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Richard C. Peeples v. Elliott Wolfe, Richard L. Mcgillis and Wolfe'S Sportsman'S Headquarters, A Co-Partnership : Brief of Respondent

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IN THE SUPREME COURT OF THE STATE OF UTAH

RICHARD C. PEEPLES,
Plaintiff and Respondent,

vs.

ELLIOTT WOLFE, RICHARD L. McGILLIS and WOLFE'S SPORTSMAN'S HEADQUARTERS, a Co-partnership,
Defendants and Appellants.

Case No. 10537

BRIEF OF RESPONDENT

Appeal from the District Court of Salt Lake County, State of Utah
Honorable Bryant H. Croft, Presiding

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TABLE OF CONTENTS AND STATEMENT OF POINTS

TABLE OF CASES AND AUTHORITIES

CASES CITED

Page

AUTHORITIES CITED

STATUTES CITED

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STATEMENT OF KIND OF CASE

This case is an appeal from a permanent injunction issued against appellants, in an action brought for an injunction and for an accounting and damages.

DISPOSITION BELOW

The question of damages having been reserved, the defendant's appeal from an injunction issued in respondent's favor.

RELIEF SOUGHT ON APPEAL

Plaintiff-respondent prays for affirmance of the order below.

STATEMENT OF FACTS

Appellants' statement of facts is substantially correct except as to the following observations:

The respondent has engaged in a small, well known and personalized sporting goods business in Salt Lake City for many years. The respondent, having been a partner in "Al's Sporting Goods" from 1946 (R. 18), purchased the entire interest in 1957 (R. 18), when the only other partner died. The respondent continued as a sole proprietor in the operation of "Al's Sporting Goods" until, because of business adversity, he was compelled to execute an assignment for the benefit of his creditors.

As to respondent's indicated intent, insofar as it purports to express that the trade name and good will were expressly transferred under the assignment for the benefit of creditors, (Ex. 1; See Appellants' Brief at 5, 6) the reply on cross examination should be viewed in the context of the complete record on that point. Respondent expressly stated that he would not sell the trade name (Tr. 59).

After the assignment, the assignee advertised for bids in order to liquidate the inventory and fixtures in satisfaction of creditor's claims. The notice sent to prospective purchasers stated that "bids will be accepted for all assets or separate offers on the merchandise and fixtures. . . . " Appellants, in response to the notice, submitted the high bid for " . . . the merchandise inventory and fixtures of Al's Sporting Goods, signed, 'Eliott Wolfe' " (Ex. P-20, Tr. 130). Appellants, being high bidders, received a bill of sale from the assignee, listing only "furniture, fixtures and merchandise as per inventory list attached . . . " (R. 11-a). The assignee retained an automobile used in respondent's business (Tr. 61), and accounts receivable listed at $25,300.00 (R. 11; Tr. 53, 54), neither of which were bid on by the appellants.

After acquiring the inventory and fixtures, appellant Wolfe, by his own testimony stated "I didn't know what I was going to do" (Tr. 126). On cross examination appellant further testified:

> "Q. You didn't know . . . whether you were going to take the merchandise down to Wolfe's or what?"
>
> A. "That's correct" (Tr. 126).

Subsequently, the appellants reopened respondent's place of business, and held themselves out to the public as "Al's Sporting Goods" (R. 19, 20). Upon receipt of notice and complaint from respondent that the above course of action was unauthorized, appellants acquired a "quit claim" bill of sale from the assignee which purported to transfer " . . . all of the right, title and interest which it (assignee for benefit of creditors) acquired to the trade name . . . " (R. 12).

Appellants continued to hold themselves out to the public as "Al's Sporting Goods," both through their ostensible management of the business and by express advertising in local newspapers (R. 20, Ex. D. 13, 14, 15 and 16). The advertising itself was in all respects identical in form to the advertising used by respondent.

At this point in time, respondent brought suit to enjoin appellants' use of the trade name. Equitable relief was granted in respondent's favor, but not until the end of the Christmas mercantile season on or about December 24, 1965 (R. 21). At about this time appellants had advertised "a quiting business sale," informing the general public that "Al's Sporting Goods" was quitting for good.

