayo Clinic v. Mayo's Drug and Cosmetic, Inc.*, 262 Minn. 101, 113 N.W.2d 852 (1962); *David B. Findlay, Inc. v. Findlay*, 18 N.Y.2d —, 271 N.Y.S.2d 652 (1966).

18. REVISED UNIFORM DECEPTIVE TRADE PRACTICES ACT (approved July 30-Aug. 5, 1966), enacted in Connecticut, Delaware, Idaho, Illinois and Oklahoma.

19. *World's Dispensary Medical Ass'n v. Pierce*, 203 N.Y. 419, 96 N.E. 738 (1911). The court stated that a junior user may not "through unfairness, artifice, misrepresentation or fraud injure the business of another or induce the public to believe his product is the product of that other. . . ." (Emphasis added.) *Id.* at 424, 96 N.E. at 740. The court thus appeared to add the standard of "unfairness" to the *Meneely* rule. The potentialities of *World's Dispensary*, however, were not realized. See, e.g., *Lucile, Ltd. v. Schrier*, 191 App. Div. 567, 569, 181 N.Y. Supp. 694 695 (1920).

20. 1 App. Div. 2d 609, 152 N.Y.S.2d 227 (1956).

21. *Id.* at 611, 152 N.Y.S.2d at 229.

22. 271 N.Y.S.2d 652, 656.

23. The *Findlay* court did not explicitly state that plaintiff's name had acquired a secondary meaning, but it is plain that the court used that concept. The court also applied the confusion test of unfair competition, which is commonly used to determine whether there has been infringement of a name with secondary meaning.

able to easily identify both the product and its producer, and a businessman's interest in protecting his good will. Clearly these interests are complementary; if there is no public confusion, there will be no damage to good will.²⁴

New York has not been alone in restricting the deference paid to the "sacred right" theory. For example, in *Mayo Clinic v. Mayo's Drug and Cosmetic, Inc.*,²⁵ the Minnesota Supreme Court affirmed an injunction prohibiting use of the personal name "Mayo" in the operation of the defendant's drug packaging and distributing company. The court reasoned that even without fraudulent intent:

. . . a person cannot unfairly use the trade name of another . . . whereby an ordinary purchaser has been or is reasonably likely to be deceived as to the true identity of the goods, services, or business, to the detriment of the plaintiff or the public²⁶

The desirability of this result must be measured in terms of the competing interests involved: the junior user's interest in the trade use of his own name; the senior user's interest in protecting his investment; the consumer's interest in receiving what he intended to purchase; and society's interest in protecting the free enterprise system.

The notion that a junior user's trade use of his personal name is an inherent right of personality²⁷ is outmoded. As has been argued:

In an age when by corporate activity, mass production, and national distribution, the truly personal element has been so largely squeezed out of business, there is naturally less legitimate pecuniary value in a family name. Any other name is as valuable and as available for all legitimate purposes. Formerly, before the age of advertising, when good will in business was

24. 271 N.Y.S.2d 652, 656-57. The *Findlay* court did not seem to consider directly the public's interest in not being deceived; it only considered public confusion as a means of determining the extent of plaintiff's interest. For a consideration of a secondary meaning and public interest, see generally Stern & Hoffman, *Public Injury and the Public Interest: Secondary Meaning in the Law of Unfair Competition*, 110 U. PA. L. REV. 935 (1962).

25. 262 Minn. 101, 113 N.W.2d 852 (1962).

26. *Id.* at 107-08, 113 N.W.2d at 853. See *Howards Clothes, Inc. v. Howard Clothes Corp.*, 236 Minn. 291, 297, 52 N.W.2d 753, 758 (1952). Decisions in other jurisdictions have reached similar results. See *MacSweeney Enterprises, Inc. v. Tarantino*, 235 Cal. App. 2d 549, 45 Cal. Rptr. 546 (C.A. 1965); *King's of Boise, Inc. v. M. H. King Co.*, 88 Idaho 267, 398 P.2d 942 (1965), wherein the court held that "where the first user seeks only injunctive relief, such user is not required to establish fraudulent intent. . . ." *Id.* at 274, 398 P.2d at 945.

27. *Chas. S. Higgins Co. v. Higgins Soap Co.*, 144 N.Y. 462, 468, 39 NE. 490, 492 (1895).

slowly developed from personal contacts, the situation may have been otherwise.²⁸

Thus, when a personal name is used as a trade symbol, it should now be evaluated in economic terms rather than as an expression of personality.

