

1963

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

Utah Supreme Court

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Lionel M. Farr; Phillip V. Christenson; Philip A. Mallinckrodt; Attorneys for Plaintiffs-Appellants;  
Wallace R. WOODbury; Attorney for Defendant-Respondent;

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#### Recommended Citation

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# IN THE SUPREME COURT OF THE STATE OF UTAH

WILLIAM GARTH SEE-  
MILLER and MARJORIE SEE-  
MILLER, dba MADEMOISELLE  
BEAUTY SALON, or MADEMOI-  
SELLE SALONE OF BEAUTY, et al.

*Plaintiffs-Appellants,*

vs.

AL HUNT, dba MADEMOI-  
SELLE COIFFURES,

*Defendant-Respondent.*

FILED  
- 1963

Supreme Court, Utah

Case No.  
9933

## Defendant-Respondent's Brief

Appeal from the Judgment of the 2nd District Court  
for Weber County  
Honorable Charles G. Cowley, Judge

Wallace R. Woodbury, Esq.  
Attorney for Defendant-Respondent  
711 East South Temple  
Salt Lake City, Utah

Lionel F. Farr, Esq.  
574 East 2nd South  
Salt Lake City, Utah

Philip V. Christenson, Esq.  
for Christenson, Novak, Paulson & Taylor  
55 East Center Street  
Provo, Utah

Philip A. Mallinckrodt, Esq.  
10 Exchange Place  
Salt Lake City, Utah

Attorneys for Plaintiffs-Appellants

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BY REASON OF PRIORITY OF ADOPTION AND USE, PLAINTIFFS ARE THE COMMON LAW OWNERS IN UTAH COUNTY OF THE TRADENAME "MADE-MOISELLE" AS APPLIES TO HAIR STYLING SPRAY, COSMETICS AND TO BEAUTY SALONS. SIMILARLY BY REASON OF PRIORITY OF ADOPTION AND USE IN A "SEPARATE MARKET," DEFENDANT IS THE COMMON-LAW OWNER IN WEBER COUNTY AND NORTH DAVIS COUNTY OF THE NAME "MADE-MOISELLE" AS APPLIES TO BEAUTY SALONS. ....	7
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SELLE SALONE OF BEAUTY,

*Plaintiffs-Appellants,*

vs.

AL HUNT, dba MADEMOI-  
SELLE COIFFURES,

*Defendant-Respondent.*

Case No.  
9933

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## Defendant-Respondent's Brief

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### STATEMENT OF NATURE OF CASE

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

Plaintiffs began using name "Mademoiselle — Salon of Beauty" to identify a beauty salon in Provo,

Utah, in May, 1959, and became known in Utah County by that name prior to June 2, 1961. (Stipulation R. 8)

Defendant, without knowledge of Plaintiffs' name or use, began using name "Mademoiselle Coiffures" to identify his beauty salon in a wholly different geographic market, namely Ogden, Utah, about April 1, 1961, and became known by that name by many customers in Weber County and North Davis County prior to June 2, 1961. (Stipulation R. 8)

Plaintiff, Wm. Garth Seegmiller, with prior knowledge of Defendant's use of name "Mademoiselle Coiffures" on June 2, 1961, applied to register his trademark with Secretary of State and verified that no one other than plaintiff had a right to use the name "Mademoiselle" for a beauty salon "within the state of Utah." Based on said verification the Secretary of State issued a purported registration.

Subsequently, Plaintiffs brought action to enjoin Defendant's use of "Mademoiselle" in its name, based on Plaintiffs' June 2, 1961, registration. Defendant counterclaimed for costs and damages, to set aside Plaintiffs' purported registration, and to restrain harassment by Plaintiffs.

The trial court considered evidence as to registration and common-law rights of respective parties to use name "Mademoiselle," and required written briefs.

On subsequent motion of Plaintiffs, after filing of briefs by each party, the court permitted Plaintiffs to reopen and present further evidence (Tr. 75-196).



## DISPOSITION IN THE LOWER COURT

After trial without jury the Court found as facts that because of difference in geographic "Trade Area" there was no competition or confusion; that defendant adopted its name without knowledge of Plaintiffs' use or name; that Defendant's use prior to June 2, 1961, having become established and not abandoned, Plaintiffs' subsequent registration was invalid. The court denied relief to Plaintiffs, declared Plaintiffs' registration invalid, and ordered each party to pay its respective costs.