ARGUMENT

POINT I. RESPONDENT HAS THE RIGHT OF SOLE ENJOYMENT AND USE OF THE TRADE NAME "AL'S SPORTING GOODS."

A. The Nature of Respondent's Ownership.

We are not dealing in property law conceptualizim. A purported transfer does not and cannot transfer "ownership." Rather, what is required is a transfer of that which will give a right of protection to the transferee so that he may reap the rewards of the business "good will," or the "expectation of custom" which a trade name symbolizes. If such a transfer is effective, it follows that the transferee may enjoin its use by others. That he must prove the transfer was effective is the crux of the problem and not that he must establish a "chain of title."

The Supreme Court of the United States in *Beech-Nut Packing Co. v. P. Lorillard Co.*, 273 U.S. 629, 632, (1927), (Per Holmes, J.) expresses the nature of the right to protection of one who "has" a trade name:

> " . . . in a qualified sense the mark is property, protected and alienable, although as with other property its outline is shown only by the law of torts, of which the right is a prophetic summary."

What the owner has is an expectancy (in over-simplified terms), an expectation that there will be a continued "habit of patronage."

The sole question presently before this Court is whether the trial court erred in its finding that the appellants acquired no interest in respondent's trade name by virtue of their purchase of the inventory and fixtures of "Al's Sporting Goods."

Respondent respectfully contends that the general assignment was not intended to be, and never was effective, to "transfer" the trade name. Further, the "transfer" would not be legally effectual even if respondent had expressly intended to, and did, transfer the trade name.

That the wrongful use of a trade name may be enjoined and the rightful owner of the trade name compensated when he has suffered damage, cannot be questioned. This Court has so ruled. *Security Title Ins. Agency v. Security Title Ins. Co.*, 15 Utah 2d 93, 38[illegible] P.2d 691 (1964); *Budget System, Inc. v. Budget Loan and Finance Plan*, 12 Utah 2d 18, 361 P.2d 512 (1961).

B. The General Assignment Was Not Effective to Transfer Respondent's Trade Name.

Appellant's contention that the general assignment for the benefit of creditors effectively transferred the trade name is unwarranted both in reason and authority.

The express terms of the assignment are not in dispute. A perusal of those terms indicates that what was transferred were respondent's physical assets; those convertible to cash and distributible to respondent's creditors (Ex. 1). Such is the purpose of a general assignment for the benefit of creditors. See UTAH CODE ANNOTATED, 1953, § § 6-1-1, *et, seq.*

Where current assets are named with particularity, and a savings clause is appended assigning " . . . all other chattels of every name, nature and description . . . " the transferor cannot be said to have transferred his entire interest. The use of the word "chattels" can hardly be deemed to embrace the trade name or good will.

Appellant relies on cases where the language of the assignment purported to convey "all property"

(Dr. S. A. Richmond Nervine Co. v. Richmond, 159 U.S. 293, 296 (1895), or "all property and effects . . . (Hegeman & Co. v. Hegeman, 8 Daley 1 (N. Y. Common pleas, 1880)), or " . . . property, and effects of every kind . . . " (Bank of Tomah v. Warren, 94 Wis. 151, 68 N.W. 549 (1896)). These decisions are clearly distinguishable.

Not only was the language of assignment in the above cases much broader than " . . . all other chattels . . . ," but two further elements were met: First, in every case allowing such a transfer, the court found a necessary element of non-deception; and, secondly, the business itself, as a going concern, must have been the subject-matter of the transfer in order to include the trade name, or trade mark.

POINT II. SINCE THE TRADE NAME WAS PERSONAL ITS USE MAY BE ENJOINED EVEN IF THE GENERAL ASSIGNMENT PURPORTED TO OPERATE AS A TRANSFER.

The trade name has value, under the facts at bar, only (1) by respondent's future use thereof, or (2) by appellants' actual piracy and use to their own benefit.