Perhaps the strongest interest is that of the senior user in protecting his trade symbol from confusion. An entrepreneur who develops a new product can profit from his efforts only by developing a market, which requires creation of a continuing consumer interest in his product. Thus, an innovator must first inform the public of the existence and merits of his product through advertising. Once consumers have tried his product and have been satisfied with its performance, he must continue his efforts to build consumer interest and good will. Often an integral factor in this market building process is development of a well-known trade symbol. However, to the extent that there is trade symbol confusion, an innovator's attempts to build a market for his product are defeated. It is only equitable to protect the senior user's investment.²⁹

Misappropriation of trade symbols also thwarts consumer interest in receiving what was intended to be purchased.³⁰ In recent years, the public's interest in having trade names which are not confusing has probably increased because of the increase in the number of products on the market. When confusing trade

28. *Hat Corp. of America v. D. L. Davis Corp.*, 4 F. Supp. 613, 623 (D. Conn. 1933).

29. Society also has an interest in protecting this investment in good will. The incentive to innovate and improve products might be dampened if a businessman is not assured that the good will enhanced by such activities will accrue to him. Compare the policy behind the granting of patents and copyrights under U.S. Const. art. 1, § 8, cl. 8. In *Kindall v. Winsor*, 62 U.S. (21 How.) 322 (1858); the Court stated that: [T]he benefit to the public or community at large was another and doubtless the primary object in granting and securing that monopoly. This was at once the equivalent given by the public for benefits bestowed by the genius and meditations and skill of individuals, and the incentive to further efforts for the same important objects. . . .

Id. at 328. See also *Grant v. Raymond*, 31 U.S. (6 Pet.) 218 (1832); *Miller v. Hayman*, 18 C.C.P.A. (Patents) 848, 46 F.2d 188 (1931).

30. The Fair Packaging and Labeling Act, 80 Stat. 1296 (1966), and Amendment to the Federal Food, Drug and Cosmetic Act, 76 Stat. 780 (1962), 21 U.S.C. §§ 301-92 (Supp. 1966) are examples of statutes protecting such interest. *Mayo Clinic v. Mayo's Drug and Cosmetic, Inc.*, 262 Minn. 101, 113 N.W.2d 852 (1962), provides an example of an instance where the possible harm to the public could be great. Consumers might well have relied upon the name "Mayo" in purchasing drugs whose quality had no relationship to the medical and research facilities of the Mayo Clinic. *Id.* at 107, 113 N.W.2d at 856.

names exist, consumers have difficulty distinguishing between goods. Thus, because of the expansion of mass production and consequent large scale consumer identification with trade names, it would seem that society's need to prevent confusion of trade symbols should transcend the personal interests of individual competing businessmen.³¹

Finally, society has an interest in protecting the system of free enterprise. Under this system an efficient allocation of economic resources requires that consumption accurately reflect demand. Thus, if two products which can be used for the same purpose differ in quality, and consumer preference is for the one of higher quality, resources are allocated efficiently if used to produce the preferred product. If through confusion of trade symbols consumers are led to purchase the product of lesser quality, consumer purchasing does not reflect quality and the economy has no valid feedback by which resources can be allocated efficiently.

In abolishing the requirement that bad faith be shown before a junior user's utilization of his own name will be enjoined, *Findlay* and kindred decisions have more realistically weighed the competing interests. As a result, these courts have placed less importance upon a junior user's interest in using his name as a trade symbol. Rather, the emphasis has switched to the consumer's and society's interests which complement the senior user's interest in receiving a full return on his investments in good will, advertising, and innovation.³² Thus, in the future, courts will undoubtedly be more responsive to prayers for injunctive relief against infringing trade use of personal names, even in the absence of bad faith.³³

31. See S. REP. NO. 1333, 79th Cong., 2d Sess. 3 (1946). See generally DOLE, TERRITORIAL TRADEMARK RIGHTS AND THE ANTITRUST LAWS (1965)

32. See generally Stern & Hoffman, *supra* note 24.

33. Hopefully, more liberal use will be made of absolute injunctions against use of personal names to provide effective protection where explanatory phrases can not. Such relief, limited to the area in which confusion is likely, could make evasion of the spirit of the injunction difficult. Also, by barring completely the use of a trade symbol confusingly similar to plaintiff's, other persons having names deceptively similar to senior users, will be discouraged from an attempt to "pass off" their products as those of senior users. See *Hat Corp. of America v. D. L. Davis Corp.*, 4 F Supp. 613, 623 (D. Conn. 1933); Comment, 40 CALIF. L. REV. 571, 583 (1953).