## RELIEF SOUGHT ON APPEAL

Defendant seeks affirmance of the judgment, except that Defendant cross-appealed for reversal as to Defendant paying its own costs; and seeks a ruling that Plaintiffs are responsible for costs and damages suffered by Defendant. Plaintiffs seek reversal of entire judgment.

## STATEMENT OF FACTS

Plaintiffs commenced operating a beauty salon in Provo, Utah, in 1946 (Tr. 28, 142) under name "Marjorie's Salon of Beauty." On May 23, 1959, Plaintiffs opened an additional shop in Provo using name "Madoiselle — Salon of Beauty" (Tr. 9, 24, Exhibit "J").

Plaintiffs assert extensive advertising coverage not shown by evidence (Br. 3). Plaintiffs' advertising

alleged to go northward beyond Utah County prior to June 2, 1961, was limited to a beauty show at time of opening in May, 1959, on KLOR TV (Tr. 88, 159), and a radio ad on a 5000-watt station June 5, 1959 (Tr. 26, Exhibit "L"). Plaintiffs' evidence (Exhibit "F," addendum 2, prospectus 4) clearly establishes impossibility of KLOR transmitting to Salt Lake City or Ogden, until later in June, 1959, when transmitter power was increased. This evidence was offered to show coverage May 23, 1959 (Tr. 159).

No evidence whatsoever was offered as to any circulation of the Daily Herald of Provo beyond Utah County, (Tr. 14, Exhibit "E"), and in any case only one ad is claimed, September 1959. Cancelled check to Daily Herald in summer, 1960, did not identify nature or date of service rendered (Exhibit "M," Tr. 25), and was not offered in evidence.

As to advertising in the "B.Y.U. Universe" the only ads were in mid-1959 (Tr. 14, 15), and the only evidence admitted by the court as to circulation limited circulation to current B.Y.U. students and local townspeople (Tr. 16).

Plaintiffs' trade area for transactions under name "Mademoiselle" did not extend northward beyond Salt Lake City and probably not beyond Utah County on June 2, 1961. Plaintiffs were not known by that name to northern Utah customers on that date. (Tr. 89, 134, 160-170). Only two customers were actually living north of Utah County on June 2, 1961. (Tr. 93, 34). Leone

Boothe of Brigham City began going to Marjorie Seegmiller while living in Provo 18 years ago, and still goes to her from time to time while passing through Provo, and has Marjorie herself do her hair. (Tr. 92, 93). This goodwill was long ago established with Marjorie personally, and is not related or identified with the tradename "Mademoiselle." (Tr. 92). The other is Lettie B. Hust of Ogden Canyon who works with Mr. Seegmiller daily at Hercules Powder Co. in Salt Lake County, and whose trade has consisted solely of a few beauty product purchases bought from and delivered personally to her by plaintiff in Salt Lake County (Tr. 34, 76-79). Other alleged customers did not reside in northern Utah as early as June 2, 1961. (Tr. 89, 134, 160-170). Plaintiffs could identify no additional "customers" notwithstanding a "complete card file" on all customers describing name, address and service rendered (Tr. 144); and notwithstanding opportunity to reopen and present new evidence after trial briefs (Tr. 75).

Defendant began using name "Mademoiselle Coiffures" about April 1, 1961 (Tr. 41), and has used it continuously to present time (Tr. 39-47). Prior to April 1, 1961, Defendant procured printed checks and other materials and ordered sign (Exhibit 7, Tr. 40, 41). Defendant paid Ogden City for license April 12, 1961 (Exhibit 10, Tr. 51) and Defendant paid State of Utah for a license April 14, 1961 (Exhibit 9, Tr. 50). Defendant opened for business May 19, 1961, accompanied by and preceded by extensive newspaper and radio advertising (Exhibits 3, 4, 5, Tr. 42-46).

Defendant became known by the name “Mademoiselle Coiffures” by many customers in Weber and north Davis Counties prior to June 2, 1961. (Stipulations R. 8, No. 5.)

Defendant did not know of Plaintiffs’ business at the time of adopting Defendant’s name or at any other time prior to development of Defendant’s good will and identification (Tr. 41, 42, 51, 97, 184, 185, 186), and the trier of fact, the Court, has so held (R. 12, 14). Allegations of plaintiffs to the contrary are not supported by evidence (Tr. 41, 42, 51, 97, 184, 185, 186).