Under different facts, a trade mark or trade name may have market value standing alone and could be sold singularly to a high bidder or a creditor. Such was the case in *Leventhal v. Ollie Morris Equip. Co.,* 184 Cal. App. 2d 553, 7 Cal. Rept'r 911 (1960), and in similar cases where a sale has been recognized the trade name or mark was of a "non personal" nature.

In *Falk v. American West Indies Trading Co.*, 180 N.Y. 445, 73 N.E. 239 (1905), the user of a mark in connection with the manufacture of cigars purported to assign the mark to another upon going out of business. The assignee of the mark used it as it had been used before without making any indication that he had succeeded the original user. Subsequently a third party began using a similar mark. The assignee sought protection in equity, but he was denied relief because the transfer was found ineffective. The court pertinently states:

> "There is no allegation, proof, or finding in this case that the plaintiffs, upon the execution of the writing referred to or at any other time, succeeded in any way to the business of the assignor or any part of it, or to the good will to which up to that time the trade mark had been attached. It was, as already suggested, simply a written transfer of the naked trade mark and labels detached from the business in which it had been theretofore used, and when used by the plaintiffs no longer denoted or distinguished the article or business to which it had been attached. We do not say that the principle above suggested would apply to an assignment of all trade marks made in a similar way. There are doubtless, some trade marks that consist of words that identify an article produced by some secret process and without the use of which the article could not be described. In other words, the name used may be inherent in the article itself and is not used

as in this case to distinguish one cigar from another. The celebrated cordial, which is in use the world over, known as 'Chartreuse' is a sample of a trade mark, the bare assignment of which might confer upon the assignee the right to manufacture and sell that article. Other examples might be cited that would not come within the rule above suggested, but in the case at bar the trade mark was originally adopted by the Lichtensteins to distinguish a cigar manufactured by themselves. The trade mark in their hands represented their own article, their own skill and business experience. When used by the plaintiffs in their business it does not truly denote anything of the kind and the plaintiffs' claim really is that they have acquired the right to sell their own goods as the goods of someone else" (73 N.E. 239, at 451).

If respondent, in the instant case, expressly had made reference to his trade name in the assignment and if the appellants had held themselves out to the consuming public as having become the successor of the original user of the trade name, then the facts might support appellants' view. Such is not the case, even assuming that the trade name were non-personal and, hence, assignable.

Where the trade name connotes a reference to the goods, and the quality of the goods do not depend on the skill or trust of the person preparing or selling the same, then free and separate transferability is generally recognized. This is because there is no consequent public deception. On the other hand, if the truthful connotation disappears after the purported transfer, the transferee invariably will be enjoined from its future use, and, the transfer will be found ineffective. The truthful connotation disappears entirely in cases where the trade name has been deemed "personal."

A personal element may exist in good will of any kind, and this element does not pass to a purchaser or assignee of the business. The Alabama court in discussing the sale of a cafe, said that the personal presence, reputation, management and manner of the seller may have contributed to the creation of the good will attached to the cafe. The court cogently remarked: "Now, on a sale, in the nature of things, this personal element is withdrawn. The purchaser takes the results of past endeavors in building a business, which he is entitled to take as it is, but unaided by the continuing services of the seller. The personal experience, skill and reputation of the seller remains his, and cannot pass as a part of the good will of the business." *Collas v. Brown,* 211 Ala. 443, 100 So. 769, 770 (1924). In this case the instrument of conveyance recites "... all leases, goods, wares, merchandise, good will and paraphenalia therewith connected," of the American Cafe.

The rule is likewise well stated in 1 Nims, *Unfair Competition and Trade Marks,* 4th Ed., p. 96:

> "The good will attached to certain trades or professions of certain types is not transferrable as where it depends entirely upon the personal reputation, art, skill and experience of its creator and owner, and is connected and associated

with him alone and with his name. Such good will cannot be assigned and does not survive the owner. * * * This rule applies not only to the personal, family name of the owner of the good will, but also to a trade name under which he practiced his profession. . . . "

