

1963

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

Utah Supreme Court

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APR 16 1964

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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.

FILED
APR 16 1964
Clerk, Supreme Court, Utah

Case No. 9933

APPELLANTS' REPLY 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

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Defendant—Respondent.

Case No. 9933

APPELLANTS' REPLY BRIEF

STATEMENT

Defendant has advanced several propositions in his brief that were not dealt with by plaintiffs. He has also misconstrued the evidence in several respects.

Inasmuch as the opposing parties to this litigation have cited the same basic decisions in support of their respective positions, a close consideration of the facts and of the legal principles applicable thereto becomes of paramount importance.

The lower court found, as facts, that the parties are operating in different trade areas and that there is no competition between them. It found, however, that, except for this, defendant's use of plaintiffs' mark would be confusing.

LOWER COURT'S FINDING OF FACT AS TO TRADE AREAS CLEARLY ERRONEOUS

The statement of facts in defendant's brief does not give a true picture. It is apparent from a careful review of the evidence adduced by plaintiffs that the trial judge erred in his finding as to trade areas..

In challenging plaintiffs' assertions of extensive advertising coverage, defendant at page 4 of his brief correctly points to limited TV advertising, but is in error with respect to radio advertising (see Tr.26, 71) and as to there being only one ad in the "Daily Herald" (Tr. 25, 71), and doesn't do justice to the testimony concerning circulation of the "BYU Universe." Mr. Seegmiller testified without objection or contradiction (Tr. 15, 16) that there are from twelve to thirteen thousand students at B.Y.U. and that he, as an alumnus, receives this university newspaper in his home and has for many years. The Court recognized (Tr. 16) that the paper is distributed to all the students and to some of the townspeople of Provo, Utah. The record shows throughout, and it is believed that judicial notice can be taken of the fact, that the student body of B.Y.U. is made up of students from many parts of Utah, including Ogden and its environs, and that there is considerable moving back and forth of townspeople between Provo, Ogden and Salt Lake City (see, for example Tr. 161-167).

Defendant's brief (p. 4, last para.) points to the cross-examination of certain of plaintiffs' witnesses to show that plaintiffs' trade area "did not extend north-

ward beyond Salt Lake City and probably not beyond Utah County on June 2, 1961" when they applied for registration of their trademark. Yet, Mrs. Seegmiller testified with respect to a total of seventeen specified individuals from Weber, Davis, and Cache Counties (Tr. 149-151) and at least eleven from Salt Lake City and environs who come more or less regularly to plaintiffs' beauty salon in Provo for their permanents and special hair tinting, styling, etc. Only one, Mae Degn, was shown to have moved from Ogden prior to the adoption of plaintiffs' present name and mark, and this was not contrary to Mrs. Seegmiller's direct testimony. Only two, Mrs. Lawrence Mills and Marlene Symthurst, were shown to have become plaintiffs' patrons after adoption and use of the name by defendant.

Helen Sanderson of Logan had patronized plaintiff for four years prior to testifying in April 1963 (Tr. 151). Mrs. Van Lewen, mother-in-law of Gwen Van Lewen, has a home in both Ogden and Springville and has been a regular customer (Tr. 166). Gwen, who lives in Ogden but attended Provo High School until 1962 while her father was living in Ogden (Tr. 166), has been a patron ever since the opening of plaintiffs' "Mademoiselle" salon. Many from the Salt Lake City area have been patrons since the opening (Tr. 147-149), and three have made many purchases of the trademarked hair spray both in Salt Lake City and Provo (Tr. 170).

Leone Boothe has lived in Brigham City since November 20, 1959. For the previous fifteen years she lived in Salt Lake City. She relies on Marjorie's (Mrs. Seegmiller's) supervision and has recommended plaintiffs' sa-

lon by its name “Mademoiselle” to various friends in Brigham City (Tr. 92, 93). This and the foregoing are in striking contrast to the assertions on page 5 of defendant’s brief.

If the lower court meant by its finding of “different trade areas” that plaintiffs draw none of their trade from the Ogden area, this finding is clearly contrary to the evidence.

II

CONSIDERATIONS OF LAW

If the lower court meant that plaintiffs draw the bulk of their business from a different trade area than defendant’s and that the relatively small amount coming from the same trade area is inconsequential, its conclusion of law is erroneous and its decision must be reversed.