No actual confusion between Plaintiffs and Defendant has ever resulted. (Tr. 33)

Plaintiffs have not contemplated a future expansion into Defendant’s trade area (Tr. 176, 177). Plaintiffs have conducted no mail order business (Tr. 17, 79, 80, 169), and certainly none prior to June 2, 1961.

On June 2, 1961, Plaintiff, Wm. Garth Seegmiller, filed his affidavit with the Secretary of State, requesting a tradename registration (Exhibit 2). Such affidavit verified on oath that “. . . no other person has a right to use such trademark . . . in the State of Utah” (Exhibit 2). That at the time of such filing, and prior to June 2, 1961, Plaintiffs knew of Defendant’s business and use of the name “Mademoiselle” (Tr. 30, 73, 74, 75, 179, 186). That Plaintiff filed his affidavit specifically to interfere with Defendant’s use of name “Mademoiselle” (Tr. 75). That the affidavit was false in that defendant

had previously become identified by his trade name "Mademoiselle Coiffures" in Weber County and north Davis County (Stipulation R. 8, No. 5) and the court so determined as a question of fact. (R. 12, 14)

The Court found as facts that because of the difference in "trade areas" there was no competition or confusion; that Defendant adopted its name without knowledge of Plaintiffs' use of name. That Defendant's use prior to June 2, 1961, having become established and not abandoned, Plaintiffs' subsequent registration was invalid. (R. 12, 14)

The Court denied Plaintiffs' petition and granted judgment to Defendant; except that the Court erred in ordering defendant to pay its own costs and from this decision, Defendant cross-appeals.

## ARGUMENT

### I

BY REASON OF PRIORITY OF ADOPTION AND USE, PLAINTIFFS ARE THE COMMON LAW OWNERS IN UTAH COUNTY OF THE TRADENAME "MADEMOISELLE" AS APPLIES TO HAIR STYLING SPRAY, COSMETICS AND TO BEAUTY SALONS. SIMILARLY BY REASON OF PRIORITY OF ADOPTION AND USE IN A "SEPARATE MARKET," DEFENDANT

# IS THE COMMON-LAW OWNER IN WEBER COUNTY AND NORTH DAVIS COUNTY OF THE NAME "MADEMOISELLE" AS APPLIES TO BEAUTY SALONS.

## A. Acquisitions of Basic Rights

Plaintiffs and Defendant each contend that the basic law as to acquisition of common-law rights and geographical scope is set forth in *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, (1916), and *United Drug Co. v. Rectanus Co.*, 248 U.S. 90, (1918), and *Sweet Sixteen Co. v. Sweet "16" Shop*, 15 F 2d 920 (CCA 8, 1926).

The adoption by Defendant of the name "Made-moiselle Coiffures" after proper licensing, and expending considerable sums in mass advertising, and without knowledge of Plaintiffs' use in a different trade area, and Defendant having become identified by that name in its "trade area" prior to June 2, 1961 (Stipulation R. 8, No. 5), and having continued such use to the present time, established a common-law right to the name in Defendant for Weber and north Davis Counties.

"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

### 1. Generally

It is well recognized that such a right has territorial limits. Thus, it was held in the *Sweet Sixteen* case, citing with approval both the *United Drug Co.* and *Hanover Star Milling* cases, that:

“Confessedly the general rule is that, while the first appropriator and user of a trademark owns such mark . . . such protection will not be afforded as against a subsequent user and appropriator, who in good faith adopts and uses the mark in a territory into which the goods of the first appropriator have not penetrated.”

*Sweet Sixteen Co. v. Sweet “16” Shop*,  
15 F 2d 920, P. 923, (CCA 8, 1926)

### 2. Exceptions

The court in that case went on (p. 924) to cite the two exceptions to the above rule, namely:

“(a) But 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.” *United Drug v. Rectanus*, 248 U S 90, 101.

“(b) We are not dealing with a case where the junior appropriator of a trademark is occupying



territory that would probably be reached by the prior user in the natural expansion of his trade, and need pass no judgment upon such a case.” Hanover Star Milling Co. v. Metcalf, 240 U S 403, 420.

Certainly the case at bar does not fall within “exception (a),” because the trier of fact has determined from the evidence that Defendant had no knowledge of Plaintiffs’ use (R. 12, 14), so couldn’t have had a “free ride” or use in mind inimical to best interests of Plaintiffs.