In *Buffalo Oyster Co. v. Nenno,* 132, Misc. 213, 229 N.Y. Supp. 210 (1928), Mr. Nenno entered into the fishing business and continued in the trade for many years. For financial reasons he was forced to make a general assignment of his assets. The stock in trade was sold to the Buffalo Oyster Co., Inc. Shortly after Buffalo's purchase of the stock the assignee for benefit of creditors executed a second written instrument describing "the good will of Nenno and Co., Inc." and it was delivered to the plaintiff (not unlike the instant case). The court, in determining the right of Buffalo Oyster Co. to enjoin the use of the trade name, squarely based its decision on the rights obtained by the plaintiff by virtue of the conveyance from the assignee. The court reasoned that where Nenno's transfer was involuntary, he is free to "again establish himself in a similar business to solicit his old customers" (229 N.Y. Supp. 213). Since the selection or handling of seafood involved an element of skill, experience and reputation upon which consumers relied, the court concluded that the assignee of the good will could not use the name. The court said that, " . . . [we] will not permit a name or good will to be used to mislead the public as to whom they are dealing with, when it would be to their injury to deal with one other than the one with whom they intended to deal" (citing World's Dispensary Medic. Ass'n v. Pierce, 203 N.Y. 419, 96 N.E. 738 (1911). The court further observed that the public interest was involved because " . . . they have come to rely upon his skill and experience and his reputation and that these factors were known to the public and were a potent factor in bringing the business of the public to the defendant."

It is not the actual use of a given name which is essential to assert the protection sought in the instant case, but rather the association reasonably made by the public between an individual lawfully using the trade name and the name itself. In *Reconstruction Finance Corp. v. J. G. Menihan Corp.*, 22 F. Supp. 180 (D.N.Y. 1938), the court observed as follows: "Even the name of a person can acquire a meaning of long association with the product so that the use of the name unexplained with another similar product will have the effect of deception. . . . Descriptive words may acquire by use a secondary significance which is susceptible of ownership and entitled to protection in equity" (22 F, Supp. 180, 183).

In cases recognizing a transfer, the key guideline is the exact nature of the trade name's purpose, *i.e.*, that which make its valuable.

The factor which we must keep in view is that trade marks and trade names serve various purposes. The only common factor is that they give rise to a "habit of patronage." Various factors, in turn, giving rise to this "habit of patronage," may include in any combination, (a) matter of place, (b) matter of the person dealt with, or (c) matter of particular name or to goods with a certain mark, without regard to any other factor, because the goods have been found satisfactory.

An analysis of the cases on this point clearly shows that the question of transferability turns on the various functions of the mark or name. The key to the problem then turns on the consideration "will the consuming public be deceived?"

In every case analyzed by appellants, where deception was likely, the transfer was prohibited or not recognized. This key concept was also recognized by the trial judge below (Tr. 110).

The test, then, as to whether the truthful connotation disappears after the purported transfer, turns on an analysis of the facts in each case. Clearly, where the trade name has been used throughout the years so that it connotes an identification with a particular person, or identifies satisfactory past experience by that person or through his efforts, or through his agents, then we may deem the trade name "personal." This is the common thread of the cases analyzed in appellants' brief. See 87 C.J.S., *Trade Marks, Trade Names and Unfair Competition,* § 171, p. 503.

This concept is analagous to "secondary meaning," in the law of trade names and unfair competition generally. To be entitled to protection, words in a trade name which are merely generic or geographical must become an embodiment of the owner's reputation and service. In *Security Title Ins. Agency v. Security Title Ins. Co., supra,* this Court held that the words "Security Title" had a "secondary meaning" and had become synonymous with the originator and principal stockholder as if his given name had appeared in the name of the business (387 P.2d at 693).

The respect to which the concepts of "personal trade names" and "secondary meaning" differ is largely factual in application. The ideas upon which these concepts rest, *i.e.* (1) to prevent fraud and deception to the public, and (2) to protect the true owner as being the beneficiary of his life efforts, produce the same result.

In the *Security Title* case, *supra,* the emphasis is fund in prevention of an outsider's use, or "pirating" of the name. In our case, the question is *also* whether or not the name could be transferred, even if the true beneficiary desired to do so. Whether or not it could be so transferred is dependent, as we have seen, on the resulting deception to the consumers in the area. This question was decided below in respondent's favor, upon clear evidence fully justifying the conclusion reached by the court.

