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William Garth Seegmiller and Marjorie Seegmiller dba Mademoiselle Beauty Salon v. Al Hunt dba Mademoiselle Coiffures : Brief of Appellants

Utah Supreme Court

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IN THE SUPREME COURT OF THE STATE OF UTAH

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WILLIAM GARTH SEEGMILLER
and MARJORIE SEEGMILLER, dba
MADEMOISELLE BEAUTY SALON,
or MADEMOISELLE SALON OF
BEAUTY,

Plaintiffs—Appellants,
vs.

AL HUNT, dba MADEMOISELLE
COIFFURES,

Defendant — Respondent.

Case No. 9933

Supreme Court, Utah

APPELLANTS' BRIEF

Appeal from the Judgment of the
2nd District Court for Weber County
Hon. CHARLES G. COWLEY,
Judge

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IN THE SUPREME COURT OF THE STATE OF UTAH

WILLIAM GARTH SEEGMILLER
and MARJORIE SEEGMILLER, dba
MADEMOISELLE BEAUTY SALON,
or MADEMOISELLE SALON OF
BEAUTY,

Plaintiffs—Appellants,

vs.

AL HUNT, dba MADEMOISELLE
COIFFURES,

Defendant — Respondent.

Case No. 9933

APPELLANTS' BRIEF

STATEMENT OF NATURE OF CASE

This is a case involving both the Utah Statute applicable to trademarks (Title 70, Utah Code Annotated) and the common law of trademarks, tradenames, and unfair competition.

Plaintiffs are the owners of a registration in the State of Utah of the trademark "MADEMOISELLE" issued to plaintiff June 2, 1961, for use in connection with "beauty salon and supplies." The registration is based on first use of the mark at least as early as May 1, 1959 on beauty salon cosmetics, such as hair styling spray, and in connection with beauty culture services such as are performed in beauty salons.

Plaintiffs' common law rights are based on first adoption and use in and throughout the State of Utah of the word "MADEMOISELLE" as a trademark and as a trade or business name.

DISPOSITION IN THE LOWER COURT

The case was tried to the court, sitting without a jury. The court refused to grant the injunction as prayed for by plaintiffs and found the registration of the trademark "MADEMOISELLE" by plaintiffs to be invalid.

RELIEF SOUGHT ON APPEAL

Plaintiffs seek reversal of the judgment of the lower court and judgment in their favor declaring their registration with the Secretary of State of the State of Utah valid and enjoining and restraining the defendant from using the name "MADEMOISELLE" in the State of Utah.

STATEMENT OF FACTS

William Garth Seegmiller and Marjorie Seegmiller, his wife, began operation of the Mademoiselle Salon of Beauty in Provo, Utah, on or about May 1, 1959 (Tr. 6, Plaintiffs' Exhibit "A," 1-3-63) and at that time commenced the sale of hair styling spray in pressurized cans bearing labels imprinted with the trademark "MADEMOISELLE" (Tr. 13, Exhibits "A" 4-5-63, "B," and "C"). On June 2, 1961, the mark was registered with the Secretary of State of the State of Utah, and a Certificate of Trademark Registration was issued to plaintiffs.

Plaintiffs were licensed for the years 1959, 1960, 1961, and subsequently with the Department of Business Regulations of the State of Utah (Tr. 12, Exhibit "F," Exhibit "J," 4-5-63, Tr. 195), such licenses being in the name of Mademoiselle Salon of Beauty (William Garth and Marjorie H. Seegmiller). Plaintiffs held a grand

opening of their beauty salon on or about May 23, 1959 (Exhibit "J," 4-5-63, Tr. 24). The salon has since been clearly and brilliantly marked and identified by a large neon sign (Exhibit "F", 1-3-63, Tr. 9, 12).