In his brief, defendant has quoted extensively from the Restatement of Torts. The quoted matter at the top of page 11 of his brief clearly supports plaintiffs, for they are seeking protection of their trademark and tradename with reference to territory from which they have received, and, with the probable expansion of their business, may reasonably expect to additionally receive, customers in the business in which they use their trademark and tradename. The quoted matter under “Comment a” on the same page leaves out the following pertinent portion:

“If the trade-mark or trade name is unknown in a particular territory and there is no probability that it will become known there, the use of a similar designation in that territory will cause no harm to the person having the trade-mark or trade name, since it cannot lead to mistaken association with that person.” (3 Restatement of Torts, par. 732, p. 604).

The testimony clearly shows that plaintiffs' trademark and tradename are neither unknown nor static in Weber, Davis, and Cache Counties. Those who know of the trademark and tradename tell their friends, and there is a continuing coming to B.Y.U. at Provo of students from these three counties and a continuing returning of these students to their homes in the same three counties.

Both Dell Harrie, manager of Paramount Beauty Supply, Salt Lake City, and Dorothy Odekirk, Mutual Beauty Supply, testified from personal knowledge that it is not unusual for women to travel at least a hundred miles to a favorite salon for special hair treatment such as permanent waves (Tr. 104, 105, 111, 123). Ann Stanger testified that she had sent cards announcing the opening of plaintiff's salon to several women in Logan and Ogden (Tr. 84, 85).

Certainly, plaintiffs' and defendant's "different trade areas", as they are characterized by the lower court, are not "separate markets wholly remote the one from the other," as required by the Hanover Star Milling case if the question of prior appropriation is to be legally insignificant (see quoted matter on page 7 of plaintiffs' main brief). Rather, defendant's trade area is a market into which the use of plaintiffs' trademark and tradename have extended and their meanings have become known and are continuing to further become known.

III

LIKELIHOOD OF CONFUSION

The use of plaintiffs' mark and name in Ogden and the advertising thereof throughout the surrounding area

by defendant has very likely caused and is very likely to continue to cause harm to plaintiffs by mistaken association.

On page 6 of its brief, defendant asserts that no actual confusion has ever resulted and refers to Tr. 33 for support. There, Mr. Seegmiller merely testified to the fact that no one had ever told him that business had been done with the defendant's establishment thinking it was plaintiffs'.

There is, however, testimony as to several instances of actual confusion. Letty B. Hust, who lives in Ogden and buys plaintiffs' trademarked hair spray from Mr. Seegmiller in Salt Lake City, was confused when she saw defendant's newspaper ads (Tr. 18, 27, 77-78, 80). Mr. Seegmiller testified to hearing and denying rumors that they had opened a salon in Ogden (Tr. 30). Many of the Ogden students at B.Y.U. have asked plaintiffs whether the Ogden salon was theirs (Tr. 34). The order clerk at Peerless Beauty and Barber Supply in Salt Lake City was confused (Tr. 93). Dorothy Odekirk of Mutual Beauty Supply, Salt Lake City, testified to incidents of confusion (Tr. 120, 183). Sharon Whitaker, a former student of B.Y.U. whose home is in Ogden, testified that she had mentally associated defendant's establishment in Ogden with plaintiffs' in Provo (Tr. 138) and had actually visited the former on two occasions (Tr. 135).

Although Sharon Whitaker inquired as to whether there was any connection between the two salons and received the proper information, there is considerable like-

likelihood that others have not made and might not make such inquiry, in which event plaintiffs would have lost or may lose business intended for them. Should the services rendered by defendant's salon have been, or should they at any time be, unsatisfactory, plaintiffs might have lost or might well lose future patronage, either from those who would otherwise travel to Provo for their permanents and other special services and products, or from B.Y.U. students home in Ogden and its environs for the summer.

IV

PLAINTIFFS HAVE CONTEMPLATED FUTURE EXPANSION

Defendant asserts that plaintiffs have not contemplated future expansion into defendant's trade area (Tr. 6). Yet, the very testimony referred to as support for this assertion shows that expansion to both Salt Lake City and Logan has been contemplated (Tr. 177).