What constitutes “separate markets” is a prime factor in determining these cases. Thus, 3 Restatement of Torts defined market in comments under Para. 717 as follows:

“d. Limitation as to goods and market:

One who has a trade mark or trade name does not have the exclusive right to use the designation even as a trade mark or trade name. He has the exclusive right only within more or less restricted markets. . . .” (p. 567)

“e. Market.

The noun “market” means, initially, the territorial area in which goods are bought and sold, or the gathering of persons in such an area for the purpose of buying or selling goods. . . .” (p. 567)

Subsequently in Para. 732 the Restatement says:

“732 Extent of protection with reference to territorial markets.



The interest in a trade mark or trade name is protected, under the rule stated in 717, with reference only to Territory from which he received or, with the probable expansion of his business, may reasonably expect to receive custom in the business in which he uses his trade mark or trade name, and in territory in which a similar designation is used for the purpose of forestalling the expansion of his business. (p. 604)

“Comment a.

The territorial limits within which the right to exclusive use of a trade mark or trade name exists may be narrower than the territorial limits of the law that creates the right. Since the right is created in order to avoid, or compensate for, harm caused by the marketing of one's goods or services as those of another, the right is limited to the territory in which such harm is likely. . . . In each case the issue is whether, in the territory in which the similar designation is used, there are or are likely to be a considerable number of prospective purchasers of the goods or services in connection with which the trade mark or trade name is used, who are likely to be misled by the similarity. On this issue the good or bad faith of the alleged infringer is an important factor . . .” (p. 604)

These sections emphasize the importance of the *number* of potentially *misled* customers, and the *bad faith* of alleged infringer.

The National Grocery Co. case is a leading case defining “geographic market,” and market of “future probable expansion” mentioned as exception (b) in the Sweet Sixteen case. In that case, two supermarket retail-

ers emphasized "National" in their respective names, their nearest stores being 25 miles apart in New Jersey. The State Court in 1924 refused to enjoin the latecomer saying:

" . . . The grievance is the single one already mentioned, namely, the use of the word which the complainant says it has pre-empted in the chain store business in the state of New Jersey as against the entire world. . . . Obviously, by force of the definition of the kind of business in which the parties are engaged, each store must draw its trade from a small surrounding territory. . . ."

National Grocery Co. v. National Stores Corporation, 123 A. 740, 740 (New Jersey).

The Court continued:

" . . . Surely in the great majority of business enterprises, . . . there is implied the hope, intention and design of constantly invading new territory. . . . It would be absurd to say that any such intention should permit the pre-empting of the use of the name at a place and time where such a supposed business enterprise had no customers or business, and therefore nothing to lose. It is entirely too remote and fanciful for the complainant to object to another using a name in a certain locality, not because he has already established his trade there, but because he may do so in the future. . . ." (p. 743)

The Court then distinguished cases reaching contrary result:

" . . . In all of the cases which the Vice Chancellor used as precedents (Hilton Case) the out-

standing fact, . . . was the stealing by Defendant of complainants customers.” (p. 743)

The dictum of the Utah Supreme Court in the Blue Bell case cites *United Drug Co. v. Rectanus*, and then sets forth a similar doctrine as Utah Law in refusing to recognize market of future expansion:

“The adoption of a trade mark does not project a right of protection in advance of the extension of, or operate as a claim of territorial rights over areas into which it thereafter may be deemed desirable to extend the trade.”

*The Blue Bell Co. v. Frontier Refining Co.*  
213 F 2d 355, 361 (1954) (Utah)

Plaintiff urges that the Sweet Sixteen Co. decision reaches a contrary conclusion. However, the court here merely found that the Plaintiff was already in the market because of daily advertisements for some two years in 75 different newspapers circulated daily in Salt Lake City, prior distribution of 1500 printed catalogs in Utah, 6-8 mail order sales, distribution of supplemental pictures and drawings, negotiations for store lease, many actual cases of confusion, and telegraphic notification of the conflict four days prior to the registration:

“. . . defendants assumed this name with full knowledge of its use by plaintiff . . .” (p. 921)

Results similar to those in the National Grocery case, were reached by the Washington Court in the Eastern Outfitting case where Seattle and Spokane were held to constitute different markets:

“ . . . his protection is co-extensive with his market. The doctrine of unfair competition is based upon the principle of common business integrity, and equity only affords relief when this principle has been violated. . . . The mischief which a court of equity will guard against is a confusion in names or in the identity of the parties or in the goods sold so as to deceive the public and work a fraud upon the party having a right to the trade name. There cannot be unfair trade competition unless there is competition.”