Prior to the time defendant began business in Ogden, Utah, plaintiffs advertised extensively over KFOR-TV, the range of broadcast of which included Weber, Morgan, Cache, Salt Lake, Rich, and other counties (Exhibit "F", 4-5-63, Tr. 88, 158, 159). Plaintiffs also advertised over radio stations KOVO and KEYY of Provo, Utah (Tr. 26, Exhibit "L"). KOVO could be heard all over the State of Utah at nights (Tr. 26). Plaintiffs advertised MADEMOISELLE SALON OF BEAUTY in the Daily Herald of Provo, Utah, a newspaper of general circulation in the State of Utah, and in the Brigham Young University Daily Universe (Tr. 14, 15, 16, 25, Exhibits "D", "E", and "M"). The B.Y.U. Universe was distributed to about 12 to 13 thousand students from practically every state in the Union (Tr. 16, 17). Plaintiffs advertised in the telephone directories covering Utah County and Nephi, in Juab County, in 1960, 1961, and 1962 (plaintiffs' Exhibits "S", "T", "U", Yellow Pages 24, 26, and 25, respectively, Tr. 69). Prior to June 2, 1961, plaintiffs spent about \$5,500.00 in advertising MADEMOISELLE (Tr. 71).

Plaintiffs were well known throughout the State under the name and style of MADEMOISELLE, and had an excellent reputation (Tr. 93, 105, 106, 107, 109, 128, 130, 131, 133, 135, 136, 146, 147). They have had customers from Brigham City, Ogden, Logan, Centerville, as well as from many other parts of the State of Utah,

and from without the State of Utah (Tr. 76-79, and 149-156). Sales of trademarked containers of hair spray took place in Salt Lake County to an Ogden resident long prior to defendant's use of the name (Tr. 34).

In 1958, and prior to May 1, 1959, at the time the name MADEMOISELLE was selected, there was no other beauty salon in the State of Utah using the name MADEMOISELLE. Plaintiffs had checked with the Utah Department of Business Regulations (Tr. 10, 11), checked telephone directories throughout the State (Tr. 9), and could find no other beauty salon doing business under the name or style of MADEMOISELLE (Tr. 22).

On or about May 19, 1961, defendant, Al Hunt, began business in Ogden, Utah, under the name of MADEMOISELLE COIFFURES (Tr. 7, 41). Defendant ordered a sign for his business on or about April 1, 1961 (Tr. 41).

The name MADEMOISELLE was and is distinctive (Tr. 109, 120), and confusion has resulted between plaintiffs' and defendant's businesses (Tr. 120). The court correctly found that the plaintiffs' and defendant's tradenames were similar and would be confusing, but incorrectly found that the two companies are operating in different trade areas and that they are not in competition with each other (R. 12).

Defendant claimed that he had not heard of the use by plaintiffs of the name MADEMOISELLE before June 2, 1961 (Tr. 41); then admitted that he had known of it shortly after the defendant opened his business (Tr.

42), and then finally admitted that it had been mentioned to him that there was a MADEMOISELLE SALON in Provo, Utah, about the time the defendant opened his business in Ogden, Utah, (Tr. 186). The Defendant had discussed the name of MADEMOISELLE with a Mel Greenhalgh, a salesman for the Peerless Beauty and Barber Supply, Salt Lake City, before the shop opened and at the time Defendant first contacted Mr. Greenhalgh to order his equipment (Tr. 51, 184, 185). Mr. Greenhalgh was salesman for Peerless Beauty and Barber Supply (Tr. 97); Plaintiffs had been doing business with Peerless Beauty and Barber Supply from the beginning in May, 1959 (Tr. 22, 25, 26).

Plaintiffs brought suit against the defendant for injunctive relief to enjoin the defendant from further use of the trade or service mark MADEMOISELLE and for damages (R. 1, 2). The matter of damages was reserved by the court until the determination of the ownership of the name MADEMOISELLE. The court found that the plaintiffs' and defendant's trade names MADEMOISELLE are similar, and would be confusing, except that the two companies are operating in different trade areas. The court further found that the plaintiffs' registration of their name with the Secretary of State would have given the plaintiffs a right to use their trade name on a statewide basis had it been timely registered; however, the lower court held that, at the time of registration on June 2, 1961, the defendant had previously adopted such name and had not abandoned it and that the adoption was without knowledge of plaintiffs' trade name. The court further found that plaintiffs' registration of their trade-

name on June 2, 1961, after the defendant had also adopted such name, was invalid.

It is from this decision that plaintiffs prosecute this appeal.