That the respondent, either personally or through his agents, contributed a large amount of personalized service and advice cannot be disputed; the appellants' own statement of facts would so indicate (See appellants' brief at 2, 3, and 4). Indeed, this may point to some of the contributing factor of respondent's business losses. The smaller, more "personalized" sporting goods stores apparently did not carry the sales volume necessary to compete with the larger "department store" sporting goods stores in the Salt Lake City area (Tr. 52).

Certainly, the reputation and good will which a trade name symbolizes may mean more than merely the name brands of goods available at any particular place. If the product of respondent's life efforts, through advising his customers, "which length ski," or"what kind of shotgun," or that "they have been catching fish on this lure rather than that lure," has value at all, such value is bound up on the connotation "Al's Sporting Goods."

Appellants cannot argue with the trial court's finding that " . . . use by defendants of the trade name 'Al's Sporting Goods' is wrongful and unlawful . . . " (R. 21), and that " . . . [such use] was, therefore, wrongful and misled the public and plaintiff's customers . . . " (R. 21).

The foregoing conclusions are not illogical, as appellant contends, but are express findings that lead to the ultimate decision of the case. That is, the trade name "Al's Sporting Goods" has substantial value in the market place to either the respondent, or to anyone else. But, its value in the hands of any person other than respondent depends solely on having potential customers confuse the other person's business with that of the respondent's. The conclusion follows that respondent is the *only* person in the Salt Lake City area entitled to be protected in the use of the trade name "Al's Sporting Goods."

In a New York case, *In re Adams,* 24 Misc 293, 53 N.Y. Supp. 666 (1898), the court, dealing with almost identical facts, enjoined the assignee for the benefit of creditors from selling an alleged trade mark with the other assets, stating: "If his name is of value as a trade mark, it was made so by the skill and energy with which he associated the name in his conduct of the business prior to the assignment. If it shall now forever be transferred to a stranger to be used, by an involuntary transfer so far as Robert Adams is concerned, and alone by force of an assignment of the name by the general assignee, whose duty ends with the conversion of the property of the assignor into money for the payment of debts, then we have the case of a stranger using a name not associated with his own business solely by force of the assignment, while the assignor himself is debarred forever from using his own name in his future efforts to retirieve his fortunes. . . ."

POINT III. A TRADE NAME OR TRADE MARK IS INSEPARABLE FROM THE GOOD WILL OF A BUSINESS, AND CANNOT BE TRANSFERRED EXCEPT WITH THE BUSINESS ITSELF.

The facts of the instant case show a purchase by appellants of stock in trade, inventory and fixtures from the assignee for benefit of creditors. Other assets, including a vehicle and accounts receivable, were not transferred. There is no evidence whatever that would support the proposition that the business, as a going concern, was transferred or sold to appellants. Of course, no mention was made either in the offer of purchase or the conveyance of sale to the trade name or good will of respondent's business (Tr. 138, Ex. P. 20).

With respect to the severability of the trade name (good will) from the business itself, I Nims, *Unfair Competition & Trade Marks, Supra,* § 17 at 85, observes: "Good will may not be sold or transferred separate from the business with which it is associated; and a trade mark or trade name cannot be transferred separate from the good will which it represents. Therefore, a trade mark or name may not be transferred except with the business of which it is the outward sign." See also *MacMahan Formacle Co. v. Denver Chemical Mfg. Co.,* 113 Fed. 468, 474 (8th Cir., 1901).

In *Ward Chandler Bldg. Co. v. Caldwell,* 8 Cal. App. 2d 375, 47 P.2d 758 (1935), the Hudgen's did business as "Hudgen's Permanent Wave Shop" and thereafter sold the business, including the trade mark, to the defendant Mildred Caldwell. Later, plaintiff secured a judgment against Caldwell for rent and had a receiver appointed to take the interest of the defendant and the good will and trade mark of the "Hudgen's Permanent Wave Shop" and to sell the same. The phinciple issue was whether or not the trade name and trade mark could be sold or assigned except in connection with the sale of the business. The court observed that under the circumstances of the case a property right attached to the name which the law would recognize and protect *and that it cannot exist separately from the business* to which it belongs and with which it is identified, it not being a species of property and cannot be sold and transferred as such. The Court observed that the trade mark in issue was personal and from its inception that it " . . . indicated to the public that the personal care and skill of the Hudgen's were exercised in producing the goods and rendering the services sold."