Eastern Outfitting Co. v. Manheim, et. al.  
110 p. 23, 24 (Washington)

The Massachusetts Court found that various stores as close as sixteen miles apart were in different trade areas:

“The trade name and symbols of the plaintiff cannot extend into regions where his goods are not sold, where he has no customers, and where he has no trade. There can be no recovery unless it appears that there has been a wrongful appropriation by defendant. . . . Actual or probable deception of the public . . . is the basis of the action. There can be no unfair competition unless plaintiff is in fact a rival for the trade which defendant secures.”

Kaufman v. Kaufman  
111 NE 691, 692, (1916) (Massachusetts)

See also Good Housekeeping Shop v. Smit-  
ten, et. al.  
236 NW 872 (Michigan)

Nims points out that the determination of geographic boundaries of protection is a question of fact rather than law.

“While the concept of good-will has become less closely confined territorially, it still has boundaries, and even under modern doctrine it is necessary that there be evidence of its existence to warrant its protection. Its extent is a question of fact rather than of law.”

Nims, *Unfair Competition and Trade Marks*, 4th Ed., Sec. 35 (a), p. 150

In the Kaufman case the court said:

“It does not seem easy to infer that men would travel sixteen to seventy-three miles . . . for a hat.” (p. 692)

Similarly in the case at bar, not only is evidence of existing confusion or competition lacking but it is difficult to infer that women in the future would travel 164 miles round trip from Ogden to Provo for a hairdo.

### C. Nature and Use of Mark

Plaintiff attempts to draw distinction on basis of “Technical trade mark” as opposed to common-law mark. However, the court in the Sweet Sixteen case stated the accepted rule:

“It is well settled that, both in cases of unfair competition unaccompanied with trade mark infringement, and in cases of infringement of technical or common-law trade marks, the essence of the wrong consists in the sale or mistaking of goods of one dealer or manufacturer for those of another.” (P. 925).

Defendant denies any penetration by Plaintiff into Davis or Weber Counties prior to critical date of June 2, 1961 (Tr. 89, 134, 160-170). There was no confusion

or competition in fact (Tr. 80, 81, 93, 135). Neither was there any evidence of “free ride” or “palming off.”

#### D. Knowledge of Plaintiffs’ Name by Defendant

In the present case Defendant did not know of Plaintiffs’ existence at time of adoption of Defendant’s name (Tr. 41, 42, 51, 97, 184, 185, 186) or subsequently until after good will and “Secondary Meaning” were established. The Court, as trier of fact, so determined. (R. 12, 14)

The court in the Sweet Sixteen case clearly found that defendant had actual notice of plaintiff four days before registration issued. (p. 921) It should also be noted that Defendant in the Sweet Sixteen case had not established any good will or secondary meaning in the name prior to Plaintiffs’ entering the “market.”

#### E. Estoppel

Although the doctrine of estoppel might properly be urged, it is not essential to Defendant’s case.

Although Plaintiffs might have registered their name as early as 1959, and pre-empted the entire state, they failed to do so. They should be estopped on theory of Hanover Star Milling case from asserting their unprotected claim after defendant has developed “Secondary Meaning” and “good will” at substantial expense:

“. . . they must be held to have taken the risk that some innocent party might . . . hit upon the same mark and expend money and effort in building up a trade. . . . And when it appears, as it

does, that Hanover Company in good faith, and without notice . . . has expended much money and effort in building up its trade . . . Allen & Wheeler Company is estopped to assert trade mark infringement as to that territory.” (p. 419)

#### F. Extension of Plaintiffs’ Rights “Throughout Utah”

Plaintiffs admit that the rule that common-law rights are co-extensive with state boundaries was criticized by the majority opinion (p. 416) in the Hanover case, “and has not been generally regarded with favor by scholars in the field of trademark law.” ( Pl. Br. 12)

See also:

3 Restatement of Tor, Sec. 732, Comment a., *supra*.

National Grocery Co. v. National Stores Corp., *supra*.

Eastern Outfitting Co. v. Manheim, et. al., *supra*.

Kaufman v. Kaufman, *supra*.

Good Housekeeping Shop v. Smitten, et. al., *supra*.

The facts of the case at bar show no competition or confusion between Plaintiffs and Defendant north of Salt Lake County on June 2, 1961, and substantially no penetration of any kind by Plaintiffs into northern Utah.