ARGUMENT

I

BY REASON OF PRIORITY OF ADOPTION AND USE, PLAINTIFFS ARE THE COMMON LAW OWNERS IN UTAH OF THE TRADEMARK AND TRADENAME "MADEMOISELLE" AS APPLIED TO HAIR STYLING SPRAY AND COSMETICS AND TO BEAUTY SALONS.

a. Acquisition of Basic Rights

In the absence of prior conflicting right, the adoption and use of the trademark MADEMOISELLE by plaintiffs as early as the year 1959 through their sale of hair styling spray in containers bearing labels imprinted with the mark (Tr. 13, Exhibit "C") established a common law right to the mark in plaintiffs.

"Undoubtedly, the general rule is that, as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question."

United Drug Co. v. Rectanus Co.
248 U.S. 90, 100 (1918)

b. Territorial Considerations

It is well recognized that such a right has territorial

limits. Thus, it was held in a somewhat earlier U. S. Supreme Court case, cited with approval in the United Drug case:

“ where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant, unless at least it appear that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like.”

Hanover Star Milling Co. v. Metcalf
240 U. S. 403, 415 (1916)

However, with respect to what constitutes “separate markets wholly remote the one from the other,” the court said:

“Into whatever markets the use of a trade-mark has extended, or its meaning has become known, there will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress.” (pp. 415, 416).

The extent of use in an area to create the right and warrant the protection need not be large in the instance of a technical trademark.

“In case of a technical trade-mark as here dealt with (Sweet Sixteen for dresses), while there must, of course, be some user in trade in the disputed field of trade, the quantum thereof need not be large.”

Sweet Sixteen Co. v. Sweet “16” Shop
15 F. 2d 920, 925 (CCA8, 1926)

In the cited case, wherein the defendants in Salt Lake City were enjoined from continuing use of the name

“Sweet ‘16’ Shop” for a dress shop, even though the original California appropriators of the trademark “Sweet Sixteens” and the tradename “Sweet Sixteen Company” had no store in Utah and had made only a total of eight mail order sales over a period of about two years during the circulation in Utah of out-of-state newspapers containing its advertisements and the distribution by it of a quantity of mail order catalogues, the court referred to the Hanover Star Milling and United Drug cases (*supra*) as follows:

“Obviously, the trade-marks under discussion in the Hanover and Rectanus Cases were likewise technical trade-marks, but in neither of the latter cases had there been any sales, advertisements of goods, or user whatever by complainants therein in the territory there in controversy.” (p. 925)

c. Nature and Use of Plaintiffs’ Mark

In the present case, it is obvious that the mark **MADEMOISELLE** is a technical trademark on the same basis that the court in the Sweet Sixteen Case (*supra*) regarded **SWEET SIXTEEN** as such. In fact, the lower court expressly found this so by its holding that plaintiffs’ Utah State Registration would have been valid if made prior to defendant’s adoption of a similar mark. Moreover, even though the lower court gave as one of the reasons for its decision adverse to plaintiffs that “the two companies are operating in different trade areas and are not in competition with each other,” this is apparently based on consideration of the service aspect of the case without due regard for the trademark or tradename aspect, as in the Sweet Sixteen case.

It cannot be denied that the evidence clearly shows penetration and use of plaintiffs' trademarks in Salt Lake and Davis Counties (Tr. 34) and at least extension of the reputation of both trademark and tradename into those and other neighboring counties (Tr. 13-19, 26, 76-80, 83-87, 91-93, 128-131, 134-136, 146, 149-156, 174, and 175. Exhibits "B", "C", and "G") prior to defendant's adoption of the mark, thereby establishing extended rights as contemplated by both the Hanover Star Milling and the Sweet Sixteen cases.

d. Knowledge of Plaintiffs' Name by Defendant

Though the Sweet Sixteen case is much cited as precedent for an exception to what has been termed the general rule of the Hanover Star Milling case, because the court found the defendants to have known of the plaintiff's use of its name before actual use by such defendants of their infringing name, and, therefore, to have selected the name "with some design inimical to the interests of the first user," careful analysis of the facts shows that the differences there and here are very small even though the lower court apparently found against plaintiffs on this issue.