Plaintiffs adopted their trademark for hair spray because a wholesale drug firm told them it wanted to distribute both their hair spray and shampoo (Tr. 16-17). Later, this same firm asked them about use of the mark on cosmetics, and this was one of the reasons Mr. Seegmiller undertook to register the trademark in June 1961 (Tr. 29). Because of the present litigation, this arrangement for widespread distribution of the trademarked products has never been consummated.

The probability of territorial expansion by the first user of a trademark, although no expansion had ac-

tually been undertaken and no question of bad faith by the adverse user was involved, has been regarded as important by recent cases.

“Thus, the rights to a trademark extend throughout the entire territory actually served by the owner, or covered by his advertising, and also, it would seem, at least to an area which would provide room for probable or anticipated expansion. See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. at page 415; *Food Fair Stores, Inc. v. Food Fair Stores*, 1 Cir., 177 F. 2d 177, 83 USPQ 14; *Triangle Publications, Inc. v. Central Pub. Co., W. D. Mo.*, 117 F. Supp. 824, 100 USPQ 185.”

Huber Baking Co. v. Stroehmann Bros. Co.
252 F. 2d. 945; 116 USPQ 348, 356 (2nd Cir., 1958)

“By reason of the fact that long before plaintiff’s claimed uses, Utah was within the defendant’s normal expansion territory for its use of the trade name “American Oil Company” and its trademarks “American” and “Amoco,” defendant is entitled under the common law of Utah to the exclusive intrastate use throughout Utah of said trade name and trademarks, and to an injunction against plaintiff’s use in Utah. . . .”

Nielsen v. American Oil Co.
203 F. Supp. 473; 133 USPQ 188, 191 (D.C. Utah, 1962)

See also:

Yunker v. Nationwide Mutual Insurance Co.
175 O.S. 1; 137 USPQ 901, 906 (Ohio Sup. Ct., 1963)

PLAINTIFFS' APPLICATION FOR TRADEMARK REGISTRATION

Defendant attempts to show that plaintiffs are guilty of swearing falsely to the affidavit that accompanied their application in June 1961 for Utah State trademark registration and, therefore, come into court with unclean hands.

This stand is completely without merit and should lead the Court to examine with great care the other assumptions and reasoning employed by defendant.

Defendant takes his stand on the assumption that the wording "or a trade-mark, trade name, or service mark previously used in this state by another" in Sec. 70-3-2 (6), Utah Code Annotated, refers to use by someone other than the applicant prior to *the application for registration*, whereas the only possible meaning is such a use prior to *the applicant's use*.

Whether or not plaintiffs knew of defendant's use of their name and mark at the time of their application is entirely immaterial. The only thing that could defeat plaintiffs' rights in any part of the State of Utah would be the establishment of common law rights by another in some portion of the State prior to plaintiffs' registration (Sec. 70-3-15, Utah Code Annotated). Whether or not defendant has acquired adverse common law rights in the Ogden area is up to this Court to decide. If it upholds defendant's asserted claim, plaintiffs' registration should remain valid and in force as to all who cannot

similarly assert adverse common law rights. Such is the intent and purpose of the Statute.

“All the States and the Federal Government have some legislation pertaining to trade-marks . . . The legislation is of the declarative type; that is, it does not create the trade-mark right, but only recognizes existing rights and provides for their greater protection . . . By providing a registration record, the legislation also aids those who desire to adopt marks which do not infringe existing trade-marks. But registration is not required and trade-marks may be protected though they are not registered.” (3 Restatement of Tort, par. 715 (f), p. 557).

Defendant cross appeals for alleged damages resulting from plaintiffs’ registration. There is obviously no merit in this cross appeal.

VI

DEFENDANT’S USE OF “MADEMOISELLE”

The pretrial stipulation between plaintiffs and defendant (R 8, 9, No. 5) reads “Defendant was known by *some* customers” under the disputed tradename “Mademoiselle” prior to June 2, 1961. This is something quite different from the statements of “many” customers, as found in the first full paragraph of page 2 and the first paragraph of page 6 of defendant’s brief.