The California court further reasons that, " . . . if the bare right of user could be transferred, the name or mark would no longer serve to point out and protect the business with which it has become identified, or to secure the public against deception, but would tend to give a different business the benefit of the reputation established by the business to which the name had previously been applied" (47 P.2d at 760). The court recognized that, " . . . the general rule is that a personal trade mark or trade name is not assignable." The court then stated that there is but one exception to the rule. They said, "an exception to the general rule has been made where the mark or name has been so employed as to be deprived of its personal nature and has comto indicate that goods bearing it are of a certain standard, kind or quality or are made in a certain manner or after a certain formula."

This essentially is the same line of reasoning adopted by the New York court in *Falk v. American West Indies Trading Co., supra,* and is the basic underpinning for the California decision allowing a trade mark's existence separate and apart from the business. See *Leventhal v. Ollie Morris Equip. Co., supra.*

1 Nims, *Unfair Competition & Trade Marks, supra,* § 18, at 96, speaks of breaking the continuity of business reputations upon which customers are likely to reply. "The common law has long forbidden naked assignment or other transfers or trade symbols independently of the good will which they represent, because such transactions are likely to break the continuity of reputation and thus, deception of those who have come to rely on such trade marks and symbols and a good will which they represent."

In *Holley Milling Co. v. Salt Lake & Jordan Mill & Elevator Co.,* 58 Utah 149, 197 Pac. 731 (1921), the plaintiff sought an injunction, asserting the wrongful use of his trade mark. The defendant operated two milling plants, one in North Salt Lake and the other in South Jordan. The parties entered into an agreement whereby the defendant agreed to sell the North Salt Lake plant to the plaintiff. The conveyance described the buildings and improvements. The plaintiff, after the sale, undertook to use the trade name and trade mark of the defendant describing its products as "White Fawn" flour brand. The court held the terms of transfer did not include the trade mark and to hold such would produce difficulty which "might lead to disastrous results." The court observed further that if a trade mark is expressly transferred it must be done ". . . by acquiring the good will of the business in connection with which the trade mark is used, and of which it is a part. Where it has been held that the trade mark passed, the vendee has always acquired the good will of the business purchased, and, as a general rule, the vendor has retired from the business."

The foregoing cases recognize two separate grounds for not giving effect to an assignment or transfer of a business trade name. That the consuming public is deceived is one factor, and is the subject matter of respondent's Point II, *supra*. The second, and independent factor, is the recognition of the true owner's right to protection of his life-time effort, or "work product," in the compensatory sense. In ***Budget System, Inc. v Budget Loan & Finance Plan, supra,*** the plaintiff successfully enjoined the defendant corporation's use of the name "Budget." This court said that there is an apparent "desire in defendant to appear as plaintiff for the purpose of benefiting from the good will and reputation which plaintiff claimed it had developed over the years . . . " (12 Utah 2d at 21). The court also recognized the element of public deception where customers may buy "in reliance upon a name, reputation, brand, . . .

a buyer purchases what has theretofore pleased him. If, because of a similation as to one . . . of those features, he gets something different . . . it may truly be said that he has been defrauded" (12 Utah 2d at 21).

But, in the *Budget* case it was assumed, *arguendo,* that there was no fraud. Thus, the basis for affirmance rests primarily on the principle of protecting plaintiff's rights rather than benefiting the public by protecting them from fraud.

Judge Learned Hand in *Emerson Elec. Mfg. Co. v. Emerson Radio & Phonograph Corp.,* 105 F.2d 908 (2d. Cir. 1939) spoke of the varied interests involved in a trade name infringement case, including the interest of the owner in sales of the product by the infringer. The other interest was described as follows:

> "The other interest is the plaintiff's general reputation which goes with his name. Buyers from the putative wrongdoer may also buy from the plaintiff, and many confuse the two; the plaintiff will not wish to expose his reputation to the chances of the wrongdoer's conduct of his business" (105 F.2d 108, 110).