Thus, the defendants, there, received telegraphic notification from the plaintiff only four days before issuance of a certificate of registration to them by the State of Utah, and, though they had not actually commenced business, it is apparent that they had filed for registration at least ten days previously under the then existing Utah law requiring publication once a week for two successive weeks. There was no other evidence of knowledge by the

defendants of the plaintiff's activities, although the circuit court apparently drew several inferences (Sweet Sixteen Co. v. Sweet 16 Shop, *supra*, p 924) which might reasonably be drawn in the present case on the basis of reluctant admissions by the defendant here (Tr. 41, 42, and 184-186) and the circumstances (Tr. 22, 25, 26, 97).

In the present case, defendant positively knew of plaintiffs' prior use of the name "sometime about the time that we opened up" (Tr. 186).

e. No Question of Estoppel Here

It is significant to note that both the Hanover Star Milling (*supra*, p. 419) and the United Drug (*supra*, p. 103) decisions stress the factor of estoppel as a reason for denying protection to a trademark owner who confines his use of the mark to a limited geographical area over a period of many years (Hanover 40 years; United Drug 35 years).

In the Hanover case, the court said:

" they must be held to have taken the risk that some innocent party might, during their forty years of inactivity (in the contested area), hit upon the same mark and expend money and effort in building up a trade in flour under it . . . And when it appears, as it does, that the Hanover Company in good faith and without notice of the Allen & Wheeler mark has expended much money and effort in building up its trade in the south-eastern market, so that 'Tea Rose' there means Hanover Company's flour and nothing else, the Allen & Wheeler Company is estopped to assert trade-mark infringement as to that

territory.” (p. 419).

In the present case, the defendant knew of plaintiffs’ use of the name “sometime about the time we opened up” (Tr. 186); he had direct notice in writing from plaintiffs within two and a half months (Tr. 47, Defendant’s Exhibit 6); and this suit was commenced within three months (R. 1).

It should be particularly noted that, in the Sweet Sixteen case, the defendants acted on the advice of legal counsel (Sweet Sixteen Co. v. Sweet “16” Shop, *supra*, p. 921).

f. On the Evidence, There Should be no Question as to Plaintiffs’ Rights Throughout the State of Utah

It is submitted that the present case is not one like the Hanover Star Milling, the United Drug, and the Sweet Sixteen cases, where the adverse use could reasonably be said to be “in separate markets wholly remote the one from the other” (Hanover Star Milling Co. v. Metcalf, *supra*, p. 415). Rather, it is one such as Justice Holmes had in mind when he said, in his concurring opinion in the Hanover Star Milling case:

“I think state lines, speaking always of matters outside the authority of Congress, are important in another way. I do not believe that a trade-mark established in Chicago could be used by a competitor in some other part of Illinois on the ground that it was not known there. I think that if it is good in one part of the State it is good in all. But when it seeks to pass state lines it may find itself limited by what has been done under the sanction of a power coordi-

nate with that of Illinois and paramount over the territory concerned.” (p. 426)

Although the above view was directly criticized in the majority opinion (p. 416) and has not been generally regarded with favor by scholars in the field of trademark law, it received tacit support by the majority in the *United Drug* case (only two and a half years later) sufficient to satisfy Justice Holmes when the *entire* court said:

“It would be a perversion of the rule of priority to give it such an application in our broadly extended country that an innocent party who had in good faith employed a trade-mark in one State . . . might afterwards be prevented from using it . . . at the instance of one who therefore had employed the same mark but only in other and remote jurisdictions. . . ”

United Drug Co. v. Rectanus Co. (supra, p. 100)

Without urging the proposition that State lines should be absolute criteria, as might be implied from Justice Holmes’ concurring opinion in the *Hanover Star Milling case* (supra), it is submitted that they do have a place in the consideration of trademark rights under the common law and properly define the territory within which plaintiffs’ trademark and tradename rights should be given protection by this Court under the facts of this case.

See:

Callmann “Unfair Competition and Trade-Marks”

2nd Ed. Vol. 3 p. 1202

Socony-Vacuum Oil Company, Inc. v. Oil City Refineries, Inc.