At the top of page 7 of his brief, it is said that defendant “had previously (prior to June 2, 1961) 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 . . .”. This is an assumption that is unwarranted by either the cited stipulation or by the findings. Moreover, it is unsupported by

the evidence. Defendant's advertising commenced on May 19, 1961, but the salon didn't open until May 29th. If the Memorial Day holiday is excluded, there were only three working days before June 2, 1961, when plaintiffs registered their mark.

There is nothing of significance in the newspaper advertisements run by defendant or in anything else of record which would lead the public to identify the name or mark with someone other than plaintiffs. The evidence all points to the fact that defendant's Ogden establishment was associated in the public mind with plaintiffs' Provo establishment.

On page 16 of his brief, defendant assumes that he had built up a "secondary meaning" for plaintiffs' trademark identifying *him*, as against plaintiffs, in the public mind in a total of less than two weeks of advertising and only a few days of actual operation. This would be far fetched in any view of the circumstances of this case and of the law applicable thereto. The Federal statute and most state statutes, including Utah's, require a showing of five years of exclusive use to establish *prima facie* secondary meaning.

VII

OTHER ERRORS IN DEFENDANT'S BRIEF

On page 13, defendant cites *Blue Bell Co. v. Frontier Refining Co.*, 213 F. 2d 355 (1954) as a Utah case decided by the Supreme Court of Utah. It is actually a Federal case of the 10th Circuit affirming a decision by Judge Ritter in the District Court for Utah involving very different facts than exist here. As recognized in de-

fendant's brief, the quoted matter is purely dictum and is not supported in its broad connotations either by Judge Ritter's decision in the very recent case of *Nielsen v. American Oil Co.* (*supra*) or by the other cases cited under Point IV herein.

From the Sweet Sixteen quotation and accompanying statement appearing on page 15 of defendant's brief, it is apparent that defendant does not understand the difference between a technical or common law trade mark and a mark that becomes protectible at common law only by reason of the acquisition of a "secondary meaning." (See Addenda).

The Sweet Sixteen case recognized no need for a considerable *number* of potentially *mised* customers in order to establish market confusion in instances of a technical trademark, such as "Sweet Sixteens" or "Mado-moiselle" (See p. 11, def's brief).

ADDENDA

To avoid confusion in meaning of certain terms as commonly employed in the law of trademarks and unfair competition and as here employed by plaintiffs, in contrast to the way they are employed in the Restatement of Torts, the following explanation is given:

"Trade-mark" as used in the Restatement has the same meaning as "technical trademark" as commonly employed. It is a mark actually applied to goods sold in commerce and having no inherent disability, such as

being a word descriptive of the goods, a geographical term, or a surname. It requires no showing of secondary meaning.

As commonly employed, the word "trademark" is a broad designation. It applies equally to a technical trademark and to a descriptive or geographical word or a surname that becomes, in legal effect, a technical trademark by reason of acquiring a secondary meaning (see Nim "Unfair Competition and Trade-Marks," 4th Ed., pp. 511, 512).

"Trade name" as used in the Restatement means either a business name, as contrasted with a mark actually applied to goods sold in commerce, or a word used as a trademark but requiring the acquisition of a secondary meaning before it is given the legal effect of a technical trademark.

As commonly employed among trademark attorneys, a "tradenam" is nothing more than a business name, i.e. the name under which a person does business. When such a name is also applied to goods as a trademark, its legal status depends upon whether, in any given instance, it is used as a tradename or as a trademark. In the present case, "Mademoiselle" is used by plaintiffs as both a trade-name and a trademark, but by defendant only as a trade-name.

A "service mark" is a creature of Federal and State statutes, so far as equivalency to a trademark is concerned. Otherwise, it is regarded legally much as a busi-

ness or trade name is (see Daphne Robert "The New Trade-Mark Manual," p. 16).

The Utah statute, Title 70, Utah Code Annotated, contains no definition of nor does it provide for the registration of a "trade name," but it is clear from Secs. 70-3-2 (6) (7) that the term, as used, means a business name. Registration of a mark that has achieved the legal status of a technical trademark by the acquisition of a secondary meaning is provided for in Sec. 70-3-2 (5). Plaintiffs' mark was registered as a technical trademark or service mark requiring no showing of secondary meaning (Def's Ex. 2).

Respectfully submitted,

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