## G. Holdings of Other Courts

Cases cited by Plaintiffs as broadening territorial rights are distinguishable either on basis of intentional appropriation for free ride, bad faith of the latecomer, or deception of public due to actual confusion of source.

## II

### COMPETITION REMAINS THE ESSENCE OF A TRADEMARK, TRADENAME OR UNFAIR COMPETITION SUIT AT COMMON LAW.

Although some courts have used language suggesting competition is no longer necessary, such is not the law of the land.

Laws of “Unfair Competition,” common law and statutory, were designed to free competition from abuses, still recognizing that: “Liberty to compete should  
✓ guarantee the rewards to those who could survive by reason of economic fitness and superior merit in productive and selling efficiency.”

Oppenheim, Cases on Unfair Competition-Trade Regulation (1948 Ed.), p. 10

See Defendants Trial Court Brief, p. 8-9, for historical summary.

In the Eastern Wine Corp. case, Judge Frank succinctly states the law:



“The failure to keep constantly in mind the divers policy considerations . . . and the consequent occasional over-emphasis on but one of them — the protection of the interest of the businessman who has built a business around a name — has sometimes led to decisions unduly extending the confines of name-monopolies. For a time the courts were remarkably generous in fixing the boundaries of such monopolies. *Today the tendency is to be somewhat less generous. . . . We approach the case at bar, then, having in mind the basic common-law policy of encouraging competition and the fact the protection of monopolies in names is but a secondary and limiting factor.*”

Eastern Wine Corp. v. Winslow-Warren,  
Ltd.

137 F 2d 955, 959 (CCA 2d, 1953)

Cert. Denied; 320 US 758

For critical analysis of opinions see Zlinkoff: Monopoly v. Competition: 53 Yale Law Journal 514, 528-552 (1944). Zlinkoff says in 53 Yale Law Journal:

“The trend of decisions within this field . . . in contrast to that prevailing in a previous period — has unmistakable been moving toward restricting the scope of exclusive rights awarded plaintiffs and corresponding broadening the privileges of their competitors.” (p. 531).

Zlinkoff also attacks the more liberal expressions of Callman, as not reflecting the law:

“. . . decisional trends have not been influenced by writers like Callman because, in their advocacy of greater recognition of exclusive rights in marks . . . they have overlooked the interests of

the public, and the view that free competition best advances those interests.” (p. 529)

Similarly, in the National Grocery Co. case the court said:

“Of course, their must be actual competition before there can be any unfair competition.” (p. 74)

Similar law is pronounced in Eastern Outfitting Co. case (p. 24), and Kaufman case (p. 692) quoted previously.

Although Judge Learned Hand has been often quoted as authority for decisions not relying on “competition,” he has on several occasions noted that irrespective of the language used, the essential element remains competition:

“The law of unfair trade comes down very nearly to this — as judges have repeated again and again — that one merchant shall not divert customers from another by representing what he sells as emanating from the second. This has been, and perhaps even more now is, the whole Law and the Prophets on the subject, though it assumes many guises.”

Yale Electric Corp. v. Robertson  
26 F 2d 972, 973 (CCA 2, 1928)

See also:

Borden Ice Cream Co. v. Borden Condensed Milk Co.  
201 F 2d 510, 514 (CCA 7, 1912)

There can be no “passing off,” “free-ride,” or confusion of source except in the area of “competitive business.”

Certainly the Utah Supreme Court recognized this in its decision in the Blue Bell cases in refusing to recognize “market of future expansion.” (p. 361)

### III

#### PLAINTIFFS’ PURPORTED UTAH STATE REGISTRATION OF THE TRADE-MARK OR TRADENAME “MADEMOISELLE” FOR BEAUTY SALON BUSINESS THROUGHOUT THE STATE OF UTAH IS INVALID.

Admittedly, the Utah act provides that Registration . . . shall constitute prima-facie evidence of exclusive ownership (Utah Code Annotated, 70-3-5).

Defendant clearly overcame Plaintiffs’ “prima facie” case for exclusive ownership. (R. 8, 12, 14, Tr. 41-46)

Utah Code Annotated, Section 70-3-2 forbids registration of a mark “used in this state by another and not abandoned”:

*“70-3-2: Trade Marks and Service Marks not to be Registered When: A trade mark or service mark shall not be registered if it . . .*

6. Consists of or comprises a trade mark or service mark registered in this state or a trade mark, trade name or service mark previously *used in this state by another and not abandoned* as to be likely when applied to the goods and services of the applicant to cause confusion or mistake and to deceive. . . . ”

The evidence clearly shows that Defendant’s use was previous to this purported registration and had not been abandoned.