136 F. 2d 470 (CCA6, 1943)

g. Holdings by Other Courts

The foregoing decisions are basic in the law of trademarks as respects the acquisition and enforcement of territorial rights. The legal principles involved have been followed or discussed time and time again, but with discretion based on the facts of each case and with a tendency toward upholding the first appropriator's rights to an ever increasing extent.

Terminal Barber Shops, Inc. v. Zoberg et al
28 F. 2d 807 (CCA2, 1928)

Stork Restaurant, Inc. v. Sahati
166 F. 2d 348 (CCA9, 1948)

Food Fair Stores, Inc. v. Lakeland Grocery Corp.
301 F. 2d 156 (4CA, 1962)

Western Auto Supply Co. v. Western Auto Supply Co.
13 F. Supp. 525 (Dist. Ct. N.H., 1936)

Stork Restaurant, Inc. v. Marcus
36 F. Supp. 90 (Dist. Ct. E.D. Pa., 1941)

Adam Hat Stores, Inc. v. Scherper
45 Supp. 804 (Dist. Ct. E.D. Wisc., 1942)

Quality Courts United, Inc. v. Quality Courts, Inc.
140 F. Supp. 341 (Dist. Ct. M. Pa., 1956)

It is interesting to note that, in the Terminal Barber Shop case, a chain of barber shops and beauty parlors in New York doing no business in New Jersey but having customers there was granted relief from use of the name in New Jersey by a later user.

II

COMPETITION IS NOT AN ESSENTIAL ELEMENT OF TRADEMARK OR TRADENAME INFRINGEMENT AT COMMON LAW.

“Lack of competition between the parties no longer is a defense to an action for unfair competition. Defendants have raised this issue in cases where there is no direct competition . . . because they do business in different territories. Formerly the emphasis was on competition, and lack of it was considered a sufficient defense . . . In recent years this case (Borden Ice Cream Co. v. Borden’s Condensed Milk Co. 201 F. 510, 514 CCA7, 1912) has been distinguished and its doctrine rejected (citing a long line of cases).”

Nims, Unfair Competition and Trade-Marks,”
4th Ed. pp. 1194, 1195

See also:

3 Restatement, Torts, par. 730, comment (a)

White Tower System, Inc. v. White Castle
System of Eating Houses Corp.
90 F. 2d 67 (CCA6, 1937)

Adolph Kastor & Bros., Inc. v. Federal Trade
Commission
138 F. 2d 824, 826 (CCA2, 1943)

Stork Restaurant, Inc. v. Sahati (supra)

The Brass Rail, Inc. v. Ye Brass Rail of Mass-
achusetts, Inc.
43 F. Supp. 671 (Dist. Ct. D. Mass., 1938)

III

PLAINTIFFS' UTAH STATE REGISTRATION CONSTITUTES PRIMA FACIE EVIDENCE OF THEIR EXCLUSIVE OWNERSHIP OF THE TRADEMARK "MADEMOISELLE" FOR BEAUTY SALON SUPPLIES THROUGHOUT THE STATE OF UTAH AND IS VALID.

The Utah State Trade-Mark Act (Title 70, Utah Code Annotated) provides:

"Any certificate of registration issued by the secretary of state under the provisions hereof or a copy thereof duly certified by the secretary of state . . . shall be prima facie evidence of exclusive ownership of the trade-mark or service mark by the registrant." (70-3-5)

State registration statutes are in affirmance of the common law (Callmann "Unfair Competition and Trade-Marks," 2d Ed., Vol. 4, p. 2088), and, as such, base the right to register on priority of use. The doctrines of *Hanover Star Milling Co. v. Metcalf* (supra) and *United Drug Co. v. Rectanus* (supra) with respect to territorial rights are actually exceptions to the general rule that the first user of a trademark is its owner, see Point I (a) herein and *White Tower System, Inc. v. White Castle System* (supra).

Thus, the plaintiffs were completely justified in making oath at the time of filing their application for registration, on June 2, 1961, that "no other person has the right to use such trade-mark or service mark . . . in the State of Utah."

It is submitted that defendant has failed to uphold his burden of proof that there is, in fact, some other person who has the right to use plaintiffs' trademark — in the State of Utah adversely to plaintiffs.

Respectfully submitted,

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