Judge Hand goes on to reason that the interests, though contingent, are substantial enough to justify protection. Obviously, his reasoning depends on the element of deception, or at least the chance of possible mistakes by the public. However, by his reasoning, the right of protection runs to the true owner of the mark or name, and *not* to the public in general.

POINT IV. RESPONDENT CANNOT BE DEEMED TO HAVE ABANDONED HIS TRADE NAME BECAUSE OF FINANCIAL DIFFICULTIES WHICH CAUSED HIM TO SUSPEND OPERATIONS.

Whether the respondent can be deemed to have abandoned his trade name would depend upon all of the evidence relating to the manner in which the business operation was suspended, whether he transferred the trade name and whether subsequent events make it impossible for him to resume business in his trade name.

"Al's Sporting Goods" is an honored name in the business signified, and the plaintiff, by his special and unusual skill, knowledge and reputation, made the name a valuable and inseparable part of himself, and it makes no difference that the business has been suspended by his insolvency because his trade name " . . . is his capital for a new beginning." *Mattingly v. Stone,* 12 Ky. L. Rep. 72, 14 S.W. 47 (1890).

The mere suspension of business operations because of financial difficulties does not support the contention that respondent abandoned his trade name (see annotation, 3 A.L.R. 2d, 1226, at 1246, and cases cited therein).

In a suit to enjoin trade name infringement it is the "trade," *and* the "bare-name," which must be totally and irrevocably abandoned in any event. The R.F.C., a government agency, became the owner of substantial part of a shoe manufacturing business by virtue of its secured interest when the business defaulted on its loan payments. The R.F.C. paid a separate consideration to the trustee in bankruptcy for "... real estate, fixtures, machinery, ... equipment, all trade marks, together with the good will of the business ... and such right as the bankrupt had to use the name(s)...."

R.F.C., not being able to sell the entire business, as a going concern, began liquidating the assets to separate purchasers. The bankrupt, some six years later, began manufacturing shoes under the same trade names, "Arch-Aid" and "Menihan." R.F.C., not yet having sold some of the bankrupt company's assets, including the trade marks and trade names, brought suit to enjoin the original owner's use. *Held,* on the merits, the complaint should be dismissed. *Reconstruction Finance Corp. v. J. G. Menihan Corp.,* 28 F. Supp. 920 (D.N.Y. 1941), *aff'd,* 312 U.S. 81 (1941). Thus, after some six years in time after their financial problems, the original owners were allowed to begin anew, using the same trade name. The court reasoned that R.F.C., did not abandon the trade names because it never acquired them, thus avoiding the question of separating the "going concern" from the "trade name" in gross. The court did, however, recognize the rule that:

> "The sole function of a trade mark being to indicate the origin or ownership of the goods, it

> cannot exist apart from the business to which its use is incident."

The Supreme Court of the United States in Beech-*Nut Packing Co. v. Lorillard Co., Supra,* has held that abandonment can only be shown where the intention of the owner is clear and unequivocal, but where the intention to abandon is not clear, no abandonment can be found. See also *E. I. du Pont de Nemours* & Co. *v. Celanese Corp.*, 167 F. 2d 484 (1948).

The instant case is devoid of evidence of an intention to abandon plaintiff's trade name, and in the absence of some express intention to do so, such an intention cannot be inferred.

CONCLUSION

The question presented is whether or not, where the bare right to use a trade name is allegedly transferred, will such a transfer give a different business the benefit of the reputation established by the business to which it has become a synonym, and in deception of the public?

Such a question is largely a problem of factual analysis under the different circumstances of different cases. The trial court below, as the only logical conclusion from its findings, determined the question in favor of the respondent.

Such a decision, supported by clear evidence, is accordance with all reasoned authority. It is also a decision which respondent respectfully requests this court to affirm.

Respectfully submitted,

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