Utah Code Annotated, Section 70-3-10 provides for cancellation if found:

“2.b. That the registrant is not the owner of the trade mark or service mark.

c. That the registration was granted improperly.

3. When a court of competent jurisdiction shall order cancellation of a registration on any ground.”

The evidence clearly shows not only that the Registrant was not the owner of the trade name in Weber County or North Davis County (R. 8, 12, 14, Tr. 41-46), but that he knew of Defendant’s use of the name at the time of filing for registration (Tr. 30, 73, 74, 75, 179, 186).

Utah Code Annotated, Sec. 70-3-15 provides:

“Common-law trade marks or service marks — *Nothing herein shall adversely affect the rights and the enforcement of rights in trade marks or service marks acquired in good faith, at any time at common-law.*”

Defendant's common-law rights were acquired in good faith in a trade area not common to Plaintiffs on June 2, 1961, and prior to Plaintiffs' registration (R. 8, 12, 14, Tr. 41, 42, 51, 97, 185).

Based upon the conceded facts, the only argument to controvert Defendant's common-law right prior to June 2, 1961, is based upon "prior use" by Plaintiffs. Such argument must fail because of the difference in "trade area" previously discussed.

Utah Code Annotated, Sec. 70-3-3-(4) requires a registration affidavit verified by applicant including among other things:

"(4) A statement that the *applicant* is the owner of the trade mark or service mark and that *no other person has the right to use such trade mark or service mark either in the identical form thereof or in such near resemblance thereto as might be calculated to deceive or to be mistaken therefore in this state.*"

Existence of Secondary Meaning and right of user established by Defendant in Weber and north Davis Counties prior to June 2, 1961 (R. 8, 12, 14) necessarily renders affidavit required of Plaintiffs as condition precedent to registration "false," thus invalidating any purported registration per Section 70-3-2-6, *supra*.

Thus the court in the Sweet Sixteen case set aside defendant's Utah State Registration on basis of prior common-law rights of Plaintiff. (p. 921, 925)

The requirement of accurate affidavit is the very graveman of gaining rights under Section 70, which permits registration on affidavit alone, without notice, advertisements, proof or other process. Certainly, a Plaintiff with unclean hands, knowing of Defendant's use of the name, and intending to deprive Defendant of such value as Defendant has created, may not falsely aver exclusive ownership and right "within the State of Utah," and thereby gain a right or priority not available without such registration.

#### IV

### DEFENDANT IS ENTITLED TO RECOVER HIS DAMAGES RESULTING FROM FALSE ASSERTION OF WILLIAM GARTH SEEGMILLER MADE TO PROCURE TRADENAME REGISTRATION.

Utah Code Annotated, Sec. 70-3-12, provides:

*"70-3-12: False or fraudulent reproduction or declaration in registration — Liability for damages: Any person who shall for himself or on behalf of any other person procure the filing and registration of any trade mark or service mark in the office of the secretary of state under the provisions hereof by knowingly making any false or fraudulent representation or declaration, verbally or in writing or by any other fraudulent means, shall be liable to pay all damages sustained in consequence of such filing or registration, to be recovered by or on behalf of the party*

injured thereby in any court of competent jurisdiction.”

Plaintiffs’ affidavit for registration verifies that:

“. . . no other person has the right to use such trade mark or service mark . . . in this state.”  
(Exhibit 2)

Such affidavit was made by Plaintiff with knowledge of Defendant’s use and name (Tr. 30, 73, 74, 75, 179, 186). Such statement was “false” because of Defendant’s established common-law trade name in the trade area of Weber and north Davis Counties at the time of the affidavit (R. 8, 12, 14). Such false statement was made for the admitted purpose of interfering with Defendant’s business use of the name “Mademoiselle” (Tr. 75). The false statement and subsequent improper registration did in fact result in damage to Defendant in that he has been required to retain counsel to resist this action and set aside the purported registration.

Plaintiff, consequently should be required to pay all costs and damages sustained by Defendant.

In all other respects the judgment and findings of the trial court should be affirmed.

Respectively submitted,

**WALLACE R. WOODBURY**

**711 East on South Temple**

**Salt Lake City, Utah**

**EM 4-4321**

**Attorney for Defendant-Respondent**